



CITY OF NORTH MIAMI BEACH

Special Meeting

Council Chambers, 2nd Floor
City Hall, 17011 NE 19 Avenue
North Miami Beach, FL 33162
Monday, December 10, 2012

5:00 PM

Mayor George Vallejo
Vice Mayor Barbara Kramer
Councilman Philippe Derose
Councilwoman Marlen Martell
Councilman Frantz Pierre
Councilwoman Phyllis S. Smith
Councilwoman Beth E. Spiegel

City Manager Roslyn B. Weisblum
City Attorney Darcee S. Siegel
City Clerk Pamela L. Latimore, CMC

Notice to All Lobbyists

Any person who receives compensation, remuneration or expenses for conducting lobbying activities is required to register as a Lobbyist with the City Clerk prior to engaging in lobbying activities before City Boards, Committees, or the City Council.

AGENDA

1. **ROLL CALL OF CITY OFFICIALS**
2. **LEGISLATION**

- 2.1 **Ordinance No. 2012-32 - Second and Final Reading (Finance Director Janette Smith)**

AN ORDINANCE OF THE CITY OF NORTH MIAMI BEACH, FLORIDA, AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$65,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF OBLIGATIONS OF THE CITY TO REFINANCE CERTAIN DEBT PREVIOUSLY INCURRED FOR THE ACQUISITION AND CONSTRUCTION OF VARIOUS CAPITAL IMPROVEMENTS TO THE CITY'S WATER UTILITY SYSTEM AND TO PAY COSTS AND EXPENSES OF ISSUING SUCH OBLIGATIONS; PROVIDING FOR A PLEDGE OF CERTAIN WATER UTILITY REVENUES AND OTHER FUNDS AS FURTHER PROVIDED HEREIN TO PAY THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE OBLIGATIONS; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SUCH OBLIGATIONS; PROVIDING SEVERABILITY AND AN EFFECTIVE DATE.

- 2.2 **Resolution No. R2012-90 (Finance Director Janette Smith)**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NORTH MIAMI BEACH, FLORIDA, SUPPLEMENTING RESOLUTION NO. R2002-34 ADOPTED ON JULY 16, 2002, AS AMENDED AND SUPPLEMENTED; AUTHORIZING THE REFUNDING OF THE CITY'S PROMISSORY NOTE SECURING A LOAN FROM THE FLORIDA MUNICIPAL LOAN COUNCIL; AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$65,000,000 AGGREGATE PRINCIPAL AMOUNT OF CITY OF NORTH MIAMI BEACH, FLORIDA WATER REVENUE REFUNDING BONDS, SERIES 2012 IN ORDER TO REFUND SUCH NOTE, MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS;

AUTHORIZING A NEGOTIATED SALE OF SAID BONDS; DELEGATING CERTAIN AUTHORITY TO THE CITY MANAGER FOR THE AUTHORIZATION, EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT WITH RESPECT THERETO, AND THE APPROVAL OF THE TERMS AND DETAILS OF SAID BONDS; APPOINTING THE REGISTRAR AND PAYING AGENT FOR THE BONDS; AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND THE EXECUTION AND DELIVERY OF THE OFFICIAL STATEMENT WITH RESPECT THERETO; APPROVING THE FORM OF AN ESCROW DEPOSIT AGREEMENT; APPROVING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE CERTIFICATE; AMENDING RESOLUTION NO. R2002-34 IN CERTAIN RESPECTS; AUTHORIZING MUNICIPAL BOND INSURANCE FOR ALL OR A PORTION OF THE BONDS; AUTHORIZING A RESERVE FUND INSURANCE POLICY; AND PROVIDING AN EFFECTIVE DATE.

3. ADJOURNMENT



City of North Miami Beach
17011 NE 19 Avenue
North Miami Beach, FL 33162
305-947-7581
www.citynmb.com

MEMORANDUM

 [Print](#)

TO: Mayor and City Council

FROM: Roslyn B. Weisblum, City Manager

DATE: Monday, December 10, 2012

RE: Ordinance No. 2012-32 - Second and Final Reading (Finance Director Janette Smith)

BACKGROUND: On August 1, 2002, the City entered into a loan agreement with the Florida Municipal Loan Council in the amount of \$66,385,000 in order to fund improvements to the Water Utility System. Interest rates on the loan range from 4.00% to 5.375% over the remainder of the loan term. The Florida Municipal Loan Council also charges administrative fees of 12.5 basis points in addition to interest on the loan. The loan agreement provides for call dates on any principal or interest date beginning after August, 1, 2012. Because current market rates are at historic lows, staff requested proposals to refinance the loan agreement. The City received thirteen proposals and the selection committee has made a recommendation on the underwriters. The final maturity of the current Series 2002B bonds is 2032 and the refunding of the bonds will not extend this date. The ordinance is providing specific authorization for the refunding of the debt and general authorization for the members of the Council, officers, attorneys and other agents and employees to proceed with the refunding. All of the closing documents will be presented to Council at the December 4th meeting.

RECOMMENDATION: Staff recommends approval of the ordinance to authorize the issuance of debt to refund the existing debt and to provide the appropriate authorizations as outlined in Section 8 thereof.

FISCAL IMPACT: Based on underwriters' preliminary estimates at interest rates as of October 24, 2012, annual savings should average about \$604,000 per year representing a present value savings on the transaction between \$8 and \$9 million.

CONTACT PERSON(S): Janette Smith, Finance Director

ATTACHMENTS:

- ▣ [Ordinance No. 2012-32](#)

ORDINANCE NO. 2012-32

AN ORDINANCE OF THE CITY OF NORTH MIAMI BEACH, FLORIDA, AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$65,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF OBLIGATIONS OF THE CITY TO REFINANCE CERTAIN DEBT PREVIOUSLY INCURRED FOR THE ACQUISITION AND CONSTRUCTION OF VARIOUS CAPITAL IMPROVEMENTS TO THE CITY'S WATER UTILITY SYSTEM AND TO PAY COSTS AND EXPENSES OF ISSUING SUCH OBLIGATIONS; PROVIDING FOR A PLEDGE OF CERTAIN WATER UTILITY REVENUES AND OTHER FUNDS AS FURTHER PROVIDED HEREIN TO PAY THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE OBLIGATIONS; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SUCH OBLIGATIONS; PROVIDING SEVERABILITY AND AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NORTH MIAMI BEACH, FLORIDA:

Section 1. Definitions. When used in this Ordinance, the following terms shall have the following meanings, unless some other meaning is plainly intended:

"Bond Resolution" shall mean Resolution No. R2002-34, adopted on July 16, 2002, as the same may be amended or supplemented from time to time.

"City" shall mean the City of North Miami Beach, Florida, a municipal corporation established by the State of Florida.

"Council" shall mean the City Council of the City of North Miami Beach, Florida.

"Obligations" shall mean the bonds, notes, certificates or other evidence of indebtedness issued by the City pursuant to this Ordinance and the Bond Resolution.

"Ordinance" shall mean this Ordinance enacted by the Council, as amended and supplemented from time to time.

"Pledged Funds" shall have the meaning provided therefor in the Bond Resolution.

"Project" shall mean the acquisition, construction and installation of certain water utility capital improvements financed with proceeds of the Refunded Debt.

"Refunded Debt" shall mean the obligations of the City pursuant to a Loan Agreement, dated as of August 1, 2002, between the Florida Municipal Loan Council and the City, as further

evidenced by that certain City of North Miami Beach, Florida Promissory Note in the original principal amount of \$66,385,000.

"Supplemental Resolution" shall mean the resolution supplementing the Bond Resolution, which authorizes the issuance of all or a portion of the Obligations and sets forth the terms and details of such Obligations as described in Section 4.

Words importing the singular number include the plural number, and vice versa.

Section 2. Findings. The Council finds and determines that:

(A) On August 15, 2002, the City incurred the Refunded Debt to provide moneys to finance the costs of the Project.

(B) The City has determined that it is in its best interests to refinance the Refunded Debt in order to achieve debt service savings.

(C) The most efficient and cost-effective method of refinancing the Refunded Debt is by the issuance of the Obligations secured by the Pledged Funds in the manner set forth in Section 5 of this Ordinance and in the Bond Resolution.

(D) The principal of, redemption premium, if any, and interest on the Obligations shall be repaid solely from Pledged Funds. The ad valorem taxing power of the City will never be necessary or authorized to pay said amounts.

(E) The Obligations shall be issued pursuant to applicable law, including the City's Charter.

Section 3. Authorization of the Refinancing of the Refunded Debt. The Council authorizes and approves the refinancing of the Refunded Debt.

Section 4. Issuance of the Obligations. The Obligations are authorized to be issued at one or more times in an aggregate principal amount of not exceeding \$65,000,000. The particular designation of each Obligation shall be made in the Supplemental Resolution. The Obligations shall be issued for the principal purposes of (A) refinancing the Refunded Debt, (B) establishing debt service reserves, if deemed necessary by the Council, and (C) paying costs and expenses of issuing the Obligations. The principal of, redemption premium, if any, and interest on the Obligations shall be payable solely from Pledged Funds, in the manner set forth in Section 5 of this Ordinance and in the Bond Resolution. The ad valorem taxing power of the City will never be necessary or authorized to pay said amounts.

The Obligations shall be dated such date or dates, shall bear interest at such rate or rates, shall mature at such time or times and in such amount or amounts as may be determined in the Supplemental Resolution, and may be redeemable before maturity, at the option of the City, at such price or prices and under such terms and conditions as may be fixed in the Supplemental Resolution. The Council shall determine in the Supplemental Resolution the form of the Obligations, the manner of executing such Obligations, and such other terms and provisions of

the Obligations as it deems appropriate. The Obligations may bear interest at a fixed or variable rate, as shall be determined in the Supplemental Resolution. In the event any officer whose signature or a facsimile of whose signature shall appear on any Obligation shall cease to be such officer before the delivery of such Obligation, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until such delivery. The Council shall sell the Obligations in such manner and for such price as it determines in the Supplemental Resolution to be in the best interests of the City.

The Obligations may be issued without any other proceedings or the happening of any other conditions or things other than the adoption of the Supplemental Resolution.

The proceeds of the Obligations shall be disbursed in such manner and under such restrictions, if any, as may be provided in the Supplemental Resolution.

The Supplemental Resolution shall include such other matters as are customarily in such an instrument. The Supplemental Resolution may provide for the City entering into one or more loan or other financing agreements with the purchaser of the Obligations.

Section 5. Security. The Pledged Funds shall be and are hereby pledged for the full and prompt payment of the principal of, redemption premium, if any, and interest on the Obligations, in the manner provided for in the Bond Resolution. The ad valorem taxing power of the City will never be necessary or authorized to pay said amounts.

Section 6. Remedies of Holders of Obligations. The holders of the Obligations, except to the extent the rights given to them pursuant to this Ordinance may be restricted by the Bond Resolution, may, whether at law or in equity, by suit, action, mandamus or other proceeding, protect and enforce any and all rights under the laws of the State of Florida or granted under this Ordinance or under the Bond Resolution, and may enforce and compel the performance of all duties required by this Ordinance or by such Bond Resolution to be performed by the City.

Section 7. Alternative Method. This Ordinance shall be deemed to provide an additional and alternative method for the doing of things authorized hereby and shall be regarded as supplemental and additional to powers conferred by other laws, and shall not be regarded as in derogation of any powers now existing or which may hereafter come into existence. This Ordinance, being necessary for the welfare of the inhabitants and/or property owners of the City, shall be liberally construed to effect its purposes.

Section 8. General Authority. The members of the Council of the City and the officers, attorneys and other agents or employees of the City are authorized to do all acts and things required of them by this Ordinance or desirable or consistent with its requirements for the full punctual and complete performance of all the terms, covenants and agreements contained in this Ordinance.

Section 9. Severability. If any section, paragraph, clause or provision of this Ordinance shall be held to be invalid for any reason, such invalidity shall not affect the validity or enforcement of any of the remaining provisions. This Ordinance shall take precedence over

any other ordinance or resolution of the City to the extent of any conflict or inconsistency with each.

APPROVED BY TITLE ONLY on first reading this 20th day of November, 2012.

APPROVED AND ADOPTED on second reading this _____, 2012.

ATTEST:

PAMELA LATIMORE
CITY CLERK

(CITY SEAL)

GEORGE VALLEJO
MAYOR

APPROVED AS TO FORM:

DARCEE S. SIEGEL
CITY ATTORNEY

Sponsored by: Mayor & Council



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MEMORANDUM

 **Print**

TO: Mayor and City Council
FROM: Roslyn B. Weisblum, City Manager
DATE: Monday, December 10, 2012

RE: Resolution No. R2012-90 (Finance Director Janette Smith)

BACKGROUND: The attached resolution sets out the details of the bond refunding authorized by Ordinance No. 2012-32. The additional documents represent the substantial form of the bond closing documents.

RECOMMENDATION: Staff recommends approval of the resolution so the bond refunding may be completed.

FISCAL IMPACT: Based on underwriters' preliminary estimates at interest rates in effect on October 24, 2012, annual savings should average about \$604,000 per year representing a present value savings on the transaction between \$8 and \$9 million.

CONTACT PERSON(S): Janette Smith, CPA, Finance Director
Shari Kamali, Public Services Director

ATTACHMENTS:

- ❑ [Resolution No. R2012-90](#)
- ❑ [Exhibit A](#)
- ❑ [Exhibit B](#)
- ❑ [Exhibit C](#)
- ❑ [Exhibit D](#)
- ❑ [Exhibit E](#)
- ❑ [Exhibit F](#)

RESOLUTION NO. R2012-90

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NORTH MIAMI BEACH, FLORIDA, SUPPLEMENTING RESOLUTION NO. R2002-34 ADOPTED ON JULY 16, 2002, AS AMENDED AND SUPPLEMENTED; AUTHORIZING THE REFUNDING OF THE CITY'S PROMISSORY NOTE SECURING A LOAN FROM THE FLORIDA MUNICIPAL LOAN COUNCIL; AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$65,000,000 AGGREGATE PRINCIPAL AMOUNT OF CITY OF NORTH MIAMI BEACH, FLORIDA WATER REVENUE REFUNDING BONDS, SERIES 2012 IN ORDER TO REFUND SUCH NOTE, MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS; AUTHORIZING A NEGOTIATED SALE OF SAID BONDS; DELEGATING CERTAIN AUTHORITY TO THE CITY MANAGER FOR THE AUTHORIZATION, EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT WITH RESPECT THERETO, AND THE APPROVAL OF THE TERMS AND DETAILS OF SAID BONDS; APPOINTING THE REGISTRAR AND PAYING AGENT FOR THE BONDS; AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND THE EXECUTION AND DELIVERY OF THE OFFICIAL STATEMENT WITH RESPECT THERETO; APPROVING THE FORM OF AN ESCROW DEPOSIT AGREEMENT; APPROVING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE CERTIFICATE; AMENDING RESOLUTION NO. R2002-34 IN CERTAIN RESPECTS; AUTHORIZING MUNICIPAL BOND INSURANCE FOR ALL OR A PORTION OF THE BONDS; AUTHORIZING A RESERVE FUND INSURANCE POLICY; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTH MIAMI BEACH, FLORIDA:

SECTION 1. AUTHORITY FOR THIS SUPPLEMENTAL RESOLUTION.

This Supplemental Resolution is adopted pursuant to the provisions of Chapter 166, Part II, Florida Statutes, the Charter of the Issuer, and other applicable provisions of law.

SECTION 2. FINDINGS. It is hereby found and determined that:

(A) On July 16, 2002, the City of North Miami Beach, Florida (the "Issuer") duly adopted Resolution No. R2002-34 (as amended and supplemented, the "Resolution"), for the purposes described therein.

(B) On August 15, 2002, the Issuer participated in a pooled financing wherein the Florida Municipal Loan Council (the "Council") issued its Florida Municipal Loan Council Revenue Bonds (North Miami Beach Water Project), Series 2002B and loaned an amount equal to \$66,385,000 (the "Refunded Debt") to the Issuer pursuant to a Loan Agreement, dated as of August 1, 2002, between the Council and the Issuer. The Refunded Debt was secured by a pledge of the Pledged Funds (as defined in the Resolution) pursuant to the Resolution.

(C) The Issuer has determined that it is in its best interest to refinance the Refunded Debt in order to achieve debt service savings.

(D) The Resolution provides for the issuance of Additional Bonds (as defined in the Resolution) for the purposes of funding capital improvements and refinancing obligations, upon meeting certain requirements set forth in the Resolution.

(E) There is hereby authorized the payment and refunding of the Refunded Debt in order to achieve debt service savings, all in the manner as provided by this Supplemental Resolution. For the payment and refunding of the Refunded Debt the Issuer shall, as provided herein, deposit part of the proceeds derived from the sale of its City of North Miami Beach, Florida Water Revenue Refunding Bonds, Series 2012 (the "Series 2012 Bonds"), together with other legally available moneys of the Issuer, in a special escrow deposit trust fund (the "Escrow Fund"), to purchase direct U.S. Treasury obligations (the "Escrow Securities") which shall be sufficient, together with the investment earnings therefrom and any cash deposit, to pay the Refunded Debt as the same becomes due and payable or is redeemed prior to maturity, all as provided herein and in the hereinafter described Escrow Deposit Agreement. Subsequent to the defeasance of the Refunded Debt, the Refunded Debt shall no longer be payable from or be secured by any portion of the Pledged Funds or other moneys available under the Resolution.

(F) All the covenants, pledges and conditions in the Resolution shall be applicable to the Series 2012 Bonds herein authorized and said Series 2012 Bonds shall be on a parity with and shall rank equally as to lien on and source and security for payment from the Pledged Funds with each other and any Additional Bonds which the Issuer may issue, and shall constitute "Bonds" within the meaning of the Resolution. The Issuer certifies that it is not in default in carrying out any of the obligations assumed under the Resolution, no event of default shall have occurred under the Resolution, it is current in all deposits into the various funds and accounts established by the Resolution and all payments required to have been deposited or made by it under the provisions of the Resolution, and has complied with the covenants and agreements of the Resolution.

(G) The principal of and interest on the Series 2012 Bonds and all required sinking fund, reserve and other payments shall be limited obligations of the Issuer, payable from the

Pledged Funds in the manner provided in the Resolution. The Series 2012 Bonds shall not constitute a general obligation, or a pledge of the faith, credit or taxing power of the Issuer, the State of Florida, or any political subdivision thereof, within the meaning of any constitutional or statutory provisions. Neither the State of Florida, nor any political subdivision thereof, nor any municipal corporation, including the Issuer, shall be obligated (1) to exercise its ad valorem taxing power in any form on any real or personal property of or in the Issuer to pay the principal of the Series 2012 Bonds, the interest thereon, or other costs incidental thereto, or (2) to pay the same from any other funds of the Issuer, except from the Pledged Funds in the manner provided in the Resolution.

(H) Due to the potential volatility of the market for tax-exempt obligations such as the Series 2012 Bonds and the complexity of the transactions relating to such Series 2012 Bonds, it is in the best interest of the Issuer to sell the Series 2012 Bonds by a negotiated sale, allowing the Issuer to enter the market at the most advantageous time, rather than at a specified advertised date, thereby permitting the Issuer to obtain the best possible price and interest rate for the Series 2012 Bonds.

(I) The Issuer anticipates receiving a favorable offer to purchase the Series 2012 Bonds from Merrill Lynch, Pierce, Fenner & Smith Incorporated, RBC Capital Markets, LLC, Raymond James & Associates, Inc., Morgan Keegan & Company, Inc. and Morgan Stanley & Co. LLC (collectively the "Underwriters"), all within the parameters set forth herein.

(J) Inasmuch as the Issuer desires to sell the Series 2012 Bonds at the most advantageous time and not wait for a scheduled meeting of the City Council, so long as the herein described parameters are met, the Issuer hereby determines to delegate the award and sale of the Series 2012 Bonds to the City Manager within such parameters, and, in her absence or unavailability, to the Assistant City Manager (the "City Manager").

(K) The Issuer hereby delegates to the City Manager the authority to determine, upon consultation with the Issuer's Financial Advisor, First Southwest Company (the "Financial Advisor") and the Underwriters, whether to insure all or any portion of the Series 2012 Bonds and, if required, whether to fund the hereinafter described Series 2012 Subaccount of the Reserve Fund with the proceeds of the Series 2012 Bonds or a reserve account surety bond; and if so determined, to select a company to provide such municipal bond insurance policy and/or reserve account surety bond with respect to the Series 2012 Bonds.

(L) The form, terms and details of the Series 2012 Bonds shall be determined in this Supplemental Resolution.

SECTION 3. DEFINITIONS. When used in this Supplemental Resolution, the terms defined in the Resolution shall have the meanings therein stated, except as such definitions shall be hereinafter amended and defined.

"Supplemental Resolution" shall mean this resolution authorizing the issuance of the Series 2012 Bonds.

SECTION 4. AUTHORIZATION OF REFUNDING OF THE REFUNDED DEBT. The Issuer hereby authorizes the refunding of the Refunded Debt pursuant to the terms of the Resolution and the hereinafter described Escrow Deposit Agreement.

SECTION 5. DESCRIPTION OF THE SERIES 2012 BONDS. The Issuer hereby authorizes the issuance of a Series of Bonds in the aggregate principal amount not to exceed \$65,000,000 to be known as the "City of North Miami Beach, Florida Water Revenue Refunding Bonds, Series 2012" (or such other designation as the City Manager may determine) for the principal purpose of refunding the Refunded Debt. The aggregate principal amount of Series 2012 Bonds to be issued pursuant to the Resolution shall be determined by the City Manager provided such aggregate principal amount does not exceed \$65,000,000.

The Series 2012 Bonds shall be dated the date of delivery (or such other date as shall be determined by the City Manager), shall be issued in the form of fully registered bonds in the denominations of \$5,000 and any integral multiple thereof, shall be numbered consecutively from one upward in order of maturity preceded by the letter "R," and shall bear interest from their dated date, payable semiannually, on February 1 and August 1 of each year (each an "Interest Payment Date"), commencing on February 1, 2013 (or such other date or dates as shall be determined by the City Manager).

Interest on the Series 2012 Bonds will be payable by check or draft of Regions Bank, Jacksonville, Florida, as Registrar and Paying Agent, made payable to and mailed to the Holder, as shown on the registration books of the Issuer on the fifteenth day of the month next preceding each Interest Payment Date. Such interest may be wired to the Holder upon his written request and payment of any costs associated therewith. Principal of the Series 2012 Bonds is payable to the Holder upon presentation, when due, at the designated corporate trust office of Regions Bank. The principal of and interest on the Series 2012 Bonds are payable in lawful money of the United States of America.

The Series 2012 Bonds shall bear interest at such rates and yields, shall mature on August 1 of each of the years and in the principal amounts corresponding to such years as determined by the City Manager subject to the conditions set forth in Section 6 hereof. All of the terms of the Series 2012 Bonds will be included in a Bond Purchase Agreement which shall be in substantially the form attached hereto and made a part hereof as Exhibit A (the "Purchase Contract"). The City Manager is hereby authorized to execute the Purchase Contract in substantially the form attached hereto as Exhibit A with such modifications as he deems appropriate upon satisfaction of the respective conditions described in Section 6 hereof.

SECTION 6. CONDITIONS TO EXECUTION OF PURCHASE CONTRACT. The Purchase Contract shall not be executed by the City Manager until such time as all of the following conditions have been satisfied:

(A) Receipt by the City Manager of a written offer to purchase the Series 2012 Bonds by the Underwriters substantially in the form of the Purchase Contract attached hereto as Exhibit A, said offer to provide for, among other things, (i) not exceeding \$65,000,000 aggregate principal amount of Series 2012 Bonds, (ii) an underwriting discount (including management fee

and expenses) not in excess of 0.60% of the par amount of the Series 2012 Bonds, (iii) a true interest cost of not more than 4.25% per annum, as determined by the Issuer's Financial Advisor, (iv) present value savings of at least 5.0% of the par amount of the Refunded Debt, as determined by the Issuer's Financial Advisor, and (v) the maturities of the Series 2012 Bonds, with the final maturity being not later than August 1, 2032.

(B) With respect to any redemption terms for the Series 2012 Bonds, the first call date, if any, may be no later than 10 years from the date of issuance of the Series 2012 Bonds and no call premium may exceed 1% of the par amount of that portion of the Series 2012 Bonds to be redeemed. Term Bonds may be established with such Amortization Installments as the City Manager deems appropriate.

(C) Receipt by the City Manager of a disclosure statement and a truth-in-bonding statement of the Underwriters dated the date of the Purchase Contract and complying with Section 218.385, Florida Statutes.

(D) Receipt by the City Manager of a good faith deposit from the Underwriters in an amount not less than 1% of the estimated par amount of the Series 2012 Bonds listed on the cover of the Preliminary Official Statement.

Upon satisfaction of all the requirements set forth in this Section 6, the City Manager is authorized to execute and deliver the Purchase Contract containing terms complying with the provisions of this Section 6 and the Series 2012 Bonds shall be sold to the Underwriters pursuant to the provisions of such Purchase Contract.

SECTION 7. REDEMPTION PROVISIONS. The Series 2012 Bonds may be redeemed prior to their respective maturities from any moneys legally available therefor upon the notice and conditions provided in the Article III of the Resolution and upon the terms and provisions as determined by the City Manager subject to the conditions contained in Section 6 hereof.

Notwithstanding any other provision of the Resolution to the contrary, notice of optional redemption of Series 2012 Bonds may be conditioned upon the occurrence or non-occurrence of such event or events as shall be specified in such notice of optional redemption and may be subject to rescission by the Issuer if expressly set forth in such notice.

SECTION 8. APPLICATION OF SERIES 2012 BOND PROCEEDS. The proceeds derived from the sale of the Series 2012 Bonds shall be applied by the Issuer simultaneously with the delivery thereof as follows:

(A) A sufficient amount of Series 2012 Bond proceeds, together with other legally available moneys, shall be deposited irrevocably in trust in the Escrow Fund established under the terms and provisions of the hereinafter defined Escrow Deposit Agreement and, other than a cash deposit, shall be invested in Escrow Securities in the manner set forth in such Escrow Deposit Agreement, which investments, together with any cash deposit, shall mature at such times and in such amounts as shall be sufficient, with such cash deposit, to pay the principal of or

redemption price, if applicable, and interest on the Refunded Debt as the same mature and become due and payable or are redeemed on the Redemption Date in accordance with the terms of the Escrow Deposit Agreement. Notwithstanding the foregoing, based upon the advice of the Financial Advisor, the proceeds of the Series 2012 Bonds deposited to the Escrow Fund may be held uninvested.

(B) A sufficient amount of Series 2012 Bond proceeds, if any, shall be deposited in the Reserve Fund, such that the amount on deposit therein shall equal the Reserve Fund Requirement applicable to the Series 2012 Bonds.

(C) A sufficient amount of the Series 2012 Bond proceeds shall be applied to the payment of costs and expenses relating to the issuance of the Series 2012 Bonds.

(D) Any remaining proceeds shall be deposited to the Interest Account and used to pay interest on the Series 2012 Bonds.

SECTION 9 . PRELIMINARY OFFICIAL STATEMENT. The Issuer hereby authorizes the distribution and use of the Preliminary Official Statement in substantially the form attached hereto as Exhibit B in connection with offering the Series 2012 Bonds for sale. If between the date hereof and the mailing of the Preliminary Official Statement it is necessary to make insertions, modifications or changes in the Preliminary Official Statement, the City Manager is hereby authorized to approve such insertions, changes and modifications. The City Manager is hereby authorized to deem the Preliminary Official Statement "final" within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the "Rule") in the form as mailed. Execution of a certificate by the City Manager deeming the Preliminary Official Statement "final" as described above shall be conclusive evidence of the approval of any insertions, changes or modifications.

SECTION 10. OFFICIAL STATEMENT. Subject in all respects with the satisfaction of the conditions set forth in Section 6 hereof, the City Manager is hereby authorized and directed to execute and deliver a final Official Statement, dated the date of the execution of the Purchase Contract, which shall be in substantially the form of the Preliminary Official Statement, in the name and on behalf of the Issuer, and thereupon to cause such Official Statement to be delivered to the Underwriters with such changes, amendments, modifications, omissions and additions as may be approved by the City Manager. Said Official Statement, including any such changes, amendments, modifications, omissions and additions as approved by the City Manager, and the information contained therein are hereby authorized to be used in connection with the sale of the Series 2012 Bonds to the public. Execution by the City Manager of the Official Statement shall be deemed to be conclusive evidence of approval of such changes.

SECTION 11. APPOINTMENT OF PAYING AGENT AND REGISTRAR. Subject in all respects with the satisfaction of the conditions set forth in Section 6 hereof, Regions Bank, Jacksonville, Florida, is hereby designated Registrar and Paying Agent for the Series 2012 Bonds. The City Manager and the City Clerk are hereby authorized to enter into any agreement which may be necessary to effect the transactions contemplated by this Section 11 and by the Resolution.

SECTION 12. APPROVAL OF ESCROW DEPOSIT AGREEMENT. The Issuer hereby approves the form of an Escrow Deposit Agreement (the "Escrow Deposit Agreement"), between the Council and Deutsche Bank, attached hereto as Exhibit C with such changes, amendments, modifications, omissions and additions, including the date of such Escrow Deposit Agreement, as may be approved by said City Manager. Upon advice of the Financial Advisor and the Council, the Escrow Fund may be funded with cash or Escrow Securities.

SECTION 13. TRANSFER OF MONEYS TO ESCROW DEPOSIT TRUST FUND. Subject in all respects to the satisfaction of the conditions set forth in Section 6 hereof, excess moneys in the Debt Service Fund and Reserve Fund relating to the Refunded Debt on the date of delivery of the Series 2012 Bonds not required by the terms of the Resolution to be on deposit therein may be transferred to the Escrow Fund established pursuant to the Escrow Deposit Agreement.

SECTION 14. SECONDARY MARKET DISCLOSURE. Subject in all respects to the satisfaction of the conditions set forth in Section 6 hereof, the Issuer hereby covenants and agrees that, in order to provide for compliance by the Issuer with the secondary market disclosure requirements of the Rule, it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate to be executed by the Issuer and dated the dated date of the Series 2012 Bonds, as it may be amended from time to time in accordance with the terms thereof. The Continuing Disclosure Certificate shall be substantially in the form of Exhibit D hereto with such changes, amendments, modifications, omissions and additions as shall be approved by the City Manager who is hereby authorized to execute and deliver such Certificate. Notwithstanding any other provision of the Resolution, failure of the Issuer to comply with such Continuing Disclosure Certificate shall not be considered an event of default under the Resolution; provided, however, to the extent permitted by law, the sole and exclusive remedy of any Series 2012 Bondholder for the enforcement of the provisions of the Continuing Disclosure Certificate shall be an action for mandamus or specific performance, as applicable, by court order, to cause the Issuer to comply with its obligations under this Section 14 and the Continuing Disclosure Certificate. For purposes of this Section 14, "Series 2012 Bondholder" shall mean any person who (A) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2012 Bonds (including persons holding such Bonds through nominees, depositories or other intermediaries), or (B) is treated as the owner of any such Bond for federal income tax purposes.

SECTION 15. BOND INSURANCE POLICY. The Issuer authorizes the payment of the principal of and interest on all or a portion of the Series 2012 Bonds to be insured by a standard municipal bond insurance policy issued by Assured Guaranty Corp. ("Assured Guaranty"). In connection therewith, the Authority hereby delegates to the City Manager, the authority to insure all or a portion of the Series 2012 Bonds based on the advice of the Underwriters and the Financial Advisor considering all relevant factors, including, but not limited to, the cost of such insurer's reserve account surety bond if the City Manager determines as hereinafter provided in Section 16 hereof to obtain a reserve account surety bond for the Series 2012 Bonds.

The City Manager is hereby authorized to execute such documents and instruments necessary to cause Assured Guaranty to insure the Series 2012 Bonds. The selected municipal bond insurer shall be deemed to be the "Insurer" as such term is used and defined in the Resolution and such insurer's municipal bond insurance policy shall be deemed to be a "Bond Insurance Policy" as such term is used and defined in the Resolution. The City Manager is hereby authorized to take such further actions (including, without limitation, approval of changes to the documents herein approved) and to execute such agreements, certificates, instruments and opinions as shall be necessary or desirable to procure the Bond Insurance Policy.

Attached hereto as Exhibit E are certain provisions relating to the Bond Insurance Policy. In the event the decision is made to insure all or a portion of the Series 2012 Bonds, the provisions contained in Exhibit E, shall be deemed incorporated by reference into this Supplemental Resolution with the same force and effect as if fully set forth herein and shall apply to the Series 2012 Bonds which are insured so long as the payment obligations of Assured Guaranty under the Bond Insurance Policy have been satisfied and any Series 2012 Bonds shall remain Outstanding and insured by Assured Guaranty. In the event that the commitment of Assured Guaranty requires any amendments, modifications, additions or deletions to the standard provisions set forth in Exhibit E hereto, the City Manager is authorized to enter into a separate agreement (the "Insurance Agreement") with Assured Guaranty reflecting the terms of such commitment, and execution of such Insurance Agreement by the City Manager shall be deemed conclusive evidence of approval of the changes from the provisions set forth in Exhibit E hereto.

SECTION 16. RESERVE FUND. A separate subaccount is hereby established in the Reserve Fund for the Series 2012 Bonds, which is hereby designated as the "Series 2012 Subaccount". The Series 2012 Subaccount shall secure only the Series 2012 Bonds. Any other moneys in the Reserve Fund shall not secure the Series 2012 Bonds. The Reserve Fund Requirement for the Series 2012 Subaccount shall be determined by the City Manager, based on the advice of the Financial Advisor, at pricing of the Series 2012 Bonds. In the event the Series 2012 Subaccount of the Reserve Fund is required to be funded, upon the advice of the Financial Advisor, the City Manager is authorized to determine the most cost effective method of funding the Series 2012 Subaccount and whether to acquire a Reserve Fund Insurance Policy for the Series 2012 Bonds (the "2012 Surety Bond") from Assured Guaranty if deemed necessary or beneficial. The 2012 Surety Bond shall have a face amount in such amount as shall be recommended by the Financial Advisor.

The City Manager is hereby authorized to execute such documents and instruments necessary to cause Assured Guaranty to issue its 2012 Surety Bond for the Series 2012 Bonds. Such 2012 Surety Bond shall be deemed to be a "Reserve Fund Insurance Policy" as such term is used and defined in the Resolution. The City Manager is hereby authorized to take such further actions (including, without limitation, approval of changes to the documents herein approved) and to execute such agreements, certificates, instruments and opinions as shall be necessary or desirable to procure the 2012 Surety Bond.

Attached hereto as Exhibit F is the form of the standard agreement relating to the 2012 Surety Bond issued by Assured Guaranty. Upon the determination by the City Manager to

acquire the 2012 Surety Bond as provided above, the City Manager is authorized and directed to execute and deliver an agreement (the "Surety Bond Agreement") in substantially the form attached as Exhibit F and thereupon to cause such Surety Bond Agreement to be delivered to Assured Guaranty with such changes, amendments, modifications, deletions and additions as may be approved by the City Manager. Execution by the City Manager of a Surety Bond Agreement shall be deemed to be conclusive evidence of approval of such changes.

SECTION 17. AMENDMENTS TO RESOLUTION. (A) Section 1.01 of the Resolution is hereby amended to add or modify the following definitions:

"Authorized Investments" shall mean any investments that are permitted under the investment policy of the Issuer, as the same may be amended from time to time.

"Authorized Issuer Officer" for the performance on behalf of the Issuer of any act of the Issuer or the execution of any instrument on behalf of the Issuer shall mean the City Manager and any designee thereof.

"Balloon Bonds" shall mean Bonds (and repayment obligations on any Credit Facility relating thereto), other than Bonds which mature within one year of the date of issuance thereof, 25% or more of the principal installments on which (a) are due or (b) at the option of the Holder thereof may be redeemed, during any period of twelve consecutive months.

"Debt Service Requirement" for any Fiscal Year shall mean the sum of:

(1) The aggregate amount required to pay the interest becoming due on the Bonds, other than Capital Appreciation Bonds, during such Fiscal Year, except to the extent that such interest shall have been provided by payments into the Interest Account out of Bond proceeds or other sources (other than Net Revenues) for a specified period of time.

(2) The aggregate amount required to pay the principal becoming due on the Bonds, other than Capital Appreciation Bonds, for such Fiscal Year. For purposes of this definition: (a) the stated maturity date of any Term Bonds shall be disregarded and the principal of such Term Bonds shall be deemed to be due in the Fiscal Years and in the amounts of the Amortization Installments applicable to such Term Bonds; and (b) with respect to Balloon Bonds, the unamortized principal coming due on the final maturity date thereof shall be ignored and in lieu thereof there shall be added to the Debt Service Requirement for the applicable period of time in which such final maturity occurs and to each year thereafter through the 30th anniversary of the issuance of such Bonds (the "Reamortization Period") the amount of substantially level principal and interest payments (assuming for such purposes such interest rate as a financial advisor selected by the Issuer and having experience in the pricing of municipal bonds shall determine is a reasonable estimate of the rate that such Balloon Bonds would bear based upon such Reamortization Period and the characteristics of such Balloon Bonds) that if paid in each

year during the Reamortization Period would be sufficient to pay in full the unamortized portion of such Balloon Bonds by such anniversary.

(3) The aggregate amount required to pay the Accreted Value due on any Capital Appreciation Bonds maturing in such Fiscal Year.

(4) The following assumptions shall be applicable to calculating the Debt Service Requirement as follows:

(a) The interest on Variable Rate Bonds shall be the interest to accrue on such Variable Rate Bonds for such Fiscal Year; provided, however, that for purposes of determining the Maximum Annual Debt Service, the interest on Variable Rate Bonds shall be assumed to be the greater of (A) one hundred ten percent (110%) of the average interest rate on such Variable Rate Bonds during the twelve months ending with the month preceding the date of calculation or such shorter period that such Variable Rate Bonds shall have been Outstanding, and (B) the actual rate of interest on such Variable Rate Bonds on the date of calculation; provided that if a Series of Variable Rate Bonds had not been Outstanding prior to the date of calculation, the amount set forth in clause (A) above shall be calculated as though said Variable Rate Bonds had been Outstanding for the twelve month period by using the average interest rate for comparable securities for such period as certified by the Issuer's financial advisor or an underwriting or investment banking firm experienced in marketing such securities;

(b) In the case of Option Bonds, the "put" date or dates shall be ignored if said "put" is payable from a Credit Facility, and the stated dates for principal payments shall be used, and in the case of Bonds secured by a Credit Facility, the repayment terms of each Credit Facility (whether or not evidenced by provisions included in the Bonds, such as interest rate adjustments to apply if an unreimbursed drawing on the Credit Facility shall occur) shall be ignored unless the issuer of the Credit Facility has advanced funds thereunder and such amount has not been repaid, in which case annual Debt Service Requirement shall include the repayment schedule and interest rate or rates specified in the documents relating to such Credit Facility, if the repayment obligation is secured on a parity with the Bonds;

(c) In the case of Capital Appreciation and Income Bonds, the principal and interest portions of the Appreciated Value of Capital Appreciation and Income Bonds shall be included in the year in which said principal and interest portions are due;

(d) If all or a portion of the principal of or interest on a Series of Bonds is payable from funds irrevocably set aside or deposited for such purpose, including, but not limited to, interest capitalized from the proceeds of Bonds or other indebtedness, together with projected earnings thereon to the extent such

earnings are projected to be from Authorized Investments, such principal or interest shall not be included in calculating the annual Debt Service Requirement; and

(e) in the case of Issuer Subsidy Bonds, for purposes of calculating the Reserve Fund Requirement, and compliance with Sections 5.04 and 6.02 hereof, Debt Service Requirement shall be computed net of Issuer Bond Subsidy Payments scheduled to be received by the Issuer in connection with such Issuer Subsidy Bonds during the applicable time period

"Gross Revenues" shall mean (a) all income and moneys received by the Issuer from the Rates, or otherwise received by the Issuer or accruing to the Issuer in the management and operation of the System, calculated in accordance with generally accepted accounting methods employed in the operation of public utility systems similar to the System, including, without limiting the generality of the foregoing, all earnings and income derived from the investment of moneys under the provisions of the Resolution, except for any surcharge imposed upon customers located outside the boundaries of the Issuer pursuant to Section 180.191, Florida Statutes (or any successor provision of law) and (b) Issuer Bond Subsidy Payments. For purposes of Sections 5.04 and 6.02(B) hereof, Gross Revenues shall include amounts transferred from the Rate Stabilization Fund to the Revenue Fund, but if during any period of time amounts are transferred from the Rate Stabilization Fund to the Revenue Fund, then during such period Gross Revenues shall not include amounts transferred from the Revenue Fund to the Rate Stabilization Fund. For purposes of Sections 5.04 and 6.02(B) hereof, Gross Revenues shall not include Issuer Bond Subsidy Payments.

"Issuer Bond Subsidy Payments" shall mean, with respect to any Issuer Subsidy Bonds issued pursuant to this Resolution, payments due the Issuer directly from the United States Treasury Secretary, or other party as designated by the federal government to issue such payments, on the related Issuer Subsidy Bonds.

"Issuer Subsidy Bonds" shall mean any Bonds which provide for the Issuer to receive Issuer Bond Subsidy Payments on such Bonds directly from the United States Treasury Secretary, or other party as designated by the federal government to issue such payments.

(B) The second paragraph of Section 4.05(C) of the Resolution is hereby amended in its entirety to read as follows:

"Upon the issuance of any Series of Bonds, under the terms, limitations and conditions as herein provided, the Issuer shall provide for the terms of funding of a subaccount in the Reserve Fund, if required. Such separate subaccount may be funded in such amount, if any, as the Issuer deems appropriate by Supplemental Resolution."

(C) The fourth paragraph of Section 4.05(C) of the Resolution is hereby amended in its entirety to read as follows:

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"Notwithstanding the foregoing provisions, in lieu of the required deposits into a subaccount of the Reserve Fund, the Issuer may, at its sole option and discretion, cause to be deposited a Reserve Fund Insurance Policy and/or Reserve Fund Letter of Credit in an amount equal to the difference between the Reserve Fund Requirement applicable thereto and the sums, if any, remaining on deposit in such subaccount of the Reserve Fund after the deposit of such Reserve Fund Insurance Policy and/or Reserve Fund Letter of Credit. Such Reserve Fund Insurance Policy and/or Reserve Fund Letter of Credit shall be payable to the Paying Agent for such Series (upon the giving of notice as required thereunder) on any interest payment or redemption date on which a deficiency exists which cannot be cured by funds in any other fund or account held pursuant to this Resolution and available for such purpose. The issuer providing such Reserve Fund Insurance Policy and/or Reserve Fund Letter of Credit shall, at the time of issuance thereof, be either (a) an insurer whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in one of the three highest rating categories (without regard to gradations, such as "plus" or "minus" of such categories) by Standard & Poor's Rating Group or Moody's Investors Service, or (b) a commercial bank, insurance company or other financial institution the bonds payable or guaranteed by which have, or whose obligation to pay is guaranteed by a commercial bank, insurance company or other financial institution which has, been assigned a rating by Moody's Investors Service or Standard & Poor's Rating Group in one of the three highest rating categories (without regard to gradations, such as "plus" or "minus" of such categories)."

(D) The first paragraph of Section 5.04 of the Resolution is hereby amended in its entirety to read as follows:

"Section 5.04. Rates. The Issuer shall fix, establish, maintain and collect such Rates and revise the same from time to time, whenever necessary, as will always provide in each Fiscal Year Net Revenues adequate at all times to pay in each Fiscal Year at least one hundred twenty percent (120%) of the current annual Debt Service Requirement becoming due in such Fiscal Year on each Series of Outstanding Bonds and at least one hundred percent (100%) of any amounts required by the terms hereof to be deposited in the Reserve Fund, with any issuer of a Reserve Fund Letter of Credit or Reserve Fund Insurance Policy, or to be deposited in the Renewal and Replacement Fund or to be paid for debt service on Subordinated Indebtedness in such Fiscal Year. Such Rates shall not be so reduced so as to be insufficient to provide Net Revenues fully adequate for the purposes provided therefore by this Resolution."

(E) The Resolution is hereby amended to include a new Section 5.19 which shall read as follows:

"Section 5.19. Issuer Bond Subsidy Payments. Notwithstanding any provision contained in the Resolution to the contrary, the Issuer covenants with the Holders of the Bonds that so long as any Issuer Subsidy Bonds remain Outstanding, it will (A) comply

with all procedures and requirements set forth in the Code and any applicable regulations promulgated from time to time thereunder and any applicable guidance relating to Issuer Subsidy Bonds promulgated by the United States Department of the Treasury or Internal Revenue Service, and (B) take all necessary actions in order to receive the Issuer Bond Subsidy Payments on a timely basis."

(F) Section 6.02(B) of the Resolution is amended in its entirety to read as follows:

"(B) There shall have been obtained and filed with the Issuer a certificate of an Authorized Issuer Officer: (1) stating that such Authorized Issuer Officer has examined the books and records of the Issuer relating to the collection and receipt of Gross Revenues and relating to Operating Expenses; (2) setting forth the amount of Net Revenues, for the most recent Fiscal Year for which audited financial statements for the System are available or any twelve (12) consecutive months selected by the Issuer of the twenty four (24) months immediately preceding the issuance of such Additional Bonds; and (3) stating that such Net Revenues, adjusted as provided in Section 6.02(E) hereof, equal at least 1.20 times the Maximum Debt Service Requirement for all Outstanding Bonds and such Additional Bonds then proposed to be issued."

(G) The lead in paragraph of Section 6.02(E) of the Resolution is amended in its entirety to read as follows:

"(E) Such Net Revenues may be adjusted by the Authorized Issuer Officer upon the written advice of the Consulting Engineers, at the option of the Issuer, as follows:"

(H) Section 6.02(F) of the Resolution is amended in its entirety to read as follows:

"(F) In the event any Additional Bonds are issued for the purpose of refunding any Bonds then Outstanding, the conditions of Section 6.02(A) and (B) shall not apply, provided that the issuance of such Additional Bonds shall result in a reduction in aggregate debt service. The conditions of Section 6.02(B) hereof shall apply to Additional Bonds issued to refund Subordinated Indebtedness and to Additional Bonds issued for refunding purposes which cannot meet the conditions of this paragraph."

SECTION 18. CONSENT OF SERIES 2012 BONDHOLDERS. In accordance with the terms of Article VIII of the Resolution, the purchase of the Series 2012 Bonds by the initial Holders thereof shall be deemed consent to the amendments provided in Section 17 hereof.

SECTION 19. GENERAL AUTHORITY. The City Manager and the members of the City Council of the Issuer and the officers, attorneys and other agents or employees of the Issuer are hereby authorized to do all acts and things required of them by this Supplemental Resolution, the Resolution, the Official Statement, the Continuing Disclosure Certificate, the Purchase Contract, the Escrow Deposit Agreement, the Guaranty Agreement, if any, the

Insurance Agreement, if any, or which are desirable or consistent with the requirements hereof or the Resolution, the Official Statement, the Continuing Disclosure Certificate, the Purchase Contract, the Escrow Deposit Agreement, the Insurance Agreement, if any and the Surety Bond Agreement, if any, for the full punctual and complete performance of all the terms, covenants and agreements contained herein or in the Series 2012 Bonds, the Resolution, the Official Statement, the Continuing Disclosure Certificate, the Escrow Deposit Agreement, the Purchase Contract, the Insurance Agreement, if any and the Surety Bond Agreement, if any, and each official, employee, attorney and officer of the Issuer and the Clerk are hereby authorized and directed to execute and deliver any and all papers and instruments and to be and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated hereunder. The Assistant City Manager is hereby authorized to do all acts or things required of the City Manager by the terms hereof in the Resolution in the event of the City Manager's absence or unavailability.

SECTION 20. SEVERABILITY AND INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Series 2012 Bonds.

SECTION 21. EFFECT OF RECITALS AND FINDINGS. To the extent that there are typographical and/or administrative errors that do not change the tone, tenor, or concept of this Supplemental Resolution, then this Supplemental Resolution may be revised without subsequent approval by the City Council.

SECTION 22. RESOLUTION TO CONTINUE IN FORCE. Except as herein expressly provided, the Resolution and all the terms and provisions thereof, including the covenants contained therein, are and shall remain in full force and effect.

SECTION 23. EFFECTIVE DATE. Other than the amendments provided in Section 17 hereof, this Supplemental Resolution shall become effective immediately upon its adoption. The amendments provided in Section 17 hereof shall become effectively simultaneously with the issuance of the Series 2012 Bonds.

APPROVED AND ADOPTED this _____ day of December, 2012.

ATTEST:

PAMELA LATIMORE
CITY CLERK

(CITY SEAL)

GEORGE VALLEJO
MAYOR

APPROVED AS TO FORM:

DARCEE S. SIEGEL
CITY ATTORNEY

Sponsored by: Mayor & Council

EXHIBIT A

FORM OF PURCHASE CONTRACT

EXHIBIT B

FORM OF PRELIMINARY OFFICIAL STATEMENT

EXHIBIT C

FORM OF ESCROW DEPOSIT AGREEMENT

EXHIBIT D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

EXHIBIT E

ASSURED GUARANTY STANDARD PROVISIONS

EXHIBIT F

FORM OF SURETY BOND AGREEMENT

BOND PURCHASE AGREEMENT

City of North Miami Beach, Florida
\$[65,000,000] Water Revenue Refunding Bonds, Series 2012

[_____], 2012

The City of North Miami Beach, Florida
Attn: Roslyn Weisblum, City Manager

Ladies and Gentlemen:

The undersigned, [_____] (the “Representative”), acting on its own behalf and on behalf of [_____] (collectively, the “Underwriters”), offers to enter into the following agreement (this “Agreement”) with The City of North Miami Beach, Florida (the “Issuer”) which, upon the Issuer’s written acceptance of this offer, will be binding upon the Issuer and upon the Underwriters. This offer is made subject to the Issuer’s written acceptance hereof on or before 5:00 p.m., Eastern time, on [_____], 2012, and, if not so accepted, will be subject to withdrawal by the Underwriters upon notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined in this Agreement shall have the same meanings set forth in the Resolution (as defined herein) or in the Official Statement (as defined herein).

1. *Purchase and Sale of the Bonds.* Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby agree to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriters, all, but not less than all, of the Issuer’s Water Revenue Refunding Bonds, Series 2012 (the “Bonds”). Inasmuch as this purchase and sale represents a negotiated transaction, the Issuer understands, and hereby confirms, that the Underwriters are not acting as a fiduciary of the Issuer, but rather are acting solely in their capacity as Underwriters for their own account. The Representative has been duly authorized to execute this Agreement and to act hereunder.

The principal amount of the Bonds to be issued, the dated date therefor, the maturities, sinking fund and optional redemption provisions and interest rates per annum are set forth in Schedule I hereto. The Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of Resolution No. R2002-34 of the City Council of the Issuer, adopted on July 16, 2002, as may be amended and supplemented from time to time, and in particular, as supplemented by Resolution No. R2012-[_____], adopted by the City Council of the Issuer on [_____], 2012 (collectively, the “Resolution”). The Bonds, are being issued to (i) refinance certain obligations of the Issuer related to is loan in the original principal amount of \$66,385,000 from the Florida Municipal Loan Council pursuant to a Loan Agreement dated August 1, 2002, (ii) [fund a deposit to a debt service reserve account], and to (iii) pay certain costs of issuance and sale of the Bonds.

The purchase price for the Bonds shall be \$[____], representing the principal amount of \$[____], [plus/ less a net original issue premium/ discount of \$[____], less an underwriting discount of \$[____].

The Underwriters will execute the letter attached hereto as Exhibit "A" submitted in compliance with Section 218.385, Florida Statutes, as amended.

The Representative has previously delivered to the Issuer as a good faith deposit a check payable to the order of the Issuer in clearing house funds in the amount of \$[_____]. In the event the Issuer accepts this offer, such check shall be held uncashed by the Issuer until the time of Closing, at which time such check shall be returned uncashed to the Representative. In the event that the Issuer does not accept this Agreement, such check will be immediately returned to the Representative. Should the Issuer fail to deliver the Bonds at the Closing, or should the Issuer be unable to satisfy the conditions of the obligations of the Underwriters to purchase, accept delivery of and pay for the Bonds, as set forth in this Agreement (unless waived by the Underwriters), or should such obligations of the Underwriters be terminated for any reason permitted by this Agreement, such check shall immediately be returned to the Representative. In the event that the Underwriters fail (other than for a reason permitted hereunder) to purchase, accept delivery of and pay for the Bonds at the Closing as herein provided, such check shall be cashed and the amount thereof retained by the Issuer as and for fully liquidated damages for such failure of the Underwriters, and, except as set forth in Sections 9 and 12 hereof, no party shall have any further rights against the other hereunder. The Underwriters and the Issuer understand that in such event the Issuer's actual damages may be greater or may be less than such amount. Accordingly, the Underwriters hereby waive any right to claim that the Issuer's actual damages are less than such amount, and the Issuer's acceptance of this offer shall constitute a waiver of any right the Issuer may have to additional damages from the Underwriters.

2. *Public Offering.* The Underwriters agree to make a bona fide public offering of all of the Bonds at a price not to exceed the public offering price set forth on the inside front cover of the Official Statement and may subsequently change such offering price without any requirement of prior notice. The Underwriters may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering price stated on the cover of the Official Statement.

3. *The Official Statement.*

(a) The Preliminary Official Statement dated [_____], 2012 (the "Preliminary Official Statement") has been prepared by the Issuer for use by the Underwriters in connection with the public offering, sale and distribution of the Bonds and the Bonds. The Issuer hereby represents and warrants that the Preliminary Official Statement was deemed final by the Issuer as of its date, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule").

(b) The Issuer shall provide, or cause to be provided, to the Underwriters as soon as practicable after the date of the Issuer's acceptance of this Agreement (but, in any event, not later than within seven business days after the Issuer's acceptance of this Agreement and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the final Official Statement (the "Official Statement") which is complete as of the date of its delivery to the Underwriters in such quantity as the Representative shall request in order for the Underwriters to comply with the requirements of the Rule, all applicable rules of the Municipal Securities Rulemaking Board (the "MSRB"), and to fulfill its duties and responsibilities under Florida and federal securities laws generally. In addition, the Issuer shall provide, or cause to be provided, to the Underwriters the Official Statement in electronic word-searchable portable document format not later than two (2) business days prior to Closing (as hereinafter defined). The Issuer authorizes, or ratifies as the case may be, the use and distribution of the Preliminary Official Statement, the Official Statement and the Resolution in connection with the public offering and sale of the Bonds. The Issuer hereby confirms that it does not object to the distribution of the Official Statement in electronic form.

(c) If, after the date of this Agreement to and including the date the Underwriters are no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from a nationally recognized municipal securities repository, but in no case less than 25 days after the "end of the underwriting period" for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer will notify the Representative (and for the purposes of this clause provide the Representative with such information as it may from time to time request), and if, in the reasonable opinion of the Representative, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Issuer will forthwith prepare and furnish, at the Issuer's own expense (in a form and manner reasonably approved by the Representative), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement will comply with law. If such notification shall be subsequent to the Closing, the Issuer shall furnish such legal opinions, certificates, instruments and other documents as the Representative may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement. Unless otherwise notified in writing by the Representative, the Issuer can assume that the "end of the underwriting period" for purposes of the Rule is the date of the Closing.

4. *Representations, Warranties, and Covenants of the Issuer.* The Issuer hereby represents and warrants to and covenants with the Underwriters that:

(a) The Issuer is a political subdivision of the State of Florida (the “State”) duly created, organized and existing under the laws of the State, and has full legal right, power and authority under the Constitution and laws of the State, including Chapter 166, Part II, Florida Statutes, and other applicable provisions of law (the “Act”), and at the date of the Closing will have full legal right, power and authority under the Act and the Resolution (i) to enter into, execute and deliver this Agreement, the Resolution, an Escrow Deposit Agreement with [] (the “Escrow Deposit Agreement”), a Paying Agent and Registrar Agreement with [] (the “Paying Agent and Registrar Agreement”) and the Continuing Disclosure Certificate (the “Undertaking”) as defined in Section 6(h)(3) hereof and all documents required hereunder and thereunder to be executed and delivered by the Issuer (this Agreement, the Resolution, the Escrow Deposit Agreement, the Paying Agent and Registrar Agreement, the Undertaking and the other documents referred to in this clause are hereinafter referred to as the “Issuer Documents”), (ii) to sell, issue and deliver the Bonds to the Underwriters as provided herein and (iii) to carry out and consummate the transactions contemplated by the Issuer Documents and the Official Statement, and the Issuer has complied, and will at the Closing be in compliance in all respects, with the terms of the Act and the Issuer Documents as they pertain to such transactions;

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) the adoption of the Resolution and the issuance and sale of the Bonds, (ii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part, contained in the Bonds and the Issuer Documents and (iii) the consummation by it of all other transactions contemplated by the Official Statement, and the Issuer Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Official Statement;

(c) The Issuer Documents constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors’ rights; the Bonds, when issued, delivered and paid for, in accordance with the Resolution and this Agreement, will constitute legal, valid and binding obligations of the Issuer entitled to the benefits of the Resolution and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors’ rights; upon the issuance, authentication and delivery of the Bonds as aforesaid, the Resolution will provide, for the benefit of the holders, from time to time, of the Bonds, the legally valid and binding pledge of and lien it purports to create as set forth in the Resolution;

(d) The Issuer is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or any of its property or assets are otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing; and the execution and delivery of the Bonds, the Issuer Documents and the adoption of the Resolution and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or to which any of its property or assets are otherwise subject nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer to be pledged to secure the Bonds or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Resolution;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Issuer Documents, and the Bonds, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any jurisdiction in connection with the offering and sale of the Bonds have been obtained;

(f) The Bonds conform to the descriptions thereof contained in the Official Statement under the caption "DESCRIPTION OF THE SERIES 2012 BONDS" (except for the information relating to the Depository Trust Company (the "Depository") and its book-entry system of registration as to which no view is expressed); the Resolution conforms to the description thereof contained in the Official Statement under the captions "SECURITY FOR THE SERIES 2012 BONDS," and in "APPENDIX D – COMPOSITE FORM OF RESOLUTION"; the proceeds of the sale of the Bonds will be applied generally as described in the Official Statement under the captions "INTRODUCTION," "PURPOSE OF THE SERIES 2012 BONDS," "PLAN OF REFINANCING," and "SOURCES AND USES OF FUNDS" and the Undertaking conforms to the description thereof contained in the Official Statement under the caption "DISCLOSURE MATTERS – Continuing Disclosure."

(g) There is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Issuer after due inquiry, threatened against the Issuer, affecting the existence of the Issuer or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery

of the Bonds or the collection of the Pledged Funds (as defined in the Resolution) or in any way contesting or affecting the validity or enforceability of the Bonds, the Issuer Documents, or contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Resolution or the execution and delivery of the Issuer Documents, nor, to the best knowledge of the Issuer, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Issuer Documents;

(h) As of the date thereof, the Preliminary Official Statement (except for the information provided by the Depository and municipal bond insurers and their debt service reserve fund policies as to which no view is expressed) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) At the time of the Issuer's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (c) of Section 3 of this Agreement) at all times subsequent thereto during the period up to and including the date of Closing, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for the information provided by the Depository and municipal bond insurers and their debt service reserve fund policies as to which no view is expressed);

(j) If the Official Statement is supplemented or amended pursuant to paragraph (d) of Section 3 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the date of Closing the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading (except for the information provided by the Depository and municipal bond insurers and their debt service reserve fund policies as to which no view is expressed);

(k) The Issuer will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Resolution and not to take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

(l) The Issuer will furnish such information and execute such instruments and take such action in cooperation with the Underwriters as the Representative may reasonably request (A) to (i) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Representative may designate and (ii) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Representative immediately of receipt by the Issuer of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(m) The financial statements of, and other financial information regarding the Issuer, in the Official Statement fairly present the financial position and results of the Issuer as of the dates and for the periods therein set forth. Prior to the Closing, there will be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Issuer. The Issuer is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer;

(n) Prior to the Closing the Issuer will not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by any of the revenues or assets which will secure the Bonds without the prior approval of the Representative;

(o) Any certificate, signed by any official of the Issuer authorized to do so in connection with the transactions contemplated by this Agreement, shall be deemed a representation and warranty by the Issuer to the Underwriters as to the statements made therein;

(p) Except as otherwise disclosed in the Official Statement, the Issuer has not been in default at any time on or after December 31, 1975, as to principal or interest with respect to any obligation issued or guaranteed by the Issuer;

(q) The Undertaking complies with the requirements set forth in the Rule;
and

(r) Except as otherwise disclosed in the Official Statement, the Issuer has been in compliance during the previous five years with its continuing disclosure obligations in accordance with the Rule.

5. *Closing.*

(a) At 10:30 a.m. Eastern time, on [____], 2012, or at such other time and date as shall have been mutually agreed upon by the Issuer and the Representative (the “Closing”), the Issuer will, subject to the terms and conditions hereof, deliver the Bonds to the Underwriters duly executed and authenticated, together with the other documents hereinafter mentioned, and the Underwriters will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 of this Agreement by a certified or bank cashier’s check or checks or wire transfer payable in immediately available funds to the order of the Issuer. Payment for the Bonds as aforesaid shall be made at the offices of Bond Counsel, or such other place as shall have been mutually agreed upon by the Issuer and the Representative.

(b) Delivery of the Bonds shall be made to the Depository. The Bonds shall be delivered in definitive fully registered form, bearing CUSIP numbers without coupons, with one Bond for each maturity of the Bonds, registered in the name of Cede & Co., all as provided in the Resolution, and shall be made available to the Representative at least one business day before the Closing for purposes of inspection.

6. *Closing Conditions.* The Underwriters have entered into this Agreement in reliance upon the representations, warranties and agreements of the Issuer contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters’ obligations under this Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Representative:

(a) The representations and warranties of the Issuer contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) The Issuer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing;

(c) At the time of the Closing, (i) the Issuer Documents and the Bonds shall be in full force and effect in the form heretofore approved by the Representative and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative; and (ii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel and other counsel to deliver their respective opinions referred to hereafter;

(d) At or prior to the Closing, the Resolution shall have been duly executed and delivered by the Issuer and the Issuer shall have duly executed and delivered and the Bond Registrar shall have duly authenticated the Bonds;

(e) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the Issuer, in the condition, financial or otherwise, or in the revenues or operations of the Issuer, from that set forth in the Official Statement that in the judgment of the Representative, is material and adverse and that makes it, in the reasonable judgment of the Representative, impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement;

(f) The Issuer shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(g) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in legal form and effect to the Representative;

(h) At or prior to the Closing, the Underwriters shall have received copies of each of the following documents:

(1) The Official Statement, and each supplement or amendment thereto, if any, executed on behalf of the Issuer by the Mayor or the City Manager (or such other official as may have been agreed to by the Representative), and the reports and audits referred to or appearing in the Official Statement;

(2) The Resolution;

(3) The Undertaking of the Issuer which satisfies the requirements of section (b)(5)(i) of the Rule, a form of which is attached to the Official Statement as Appendix F;

(4) The approving opinion of Bond Counsel with respect to the Bonds, in substantially the form attached as Appendix E to the Official Statement;

(5) A supplemental opinion of Bond Counsel addressed to the Underwriters, substantially to the effect that:

(i) the Bonds are exempted securities under the Securities Act of 1933, as amended (the "1933 Act") and the Resolution is exempt from qualification under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act") and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the 1933 Act or to qualify the Resolution under the Trust Indenture Act; and

(ii) the statements and information contained in the Official Statement under the captions “DESCRIPTION OF THE SERIES 2012 BONDS,” (except for the information relating to the Depository and its book-entry system of registration as to which no view need be expressed), “SECURITY FOR THE SERIES 2012 BONDS,” “COVENANTS REGARDING RATES AND ADDITIONAL DEBT,” and “AMENDMENTS TO THE RESOLUTION” fairly and accurately summarized the matters purported to be summarized therein; “APPENDIX D –COMPOSITE FORM OF RESOLUTION” is a complete and accurate replication of the provisions of the Resolution; and the information under the heading “TAX EXEMPTION” is accurate.

(6) An opinion, dated the date of the Closing and addressed to the Issuer, of Disclosure Counsel for the Issuer, to the effect that: based upon their participation in the preparation of the Official Statement as counsel for the Issuer and their participation at conferences at which the Official Statement was discussed, but without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, such counsel has no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for any financial, forecast, technical and statistical statements and data included in the Official Statement and the information regarding the Depository and its book-entry system, as to which no view need be expressed), and a reliance letter pertaining thereto addressed to the Underwriters;

(7) An opinion of the Issuer’s Counsel, addressed to the Issuer, Bond Counsel and the Underwriters, to the effect that:

(i) The Issuer is a duly created and validly existing political subdivision of the State of Florida (the “State”) and had and has power under the Constitution and the laws of the State to adopt the Resolution, and to authorize and issue the Bonds.

(ii) The Agreement, the Resolution, the Escrow Deposit Agreement, the Paying Agent and Registrar Agreement and the Undertaking have been duly adopted, or duly authorized, executed and delivered by the Issuer and, as to the Escrow Deposit Agreement and the Paying Agent and Registrar Agreement, assuming due authorization, execution and delivery by the other parties thereto, the Resolution, the Escrow Deposit Agreement, the Paying Agent and Registrar Agreement and the Undertaking constitute binding and enforceable obligations of the Issuer enforceable in accordance with their respective terms; provided, however, the binding effect and enforceability thereof are subject to applicable bankruptcy, insolvency, reorganization, moratorium, liquidation, readjustment of debt, and other laws in effect from time to time affecting the

rights of creditors' generally and except to the extent that enforceability thereof may be limited by the application of principles of equity.

(iii) The adoption of the Resolution and the execution and delivery of the Bonds, the Agreement, the Escrow Deposit Agreement, the Paying Agent and Registrar Agreement and the Undertaking, and compliance on the Issuer's part with the provisions contained therein, will not, to the best of my knowledge and without having undertaken any investigation of the affairs of the Issuer outside the scope of my normal review of matters as City Attorney, conflict with or constitute a material breach of or material default under any judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer except as expressly provided in the Bonds and the Resolution.

(iv) The distribution of the Preliminary Official Statement and the Official Statement has been duly authorized by the Issuer;

(v) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Issuer Documents and the Bonds, have been obtained;

(vi) Except as disclosed in the Official Statement, to the best of the knowledge of Issuer's Counsel, there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, government agency, public board or body, pending or, threatened against or affecting the Issuer, nor to the best of the knowledge of Issuer's Counsel and without undertaking any investigation of the affairs of the Issuer outside the scope of Issuer's Counsel's normal review of matters as City Attorney, is there any basis for such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would have a materially adverse effect upon the transactions contemplated by the Agreement and the Official Statement or the validity of the Bonds, the Resolution, the Escrow Deposit Agreement, the Paying Agent and Registrar Agreement or the Undertaking; and

(8) An opinion dated the date of closing and addressed to the Underwriters, of counsel to the Underwriters, to the effect that: (i) based upon their participation in the preparation of the Official Statement as counsel for the Underwriters and their participation at conferences at which the Official Statement was discussed, but without having undertaken to determine independently the accuracy,

completeness or fairness of the statements contained in the Official Statement, such counsel has no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for any financial, forecast, technical and statistical statements and data included in the Official Statement and the information regarding the Depository and its book-entry system, as to which no view need be expressed) and (ii) the Undertaking, together with the Resolution, the Official Statement and this Agreement, satisfy the requirements contained in the Rule promulgated by the United States Securities and Exchange Commission for an undertaking for the benefit of the owners of the Bonds to provide the information at the times and in the manner required by said Rule.

(9) A certificate, dated the date of Closing, of the Issuer to the effect that (i) the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing; (ii) no litigation or proceeding against it is pending or, to its knowledge, threatened in any court or administrative body nor is there a basis for litigation which would (a) contest the right of the members or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) contest the validity, due authorization and execution of the Bonds or the Issuer Documents or (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and collecting revenues, including payments on the Bonds, pursuant to the Resolution, and other income or the anticipated receipt of Pledged Funds, or the pledge thereof; (iii) the resolutions of the Issuer authorizing the execution, delivery and/or performance of the Official Statement, the Bonds and Issuer Documents have been duly adopted by the Issuer, are in full force and effect and have not been modified, amended or repealed, and (iv) to the best of its knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any respect as of the time of Closing (except for the information relating to the Depository and its book-entry system of registration and the municipal bond insurers and their debt service reserve fund policies as to which no view need be expressed), and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the date of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading (except for the information relating to the Depository and its book-entry system of registration and the municipal bond insurers and their debt service reserve fund policies as to which no view need be expressed);

(10) A certificate of the Issuer in form and substance satisfactory to Bond Counsel and counsel to the Underwriters (a) setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code, and (b) certifying that to the best of the knowledge and belief of the Issuer there are no other facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate;

(11) Any other certificates and opinions required by the Resolution for the issuance thereunder of the Bonds;

(12) Evidence satisfactory to the Representative that the Bonds have been rated [“[]” ([])] by Standard & Poor's Ratings Group, a division of McGraw-Hill Companies, Inc. (“S&P”) and [“[]” ([])] by Fitch Ratings, Inc.. (“Fitch”), and that all such ratings are in effect as of the date of Closing;

(13) A verification report of GNP Services CPA, PA, as to the accuracy of the mathematical computation of the adequacy of the maturing principal amount and interest earnings thereon of securities deposited in escrow to pay when due all principal of and interest on the Refunded Debt (as defined in the Resolution);

(14) Such additional legal opinions, certificates, instruments and other documents as the Representative or counsel to the Underwriters may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the Issuer’s representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Issuer on or prior to the date of the Closing of all the respective agreements then to be performed and conditions then to be satisfied by the Issuer.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriters.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds contained in this Agreement, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriters nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of the Issuer and the Underwriters set forth in Section 4 hereof shall continue in full force and effect.

7. [Intentionally Omitted]

8. *Termination.* The Underwriters shall have the right to cancel their obligation to purchase the Bonds if, between the date of this Agreement and the Closing, the market price or marketability of the Bonds shall be materially adversely affected, in the reasonable judgment of the Representative, by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds of the interest on the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein;

(b) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Resolution is not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) any state blue sky or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(d) a general suspension of trading in securities on the New York Stock Exchange or the American Stock Exchange, the establishment of minimum prices on either such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(e) the New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, Underwriters;

(f) any amendment to the federal or state Constitution or action by any federal or state court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the Issuer, its property, income securities (or interest thereon),

(g) any event occurring, or information becoming known which, in the reasonable judgment of the Representative, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) there shall have occurred any materially adverse change in the affairs or financial condition of the Issuer, except for changes which the Official Statement, as then amended and supplemented, discloses are expected to occur;

(i) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency, financial or otherwise;

(j) there shall have occurred or any notice shall have been given of any intended review, downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to any of the Issuer's obligations; or

(k) the purchase of and payment for the Bonds by the Underwriters, or the resale of the Bonds by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

9. *Expenses.*

(a) The Underwriters shall be under no obligation to pay, and the Issuer shall pay, any expenses incident to the performance of the obligations of the Issuer hereunder including, but not limited to: (a) the cost of preparation, printing or other reproduction of the Resolution; (b) the cost of preparation and printing of the Bonds; (c) the fees and expenses of Bond Counsel and Disclosure Counsel; (d) the fees and expenses of the financial advisor to the Issuer; (e) the fees and expenses of any experts, consultants or advisors retained by the Issuer, including fees of the auditor and the Paying Agent and Registrar; (f) fees for bond ratings; and (g) the costs of preparing, printing and delivering a reasonable number of copies of the Preliminary Official Statement and the Official Statement and any supplements or amendments to either of them.

(b) The Underwriters shall pay: (a) all advertising expenses in connection with the public offering of the Bonds; (b) the cost of preparing, printing and delivery of any agreement among the Underwriters; and (c) all other expenses incurred by them or any of them in connection with the public offering of the Bonds, including the fees and expenses of counsel retained by them, including the costs of all "blue sky" memoranda and related filing fees. In the event that either party shall have paid obligations of the other as set forth in this Section 9, adjustment shall be made at the time of the Closing.

(c) If this Agreement shall be terminated by the Underwriters because of any failure or refusal on the part of the Issuer to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Issuer shall be unable to perform its obligations under this Agreement, the Issuer will reimburse the Underwriters for all out-of-pocket expenses (including the fees and expenses of counsel to the Underwriters) reasonably incurred by the Underwriters in connection with this Agreement or the offering contemplated hereunder.

10. *No Advisory or Fiduciary Role.* The Issuer acknowledges and agrees that: (i) the primary role of the Underwriters is to purchase the Bonds for resale to investors, in an arm's length, commercial transaction between the Issuer and the Underwriters and the Underwriters have financial and other interests that differ from those of the Issuer; (ii) the Underwriters are acting solely as principals and are not acting as municipal advisors, financial advisors or fiduciaries to the Issuer; (iii) the Underwriters have not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the Issuer on other matters); (iv) the only obligations the Underwriters have to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this Agreement; and (v) the Issuer has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate. If the Issuer would like a municipal advisor in this transaction that has legal fiduciary duties to the Issuer, then the Issuer is free to engage a municipal advisor to serve in that capacity. The Issuer has engaged First Southwest Company as financial advisor to the Issuer in connection with the issuance of the Bonds.

11. *Notices.* Any notice or other communication to be given to the Issuer under this Agreement may be given by delivering the same in writing to: Attn: [_____] , 17011 NE 19th Avenue, North Miami Beach, Florida 33162, Attention: _____, and any notice or other communication to be given to the Underwriters under this Agreement may be given by delivering the same in writing to: [_____] .

12. *Parties in Interest.* This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer and the Underwriters (including successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof. This Agreement may not be assigned by the Issuer. All of the Issuer's representations, warranties and agreements contained in this Agreement shall

remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of any of the Underwriters; (ii) delivery of and payment for the Bonds pursuant to this Agreement; and (iii) any termination of this Agreement.

13. *Effectiveness.* This Agreement shall become effective upon the acceptance hereof by the Issuer and shall be valid and enforceable at the time of such acceptance.

14. *Choice of Law.* This Agreement shall be governed by and construed in accordance with the law of the State.

15. *Severability.* If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

16. *Business Day.* For purposes of this Agreement, “business day” means any day on which the New York Stock Exchange is open for trading.

17. *Section Headings.* Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

18. *Counterparts.* This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

If you agree with the foregoing, please sign the enclosed counterpart of this Agreement and return it to the Underwriters. This Agreement shall become a binding agreement between you and the Underwriters when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

[Remainder of page intentionally left blank.]

Respectfully submitted,

[REPRESENTATIVE SIGNATURE BLOCK
TO BE PROVIDED.]

Date [_____] [____], 2012

ACCEPTANCE

ACCEPTED this [_____] day of [_____] , 2012.

CITY OF NORTH MIAMI BEACH, FLORIDA

By: _____
Roslyn Weisblum, City Manager

[Signature Page to Bond Purchase Agreement]

SCHEDULE I

MATURITY SCHEDULE
\$[65,000,000]
THE CITY OF NORTH MIAMI BEACH, FLORIDA
Water Revenue Refunding Bonds, Series 2012

MATURITIES, AMOUNTS, INTEREST RATES, PRICES, YIELDS

\$ _____ Serial Bonds

<u>Maturity</u> <u>(October 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Yield</u>
---------------------------------------	---------------	----------------------	--------------	--------------

Redemption Provisions

Optional Redemption. The Series 2012 Bonds maturing on or prior to October 1, _____ are not subject to optional redemption prior to maturity. The Series 2012 Bonds maturing after October 1, _____ are subject to redemption prior to maturity at the option of the City, as a whole or in part at any time (if in part, the maturities and the principal amounts to be redeemed are to be determined by the City in its sole discretion) on or after October 1, _____ at a redemption price of 100% of the principal amount of the Series 2012 Bonds to be redeemed, plus accrued interest to the date of redemption.

EXHIBIT A

NEGOTIATED DISCLOSURE AND TRUTH-IN-BONDING STATEMENT

_____, 2012

The City of North Miami Beach, Florida

The City of North Miami Beach, Florida
\$[65,000,000] Water Revenue Refunding Bonds, Series 2012

Ladies and Gentlemen,

Pursuant to Section 218.385, Florida Statutes, and in reference to the issuance by The City of North Miami Beach, Florida (the "Issuer"), of its Water Revenue Refunding Bonds, Series 2012 (the "Bonds"), [_____] acting on its own behalf and on behalf of [_____] (collectively, the Underwriters") pursuant to the Bond Purchase Agreement (the "Purchase Agreement") dated [_____] [___], 2012, between the Underwriters and the Issuer, hereby makes the following disclosures to the Issuer:

1. No person or persons have any understanding regarding promised compensation or consideration, directly or indirectly, expressly or implied, to act solely as an intermediary between the Issuer and the Underwriters or to exercise or attempt to exercise any influence to effect any transaction in the purchase of the captioned Bonds, except as disclosed in paragraph 5 hereto.
2. The Underwriters' Total Underwriting Spread is \$[___]/\$1000 of Bonds, equivalent to \$[___].
3. The Management Fee is \$0/\$100 of Bonds, equivalent to \$[___].
4. The Underwriters' Expenses are \$[___]/\$1,000 of Bonds, equivalent to \$[___]. An itemization of the Underwriters' Expenses is set forth on Schedule A hereto.
5. No fee, bonus or other compensation will be paid by the Underwriters in connection with the bond issue to any person not regularly employed or retained by the Underwriters except Underwriters' Counsel, _____, as shown on Schedule A hereto.
6. The names and address of the Underwriters are:

7. The Issuer is proposing to issue the Bonds in the amount of \$[65,000,000, together with other legally available funds of the Issuer, to (i) refinance certain obligations of the Issuer related to its loan in the original principal amount of \$66,385,000 from the Florida Municipal Loan Council pursuant to a Loan Agreement dated August 1, 2002, (ii) [fund a deposit to a debt service reserve account], and to (iii) pay certain costs of issuance and sale of the Bonds. This debt or obligation is expected to be repaid over a period of approximately [] years. At a true interest cost of []%, total interest paid over the life of the debt or obligation will be \$[]].

8. The Bonds are special obligations of the Issuer secured by the Pledged Funds (as defined in the Resolution). Authorizing the Bonds will result in an average annual debt service payment of approximately \$[] of the Issuer's monies will be not otherwise available to finance other services of the Issuer each year for [] years.

9. The foregoing statement is prepared pursuant to the Florida Statutes for information purposes only and shall not affect or control the actual terms and conditions of the debt or obligations.

[REPRESENTATIVE SIGNATURE BLOCK TO
BE PROVIDED.]

SCHEDULE A

<u>Underwriters' Expenses</u>	<u>\$/1000</u>	<u>Amount</u>
<hr/>		
<hr/>		
<u>TOTAL</u>		
<hr/>		

NEW ISSUE - BOOK-ENTRY ONLY RATINGS:

See "RATINGS" herein.

In the opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, interest on the Series 2012 Bonds is, under existing statutes, regulations, rulings and court decisions, (a) excludable from gross income of the owners thereof for federal income tax purposes except as otherwise described herein under the caption "TAX EXEMPTION" and (b) not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Such interest, however, will be includable in the calculation of a corporation's alternative minimum taxable income and may be subject to other federal income tax consequences referred to herein under "TAX EXEMPTION." See "TAX EXEMPTION" herein for a discussion of Bond Counsel's opinion.

\$65,000,000*

**CITY OF NORTH MIAMI BEACH, FLORIDA
Water Revenue Refunding Bonds, Series 2012**

Dated: Date of Delivery

Due: August 1, as shown on inside cover page

The Water Revenue Refunding Bonds, Series 2012 (the "Series 2012 Bonds") of City of North Miami Beach, Florida (the "City"), will be issued only as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof, and will be initially registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2012 Bonds. The Series 2012 Bonds will be available to purchasers only under the book-entry system maintained by DTC through brokers and dealers who are, or act through, DTC Participants (as defined herein). Purchasers will not receive delivery of the Series 2012 Bonds. So long as any purchaser is the Beneficial Owner (as defined herein) of a Series 2012 Bond, the purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on such Series 2012 Bond. The principal of and interest on the Series 2012 Bonds will be paid by Regions Bank, Jacksonville, Florida, as paying agent, directly to DTC as the registered owner thereof. See "DESCRIPTION OF THE SERIES 2012 BONDS - Book-Entry Only System" herein. Interest on the Series 2012 Bonds will be payable on February 1, 2013 and semiannually thereafter on August 1 and February 1 of each year.

The Series 2012 Bonds are subject to optional and mandatory redemption prior to maturity, as more fully described herein. See "DESCRIPTION OF THE SERIES 2012 BONDS -- Redemption Provisions" herein.

The Series 2012 Bonds are being issued under the authority of, and in full compliance with, the Constitution and the laws of the State of Florida, including Chapter 166, Part II, Florida Statutes, the City Charter, and other applicable provisions of law (the "Act"), and pursuant to Resolution No. R2002-34 of the City Council of the City (the "City Council"), adopted on July 16, 2002, as amended and supplemented from time to time, (the "Original Resolution"), and as particularly as amended and supplemented by Resolution No. _____ adopted on _____, 2012 (the "Series Resolution" and, together with the Original Resolution, the "Resolution"). The Series Resolution contains certain amendments to the Original Resolution which will become effective only after consents of the Series 2012 Bondholders have been obtained, and by acceptance of the Series 2012 Bonds, owners of the Series 2012 Bonds will be deemed to have consented to such amendments. See "AMENDMENTS TO THE RESOLUTION" herein and "APPENDIX D - COMPOSITE FORM OF RESOLUTION." The Series 2012

Bonds are being issued, together with other legally available funds of the City, if any, to (i) refinance certain obligations of the City as further described herein, (ii) [fund a debt service reserve account] and (iii) pay certain expenses related to the issuance and sale of the Series 2012 Bonds, [including a bond insurance premium]. See "PURPOSE OF THE SERIES 2012 BONDS" and "PLAN OF REFINANCING" herein.

The Series 2012 Bonds, the redemption premium, if any, and the interest thereon are limited, special obligations of the City payable from and secured solely by a pledge of and lien on the Pledged Funds (as defined herein). For a discussion of the security for the Series 2012 Bonds, see "SECURITY FOR THE SERIES 2012 BONDS" herein.

[Bond Insurance Policy language, if any]

THE SERIES 2012 BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS, OR A PLEDGE OF THE FULL FAITH, CREDIT OR TAXING POWER, OF THE CITY OR OF THE STATE OF FLORIDA OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF, BUT ARE LIMITED, SPECIAL OBLIGATIONS OF THE CITY, THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON WHICH ARE PAYABLE FROM AND SECURED SOLELY BY THE PLEDGED FUNDS. NEITHER THE CITY, NOR THE STATE OF FLORIDA OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF WILL BE OBLIGATED (I) TO EXERCISE ITS AD VALOREM TAXING POWER OR ANY OTHER TAXING POWER IN ANY FORM ON ANY REAL OR PERSONAL PROPERTY TO PAY THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2012 BONDS, OR OTHER COSTS INCIDENT THERETO, OR (II) TO PAY THE SAME FROM ANY FUNDS OF THE CITY EXCEPT FROM THE PLEDGED FUNDS DESCRIBED HEREIN, IN THE MANNER PROVIDED IN THE RESOLUTION. THE SERIES 2012 BONDS DO NOT CONSTITUTE A LIEN UPON THE SYSTEM OR ANY PROPERTY OF OR IN THE CITY, OTHER THAN THE PLEDGED FUNDS IN THE MANNER PROVIDED IN THE RESOLUTION.

The Series 2012 Bonds are offered when, as and if issued and accepted by the Underwriters, subject to the opinion on certain legal matters relating to their issuance by Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel. Certain legal matters will be passed on for the City by Darcee Siegel, Esquire, City Attorney, and Foley & Lardner, LLP, and Richard Kuper, P.A., Miami, Florida, Co-Disclosure Counsel. First Southwest Company, Orlando, Florida, is acting as Financial Advisor to the City. The Underwriters are being represented by _____, Florida. It is expected that settlement for the Series 2012 Bonds will occur through the facilities of DTC in New York, New York, on or about _____, 2012.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read this entire official statement to obtain information essential to making an informed investment decision.

[Underwriters]

Dated: _____, 2012

*Preliminary, subject to change

\$65,000,000*
CITY OF NORTH MIAMI BEACH, FLORIDA
Water Revenue Refunding Bonds, Series 2012

MATURITIES, AMOUNTS, INTEREST RATES, PRICES, YIELDS AND CUSIP NUMBERS

\$_____ **Serial Bonds**

Maturity (_____ 1)	<u>Amount</u> \$	<u>Interest Rate</u> %	<u>Price</u>	<u>Yield</u> \$	<u>Initial CUSIP Number**</u>
-----------------------	---------------------	---------------------------	--------------	--------------------	---------------------------------------

\$_____ - ___% Term Bond due _____ 1, ___ - Priced at _____ - Yield ___% - CUSIP No** _____
 \$_____ - ___% Term Bond due _____ 1, ___ - Priced at _____ - Yield ___% - CUSIP No** _____

* Preliminary, subject to change.

** The City is not responsible for the use of the CUSIP Numbers referenced herein nor is any representation made by the City as to their correctness. The CUSIP Numbers provided herein are included solely for the convenience of the readers of this Official Statement.

RED HERRING LANGUAGE

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Series 2012 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of such jurisdiction. The City has deemed this Preliminary Official Statement "final," except for certain permitted omissions, within the contemplation of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

CITY OF NORTH MIAMI BEACH, FLORIDA

17011 NE 19th Avenue
North Miami Beach, Florida 33162

CITY COUNCIL

George Vallejo, Mayor

Philippe Derose
Phyllis S. Smith
Beth E. Spiegel

Frantz Pierre
Barbara Kramer
Marlen Martell

CITY MANAGER

Roslyn B. Weisblum

FINANCE DIRECTOR

Janette Smith, CPA

CITY ATTORNEY

Darcee Siegel, Esquire

PUBLIC SERVICES DIRECTOR

Shari Kamali

BOND COUNSEL

Nabors, Giblin & Nickerson, P.A.
Tampa, Florida

CO-DISCLOSURE COUNSEL

Foley & Lardner LLP and Richard Kuper, P.A.
Miami, Florida

FINANCIAL ADVISOR

First Southwest Company
Orlando, Florida

CONSULTING ENGINEER AND FEASIBILITY CONSULTANT

GAI Consultants, Inc.
Miami, Florida

No dealer, broker, salesman or other person has been authorized by the City or the Underwriters to give any information or to make any representation with respect to the Series 2012 Bonds other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell nor the solicitation of an offer to buy, nor will there be any sale of the Series 2012 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City, and other sources which are believed to be reliable, and while not guaranteed as to completeness or accuracy, is believed to be correct. The information and expressions of opinion stated herein are subject to change without notice. The delivery of this Official Statement will not, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereon.

Upon issuance the Series 2012 Bonds will not be registered under the Securities Act of 1933, will not be listed on any stock or other securities exchange and neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity, other than the City, will have passed upon the accuracy or adequacy of this Official Statement or approved the Series 2012 Bonds for sale.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2012 BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

References herein to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to this Official Statement they will be furnished on request.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH AND AS PART OF THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THE TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR THE COMPLETENESS OF SUCH INFORMATION.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS OFFICIAL STATEMENT CONSTITUTE "FORWARD-LOOKING STATEMENTS." SUCH STATEMENTS GENERALLY ARE IDENTIFIABLE BY THE TERMINOLOGY USED, SUCH AS "PLAN," "EXPECT," "ESTIMATE," "PROJECT," "ANTICIPATE," "BUDGET" OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER "CONTINUING DISCLOSURE" HEREIN.

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OFFICIAL STATEMENT

relating to

\$65,000,000*

**CITY OF NORTH MIAMI BEACH, FLORIDA
Water Revenue Refunding Bonds, Series 2012**

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the Appendices hereto, is to furnish information with respect to the issuance by City of North Miami Beach, Florida (the "City"), of its Water Revenue Refunding Bonds, Series 2012 (the "Series 2012 Bonds"). The Series 2012 Bonds are being issued under the authority of, and in full compliance with, the Constitution and the laws of the State of Florida, including Chapter 166, Part II, Florida Statutes, the City Charter, and other applicable provisions of law (the "Act"), and pursuant to Resolution No. R2002-34 of the City Council of the City (the "City Council"), adopted on July 16, 2002, as amended and supplemented from time to time, (the "Original Resolution"), and as particularly amended and supplemented by Resolution No. _____ adopted on _____, 2012 (the "Series Resolution," and together with the Original Resolution and the Series Resolution, the "Resolution"). The Series Resolution contains certain amendments to the Original Resolution which will become effective only after consents of the Series 2012 Bondholders have been obtained, and by acceptance of the Series 2012 Bonds, owners of the Series 2012 Bonds will be deemed to have consented to such amendments. See "AMENDMENTS TO THE RESOLUTION" herein and "APPENDIX D – COMPOSITE FORM OF RESOLUTION." The Series 2012 Bonds, and any additional obligations of the City issued on a parity therewith pursuant to the Resolution (the "Additional Parity Bonds"), are hereinafter referred to collectively as the "Bonds."

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Capitalized terms used herein will have the same meanings as given to them in the Resolution unless otherwise defined herein or where the context would clearly indicate otherwise. The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is made to the originals of all such documents for full and complete statements of all matters of fact relating to the Series 2012 Bonds, the security for the payment of the Series 2012 Bonds, and the rights and remedies of Registered Owners thereof. Copies of this Official Statement may be obtained from the Finance Director of the City, 17011 NE 19th Avenue, North Miami Beach, Florida 33162, upon payment of reproduction costs and postage and handling expenses.

The assumptions, estimates, projections and matters of opinion contained in this Official Statement, whether or not so expressly stated, are set forth as such and not as matters of fact, and no representation is made that any of the assumptions or matters of opinion herein are valid or that any projections or estimates contained herein will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing, other than the Series 2012 Bonds and the Resolution, is to be construed as a contract between the Registered Owners of the Series 2012 Bonds and the City.

*Preliminary, subject to change

PURPOSE OF THE SERIES 2012 BONDS

The Series 2012 Bonds are being issued to, together with other legally available funds of the City, if any, to (i) refinance certain obligations of the City, as further described below, (ii) [fund a debt service reserve account] and (iii) pay certain expenses related to the issuance and sale of the Series 2012 Bonds, [including the issuance of a bond insurance premium].

PLAN OF REFINANCING

On August 15, 2002, the City participated in a pooled financing wherein the Florida Municipal Loan Council (the "Council") issued its Florida Municipal Loan Council Revenue Bonds (North Miami Beach Water Project), Series 2002B and loaned an amount equal to \$66,385,000 (the "Refunded Debt") to the City pursuant to a Loan Agreement, dated as of August 1, 2002, between the Council and the City. The Refunded Debt was secured by a promissory note of the City, which is secured by a pledge of the Pledged Funds (as defined in the Resolution) pursuant to the Resolution.

The City has determined that it can achieve an anticipated net present value savings in debt service payments by providing for the refunding of the Refunded Debt. Provision for payment will be accomplished through the issuance of the Series 2012 Bonds and the use of a portion of the proceeds thereof, together with other legally available funds, if any, to refund the Refunded Debt. The Refunded Debt will be redeemed prior to maturity on or about January 22, 2013 at a redemption price of 101% of the principal amount thereof, plus accrued interest to the redemption date.

Upon delivery of the Series 2012 Bonds, _____, _____, _____ (the Escrow Agent") will enter into an Escrow Deposit Agreement (the "Escrow Agreement") with the Florida Municipal Loan Council, as issuer of the Refunded Debt (the "Refunded Debt") to provide for the defeasance and refunding of the Refunded Debt. The Escrow Deposit Agreement will create an irrevocable escrow deposit fund (the "Escrow Deposit Fund") which will be held by the Escrow Agent, and the money [and securities] held therein are to be applied to the payment of principal of, interest and redemption premium, if any, on the Refunded Debt as the same become due and payable, whether at maturity or redemption prior to maturity. Immediately upon the issuance and delivery of the Series 2012 Bonds, the City will deposit a portion of the proceeds from the sale of the Series 2012 Bonds into the Escrow Deposit Fund, together with other legally available funds, if any. [Substantially all of such money is expected to be invested in Escrow Securities.] The [maturing principal amount of and interest on the Escrow Securities and any] cash held in the Escrow Deposit Fund will be sufficient to pay the principal of, interest on and redemption premium on the Refunded Debt and will be pledged solely for the benefit of the holders of the Refunded Debt at maturity or upon earlier redemption, and will not be available for payment of debt service on the Series 2012 Bonds.

The initial cash deposit[, plus principal and interest on the Escrow Securities in the Escrow Deposit Fund,] will be sufficient to pay the Refunded Debt to their redemption date according to the schedules prepared by First Southwest Company and verified by GNP Services, CPA, PA (the "Verification Agent"). See "VERIFICATION OF ARITHMETICAL COMPUTATIONS" herein.

In reliance upon the above-referenced schedules and independent verification, at the time of delivery of the Bonds, Bond Counsel will deliver to the Underwriter and the City an opinion to the effect that the pledge of and lien on the Pledged Funds in favor of the holders of the Refunded Debt shall cease, terminate and become void and be discharged and satisfied.

SOURCES AND USES OF FUNDS

The proceeds expected to be received from the sale of the Series 2012 Bonds, together with other legally available funds of the City, are expected to be applied as follows:

Sources of Funds

Par Amount of Series 2012 Bonds	
Plus/Less: Net Bond Premium/ Original Issue Discount	
[Moneys on Deposit in Funds for Refunded Debt]	
TOTAL SOURCES	\$

Uses of Funds

Underwriters' Discount	\$
Costs of Issuance ⁽¹⁾	
Deposit to Escrow Fund	
TOTAL USES	\$

⁽¹⁾ Includes financial advisors' fees and expenses, legal counsel fees and expenses, rating agency fees, bond registrar and paying agent fees, [bond insurance premium], printing costs and other costs associated with the issuance of the Series 2012 Bonds.

[Remainder of page intentionally left blank]

DEBT SERVICE SCHEDULE

The following table sets forth the estimated debt service payments on the Series 2012 Bonds.

	<u>Series 2012 Bonds</u>		
Year Ending			Total
<u>August 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
Total			

DESCRIPTION OF THE SERIES 2012 BONDS

General

The Series 2012 Bonds will be dated the date of their delivery, will be issued in fully registered form, without coupons, in the denominations of \$5,000 each or integral multiples thereof, and will bear interest at the rates and mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. Interest on the Series 2012 Bonds will accrue from the date of delivery thereof and will be payable on _____ 1, 2013, and semiannually thereafter on _____ 1 and _____ 1 in each year. The Series 2012 Bonds will be issued in book-entry only format, as described in the following section.

Book-Entry Only System

THE FOLLOWING INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY ("DTC") AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CITY BELIEVES TO BE RELIABLE, BUT THE CITY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2012 BONDS, AS NOMINEE OF DTC, CERTAIN REFERENCES IN THIS OFFICIAL STATEMENT TO THE SERIES 2012 BONDHOLDERS OR REGISTERED OWNERS OF THE SERIES 2012 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2012 BONDS. THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORD KEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2012 BONDS, PAYMENT OF INTEREST ON AND PRINCIPAL OF THE SERIES 2012 BONDS TO DIRECT PARTICIPANTS (AS HEREINAFTER DEFINED) OR BENEFICIAL OWNERS OF THE SERIES 2012 BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2012 BONDS, AND OTHER RELATED TRANSACTIONS BY AND BETWEEN DTC, THE DIRECT PARTICIPANTS AND BENEFICIAL OWNERS OF THE SERIES 2012 BONDS IS BASED SOLELY ON INFORMATION FURNISHED BY DTC. ACCORDINGLY, THE CITY NEITHER MAKES NOR CAN MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

DTC will act as securities depository for the Series 2012 Bonds. The Series 2012 Bonds will be issued as fully-registered securities in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each interest rate of each maturity of the Series 2012 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of

The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The Direct Participants and the Indirect Participants are collectively referred to herein as the “DTC Participants.” DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its DTC Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2012 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2012 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2012 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2012 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2012 Bonds, except in the event that use of the book-entry system for the Series 2012 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2012 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2012 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2012 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2012 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2012 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2012 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2012 Bonds may wish to ascertain that the nominee holding the Series 2012 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2012 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2012 Bonds unless authorized by a Direct Participant in accordance with DTC's Money Market Instrument (MMI) procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting

rights to those Direct Participants to whose accounts Series 2012 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2012 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent on the payment date in accordance with their respective holdings shown on DTC's records. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such DTC Participant and not of DTC, or the City, or the Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, and interest on, the Series 2012 Bonds, as applicable, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City and/or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2012 Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Series 2012 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2012 Bond certificates will be printed and delivered to the Holders.

Series 2012 Bonds Mutilated, Destroyed, Stolen or Lost

In case any Series 2012 Bond shall become mutilated or destroyed, stolen or lost, the City may in its discretion, issue and deliver and the Registrar shall authenticate, a new Series 2012 Bond in like tenor as the Series 2012 Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Series 2012 Bond upon surrender and cancellation of such mutilated Series 2012 Bond or in lieu of and substitution for the Series 2012 Bond destroyed, stolen or lost, and upon the Holder furnishing the City and the Registrar proof of such Holder's ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the City or the Registrar may prescribe and paying such expenses as the City and Registrar may incur. All Series 2012 Bonds so surrendered or otherwise substituted shall be canceled by the Registrar. If any of the Series 2012 Bonds shall have matured or be about to mature, instead of issuing a substitute Series 2012 Bond, the City may pay the same or cause the Bond to be paid upon being indemnified as aforesaid, and if such Bonds be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Series 2012 Bonds issued pursuant to the Resolution shall constitute original, additional contractual obligations on the part of the City whether or not the lost, stolen or destroyed Bond be at any time found by anyone; and such duplicate Bond shall be entitled to equal and proportionate benefits and rights as to lien on the Pledged Funds to the same extent and as shall be entitled to be the same benefits and security as the Series 2012 Bond so lost, mutilated or destroyed.

Negotiability, Registration, Transfer and Exchange

Series 2012 Bonds upon surrender thereof at the office of the Registrar with a written instruction

of transfer satisfactory to the Registrar, duly executed by the Holder's attorney-in-fact duly authorized in writing, may, at the option of the holder thereof, be exchanged for equal aggregate principal amount of registered Series 2012 Bonds of the same maturity of any authorized denominations.

The Series 2012 Bonds shall be and have all the qualities and incidents of negotiable instruments under the laws of the State of Florida, subject to the provisions for registration and transfer contained in this Resolution and in the Series 2012 Bonds. So long as any of the Series 2012 Bonds shall remain unpaid, the City shall cause to be maintained and kept, at the office of the Registrar, books for the registration and transfer of the Series 2012 Bonds .

Each Series 2012 Bond shall be transferable only upon the books of the City, at the office of the Registrar, under such reasonable regulations as the City may prescribe, by the Holder thereof in person or by such Holder's attorney duly authorized in writing upon such surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed and guaranteed by the Holder or such Holder's duly authorized attorney. Upon the transfer of such Series 2012 Bond, the City shall issue, and cause to be authenticated, in the name of the transferee a new Series 2012 Bond or Series 2012 Bonds of the same aggregate principal amount and maturity as the surrendered Series 2012 Bonds. The City, the Registrar and any Paying Agent or fiduciary of the City may deem and treat the Person in whose name any Series 2012 Bond shall be registered upon the books of the City as the absolute owner of such Bond, whether such Series 2012 Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if applicable, and interest on such Series 2012 Bond and for all other purposes, and all such payment so made to any such Holder or upon such Holder's 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 and neither the City nor the Registrar nor any Paying Agent or other fiduciary of the City shall be affected by any notice to the contrary.

In all cases in which the privilege of exchanging Series 2012 Bonds or transferring Series 2012 Bonds is exercised, the City shall execute and the Registrar shall authenticate and deliver such Series 2012 Bonds in accordance with the provisions of the Resolution. Execution of Series 2012 Bonds by the Mayor and City Clerk for purposes of exchanging, replacing or transferring Series 2012 Bonds may occur at the time of the original delivery of the Series 2012 Bonds. All Series 2012 Bonds surrendered in any such exchanges or transfers shall be canceled by the Registrar. For every such exchange or transfer of Series 2012 Bonds, the City or the Registrar may make a charge sufficient to reimburse it for any tax, fee, expense or other governmental charge required to be paid with respect to such exchange or transfer. The City and the Registrar shall not be obligated to make any such exchange or transfer of Series 2012 Bonds which have been selected for redemption or, in the case of any proposed redemption of Series 2012 Bonds, then for the Series 2012 Bonds subject to redemption during the fifteen (15) days preceding the date of the first mailing of the notice of such redemption.

Redemption

Optional Redemption. The Series 2012 Bonds maturing on or prior to August 1, 20__ are not subject to redemption at the option of the City prior to their respective dates of maturity. The Series 2012 Bonds that mature on or after August 1, 20__ are subject to redemption prior to their respective dates of maturity, on or after August 1, 20__ at the option of the City, either in whole or in part, at any time, in any order of maturities selected by the City on any date at a redemption price equal to the par amount of the Series 2012 Bonds to be redeemed together with accrued interest to the redemption date without a premium.

Mandatory Redemption. The Series 2012 Bonds maturing in the year ____ are subject to mandatory redemption prior to maturity, in part, by lot, at a redemption price equal to the unpaid principal amount of the Series 2012 Bonds to be redeemed, plus interest accrued thereon to the date of redemption, on August 1 in the following years and in the following amounts:

<u>Year</u>	<u>Amortization Installment</u>
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*Maturity

Notice and Effect of Redemption

The Series 2012 Bonds shall be redeemed only in the principal amount of \$5,000 each and integral multiples thereof. The City shall, at least sixty (60) days prior to the redemption date (unless a shorter time period shall be satisfactory to the Registrar) notify the Registrar of such redemption date and of the principal amount of Series 2012 Bonds to be redeemed. For purposes of any redemption of less than all of the Series 2012 Bonds of a single maturity, the particular bonds or portion of Series 2012 Bonds to be redeemed shall be selected not more than forty-five (45) days prior to the redemption date by the Registrar from the Series 2012 Bonds of the maturity or maturities designated by the City by such method as the Registrar shall deem fair and appropriate and which may provide for the selection for redemption of Series 2012 Bonds or portions of Series 2012 Bonds in principal amount of \$5,000 and integral multiples thereof.

If less than all of the Series 2012 Bonds of a single maturity are to be redeemed, the Registrar shall promptly notify the City and Paying Agent (if the Registrar is not the Paying Agent for such Series 2012 Bonds) in writing of the Series 2012 Bonds or portions of Series 2012 Bonds selected for redemption and, in the case of any Series 2012 Bond selected for partial redemption, the principal amount thereof to be redeemed.

Unless waived by any Holder of Series 2012 Bonds to be redeemed, notice of any redemption shall be given by the Registrar on behalf of the City by mailing a copy of an official redemption notice by first class mail, postage prepaid, at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to each Holder of Series 2012 Bonds to be redeemed at the address of such Holder shown on the registration books maintained by the Registrar or at such address as shall be furnished in writing by such Holder to the Registrar; provided, however, that no defect in any notice given pursuant to the Resolution to any Holder of a Series 2012 Bond to be redeemed nor failure to give such notice shall in any manner defeat the effectiveness of a call for redemption as to all other Holders of Series 2012 Bonds to be redeemed. Every official notice of redemption shall be dated and shall contain the information required in the Resolution. Notwithstanding any other provision in the Resolution to the contrary, notice of optional redemption of Series 2012 Bonds may be conditioned upon the occurrence or non-occurrence of such event or events as shall be specified in such notice of optional redemption and may be subject to rescission by the City if expressly set forth in such notice. In addition to the foregoing notice, further notice shall be given in accordance with the Resolution.

SECURITY FOR THE SERIES 2012 BONDS

Sources of Payment

The Series 2012 Bonds are limited, special obligations of the City, the principal of, premium, if any, and interest on which are payable from and secured solely by a pledge of and lien on the Pledged Funds, which consists of (1) the Pledged Revenues (described below), (2) and until applied in accordance with the provisions of the Resolution, the proceeds of the Series 2012 Bonds and (3) all moneys, including investments thereof, in the funds and accounts established under the Resolution, except (i) the Rebate Fund and Rate Stabilization Fund and (ii) any moneys hereinafter deposited into a subaccount of the Reserve Fund and/or an account of the Construction Fund which are pledged solely for the payment of a particular Series of Bonds other than the Series 2012 Bonds. Upon issuance of the Series 2012 Bonds, the Series 2012 Bonds will be the only Bonds outstanding under the Resolution. The City is also permitted to issue additional obligations on a parity with the Series 2012 Bonds. See "COVENANTS REGARDING RATES AND ADDITIONAL DEBT-Issuance of Additional Debt" herein.

THE SERIES 2012 BONDS, THE PREMIUM, IF ANY, AND INTEREST THEREON DO NOT CONSTITUTE A GENERAL OBLIGATION OR INDEBTEDNESS OF THE CITY (OR "BONDS" WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF FLORIDA), BUT ARE LIMITED, SPECIAL OBLIGATIONS OF THE CITY, THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON WHICH ARE PAYABLE FROM AND SECURED SOLELY BY A LIEN UPON AND A PLEDGE OF THE PLEDGED FUNDS, AND IN THE MANNER PROVIDED, IN THE RESOLUTION. NO REGISTERED OWNER OF ANY SERIES 2012 BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE CITY OR TAXATION IN ANY FORM OF ANY PROPERTY WITHIN OR WITHOUT THE CITY TO PAY PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2012 BONDS, OR TO COMPEL THE CITY TO PAY THE SERIES 2012 BONDS AND THE PRINCIPAL, PREMIUM, IF ANY, AND INTEREST THEREON FROM ANY FUNDS OF THE CITY, OTHER THAN THE PLEDGED FUNDS. THE SERIES 2012 BONDS AND THE PREMIUM, IF ANY, AND INTEREST THEREON DO NOT CONSTITUTE A LIEN ON ANY PROJECT, THE FACILITIES OF THE SYSTEM, THE SYSTEM OR ON ANY PROPERTY OF OR IN THE CITY OR WITHIN THE SERVICE AREA, OTHER THAN THE PLEDGED FUNDS IN THE MANNER PROVIDED IN THE RESOLUTION.

The Pledged Revenues are comprised of the Net Revenues. The Net Revenues derived by the City from the operation of the System means the Gross Revenues remaining after deducting only Operating Expenses.

"Gross Revenues" shall mean all income and moneys received by the City from the Rates, or otherwise received by the City or accruing to the City in the management and operation of the System, calculated in accordance with generally accepted accounting methods employed in the operation of public utility systems similar to the System, including, without limiting the generality of the foregoing, all earnings and income derived from the investment of moneys under the provisions of the Resolution, except for any surcharge imposed upon customers located outside of the boundaries of the City pursuant to the Resolution. Gross Revenues shall include amounts transferred from the rate stabilization Fund to the Revenue Fund, but if during any period of time amounts are transferred from the Rate Stabilization Fund to the Revenue Fund, then during such period Gross Revenues shall not include amounts transferred from the Revenue Fund to the Rate Stabilization Fund. See "AMENDMENTS TO THE RESOLUTION" below for information regarding amendments to the definition of "Gross Revenues" with respect to certain Bonds which receive a federal subsidy payment.

“Net Revenues” shall mean Gross Revenues less Operating Expenses.

“Operating Expenses” shall mean the City’s expenses for operation, maintenance, repairs and replacements with respect to the System and shall include, without limiting the generality of the foregoing, administration expenses, insurance and surety bond premiums, the fees of any rebate compliance service of Bond Counsel relating to compliance with the provisions of Section 148 of the Code, legal and engineering expenses, ordinary and current rentals of equipment or other property, refunds of moneys lawfully due to others, payments to pension, retirement, health and hospitalization funds, and any other expenses required to be paid for or with respect to proper operation or maintenance of the System, all to the extent properly attributable to the System in accordance with the generally accepted accounting principles employed in the operation of the public water utility systems similar to the System, and disbursements for the expenses, liabilities and compensation of any Paying Agent or Registrar, or trustee, under the Resolution, but does not include any costs or expenses in respect of original construction or improvement other than expenditures necessary to prevent an interruption or continuance of an interruption of the Gross Revenues or minor capital expenditures necessary for the proper and economical operation or maintenance of the System, or any provisions for interest, depreciation, amortization or similar charges.

Application of Moneys Under the Resolution

Creation of Funds and Accounts. The Resolution creates a number of funds and accounts into which moneys will be deposited for various purposes, including (1) the Water System Revenue Fund, (2) the Operation and Maintenance Fund, (3) the Debt Service Fund, together with the accounts therein known as the Interest Account, the Principal Account and the Bond Amortization Account, (4) the Reserve Fund, (5) the Renewal and Replacement Fund, (6) the Rebate Fund, (7) the Rate Stabilization Fund, and (8) the Subordinated Indebtedness Fund. The City may establish by Supplement Resolution such other funds and accounts as it shall deem necessary or advisable.

General. Under the terms of the Resolution, all Gross Revenues shall immediately upon receipt thereof be deposited into the Revenue Fund.

Revenue Fund. Moneys on deposit in the Revenue Fund must be applied in each month, subject to credits for deposits as provided below, only in the following manner and order of priority:

(1) Moneys must first be used for deposit into or credit to the Operation and Maintenance Fund such funds as are necessary to pay Operating Expenses for the ensuing month.

(2) Moneys must next be used for deposit into the Debt Service Fund in the following priority:

(a) Into the Interest Account, in such sums, together with the balance in said account, to equal the interest on all Outstanding Bonds, accrued and unpaid and to accrue to the end of the then current calendar month (assuming that a year consists of twelve (12) equal calendar months of thirty (30) days each);

(b) Into the Principal Account, in such sums, together with the balance in said account, to equal (1) the principal amount of all Outstanding Bonds other than Term Bonds due and unpaid, (2) the portion of the principal amount of the Bonds other than Term Bonds next due which would have accrued on such Bonds next due during the then current calendar month if such principal amount thereof were deemed to accrue monthly (assuming that a year consists of twelve (12) equal calendar months of thirty (30) days each) in equal installments from a date one

year preceding the due date of the Bonds next due, and (3) the portion of the principal amount of the Bonds other than Term Bonds next due which shall have accrued on such basis in prior months, provided, not later than the month immediately preceding any principal payment date, the City shall adjust the amount of the deposit into the Principal Account so as to provide sufficient moneys in the Principal Account to pay the principal on the Bonds other than Term Bonds becoming due on such date;

(c) Into the Bond Amortization Account, on a parity with the payments provided in subparagraph (b) above, commencing in the month which is one year prior to the due date of each Amortization Installment, in such sums which, together with the balance in said account held for the credit of such Amortization Installment and all Outstanding Term Bonds due and unpaid, shall equal (1) the principal amount of all such Outstanding Term Bonds due and unpaid, (b) that portion of such Amortization Installment which would have accrued during the then current calendar month if such Amortization Installment were deemed to accrue monthly (assuming that a year consists of twelve (12) equal calendar months of thirty (30) days each) in equal amounts from a date one year preceding such due date and (3) the portion of such Amortization Installment which shall have accrued on such basis in prior months, provided, not later than the month immediately preceding any Amortization Installment payment, the City shall adjust the amount of the deposit into the Bond Amortization Account so as to provide sufficient moneys in the Bond Amortization Account to make such Amortization Installment payment becoming due on such date;

(3) Moneys must next be used to cure any deficiency for prior deposits into the Debt Service Fund.

(4) Moneys must next be used to immediately restore the funds on deposit in the Reserve Fund such sum, if any, as will be necessary to immediately restore the funds on deposit therein to an amount equal to the Reserve Fund Requirement therefore including the reinstatement of any Reserve Fund Insurance Policy or Reserve Fund Letter of Credit on deposit therein or the cash replacement thereof. In the event amounts available for such purposes shall be insufficient to make all payments required by the preceding sentence, the available amount shall be prorated among the various subaccounts in the Reserve Fund in the same proportion that the Reserve Fund Requirement for each subaccount bears to the total Reserve Fund Requirement for all such subaccounts.

(5) Moneys must next be deposited into the Renewal and Replacement Fund in an amount equal to 1/12th of the Renewal and Replacement Fund Requirement, provided that no further deposits are required to be made into the Renewal and Replacement Fund so long as the amount on deposit therein is at least equal to 5% of the Gross Revenues received by the City in the immediately preceding Fiscal Year (or such other amount as shall be recommended to the City by the Qualified Independent Consultant and approved by the Governing Body as an amount appropriate for purposes of the Resolution);

(6) Moneys shall next be deposited into or credited to the Subordinated Indebtedness Fund such sums as are necessary to pay the principal of, premium, if any, and interest on any subordinated indebtedness hereafter issued by the City.

(7) Moneys may next, in the discretion of the City Council, be deposited into the Rate Stabilization Fund in such amounts as shall be determined by the City Council; and

(8) Remaining moneys may only be used for lawful purposes of the System, including deposit of additional moneys into the foregoing funds and accounts, or for deposit into the Rebate Fund, provided that all funds and accounts created under the Resolution are at required levels.

Credit will be allowed against the required deposit amounts due as prescribed above for the payment of principal of, interest and Amortization Installments on the Bonds to the extent of any other funds on deposit and available for such purpose in the applicable accounts of the Debt Service Fund including but not limited to capitalized interest and any investment earnings.

Use of Moneys on Deposit in Funds and Accounts

The Resolution creates a lien on the moneys on deposit in the various funds and accounts created thereunder for the benefit of the Registered Owners, except to the extent of moneys in the Revenue Fund needed to pay Operating Expenses and moneys in the Rebate Fund. The Resolution further specifies the manner in which moneys on deposit in the various funds and accounts must be used. Following is a summary of the permitted uses for the moneys in each of the various funds and accounts.

Revenue Fund. Moneys in the Revenue Fund will be applied as described above in "SECURITY FOR THE SERIES 2012 BONDS – Application of Moneys Under the Resolution" and the subheading thereunder entitled *Revenue Fund*.

Debt Service Fund. The moneys on deposit in the Debt Service Fund, including all accounts therein, shall be used only to pay principal of (including Amortization Installments) and interest on the Bonds pursuant to the Resolution. The City in its discretion may use moneys in the Principal Account and the Interest Account to purchase or redeem Bonds coming due on the next principal payment date, provided such purchase or redemption does not adversely affect the City's ability to pay the principal or interest becoming due on such principal payment date on the Bonds not so purchased or redeemed.

Moneys held for the credit of the Bond Amortization Account in the Debt Service Fund shall be applied to the retirement of Term Bonds of each series or installment of Bonds, to the extent of the Amortization Installments, if any, for such Bond Year for the Term Bonds of such series or installment then Outstanding, and if the amount available in such Bond Year shall not be sufficient therefore, then in proportion to the Amortization Installment, if any, for such Bond Year for the Term Bonds of each such Series or installment then Outstanding.

Reserve Fund. The City is required by the terms of the Resolution to maintain in each subaccount of the Reserve Fund in an amount equal to the Reserve Account Requirement for the series of Bonds secured by such subaccount. On or prior to each principal and interest payment date for the Bonds, moneys in each subaccount of the Reserve Fund shall be applied by the City to the payment of the principal of or Redemption Price, if applicable, and interest on the Bonds, which such subaccount relates to, to the extent moneys in the Interest Account, the Principal Account and the Bond Amortization Account shall be insufficient for such purpose. Whenever there shall be surplus moneys in the Reserve Fund by reason of a decrease in the Reserve Fund Requirement or as a result of a deposit therein of a Reserve Fund Insurance Policy and/or a Reserve Fund Letter of Credit, such surplus moneys shall be deposited by the City into the Principal Account, or such other appropriate fund or account of the City or use to pay or provide for necessary rebates through the Rebate Fund or to pay the premium on the Reserve Fund Insurance Policy, provided such deposit to such other fund or account shall not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. Whenever moneys on deposit in a subaccount of the Reserve Fund together with the other available amounts in the Debt Service Fund are sufficient to fully pay all Outstanding Bonds (including principal

and interest thereon) of the Series secured by such subaccount in accordance with their terms, the funds on deposit in such subaccount of the Reserve Fund shall be applied to this payment of such Bonds.

Notwithstanding the foregoing provisions, in lieu of the required deposit into a subaccount of the Reserve Fund, the City may, at its sole option and discretion cause to be deposited a Reserve Fund Insurance Policy and/or Reserve Fund Letter of Credit in an amount equal to the difference between the Reserve Fund Requirement applicable thereto and the sum, if any, remaining on deposit in such subaccount of the Reserve Fund after the deposit of such Reserve Fund Insurance Policy and/or Reserve Fund Letter of Credit, in accordance with the provisions of the Resolution See "AMENDMENTS TO THE RESOLUTION" herein.

Renewal and Replacement Fund. The moneys in the Renewal and Replacement Fund shall be used only for the purpose of paying: (a) the cost of extensions, improvements or additions to, or the replacement or renewal of capital assets of, the System, or extraordinary repairs of the system; or (b) for the payment into the Interest Account, the Principal Account and the Bond Amortization Account when the moneys therein are insufficient to pay the principal of and interest on the Bonds coming due, but only to the extent moneys available in the Reserve Fund for such purpose shall be inadequate to fully provide for such insufficiency. Any amounts so withdrawn are required to be restored in accordance with the Resolution. If the balance on deposit in the Renewal and Replacement Fund exceeds the Renewal and Replacement Fund Requirement, such excess amount shall be transferred by the City from the Renewal and Replacement Fund and deposited into the Revenue Fund.

Rate Stabilization Fund. Moneys on deposit in the Rate Stabilization Fund may be used for any lawful purpose of the City, including to make deposits into the Revenue Fund at any time and from time to time. Gross Revenues include amounts transferred from the Rate Stabilization Fund to the Revenue Fund, but if during any period of time amounts are transferred from the Rate Stabilization Fund to the Revenue Fund, then during such period Gross Revenues shall not include amounts transferred from the Revenue Fund to the Rate Stabilization Fund.

Rebate Fund. Moneys on deposit in the Rebate Fund may be used only for the purpose of making any payments required to be made to the Department of the Treasury of the United States pursuant to the provisions of Sections 103 and 141 - 148 of the Internal Revenue Code of 1986, as amended (the "Code"). Any excess amount in the Rebate Fund not needed or required to be paid to the Department of the Treasury of the United States may be withdrawn and applied for any lawful purpose of the System.

Investment of Moneys

All moneys on deposit in the funds and accounts created under the Resolution may be invested and reinvested only in Authorized Investments maturing not later than the date on which the moneys therein will be needed. For a description of Authorized Investments, see "APPENDIX D – COMPOSITE FORM OF RESOLUTION" attached hereto.

Any and all income received by the City from the investment of moneys in the Revenue Fund, the Rebate Fund, and in the Interest Account, the Principal Account and the Bond Amortization Account in the Debt Service Fund, in the Rate Stabilization Fund, in the Renewal and Replacement Fund (to the extent such income and other amounts in the Renewal and Replacement Fund do not exceed the Renewal and Replacement Fund Requirement), and in the Reserve Fund (to the extent such income and the other amounts in the Reserve Fund do not exceed the Reserve Fund Requirement) shall either be retained in such respective fund or account, or shall be deposited as provided by Supplemental Resolution.

Any and all income received from the investment of moneys in the Renewal and Replacement Fund (only to the extent such income and other amounts therein do not exceed the Renewal and Replacement Fund Requirement), shall be deposited upon receipt thereof in the Revenue Fund. Any and all income received from the investment of moneys in the Reserve Fund (only to the extent such income and other amounts therein exceed the Reserve Fund Requirement) shall be deposited in the Revenue Fund.

The moneys required to be accounted for in each of the foregoing funds and accounts established herein may be deposited in a single bank account, and funds allocated to the various funds and accounts established herein may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the moneys on deposit therein and such investments for the various purposes of such funds and accounts as herein provided.

The designation and establishment of the various funds and accounts in and by the 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 for certain purposes and to establish certain priorities for application of such revenues as provided in the Resolution.

COVENANTS REGARDING RATES AND ADDITIONAL DEBT

General

The City shall fix, establish, maintain and collect such Rates and revise the same from time to time, whenever necessary, as will always provide in each Fiscal Year Net Revenues adequate at all times to pay in each Fiscal Year at least one hundred twenty percent (120%) of the current annual Debt Service Requirement becoming due in such Fiscal Year on each Series of Outstanding Bonds and at least one hundred percent (100%) of any amounts required by the terms hereof to be deposited in the Reserve Fund, with any issuer of a Reserve Fund Letter of Credit or Reserve Fund Insurance Policy, or to be deposited in the Renewal and Replacement Fund or to be paid for debt service on a Subordinated Indebtedness in such Fiscal Year. Such Rates shall not be so reduced so as to be insufficient to provide Net Revenues fully adequate for the purposes provided therefore by this resolution. See "AMENDMENTS TO THE RESOLUTION" herein.

If, upon making such determination in any Fiscal Year, the City shall determine that it has failed to comply with the requirements contained in the above paragraph, it shall cause within the following 45 days of such determination the Consulting Engineers to review its Rates, Gross Revenues, Operating Expenses and methods of operation and to make written recommendations and file such written report within such 45 days as to methods by which the City may promptly seek to comply with the requirements set forth above. The City shall forthwith commence to implement such recommendations to the extent required so within the 30 day period following the filing of the report, as to cause it to thereafter comply with said requirements. To the extent the issuer causes the Consulting Engineers to undertake such review and implements such recommendations, the failure to comply with the paragraph above shall not constitute an event of default hereunder.

Issuance of Additional Debt

Pursuant to the Resolution, the City may, from time to time, issue Additional Bonds on a parity with the Series 2012 Bonds. No Additional Bonds may be issued under the Resolution unless the

following conditions are met:

(A) The City has certified that it is current in all deposits into the various funds and accounts established by the Resolution and all payments required to have been deposited or made by it under the provisions of the Resolution and has complied with the covenants and agreements of the Resolution;

(B) There shall have been obtained and filed with the City a certificate of a Qualified Independent Consultant: (1) stating that such consultant has examined the books and records of the City relating to the collection and receipt of Gross Revenues and relating to Operating Expenses; (2) setting forth the amount of Net Revenues, for the most recent Fiscal Year for which audited financial statements for the System are available or any twelve (12) consecutive months selected by the City of the twenty-four (24) months immediately preceding the issuance of such Additional Bonds; (3) stating that such Net Revenues, adjusted as provided in paragraph (E) below, equal at least 1.20 times the Maximum Debt Service Requirement for all Outstanding Bonds and such Additional Bonds then proposed to be issued. See "AMENDMENTS TO THE RESOLUTION" herein.

(C) In computing Maximum Debt Service Requirement, the interest rate on outstanding Variable Rate Bonds, and on additional parity Variable Rate Bonds then proposed to be issued, shall be calculated as provided in the definition of Debt Service Requirement. See "APPENDIX D – COMPOSITE FORM OF RESOLUTION" attached hereto.

(D) For the purposes hereof, the phrase, "the most recent Fiscal Year audited financial statements for the System are available or any twelve (12) consecutive months selected by the City of the twenty-four (24) months immediately preceding the issuance of such Additional Bonds" shall be sometimes referred to as "twelve (12) consecutive months."

(E) Such Net Revenues may be adjusted by the Qualified Independent Consultant upon the written advice of the Consulting Engineers, at the option of the City, as follows:

(1) If the City, prior to the issuance of the proposed Additional Bonds, shall have adopted and implemented an increase in the Rate, the Net Revenues for the twelve (12) consecutive months shall be adjusted to show the Net Revenues which would have been derived from the System in such twelve (12) consecutive months as if such increased Rates had been in effect during all of such twelve (12) consecutive months.

(2) If the City, prior to the issuance of the proposed Additional Bonds, shall have acquired or have contracted to acquire any privately or publicly owned existing water system, the cost of which shall be paid from all or part of the proceeds of the issuance of the proposed Additional Bonds, then the Net Revenues derived from the System during the twelve (12) consecutive months immediately preceding the issuance of said Additional Bonds shall be increased by adding to the Net Revenues for said twelve (12) consecutive months the Net Revenues which would have been derived from said existing water system as if such existing water system had been part of the System during such twelve (12) consecutive months. For the purposes of this paragraph, the Net Revenues derived from said existing water system during such twelve (12) consecutive months shall be adjusted to determine such Net Revenues by deducting the costs of operation and maintenance of said existing water system from the gross revenues of said system. Such Net Revenues shall take into account any increase in rates imposed on customers of such acquired water system on or prior to the acquisition thereof by the City.

(3) If the City, in connection with the issuance of Additional Bonds, shall enter into a contract (with a duration not less than the final maturity of such Additional Bonds) with any public or private entity whereby the City agrees to furnish services in connection with any water system, then the

Net Revenues of the System during the twelve (12) consecutive months immediately preceding the issuance of said Additional Bonds shall be increased by the least amount which said public or private entity shall guarantee to pay in any one year for the furnishing of said services by the City, after deducting therefrom the proportion of operating expenses and repair, renewal and replacement cost attributable in such year to such services.

(4) In the event the City shall be constructing or acquiring additions, extensions or improvements to the System from the proceeds of such Additional Bonds and shall have established Rates to be charged and collected from users of such facilities when service is rendered, such Net Revenues may be adjusted by adding thereto the Net Revenues estimated by the Consulting Engineers to be derived during the first twelve (12) months of operation after completion of the construction or acquisition of said additions, extensions and improvements from the proposed users of the facilities to be financed by Additional Bonds together with other funds on hand or lawfully obtained for such purpose.

(5) If the City, prior to the issuance of the proposed Additional Bonds, shall have obtained new ongoing customers of the System the Net Revenues for the twelve (12) consecutive months shall be adjusted to reflect the additional Net Revenues which would have been derived from the System with respect to such customers, as if customers had been utilizing the System during all such twelve (12) consecutive months.

(F) In the event any Additional Bonds are issued for the purposes of refunding any Bonds then Outstanding, the conditions in paragraphs (A) and (B) above shall not apply, provided that the issuance of such Additional Bonds shall not result in an increase in the aggregate amount of principal of and interest on the Outstanding bonds becoming due in the current Fiscal Year or any subsequent Fiscal Years. The conditions of paragraph (B) above shall apply to Additional Bonds issued to refund Subordinated Indebtedness and to Additional Bonds issued for refunding purposes which cannot meet the conditions of this paragraph. See "AMENDMENTS TO THE RESOLUTION" herein.

The Series 2012 Bonds constitute Additional Bonds under the Resolution.

Subordinate Indebtedness

The Resolution permits the issuance of indebtedness payable from and secured by the Pledged Revenues on a subordinate and junior basis to the Bonds issued under the Resolution. In 2009, the City began participating in the Revolving Loan Program administered by the Department of Environmental Protection of the State of Florida. The City currently has two State Revolving Loans ("SRF Loans") outstanding to finance costs relating to the System. As of November 1, 2012, the outstanding principal amount of the SRF Loans is equal to \$_____. The SRF Loans are payable from and secured by the Pledged Revenues subordinate and junior in all respects to the Series 2012 Bonds and any Additional Bonds.

AMENDMENTS TO THE RESOLUTION

The City desires to implement amendments which modify certain provisions of the Resolution, which amendments will become effective upon consent of the holders of the Series 2012 Bonds, which consent shall be deemed to be given by such holders upon their acceptance of the Series 2012 Bonds.

The Series Resolution modifies the Resolution as follows:

(A) Section 1.01 of the Resolution is amended by the Series Resolution to add or modify the following definitions:

“Authorized Investments” shall mean any investments that are permitted under the investment policy of the Issuer, as the same may be amended from time to time.

“Authorized Issuer Officer” for the performance on behalf of the Issuer of any act of the Issuer or the execution of any instrument on behalf of the Issuer shall mean the City Manager and any designee thereof.

“Balloon Bonds” shall mean Bonds (and repayment obligations on any Credit Facility relating thereto), other than Bonds which mature within one year of the date of issuance thereof, 25% or more of the principal installments on which (a) are due or (b) at the option of the Holder thereof may be redeemed, during any period of twelve consecutive months.

“Debt Service Requirement” for any Fiscal Year shall mean the sum of:

(1) The aggregate amount required to pay the interest becoming due on the Bonds, other than Capital Appreciation Bonds, during such Fiscal Year, except to the extent that such interest shall have been provided by payments into the Interest Account out of Bond proceeds or other sources (other than Net Revenues) for a specified period of time.

(2) The aggregate amount required to pay the principal becoming due on the Bonds, other than Capital Appreciation Bonds, for such Fiscal Year. For purposes of this definition: (a) the stated maturity date of any Term Bonds shall be disregarded and the principal of such Term Bonds shall be deemed to be due in the Fiscal Years and in the amounts of the Amortization Installments applicable to such Term Bonds; and (b) with respect to Balloon Bonds, the unamortized principal coming due on the final maturity date thereof shall be ignored and in lieu thereof there shall be added to the Debt Service Requirement for the applicable period of time in which such final maturity occurs and to each year thereafter through the 30th anniversary of the issuance of such Bonds (the “Reamortization Period”) the amount of substantially level principal and interest payments (assuming for such purposes such interest rate as a financial advisor selected by the Issuer and having experience in the pricing of municipal bonds shall determine is a reasonable estimate of the rate that such Balloon Bonds would bear based upon such Reamortization Period and the characteristics of such Balloon Bonds) that if paid in each year during the Reamortization Period would be sufficient to pay in full the unamortized portion of such Balloon Bonds by such anniversary.

(3) The aggregate amount required to pay the Accreted Value due on any Capital Appreciation Bonds maturing in such Fiscal Year.

(4) The following assumptions shall be applicable to calculating the Debt Service Requirement as follows:

(a) The interest on Variable Rate Bonds shall be the interest to accrue on such Variable Rate Bonds for such Fiscal Year; provided, however, that for purposes of determining the Maximum Annual Debt Service, the interest on Variable Rate Bonds shall be assumed to be the greater of (A) one hundred ten percent (110%) of the average interest rate on such Variable Rate Bonds during the twelve months ending with the month preceding the date of calculation or such shorter period that such Variable Rate Bonds shall have been Outstanding, and (B) the actual rate of interest on such Variable Rate Bonds on the date of calculation; provided that if a Series of Variable Rate Bonds

had not been Outstanding prior to the date of calculation, the amount set forth in clause (A) above shall be calculated as though said Variable Rate Bonds had been Outstanding for the twelve month period by using the average interest rate for comparable securities for such period as certified by the Issuer's financial advisor or an underwriting or investment banking firm experienced in marketing such securities;

(b) In the case of Option Bonds, the "put" date or dates shall be ignored if said "put" is payable from a Credit Facility, and the stated dates for principal payments shall be used, and in the case of Bonds secured by a Credit Facility, the repayment terms of each Credit Facility (whether or not evidenced by provisions included in the Bonds, such as interest rate adjustments to apply if an unreimbursed drawing on the Credit Facility shall occur) shall be ignored unless the issuer of the Credit Facility has advanced funds thereunder and such amount has not been repaid, in which case annual Debt Service Requirement shall include the repayment schedule and interest rate or rates specified in the documents relating to such Credit Facility, if the repayment obligation is secured on a parity with the Bonds;

(c) In the case of Capital Appreciation and Income Bonds, the principal and interest portions of the Appreciated Value of Capital Appreciation and Income Bonds shall be included in the year in which said principal and interest portions are due;

(d) If all or a portion of the principal of or interest on a Series of Bonds is payable from funds irrevocably set aside or deposited for such purpose, including, but not limited to, interest capitalized from the proceeds of Bonds or other indebtedness, together with projected earnings thereon to the extent such earnings are projected to be from Authorized Investments, such principal or interest shall not be included in calculating the annual Debt Service Requirement; and

(e) in the case of Issuer Subsidy Bonds, for purposes of calculating the Reserve Fund Requirement, and compliance with Sections 5.04 and 6.02 hereof, Debt Service Requirement shall be computed net of Issuer Bond Subsidy Payments scheduled to be received by the Issuer in connection with such Issuer Subsidy Bonds during the applicable time period

"Gross Revenues" shall mean (a) all income and moneys received by the Issuer from the Rates, or otherwise received by the Issuer or accruing to the Issuer in the management and operation of the System, calculated in accordance with generally accepted accounting methods employed in the operation of public utility systems similar to the System, including, without limiting the generality of the foregoing, all earnings and income derived from the investment of moneys under the provisions of the Resolution, except for any surcharge imposed upon customers located outside the boundaries of the Issuer pursuant to Section 180.191, Florida Statutes (or any successor provision of law) and (b) Issuer Bond Subsidy Payments. For purposes of Sections 5.04 and 6.02(B) hereof, Gross Revenues shall include amounts transferred from the Rate Stabilization Fund to the Revenue Fund, but if during any period of time amounts are transferred from the Rate Stabilization Fund to the Revenue Fund, then during such period Gross Revenues shall not include amounts transferred from the Revenue Fund to the Rate Stabilization Fund. For purposes of Sections 5.04 and 6.02(B) hereof, Gross Revenues shall not include Issuer Bond Subsidy Payments.

"Issuer Bond Subsidy Payments" shall mean, with respect to any Issuer Subsidy Bonds

issued pursuant to this Resolution, payments due the Issuer directly from the United States Treasury Secretary, or other party as designated by the federal government to issue such payments, on the related Issuer Subsidy Bonds.

“Issuer Subsidy Bonds” shall mean any Bonds which provide for the Issuer to receive Issuer Bond Subsidy Payments on such Bonds directly from the United States Treasury Secretary, or other party as designated by the federal government to issue such payments.

(B) The second paragraph of Section 4.05(C) of the Resolution is amended by the Series Resolution in its entirety to read as follows:

“Upon the issuance of any Series of Bonds, under the terms, limitations and conditions as herein provided, the Issuer shall provide for the terms of funding of a subaccount in the Reserve Fund, if required. Such separate subaccount may be funded in such amount, if any, as the Issuer deems appropriate by Supplemental Resolution.”

(C) The fourth paragraph of Section 4.05(C) of the Resolution is amended in its entirety to read as follows:

“Notwithstanding the foregoing provisions, in lieu of the required deposits into a subaccount of the Reserve Fund, the Issuer may, at its sole option and discretion, cause to be deposited a Reserve Fund Insurance Policy and/or Reserve Fund Letter of Credit in an amount equal to the difference between the Reserve Fund Requirement applicable thereto and the sums, if any, remaining on deposit in such subaccount of the Reserve Fund after the deposit of such Reserve Fund Insurance Policy and/or Reserve Fund Letter of Credit. Such Reserve Fund Insurance Policy and/or Reserve Fund Letter of Credit shall be payable to the Paying Agent for such Series (upon the giving of notice as required thereunder) on any interest payment or redemption date on which a deficiency exists which cannot be cured by funds in any other fund or account held pursuant to this Resolution and available for such purpose. The issuer providing such Reserve Fund Insurance Policy and/or Reserve Fund Letter of Credit shall, at the time of issuance thereof, be either (a) an insurer whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in one of the three highest rating categories (without regard to gradations, such as “plus” or “minus” of such categories) by Standard & Poor's Rating Group or Moody's Investors Service, or (b) a commercial bank, insurance company or other financial institution the bonds payable or guaranteed by which have, or whose obligation to pay is guaranteed by a commercial bank, insurance company or other financial institution which has, been assigned a rating by Moody's Investors Service or Standard & Poor's Rating Group in one of the three highest rating categories (without regard to gradations, such as “plus” or “minus” of such categories).”

(D) The first paragraph of Section 5.04 of the Resolution is amended by the Series Resolution in its entirety to read as follows:

“Section 5.04. Rates. The Issuer shall fix, establish, maintain and collect such Rates and revise the same from time to time, whenever necessary, as will always provide in each Fiscal Year Net Revenues adequate at all times to pay in each Fiscal Year at least one hundred twenty percent (120%) of the current annual Debt Service Requirement becoming due in such Fiscal Year on each Series of Outstanding Bonds and at least one hundred percent (100%) of any amounts required by the terms hereof to be deposited in the Reserve Fund, with any issuer of a Reserve

Fund Letter of Credit or Reserve Fund Insurance Policy, or to be deposited in the Renewal and Replacement Fund or to be paid for debt service on Subordinated Indebtedness in such Fiscal Year. Such Rates shall not be so reduced so as to be insufficient to provide Net Revenues fully adequate for the purposes provided therefore by this Resolution.”

(E) The Resolution is amended by the Series Resolution to include a new Section 5.19 which shall read as follows:

“Section 5.19. Issuer Bond Subsidy Payments. Notwithstanding any provision contained in the Resolution to the contrary, the Issuer covenants with the Holders of the Bonds that so long as any Issuer Subsidy Bonds remain Outstanding, it will (A) comply with all procedures and requirements set forth in the Code and any applicable regulations promulgated from time to time thereunder and any applicable guidance relating to Issuer Subsidy Bonds promulgated by the United States Department of the Treasury or Internal Revenue Service, and (B) take all necessary actions in order to receive the Issuer Bond Subsidy Payments on a timely basis.”

(F) Section 6.02(B) of the Resolution is amended by the Series Resolution in its entirety to read as follows:

“(B) There shall have been obtained and filed with the Issuer a certificate of an Authorized Issuer Officer: (1) stating that such Authorized Issuer Officer has examined the books and records of the Issuer relating to the collection and receipt of Gross Revenues and relating to Operating Expenses; (2) setting forth the amount of Net Revenues, for the most recent Fiscal Year for which audited financial statements for the System are available or any twelve (12) consecutive months selected by the Issuer of the twenty four (24) months immediately preceding the issuance of such Additional Bonds; and (3) stating that such Net Revenues, adjusted as provided in Section 6.02(E) hereof, equal at least 1.20 times the Maximum Debt Service Requirement for all Outstanding Bonds and such Additional Bonds then proposed to be issued.”

(G) The lead in paragraph of Section 6.02(E) of the Resolution is amended by the Series Resolution in its entirety to read as follows:

“(E) Such Net Revenues may be adjusted by the Authorized Issuer Officer upon the written advice of the Consulting Engineers, at the option of the Issuer, as follows:”

(H) Section 6.02(F) of the Resolution is amended by the Series Resolution in its entirety to read as follows:

“(F) In the event any Additional Bonds are issued for the purpose of refunding any Bonds then Outstanding, the conditions of Section 6.02(A) and (B) shall not apply, provided that the issuance of such Additional Bonds shall result in a reduction in aggregate debt service. The conditions of Section 6.02(B) hereof shall apply to Additional Bonds issued to refund Subordinated Indebtedness and to Additional Bonds issued for refunding purposes which cannot meet the conditions of this paragraph.”

PROSPECTIVE PURCHASERS OF THE SERIES 2012 BONDS SHOULD REVIEW ALL OF THE AMENDMENTS IN “APPENDIX D - COMPOSITE FORM OF RESOLUTION” ATTACHED HERETO FOR THE COMPLETE TEXT OF THE ABOVE-REFERENCED AMENDMENTS.

THE SYSTEM

General

The following discussion is summary in nature. For a more complete discussion of the City's System (defined below) and matters related to permitting and operations, see the Consulting Engineer's Report and Financial Feasibility Report (the "Report") attached as APPENDIX A hereto.

"System" means any and all water transmission, distribution, treatment, storage and disposal facilities and appurtenant facilities now owned and operated or hereafter owned and operated by the City, which System shall also include any and all improvements, extensions and additions thereto hereafter constructed or acquired which shall be financed from proceeds of Bonds or from any other funds or sources, together with all property, real or personal, tangible or intangible, now or hereafter owned or used in connection therewith.

The System is comprised of water supply, treatment, storage, transmission and localized distribution facilities providing service to approximately 33,000 metered connections in the City's service area with a population base of over 185,000. The service area encompasses approximately 25 square miles, approximately 5.1 square miles of which are located within the boundaries of the City, and also includes Sunny Isles, Miami Gardens, Aventura and a portion of Northwest Miami-Dade, serving a population base of over 185,000. The System presently provides bulk, or wholesale, water service to the City of Hallandale, Florida and to Miami-Dade County, Florida on an as-need basis. The System consists of raw water supply wells, a water treatment plant ("WTP"), storage tanks, high service pumps, water supply mains, water transmission and distribution lines and fire hydrants.

The City's System is operated under the umbrella of the Public Services Department. This department oversees the Norwood WTP where a skilled staff is responsible for the daily operations necessary to meet City objectives as well as all federal, state and local regulatory requirements. The Water Production, Water Quality, Water Distribution, Meters and Backflow, Water Conservation, Engineering Design, and Inspections Divisions are located within the Public Services Department. The Public Services Department Director, who is directly responsible to the City manager and indirectly to the Mayor and City Council, is the top administrator of the Utility.

Water Supply

The primary source of water supply to the WTP is a Biscayne aquifer wellfield located on the treatment plant site and northwest of the water treatment plant on easements granted by Miami-Dade County. This wellfield consists of 16 raw water supply wells, which draw groundwater from the Biscayne aquifer. Additionally, four raw water supply wells have recently been installed utilizing the Floridan aquifer as an alternative water supply. The total installed raw water pumping capacity from these sources is 57.937 million gallons per day ("MGD") and the total installed firm capacity (with the largest well out of service) is 51.937 MGD.

The South Florida Water Management District (the "SFWMD") regulates raw water supply for the water system. The SFWMD is a governmental agency created by the Florida Legislature, which has the responsibility of managing the water resources within its boundaries (i.e., south Florida). The SFWMD authorizes the use of the groundwater from the Biscayne and Floridan Aquifers pursuant to a Water Use Permit ("WUP") Number Re-issue 13-00060-W issued on August 9, 2007, which expires on August 9, 2027. The following table shows the Norwood WTP water production from 2007 (plant expansion completed) through August 2012.

Norwood Water Treatment Plant
Annual Water Production

Year	Annual Production (MG)
2007	5,833,530
2008	8,185,345
2009	7,930,981
2010	7,359,110
2011	7,492,145
2012	7,570,517
Average	7,395,271

Water Treatment and Storage

The Norwood WTP was recently expanded from 16 MGD to 32 MGD maximum daily flow (“MDF”). The facility was constructed in four major phases, the fourth being the recent expansion completed in 2008. The facilities are located in the northwestern portion of the service area in the City of Miami Gardens on the northeast corner of NW 191st Street and NW 9th Avenue.

In 1965, the existing lime softening plant was expanded to 6.0 MGD by the addition of a 5.0 MGD Hydrotreater and filters 3 through 8. In 1972, the plant was expanded to increase the treatment capacity of the plant to 16 MGD by the addition of a 10.0 MGD Hydrotreater and filters 9 through 11. The most recent expansion finished in 2007 included the construction of approximately 15.0 MGD of membrane treatment capacity, five Biscayne and four Floridan Aquifer water supply wells, a 5.5 MGD (peak of 7.37 MGD) concentrate disposal deep injection well, , installation of a new high service pumping and electrical building which can house up to four 10.0 MGD high service pumps of which three are currently installed, incoming electrical service and switchgear and standby diesel generator, the installation of a new gravity lime sludge thickener and truck loading station, and additions to the water distribution system. The current process includes lime softening for hardness reduction, iron and color removal followed by stabilization, state of the art membrane filtration including nanofiltration and reverse osmosis (RO), chlorination, ammoniation, fluoridation and the addition of a corrosion inhibitor.

The Norwood WTP is staffed and operated 24-hours per day in accordance with Chapter 62-602, Florida Administrative Code (FAC). The plant treated an average of 20.7 MGD for the 12-month period ended August 2012, and the maximum day production was 24.6 MGD during the same period.

The water storage system consists of 8 MG of on-site storage provided by an older 1.0 MG tank, a newer (constructed in 2006) 2.0 MG tank and a recently completed 5.0 MG pre-stressed concrete ground storage reservoir. Additionally, a 2.0 MG tank was constructed off-site at the Public Services Department’s Operations Center in 2008. Pressurization of the water transmission system is accomplished by the set of three high service pumps located in the new building constructed at the Norwood-WTP site. The high service pumps are provided with emergency power via a diesel generator provided for in the recently constructed Norwood WTP building.

Water Distribution Facilities

The water transmission facilities consist of over 550 miles of underground water transmission and distribution pipelines providing for potable water, irrigation and fire flow for the City’s customers. Of the over 550 miles of pipeline, approximately 140 miles is considered water transmission lines. The water transmission system is well-looped with localized distribution facilities within the serviced areas. The larger diameter transmission mains are used along the major roadways to serve existing customers and provide for future service to platted areas through the smaller diameter distribution system grid in those areas. The pressure in the localized water distribution system is generally maintained between 50 and 70 pounds per square inch, which meets the peak flow requirements of the service area. The distribution system is equipped with isolation valves that allow for repairs and maintenance without the need for shutting down a significant portion of the water flow at once.

Permitting and Regulatory Compliance

The System is currently in compliance with all applicable federal and state regulations relating to water quality, and is operating its facilities pursuant to unexpired permits issued by the requisite regulatory agencies.

Condition of the System

Pursuant to the Consulting Engineer’s Report and Feasibility Study, the water supply and treatment facilities of the System are in good to excellent condition. See “CONDITION OF THE WATER SYSTEM” in APPENDIX A hereto.

Historical and Projected Customer Accounts

The number of metered connections and billed flow from fiscal year 2002 through 2011 is presented in the table below:

Historic Water Connections and Billable Flows		
Fiscal Year	Meters	Flow (Thousand Gallons)
2002	31,906	7,119,759
2003	32,065	7,243,090
2004	32,164	7,274,623
2005	34,412	7,140,902
2006	32,355	7,319,322
2007	32,587	7,016,467
2008	32,292	6,894,029
2009	32,258	6,703,623
2010	32,279	6,603,938
2011	32,125	6,502,637

The ten largest customers of the System, which account for approximately 8.2% of total water consumption for the System for Fiscal Year ended September 30, 2011, were:

**Ten Largest Water Customers
Fiscal Year 2011**

<u>Customer</u>	<u>Type of Business</u>	<u>Water Units Sold (MG)</u>	<u>Percent of Water Consumption</u>
Miami-Dade Water & Sewer	Water Management District	166,894	2.5%
South Florida Stadium LLC	Stadium	51,552	0.8%
Commodore Plaza Condo Assoc.	Condominium	48,888	0.7%
Plaza Del Prado	Shopping Mall	47,904	0.7%
Admirals Port	Condominium	42,561	0.6%
Trump International Sonesta Beach	Hotel	40,748	0.6%
William Island Ocean Club	Condominium	40,422	0.6%
Plaza of the Americas Club	Condominium	38,497	0.6%
Arlen House E Condo Assoc.	Condominium	36,195	0.5%
Intracoastal Yacht Club	Condominium	36,180	0.5%
Total		<u>549,571</u>	<u>8.2%</u>

The average water meters and equivalent connections by customer class for the System for Fiscal Year ended September 30, 2012, were:

**Average Water Meters and Equivalent Connections by Customer Class
Fiscal Year 2012**

<u>Customer Class</u>	<u>Meters</u>	<u>Percent</u>	<u>Equivalent Connections</u>	<u>Percent</u>
Inside City				
Single Family	7,625.00	22.90%	8,559.50	16.06%
Multi Family	648.00	1.95%	1,953.00	3.66%
Non-Residential	<u>1,361.00</u>	<u>4.09%</u>	<u>3,897.50</u>	<u>7.31%</u>
Subtotal	<u>9,634.00</u>	<u>28.94%</u>	<u>14,410.00</u>	<u>27.03%</u>
Outside City				
Single Family	20,652.00	62.04%	22,964.00	43.08%
Multi Family	643.00	1.93%	6,127.50	11.49%
Non-Residential	<u>2,361.00</u>	<u>7.09%</u>	<u>9,806.00</u>	<u>18.40%</u>
Subtotal	<u>23,656.00</u>	<u>71.06%</u>	<u>38,897.50</u>	<u>72.97%</u>
Total	<u>33,290.00</u>	<u>100.00%</u>	<u>53,307.50</u>	<u>100.00%</u>

CAPITAL IMPROVEMENT PROGRAM

The City has adopted a comprehensive Five-Year Capital Improvement Program for the System ("CIP") that includes regulatory required improvements, renewals and replacements and capacity upgrades. The City anticipates funding the CIP on a "pay-as-you-go" basis utilizing user rates and reserve funds including construction reserve, fire flow, system security and in-plant fees, as available. The City does not intend to issue any additional debt to fund the CIP. Therefore, in any year that the "pay-as-you-go" funding is unavailable, the City will look to prioritize the capital improvements and reschedule as appropriate as "pay-as-you-go" funding is available. Approximately, \$19,836,300 in improvements to the System will be made over the next five fiscal years if funding is available, including approximately \$8,513,900 for utility control systems management improvements and \$7,158,600 for water treatment improvements. See Schedule 4 to the Consulting Engineer's Report and Feasibility Study in APPENDIX A hereto for detailed breakdown of improvements by category and cost per fiscal year.

RATES, FEES AND CHARGES

Rate Regulation

The City, as a governmental entity, is self-regulating to the extent that it determines the level of rates, fees and charges and prescribes the policies and rules regarding the type and quality of service for the System. The actions of the City must be just and reasonable and are at all times subject to review in a court of competent jurisdiction.

Rate Structure

The City has established a schedule of user rates, fees, charges and miscellaneous service charges, to generate revenues for the continued operation of the System. The rates, charges and fees established by ordinance were last adjusted pursuant to the enactment of Ordinance 2011-15. The user rates and charges are revenue driven requirements. The customer classifications associated with these rates and charges are identical to those previously discussed and consist of Single Family, Multi-Family, and Non-Residential. Further, pursuant to the Ordinance, to account for inflation, the user rates, fees and charges can be adjusted October 1 of every year in accordance with the Public Service Commission Deflator Index.

Chapter XIX of the City of North Miami Beach City Code governs the City's authority to charge for water and sewer rates. The existing water rate structure provides for: 1) a billing charge per bill issued regardless of flows generated; and 2) inclining block (conservation) consumption charges per thousands of gallons based on metered water. It should be further noted that the amount of the billing charge for Multi-Family and Non-Residential is related to the meter size of each connection and the consumption rates are different for Multi-Family connections.

The current consumption rates associated with water service are on an inclining (conservation) block structure and as such, as consumption increases beyond predetermined levels, the incremental charge per thousand gallons also increases, thus encouraging conservative tendencies on the part of each customer. The existing rate structure utilizes three blocks in the evaluation of monthly flow for revenue generation purposes. The City's existing user rates and charges, together with the surcharge amount associated with the SFWMD Drought Policy as further described in APPENDIX A hereto, are set forth in Table 13 of the Consulting Engineer's Report and Feasibility Study in APPENDIX A hereto.

The Resolution contains a covenant under which the City agrees to fix, establish and maintain, and revise from time to time as often as necessary, the rates, fees, and charges of the System so that the

Net Revenues in each fiscal year are sufficient to maintain certain required ratios described under the heading "COVENANTS REGARDING RATES AND ADDITIONAL DEBT" and caption "Rate Covenant" herein.

In addition to the rates, fees and charges outlined above, the City has also adopted billing policies, a schedule of miscellaneous fees, charges and deposits which are applicable to miscellaneous or customer requested services. The fees generally are imposed to recover the cost of specific service such as water meter installation fees, hydrant charges, late charges, and customer deposits to defray the risk for nonpayment of System services. See APPENDIX A.

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Rate Comparison

The following table shows the revenues generated by providing water service to a single family customer.

Monthly Water Bill Comparison with Neighboring Utilities			
Utilities	Monthly Consumption (Gallons)		
	4,000	8,000	12,000
City of North Miami Beach	\$ 15.31	\$ 28.62	\$ 43.03
City of Homestead	\$ 10.52	\$ 14.96	\$ 19.97
Miami-Dade County	5.85	18.98	34.60
City of North Miami	18.32	27.31	36.99
City of Hallandale Beach	25.26	30.65	38.01
City of Coral Springs	19.56	28.44	39.60
City of Miramar	20.32	30.28	40.72
City of North Miami Beach	15.31	28.62	43.03
City of Fort Lauderdale	14.63	29.95	49.07
City of Deerfield Beach	25.60	38.24	52.92
City of North Lauderdale	24.85	37.09	53.61
City of Hollywood	14.51	32.18	54.41
Broward County	21.48	37.76	60.64
Town of Hillsboro Beach	34.94	48.54	64.51
City of Davie	32.11	49.58	71.80
City of Coconut Creek	30.45	51.66	80.96
Average of Utilities	\$ 19.60	\$ 31.51	\$ 46.30

Source: Consulting Engineer's Report and Financial Feasibility Report.

HISTORICAL OPERATING RESULTS

Summary of Historical Operating Results

The historical operating results for the System are summarized below for Fiscal Years ended September 30, 2007 through 2011:

	Historical Net Revenues and Debt Service Coverage				
	Fiscal Year				
	2007	2008	2009	2010	2011
Operating Revenues					
Service Revenues ⁽¹⁾	\$ 18,805,140	\$ 23,476,790	\$ 27,599,203	\$ 26,410,029	\$ 28,623,126
Operating Expenses ⁽²⁾	14,028,833	11,674,916	15,049,562	15,419,837	14,885,191
Net Operating Revenue	\$ 4,776,307	\$ 11,801,874	\$ 12,549,641	\$ 10,990,192	\$ 13,737,935
Other Revenues					
Interest Income	826,709	130,459	174,870	151,616	34,042
Other Income	301,648	558,848	478,021	302,092	2,758,073
Net Revenues Available for Bond Coverage	\$ 5,904,664	\$ 12,491,181	\$ 13,202,532	\$ 16,498,910	\$ 21,697,286
Debt Service ⁽³⁾ Coverage	\$ 3,408,831	\$ 3,404,181	\$ 3,524,221	\$ 3,739,701	\$ 4,661,521
Achieved	1.73	3.67	3.75	4.41	4.65
Required ⁽⁴⁾	1.10	1.10	1.10	1.10	1.10

(1) Excludes Outside City Surcharge Revenue as these revenues are passed through directly to the General Fund.

(2) Excludes depreciation and amortization.

(3) Only includes Series 2002B Bonds as water revenues were not pledged for the Series 2005C Bonds.

(4) Upon issuance of Series 2012 Bonds, the coverage requirement will be increased to 1.20x . See "AMENDMENTS TO THE RESOLUTION" herein.

PROJECTED OPERATING RESULTS

Summary of Projected Results

The projected operating results of the System are summarized below for Fiscal years ended 2013 through 2017:

Summary of Projected Operating Results (Rounded) ⁽¹⁾ and Projected Debt Service Coverage

	Fiscal Year Ending September 30,				
	2013	2014	2015	2016	2017
Operating Revenue ⁽²⁾					
Water System	\$ 27,227,000	\$ 27,363,200	\$ 27,500,100	\$28,052,000	\$ 28,615,100
Other Revenue	1,168,700	1,177,600	1,186,600	1,211,300	1,236,400
Total Operating Revenues	\$ 28,395,700	\$28,540,800	\$28,686,700	\$29,263,300	\$ 29,851,500
O & M Expenses	15,363,500	15,354,900	15,713,500	16,080,700	16,456,200
Net Cash Available	\$ 13,032,200	\$ 13,185,900	\$12,973,200	\$13,182,600	\$13,395,300
Debt Service					
Existing Series 2002B Bonds	\$ 1,944,900	\$ 0	\$ 0	\$ 0	\$ 0
Proposed Series 2012 Bonds	2,473,191	4,261,900	4,263,800	4,264,100	4,266,900
SRF Loans	602,000	602,000	1,301,900	1,301,900	1,301,900
Total Debt Service	\$ 5,020,131	\$ 4,863,900	\$ 5,565,700	\$ 5,566,600	\$ 5,568,800
Balance After Debt Service	\$ 8,012,069	\$ 8,322,000	\$ 7,407,500	\$ 7,615,600	\$ 7,826,500
Other Revenues/(Expenses) ⁽³⁾	(7,962,069)	(8,272,000)	(7,357,500)	(7,566,600)	(7,765,500)
Available /(Needed) for Other Legal Purposes ⁽⁴⁾	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Capital Funds Balances ⁽⁵⁾	\$ 5,482,108	\$ 6,036,066	\$ 4,823,752	\$ 4,884,774	\$ 5,044,738
Debt Service Coverage					
Parity Debt					
Achieved	2.950	3.094	3.043	3.092	3.139
Required	1.200	1.200	1.200	1.200	1.200
SRF Loans					
Achieved	12.841	13.408	6.035	6.195	6.356
Required	1.150	1.150	1.150	1.150	1.150

Source: Consulting Engineer's Report and Financial Feasibility Study.

(1) Based on approved Fiscal Year 2013 Budget.

(2) Proposed Water and Wastewater System Revenues are predicated on the proposed 0.5% customer growth, a 1.5% inflationary rate adjustment for FY 2016 and 2017 and the continued freezing of the

- automatic 10% rate increase for FY 2012. The Phase II Drought Surcharge of 10% is held throughout the projection period as Miami-Dade County has made Phase II permanent.
- (3) Includes transfers to the City, renewal and replacement, capital outlay, and other miscellaneous non-operating expenses as detailed in APPENDIX A hereto.
 - (4) For Fiscal Years 2013 through 2017, projections include the use of certain capital funds to fund a portion of the City's annual CIP. For FY 2013 through 2017 these projections assume the use of approximately \$6.7 million from the capital funds.

CONCLUSIONS OF CONSULTING ENGINEER AND FINANCIAL FEASIBILITY CONSULTANT

Based upon the principal considerations and assumptions and the results of the studies and analyses of the Consulting Engineer, they concluded the following:

1. The City has historically provided for adequate operation of the System by employing personnel capable of operating, maintaining, and expanding the water system as needed and required.
2. The City has historically invested in the Utility System for both major capital and repairs and replacements to maintain the quality of the infrastructure. The City has added approximately \$117 million in new assets.
3. The System has all the regulatory permits necessary for the continued operation of the water system.
4. Historical operating revenues and expenditures reflect adequate results and the System has a history of meeting the budgeted fiscal requirements.
5. The existing and projected revenues and expenses are reasonable based on: (1) historical results, (2) the existing rate structure, and (3) input and discussions with City Staff.
6. The projected debt service coverage of the System is projected to be in compliance with the anticipated covenants associated with the proposed Series 2012 Bonds.
7. The existing rates for water service appear to be reasonable and comparable to those of neighboring utilities.
8. As previously discussed, the City has adopted a CIP for the System. Based on discussions with City Staff, the City anticipates funding this CIP on a "pay-as-you-go" basis utilizing user rates and reserve funds including construction reserve, fire flow, system security and in-plant fees, as available. The City does not intend to issue any additional debt to fund this Program. Therefore, in any year that the "pay-as-you-go" funding is unavailable, the City will look to prioritize the capital improvements and reschedule as appropriate as such funding is available.
9. Nothing came to the Consulting Engineer's attention, which would adversely affect the continued operating and financial condition of the System including, but not limited to, compliance with regulatory agencies.

RISK FACTORS

The future financial condition of the System could be affected adversely by, among other things, legislation, environmental and other regulatory actions as set forth above, changes in demand for services, economic conditions, demographic changes, and litigation. In addition to those items listed in the preceding sentence, some of the possible changes in the future may include, but not be limited to, the following:

1. The City's water facilities are subject to regulation and control by numerous federal and state governmental agencies. Neither the City nor its consultants can predict future policies such agencies may adopt. Future changes could result in the City having to discontinue operations at certain facilities or to make significant capital expenditures and could generate substantial litigation.

2. Estimates of revenues and expenses contained in this Official Statement and the realization of such estimates, are subject to, among other things, future economic and other conditions which are unpredictable and which may adversely affect such revenues and expenses, and in turn, the payment of the Series 2012 Bonds.

THE CITY

The City was incorporated on October 4, 1926, and is a first-tier suburb covering an area of five square miles located in northeastern Miami-Dade County, which is in the southeast part of Florida. The population of the City in 2011 was approximately 42,000. For additional information see APPENDIX C - "General Information Pertaining to City of North Miami Beach, Florida".

The City operates under a Council-Manager form of government. The City Council is comprised of the Mayor and six Council members. Together they are responsible for enacting ordinances, resolutions and regulations governing the City as well as appointing the members of various advisory boards, the City Manager, City Attorney and City Clerk. As Chief Administrative Officer, the City Manager is responsible for enforcement of laws and ordinances and appoints and supervises the department heads of the City.

Ms. Roslyn Weisblum, J.D., City Manager, has held various management positions within the City since 1979. She holds a Bachelor's Degree in Mathematics from Queens College of the City University of New York and a Juris Doctor from the University of Miami. Ms. Weisblum has served as either associate or acting City Manager since 2008. Ms. Weisblum has been a member of the Florida Bar since April 1997, in addition to other legal associations. Her law degree has assisted her in many of her work objectives such as handling customer bankruptcies, foreclosures, liens, utility easements, drafting City ordinances, researching Florida case law and statutes and County ordinances, negotiations, contracts, etc. She attends continuing legal education seminars, as well as management computer training, in order to keep current with laws and trends in our industry and world.

Ms. Shari Kamali, Public Services Director, is an accomplished leader and manager with more than 28 years of diverse management experience including both the private and public sectors with extensive and varied administrative experience, budget development and administration, contract management, capital improvement projects, creative problem solving, human resource administration, supervision of multiple divisions and departments. She is an extremely effective leader with a unique ability to get the most out of available resources. Ms. Kamali has worked for the City for approximately

three (3) years. Before coming to the City of North Miami Beach, Ms. Kamali served as the Director of Development Services, Planning and Zoning for the City of Homestead for 5 years.

Ms. Barbara Trinka, CPA, MBA, is the Utility Finance Manager for the City of North Miami Beach Public Services Department. She has more than 10 years of progressive financial experience and holds her Certified Public Accountant license with the State of Florida. She also has obtained a Master in Accounting and a Master in Business Administration at the University of Florida. She began her career as an external auditor with KPMG, a global accounting firm, and worked on such clients as Miami-Dade County and the Government of the United States Virgin Islands. She has also worked for a publicly traded Heating, Ventilation and Air Conditioning (HVAC) commercial service company, homebuilder and property management company in key financial positions. Areas of expertise include financial reporting, budgets, policies and procedures, and month-end closes. She has been with the City since January of 2009, and manages the daily financial affairs of the Public Services Department, including financial reporting, cash management, budget preparation, revenue projections and account analysis to ensure the attainment and maintenance of current and future financial stability.

Ms. Janette Smith, CPA, City Finance Director, graduated with a Masters of Accounting from Florida State University in December 2000. She has been a Certified Public Accountant since 2001. She was hired by the City during December 2011. Prior to her employment with the City of North Miami Beach, Ms. Smith was employed as the Finance Director for the City of Homestead, Florida from 2006 to 2011 and with Marcum, LLP, formerly Rachlin Cohen & Holtz, LLP from 2001 to 2006 in the Governmental and Not-for-Profit Audit Division.

Ms. Darcee Seigel, J.D., City Attorney, has served in that capacity since January 2009. She served as Assistant City Attorney from 1992 until her appointment as City Attorney in January 2009. Ms. Seigel received her Bachelor's Degree from Tulane University and her Juris Doctor from Mercer University. In addition to her professional experience, Ms. Seigel has served as an Adjunct Professor at both Florida International University and Broward Community College. She has received appointments as Special Master for the City of Miami, the City of Sunny Isles Beach and Bal Harbour Village. Ms. Seigel is a member of the American Bar Association where she is on the Standing Committee on Public Education, the Standing Committee on Membership, the Tort Trial and Insurance Practice Section and served as the Chairman of the Government and Public Sector Lawyer's Division from 2007-2008. In addition, Ms. Seigel is a member of the Dade County Bar Association, the Association of Trial Lawyers of America and the American Association of Justice. Ms. Seigel received the 2008 Kirsten Christophe Memorial Award for excellence in Tort, Trial and Insurance Law presented to her by the American Bar Association.

Financial Statements and Annual Audit

Florida law requires that an annual audit of all City accounts and records be completed within one year following the end of each Fiscal Year by an independent certified public accountant retained by the City and paid from its public funds. The City has retained an independent certified public accountant for such purpose.

Excerpts from the audited financial statements of the City for Fiscal Year ended September 30, 2011, have been included as Appendix B to this Official Statement as a public document, and the auditor's consent therefor was not requested. The auditor has not been requested to perform, and has not performed, any service in connection with the offering of the Series 2012 Bonds.

The Series 2012 Bonds are payable solely from the Pledged Funds as described herein. The financial statements included in Appendix B are presented for general information purposes only.

Investment Policy

Moneys on deposit in the funds and accounts created under the Resolution may be invested only in Authorized Investments (as defined in the Resolution). Generally, investment of surplus funds of the City is subject to state law, including, in particular, Section 218.415, Florida Statutes, which requires the adoption of a formal written investment policy for each unit of local government within the state. In the absence of such a formal written investment policy, investment of surplus funds is limited to certain specified types of investments.

For a description of the Authorized Investments for moneys in the Funds and Accounts established under the Resolution see the information contained in Appendix D – “COMPOSITE FORM OF RESOLUTION”, which contains the definition of Authorized Investments.

LITIGATION

The City is a defendant from time to time in various lawsuits, including, in particular, litigation related to zoning and other land use regulation matters. It is the opinion of the City Attorney that the City has meritorious defenses against claims asserted in such litigation; however, there is no assurance that the City will not incur some financial liability as a result of such litigation. There is no pending or, to the knowledge of the City, threatened litigation against the City which in any way questions or affects (1) the validity of the Series 2012 Bonds, or any proceedings or transactions relating to their issuance, sale, delivery or payment, (2) the pledge of the Pledged Funds to secure payment of the Series 2012 Bonds, or (3) the provisions for collection, receipt and application of the Pledged Funds in accordance with the provisions of the Resolution.

LEGAL MATTERS

Certain legal matters incident to the issuance of Series 2012 Bonds and with regard to the treatment of interest on Series 2012 Bonds for Florida and federal tax purposes (see “TAX EXEMPTION” below) are subject to the legal opinion of Nabors, Giblin & Nickerson, P.A., Orlando, Florida, Bond Counsel. The signed legal opinion, dated and premised on law in effect as of the date of original delivery of Series 2012 Bonds, will be delivered to the Underwriters at the time of original delivery.

The proposed text of the legal opinion is set forth as Appendix E hereto. The actual legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of the opinion by recirculation of the Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date.

Certain legal matters incident to the issuance of Series 2012 Bonds will be passed upon for the City by Darcee Siegel, City Attorney, and by Foley & Lardner LLP and Richard Kuper, P.A., Miami, Florida, Co-Disclosure Counsel. The Underwriters are being represented by _____, _____ Florida.

TAX EXEMPTION

Opinion of Bond Counsel

In the opinion of Bond Counsel, the form of which is included as "APPENDIX E -- FORM OF BOND COUNSEL OPINION" attached hereto, the interest on the Series 2012 Bonds is excludable from gross income and is not a specific item of tax preference for federal income tax purposes under existing statutes, regulations, rulings and court decisions. However, interest on the Series 2012 Bonds is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on corporations pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). Failure by the City to comply subsequently to the issuance of the Series 2012 Bonds with certain requirements of the Code, regarding the use, expenditure and investment of bond proceeds and the timely payment of certain investment earnings to the Treasury of the United States, may cause interest on the Series 2012 Bonds to become includable in gross income for federal income tax purposes retroactive to their date of issuance. The City has covenanted in the Resolution to comply with all provisions of the Code necessary to, among other things, maintain the exclusion from gross income of interest on the Series 2012 Bonds for purposes of federal income taxation. In rendering its opinion, Bond Counsel has assumed continuing compliance with such covenants.

Internal Revenue Code of 1986

The Code contains a number of provisions that apply to the Series 2012 Bonds, including, among other things, restrictions relating to the use or investment of the proceeds of the Series 2012 Bonds and the payment of certain arbitrage earnings in excess of the "yield" on the Series 2012 Bonds to the Treasury of the United States. Noncompliance with such provisions may result in interest on the Series 2012 Bonds being included in gross income for federal income tax purposes retroactive to their date of issuance.

Collateral Tax Consequences

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of, the Series 2012 Bonds. Prospective purchasers of Series 2012 Bonds should be aware that the ownership of Series 2012 Bonds may result in other collateral federal tax consequences. For example, ownership of the Series 2012 Bonds may result in collateral tax consequences to various types of corporations relating to (1) denial of interest deduction to purchase or carry such Series 2012 Bonds, (2) the branch profits tax, and (3) the inclusion of interest on the Series 2012 Bonds in passive income for certain Subchapter S corporations. In addition, the interest on the Series 2012 Bonds may be included in gross income by recipients of certain Social Security and Railroad Retirement benefits.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2012 BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE BONDHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE SERIES 2012 BONDHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Other Tax Matters

Interest on the Series 2012 Bonds may be subject to state or local income taxation under

applicable state or local laws in other jurisdictions. Purchasers of the Series 2012 Bonds should consult their own tax advisors as to the income tax status of interest on the Series 2012 Bonds in their particular state or local jurisdictions.

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2012 Bonds. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alterations of federal tax consequences may have affected the market value of obligations similar to the Series 2012 Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Series 2012 Bonds and their market value. No assurance can be given that additional legislative proposals will not be introduced or enacted that would or might apply to, or have an adverse effect upon, the Series 2012 Bonds.

Original Issue Discount

The initial offering price of the Series 2012 Bonds maturing on August 1, 20__ through August 1, 20__, inclusive (collectively, the "Discount Bonds") is less than the stated principal amounts thereof. Under the Code, the difference between the principal amount of the Discount Bonds and the initial offering price to the public, excluding bond houses and brokers, at which price a substantial amount of such Discount Bonds of the same maturity was sold, is "original issue discount." Original issue discount represents interest which is excluded from gross income; however, such interest is taken into account for purposes of determining the alternative minimum tax imposed on corporations and accrues actuarially over the term of a Discount Bond at a constant interest rate. A purchaser who acquires a Discount Bond in the initial offering at a price equal to the initial offering price thereof set forth on the inside cover page of this Official Statement will be treated as receiving an amount of interest excludable from gross income for federal income tax purposes equal to the original issue discount accruing during the period such purchaser holds such Discount Bond and will increase its adjusted basis in such Discount Bond by the amount of such accruing discount for the purposes of determining taxable gain or loss on the sale or other disposition of such Discount Bonds. The federal income tax consequences of the purchase, ownership and sale or other disposition of Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. Prospective purchasers of Discount Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon the sale or other disposition of Discount Bonds and with respect to the state and local tax consequences of owning and disposing of Discount Bonds.

Bond Premium

The difference between the principal amount of the Series 2012 Bonds maturing on _____ (the "Premium Bonds") and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Premium Bonds of the same maturity was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for Federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond or, in the case of a Premium Bond that is callable prior to maturity, the amortization period and yield must be determined on the basis of the earliest call date that results in the lowest yield on such Bond. For purposes of

determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering to the public at the initial offering price is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

RATINGS

[Standard & Poor's Ratings Group, a division of McGraw-Hill Companies, Inc. ("S&P) and Fitch Ratings ("Fitch") have assigned ratings of ___ (___ outlook) and ___ (___ outlook), respectively, to the Series 2012 Bonds.] The ratings reflect only the views of said rating agencies and an explanation of the ratings may be obtained only from said rating agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be lowered or withdrawn entirely by the rating agencies, or any of them, if in their judgment, circumstances so warrant. A downward change in or withdrawal of any of such ratings, may have an adverse effect on the market price of the Series 2012 Bonds. An explanation of the significance of the ratings can be received from the rating agencies, at the following addresses: Standard & Poor's and Fitch Ratings, One State Street Plaza, New York, New York 10004.

UNDERWRITING

_____ (collectively, the "Underwriters") have agreed, subject to the proceedings authorizing the issuance of the Series 2012 Bonds, to purchase Series 2012 Bonds from the City, at a price of \$_____ (which represents \$_____ principal amount, plus/minus net original issue premium/discount of \$_____, less Underwriters' discount of \$_____), for the purpose of resale to the public. The Underwriters have furnished the information on the inside cover page of this Official Statement pertaining to the public offering prices of the Series 2012 Bonds. The public offering prices of the Series 2012 Bonds may be changed from time to time by the Underwriters, and the Underwriters may allow a concession from the public offering prices to certain dealers. None of Series 2012 Bonds will be delivered by the City to the Underwriters unless all of Series 2012 Bonds are so delivered.

EXPERTS AND CONSULTANTS

The references herein to GAI Consulting, Inc., as Consulting Engineer, and Financial Feasibility Consultant, have been approved by said firm. The Report of the Consulting Engineer and Financial Feasibility Consultant has been included hereto as "APPENDIX A – Consulting Engineer's Report and Financial Feasibility Study." References to and excerpts herein from such Report do not purport to be an adequate summary of such Report or complete in all respects. Such Report is an integral part of this Official Statement and should be read in its entirety for complete information with respect to the subjects discussed therein.

The City has retained First Southwest Company, Orlando, Florida, as financial advisor (the "Financial Advisor") in connection with the planning, structuring and issuance of the Series 2012 Bonds. First Southwest Co. will not engage in any underwriting activities with regard to the issuance and sale of

the Series 2012 Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification of, or to assume responsibility for, the accuracy, completeness or fairness of the information contained in this Official Statement. The Financial Advisor's fee is contingent upon the issuance of the Series 2012 Bonds and is expected to be paid from the proceeds of the Series 2012 Bonds.

VERIFICATION OF ARITHMETICAL COMPUTATIONS

At the time of the delivery of the Series 2012 Bonds, the Verification Agent will deliver a report on the mathematical accuracy of the computations contained in schedules provided to them and prepared by First Southwest Company on behalf of the City relating to the sufficiency of the anticipated cash and maturing principal amounts and interest in Defeasance Obligations to pay, when due, the principal, whether at maturity or upon prior redemption, interest and call premium requirements, if any, of the Refunded Debt.

DISCLOSURE MATTERS

Required by Florida Blue Sky Regulations

Pursuant to Section 517.051, Florida Statutes, as amended, no person may directly or indirectly offer or sell securities of the City except by an offering circular containing full and fair disclosure of all defaults as to principal or interest on its obligations since December 31, 1975, as provided by rule of the Office of Financial Regulation within the Florida Financial Services Commission (the "FFSC"). Pursuant to administrative rulemaking, the FFSC has required the disclosure of the amounts and types of defaults, any legal proceedings resulting from such defaults, whether a trustee or receiver has been appointed over the assets of the City, and certain additional financial information, unless the City believes in good faith that such information would not be considered material by a reasonable investor. The City is not and has not been in default on any bond issued since December 31, 1975 that would be considered material by a reasonable investor.

The City has not undertaken an independent review or investigation of securities for which it has served as conduit issuer. The City does not believe that any information about any default on such securities is appropriate and would be considered material by a reasonable investor in the Bonds because the City would not have been obligated to pay the debt service on any such securities except from payments made to it by the private companies on whose behalf such securities were issued and no funds of the City would have been pledged or used to pay such securities or the interest thereon.

Certificate as to Official Statement

The execution and delivery of this Official Statement has been duly authorized by the City. At the time of delivery of Series 2012 Bonds to the Underwriters, the City will provide to the Underwriters a certificate (which may be included in a consolidated closing certificate of the City), signed by those County officials who signed this Official Statement, relating to the accuracy and completeness of this Official Statement. The City has provided a certificate to the effect that the Preliminary Official Statement was deemed to be a “final official statement” in the judgment of the City for the purposes of SEC Rule 15c2-12(b)(3).

Continuing Disclosure

The City has covenanted for the benefit of the Bondholders to provide certain financial information and operating data relating to the City and the Series 2012 Bonds in each year, and to provide notices of the occurrence of certain enumerated material events. The City has agreed to file annual financial information and operating data and the audited financial statements with each entity authorized and approved by the Securities and Exchange Commission (the “SEC”) to act as a repository for purposes of complying with Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934 (the “Rule”). Effective July 1, 2009, the sole repository is the Municipal Securities Rulemaking Board (“MSRB”). The City has agreed to file notices of certain enumerated material events, when and if they occur, with the MSRB.

The specific nature of the financial information, operating data, and of the type of events which trigger a disclosure obligation, and other details of the undertaking are described in Appendix F attached hereto. The Continuing Disclosure Certificate shall be executed by the City prior to the issuance of the Series 2012 Bonds. These covenants have been made in order to assist the Underwriters in complying with the continuing disclosure requirements of the Rule.

With respect to the Series 2012 Bonds, no party other than the City is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the Rule. ^ΔIn the past five years, the City has never failed to comply with any prior agreements to provide continuing disclosure information pursuant to the Rule.

MISCELLANEOUS

The references, excerpts and summaries of all documents, resolutions and ordinances referenced herein do not purport to be complete statements of the provisions of such documents, resolutions and ordinances, and reference is directed to all such documents, resolutions and ordinances for full and complete statements of all matters of fact relating to Series 2012 Bonds, the security for and the repayment of Series 2012 Bonds and the rights and obligations of the holders thereof.

CITY OF NORTH MIAMI BEACH, FLORIDA

By: _____
Its Mayor

APPENDIX A

CONSULTING ENGINEERS AND BOND FEASIBILITY REPORT

APPENDIX B

**AUDITED FINANCIAL STATEMENTS FOR THE CITY
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2011**

Set forth in this Appendix B are the audited financial statements for the City for the Fiscal Year ended September 30, 2011. These financial statements are included in this Official Statement as a public document.

THE CONSENT OF THE AUDITOR WAS NOT REQUESTED. THE AUDITOR WAS NOT REQUESTED TO PERFORM AND HAS NOT PERFORMED ANY SERVICE IN CONNECTION WITH THE OFFERING OF THE SERIES 2012 BONDS.

APPENDIX C

GENERAL INFORMATION REGARDING THE CITY OF NORTH MIAMI BEACH, FLORIDA

Background

The City was incorporated on October 4, 1926, and is a first-tier suburb covering an area of five square miles located in northeastern Miami-Dade County, which is in the southeast part of Florida. The population of the City in 2011 was 42,000.

The City of North Miami Beach provides the full range of municipal services for its citizens. These include public safety (fire protection is provided by Miami-Dade County), water, sewer, and stormwater utilities, sanitation services, public works, parks and recreation facilities, public library, code compliance, planning and zoning and economic development, and general and administrative services.

Location and Transportation

North Miami Beach is located midway between Miami and Ft. Lauderdale and adjacent to the Golden Glades Interchange where I-95, Florida's Turnpike, and the Palmetto Expressway meet. Due in part to its central location, North Miami Beach is one of South Florida's best known regional shopping areas and one of its most popular sites for office users.

Public transit service in North Miami Beach includes seventeen (17) Miami-Dade Transit Agency bus routes (16% of all MDTA routes), a local municipal circulator system, and several privately operated jitney services. With fourteen (14) of the seventeen bus routes utilizing the Mall at 163rd Street as a terminal or transfer point, the City of North Miami Beach has the second highest concentration of bus service in Miami-Dade county.

North Miami Beach also benefits from the proximity of the Golden Glades Intermodal Transit Center located west of I-95 near the southwestern limit of the City. This Intermodal Center serves as the primary park-and-ride facility in northeast Miami-Dade County as well as functioning as a bus transfer point (with nine routes) and a Tri-Rail station.

Public transportation in the City of North Miami Beach is integrated into the overall transportation system of Miami-Dade County. The Miami-Dade County public transportation system provides daily countywide service, with over 900 buses. More than 100 routes offer express bus service from north and south Miami-Dade County, service to all Metrorail and Tri-Rail Stations, and local and limited-stop service.

Source: City of North Miami Beach, Florida.

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Population

Approximately one half of the North Miami Beach population is between the ages of 20 and 54, which contributes to a labor force of almost 18,000. The median age of 34.7 years is below the Florida median age of 40. Florida is the fourth most populous state in the nation with a total population expected to exceed 19 million residents in 2011.

<u>Age Group</u>	<u>Population</u>
0 -19	10,952
20-34	9,088
35-54	12,005
55-64	4,799
65 -79	3,450
80 and over	1,229

Source: 2011 Florida Statistical Abstract - Bureau of Economic and Business Research College of Business Administration, University of Florida and U.S. Census Bureau.

Census Population 1960-2010

<u>Year</u>	<u>North Miami Beach</u>		<u>Florida</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
1960 (Census)	21,405	905.4%	4,951,560	78.7%
1970 (Census)	30,723	43.5%	6,789,443	37.1%
1980 (Census)	36,553	19.0%	9,746,324	43.6%
1990 (Census)	35,359	-3.3%	12,937,926	32.7%
2000 (Census)	40,786	15.3%	15,982,378	23.5%
2010 (Census)	41,523	1.8%	18,801,310	17.6%

Source: U.S. Census Bureau and University of Florida, Bureau of Economic and Business Research.

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City of North Miami Beach, Florida
Population Growth
2001-2010

<u>Year</u>	<u>City of North Miami Beach</u>		<u>Florida</u>	
	<u>Estimated Population</u>	<u>Percentage of Change</u>	<u>Estimated Population⁽¹⁾</u>	<u>Percentage of Change</u>
2002	40,264	N/A	16,674.6	N/A
2003	39,805	-1.14	17,071.5	2.38
2004	39,348	-1.15	17,516.7	2.61
2005	38,977	-.94	17,918.2	2.29
2006	38,436	-1.39	18,349.1	2.40
2007	37,932	-1.31	18,680.4	1.81
2008	37,997	.17	18,807.2	0.68
2009	42,000	10.54	18,750.5	(0.31)
2010	41,254	-1.78	18,801.3	0.27
2011	41,523	.65	19,057.5	1.36

⁽¹⁾ In 000's, rounded to nearest hundred

Source: University of Florida, Bureau of Business and Economic Research and U.S. Census Bureau.

Employment

A strength of North Miami Beach's economy is its role as a leading medical services center. The medical services sector accounts for more jobs than any other sector except retail and the area is serviced by no less than three major hospitals within five miles. The City is home to approximately 449 licensed health care professionals, including 287 doctors, 39 dentists and 123 registered nurses.

The following table shows estimated employment at the ten largest employers in the City as of [month/year].

<u>Employer</u>	<u>Type of Business</u>	<u>Employees</u>
Publix Super Markets	Warehouse/Distribution	1,900
Jackson North Medical Center	Hospital/Medical	1,200
Aventura Hospital & Medical Center	Hospital/Medical	800
FMS Management Systems	Restaurants	800
Sysco Food Services	Food Distribution	500
Precision Response	Call Center Services	500
Comcast Cable Vision	Cable Services	450
Wal-Mart	Retail	300
Turnberry Associates	Developers/Management	200
TD/Wells Fargo	Banking/Finance	150
Total		<u>6,800</u>

Sources: City of North Miami Beach, Florida and Beacon Council.

<u>Type of Industry</u>	<u>Percentage of Jobs</u>		<u>Number of Firms</u>	
	<u>Percentage</u>	<u>Rank</u>	<u>Number</u>	<u>Rank</u>
Other	18%	2	207	2
Wholesale trade	13%	4	153	4
Finance/insurance/real estate	16%	3	184	3
Business services	24%	1	275	1
Health services	10%	6	117	6
Manufacturing	12%	5	134	5
Construction	<u>7%</u>	7	<u>86</u>	7
Total	<u>100%</u>		1,156	

**Labor Force Estimates
2002- 2011**

Calendar <u>Year</u>	Labor <u>Force</u>	Unemployment Rates		
		City of North <u>Miami Beach</u>	<u>Florida</u>	United <u>States</u>
2002		8.0%	5.5%	5.8%
2003	19,520	7.3	5.1	6.0
2004	19,636	6.7	4.7	5.1
2005	17,962	5.1	3.8	5.1
2006	18,196	4.5	3.4	4.6
2007	19,167	4.8	4.0	4.6
2008	18,899	6.1	6.2	5.8
2009	19,108	10.7	10.4	9.3
2010	19,807	13.0	11.3	9.6
2011	20,362	10.8	10.5	8.9

Sources: City of North Miami Beach, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2011.

State of Florida Agency for Workforce Innovation, 2011 Local Area Unemployment Statistics and U.S. Bureau of Labor Statistics (BLS).

Economy

Tourism and international trade have always been very important to the success of the local economy. Today, a variety of sectors are growing as well, including life sciences, information technology and telecommunications, and professional services.

Source: Beacon Council.

**Value of Building Permits Issued
Fiscal Year 2002-2011**

<u>Fiscal Year</u>	<u>Residential Units</u>	<u>Residential Value</u>	<u>Commercial Units</u>	<u>Multi-Residential Value</u>	<u>Multi-Residential Commercial Value</u>
2002	3	\$1,277,431	2		\$357,500
2003	5	\$1,992,292	2		\$357,500
2004	109	\$15,352,335	4		\$281,280
2005	89	\$12,535,392			
2006	84	\$11,831,157			
2007	55	\$7,746,591			
2008	35	\$4,929,645			
2009	28	\$3,943,716			
2010	29	\$4,084,563			
2011	27	\$3,802,869			

Source: Miami-Dade County Building Department and U.S. Census Bureau.

Education

The City is home to several highly rated public and private educational institutions. Miami-Dade County Public Schools serves North Miami Beach. Miami-Dade County Public Schools is the fourth largest school district in the United States, comprised of 392 schools, 345,000 students and over 40,000 employees.

Located within the City is Nova Southeastern University and within close proximity there are several other schools of higher education offering a wide variety of degrees ranging from undergraduate to doctoral.

Source: City of North Miami Beach, Florida. And Miami-Dade County Public Schools

Utilities

The City currently owns and operates a consolidated water and wastewater utility system, which includes four water supply and treatment plants and four wastewater collection, treatment and disposal facilities which provide water and wastewater service to portions of the City and surrounding areas. Electricity is provided by Florida Power & Light Company.

Hospital Facilities and Health Care

Jackson North Medical Center is a 382-bed acute care center located in North Miami Beach serving the residents of north Miami-Dade County, and leads the medical services sector with over 1500 employees on more than 16 acres of property. The center offers a variety of services including 24-hour adult and pediatric emergency care, maternity, orthopedics, surgery, psychiatry and inpatient and outpatient rehabilitation. It is also home to specialized centers including the Wound Care Center, Center for Mental Health and the Pain & Spine Institute.

Jackson Health System acquired the medical center formerly known as Parkway Regional Medical Center in 2006 from Tenet Healthcare Corporation. The addition of the Jackson North Medical Center enables Jackson Health System to better meet the needs of residents all over Miami-Dade County.

Other hospitals within five miles of the City of North Miami Beach include Aventura Hospital & Medical Center, North Shore Medical Center, and Memorial Regional Hospital.

Source: City of North Miami Beach, Florida.

Taxable and Assessed Property Valuations

The following table compares the taxable and assessed valuations in the City for the period 2002 through 2011.

Assessed Value of Taxable Property 2002- 2011

<u>Fiscal Year</u> <u>Ended</u> <u>September 30</u>	<u>Real</u> <u>Property</u>	<u>Personal</u> <u>Property</u>	<u>Centrally</u> <u>Assessed</u>	<u>Total Gross</u> <u>Assessed</u> <u>Value</u>	<u>Real Estate</u> <u>Exempt</u> <u>Properties</u>	<u>Total Net</u> <u>Assessed</u> <u>Value</u>	<u>Total Direct</u> <u>Tax Rate</u>
2002	\$1,210,077	\$115,814	858	\$1,326,749	\$24,705	\$1,302,044	\$9.095
2003	1,372,854	120,113	855	1,493,822	2,805	1,471,017	8.896
2004	1,533,037	122,126	1,043	1,656,206	14,825	1,641,381	8.781
2005	1,812,635	122,216	1,109	1,935,960	40,287	1,895,673	8.609
2006	2,243,492	131,519	1,191	2,376,202	40,788	2,335,414	8.409
2007	2,600,993	130,023	1,314	2,732,230	33,706	2,698,524	7.479
2008	2,5221,418	124,873	1,392	2,647,684	5,087	2,642,597	7.437
2009	2,156,288	112,131	1,377	2,269,795	4,297	2,265,499	7.573
2010	1,634,317	121,656	1,024	1,806,996	3,137	1,803,859	7.573
2011	2,415,709	162,496	1,039	2,579,244	574,023	2,005,221	7.810

Source: City of North Miami Beach, Florida Comprehensive Annual Financial Reports for Fiscal Years Ended September 30, 2011.

Ten Largest Taxable Properties

Below is a table which shows the ten largest taxable properties as of September 30, 2011.

City of North Miami Beach, Florida Principal Taxpayers (2011 Fiscal Year)

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Valuation</u>
Florida Power & Light Co.	Utility	\$40,934	1	1.59%
MSW Intracoastal Mall LLC	Retail	31,900	2	1.24%
A.SUR Net Inc	Telecommunications	24,376		0.95%
Biscayne Commons LLC	Condo	17,500	3	0.68%
Klien Motors Inc.	Retail	17,035	4	0.66%
Costco Wholesaler Corporation	Retail	16,800	5	0.65%
Jaw of Divine Square LLC	Condo	13,884	6	0.65%
Dayton Hudson Corp (Target)	Retail	13,500	7	0.52%
Sonic Ward, Inc. (K-Mart)	Retail	12,600	8	0.49%
NMB Commerce Center	Office Building	<u>10,877</u>	9	<u>0.42%</u>
Total		<u>\$199,406</u>		<u>7.84%</u>

Source: Miami-Dade County Tax Collector's Office.

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City of North Miami Beach, Florida
Property Tax Levies and Tax Collections
2002- 2011

Fiscal Year Ended <u>September 30,</u>	Total Taxes Levied for Operating Purposes for <u>Fiscal Year</u>	<u>Total Tax Collections</u>	<u>Percent of Levy</u>
2002	\$9,077	\$8,773	96.7%
2003	9,951	9,448	94.9%
2004	11,204	10,659	95.1%
2005	12,422	11,753	94.6%
2006	14,520	13,772	94.8%
2007	18,280	17,104	93.6%
2008	18,214	17,621	96.7%
2009	17,537	16,104	91.8%
2010	15,241	14,195	93.1%
2011	11,933	12,662	106.1%

⁽¹⁾ For fiscal year 2006 only, additional early payment discounts were offered to taxpayers. A 4% discount was allowed for payments made by January 31, 2006, a 3% discount was allowed for payments made by February 28, 2006, and a 2% discount was allowed for payments made by March 31, 2006.

Note: Property tax levies, based on assessed values as of January 1, become due and payable on November 1st of each year. A discount of 4% is allowed if paid in November with the discount decreasing by 1% of each month. Thus, taxes paid in March will not receive any discount.

Source: Miami-Dade County Tax Collector's Office

Employee Retirement Systems

The City, as a single employer, maintains the following three public employee retirement systems defined benefit pension plans covering substantially all full-time employees and certain former City firemen: the Retirement Plan for General Employees of the City of North Miami Beach, the Retirement Plan for Police Officers and Firefighters of the City of North Miami Beach and the Retirement Plan and Trust for General Management Employees of the City of North Miami Beach. These Plans are recorded as Pension Trust Funds. The Plans are administered by separate Boards of Trustees. The Retirement Plan for General Employees of the City of North Miami Beach and the Retirement Plan for Police Officers and firefighters of the City of North Miami Beach issue a publicly available report that includes financial statements and required supplementary information for the Plans. These reports may be obtained by writing to: City of North Miami Beach Employees' Retirement System, 17011 NE 19th Avenue, North Miami Beach, Florida 33162.

In accordance with various provisions of State statutes and the City Charter, the City is obligated to fund the liabilities of the Plans based upon actuarial valuations performed at least every two years. The latest actuarial valuations for the Retirement Plan for the General Employees, the Retirement Plan for the Police Officers and Firefighters, and the Retirement Plan and Trust for General Management Employees is as of October 1, 2011.

For detailed information regarding the Plans, see Note 11 to the Audited Financial Statements of the City for Fiscal Year ended September 30, 2011, in APPENDIX A hereto.

Other Post Employment Benefits

In addition to providing the pension benefits described, the City provides optional post employment healthcare coverage to eligible individuals, as well as dental and vision benefits (“OPEB”). In addition, all retirees are covered by a group life insurance policy. Eligible individuals include all regular employees of the City who retire from active service and are eligible for retirement or disability benefits under one of the pension plans sponsored by the City. Management-level personnel are eligible after any termination of employment other than criminal malfeasance and elected officials are eligible after serving at least four terms. In most cases, eligible individuals for healthcare coverage also include spouses and dependent children, although spousal coverage generally ends at age 65 or after the employee’s death. During fiscal year 2011, the City established an OPEB trust in order to accumulate the assets necessary to fund the OPEB liability and to pay future benefits. For detailed information regarding the Plans, see Note 13 to the Audited Financial Statements of the City for Fiscal Year ended September 30, 2011, in APPENDIX A hereto.

Budgetary Process

The annual budget serves as the foundation for the City of North Miami Beach’s financial planning and control. All departments of the City are required to submit requests for appropriation to the City Manager and these requests are the starting point for developing a proposed budget. The City Manager, thereafter, proposes a budget to the Council for review. The Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City’s fiscal year. The budget is legally enacted through the passage of an ordinance. The appropriated budget is prepared by fund and department (e.g., police). No department may legally expend in excess of amounts appropriated for that department within an individual fund. The City Manager may make transfers of appropriations within a department and to a department from his contingency account. Transfers of appropriations between departments, however, require the approval of the City Council. The City Council approves supplemental appropriations; however, the City Manager is granted authority to amend, modify, or otherwise adjust the annual budget to a maximum limit of \$50,000 per individual occurrence. Budget-to-actual comparisons are provided in this report for the general fund and for each non-major governmental fund for which an appropriated annual budget has been adopted.

APPENDIX D

COMPOSITE FORM OF RESOLUTION

APPENDIX E
FORM OF BOND COUNSEL OPINION

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

ESCROW DEPOSIT AGREEMENT

THIS ESCROW DEPOSIT AGREEMENT, dated as of _____, 2012 by and among the FLORIDA MUNICIPAL LOAN COUNCIL (the "Issuer"), the CITY OF NORTH MIAMI BEACH, FLORIDA (the "Borrower") and DEUTSCHE BANK TRUST COMPANY AMERICAS, a banking corporation organized under the laws of the State of New York, as Escrow Agent and its successors and assigns (the "Escrow Agent").

WITNESSETH:

WHEREAS, the Issuer has previously authorized and issued its Refunded Bonds (as hereinafter defined), as to which the Total Debt Service (as hereinafter defined) relating to the herein described escrow arrangement is set forth on Schedule I; and

WHEREAS, the proceeds of the Refunded Bonds were loaned by the Issuer to the Borrower; and

WHEREAS, the Issuer has determined to provide for payment of the Total Debt Service by depositing with the Escrow Agent an amount provided by the Borrower that is at least equal to the Total Debt Service; and

WHEREAS, the execution of this Escrow Deposit Agreement and full performance of the provisions hereof shall redeem and discharge the Issuer from its obligations with respect to the Refunded Bonds;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Issuer and the Escrow Agent agree as follows:

SECTION 1. Definitions. As used herein, the following capitalized terms shall have the following meanings:

- (a) "Agreement" means this Escrow Deposit Agreement.
- (b) "Bonds" means the \$_____ City of North Miami Beach, Florida Utility System Refunding Revenue Bond, Series 2012 issued by the Borrower and funded on _____, 2012 for the purpose, among others, of prepaying the unpaid principal, premium and interest due under the Loan Agreement to _____, 2013, the date established for the redemption of the Refunded Bonds.
- (c) "Borrower" means the City of North Miami Beach, Florida.
- (d) "Escrow Account" means the account hereby created and entitled City of North Miami Beach Refunding Escrow Account established with and held by the Escrow Agent

pursuant to this Agreement, in which cash and investments will be held for payment of the Total Debt Service.

(e) "Escrow Amount" means the amounts deposited into the Escrow Account pursuant to Section 2 of this Agreement.

(f) "Escrow Agent" means Deutsche Bank Trust Company Americas, having its designated corporate trust office in New York, New York, and its successors and assigns.

(g) "Escrow Requirement" with respect to the Refunded Bonds means, as of any date of calculation, the sum of an amount in cash and principal amount of investments in the Escrow Account, which, together with the interest to become due on such investments, will be sufficient to timely pay the Total Debt Service.

(h) "Federal Securities" means direct obligations of the United States of America or obligations which are fully guaranteed as to principal and interest by the United States of America.

(i) "Indenture" means the Trust Indenture dated as August 1, 2002, by and between the Issuer and Deutsche Bank Trust Company Americas, as Successor Trustee to Wachovia Bank, National Association thereunder.

(j) "Issuer" means the Florida Municipal Loan Council and its successors and assigns.

(k) "Loan Agreement" means the Loan Agreement dated as of August 1, 2002 between the Issuer and the Borrower.

(l) "Refunded Bonds" means the portion of the Florida Municipal Loan Council Revenue Bonds, Series 2002B (North Miami Beach Water Project) as set forth in Schedule I hereto and which are attributable to the principal loan payments set forth in the Loan Agreement.

(m) "Total Debt Service" means the sum of the principal, interest and premium due with respect to the Refunded Bonds as set forth on Schedule I hereto.

SECTION 2. Deposit of Funds. The Issuer hereby deposits \$_____ with the Escrow Agent, of which \$_____ has been derived from transfers from the Borrower derived from the proceeds of the Bonds and \$_____ has been derived from other legally available funds of the Borrower.

Such funds are hereby deposited with the Escrow Agent for deposit into the Escrow Account, which funds the Escrow Agent acknowledges receipt of, to be held in irrevocable

escrow by the Escrow Agent separate and apart from other funds of the Escrow Agent and applied solely as provided in this Agreement. The Issuer represents that such funds have been derived as set forth above and are at least equal to the Escrow Requirement as of the date of such deposits.

SECTION 3. Use and Investment of Funds. The Escrow Agent acknowledges receipt of the Escrow Amount described in Section 2 hereof and agrees:

(a) to hold the funds and investments purchased pursuant to this Agreement in irrevocable escrow during the term of this Agreement for the sole benefit of the holders of the Refunded Bonds;

(b) to immediately invest, pursuant to the Borrower's direction, \$_____ of such funds in the Federal Securities, as set forth on Schedule II attached hereto and to hold such securities and \$_____ of such funds in cash in accordance with the terms of this Agreement;

(c) in the event the securities described on Schedule II cannot be purchased, substitute securities may be purchased in accordance with Section 5(b) hereof; and

(d) there will be no investment of the Escrow Amount except as set forth in this Section 3 and Section 5 hereof.

SECTION 4. Payment of the Refunded Bonds and Expenses.

(a) Refunded Bonds. Conditioned upon receipt of the Escrow Amount described in Section 2 hereof, the Issuer hereby agrees irrevocably to cause the redemption of the callable Refunded Bonds on _____, 2013, in accordance with the terms of the Indenture, and to take all necessary actions in connection therewith.

On _____, 2013, the Escrow Agent shall disburse immediately available funds from the Escrow Account to Deutsche Bank Trust Company Americas, the paying agent for the Refunded Bonds in amounts sufficient to pay in full the Refunded Bonds as set forth on Schedule I. The Escrow Agent, in its capacity as Trustee, is hereby instructed to send the notice of redemption (a form of which is attached hereto as Exhibit A) as required by the Indenture at least thirty days prior to _____, 2013.

(b) Priority of Payments. The holders of the Refunded Bonds shall have an express first lien on the Escrow Amount in the Escrow Account until such funds are used and applied as provided in Subsection 4(a) of this Agreement. If the amounts on hand in the Escrow Account are insufficient to make the payments due on the Refunded Bonds, the Borrower hereby agrees to immediately make up any insufficiency by depositing additional funds into the Escrow Account.

(c) Surplus. After making the final payment from the Escrow Account described in Subsections 4(a) and 4(b) above, the Escrow Agent shall transfer any remaining funds to the Borrower.

SECTION 5. Reinvestment.

(a) Except as provided in Section 3 and in this Section, the Escrow Agent shall have no power or duty to invest any Escrow Amount held under this Agreement or to sell, transfer or otherwise dispose of or make substitutions of the investments held hereunder.

(b) At the written direction of the Issuer and upon compliance with the conditions hereinafter stated, the Escrow Agent shall sell, transfer or otherwise dispose of the investments acquired hereunder and shall reinvest the proceeds of such sale, transfer or disposition in Federal Securities which are specified by the Issuer in its written direction. The Issuer will not request the Escrow Agent to exercise any of the powers described in the preceding sentence in any manner which will cause interest on the Bonds or the Refunded Bonds to be included in the gross income of the holders thereof for purposes of Federal income taxation. The transaction referred to in this Subsection 5(b) may be effected only if (i) an independent certified public accountant selected by the Issuer shall certify or opine in writing to the Issuer and the Escrow Agent that the cash and principal amount of investments remaining on hand after the transactions are completed will be not less than the Escrow Requirement without taking into consideration any reinvestment of moneys held hereunder, and (ii) the Escrow Agent shall obtain an opinion from a nationally recognized bond counsel selected by the Issuer to the effect that the transactions, in and by themselves, will not cause interest on the Bonds or the Refunded Bonds to be included in the gross income of the holders thereof for purposes of Federal income taxation.

SECTION 6. No Redemption or Acceleration of Maturity. The Issuer will neither accelerate the maturity of, nor exercise any option to redeem any of the Refunded Bonds, except that the callable Refunded Bonds shall be redeemed on _____, 2013.

SECTION 7. Responsibilities of Escrow Agent. The Escrow Agent and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Account, the acceptance of the funds deposited therein, the purchase of investments, if any, the retention of the investments or the proceeds thereof or for any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent, omission or error of the Escrow Agent made in good faith in the conduct of its duties. The Escrow Agent shall, however, be responsible for its negligent or willful failure to comply with its duties required hereunder, and its negligent, omissions or errors or willful misconduct hereunder. The duties and obligations of the Escrow Agent may be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel

to the Issuer, and in reliance upon the opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the Issuer. The Escrow Agent is not responsible or liable for calculations as to or the actual sufficiency of moneys, and earnings thereon, deposited in the Escrow Account to pay Total Debt Service hereunder.

The Issuer further agrees to indemnify and save the Escrow Agent harmless, to the extent allowed by law, against any and all claims, expenses, obligations, liabilities, losses, damages, injuries (to person, property, or natural resources), penalties, stamp or other similar taxes, actions, suits, judgments, reasonable costs and expense (including reasonable attorney's fees and expenses) of whatever kind or nature regardless of their merit, demanded, asserted or claims against the Escrow Agent by reason of its participation in the transactions contemplated hereby, including without limitation all reasonable attorneys' and consultants' fees and expenses and court costs which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence or willful misconduct other than any such liabilities relating to the reinvestment. Indemnification provided under this Section 7 shall survive the termination of this Agreement.

SECTION 8. Resignation of Escrow Agent. The Escrow Agent may resign and thereby become discharged from the duties and obligations hereby created, by notice in writing given to the Issuer, any rating agency then providing a rating or insurer providing bond insurance on the Refunded Bonds, and the Holder of the Refunded Bonds not less than thirty (30) days before such resignation shall take effect. Such resignation shall not take effect until the appointment of a successor Escrow Agent hereunder.

SECTION 9. Removal of Escrow Agent.

(a) The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing, executed by the holders of not less than fifty-one percentum (51%) in aggregate principal amount of the Refunded Bonds then outstanding, such instruments to be filed with the Issuer and published by the Issuer once in a newspaper of general circulation in the territorial limits of the Issuer, and in a daily newspaper or financial journal of general circulation in the City of New York, New York, not less than thirty (30) days before such removal is to take effect as stated in said instrument or instruments. A photographic copy of any instrument filed with the Issuer under the provisions of this paragraph shall be delivered by the Issuer to the Escrow Agent.

(b) The Escrow Agent may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provisions of this Agreement with respect to the duties and obligations of the Escrow Agent by

any court of competent jurisdiction upon the application of the Issuer or the holders of not less than five percentum (5%) in aggregate principal amount of the Refunded Bonds then outstanding.

(c) The Escrow Agent may not be removed until a successor Escrow Agent has been appointed in the manner set forth herein.

SECTION 10. Successor Escrow Agent.

(a) If at any time hereafter the Escrow Agent shall resign, be removed, be dissolved or otherwise become incapable of acting, or shall be taken over by any governmental official, agency, department or board, the position of Escrow Agent shall thereupon become vacant. If the position of Escrow Agent shall become vacant for any of the foregoing reasons or for any other reason, the Issuer shall appoint an Escrow Agent to fill such vacancy. The Issuer shall either (i) publish notice of any such appointment made by it once in each week for four (4) successive weeks in a newspaper of general circulation published in the territorial limits of the Issuer and in a daily newspaper or financial journal of general circulation in the City of New York, New York, or (ii) mail a notice of any such appointment made by it to the Holders of the Refunded Bonds within thirty (30) days after such appointment.

(b) At any time within one year after such vacancy shall have occurred, the holders of a majority in principal amount of the Refunded Bonds then outstanding, by an instrument or concurrent instruments in writing, executed by either group of such bondholders and filed with the governing body of the Issuer, may appoint a successor Escrow Agent, which shall supersede any Escrow Agent theretofore appointed by the Issuer. Photographic copies of each such instrument shall be delivered promptly by the Issuer, to the predecessor Escrow Agent and to the Escrow Agent so appointed by the bondholders. In the case of conflicting appointments made by the bondholders under this paragraph, the first effective appointment made during the one year period shall govern.

(c) If no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this Section, the holder of any Refunded Bonds then outstanding, or any retiring Escrow Agent may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Escrow Agent.

SECTION 11. Payment to Escrow Agent. The Escrow Agent hereby acknowledges that it has agreed to accept compensation under this Agreement in the sum of \$_____, which the Issuer agrees to pay on the date of delivery by the Borrower of the proceeds of the Bonds, for services to be performed by the Escrow Agent pursuant to this Agreement.

SECTION 12. Term. This Agreement shall commence upon its execution and delivery and shall terminate when the Escrow Amount has been disbursed in accordance with this Agreement.

SECTION 13. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the Issuer or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, notice of such event shall be sent to Standard and Poor's, but such covenant or agreements herein contained shall be null and void and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 14. Amendments to this Agreement. This Agreement is made for the benefit of the Issuer and the holders from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered or amended in whole or in part without the written consent of all affected holders, the Escrow Agent and the Issuer; provided, however, that the Issuer and the Escrow Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Agreement;
- (b) to grant to, or confer upon, the Escrow Agent, for the benefit of the holders of the Refunded Bonds any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and
- (c) to subject to this Agreement additional funds, securities or properties.

The Escrow Agent shall, at its option, be entitled to rely exclusively upon an opinion of nationally recognized attorneys on the subject of municipal bonds acceptable to the Issuer with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holders of the Refunded Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 15. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

SECTION 16. Governing Law. This Agreement shall be construed under the laws of the State of Florida.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and their corporate seals to be hereunto affixed and attested as of the date first above written.

FLORIDA MUNICIPAL LOAN COUNCIL

(SEAL)

By: _____
Isaac Salver, Chairman

ATTEST:

By: _____
Michael Sittig, Executive Director

[Signature page to the City of North Miami Beach Escrow Deposit Agreement]

ESCROW DEPOSIT AGREEMENT

DEUTSCHE BANK TRUST COMPANY
AMERICAS

By: _____
Name:
Title:

By: _____
Name:
Title:

[Signature page to the City of North Miami Beach Escrow Deposit Agreement]

CITY OF NORTH MIAMI BEACH,
FLORIDA

(SEAL)

By: _____
Name:
Title: Mayor

ATTESTED BY:

By: _____
Name:
Title: City Clerk

Approved as to form and legality
this ____ day of _____, 2012.

By: _____
Name:
Title: City Attorney

[Signature page to the City of North Miami Beach Escrow Deposit Agreement]

SCHEDULE I

TOTAL DEBT SERVICE OF REFUNDED BONDS

Debt Service Requirements

<u>Payment Date</u>	<u>Interest</u>	<u>Principal Redeemed</u>	<u>Premium</u>	<u>Total</u>
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SCHEDULE OF INVESTMENT

Deposit of \$_____ made _____, 2012 to be invested in SLGS earning interest at a rate of ____% and maturing on the redemption date of _____, 2013 and \$_____ to be held in cash, which provides for principal in the amount of \$_____, accrued interest in the amount of \$_____ and redemption premium in the amount of \$_____.

SCHEDULE II

SCHEDULE OF FEDERAL SECURITIES

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity Value</u>	<u>Type</u>
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EXHIBIT A

FORM OF NOTICE OF REDEMPTION

**NOTICE OF OPTIONAL REDEMPTION
FLORIDA MUNICIPAL LOAN COUNCIL
REVENUE BONDS, SERIES 2002B**

NOTICE IS HEREBY GIVEN on behalf of the Florida Municipal Loan Council (the "Council") that a portion of the Council's outstanding Revenue Bonds, Series 2002B (North Miami Beach Water Project), maturing on August 1, 20__ through August 1, 20__ in the aggregate principal amount of \$_____ (the "Redeemed Bonds"), have been called for optional redemption, at 101% of the principal amount thereof (the "Redemption Price"). Interest on the Redeemed Bonds accruing to or prior to the redemption date of _____, 2013 (the "Redemption Date") will be paid in the usual manner. Interest on the Redeemed Bonds will cease to accrue from and after said Redemption Date.

The Redeemed Bonds to be redeemed are as follows:

<u>Maturity Dates</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>	<u>CUSIP #</u>
8/01/2013			
8/01/2014			
8/01/2015			
8/01/2016			
8/01/2017			
8/01/2018			
8/01/2019			
8/01/2020			
8/01/2022			
8/01/2027			
8/01/2032			

On _____, 2013, there shall become due and payable the above mentioned Redemption Price upon presentation and surrender of such Redeemed Bonds at the office of Deutsche Bank Trust Company Americas at the following address:

By Mail:

DB Services Americas, Inc.
MS JCK01-0218
5022 Gate Parkway, Suite 200
Jacksonville, FL 32256

DATED this ____ day of _____, 2012.

FLORIDA MUNICIPAL LOAN COUNCIL

DEUTSCHE BANK TRUST COMPANY
AMERICAS, as Trustee

If you have any questions, you may call Deutsche Bank Trust Company Americas at 1-800-735-7777.

IMPORTANT TAX INFORMATION

EXISTING FEDERAL INCOME TAX LAW MAY REQUIRE THE WITHHOLDING OF 28% OF ANY PAYMENTS TO HOLDERS PRESENTING THEIR (SECURITIES) FOR PAYMENTS WHO HAVE FAILED TO FURNISH A TAXPAYER IDENTIFICATION NUMBER, CERTIFIED TO BE CORRECT UNDER PENALTY OF PERJURY. HOLDERS MAY ALSO BE SUBJECT TO A PENALTY OF \$50.00 FOR FAILURE TO PROVIDE SUCH NUMBER. CERTIFICATION MAY BE MADE TO THE PAYING AGENT ON A SUBSTITUTE FORM W-9.

*The CUSIP number has been assigned to this issue by Standard and Poor's Corporation and is included solely for the convenience of the Bondholders. Neither the Issuer nor the Paying Agent shall be responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness on the securities or as indicated in any redemption notice.

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of North Miami Beach, Florida (the "Issuer") in connection with the issuance of its of its [\$65,000,000] City of North Miami Beach, Florida Water Revenue Refunding Bonds, Series 2012 (the "Series 2012 Bonds"). The Series 2012 Bonds are being issued pursuant to the Issuer's Resolution No. 86-132, duly adopted by the Issuer on September 30, 1986, as previously amended and supplemented, particularly as supplemented by Resolution No. 89-143, duly adopted by the Issuer on June 27, 1989, as amended, and Resolution No. 2012-290 duly adopted by the Issuer on October 2, 2012 (collectively, the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. PURPOSE OF DISCLOSURE CERTIFICATE. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Series 2012 Bondholders and in order to assist the original underwriters of the Series 2012 Bonds in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission ("SEC") pursuant to the Securities Exchange Act of 1934 (the "Rule").

SECTION 2. PROVISION OF ANNUAL INFORMATION. Except as otherwise provided herein, the Issuer shall provide to all of the nationally recognized municipal securities information repositories described in Section 5 hereof (the "NRMSIRs") and to Assured Guaranty Municipal Corp. (the "Bond Insurer"), on or before [] [] of each year, commencing [] [], 2013, the information set forth below in this Section 2. Notwithstanding the immediately preceding sentence, to the extent any such information does not become available to the Issuer before [] [] of any year, the Issuer shall provide such information when it becomes available, but no later than one year following the end of the Issuer's Fiscal Year.

(A) the Issuer's Comprehensive Annual Financial Report for the immediately preceding Fiscal Year (the "CAFR"), which shall include the audited financial statements of the Issuer for the immediately preceding Fiscal Year prepared in accordance with Generally Accepted Accounting Principles, as modified by applicable State of Florida requirements and the governmental accounting standards promulgated by the Government Accounting Standards Board; provided, however, if the audited financial statements of the Issuer are not completed prior to June 30 of any year, the Issuer shall provide unaudited financial statements on such date and shall provide the audited financial statements as soon as practicable following their completion; and

(B) to the extent not set forth in the CAFR, additional financial information and operating data of the type included with respect to the Issuer in the final official statement prepared in connection with the sale and issuance of the Series 2012 Bonds (as amended, the "Official Statement"), as set forth below:

1. Updates of the information set forth under the heading "HISTORICAL OPERATING RESULTS" in the Official Statement relating to the table entitled

"Summary of Historical Operating Results" which shows the Issuer's revenue from and expenses attributable to the System (as defined in the Resolution); and

2. Description of any additional indebtedness secured in whole or in part from the Pledged Funds (as defined in the Resolution).

For purposes of this Disclosure Certificate, "Fiscal Year" means the period commencing on October 1 and ending on September 30 of the next succeeding year, or such other period of time provided by applicable law.

SECTION 3. REPORTING SIGNIFICANT EVENTS. The Issuer shall provide to the NRMSIRs and to the Bond Insurer notice of any of the following events. Such notice shall be given in a timely manner not in excess of ten (10) business days after the occurrence of the event, with the exception of the event described in number 15 below, which notice shall be given in a timely manner:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Series 2012 Bonds, or other material events affecting the tax status of the Series 2012 Bonds;
7. modifications to rights of the holders of the Series 2012 Bonds, if material;
8. Series 2012 Bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Series 2012 Bonds, if material;
11. ratings changes;

12. an event of bankruptcy or similar event of an Obligated Person (as defined in the Rule);

13. the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. appointment of a successor or additional trustee or the change of name of a trustee, if material; and

15. notice of any failure on the part of the Issuer to meet the requirements of Section 2 hereof.

(b) The notice required to be given in paragraph 5(a) above shall be filed with the NRMSIRs, in electronic format as prescribed by the NRMSIRs.

SECTION 4. IDENTIFYING INFORMATION. In accordance with the Rule, all disclosure filings submitted in pursuant to this Disclosure Certificate to the NRMSIRs must be accompanied by identifying information as prescribed by the NRMSIRs. Such information may include, but not be limited to:

- (a) the category of information being provided;
- (b) the period covered by any annual financial information, financial statement or other financial information or operation data;
- (c) the issues or specific securities to which such documents are related (including CUSIPs, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate);
- (d) the name of any Obligated Person other than the Issuer;
- (e) the name and date of the document being submitted; and
- (f) contact information for the submitter.

SECTION 5. NRMSIRs. The NRMSIRs to which the Issuer shall provide the information described in Sections 2 and 3 above, to the extent required, shall be the NRMSIRs then existing on the date such information is provided in accordance with the terms of this Disclosure Certificate.

(A) A list of the names and addresses of all designated NRMSIRs as of any date may currently be obtained by calling the SEC's Fax on Demand Service at 202/942-8088 and requesting document number 0206 or by visiting the SEC's website at www.sec.gov/info/municipal/nrmsir.htm.

(B) As of the date hereof, the NRMSIR recognized by the Securities and Exchange Commission for such purpose is the Municipal Securities Rulemaking Board, which currently accepts continuing disclosure submissions through its Electronic Municipal Market Access ("EMMA") web portal at <http://emma.msrb.org>.

SECTION 6. NO EVENT OF DEFAULT. Notwithstanding any other provision in the Resolution to the contrary, failure of the Issuer to comply with the provisions of this Disclosure Certificate shall not be considered an event of default under the Resolution. To the extent permitted by law, the sole and exclusive remedy of any Series 2012 Bondholder for the enforcement of the provisions hereof shall be an action for mandamus or specific performance, as applicable, by court order, to cause the Issuer to comply with its obligations hereunder. For purposes of this Disclosure Certificate, "Series 2012 Bondholder" shall mean any person who (A) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2012 Bonds (including persons holding Series 2012 Bonds through nominees, depositories or other intermediaries), or (B) is treated as the owner of any Series 2012 Bond for federal income tax purposes.

SECTION 7. INCORPORATION BY REFERENCE. Any or all of the information required herein to be disclosed may be incorporated by reference from other documents, including official statements or debt issues of the Issuer or related public entities, which have been submitted to each of the NRMSIRs and the Bond Insurer or the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each document incorporated by reference.

SECTION 8. DISSEMINATION AGENTS. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor disseminating agent.

SECTION 9. TERMINATION. The Issuer's obligations under this Disclosure Certificate shall terminate upon (A) the legal defeasance, prior redemption or payment in full of all of the Series 2012 Bonds, or (B) the termination of the continuing disclosure requirements of the Rule by legislative, judicial or administrative action.

SECTION 10. AMENDMENTS. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision may be waived, if such amendment or waiver is supported by an opinion of counsel that is nationally recognized in the area of federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 11. ADDITIONAL INFORMATION. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in its annual information described in Section 2 hereof or notice of occurrence of a significant event described in Section 3 hereof, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in its annual information or notice of occurrence of a significant event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have

no obligation under this Disclosure Certificate to update such information or include it in its future annual information or notice of occurrence of a significant event.

SECTION 12. OBLIGATED PERSONS. If any person, other than the Issuer, becomes an Obligated Person relating to the Series 2012 Bonds, the Issuer shall use its best efforts to require such Obligated Person to comply with all provisions of the Rule applicable to such Obligated Person.

Dated: [_____] [__], 2012

CITY OF NORTH MIAMI BEACH, FLORIDA

By: _____
Roslyn Weisblum, City Manager

EXHIBIT E

BOND INSURANCE POLICY PROVISIONS

(A) If, on the third business day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Issuer, after making all transfers and deposits required under the Resolution, moneys sufficient to pay the principal of and interest on the Series 2012 Bonds which are insured by Assured Guaranty (the "Insured Bonds") due on such Payment Date, the Issuer shall give notice to Assured Guaranty and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such business day. If, on the second business day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Insured Bonds due on such Payment Date, the Issuer shall notify the Paying Agent and cause the Paying Agent to make a claim under the Bond Insurance Policy and give notice to Assured Guaranty and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Insured Bonds and the amount required to pay principal of the Insured Bonds, confirmed in writing to Assured Guaranty and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second business day by filling in the form of Notice of Claim and Certificate delivered with the Bond Insurance Policy.

(B) The Paying Agent shall designate any portion of payment of principal on Insured Bonds paid by Assured Guaranty, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Insured Bonds registered to the then current Insured Bondholder, whether DTC or its nominee or otherwise, and shall issue a replacement Insured Bond to Assured Guaranty, registered in the name of Assured Guaranty, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Paying Agent's failure to so designate any payment or issue any replacement Insured Bond shall have no effect on the amount of principal or interest payable by the Issuer on any Insured Bond or the subrogation rights of Assured Guaranty.

(C) The Paying Agent shall keep a complete and accurate record of all funds deposited by Assured Guaranty into the hereinafter defined Policy Payments Account and the allocation of such funds to payment of interest on and principal of any Insured Bond. Assured Guaranty shall have the right to inspect such records at reasonable times upon reasonable notice to the Paying Agent.

(D) Upon payment of a claim under the Bond Insurance Policy, the Paying Agent shall establish a separate special purpose trust account for the benefit of the Insured Bondholders referred to herein as the "Policy Payments Account" and over which

the Paying Agent shall have exclusive control and sole right of withdrawal. The Paying Agent shall receive any amount paid under the Bond Insurance Policy in trust on behalf of the Insured Bondholders and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Paying Agent to Insured Bondholders in the same manner as principal and interest payments are to be made with respect to the Insured Bonds under the provisions of the Resolution regarding payment of Insured Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything to the contrary otherwise set forth herein, in the event amounts paid under the Bond Insurance Policy are applied to claims for payment of principal of or interest on the Insured Bonds, the Issuer agrees to pay Assured Guaranty (i) a sum equal to the total of all amounts paid by Assured Guaranty under the Bond Insurance Policy (the "Insurer Advances"); and (ii) to the extent permitted by law, interest on such Insurer Advances from the date paid by Assured Guaranty until payment thereof in full, payable to Assured Guaranty at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). "Late Payment Rate" means the lesser of (a) the greater of (I) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (II) the then applicable highest rate of interest on the Insured Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Issuer hereby covenants and agrees that the Insurer Reimbursement Amounts are payable from the Pledged Funds to the same extent and on the same basis as the Insured Bonds.

(E) Funds held in the Policy Payments Account shall not be invested by the Paying Agent and may not be applied to satisfy any costs, expenses or liabilities of the Paying Agent. Any funds remaining in the Policy Payments Account following an Insured Bond Payment Date shall promptly be remitted to Assured Guaranty.

(F) No modification, amendment or supplement to the Resolution pursuant to Section 8.02 of the Resolution which requires the consent of any Insured Bondholders or would otherwise impair the interests of Assured Guaranty may become effective except upon obtaining the prior written consent of Assured Guaranty.

(G) Assured Guaranty shall, to the extent it makes any payment of principal of or interest on the Insured Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy. The obligations to Assured Guaranty shall survive discharge or termination of the Resolution.

(H) The Issuer shall pay or reimburse Assured Guaranty, to the extent permitted by law, any and all charges, fees, costs and expenses which Assured Guaranty may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in the Resolution; (ii) the pursuit of any remedies under the Resolution or any other related document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Resolution or any other related document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Resolution or any other related document or the transactions contemplated thereby, other than amounts resulting from the failure of Assured Guaranty to honor its obligations under the Bond Insurance Policy. Assured Guaranty reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Resolution or any other related document.

(I) Assured Guaranty shall be entitled to pay principal or interest on the Insured Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Bond Insurance Policy) whether or not Assured Guaranty has received a Notice of Nonpayment (as such terms are defined in the Bond Insurance Policy) or a claim upon the Bond Insurance Policy.

(J) The notice address of Assured Guaranty is: Assured Guaranty Municipal Corp., 31 West 52nd Street, New York, New York 10019, Attention: Managing Director - Surveillance; Re: Policy No. _____, Telephone: (212) 826-0100, Telecopier: (212) 339-3556, e-mail: riskmanagementdept@assuredguaranty.com. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of General Counsel at the same address and at generalcounsel@assuredguaranty.com or at the following Facsimile Number (212) 445-8705 and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

(K) Assured Guaranty shall be provided with the following information at no charge:

(i) Annual audited financial statements within 210 days after the end of the Issuer's Fiscal Year (together with a certification of the Issuer that it is not aware of any default or Event of Default under the Resolution) and the Issuer's annual budget and revised budget within 30 days after the approval thereof together with such other information, data or reports as Assured Guaranty shall reasonably request from time to time;

(ii) Notice of any default known to the Paying Agent or the Issuer within five business days after knowledge thereof;

(iii) Prior notice of the advance refunding or redemption of any of the Insured Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(iv) Notice of the resignation or removal of the Paying Agent or Registrar and the appointment of, and acceptance of duties by, any successor thereto;

(v) Notice of the commencement of any proceeding by or against the Issuer commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");

(vi) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Insured Bonds;

(vii) A full original transcript of all proceedings relating to any amendment, supplement, or waiver to the Resolution or any related documents; and

(viii) All reports, notices and correspondence to be delivered under the terms of the Resolution or any related documents;

(ix) Notice of any draw upon the Reserve Account within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Reserve Account Requirement and (ii) withdrawals in connection with a refunding of Bonds;

(x) Such additional information as Assured Guaranty may reasonably require.

In addition, to the extent that the Issuer has entered into a continuing disclosure agreement, covenant or undertaking with respect to the Insured Bonds, all information furnished pursuant to such agreements shall also be provided to Assured Guaranty, simultaneously with the furnishing of such information.

(L) Assured Guaranty is considered a third party beneficiary under the Resolution.

(M) The rights granted to Assured Guaranty under the Resolution or any related document to request, consent to or direct any action are rights granted to Assured Guaranty in consideration of its issuance of the Bond Insurance Policy. Any exercise by Assured Guaranty of such rights is merely an exercise of Assured Guaranty's contractual rights and shall not be construed or deemed to be taken for the benefit or on behalf of the

Insured Bondholders nor does such action evidence any position of Assured Guaranty, positive or negative, as to whether the Insured Bondholder consent is required in addition to consent of Assured Guaranty.

(N) Amounts paid by Assured Guaranty under the Bond Insurance Policy shall not be deemed paid for purposes of the Resolution and shall remain Outstanding and continue to be due and owing until paid by the Issuer in accordance with the Resolution. The Resolution shall not be discharged unless all amounts due or to become due to Assured Guaranty have been paid in full or duly provided for.

(O) Assured Guaranty shall be deemed to be the sole holder of the Insured Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking of any other action that the holders of the Insured Bonds insured by it are entitled to take pursuant to Article VII of the Resolution (i) pertaining to defaults and remedies and (ii) pertaining to the duties and obligations of the Paying Agent or trustee. Remedies granted to the Bondholders shall expressly include mandamus.

(P) No contract shall be entered into by the Issuer nor any action taken by the Issuer by which the rights of Assured Guaranty or security for or sources of payment of the Insured Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of Assured Guaranty.

(Q) Notwithstanding the provisions of Section 9.01 of the Resolution, to accomplish the defeasance of the Insured Bonds, the Issuer shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to Assured Guaranty ("Accountant") verifying the sufficiency of the escrow established to pay the Insured Bonds in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to Assured Guaranty), and (iii) an opinion of nationally recognized bond counsel to the effect that the Insured Bonds are no longer "Outstanding" under the Resolution, and (iv) a certificate of discharge of the Paying Agent with respect to the Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Issuer, the Paying Agent and Assured Guaranty. Assured Guaranty shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow. Insured Bonds shall be deemed "Outstanding" under the Resolution unless and until they are in fact paid and retired or the above criteria and the other criteria set forth in Section 9.01 are met.

Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not

available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of Assured Guaranty, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (5) subject to the prior written consent of Assured Guaranty, securities eligible for "AAA" defeasance under then existing criteria of S&P or any combination thereof, shall be used to effect defeasance of the Insured Bonds unless Assured Guaranty otherwise approves.

(R) Notwithstanding satisfaction of other conditions to the issuance of Additional Bonds contained in the Resolution, no such issuance may occur (i) if any Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) has occurred and be continuing unless such default shall be cured upon such issuance and (2) unless the Series 2012 Subaccount of the Reserve Fund is fully funded at the Reserve Fund Requirement (including the proposed issue) upon the issuance of such Additional Bonds, in either case, unless otherwise permitted by Assured Guaranty.

(S) In determining whether any amendment, consent or other action to be taken, or any failure to act, under the Resolution would adversely affect the security for the Insured Bonds or the rights of the Insured Bondholders, the Paying Agent and the Issuer shall consider the effect of any such amendment, consent, action or inaction as if there were no Bond Insurance Policy.

(T) Any interest rate exchange agreement ("Swap Agreement") entered into by the Issuer shall meet the following conditions: (i) the Swap Agreement must be entered into to manage interest costs related to, or a hedge against (a) assets then held, or (b) debt then outstanding, or (iii) debt reasonably expected to be issued within the next twelve (12) months, and (ii) the Swap Agreement shall not contain any leverage element or multiplier component greater than 1.0x unless there is a matching hedge arrangement which effectively off-sets the exposure from any such element or component. Unless otherwise consented to in writing by Assured Guaranty, any uninsured net settlement, breakage or other termination amount then in effect shall be subordinate to debt service on the Insured Bonds and on any debt on parity with the Insured Bonds. The Issuer shall not terminate a Swap Agreement unless it demonstrates to the satisfaction of Assured Guaranty prior to the payment of any such termination amount that such payment will not cause the Issuer to be in default under the Related Documents, including but not limited to, any monetary obligations thereunder. All counterparties or guarantors to any Swap Agreement must have a rating of at least "A-" and "A3" by Standard & Poor's ("S&P") and Moody's Investors Service ("Moody's"). If the counterparty or guarantor's rating falls below "A-" or "A3" by either S&P or Moody's, the counterparty or guarantor shall execute a credit support annex to the Swap Agreement, which credit support annex shall be acceptable to Assured Guaranty. If the counterparty or the guarantor's long term

unsecured rating falls below "Baa1" or "BBB+" by either Moody's or S&P, a replacement counterparty or guarantor, acceptable to Assured Guaranty, shall be required.

(U) The Issuer will permit Assured Guaranty to discuss the affairs, finances and accounts of the Issuer or any information the Insurer may reasonably request regarding the security for the Insured Bonds with appropriate officers of the Issuer and will use commercially reasonable efforts to enable Assured Guaranty to have access to the facilities, books and records of the Issuer on any business day upon reasonable prior notice.

(V) The Issuer shall notify Assured Guaranty of any failure of the Issuer to provide notices, certificates and other information under the transaction documents.

(W) No grace period for a covenant default shall exceed thirty (30) days or be extended for more than sixty (60) days, without the prior written consent of Assured Guaranty. No grace period shall be permitted for payment defaults.

(X) The prior written consent of Assured Guaranty shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Series 2012 Subaccount of the Reserve Fund . Notwithstanding anything to the contrary set forth in the Resolution, amounts on deposit in the Series 2012 Subaccount of Reserve Fund shall be applied solely to the payment of debt service due on the Series 2012 Bonds.

(Y) After payment of reasonable expenses of the Paying Agent, the application of funds realized upon default shall be applied to the payment of expenses of the Issuer or rebate only after the payment of past due and current debt service on the Bonds and amounts required to restore the Series 2012 Subaccount of Reserve Fund to the Reserve Fund Requirement.

INSURANCE AGREEMENT

INSURANCE AGREEMENT, dated as of _____ (the "Agreement"), by and between _____ (the "Issuer") and Assured Guaranty Corp. (the "Insurer").

In consideration of the issuance by the Insurer of its Financial Guaranty Debt Service Reserve Insurance Policy No. _____ (the "Reserve Policy") with respect to the Issuer's _____ (the "Bonds") issued under the _____ dated _____ (the "Authorizing Document") and the Issuer's payment to the Insurer of the insurance premium for the Reserve Policy, the Insurer and the Issuer hereby covenant and agree as follows:

1. Upon any payment by the Insurer under the Reserve Policy, the Insurer shall furnish to the Issuer written instructions as to the manner in which payment of amounts owed to the Insurer as a result of such payment under the Reserve Policy shall be made.
2. The Issuer shall pay the Insurer the principal amount of any draws under the Reserve Policy and pay all related reasonable expenses incurred by the Insurer and shall pay interest thereon from the date of payment by the Insurer at the Late Payment Rate. "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate, the Prime Rate shall be the prime or base lending rate of such national bank as the Insurer shall designate. If the interest provisions of this Section 2 shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Insurer, with the same force and effect as if the Issuer had specifically designated such extra sums to be so applied and the Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.
3. Repayment of draws and payment of expenses and the interest accrued thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12th of the aggregate of Policy Costs related to such draw. Amounts in respect of Policy Costs paid to the Insurer shall be credited first to interest due, then to the expenses due and then to principal due.
4. As and to the extent that payments are made to the Insurer on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy.
5. All cash and investments in the Reserve Fund shall be transferred to the debt service fund for payment of debt service on the Bonds before any drawing may be made on the Reserve Policy or on any alternative credit instrument. Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all alternative credit instruments (including the Reserve

Policy) on which there is available coverage shall be made on a pro rata basis (calculated by reference to coverage then available under each such alternative credit instrument) after applying available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to alternative credit instruments shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

6. If the Issuer shall fail to pay any Policy Costs in accordance with the requirements of the Authorizing Document and this Agreement, the Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Authorizing Document, other than (i) acceleration of the maturity of the Bonds or (ii) remedies which would adversely affect owners of the Bonds.
7. The Authorizing Document shall not be discharged until all Policy Costs owing to the Insurer shall have been paid in full. The Issuer's obligation to pay such amounts shall expressly survive payment in full of the Bonds.
8. In order to secure the Issuer's payment obligations with respect to the Policy Costs, there is hereby granted and perfected in favor of the Insurer a security interest (subordinate only to that of the owners of the Bonds) in all revenues and collateral pledged as security for the Bonds.
9. Policy Costs due and owing shall be included in debt service requirements for purposes of calculation of the additional bonds test and the rate covenant in the Authorizing Document.
10. The Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of paragraph 5 hereof and provide notice to the Insurer in accordance with the terms of the Reserve Policy at least five business days prior to each date upon which interest or principal is due on the Bonds. Where deposits are required to be made by the Issuer with the Trustee to the debt service fund for the Bonds more often than semi-annually, the Trustee shall give notice to the Insurer of any failure of the Issuer to make timely payment in full of such deposits within two business days of the date due.
11. The Issuer will pay or reimburse the Insurer, to the extent permitted by law, and solely from amounts pledged or available to pay the Bonds, any and all charges, fees, costs, losses, liabilities and expenses which the Insurer may pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, in connection with (i) any accounts established to facilitate payments under the Reserve Policy, (ii) the administration, enforcement, defense or preservation of any rights in respect of this Agreement or any document executed in connection with the Bonds (the "Related Documents"), including defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the Issuer) relating to this Agreement or any other Related Document, any party to this Agreement or any other Related Document or the transaction contemplated by the Related Documents, (iii) the foreclosure against, sale or other disposition of any collateral securing any obligations under this Agreement or any other Related Document, if any, or the pursuit of any remedies under any other Related Document, to the extent such costs and expenses are not recovered from such foreclosure, sale or other disposition, (iv) any amendment, waiver or other action with respect to, or related to this Agreement, the Reserve Policy or any other Related Document whether or not executed or completed, or (v) any action taken by the Insurer to cure a default or termination or similar event (or to mitigate the effect thereof) under any Related Document; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of the Insurer spent in connection with the actions described in

clauses (ii)-(v) above. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of this Agreement or any other Related Document. Amounts payable by the Issuer hereunder shall bear interest at the Late Payment Rate from the date such amount is paid or incurred by the Insurer until the date the Insurer is paid in full.

12. The obligation of the Issuer to pay all amounts due under this Agreement shall be an absolute and unconditional obligation of the Issuer and will be paid or performed strictly in accordance with this Agreement, irrespective of (i) any lack of validity or enforceability of or any amendment or other modifications of, or waiver with respect to the Bonds or any Related Document, or (ii) any amendment or other modification of, or waiver with respect to the Reserve Policy; (iii) any exchange, release or non-perfection of any security interest in property securing the Bonds, this Agreement or any Related Documents; (iv) whether or not such Bonds are contingent or matured, disputed or undisputed, liquidated or unliquidated; (v) any amendment, modification or waiver of or any consent to departure from this Agreement, the Reserve Policy or all or any of the Related Documents; (vi) the existence of any claim, setoff, defense (other than the defense of payment in full), reduction, abatement or other right which the Issuer may have at any time against the Trustee or any other person or entity other than the Insurer, whether in connection with this Agreement, the transactions contemplated herein or in the Related Documents or any unrelated transactions; (vii) any statement or any other document presented under or in connection with the Reserve Policy proving in any and all respects invalid, inaccurate, insufficient, fraudulent or forged or any statement therein being untrue or inaccurate in any respect; or (viii) any payment by the Insurer under the Reserve Policy against presentation of a certificate or other document which does not strictly comply with the terms of the Reserve Policy.
13. Notices to the Insurer shall be sent to the following address (or such other address as the Insurer may designate in writing): Assured Guaranty Corp., 31 West 52nd Street, New York, New York 10019 Attention: Risk Management Department – Public Finance– Surveillance, Re: Policy No.____, Telephone: (212) 974-0100; Telecopier: (212) 581-3268; Email: munidisclosure@assuredguaranty.com.
14. If any one or more of the agreements, provisions or terms of this Agreement shall be for any reason whatsoever held invalid, then such agreements, provisions or terms shall be deemed severable from the remaining agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement.
15. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Authorizing Document.
16. This Agreement may be executed in counterparts, each of which alone and all of which together shall be deemed one original Agreement.

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17. This Agreement and the rights and obligations of the parties of the Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have set their hands as of the date written above.

ASSURED GUARANTY CORP.

By: _____
Title:

By: _____
Title: Authorized Officer