RESOLUTION NO. 13-10-84

A RESOLUTION OF THE VILLAGE COUNCIL OF ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA, PROVIDING FOR THE BORROWING IN THE FORM OF A REVOLVING LINE OF CREDIT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $10,000,000 FROM STI INSTITUTIONAL & GOVERNMENT, INC. TO PROVIDE FOR PAYMENT OF CAPITAL IMPROVEMENTS TO THE WASTEWATER SYSTEM; PROVIDING FOR THE ISSUANCE OF ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA, CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 2013 (WASTEWATER PROJECT); PLEDGING THE PLEDGED REVENUES; PROVIDING FOR THE PAYMENT OF THE SERIES 2013 NOTE AND THE EXECUTION AND RELATED FINANCING DOCUMENTS IN CONNECTION THEREWITH; AUTHORIZING FURTHER OFFICIAL ACTION IN CONNECTION WITH THE DELIVERY OF THE SERIES 2013 NOTE; AND PROVIDING AN EFFECTIVE DATE

BE IT RESOLVED BY THE VILLAGE COUNCIL OF ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA, that:

Section 1. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of Chapter 166, Part II, Florida Statutes, as amended, and other applicable provisions of law (collectively, the “Act”).

Section 2. Definitions. The following terms shall have the following meanings when used in this Resolution unless the context clearly requires otherwise. Words importing singular numbers shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations. Capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Line of Credit Agreement.


“Clerk” means the Clerk of the Village or, in the Clerk’s absence, any Deputy Clerk.

“Commitment” means the Commitment dated [September 16, 2013], for purchase of the Series 2013 Note and the provision of the revolving line of credit, submitted to the Village by the Lender and accepted by the Village with such changes as agreed to by the Village and the Lender.

“Council” means the Village Council of the Village, as the governing body of the Village.


“Finance Director” means the Director of Finance of the Village.
“Financial Advisor” means RBC Capital Markets, LLC.

“Lender” means STI Institutional & Government, Inc., a Delaware general business corporation, and its successors and/or assigns.

“Line of Credit Agreement” means the agreement between the Lender and the Village setting forth the terms and details of the line of credit, in substantially the form attached hereto as Exhibit A with such modifications or changes thereto as may be necessary or desirable, in the opinion of the Village Attorney and Bond Counsel, to conform the terms thereof to the terms of the Commitment or to secure for the Village any additional rights or privileges not inconsistent with the terms of the Commitment, such approval of the modifications or changes to be presumed by the execution and delivery thereof by the Village to the Lender.

“Loan” means the revolving line of credit in the aggregate principal amount not to exceed $10,000,000 from the Lender to the Village pursuant and in accordance with the Line of Credit Agreement.

“Mayor” means the Mayor of the Village, or in the Mayor’s absence, the Vice Mayor.

“Non-Ad Valorem Revenues” means all legally available non-ad valorem revenues of the Village, but shall not include any ad valorem taxes.

“Pledged Revenues” means (i) the Net Wastewater System Revenues, (ii) the Special Assessments, (iii) moneys on deposit in the funds and accounts, and (iv) investment earnings on such money on deposit in the funds and accounts created under the Line of Credit Agreement.

“Project” means capital improvements to the Wastewater System, including a wastewater transmission main and pumping facility.

“Resolution” means, collectively, this resolution and all resolutions amendatory hereof and supplemental hereto.

“Series 2013 Note” means the Islamorada, Village of Islands, Florida, Capital Improvement Revenue Note, Series 2013 (Wastewater Project), authorized herein, in substantially the form attached to the Line of Credit Agreement as Exhibit A, with such modifications or changes thereto as may be necessary or desirable, in the opinion of the Village Attorney, and Bond Counsel, to conform the terms thereof to the terms of the Commitment or to secure for the Village any additional rights or privileges not inconsistent with the terms of the Commitment, such approval of the modifications or changes to be presumed by the execution and delivery thereof by the Village to the Lender.

“Village” means Islamorada, Village of Islands, Florida, a municipal corporation of the State of Florida.

“Village Manager” means the Village Manager of the Village, or his designee.
Section 3. Findings. It is hereby found, declared, and determined by the Council:

(A) The Village has determined that it is necessary and in the best interests of the health, safety and welfare of the Village and its inhabitants that the Village design and build the Project. Issuance of the Series 2013 Note satisfies a public purpose.

(B) The Pledged Revenues are not currently pledged to any obligation of the Village.

(C) The Series 2013 Note will be payable from Pledged Revenues and to the extent any deficiency exists in the payment of debt service on the Series 2013 Note, from Non-Ad Valorem Revenues budgeted and appropriated for such purpose. The Pledged Revenues are expected to be sufficient to pay the Series 2013 Note as the same becomes due.

(D) The Village Council determined that the Lender's Commitment contained terms favorable to the Village.

(E) Because of the characteristics of the Series 2013 Note, prevailing market conditions, and additional savings to be realized from an expeditious sale of the Series 2013 Note, it is in the best interest of the Village to sell the Series 2013 Note at a private negotiated sale to the Lender. The Village has received the Commitment from the Lender for the Loan, and, based upon the advice of the Financial Advisor, it is in the best interests of the Village that the Commitment be accepted. Prior to the issuance of the Series 2013 Note, the Village shall receive from the Lender, a Lender’s Certificate, the form of which is attached hereto as Exhibit B and the Disclosure Letter containing the information required by Section 218.385, Florida Statutes, a form of which is attached hereto as Exhibit C.

(F) The obligation of the Village to repay the Series 2013 Note in accordance with its terms and to make the payments required under the Line of Credit Agreement is hereby declared to be and shall be a special, limited obligation of the Village, secured solely by the Pledged Revenues. The obligation of the Village to repay the Series 2013 Note in accordance with its terms and to make any other payments, if any, required under the Series 2013 Note or the Line of Credit Agreement shall not be or constitute a general obligation or indebtedness of the Village and neither the Series 2013 Note nor the Line of Credit Agreement shall be or constitute a “bond” of the Village within the meaning of Article VII, Section 12, Florida Constitution (1968). Neither the Lender nor any successor owner of the Series 2013 Note shall be entitled to compel the payment of the principal of or interest on the Series 2013 Note or the making of any payments required under the Series 2013 Note or the Line of Credit Agreement from any moneys of the Village other than the Pledged Revenues and Non-Ad Valorem Revenues, as provided herein and in the Line of Credit Agreement.

Section 4. Approval of Commitment. The Village accepts the Lender’s Commitment.

Section 5. Authorization of Series 2013 Note and Project. Subject and pursuant to the provisions hereof and in accordance with the provisions of the Line of Credit Agreement, the issuance by the Village of its Series 2013 Note, in an aggregate principal amount of not to exceed Ten Million Dollars ($10,000,000) at any one time, to be dated, to bear interest, to be payable,
mature, to be subject to redemption and to have such other characteristics as provided in the Series 2013 Note, the Line of Credit Agreement and the Commitment, and to be secured as provided in the Line of Credit Agreement is hereby authorized. The financing of capital improvements for the Wastewater System with proceeds from the Loan is hereby approved.

Section 6. Approval of Form of Line of Credit Agreement and Series 2013 Note. The Line of Credit Agreement and the Series 2013 Note, in substantially the form attached hereto as Exhibit A, are approved, and the Mayor and Clerk are authorized to execute and deliver the Line of Credit Agreement and the Series 2013 Note to the Lender, and to take such other actions as shall be necessary to consummate the Loan.

Section 7. Authorization of Other Action. The Mayor, the Clerk, the Village Manager, the Finance Director and the Village Attorney are each designated agents of the Village in connection with the execution and delivery of the Line of Credit Agreement and the Series 2013 Note and are authorized and empowered, collectively or individually, to take all action and steps to execute and deliver any and all instruments, documents or contracts on behalf of the Village which are necessary or desirable in connection with the execution and delivery of the Line of Credit Agreement and the Series 2013 Note to the Lender, including, but not limited to, the making of modifications to the Line of Credit Agreement and the Series 2013 Note to conform the provisions thereof to the provisions of the Commitment.

Section 8. Application of Proceeds of Loan. The proceeds of the Loan shall be used to pay costs of the Project and pay related associated costs of issuance (including but not limited to legal and financial advisory fees and expenses).

Section 9. Repeal of Inconsistent Provisions. All resolutions or parts thereof in conflict with this Resolution are hereby repealed to the extent of such conflict.

Section 10. Severability. If any one or more of the covenants, agreements, or provisions of this Resolution should 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 separate from the remaining covenants, agreements or provisions, and in no way affect the validity of all other provisions of the Resolution or of the Series 2013 Note or Line of Credit Agreement delivered hereunder.

Section 11. Amendment. This Resolution may not be amended or repealed except with the prior written consent of the Lender.

Section 12. Effective Date. This Resolution shall take effect immediately upon its adoption.

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Motion to adopt by Vice Mayor Deb Gillis, second by Councilman Ken Philipson.

FINAL VOTE AT ADOPTION
VILLAGE COUNCIL OF ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA:

Mayor Ted Blackburn       YES
Vice Mayor Deb Gillis     YES
Councilman Mike Forster   YES
Councilman Ken Philipson  YES
Councilman Dave Purdo     YES

PASSED AND ADOPTED this 23rd day of October, 2013.

TED BLACKBURN, MAYOR

ATTEST:

ARIANA LAWSON, VILLAGE CLERK

APPROVED AS TO FORM AND LEGALITY
FOR THE USE AND BENEFIT OF ISLAMORADA,
VILLAGE OF ISLANDS ONLY:

VILLAGE ATTORNEY
Weiss, Serota, Helfman, Pastoriza,
Cole & Boniske, P.L.
EXHIBIT A

FORM OF LINE OF CREDIT AGREEMENT
EXHIBIT B

FORM OF LENDER’S CERTIFICATE

This is to certify that STI Institutional & Government, Inc., or its assignee (the "Lender") has not required Islamorada, Village of Islands, Florida (the "Village") to deliver any offering document and has conducted its own investigation, to the extent it deems satisfactory or sufficient, into matters relating to business affairs or conditions (either financial or otherwise) of the Village in connection with the issuance by the Village of its not to exceed $10,000,000 Capital Improvement Revenue Note, Series 2013 (Wastewater Project) (the "Series 2013 Note"), and no inference should be drawn that the Lender, in the acceptance of said Series 2013 Note, is relying on Bond Counsel or the Village Attorney as to any such matters other than the legal opinions rendered by Bond Counsel and by the Village Attorney. Any capitalized undefined terms used herein not otherwise defined shall have the meaning set forth in Resolution No. 2013-___ adopted by the Village Council of the Village on __________, 2013 (the "Resolution").

We are aware that investment in the Series 2013 Note involves various risks, that the Series 2013 Note is not a general obligation of the Village or payable from ad valorem tax revenues, and that the payment of the Series 2013 Note is secured solely from the sources described in the Resolution (the "Pledged Revenues").

We have made such independent investigation of the Pledged Revenues as we, in the exercise of sound business judgment, consider to be appropriate under the circumstances. In making our investment decision, we have relied upon the accuracy of information which has been provided to us.

We have knowledge and experience in financial and business matters and are capable of evaluating the merits and risks of our investment in the Series 2013 Note and can bear the economic risk of our investment in the Series 2013 Note.

We acknowledge and understand that the Village has determined that the Resolution is not required to be qualified under the Trust Indenture Act of 1939, as amended (the "1939 Act"), and that the Series 2013 Note is not required to be registered in reliance upon the exemption from registration under Section 3(a)(2) of the Securities Act of 1933, Section 517.051(1), Florida Statutes, and/or Section 517.061(7), Florida Statutes, and that neither the Village, Bond Counsel nor the Village Attorney shall have any obligation to effect any such registration or qualification.

The Series 2013 Note has been purchased for the account of the Lender for investment purposes only and not with a present view to the distribution, transfer or resale thereof. The Lender intends to hold and book the Series 2013 Note as a loan in its loan portfolio; the Lender acknowledges that the use of the word "note" in the name of the debt instrument is not intended to indicate that the instrument is or is not a security within the meaning of the Securities Act of 1933. The Lender currently intends to hold such Series 2013 Note for its own account and for an indefinite period of time and does not currently intend to dispose of all or any portion of such Series 2013 Note. The Lender hereby covenants that if the Lender subsequently decides to
distribute or resell the Series 2013 Note, it shall comply in all respects with all laws then applicable with respect to any such distribution or resale. We understand that the Series 2013 Note may not be transferred in a denomination less than the par amount outstanding at the time of transfer.

We are a bank, trust company, savings institution, insurance company, dealer, investment company, pension or profit-sharing trust, or qualified institutional buyer as contemplated by Section 517.061(7), Florida Statutes. We are not purchasing the Series 2013 Note for the direct or indirect promotion of any scheme or enterprise with the intent of violating or evading any provision of Chapter 517, Florida Statutes.

We are an "accredited investor" within the meaning of the Securities Act of 1933, as amended, and Regulation D thereunder.

DATED this ___ of _____________, 2013.

STI INSTITUTIONAL & GOVERNMENT, INC.

By: __________________________
Name: _________________________
Title: __________________________
EXHIBIT C

FORM OF DISCLOSURE LETTER

The undersigned, as Lender, proposes to negotiate with Islamorada, Village of Islands, Florida (the "Village") for the private purchase of its not to exceed $10,000,000 Capital Improvement Revenue Note, Series 2013 (Wastewater Project) (“Series 2013 Note”). Prior to the award of the Series 2013 Note, the following information is hereby furnished to the Village:

1. Set forth is an itemized list of the nature and estimated amounts of expenses to be incurred for services rendered to us (the "Lender") in connection with the issuance of the Series 2013 Note (such fees and expenses to be paid by the Village):

   $7,000
   Legal Fees

2. (a) No other fee, bonus or other compensation is estimated to be paid by the Lender in connection with the issuance of the Series 2013 Note to any person not regularly employed or retained by the Lender (including any "finder" as defined in Section 218.386(1)(a), Florida Statutes), except as specifically enumerated as expenses to be incurred by the Lender, as set forth in paragraph (1) above.

   (b) No person has entered into an understanding with the Lender, or to the knowledge of the Lender, with the Village, for any paid or promised compensation or valuable consideration, directly or indirectly, expressly or implied, to act solely as an intermediary between the Village and the Lender or to exercise or attempt to exercise any influence to effect any transaction in the purchase of the Series 2013 Note.

3. The amount of the underwriting spread expected to be realized by the Lender is $0.

4. The management fee to be charged by the Lender is $0.

5. Truth-in-Bonding Statement:

   The Series 2013 Note is being issued primarily to pay the costs of designing and building the Village’s Wastewater System.

   Unless earlier prepaid, the Series 2013 Note is expected to be repaid by________, 20___; at an assumed interest rate of _____%, total interest paid over the life of the Series 2013 Note is estimated to be $______________.
The Series 2013 Note will be payable solely from the Pledged Revenues in the manner and to the extent described in Resolution No. 2013-____ of the Village adopted on _______________, 2013 (the "Resolution"). See the Resolution for a definition of Pledged Revenues. Issuance of the Series 2013 Note is estimated to result in an annual maximum of approximately $____________ of revenues of the Village not being available to finance the services of the Village during the life of the Series 2013 Note. This paragraph is provided pursuant to Section 218.385, Florida Statutes.

6. The name and address of the Lender is as follows:

   STI Institutional & Government, Inc.
   8699 NW 36th Street
   2nd Floor Commercial
   Doral, Florida 33166
   Attention: __________

IN WITNESS WHEREOF, the undersigned has executed this Disclosure Letter on behalf of the Lender this ___ day of ______________, 2013.

STI INSTITUTIONAL & GOVERNMENT, INC.

By: ________________________________
Name: ______________________________
Title: ______________________________
LINE OF CREDIT AGREEMENT

by and between

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

and

STI INSTITUTIONAL & GOVERNMENT, INC.

Dated _____, 2013

relating to

Not to Exceed $10,000,000
ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 2013
(WASTEWATER PROJECT)
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LINE OF CREDIT AGREEMENT

This LINE OF CREDIT AGREEMENT is made and entered into as of __________, 2013 by and between ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA (the “Village”), and STI INSTITUTIONAL & GOVERNMENT, INC., a Delaware general business corporation (together with its successors and/or assigns, the “Lender”).

WITNESSETH:

WHEREAS, the Village has previously determined that it is necessary for the health, safety and welfare of the Village and in the best interest of its inhabitants to construct the Project (as hereinafter defined). Issuance of the Series 2013 Note (as hereinafter defined) satisfies an essential public purpose.

WHEREAS, the Village received a proposal from the Lender and the Lender has agreed to make a not to exceed $10,000,000 line of credit available to the Village; and

WHEREAS, pursuant to the Resolution, the Village has determined that it is in the best interest of the health, safety and welfare of the Village and the inhabitants thereof that the Village pledge the Pledged Revenues to secure the obligations of the Village to repay the principal of and interest on the Series 2013 Note when due; and

WHEREAS, the obligation of the Village to repay principal of and interest on the Series 2013 Note will not constitute a general obligation or indebtedness of the Village as a “bond” within the meaning of any provision of the Constitution or laws of the State, but shall be and is hereby declared to be a special, limited obligation of the Village, secured solely by the Pledged Revenues and, to the extent any deficiency exists, from Non-Ad Valorem Revenues budgeted and appropriated by the Village; and

WHEREAS, the Village is not authorized to levy taxes on any property of or in the Village to pay the principal of or interest on the Series 2013 Note or to make any other payments provided for herein; and

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

SECTION 1. DEFINITIONS. Capitalized terms used in this Line of Credit Agreement and not defined in this Section 1 shall have the meanings assigned in the Resolution. The following terms shall have the following meanings herein, unless the text otherwise expressly requires:

“Act” means Chapter 166, Part II, Florida Statutes, as amended, and other applicable provisions of law.
“Advance” means deposit by wire transfer or credit from the Lender to/for the account of the Village of a portion of the Loan by Lender to the Village.

“Authorized Village Representative” means the Village Manager or his/her designee.

“Authorized Investments” means any investment, obligation, agreement or other financial instrument to the extent not inconsistent with the terms of the investment policy of the Village and applicable law.

“Assessments Fund” shall mean the Assessments Fund established pursuant to Section 10 hereof.

“Bond Counsel” means any attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the validity of, and exclusion from gross income for federal tax purposes of interest on, bonds issued by states and political subdivisions and duly admitted to practice law in the State of Florida and acceptable to the Lender.

“Bond Year” means a 12-month period commencing on ______ 1 and ending on ______ 30, except for the first period which commences on the date of issuance of the Series 2013 Note.

“Business Day” means any day of the year on which dealings in U.S. dollar deposits are carried on in the London InterBank market other than a day on which the Lender or the Village are lawfully closed for business.

“Clerk” means the Village Clerk or, in the Clerk’s absence, any Deputy Village Clerk duly authorized to execute documents or take other action, as the case may be, on the Clerk’s behalf.


“Cost of Operation and Maintenance” of the Wastewater System shall mean the then current expenses, paid or accrued, in the operation, maintenance and repair of the Wastewater System, as calculated in accordance with generally accepted accounting principles, including, but not limited to, general administrative and indirect labor costs, personnel services, contractual services, repairs and maintenance, and materials and supplies, but shall not include capital expenditures, any reserve for renewals and replacements, any allowance for depreciation, any debt service requirement, any payments in lieu of taxes, franchise fees or other transfers.

“Council” means the Village Council of the Village, as the governing body of the Village.

“Date of Delivery” means __________, 2013.

“Default” means an Event of Default as defined and described in Section 15 hereof.

“Default Rate” means the lesser of 18% or the maximum rate allowed by law.
“Finance Director” means the Village’s Finance Director.

“Fiscal Year” means the period from each October 1 to the succeeding September 30.

“Gross Revenues” shall mean all income and earnings, including connection fees, received by the Village or accrued to the Village from the ownership, use or operation of the Wastewater System and all parts thereof, including, without limitation, unencumbered, non-ad valorem special assessments which are not pledged for the repayment of, or as security for, any indebtedness of the Village (other than the Series 2013 Note), whether currently outstanding or hereafter issued, and which are legally available to be used as contemplated hereunder, grant monies received by the Village as a result of ownership, use or operation of the Wastewater System, proceeds from the sale or other disposition of the Wastewater System or any part thereof, and shall also include investment income, if any, earned on any fund or account created pursuant to this Resolution and paid into the Revenue Fund, all as calculated in accordance with generally accepted accounting principles, but “Gross Revenues” shall not include internal services charges, non-ad valorem special assessments which are pledged for the repayment of, or as security for, any indebtedness of the Village, whether currently outstanding or hereafter issued, condemnation awards or proceeds of insurance received with respect to the Wastewater System, impact fees or unrealized gains or losses from investments.

“Interest Rate” means a rate per annum equal, prior to a Determination of Taxability, to 67% of the sum of the LIBOR Rate plus 1.68%, multiplied by the Margin Rate Factor (as defined on Schedule I to the Series 2013 Note), and after a Determination of Taxability, to the Taxable Rate; provided, however, that upon the occurrence of an Event of Default described in Section 15.B. through G. hereof, the Interest Rate shall immediately and automatically become the Default Rate.

“Interest Rate Determination Date” means the first Business Day of the calendar month in which the Series 2013 Note is issued and the first Business Day of each calendar month thereafter.

“Lender” means STI Institutional & Government, Inc., a Delaware general business corporation and its successors and/or assigns.

“LIBOR” means the London interbank offered rate.

“LIBOR Rate” means that rate per annum effective on any Interest Rate Determination Date which is equal to the quotient of:

(i) the rate per annum equal to the offered rate for deposits in U.S. dollars for a one (1) month period, which rate appears on that page of Bloomberg reporting service, or such similar service as determined by the Lender, that displays British Bankers’ Association interest settlement rates for deposits in U.S. Dollars, as of 11:00 A.M. (London, England time) two (2) Business Days prior to the Interest Rate Determination Date; provided, that if no such offered
rate appears on such page, the rate used for such interest period will be the per annum rate of interest determined by the Lender to be the rate at which U.S. dollar deposits for such interest period are offered to the Lender in the London Inter-Bank Market as of 11:00 A.M. (London, England time), on the day which is two (2) Business Days prior to the Interest Rate Determination Date, divided by

(ii) a percentage equal to 1.00 minus the maximum reserve percentages (including any emergency, supplemental, special or other marginal reserves) expressed as a decimal (rounded upward to the next 1/100th of 1%) in effect on any day to which the Lender is subject with respect to any LIBOR loan pursuant to regulations issued by the Board of Governors of the Federal Reserve System with respect to Eurocurrency funding (currently referred to as “eurocurrency liabilities” under Regulation D). This percentage will be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“Line of Credit Agreement” means this agreement between the Lender and the Village setting forth the terms and details of the Loan.

“Loan” means the advance of moneys from the Lender to the Village pursuant to this Line of Credit Agreement.

“Maturity Date” means ________, 2016.

“Net Wastewater System Revenues” mean shall mean the Gross Revenues, after deduction of the Cost of Operation and Maintenance.

“Paying Agent” means the Finance Director.

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

“Pledged Revenues” means (i) the Net Wastewater System Revenues, (ii) the Special Assessments, (iii) the moneys on deposit in the funds and accounts created hereunder, and (iv) investment earnings on such moneys on deposit in the funds and accounts created hereunder.

“Principal Balance” means the amount of principal outstanding under the Series 2013 Note at any time which amount shall equal the sum of all Advances less any prepayments of principal.

“Project” means the capital improvements to the Wastewater System, including a wastewater transmission main and pumping facility.

“Register” means the books maintained by the Registrar in which are recorded the name and address of the Registered Owner of the Series 2013 Note.
“Registered Owner” means the person in whose name the ownership of the Series 2013 Note is registered on the books maintained by the Registrar. The initial Registered Owner shall be the Lender.

“Registrar” means the Person maintaining the Register. The Registrar shall initially be the Clerk.

“Regulations” means the Income Tax Regulations promulgated by the Internal Revenue Service under Sections 103 and 141 through 150 of the Code.

“Resolution” means Resolution No. ____ adopted by the Village on ______, 2013, as may be amended and supplemented from time to time.

“Series 2013 Note” means the Capital Improvement Revenue Note, Series 2013 (Wastewater Project), of the Village, substantially in the form attached hereto as Exhibit A.

“Special Assessments” means the proceeds to be derived from the assessments to be levied against the lands and properties to be specially benefited by the construction of the Project, including interest on such assessments and any penalties thereon and moneys received upon the foreclosure of the liens of any such assessments, but excluding moneys recovered for the expense of collecting Assessments.

“State” means the State of Florida.

“Taxable Rate” means, upon a Determination of Taxability, the interest rate per annum that shall provide the Registered Owner with the same after tax-yield that the Registered Owner would have otherwise received had the Determination of Taxability not occurred, taking into account the increased taxable income of the Registered Owner as a result of such Determination of Taxability. The Registered Owner shall provide the Village with a written statement explaining the calculation of the Taxable Rate, which statement shall, in the absence of manifest error, be conclusive and binding on the Village.

“Village” means Islamorada, Village of Islands, Florida.

“Village Manager” means the Village Manager, as the chief operating officer of the Village.

“Wastewater System” means the complete sewer and wastewater system now owned, operated and maintained by the Village and which the Village is, or shall be responsible for maintaining, together with any and all acquisitions, improvements, extensions and additions thereto, hereafter constructed or acquired, together with all lands or interests therein, including plants, buildings, machinery, franchises, pipes, mains, fixtures, equipment and all property, real or personal, tangible or intangible (including agreements for the providing of such services), now or hereafter constructed and/or owned or used in connection therewith.
SECTION 2. INTERPRETATION. Unless the context clearly requires otherwise, words of masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Line of Credit Agreement and all the terms and provisions hereof (a) have been negotiated between the Village and the Lender; (b) shall not be construed strictly in favor of or against either party hereto; and (c) shall be construed to effectuate the purpose set forth herein and to sustain the validity hereof.

SECTION 3. THE LOAN.

A. Loan. The Lender hereby makes and the Village hereby accepts the Loan, upon the terms and conditions set forth herein.

B. Disbursement of Proceeds. Proceeds of the Loan shall be made available to the Village in one or more Advances. The proceeds of each Advance shall be used for the Project.

SECTION 4. DESCRIPTION OF SERIES 2013 NOTE. The obligation of the Village to repay the Loan shall be evidenced by the Series 2013 Note. The Series 2013 Note shall be dated as of the Date of Delivery; shall mature on the Maturity Date; and shall be in registered form.

A. Amount of Series 2013 Note. The Principal Balance of the Series 2013 Note shall be equal to the aggregate amount of all Advances requested by the Village and disbursed by the Lender less the amounts of principal repaid by the Village to the Lender, provided however, that the aggregate principal amount outstanding at any time shall not exceed Ten Million Dollars ($10,000,000). Amounts may be advanced under the Series 2013 Note, repaid by the Village to the Lender and then advanced again, so long as no more than $10,000,000 in principal shall be outstanding at any time, so that the Series 2013 Note shall constitute a revolving line of credit note.

B. Interest Rate. Interest on the Series 2013 Note shall equal the Interest Rate and shall be calculated using a 360-day year for the actual number of days elapsed and shall be collected via ACH Direct Debit from an account of the Village held at SunTrust Bank, as will the Facility Fee as provided in Section 10.B.(i) hereof.

C. Payments. Except as set forth in the next sentence, interest on the Series 2013 Note shall be paid monthly in arrears on the first Business Day of each month, commencing December 1, 2013. All outstanding principal shall be paid on the Maturity Date together with all accrued and unpaid interest. Additional principal prepayments shall be made as required by Section 11.B hereof. Principal payments shall be collected via ACH Direct Debit from an account of the Village held at SunTrust Bank.

D. Advances under the Series 2013 Note. The Series 2013 Note may be drawn upon no more than once per month in a minimum amount of $500,000. Each Advance constitutes a representation by the Village that it remains in full compliance with the terms of
this Line of Credit Agreement, that no Determination of Taxability has occurred, that no Event of Default currently exists and that no Event of Default, that has not been cured within any applicable grace and notice period, would exist with the passage of time or the giving of notice.

In addition, prior to each Advance, the Village shall deliver or cause to be delivered an opinion of Bond Counsel regarding any changes in federal tax law as of the date thereof which would cause the Series 2013 Note to become taxable.

The Lender shall not be required to make any further Advances if an Event of Default has occurred and is continuing or if a Determination of Taxability, as defined in the Series 2013 Note, has occurred.

If the Village becomes aware or is notified by the Lender that a change in law is pending that will prevent future Advances from being made, the interest on which is excludable from the gross income of the Registered Owner, the Village may request an Advance of as much of the Loan as it believes it needs for the completion of the Project.

E. Reductions of the Principal. Upon two Business Days’ written notice by the Village to the Lender, the Village may pay an amount not less than $500,000 and no more frequently than once per month to reduce the principal amount outstanding at anytime without penalty.

F. Facility Fee. The Village shall pay to the Lender quarterly in arrears on each March 30, June 30, September 30 and December 30 commencing [December 30, 2013] to and including the Maturity Date, a nonrefundable facility fee equal to 35 basis points (0.35%) multiplied times the difference between the average principal amount of the Series 2013 Note outstanding during such quarter and the maximum principal amount of the Series 2013 Note ($10,000,000) (the “Facility Fee”), calculated using a 360-day year for the actual number of days elapsed.

SECTION 5. EXECUTION OF SERIES 2013 NOTE. The Series 2013 Note shall be executed in the name of the Village by the Mayor and attested by the Clerk, and its corporate seal or a facsimile thereof shall be affixed thereto or reproduced thereon. The Series 2013 Note may be signed and sealed on behalf of the Village by any person who at the actual time of the execution of the Series 2013 Note shall hold the appropriate office in the Village, although at the date thereof the person may not have been so authorized. The Series 2013 Note may be executed by the facsimile signatures of the Mayor and/or Clerk, provided that at least one of the foregoing signatures must be a manual signature.

SECTION 6. REGISTRATION AND TRANSFER OF SERIES 2013 NOTE. The Series 2013 Note shall be and shall have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code-Investment Securities Laws of the State of Florida, and each Registered Owner, in accepting the Series 2013 Note, shall be conclusively deemed to have
agreed that such Series 2013 Note shall be and have all of the qualities and incidents of negotiable instruments thereunder.

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

Ownership of the Series 2013 Note may be transferred or assigned only upon the Register. Upon surrender to the Registrar for transfer or exchange of the Series 2013 Note accompanied by an assignment or written authorization for exchange, whichever is applicable, duly executed by the Registered Owner or its attorney duly authorized in writing, the Registrar shall deliver in the name of the Registered Owner or the transferee or transferees, as the case may be, a new fully registered Series 2013 Note of the same amount, maturity and interest rate as the Series 2013 Note surrendered. Provided however, any assignment or transfer by the Registered Owner of the Series 2013 Note shall be in whole and not in part.

The Series 2013 Note presented for transfer, exchange, redemption or payment (if so required by the Village or the Registrar) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guaranty of signature satisfactory to the Village Attorney, Bond Counsel, or the Registrar, duly executed by the Registered Owner or by his duly authorized attorney.

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

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

Whenever a Series 2013 Note shall be delivered to the Registrar for cancellation, upon payment of the principal amount thereof, or for replacement, transfer or exchange, such Series 2013 Note shall be cancelled and destroyed by the Registrar, and counterparts of a certificate of destruction evidencing such destruction shall be furnished to the Village.
SECTION 7. SERIES 2013 NOTE MUTILATED, DESTROYED, STOLEN OR LOST.
In case the Series 2013 Note shall be mutilated, or be destroyed, stolen or lost, upon the Registered Owner furnishing the Registrar satisfactory indemnity and complying with such other reasonable regulations and conditions as the Village may prescribe and paying such expenses as the Village may incur, the Registrar shall issue and deliver a new Series 2013 Note of like tenor as the Series 2013 Note so mutilated, destroyed, stolen or lost, in lieu of or substitution for the Series 2013 Note, if any, destroyed, stolen or lost, or in exchange and substitution for such mutilated Series 2013 Note, upon surrender of such mutilated Series 2013 Note, if any, to the Registrar and the cancellation thereof; provided however, if the Series 2013 Note shall have matured or be about to mature, instead of issuing a substitute Series 2013 Note, the Village may pay the same, upon being indemnified as aforesaid, and if such Series 2013 Note be lost, stolen or destroyed, without surrender thereof. Any Series 2013 Note surrendered under the terms of this Section 7 shall be cancelled by the Registrar.

Any such new Series 2013 Note issued pursuant to this section shall constitute an original, additional contractual obligation on the part of the Village whether or not, as to the new Series 2013 Note, the lost, stolen or destroyed Series 2013 Note be at any time found by anyone, and such new Series 2013 Note shall be entitled to equal and proportionate benefits and rights as to security for payment to the same extent as the Series 2013 Note originally issued hereunder.

SECTION 8. FORM OF SERIES 2013 NOTE. The Series 2013 Note shall be in substantially the form attached hereto as Exhibit A, with such variations, omissions and insertions as may be necessary, desirable and authorized or permitted by this Line of Credit Agreement.

SECTION 9. SECURITY FOR SERIES 2013 NOTE; SERIES 2013 NOTE NOT DEBT OF THE VILLAGE. The payment of the principal of and interest on the Series 2013 Note shall be secured forthwith solely by a lien upon and pledge of the Pledged Revenues and to the extent any deficiency exists, from Non-Ad Valorem Revenues budgeted and appropriated by the Village. The principal of and interest on the Series 2013 Note shall not constitute a general obligation or indebtedness of the Village, but shall be a limited obligation of the Village payable solely from the Pledged Revenues as provided herein. The Registered Owner shall never have the right to compel the levy of taxes upon any property of or in the Village for the payment of the principal of and interest on the Series 2013 Note.

Anything in this Agreement to the contrary notwithstanding, to the extent that at any time a deficiency exists in the amount of Pledged Revenues needed to pay debt service on the Series 2013 Note, it is understood and agreed that all obligations of the Village hereunder shall be payable from Non-Ad Valorem Revenues budgeted and appropriated as provided for hereunder and nothing herein shall be deemed to pledge ad valorem taxation revenues or to permit or constitute a mortgage or lien upon any assets or property owned by the Village, and neither the Lender nor any other person may compel the levy of ad valorem taxes on real or personal property within the boundaries of the Village for the purpose of making up such
The Village covenants to budget and appropriate sufficient Non-Ad Valorem Revenues to make the payments required hereunder. The obligations hereunder do not constitute a general obligation indebtedness of the Village within the meaning of any constitutional, statutory or charter provision or limitation, and neither the Lender nor any other person shall have the right to compel the exercise of the ad valorem taxing power of the Village or taxation of any real or personal property therein for the payment by the Village of its obligations hereunder. Except to the extent expressly set forth in this Loan Agreement, this Loan Agreement and the obligations of the Village hereunder shall not be construed as a limitation on the ability of the Village to pledge or covenant to pledge said Non-Ad Valorem Revenues or any revenues or taxes of the Village for other legally permissible purposes. Notwithstanding any provisions of this Line of Credit Agreement or the Series 2013 Note to the contrary, the Village shall never be obligated to maintain or continue any of the activities of the Village which generate user service charges, regulatory fees or any Non-Ad Valorem Revenues or the rates for such services or regulatory fees. Neither this Loan Agreement nor the obligations of the Village hereunder shall be construed as a pledge of or a lien on all or any Non-Ad Valorem Revenues of the Village other than Pledged Revenues, but shall be payable solely as provided in this Section and are subject in all respects to the provisions of Section 166.241, Florida Statutes, and are subject, further, to the payment of services and programs which are for essential public purposes affecting the health, welfare and safety of the inhabitants of the Village.

The Lender and the Issuer understand that the amounts available to be budgeted and appropriated to make debt service payments hereunder are subject to the obligation of the Village to provide essential services; however, such obligation to make debt service payments is cumulative and would carry over from Fiscal Year to Fiscal Year.

SECTION 10. FLOW OF FUNDS. There is hereby established an “Assessments Fund”, a “Revenue Fund”, and a “Debt Service Fund” with an Interest Account and a Principal Account therein. The Debt Service Fund and accounts therein shall be held at SunTrust Bank.

A. Special Assessments. The Village shall deposit into the Assessments Fund all Assessments, promptly upon receipt thereof. On or before the last day of each month, the Village shall withdraw moneys from the Assessments Fund in an amount sufficient to make up any deficiency in the Interest Account of the Debt Service Fund to pay the interest payment coming due on the first Business Day of the next month, and deposit the same to the credit of the Interest Account in the Debt Service Fund. After such withdrawal any moneys in the Assessments Fund may be used for any lawful purpose. Any moneys remaining in the Assessments Fund on the Maturity Date shall be used to the extent necessary to pay the principal on the Loan.

B. Revenues. The Village shall deposit all Net Wastewater System Revenues into the Revenue Fund, promptly upon the receipt thereof. The moneys in the Revenue Fund shall no later than 5 days prior to the payment dates described below, be deposited or credited in the following manner and in the following order of priority:
Debt Service Fund. Moneys shall be transferred from the Revenue Fund to the
Debt Service Fund and deposited or credited in the following manner and in the following order
of priority, all such transfers to be made at least 3 days prior to the applicable payment date:

(i) Interest Account. The Village shall deposit into or credit to the
Interest Account the sum which, together with the balance in said account, shall equal the
interest on the Series 2013 Note accrued and unpaid and to accrue to the next interest
payment date. Moneys in the Interest Account shall be applied by the Village to pay
interest on the Series 2013 Note as and when the same shall become due and for no other
purpose. In addition, quarterly prior to the due date of the Facility Fee required by
Section 4.F. hereof, the Village shall deposit to the Interest Account an amount sufficient
to pay such fee.

(ii) Principal Account. Next, on or before the Maturity Date, the
Village shall deposit into or credit to the Principal Account the sum which, together with
the balance in said account, shall equal the principal amount of Series 2013 Note due and
unpaid. In addition, the Village shall deposit to the Principal Account any amounts to be
applied to any prepayments of principal hereunder, including those made pursuant to
Section 11.B. hereof.

C. Surplus Moneys. The balance of any moneys remaining in the Revenue Fund
after the payments and deposits required by subsection (B)(i) may be used for any lawful
purpose of the Village or be used for payment of the principal of and interest on any
Subordinated Debt hereafter issued by the Village.

To the extent funds are not available in the Debt Service Fund to timely pay principal and
interest on the Series 2013 Note when due, the Village will apply Non-Ad Valorem Revenues
budgeted and appropriated pursuant to Section 9 to make such payments.

SECTION 11. COVENANTS OF THE VILLAGE. Until the principal of and interest
on the Series 2013 Note shall have been paid in full or provision for payment of the Series 2013
Note shall have been made in accordance with the provisions of this Line of Credit Agreement,
the Village covenants with the Registered Owner of the Series 2013 Note as follows:

A. Payments. The Village will punctually pay all principal of and interest on the
Series 2013 Note and all Facility Fee payments when due by ACH Direct Debit, or if approved by
the Lender, wire transfer or other medium acceptable to the Village and the Lender, as provided
by Section 4 hereof.

B. Reimbursements. The Village covenants that it will pay to the Lender to be
utilized to repay principal on the Series 2013 Note all proceeds of reimbursements from the State
of Florida Revolving Loan Fund and the United States Army Corp of Engineers received in
connection with the Project promptly upon receipt thereof. All such reimbursements shall be
deposited to the Principal Account and applied pursuant to Section 10.B.(ii) hereof. Such reimbursements shall not be subject to the provisions of Section 4.E. hereof.

C. **Financial Statements.** The Village shall provide to the Lender its audited year-end financial statements no later than 270 days after the end of the each Fiscal Year prepared in accordance with generally accepted accounting principles.

D. **Annual Budget and Other Information.** The Village will prepare its annual budget in accordance with the Act, and will provide to the Lender a copy of its final annual budget for each Fiscal Year within 30 days of adoption thereof by the Council, and the Village will provide the Lender such other financial or public information as the Lender may reasonably request.

E. **Tax Compliance.** Neither the Village, nor any third party over whom the Village has control, will make any use of, or permit an omission of use, of the proceeds of the Series 2013 Note at any time during the term of the Series 2013 Note which would cause the Series 2013 Note to be (a) a “private activity bond” within the meaning of Section 103(b)(1) of the Code or (b) an “arbitrage bond” within the meaning of Section 103(b)(2) of the Code. The Village covenants throughout the term of the Series 2013 Note to comply with the requirements of the Code and the Regulations, as amended from time to time, and to take all actions, and to not permit the omission of any actions, necessary to maintain the exclusion from gross income for purposes of the Code of interest on the Series 2013 Note, including without limitation, the payment of arbitrage rebate, if required.

The Village makes each of the representations, warranties and covenants contained in the Tax Certificate delivered with respect to the Series 2013 Note. By this reference, all terms, conditions, and covenants in said Tax Certificate are incorporated in and made a part of this Line of Credit Agreement.

F. **Additional Debt.** No additional bonds or other obligations secured on a parity with or on a prior basis to the Series 2013 Note by a lien upon the Pledged Revenues shall be issued.

Other bonds or debt secured by a lien on any of the Pledged Revenues may be issued or incurred only if on a basis subordinate to the Series 2013 Note (the “Subordinate Debt”) and if the average net Pledged Revenues for the two most recent preceding Fiscal Years for which audited financial statements are available shall be greater than 1.00 times the projected maximum annual debt service on the additional bonds or other obligations proposed to be issued, the Series 2013 Note and any other outstanding bonds or debt secured by the Pledged Revenues, as shown on a certificate of the Finance Director and delivered to the Registered Owner at the time of incurrence of such debt or issuance of such bonds, provided, that the Village shall not be required to comply with the foregoing test with respect to any additional bonds or other obligations issued for the purpose of refunding the Series 2013 Note where such refunding results in no increase in the debt service requirement on the Series 2013 Note.
G. **Rate Covenant.** The Village will fix, establish, revise from time to time whenever necessary, maintain and collect always such fees, rates, rentals and other charges for the use of the products, services and facilities of the Wastewater System which will always provide Net Wastewater System Revenues plus Special Assessments in each Fiscal Year sufficient to pay one hundred ten percent (110%) of the debt service on the Series 2013 Note and any outstanding Subordinate Debt in the previous Fiscal Year.

H. **No Free Service.** So long as the Series 2013 Note is outstanding, the Village shall not furnish or supply the facilities, services and commodities of the Wastewater System either free of charge or for a nominal charge to any person, firm or corporation, public or private, including the Village's departments, agencies and instrumentalities which avail themselves of the services of the Wastewater System. The Village shall promptly enforce the payment of any and all accounts owing to the Village and delinquent, by discontinuing service or by filing suits, actions or proceedings, or by both discontinuance of service and filing suit.

I. **Mandatory Cut Off.** The Village shall establish a written policy consistent with sound business judgment for the disconnection from the Wastewater System of any customer who fails to pay for services rendered by the Wastewater System, and shall enforce such policy diligently and fairly.

J. **Enforcement Of Collections.** The Village will diligently enforce and collect the rates, fees and other charges for the services and facilities of the Wastewater System and will take all steps, actions and proceedings for the enforcement and collection of such rates, charges and fees as shall become delinquent to the full extent permitted or authorized by law; and will maintain accurate records with respect thereof. All such fees, rates, charges and revenues shall, as collected, be held in trust to be applied as herein provided.

K. **Operating Budget.** The Village shall annually, prior to commencement of each of its Fiscal Years, prepare and adopt a budget of the estimated expenditures for the operation and maintenance of the Wastewater System during such next succeeding Fiscal Year. The Village shall mail or provide electronically copies of such annual budgets (including any amendments thereto) to the Registered Owner.

L. **Mandatory Connections; No Competing Wastewater System.** So long as service is in fact available as reasonably determined by the Village, the Village will, to the full extent permitted by law, require all lands, buildings and structures within the area being served by the Wastewater System (other than the residential and commercial reuse system), to connect with and use such facilities within one year after notification. To the extent permitted by law, the Village will not grant a franchise for the operation of any competing utility system or systems within the area served by the Wastewater System until the Series 2013 Note, together with the interest thereon, and premium, if any, have been paid in full. Notwithstanding the foregoing, the Village shall not be required to duplicate services being provided by private or public
utilities in the area being served by such private or public utilities on the date of issuance of the Series 2013 Note. In addition, the Village shall not be prohibited from allowing other private or public utilities to provide services within the area being served by the Wastewater System, if the Village shall not be providing such service in such area on the date of issuance of the Series 2013 Note. Nothing herein shall be deemed to constitute the approval of the Village for any private or public utility (other than the Wastewater System) to provide any services within the boundaries of the Village or within the area being served by the Wastewater System or within any other area of the Village.

M. Supervisory Personnel. The Village, in operating the Wastewater System, will employ or designate, as manager, one or more of its qualified employees, or an independent contractor, who have demonstrated ability and experience in operating similar facilities, and will require all such employees or independent contractors, as the case may be, who may have possession of money derived from the operation of the Wastewater System to be covered by a fidelity bond, written by a responsible indemnity company in amounts fully adequate to protect the Village from loss.

N. Insurance. The Village will keep, or cause to be kept, the works, plants and facilities comprising the properties of the Wastewater System insured, and will carry such other insurance against fire and other risks, accidents or casualties at least to the extent and of the kinds that insurance is usually carried by utilities operating like properties. Any insurance shall be in the form of policies or contracts for insurance with insurers of good standing, shall be payable to the Village and may provide for such deductibles, exclusions, limitations, restrictions, and restrictive endorsements customary in policies for similar coverage issued to entities operating properties similar to the properties of the Wastewater System. Any self insurance shall be in the amounts, manner and of the type provided by entities operating properties similar to the properties of the Wastewater System. In the event of any loss or damage to the Wastewater System covered by insurance, the Village will, with respect to each such loss, promptly repair, reconstruct or replace the parts of the Wastewater System affected by such loss or damage to the extent necessary to the proper conduct of the operation of the business of the Wastewater System, shall cause the proceeds of such insurance to be applied for that purpose to the extent required therefor, and pending such application, shall hold the proceeds of any insurance policy covering such damage or loss in trust to be applied for that purpose to the extent required therefor. Any excess insurance proceeds received by the Village may be used by the Village for any lawful purpose. Notwithstanding the foregoing or any provisions of this Line of Credit Agreement to the contrary, the Village shall not be required to maintain insurance with respect to facilities for which insurance shall not be available at reasonable cost or for facilities which are not customarily insured.

SECTION 12. REPRESENTATIONS AND WARRANTIES. The Village represents and warrants to the Lender that:
A. **Organization.** The Village is a municipal corporation, duly organized and existing under the laws of the State of Florida.

B. **Authorization of Line of Credit Agreement and Related Documents.** The Village has the power and has taken all necessary action to authorize the execution and delivery of and the performance by the Village of its obligations under, this Line of Credit Agreement and the Series 2013 Note in accordance with their respective terms. This Line of Credit Agreement and the Series 2013 Note have been duly executed and delivered by the Village and are valid and binding obligations of the Village, enforceable against the Village in accordance with their respective terms, except to the extent that such enforcement may be limited by laws regarding bankruptcy, insolvency, reorganization or moratorium applicable to the Village or by general principles of equity regarding the availability of specific performance.

C. **Pledged Revenues.** The Village currently receives the Pledged Revenues and is legally entitled to pledge from such Pledged Revenues amounts necessary to pay the principal of and interest on the Series 2013 Note when due as provided herein. The Village estimates that the Pledged Revenues will be available in amounts sufficient to pay the principal of and interest on the Series 2013 Note as the same becomes due prior to the Maturity Date and, to pay all principal of and interest on the Series 2013 Note on the Maturity Date. The Village shall take all lawful action necessary to enable the Village to continue to receive the Pledged Revenues in at least the amounts necessary to pay principal and interest on the Series 2013 Note to the extent not paid from some other source.

D. **Financial Statements.** The audited financial statements of the Village for the Fiscal Year ended September 30, 2012 (the “Financial Statements”), previously provided to the Lender were prepared in accordance with generally accepted accounting principles, are correct and present fairly the financial condition of the Village as of such date and the results of its operations for the period then ended.

**SECTION 13. CONDITIONS PRECEDENT.** The obligation of the Lender to make the Loan is subject to the satisfaction of each of the following conditions precedent on or before the Date of Delivery:

A. **Action.** The Lender shall have received a copy of the Resolution certified as complete and correct as of the closing date, together with an executed Line of Credit Agreement, the executed Series 2013 Note, and the customary closing certificates.

B. **Incumbency of Officers.** The Lender shall have received an incumbency certificate of the Village in respect of each of the officers who is authorized to sign this Line of Credit Agreement, the Series 2013 Note, and the related financing documents on behalf of the Village.
C. **Opinion of Village Attorney.** The Lender shall have received a written opinion of the Village Attorney as to (1) the valid existence of the Village as a municipal corporation of the State; (2) the due adoption of the Resolution; (3) the due authorization and execution of this Line of Credit Agreement and the Series 2013 Note, and the transaction contemplated hereby and thereby; (4) the Line of Credit Agreement and the Series 2013 Note constituting valid and binding obligations of the Village, enforceable against the Village, in accordance with their respective terms; and (5) the absence of litigation against the Village relating to (a) its existence or powers, (b) its authority to issue the Series 2013 Note, pledge the Pledged Revenues, and (c) the procedures governing the authorization and issuance of the Series 2013 Note, in a form and substance satisfactory to the Lender.

D. **Certificate of Finance Director.** The Lender shall have received a certification from the Finance Director that: (1) since the date of the Financial Statements referred to in Section 12.D. above, there has been no material adverse change in the financial condition, revenues, properties or operations of the Village; (2) there are no liabilities (of the type required to be reflected on balance sheets prepared in accordance with generally accepted accounting principles), direct or indirect, fixed or contingent, of the Village as of the date of such financial information which are not reflected therein; (3) there has been no material adverse change in the financial condition or operations of the Village since the date of such Financial Statements (and to the Finance Director’s knowledge no such material adverse change is pending or threatened); and (4) the Village has not guaranteed the obligations of, or made any investment in or loans to, any person except as disclosed in such information.

E. **Representations and Warranties; No Default.** The representations and warranties made by the Village herein shall be true and correct in all material respects on and as of the Date of Delivery, as if made on and as of such date; no Default shall have occurred and be continuing as of the Date of Delivery or will result from the consummation of the Loan; and the Lender shall have received a certificate from the Village to the foregoing effect.

F. **Lender Payments.** Lender shall have received payment of all fees required pursuant to the Commitment.

G. **Other Documents.** The Lender shall have received such other documents, certificates and opinions as the Lender or its counsel shall have reasonably requested.

**SECTION 14. NOTICES.** All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered, delivered by telecopier, mailed by registered or certified mail, postage prepaid, or delivered by courier service to the parties at the following addresses:

Village: ISLAMORADA, VILLAGE OF ISLANDS, Florida 86800 Overseas Highway Islamorada, Florida 33036
Attention: Village Manager, with a required copy to the Village Attorney at the same address, and a required copy to the Clerk at the same address.

Lender: STI Institutional & Government, Inc.
8699 NW 36th Street
2nd Floor Commercial
Doral, Florida 33131
Attention: __________

Any of the above parties may, by notice in writing given to the others, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Communication via telecopier shall be confirmed by delivery by hand, mail, or courier, as specified above, of an original promptly after such communication by telecopier.

SECTION 15. EVENTS OF DEFAULT DEFINED. The following shall be “Events of Default” under this Line of Credit Agreement, and the terms “Default” and “Events of Default” shall mean (except where the context clearly indicates otherwise), any one or more of the following events:

A. Failure by the Village to make any payment of principal of or interest on the Series 2013 Note within 3 Business Days of the date due.

B. Failure by the Village to observe and perform any other covenant, condition or agreement on its part to be observed or performed under this Line of Credit Agreement for a period of thirty (30) days after written notice of such default or failure was or was by the terms hereof required to be delivered to the Village by the Lender, unless the Lender shall agree in writing of such time prior to its expiration.

C. The making of any warranty, representation or other statement by the Village or by an officer or agent of the Village in this Line of Credit Agreement or in any instrument furnished in compliance with or in reference to this Line of Credit Agreement which is false or misleading in any material adverse respect.

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

E. The filing by the Village of a voluntary petition in bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or the consent by the Village to the filing of any petition against it under such law.
F. The admission by the Village of its insolvency or bankruptcy or its inability to pay its debts as they become due or that it is generally not paying its debts as such debts become due, or the Village’s becoming insolvent or bankrupt or making an assignment for the benefit of creditors, or the appointment by court order of a custodian (including without limitation a receiver, liquidator or trustee) of the Village or any of its property taking possession thereof and such order remaining in effect or such possession continuing for more than sixty (60) days.

G. The occurrence of a Determination of Taxability, as defined in the Series 2013 Note.

Upon an Event of Default specified in paragraphs B. through G. above, the Interest Rate shall immediately and automatically become the Default Rate.

SECTION 16. NOTICE OF DEFAULTS. The Village shall within five (5) Business Days after it acquires knowledge thereof, notify the Registered Owner of the Series 2013 Note in writing (a) of any change in any material fact or circumstances represented or warranted by the Village in this Agreement or in connection with the issuance of the Series 2013 Note, (b) upon the happening, occurrence, or existence of any Event of Default that the Registered Owner is not otherwise aware of, and (c) any event or condition which with the passage of time or giving of notice, or both, would constitute an Event of Default, and shall provide the Registered Owner of the Series 2013 Note, with such written notice, a detailed statement by the Authorized Village Representative of all the relevant facts and the action being taken or proposed to be taken by the Village with respect thereto. Regardless of the date of receipt of such notice by the Registered Owner of the Series 2013 Note, such date shall not in any way modify the date of occurrence of the actual Event of Default.

SECTION 17. REMEDIES. Upon an Event of Default specified in Section 15.A. above, the Lender may, by a notice in writing to the Village, declare the principal amount of and interest on the Series 2013 Note outstanding to be immediately due and payable, and upon such declaration, the same shall be immediately due and payable. For all Events of Default the Lender may also sue to protect and enforce any and all rights, including the right to specific performance, existing under the laws of the State of Florida, of the United States of America, or granted and contained in this Line of Credit Agreement, and to enforce and compel the performance of all duties required by this Line of Credit Agreement or by any applicable laws to be performed by the Village, the Council or by any officer thereof, and may take all steps to enforce this Line of Credit Agreement to the full extent permitted or authorized by the laws of the State of Florida or the United States of America.

The Village and the Lender each waives, to the fullest extent permitted by law, any right to trial by jury in respect of any litigation based upon the Series 2013 Note or arising out of, under or in conjunction with the Series 2013 Note or this Line of Credit Agreement.

SECTION 18. NO PERSONAL LIABILITY. No recourse shall be had for the payment of the principal of and interest on the Series 2013 Note or for any claim based on the
Series 2013 Note or on this Line of Credit Agreement, against any present or former member or officer of the Council or any person executing the Series 2013 Note.

SECTION 19. PAYMENTS DUE ON SATURDAYS, SUNDAYS AND HOLIDAYS. In any case where the date for making any payment or the last date for performance of any act or the exercise of any right, as provided in this Line of Credit Agreement, shall be other than a Business Day, then such payment or performance shall be made on the succeeding Business Day with the same force and effect as if done on the nominal date provided in this Line of Credit Agreement, provided that interest on any monetary obligation hereunder shall accrue at the applicable rate to and including the date of such payment.

SECTION 20. AMENDMENTS, CHANGES AND MODIFICATIONS. This Line of Credit Agreement may be amended only by a writing approved with the same formality as this Agreement, signed by both parties hereto.

SECTION 21. BINDING EFFECT. To the extent provided herein, this Line of Credit Agreement shall be binding upon the Village and the Lender and shall inure to the benefit of the Village and the Lender and their respective successors and assigns. This Line of Credit Agreement shall be discharged and neither the Village nor the Lender shall have any further obligations hereunder or under the Series 2013 Note when the Village shall have paid the principal of and interest on the Series 2013 Note in full and shall have paid in full all other amounts, if any, due under the Series 2013 Note or this Line of Credit Agreement.

SECTION 22. SEVERABILITY. In the event any court of competent jurisdiction shall hold any provision of this Line of Credit Agreement invalid or unenforceable such holding shall not invalidate or render unenforceable, any other provision hereof.

SECTION 23. EXECUTION IN COUNTERPARTS. This Line of Credit Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 24. APPLICABLE LAW. This Line of Credit Agreement shall be governed by and construed in accordance with the laws of the State.

SECTION 25. VENUE. The parties agree that jurisdiction and venue for the enforcement of this Loan Agreement shall be in the state and/or federal courts of Monroe County, Florida.

SECTION 26. ASSIGNMENT. The Lender may assign its rights hereunder to any party to whom it sells or transfers the Series 2013 Note.

IN WITNESS WHEREOF, the parties hereto have duly executed this Line of Credit Agreement as of the date first above written.
ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

(SEAL)

By: ______________________________
   Mayor

ATTEST:

By: ______________________________
   Ariana Lawson, Village Clerk

APPROVED AS TO FORM AND LEGALITY
FOR THE USE AND BENEFIT OF ISLAMORADA,
VILLAGE OF ISLANDS ONLY:

__________________________________
Village Attorney
Weiss, Serota, Helfman, Pastoriza,
Cole & Boniske, P.L.
STI INSTITUTIONAL & GOVERNMENT, INC.

By: 
Name: 
Title: 
EXHIBIT A

FORM OF SERIES 2013 NOTE

No. R-1

<table>
<thead>
<tr>
<th>INTEREST RATE</th>
<th>MATURITY DATE</th>
<th>DATE OF ISSUE</th>
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<tr>
<td>____%</td>
<td>______________</td>
<td>_____, 2013</td>
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REGISTERED OWNER: STI INSTITUTIONAL & GOVERNMENT, INC.

PRINCIPAL AMOUNT: Not to Exceed ________________________________

KNOW ALL MEN BY THESE PRESENTS, that ISLAMORADA, VILLAGE OF ISLANDS, Florida (the “Village”), for value received, hereby promises to pay to the Registered Owner designated above, or registered assigns, solely from the special funds hereinafter mentioned, on the Maturity Date, or sooner as provided herein, the principal sum of $______ or the amount so advanced and the interest on the outstanding principal hereof from the date of this Note or from the most recent date to which interest has been paid, whichever is applicable, until payment of such principal, with all unpaid interest being due on the Maturity Date or upon the earlier payment of principal hereunder upon presentation and surrender hereof at the office of the Clerk for ISLAMORADA, VILLAGE OF ISLANDS, as Registrar and Paying Agent. The principal of, and interest on this Note are payable in lawful money of the United States of America. Interest shall be payable at a variable rate equal to 67% x sum of (LIBOR Rate + 1.68%) multiplied by the Margin Rate Factor, as defined on Schedule I, subject to adjustment as set forth in Schedule I hereto. Interest due hereon shall be calculated on the basis of a 360-day year for the actual number of days elapsed.

This Note is being issued in the not to exceed aggregate principal amount $________ to pay the costs of the Project under the authority of and in full compliance with the Constitution and Statutes of the State of Florida, including particularly Chapter 166, Part II, Florida Statutes, as amended, and other applicable provisions of law, and Resolution No. 2013-______, duly adopted by the Village Council on ______, 2013 (the “Resolution”), and pursuant to a Line of Credit Agreement between the Village and the Registered Owner, dated __, 2013 (the “Line of Credit Agreement”), to which reference should be made to ascertain those terms and conditions. The terms and provisions of the Line of Credit Agreement and the Resolution, including without limitation, the definitions therein, are hereby incorporated as a part of this Note. The principal of this Note shall be disbursed by the Registered Owner hereof to the Village in one or more Advances in accordance with the Line of Credit Agreement. Upon request by the Village to the Registered Owner, the Village may pay an amount not less than $500,000 to reduce the principal
amount outstanding at anytime without penalty and, pursuant to the Line of Credit Agreement, has agreed to make certain other prepayments.

This Note is payable from and secured solely by the Pledged Revenues, as defined in and in the manner provided in, and subject to the terms and conditions of, the Resolution and the Line of Credit Agreement. This Note shall not constitute a general obligation or indebtedness of the Village, but shall be a limited obligation of the Village payable solely from the Pledged Revenues as provided in the Line of Credit Agreement. The Registered Owner hereof shall never have the right to compel the levy of taxes upon any property of or in the Village for the payment of the principal of and interest on this Note. Reference is made to the Line of Credit Agreement for the provisions relating to the security for payment of this Note and the duties and obligations of the Village hereunder.

The Registered Owner may sue to protect and enforce any and all rights, including the right to specific performance, existing under the laws of the State of Florida, of the United States of America, or granted and contained in the Line of Credit Agreement, and to enforce and compel the performance of all duties required by the Line of Credit Agreement or by any applicable laws to be performed by the Village, the Council or by any officer thereof, and may take all steps to enforce the Line of Credit Agreement to the full extent permitted or authorized by the laws of the State of Florida or the United States of America. The Village waives its right to trial by jury in the event of any proceedings in state or federal courts to enforce the terms of this Note or of the Line of Credit Agreement, and the Registered Owner, by its acceptance of this Note, waives its right to trial by jury in any such proceedings.

This Note is subject to all the terms of the Line of Credit Agreement and Schedule I attached hereto.

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

[Remainder of page left intentionally blank]
IN WITNESS WHEREOF, ISLAMORADA, VILLAGE OF ISLANDS, Florida, has caused this Note to be executed by the Mayor and attested by the Clerk, either manually or with their facsimile signatures, and its seal or a facsimile thereof to be affixed, impressed, imprinted, lithographed or reproduced hereon, all as of the Date of Issue above.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

(SEAL)

By: ________________________________
Mayor

ATTEST:

By: ________________________________
Village Clerk
CERTIFICATE OF AUTHENTICATION

This Note is one of the Notes issued under the provisions of the within mentioned Resolution.

Village Clerk of Islamorada,
Village of Islands, Florida,
as Authenticating Agent

Date of Authentication:

____, 2013       By: __________________________
Authorized Officer
ASSIGNMENT AND TRANSFER

For value received the undersigned hereby sells, assigns and transfers unto ________________________________ (Please insert Social Security or other identifying number of transferee) __________________ the attached Note of Islamorada, Village of Islands, Florida, and does hereby constitute and appoint, __________________________ attorney, to transfer the said Note on the books kept for registration thereof, with full power of substitution in the premises.

Date:

Signature Guaranteed by

________________________
[member firm of the New York Stock Exchange or a commercial bank or a trust company.]

By: ______________________
Title: ______________________

NOTICE: No transfer will be registered and no new Note will be issued in the name of the Transferee, unless the signature to this assignment corresponds with the name as it appears upon the face of the within Note in every particular, without alteration or enlargement or any change whatever and the Social Security or Federal Employer Identification Number of the Transferee is supplied.
SCHEDULE 1

ADJUSTMENTS TO INTEREST RATE IN CERTAIN EVENTS

A. Prior to a Determination of Taxability, upon a decrease in the Maximum Federal Corporate Tax Rate, the Registered Owner shall have the right to increase the Interest Rate on the Series 2013 Note to an Interest Rate equal to the then-current Interest Rate multiplied by the Margin Rate Factor.

B. Upon the occurrence of an Event of Default specified in Section 15.B. through G. in the Line of Credit Agreement, the Interest Rate on the Note shall immediately and automatically become the Default Rate, all as defined and provided in the Line of Credit Agreement.

C. Upon the occurrence of a Determination of Taxability and for as long as the Note remains outstanding, the Interest Rate on the Note shall be converted to the Taxable Rate (unless an Event of Default shall have occurred, in which case the Default Rate shall apply). In addition, upon a Determination of Taxability, the Village shall pay to the Registered Owner (i) an additional amount equal to the difference between (A) the amount of interest actually paid on the Note during the Taxable Period and (B) the amount of interest that would have been paid during the Taxable Period had the Note borne interest at the Taxable Rate, and (ii) an amount equal to any interest, penalties on overdue interest and additions to tax (as referred to in Subchapter A of Chapter 68 of the Code) owed by the Registered Owner as a result of the Determination of Taxability. This adjustment shall survive payment of the Note until such time as the federal statute of limitations under which the interest on the Note could be declared taxable under the Code shall have expired.

D. If the Registered Owner determines in its sole discretion at any time (the “Determination Date”) that it can no longer make, fund or maintain LIBOR-based loans for any reason, including without limitation, illegality, or the LIBOR Rate cannot be ascertained or does not accurately reflect the Registered Owner’s costs of funds, or the Registered Owner would be subject to additional costs that cannot be recovered from the Issuer, then the Registered Owner will notify the Issuer and thereafter will have no obligation to make fund or maintain LIBOR-based loans. Upon the Determination Date, the Interest Rate on the Note will be converted to a variable rate loan at a substantially equivalent rate based upon the Prime Rate rather than the LIBOR Rate. The Registered Owner shall provide the Issuer with a written statement explaining its calculation of the new Interest Rate, which statement shall, in the absence of manifest error, be conclusive and binding. Thereafter, the Interest Rate on the Note shall adjust simultaneously with any fluctuation in the Prime Rate.
E. "Determination of Taxability" means the occurrence after the date hereof of the adoption or taking effect of any law, rule or regulation that changes the ability of the Registered Owner to exclude all or a portion of the interest on the Note from gross income for Federal income tax purposes, or a final decree or judgment of any Federal court or a final action of the Internal Revenue Service determining that interest paid or payable on all or a portion of the Note is or was includable in the gross income of the Registered Owner for Federal income tax purposes; provided, that no such decree, judgment, or action will be considered final for this purpose, however, unless the Issuer has been given written notice and, if it is so desired and is legally allowed, has been afforded the opportunity to contest the same, either directly or in the name of any Registered Owner, and until the conclusion of any appellate review, if sought.

"Interest Rate Determination Date" means the first Business Day of the calendar month in which the Series 2013 Note is issued and the first Business Day of each calendar month thereafter.

"LIBOR" means the London interbank offered rate.

"LIBOR Rate" means that rate per annum effective on any Interest Rate Determination Date which is equal to the quotient of:

(i) the rate per annum equal to the offered rate for deposits in U.S. dollars for a one (1) month period, which rate appears on that page of Bloomberg reporting service, or such similar service as determined by the Registered Owner, that displays British Bankers' Association interest settlement rates for deposits in U.S. Dollars, as of 11:00 A.M. (London, England time) two (2) Business Days prior to the Interest Rate Determination Date; provided, that if no such offered rate appears on such page, the rate used for such interest period will be the per annum rate of interest determined by the Registered Owner to be the rate at which U.S. dollar deposits for such interest period are offered to the Registered Owner in the London Inter-Bank Market as of 11:00 A.M. (London, England time), on the day which is two (2) Business Days prior to the Interest Rate Determination Date, divided by

(ii) a percentage equal to 1.00 minus the maximum reserve percentages (including any emergency, supplemental, special or other marginal reserves) expressed as a decimal (rounded upward to the next 1/100th or 1%) in effect on any day to which the Registered Owner is subject with respect to any LIBOR loan pursuant to regulations issued by the Board of Governors of the Federal Reserve System with respect to Eurocurrency funding (currently referred to as "eurocurrency liabilities" under Regulation D). This percentage will be adjusted automatically on and as of the effective date of any change in any reserve percentage.
"Margin Rate Factor" means the fraction the numerator of which is equal to one (1) minus the Maximum Federal Corporate Tax Rate on the date of calculation and the denominator of which is 0.65. The Margin Rate Factor shall be 0.65/0.65 or 1.0 so long as the Maximum Federal Corporate Tax Rate shall be 35%, and thereafter shall increase from time to time effective as of the effective date of any decrease in the Maximum Federal Corporate Tax Rate.

"Maximum Federal Corporate Tax Rate" means the maximum rate of income taxation imposed on corporations pursuant to Section 11(b) of the Code, determined without regard to tax rate or tax benefit make-up provisions such as the last two sentences of Section 11(b)(1) of the Code, as in effect from time to time (or, if as a result of a change in the Code the rate of income taxation imposed on corporations shall not be applicable to the Registered Owner, the maximum statutory rate of federal income taxation which could apply to the Registered Owner). The Maximum Federal Corporate Tax Rate on the date of execution of the Note is 35%.

“Prime Rate” shall mean the per annum rate which SunTrust Bank announces from time to time as its prime rate, as in effect from time to time. The Prime Rate is a reference rate or benchmark rate, is purely discretionary and does not necessarily represent the lowest or best rate charged to borrowing customers. SunTrust Bank may make commercial loans or other loans at rates of interest at, above or below SunTrust Bank’s prime rate. Each change in SunTrust Bank’s prime rate shall be effective from and including the date such change is announced as being effective.

“Taxable Period” shall mean the period of time between (a) the date that interest on the Note is deemed to be includable in the gross income of the Registered Owner thereof for federal income tax purposes as a result of a Determination of Taxability, and (b) the date of the Determination of Taxability and after which interest is accruing and being paid at the Taxable Rate.

“Taxable Rate” shall mean, upon a Determination of Taxability, the interest rate per annum that shall provide the Registered Owner with the same after tax-yield that the Registered Owner would have otherwise received had the Determination of Taxability not occurred, taking into account the increased taxable income of the Registered Owner as a result of such Determination of Taxability. The Registered Owner shall provide the Village with a written statement explaining the calculation of the Taxable Rate, which statement shall, in the absence of manifest error, be conclusive and binding on the Issuer.

The foregoing notwithstanding, in no event shall the Note bear interest at a rate in excess of the maximum rate permitted by applicable law.