

RESOLUTION NO. 142 - 2019

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF PALM BEACH, PALM BEACH COUNTY, FLORIDA, AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$52,000,000 TOWN OF PALM BEACH, FLORIDA PUBLIC IMPROVEMENT REVENUE REFUNDING BONDS (CAPITAL IMPROVEMENT AND COASTAL MANAGEMENT PROGRAM) IN ONE OR MORE SERIES FOR THE PURPOSE OF REFUNDING ALL OR A PORTION OF THE TOWN'S PUBLIC IMPROVEMENT REVENUE BONDS, SERIES 2013 (CAPITAL IMPROVEMENT AND COASTAL MANAGEMENT PROGRAM), SUBJECT TO SUBSEQUENT PROCEEDINGS AND APPROVALS BY THE TOWN COUNCIL; AUTHORIZING AND DIRECTING THE TOWN MANAGER OR THE DIRECTOR OF FINANCE TO "DEEM FINAL" THE PRELIMINARY OFFICIAL STATEMENT RELATING TO THE BONDS FOR PURPOSES OF RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION; AUTHORIZING AND DIRECTING THE MAYOR, TOWN COUNCIL MEMBERS, THE TOWN MANAGER, THE DIRECTOR OF FINANCE AND OTHER PROPER OFFICIALS OF THE TOWN TO EXECUTE AND DELIVER ANY AND ALL DOCUMENTS AND INSTRUMENTS AND TO DO AND CAUSE TO BE DONE ANY AND ALL ACTS AND THINGS NECESSARY OR PROPER FOR CARRYING OUT THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Florida Constitution, applicable laws of the State of Florida and the Town Charter authorize and empower the Town of Palm Beach, Florida (the "Town") to adopt this Resolution; and

WHEREAS, pursuant to Resolution Nos. 194-2013 and 196-2013 (collectively, the "2013 Bond Resolution") adopted by the Town Council on November 12, 2013 the Town issued its Public Improvement Revenue Bonds, Series 2013 (Capital Improvement Coastal Management Program) (the "Series 2013 Bonds") to (i) finance or refinance various components of the Town's Capital Improvement Plan and Coastal Management Program (collectively, the "Project"); and (ii) pay the costs of issuing the Series 2013 Bonds; and

WHEREAS, according to PFM Financial Advisors LLC, the Town's Financial Advisor, recent record low market interest rates make it advisable for the Town to refund all or a portion of the Series 2013 Bonds (collectively, the "Refunded Bonds"); and

WHEREAS, since it is not possible under current law to advance refund the Series 2013 Bonds on a federally tax-exempt basis, it will be necessary to issue the Series 2019 Bonds (as defined herein) on a federally taxable basis.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF PALM BEACH, FLORIDA, AS FOLLOWS:

ARTICLE I

STATUTORY AUTHORITY; FINDINGS AND DEFINITIONS

SECTION 1.1. Authority For This Resolution. That this Resolution is adopted pursuant to the provisions of the Charter of the Town of Palm Beach, Florida, as amended and supplemented, the Florida Constitution and Chapter 166, Florida Statutes, as amended and supplemented, and other applicable provisions of law.

SECTION 1.2. Findings. That the findings of the Town Council set forth in the foregoing recitals are hereby adopted.

SECTION 1.3. Definitions. That as used herein the following terms shall have the following meanings unless the context otherwise clearly requires:

(a) “Act” shall mean the Florida Constitution, Chapter 166 of the Florida Statutes, as amended and supplemented, the Ordinance and the Charter of the Town of Palm Beach, Florida, as amended and supplemented, and other applicable provisions of law.

(b) “Beneficial Owner” shall mean, during any period the Bonds are registered under the Book-Entry System, any purchaser of a Bond and others who acquire a beneficial ownership interest in a Bond held by the Securities Depository. In determining the Beneficial Owner of any Bond, the Town, the Paying Agent, and the Registrar, may rely exclusively upon written representations made, and information given to the Town, the Paying Agent, and the Registrar by the Securities Depository or its Participants with respect to any Bond held by the Securities Depository in which a beneficial ownership interest is claimed. With respect to Replacement Bonds, the Town, the Paying Agent, and the Registrar shall consider the owner of any such Replacement Bond as registered on the registration books of the Town maintained by the Registrar to be the Beneficial Owner thereof.

(c) “Book-Entry System” shall mean the system under which the Town may issue its Bonds and maintain the registration for such Bonds in book-entry only form.

(d) “Bond Counsel” shall mean Locke Lord LLP or any other firm of nationally recognized bond counsel selected by the Town.

(e) “Bondholder” or “Owner” or “Holder” or any similar term shall mean any person who shall be the registered owner of any Bond or Bonds, as the case may be, outstanding under this Resolution.

(f) “Bonds” shall mean, collectively, the Series 2019 Bonds authorized by this Resolution.

(g) “Council” or “Town Council” or shall mean the duly constituted governing body of the Town.

(h) “Code” shall mean the Internal Revenue Code of 1986, as amended, and all subsequent tax legislation duly enacted by the Congress of the United States to the extent applicable to any Series of Bonds issued pursuant to this Resolution. Each reference to a section of the Code herein shall be deemed to include, if applicable, final, temporary or proposed regulations, revenue rulings and procedures issued or amended with respect thereto, and any final, temporary or proposed regulations and revenue rulings and procedures, as promulgated under the Internal Revenue Code of 1954, as amended, by the Treasury Department or Internal Revenue Service of the United States.

(i) “Credit Facility” or “Credit Facilities” shall mean, either individually or collectively, as appropriate, any municipal bond insurance policy, surety bond, letter of credit, line of credit, guaranty, or such other instrument or instruments that would enhance the credit of the Bonds. The term Credit Facility shall not mean a Reserve Account Credit Facility.

(j) “Credit Facility Issuer” shall mean the provider of a Credit Facility.

(k) “Debt Service Reserve Requirement” shall mean an amount required to be on deposit in a Debt Service Reserve Account, if any is created and established with respect to one or more Series of Bonds, which amount shall equal the lesser of (i) one hundred twenty-five percent (125%) of the average annual amount of debt service on all Series of Bonds Outstanding for the then current fiscal year or any future fiscal year, (ii) ten percent (10%) of the respective proceeds (as such term is defined under the Code for such purpose) of each Series of Bonds, or (iii) the maximum annual aggregate debt service on all Series of Bonds outstanding for the then current fiscal year or any future fiscal year. All or a portion of such Debt Service Reserve Requirement may be satisfied by obtaining a Reserve Account Credit Facility with the requisite coverage; provided that, if a supplemental resolution authorizing the issuance of a Series of Bonds provides for or permits the establishment of a separate Debt Service Reserve sub-account to secure only such Series of Bonds (with such Series of Bonds having no claim on the other moneys, if any, deposited to the credit of the Debt Service Reserve Account, if established), the Debt Service Reserve Requirement for such Series of Bonds shall be calculated as set forth in or pursuant to the related supplemental resolution, and (x) in such event or (y) in the event that a supplemental resolution relating to a Series of Bonds, including the Series 2019 Bonds, provides or permits that such Series of Bonds shall not be secured by a Debt Service Reserve Account (or sub-account therein) each such Series of Bonds shall not be deemed outstanding for purposes of calculating the Debt Service Reserve Requirement under this Resolution

(l) “Defeasance Obligations” shall mean, to the extent permitted by law and (other than with respect to the obligations described in clause (i) below) acceptable to the Credit Facility Issuer if the principal of and interest on the defeased Bonds is secured by a Credit Facility and such Credit Facility Issuer is not in default under such Credit Facility or, if not so secured by a Credit Facility, acceptable to the Rating Agency or Agencies then rating the defeased Bonds:

(i) U. S. Obligations (direct obligations of, or obligations on which the timely payment of principal and interest are unconditionally guaranteed by the United States of America) which are not callable prior to maturity except by the holder thereof;

(ii) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (A) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (B) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or obligations of the character described in clause (i) hereof which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (A) of this clause (ii), as appropriate, and (C) as to which the principal of and interest on the bonds and obligations of the character described in clause (i) hereof which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (ii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (A) of this clause (ii), as appropriate; and

(iii) evidences of ownership of proportionate interests in future interest and principal payments on obligations described in (i) held by a bank or trust company as custodian.

(m) “Direct Payments” means any direct payments, grants or other subsidies received from the federal government or the State of Florida relative to debt service on any Series of Bonds.

(n) “Disclosure Counsel” means Greenspoon Marder LLP or any other firm selected by the Town to serve in such capacity.

(o) “Escrow Agent” shall mean any bank or trust company and successor bank or trust company appointed by the Town to serve as escrow agent under the escrow deposit agreement to be entered into in connection with the refunding of the Refunded Bonds.

(p) “Government Obligations” shall mean the direct obligations of, or obligations on which the timely payment of principal and interest are unconditionally guaranteed by the United States of America.

(q) “Investment Obligations” shall mean any of the following obligations or securities, to the extent permitted by law:

(i) United States Treasury notes, bonds, bills, or certificates of indebtedness, the timely payment of principal of and interest on which is fully and unconditionally guaranteed by the full faith and credit of the United States of America.

(ii) Obligations issued by the Federal Home Loan Bank, direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; debentures of the Federal Housing Administration; guaranteed mortgage-backed bonds and guaranteed pass-through obligations of the Government National Mortgage Corporation; guaranteed Title XI financing of the U. S. Maritime Administration; mortgage-backed securities and senior debt obligations of the Federal National Mortgage Association; and participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation.

(iii) Any bonds, notes or other evidences of indebtedness issued by any State, city, county, public district or authority or any other entity, interest on which is exempt from Federal income tax under Section 103(a) of the Code, provided that such bonds, notes or evidences of indebtedness shall be rated "Aa3" or better by Moody's and "AA-" or better by S&P.

(iv) Any repurchase agreement that is with a bank or trust company or financial institution that has a short-term rating not lower than the second highest generic rating category and a long-term rating not lower than the second highest generic rating category by either Moody's or S&P and combined capital, surplus and undivided profits not less than \$100,000,000 or with government dealers (any such government dealer must be a member of Securities Investor Protection Corporation), for Government Obligations having on the date of the repurchase agreement and on the first day of every month thereafter a fair market value equal to at least 103% of the amount of the repurchase obligation of the bank or trust company or financial institution or governmental dealer; provided, however, that (A) the repurchase obligation of the bank or trust company or financial institution or government dealer is collateralized by such Government Obligations themselves, (B) such Government Obligations purchased must be transferred to the depository or a third party agent by physical delivery or by an entry made on the records of the issuer of such Government Obligations and such Depository or third party agent and segregated from securities owned generally by the bank or trust company or financial institution or government dealer, (C) a perfected security interest under the Uniform Commercial Code of the state in which the securities are located or book entry procedures presented at 31 C.F.R. Section 306.1 et seq. or 31 C.F.R. Section 350.0 et seq. in such investments is created for the benefit of the owners of the Bonds, and (D) if the repurchase agreement is with the bank serving as Paying Agent or any related party, the third party holding such investments holds them as agent for the benefit of the owners of the Bonds rather than as agent for the bank serving as Paying Agent or any other party and the investments be evaluated no less frequently than weekly to determine if their fair market value equals or exceeds the required 103% level, and if upon such valuation the fair market value is found to be deficient, then the bank shall have no more than five (5) Business Days to pledge additional Government Obligations authorized hereunder for such repurchase agreement so as to satisfy such requirement or the third party holding the investments must be required to liquidate the collateral and disburse the proceeds to

the Town; provided further, that (A) any such repurchase agreement shall be held free and clear of any lien by the Paying Agent, (B) the repurchase agreement shall have a term of thirty days or less or the Depository will value the collateral securities no less frequently than monthly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation, and (C) the repurchase agreement matures at least ten days (or other appropriate liquidation period) prior to a debt service payment date.

(v) Investment agreements with a banking institution or insurance company which has an unsecured, uninsured and unguaranteed obligation (or claims-paying ability) rated by at least two (2) nationally recognized rating services in any one (1) of the two (2) highest classifications approved by the Comptroller of the Currency for the investment of funds of national banks, provided that (A) interest is paid at least semiannually at a fixed rate during the entire term of the agreement, consistent with bond payment dates, (B) moneys invested thereunder may be withdrawn without any penalty, premium, or charge upon not more than two days' notice (provided such notice may be amended or canceled at any time prior to the withdrawal date), (C) the agreement is not subordinated to any other obligations of such insurance company or bank or holding company, (D) the same guaranteed interest rate will be paid on any future deposits made under the agreement, and (E) the Town receives an opinion of counsel that such agreement is an enforceable obligation of such insurance company or bank or holding company.

(vi) Units of participation in the Local Government Surplus Funds Trust Fund established pursuant to Part IV, Chapter 218, Florida Statutes, or any similar common trust fund which is established pursuant to State law as legal depository of public moneys.

(vii) Any other investment authorized under the laws of the State of Florida and approved by the Credit Facility Issuer, if any.

(r) "Maximum Debt Service" shall mean, at any time, the maximum amount required in the then current or any future fiscal year to pay (i) all Non-Self Supporting Debt, and (ii) the proposed indebtedness of the Town (A) which will be payable from Non-Ad Valorem Revenues, or (B) for which the Non-Ad Valorem Revenues will be pledged. In calculating Maximum Debt Service, interest payments on any Bonds which are eligible to receive Direct Payments shall be calculated net of expected receipt of such Direct Payments. In the event any Bonds are additionally secured by non-ad valorem special assessments, for purposes of calculating Maximum Debt Service, debt service payments shall be calculated net of the amount of such non-ad valorem special assessments collected during the prior fiscal year provided that at least 90% of the non-ad valorem special assessments imposed in the prior fiscal year are collected. In the case of Bonds bearing interest at a variable rate ("Variable Rate Bonds"), interest on such 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 twenty-four 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 twenty-four month period by using (i) one hundred ten percent (110%) of the average of the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index for the twenty-four months ending with the month preceding the date of calculation, and (ii) if the Variable Rate Bonds are bonds the interest of which is includible in the gross income of the holders thereof for federal income tax purposes, the 1-month LIBOR interest rate.

(s) “Moody’s” shall mean Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Town by notice to the Registrar and the Paying Agent.

(t) “Non-Ad Valorem Revenues” shall mean legally available revenues of the Town derived from any source whatever, other than ad valorem taxation on real and personal property, which are legally available for payment by the Town of debt service on the Bonds, after the payment of the principal of and interest on any other obligations of the Town hereafter issued which have a prior pledge on any source of the Non-Ad Valorem Revenues, and Project Grant Moneys; provided, however, that for the purposes of the coverage and additional bonds tests set forth in Section 3.10B of this Resolution, “Non-Ad Valorem Revenues” shall mean all legally available revenues of the Town derived from any source whatever, other than ad valorem taxation on real and personal property, which are legally available for payment by the Town of Non-Self-Supporting Debt, excluding Project Grant Moneys, non-ad valorem special assessments which are exclusively pledged to the payment of Special Assessment Obligations and Direct Payments. The foregoing notwithstanding in the event any Bonds are additionally secured by non-ad valorem special assessments and if debt service on such Bonds is not permitted to be directly offset pursuant to Section 3.10B hereof by the amount of non-ad valorem special assessments collected during the prior fiscal year, the Town may treat such non-ad valorem special assessments as “Non-Ad Valorem Revenues” for purposes of the coverage and additional bonds tests set forth in Section 3.10B of this Resolution.

(u) “Non-Self-Supporting Debt” shall mean debt service on debt obligations of the Town other than debt obligations relating to an enterprise fund or general obligation bonds of the Town or Special Assessment Obligations. In the event any Bonds are additionally secured by non-ad valorem special assessments, debt service shall be calculated net of the amount of non-ad valorem special assessments collected during the prior fiscal year provided that at least 90% of the non-ad valorem special assessments imposed in the prior fiscal year are collected. Additionally, interest payments on Non-Self Supporting Debt shall be calculated net of expected receipt of Direct Payments.

(v) “Ordinance” shall mean Article II of Chapter 90 of the Town’s Code of Ordinances, as amended.

(w) “Outstanding” shall mean, when used with respect to the Bonds, all Bonds previously delivered except:

(i) Bonds paid or redeemed or delivered to or acquired by the Town for cancellation; and

(ii) Bonds which under Article V of this Resolution or under the terms of the supplemental resolution relating to such Bonds are no longer deemed to be Outstanding (such as Bonds that have been defeased).

(x) “Participants” shall mean brokers, dealers, banks and other financial institutions and other persons for whom, from time to time, the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository.

(y) “Paying Agent” shall mean any bank or trust company and any successor bank or trust company appointed by the Town to act as Paying Agent hereunder.

(z) “Pledged Revenues” shall mean (i) Town Moneys, (ii) any proceeds of Bonds originally deposited with the Town and all moneys deposited and held from time to time by the Town in the funds and accounts established under this Resolution in each case until applied in accordance with this Resolution, (iii) investment income received by the Town in the funds and accounts established under this Resolution, and (iv) any other moneys received by the Paying Agent in connection with repayment of the Bonds.

(aa) “Project Grant Moneys” shall include any Federal, State, county or other grant moneys relating to the Project that are legally available to pay principal and/or interest on the Bonds, but shall not include Direct Payments.

(bb) “Refunded Bonds” shall mean that portion of the Series 2013 Bonds refunded with a portion of the proceeds of the 2019 Bonds.

(cc) “Registrar” shall mean any bank or trust company and any successor bank or trust company appointed by the Town to act as Registrar hereunder.

(dd) “Replacement Bonds” shall mean certificated Bonds, authenticated and delivered pursuant to the terms and provisions of this Resolution, when the Town or the Securities Depository discontinues the Book-Entry System.

(ee) “Reserve Account Credit Facility” shall mean the insurance policy, surety bond or other evidence of insurance acceptable to the Town and the Credit Facility Issuer, if any, or letter of credit, acceptable to the Town and the Credit Facility Issuer, if any, deposited in the Debt Service Reserve Account (to the extent established in connection with a Series of Bonds) in lieu of or in partial substitution for cash or securities on deposit therein as provided in Section 3.7 thereof.

(ff) “Reserve Account Credit Facility Issuer” shall mean the issuer of any Reserve Account Credit Facility delivered to the Paying Agent in accordance with the terms of this Resolution.

(gg) “Resolution” shall mean this Resolution as the same may from time to time be amended and supplemented in accordance with the terms hereof.

(hh) “S&P” shall mean S&P Global Ratings, a division of S&P Global, Inc., its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Town notice to the Registrar and the Paying Agent.

(ii) “Securities Depository” shall mean, with respect to any Series of Bonds to be issued in book-entry form, The Depository Trust Company and its successors and assigns, or a successor clearing agency designated pursuant to the terms and provisions of this Resolution and its successors and assigns.

(jj) “Series” shall mean all of the Bonds authenticated, issued and delivered at one time under and pursuant to the terms of this Resolution or any supplemental resolution authorizing such Bonds as a separate Series of Bonds, or any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the terms and provisions of this Resolution, regardless of variations in maturity, interest rate or other provisions.

(kk) “Series 2019 Bonds” shall mean the Town’s Public Improvement Revenue Refunding Bonds, Federally Taxable Series 2019 (Capital Improvement and Coastal Management Program) authorized by this Resolution.

(ll) “Series 2013 Bonds” shall mean the Town’s Public Improvement Revenue Bonds, Series 2013 (Capital Improvement and Coastal Management Program).

(mm) “Special Assessment Obligations” shall mean indebtedness payable solely from and secured by non-ad valorem special assessments, but shall not include any indebtedness that is secured in whole or in part by the Town’s covenant to budget and appropriate from Non-Ad Valorem Revenues.

(nn) “Town” shall mean the Town of Palm Beach, Florida, a municipal corporation in the County of Palm Beach, State of Florida, and its successors and assigns.

(oo) “Town Moneys” shall mean the moneys budgeted and appropriated by the Town, and deposited into the Sinking Fund established hereunder, from Non-Ad Valorem Revenues pursuant to the Town’s covenant to budget and appropriate Non-Ad Valorem Revenues contained in Section 3.2 of this Resolution.

Words importing singular number shall include the plural number and vice versa, as the case may be, and words importing persons shall include firms and corporations.

SECTION 1.4. Resolution Constitutes Contract. In consideration of the acceptance of the Bonds authorized to be issued hereunder by those who shall own the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the

Town and the Holder and the covenants and agreements herein and therein set forth to be performed by said Town shall be for the benefit, protection and security of the Holder.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

SECTION 2.1. Authorization of Bonds. Subject and pursuant to the provisions of this Resolution, bonds of the Town to be known as “Town of Palm Beach, Florida Public Improvement Revenue Refunding Bonds” are hereby authorized to be issued as provided in this Resolution, which Bonds may be issued all at one time or from time to time in one or more series for the purpose of refunding all or a portion of the Refunded Bonds. Each Series of Bonds shall be designated as, and shall be distinguishable from the Bonds of all other Series by such means, as the Town deems appropriate.

The Town’s Public Improvement Revenue Refunding Bonds, Federally Taxable Series 2019 (Capital Improvement and Coastal Management Program), which are to be issued to refund on an advance basis the Refunded Bonds, are hereby authorized to be issued in the principal amount of not exceeding \$52,000,000.

Notwithstanding the foregoing, the Town may adjust the series designation as deemed appropriate, including, but not limited to changing the series designation to reflect the calendar year in which such Bonds are issued.

The Bonds shall be issued in fully registered form without coupons.

SECTION 2.2. Manner of Payment of Bonds. Principal of and redemption premium, if any, on the Bonds shall be payable to the owners of the Bonds upon presentation and surrender of the Bonds as they become due at the designated principal corporate trust office of the Paying Agent. Except as otherwise set forth below, interest on the Bonds shall be payable (i) by check drawn upon the Paying Agent and mailed on the interest payment date to the owners of the Bonds as of the close of business on the fifteenth business day (“Record Date”) next preceding each interest payment date at the registered addresses of such owners as they shall appear on the registration books as of such Record Date, notwithstanding the cancellation of any Bond upon any exchange or transfer thereof subsequent to the Record Date and prior to such interest payment date, (ii) upon the request of a registered Bondholder of at least \$1,000,000 in principal amount of Bonds, all payment of interest on its Bonds shall be paid by wire transfer in immediately available funds to an account designated by such registered Bondholder and on file with the Paying Agent as of the applicable Record Date, and (iii) in the case of interest payable upon redemption or at final maturity, upon presentation of the Bonds at the designated principal corporate trust office of the Paying Agent.

(a) If and to the extent that there shall be a default in the payment of the interest due on an interest payment date, such defaulted interest shall be paid to the Owners in whose name the Bonds (or any Bond or Bonds issued upon transfer or exchange thereof) are registered at the close of business on the fifteenth business day next preceding the date of

payment of such defaulted interest established by notice mailed by the Registrar to the registered owners not less than the tenth day preceding such interest payment date. All payments of principal, redemption premium, and interest shall be made in such coin or currency of the United States of America as, at the respective times of payment, shall be legal tender for the payment of public and private debts.

(b) The foregoing notwithstanding, any Series of the Bonds may be registered under the Book-Entry System, as shall be determined by subsequent proceedings of the Town Council; and, in such case, the payment of principal of, redemption premium, if any, and interest on the Bonds shall be payable in the manner required by the Securities Depository and mutually agreeable to the Town and Paying Agent.

SECTION 2.3. Notice of Redemption. In the event any of the Bonds are called for redemption, the Paying Agent shall give notice, in the name of the Town, of the redemption of such Bonds, which notice shall (i) specify the Bonds, including series designation, to be redeemed, the CUSIP numbers, certificate numbers, the date of issue, interest rate, maturity date of the Bonds redeemed, the redemption date, the date of notice, the redemption price and the place or places where amounts due upon such redemption will be payable (which shall be the designated principal corporate trust office of the Paying Agent or of its agent, including the name and telephone number of a representative of such Paying Agent) and, if less than all of the Bonds are to be redeemed, the numbers of the Bonds, and the portions of Bonds, so to be redeemed, and (ii) state that on the redemption date, the Bonds to be redeemed shall cease to bear interest.

Notice of redemption shall be given by the Paying Agent in the name of the Town by mailing a copy of an official redemption notice to the owners of the Bonds not less than 30 days nor more than 60 days prior to the date fixed for redemption to (i) the respective owners of the Bonds designated for redemption by first class mail at their addresses appearing on the bond registration books of the Town maintained by the Registrar, (ii) the Securities Depository, (iii) at least two nationally recognized information services and (iv) to the registered Bondholders of \$1,000,000 or more in aggregate principal amount (accreted values at maturity for zero coupon bonds) of Bonds; provided, however, that such notice with respect to those Bondholders described in (ii), (iii) and (iv), shall be given by certified mail, return receipt requested.

A second notice of redemption shall be given within 60 days after the redemption date in the manner required above to the registered Bondholders of redeemed Bonds which have not been presented for payment within 30 days after the redemption date. However, failure to give such notice shall not affect the validity of the redemption of the Bonds.

If any of the Bonds are redeemed pursuant to an advance refunding, notice of such advance refunding and redemption shall be given in the same manner as above provided.

Anything contained in this Resolution to the contrary notwithstanding, failure to mail any such notice (or any defect therein) to one or more Bondholders shall not affect the validity of any proceedings for such redemption with respect to Bondholders to which notice was duly mailed hereunder.

(a) Any Bonds, which have been duly selected for redemption, as well as any Bonds shall cease to bear interest on the specified redemption date.

SECTION 2.4. Book-Entry System. As long as any Series of Bonds is registered under the Book-Entry System, the Town and the Registrar shall comply with the terms of the agreement entered into with the Securities Depository (the “Book-Entry Agreement”) with respect to such Series. However, the Book-Entry System through the Securities Depository may be terminated upon the happening of any of the following:

(a) The Securities Depository or the Town, based upon advice from the Securities Depository, advise the Registrar that the Securities Depository is no longer willing or able to properly discharge its responsibilities under the Book-Entry Agreement and the Registrar and the Town are unable to locate a qualified successor clearing agency satisfactory to the Registrar and the Town; or

(b) The Town, in its sole discretion but with the prior written consent of the Registrar, elects to terminate the Book-Entry System by notice to the Securities Depository and the Registrar.

(2) Upon the occurrence of any event described above, the Town shall, if necessary, adopt a resolution supplemental to this Resolution to add to the provisions of this Resolution any provisions deemed reasonably necessary or required with respect to Replacement Bonds (including, but not limited to, the provision for the cost and expenses for the printing thereof) and to account for the fact that, thereafter, the Bonds will no longer be registered under the Book-Entry System, and the Registrar shall notify the Securities Depository of the occurrence of such event and of the availability of definitive or temporary Replacement Bonds to Beneficial Owners requesting the same, in an aggregate outstanding amount representing the interest of each such Beneficial Owner, making such adjustments and allowances as it may find necessary or appropriate as to accrued interest and previous payments of principal. Definitive Replacement Bonds shall be issued only upon surrender to the Registrar of the Bond of each maturity by the Securities Depository, accompanied by registration instructions for the definitive Replacement Bonds for such maturity from the Securities Depository. Neither the Town nor the Registrar shall be liable for any delay in delivery of such instructions and conclusively may rely on, and shall be protected in relying on, such instructions.

(3) Whenever the Bonds are registered under the Book-Entry System and notice or other communication to the Bondholders is required under this Resolution, unless and until Replacement Bonds shall have been issued with respect to the Bonds, the Town or the Registrar, as the case may be, shall give to the Securities Depository one copy of each such notice and communication specified herein or required by this Resolution to be given to the Beneficial Owners of the Bonds.

SECTION 2.5. Description of Bonds. The Bonds shall be payable, with respect to interest and principal, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts; shall be issued in the form of fully registered Bonds; shall mature at such times and bear interest at such rate or rates as

shall be approved by subsequent proceedings of the Town Council. Interest shall be calculated on a 360-day year of twelve 30-day months. The Bonds shall be issued in the minimum denominations of \$5,000 and integral multiples thereof ("Authorized Denominations").

SECTION 2.6. Execution of Bonds. Said Bonds shall be signed in the name of the Town by the Mayor of the Town of Palm Beach, Florida or in the absence of the Mayor, any Town Council Member, and the seal of the Town shall be affixed thereto or imprinted or reproduced thereon and attested by the Town Clerk of the Town of Palm Beach, Florida or in the absence of the Town Clerk, any Deputy Town Clerk. The signatures of said Mayor and Town Clerk on said Bonds may be manual or facsimile signatures. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Town before the Bonds so signed and sealed shall have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed and sealed such Bonds had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Town by such person as at the actual time of the execution of such Bond shall hold the proper office, although at the date of issue of such Bonds such person may not have held such office or may not have been so authorized.

The Bonds shall bear thereon a certificate of authentication executed manually by the Registrar. Only such Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under this Resolution and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Registrar. Such certificate of the Registrar upon any Bond executed on behalf of the Town shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under this Resolution and that the Holder thereof is entitled to the benefits of this Resolution.

SECTION 2.7. Negotiability, Registration and Cancellation. At the option of the registered Holder thereof and upon surrender thereof at the principal office of the Registrar with a written instrument of transfer satisfactory to the Registrar duly executed by the registered Holder or his duly authorized attorney and upon payment by such Holder of any charges which the Registrar or the Town may make as provided in this Section, the Bonds may be exchanged for Bonds of the same aggregate principal amount of the same Series and maturity of any other authorized denominations.

The Registrar shall keep books for the registration of Bonds and for the registration of transfers of Bonds. The Bonds shall be transferable by the Holder thereof in person or by his attorney duly authorized in writing only upon the books of the Town kept by the Registrar and only upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the Holder or his duly authorized attorney. Upon the transfer of any such Bond, the Town shall cause to be issued in the name of the transferee a new Bond or Bonds.

The Town, the Paying Agent and the Registrar may deem and treat the person in whose name any Bond shall be registered upon the books kept by the Registrar as the absolute Owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of, premium, if any, and interest on such Bond as the same become due and for all other purposes. All such payments so made to any such Holder or

upon his 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 Town, the Paying Agent nor the Registrar shall be affected by any notice to the contrary.

In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Town shall execute and the Registrar shall authenticate and deliver Bonds in accordance with the provisions of this Resolution. All Bonds surrendered in any such exchanges or transfers shall forthwith be delivered to the Registrar and canceled by the Registrar in the manner provided in this Section. There shall be no charge for any such exchange or transfer of Bonds, but the Town or the Registrar may require the payment of a sum sufficient to pay any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the Town nor the Registrar shall be required (a) to transfer or exchange Bonds of any Series for a period of 15 days next preceding an interest payment date on such Bonds of such Series or next preceding any selection of Bonds of such Series to be redeemed or thereafter until after the mailing of any notice of redemption; or (b) to transfer or exchange any Bonds of any Series called for redemption.

All Bonds paid or redeemed, either at or before maturity shall be delivered to the Paying Agent when such payment or redemption is made, and such Bonds, together with all Bonds purchased by the Town, shall thereupon be promptly canceled. Bonds so canceled may at any time be destroyed by the Paying Agent, who shall execute a certificate of destruction in duplicate by the signature of one of its authorized officers describing the Bonds so destroyed, and one executed certificate shall be filed with the Town and the other executed certificate shall be retained by the Paying Agent.

SECTION 2.8. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated, destroyed, stolen or lost, the Town may execute and the Registrar shall authenticate and deliver a new Bond of like Series, date, maturity, denomination and interest rate as the Bond so mutilated, destroyed, stolen or lost; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Town and, in the case of any lost, stolen or destroyed Bond, there shall first be furnished to the Town and the Registrar evidence of such loss, theft, or destruction satisfactory to the Town and the Registrar, together with indemnity satisfactory to them. In the event any such Bond shall be about to mature or have matured or have been called for redemption, instead of issuing a duplicate Bond, the Town may direct the Paying Agent to pay the same without surrender thereof. The Town and the Registrar may charge the Holder of such Bond their reasonable fees and expenses in connection with this transaction. Any Bond surrendered for replacement shall be canceled in the same manner as provided in Section 2.7 hereof.

Any such duplicate Bonds issued pursuant to this Section shall constitute additional contractual obligations on the part of the Town, whether or not the lost, stolen or destroyed Bonds be at any time found by anyone, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien on and source and security for payment from the Pledged Revenues (to the extent herein provided), with all other Bonds issued hereunder.

SECTION 2.9. Form of Bonds. The text of the Bonds and the Certificate of Authentication shall be in substantially the form attached hereto as Exhibit A.

ARTICLE III

SECURITY, COVENANTS, FUNDS AND APPLICATION THEREOF

SECTION 3.1. Bonds Shall Be Revenue Obligations of the Town. The Bonds are revenue obligations of the Town and are payable solely in the manner and to the extent set forth in this Resolution. There are hereby pledged for the payment of the principal of, and premium if any, and interest on, the Bonds in accordance with the terms and the provisions of the Resolution, the Pledged Revenues, applicable to each Series of Bonds. The Bonds shall not be or constitute general obligations of the Town within the meaning of the Constitution of the State of Florida but shall be payable solely from and secured by a lien upon and a pledge of the Pledged Revenues in the manner and to the extent provided in this Resolution. No Bondholder shall ever have the right to compel the exercise of the ad valorem taxing power of the Town or taxation in any form on any real or personal property to pay such Bonds or the interest thereon, nor shall any Bondholder be entitled to payment of such principal or interest from any other funds of the Town other than as provided in this Resolution. Furthermore, no Bondholder shall ever have a lien on the Project financed with proceeds of the Series 2013 Bonds.

SECTION 3.2. Covenant to Budget and Appropriate. Until the Bonds are no longer outstanding, the Town hereby covenants to appropriate in its annual budget in each Fiscal Year, by amendment if necessary, Non-Ad Valorem Revenues in amounts sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds, as the same become due (whether by redemption, at maturity or otherwise), to reinstate any Reserve Account Credit Facility on deposit in the Debt Service Reserve Account (to the extent established for any Series of Bonds), to restore any deficiency in the Debt Service Reserve Account (to the extent established for any Series of Bonds) or any other fund or account created and established hereunder for the Bonds and to pay the fees and expenses of the Paying Agent, the Registrar and the Reserve Account Credit Facility Issuer, if any, and any other expenses of the Town relating to the Bonds.

The payment of principal of and interest on the Bonds may, in addition to the Pledged Revenues herein described, be secured by a Credit Facility.

To the extent that the Town is in compliance with the covenant contained above and Sections 3.10B of this Resolution, the obligations of the Town contained herein shall not be construed as a limitation on the ability of the Town to pledge or covenant with respect to the Non-Ad Valorem Revenues for other indebtedness or other legally permissible purposes.

SECTION 3.3. Creation of Funds and Accounts. The following Funds and Accounts are hereby created with respect to the Bonds: (1) Sinking Fund (the “Sinking Fund”) and (2) Cost of Issuance Fund (the “Cost of Issuance Fund”). Within the Sinking Fund there are hereby created the following separate accounts: (1) a Principal and Interest Account (the “Principal and Interest Account”), and (2) a Bond Redemption Account (the “Bond Redemption

Account”). The Sinking Fund and all accounts and subaccounts therein shall constitute trust funds for the purposes hereof subject to the pledge and lien thereon for the benefit of the Bondholders. In addition to the foregoing, the Town, at its option, may establish a Debt Service Reserve Account or Accounts with respect to one or more Series of Bonds.

SECTION 3.4. Application of Bond Proceeds.

A. The proceeds received upon issuance of the Series 2019 Bonds shall be deposited into the various funds and accounts created and established for the Bonds as follows:

(a) The accrued interest, if any, derived from the sale of the Series 2019 Bonds shall be deposited in the Principal and Interest Account of the Sinking Fund and used for the purpose of paying a part of the first interest payment on the Series 2019 Bonds as the same becomes due and payable.

(b) An amount shall be deposited with the Escrow Agent for the Refunded Bonds which, when applied with other legally available funds of the Town (representing moneys held in the funds and accounts relating to the Refunded Bonds), shall be sufficient to pay the Refunded Bonds in accordance with Article V of the 2013 Bond Resolution.

(c) The remaining proceeds of the Series 2019 Bonds shall be deposited in the Cost of Issuance Fund, to pay costs of issuance of the Series 2019 Bonds.

SECTION 3.5. Application of Revenues. On or before 12:00 Noon of the business day that is at least five (5) business days prior to each interest payment date, the Town shall deposit into the Sinking Fund an amount of Non-Ad Valorem Revenues (which at the time of such deposit become “Pledged Revenues”) at least equal to the accrued aggregate debt service on the Bonds calculated to such interest payment date and any amounts necessary to satisfy any deficiency in the Debt Service Reserve Account or reinstatement of the Reserve Account Credit Facility.

(a) As soon as practicable after the deposit of Pledged Revenues in the Sinking Fund, as provided in paragraph (a) above, and in any case no later than the close of business on the business day preceding such interest payment date, the Town shall credit moneys therein to the following purposes in the following order of priority (such application to be made in such a manner so as to assure sufficient moneys on deposit in such Funds):

(1) To the Principal and Interest Account, the amount, if any, required so that the balance in said Account shall equal the amount of principal of and interest on the Bonds coming due on the next interest payment date; provided, that, for the purposes of computing the amount to be deposited in the Principal and Interest Account, there shall be taken into account the amount, if any, set aside in said Account from the proceeds of Bonds;

(2) To the Redemption Account, the amount, if any, required so that the balance in said Account shall equal the principal of and premium, if any, on the Bonds then coming due by reason of redemption on the next interest payment date; and

(3) To any Debt Service Reserve Account established in connection with any Series of Bonds, the amount, if any, required for the amount on deposit in such Account to equal the Debt Service Reserve Requirement; and

(4) To the Reserve Account Credit Facility Issuer the amount, if any, required to reimburse such Issuer for amounts drawn under the Reserve Account Credit Facility.

(b) In addition, subject to the foregoing, the Town shall pay from Town Moneys the fees and expenses, at such times as are necessary, of the Paying Agent, the Registrar and the Reserve Account Credit Facility Issuer, if any, and any other fees and expenses of the Town relating to the Bonds.

SECTION 3.6. Sinking Fund – Principal and Interest Account; Redemption Account. The Town shall pay out of the Principal and Interest Account to the Paying Agent (i) on or before each interest payment date for any of the Bonds, the amount required for the interest payable on such date; and (ii) on or before the maturity date of each of the Bonds the amount of principal of such Bonds payable on such date. The Town shall pay out of the Redemption Account to the Paying Agent on or before any redemption date for the Bonds, the amount required for the payment of principal and any premium on the Bonds then to be redeemed. Such amounts shall be applied by the Paying Agent on and after the due dates thereof.

SECTION 3.7. Sinking Fund -- Debt Service Reserve Account. Except as otherwise provided in this Section 3.7, the Town shall establish a Debt Service Reserve Account.

Amounts in the Debt Service Reserve Account shall be used to make up any deficiency in the Principal and Interest Account or the Redemption Account on any interest payment date. If, on the last business day preceding any interest payment date, the amounts on deposit in the Debt Service Reserve Account shall be less than the Debt Service Reserve Requirement, the Town shall apply amounts from Pledged Revenues, available for such purposes hereunder, to the extent necessary to cure the deficiency; provided, however, that no further payments shall be required to be made into the Debt Service Reserve Account whenever and as long as the amount deposited therein shall be equal to the Debt Service Reserve Requirement (including taking into account any Reserve Account Credit Facilities).

Notwithstanding the foregoing provisions, in lieu of the required deposits into the Debt Service Reserve Account, the Town may, with the consent of the Credit Facility Issuer, cause to be deposited into the Debt Service Reserve Account a Reserve Account Credit Facility for the benefit of the Bondholders in an amount equal to the difference between the Debt Service Reserve Requirement, and the sums then on deposit in the Debt Service Reserve Account, if any, which Reserve Account Credit Facility shall be payable or available to be drawn upon, as the case may be

(upon the giving of notice as required thereunder) on any interest payment date on which a deficiency exists which cannot be cured by moneys in any other fund or account held pursuant to this Resolution and available for such purpose and otherwise meet the requirements of this Section.

If a disbursement is made under the Reserve Account Credit Facility, the Town shall be obligated to either reinstate the maximum limits of such Reserve Account Credit Facility immediately following such disbursement equal to the Debt Service Reserve Requirement, or to deposit into the Debt Service Reserve Account from the Pledged Revenues, available for such purposes hereunder, as herein provided, funds in the amount of the disbursement made under such Reserve Account Credit Facility, or a combination of such alternatives as shall equal the Debt Service Reserve Requirement.

In the event that any moneys shall be withdrawn from the Debt Service Reserve Account for payments into the Principal and Interest Account or Redemption Account such withdrawals shall be subsequently restored from the first Pledged Revenues, available for such purposes hereunder, after all required payments have been made into the Principal and Interest Account and Redemption Account, including any deficiencies for prior payments unless restored by the reinstatement of the maximum limits of a Reserve Account Credit Facility.

Moneys in the Debt Service Reserve Account shall be used only for the purpose of making payments into the Principal and Interest Account or Redemption Account, when and to the extent the moneys transferred to the Sinking Fund are insufficient for such purpose, provided, however, that moneys in the Debt Service Reserve Account may be invested and reinvested as provided for herein; and provided further, however, that moneys on deposit in the Debt Service Reserve Account may, upon final maturity of the Bonds, be used to pay the principal of and interest on the Bonds.

To the extent required by supplemental resolution with respect to a Series of Bonds, including the Series 2019 Bonds, there shall be deposited in the Debt Service Reserve Account from the proceeds derived from the sale of the Bonds an amount equal to the Debt Service Reserve Requirement or in lieu of all or a portion thereof, the Debt Service Reserve Requirement shall be satisfied by the deposit with the Paying Agent of a Reserve Account Credit Facility with the requisite coverage, all as shall be determined by subsequent proceedings of the Town Council.

Such Reserve Account Credit Facility at the time of delivery thereof may take any of the following forms:

- (i) A surety bond, insurance policy or evidence of insurance issued to the entity serving as Paying Agent, as agent of the bondholders, by a company licensed to issue an insurance policy guaranteeing the timely payment of debt service on the Bonds (a “municipal bond insurer”) with claims-paying ability rated “AA” or “Aa2” by S&P or Moody’s, respectively.
- (ii) A Letter of Credit issued to the Paying Agent, as agent of the Bondholders, by a bank rated at least “A” by S&P or “A2” by Moody’s, provided the Letter of Credit is satisfactory in form and substance to the Credit Facility Issuer, if any.

The delivery of any Reserve Account Credit Facility pursuant to this Section shall be subject to receipt of an opinion of counsel acceptable to the Town and the Credit Facility Issuer and in form and substance satisfactory to the Town and the Credit Facility Issuer as to the due authorization, execution, delivery and enforceability of such instrument in accordance with its terms, subject to applicable laws affecting creditors' rights generally, and, in the event the issuer of such Reserve Account Credit Facility is not a domestic entity, an opinion of foreign counsel in form and substance satisfactory to the Town and the Credit Facility Issuer, if any. In addition, the use of a letter of credit shall be subject to receipt of an opinion of counsel acceptable to the Town and the Credit Facility Issuer and in form and substance satisfactory to the Town and the Credit Facility Issuer to the effect that payments under such letter of credit would not constitute avoidable preferences under Section 547 of the U. S. Bankruptcy Code or similar state laws with avoidable preference provisions in the event of the filing of a petition for relief under the U. S. Bankruptcy Code or similar state laws by or against the Town (or any other account party under the Letter of Credit).

Cash on deposit in the Debt Service Reserve Account shall be used (or Investment Obligations purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any Reserve Account Credit Facility. If and to the extent that more than one Reserve Account Credit Facility is deposited in the Debt Service Reserve Account, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

Whenever the moneys on deposit in the Debt Service Reserve Account shall exceed the Debt Service Reserve Requirement, such excess shall be deposited in the Principal and Interest Account. The Investment Obligations in the Debt Service Reserve Account shall be valued at fair market value, exclusive of accrued interest. The Town shall determine the value of the Investment Obligations held in the Debt Service Reserve Account five days prior to each interest payment date. Deficiencies resulting from a decline in market value of Investment Obligations on deposit in the Debt Service Reserve Account shall be restored no later than the succeeding valuation date unless required earlier under this Resolution. Further, investments purchased with funds on deposit in the Debt Service Reserve Account shall have an aggregate weighted term to maturity of not greater than five years.

To the extent that the Town creates a separate subaccount within the Debt Service Reserve Account with respect to a Series of Bonds, such Series of Bonds shall be secured by such subaccount and shall have no claim on the other moneys deposited to the credit of the Debt Service Reserve Account. Moneys in such separate subaccount of the Debt Service Reserve Account shall be maintained at the Debt Service Reserve Account Requirement applicable to such Series of Bonds and shall be applied as provided above in this Section 3.7 but solely with respect to the Series of Bonds secured by such subaccount. Moneys shall be deposited to the Debt Service Reserve Account and any subaccounts therein on a pro rata basis.

Any provisions of this Section 3.7 notwithstanding, the Town may, in or pursuant to a supplemental resolution relating to a Series of Bonds, including the Series 2019 Bonds, provide that such Series of Bonds shall not be secured by the Debt Service Reserve Account (including any subaccounts therein), in which case such Series of Bonds shall not be secured by the Debt Service

Reserve Account (including any subaccounts therein) and moneys, if any, held for the credit of the Debt Service Reserve Account (including any subaccounts therein) shall not be applied as provided above in this Section 3.7 with respect to such Series of Bonds.

SECTION 3.8. Cost of Issuance Fund. Moneys on deposit in the Cost of Issuance Fund shall be used to pay costs of issuing the Series 2019 Bonds to the extent not paid from other sources, which costs may include, all printing expenses in connection with this Resolution, the Preliminary and Final Official Statements for the Series 2019 Bonds and the Series 2019 Bonds; the fees of the Credit Facility Issuer pursuant to the Credit Facility, if any; administrative expenses of the Town; the cost of a Reserve Account Credit Facility, if any, and the fees and expenses of the issuer thereof; legal fees and expenses of counsel to the Town, Bond Counsel, Disclosure Counsel and counsel to the Credit Facility Issuer; fees and expenses of financial advisors; the Paying Agent's initial fees and expenses; and any other expenses incurred in connection with the Series 2019 Bonds. Any moneys remaining in the Cost of Issuance Fund not needed for the purposes thereof shall be transferred to the Sinking Fund.

SECTION 3.9. [Reserved]

SECTION 3.10. Covenants of the Town. As long as any of the principal of, or interest on any of the Bonds shall be outstanding and unpaid, the Town covenants with the holder of the Bond as follows:

A. **[RESERVED].**

B. **Non-Self-Supporting Debt Coverage/Additional Bonds.** The Town covenants that in each Fiscal Year of the Town, while the Bonds are outstanding, the total Non-Self-Supporting Debt due for the Fiscal Year of the Town shall not exceed 50% of Non-Ad Valorem Revenues of the Town. In addition, the Town covenants and agrees that it will not issue any indebtedness or incur any indebtedness payable from or supported by a pledge of the Non-Ad Valorem Revenues unless the Town can show that following the issuance of or incurrence of such additional indebtedness, (i) the total amount of Non-Ad Valorem Revenues (based on the most recent Fiscal Year) will be greater than 2.00 times the Maximum Debt Service, and (ii) the total amount of Non-Ad Valorem Revenues in each Fiscal Year in which Bonds are outstanding (based on reasonable projections of the Town) will be greater than 2.00 times the Non-Self-Supporting Debt in each such Fiscal Year. For purposes of the test described in the foregoing sentence Non-Ad Valorem Revenues shall not include Project Grant Moneys, non-ad valorem special assessments which are exclusively pledged to the payment of Special Assessment Obligations and Direct Payments. Additionally, for purposes of meeting the tests set forth in this subparagraph, "debt service" shall be deemed to include costs due and owing under a Reserve Account Credit Facility, if any, in effect with respect to the Bonds, and debt service on Bonds that are eligible for Direct Payments will be calculated net of expected Direct Payments. In the event any Bonds are additionally secured by non-ad valorem special assessments, debt service shall be calculated net of the amount of such non-ad valorem special assessments collected during the prior fiscal year provided that at least 90% of the non-ad valorem special assessments imposed in the prior fiscal year are collected. The foregoing notwithstanding in the event any Bonds are additionally secured by non-ad valorem special assessments and if debt service on such Bonds is not permitted to be

directly offset by the amount of non-ad valorem special assessments collected during the prior fiscal year as provided by the immediately preceding sentence, the Town may treat such non-ad valorem special assessments as Non-Ad Valorem Revenues for purposes of the foregoing coverage and additional bonds test.

SECTION 3.11. Remedies of Bondholder. Should the Town default in any of its obligations or covenants created by this Resolution, the Bondholders may, in addition to any remedy set forth in this Resolution, either at law or in equity, by suit, action, mandamus or other proceeding in any court of competent jurisdiction, protect and enforce any and all rights under the laws of the State of Florida, or granted and contained in this Resolution, and may enforce and compel the performance of all duties required by this Resolution, or by any applicable statutes to be performed by the Town or by any officer thereof. Anything in this Resolution to the contrary notwithstanding, Bondholders shall not have the right to accelerate the payment of principal of and interest on the Bonds.

ARTICLE IV

SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS AND ACCOUNTS

A. Moneys held in all Funds and Accounts established under this Resolution shall be invested in Investment Obligations. All Investment Obligations shall mature or shall be subject to redemption at the option of the holder thereof not later than the respective dates when moneys held for the credit of such funds or accounts will be required for the purposes intended, including, in particular, the payment of interest and principal on the Bonds when due.

B. Whenever a payment or transfer of moneys between two or more of the funds or accounts established hereunder is permitted or required, such payment or transfer may be made in whole or in part by transfer of one or more Investment Obligations at a value determined in accordance with this Article IV; provided that the Investment Obligations transferred are those in which moneys of the receiving fund or account could be invested at the date of such transfer.

ARTICLE V

DEFEASANCE

If the Town shall cause to be paid, or there shall be otherwise paid or provision for payment made to or for the owners of the Bonds the principal of, premium, if any, and interest due or to become due thereon at the times and in the manner stipulated therein, and shall cause to be paid to the Paying Agent or a bank or trust company appointed as escrow agent all sums of money due or to become due according to the provisions hereof, including the fees, expenses and costs of the Paying Agent or escrow agent as contemplated herein, then this Resolution and the lien, rights and interest created hereby shall cease, determine and become null and void (except as to any surviving rights of payment, registration, transfer or exchange of Bonds herein provided for and except with respect to the covenants of the Town, which by the terms of this Resolution survive the defeasance of the Bonds).

In addition, any Bond or Authorized Denominations thereof shall be deemed to be paid within the meaning of this Resolution when (a) payment of the principal of and premium, if any, on such Bond or Authorized Denominations thereof, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided herein) either (i) shall have been provided by irrevocably depositing with the Paying Agent or a bank or trust company acting as escrow agent in trust and irrevocably setting aside exclusively for such payment lawful money of the United States of America in an amount equal to the principal amount of such Bonds, redemption premium, if any, and all unpaid interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided herein); (ii) shall have been provided for by irrevocably depositing with the Paying Agent or a bank or trust company acting as escrow agent in trust and irrevocably setting aside exclusively for such payment Defeasance Obligations maturing as to principal and interest in such amount and at such time as will ensure the availability of sufficient moneys to make such payment, and (b) all necessary and proper fees, compensation and expenses of the Paying Agent or escrow agent pertaining to any such deposit shall have been paid or the payment thereof provided for to the satisfaction of the Paying Agent or escrow agent, as the case may be. At such times as a Bond or Authorized Denominations thereof shall be deemed to be paid hereunder, as aforesaid, such Bond or Authorized Denominations thereof shall no longer be secured by or entitled to the benefits of this Resolution except for the purposes of any such payment from such moneys and/or Defeasance Obligations.

Notwithstanding the foregoing paragraph, in the case of a Bond or Authorized Denominations thereof which by its terms may be redeemed prior to the stated maturity thereof, no deposit under clause (a)(ii) of the immediately preceding paragraph shall be deemed a payment of such Bond or Authorized Denominations thereof as aforesaid until: (a) proper notice of redemption of such Bond or Authorized Denominations thereof shall have been previously given in accordance with Section 2.3 of this Resolution, or (b) in the event said Bond or Authorized Denominations thereof is not to be redeemed within the next succeeding 60 days, until (i) the Town shall have given irrevocable instructions to notify, as soon as practicable, the Owner of such Bond in accordance with, Section 2.3 hereof, that the deposit required by clause (a)(ii) of the immediately preceding paragraph has been made with the Paying Agent or escrow agent, as the case may be, and that said Bond or Authorized Denominations thereof is deemed to have been paid in accordance with this Article and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of and the applicable premium, if any, on said Bond or Authorized Denominations thereof, plus interest thereon to the due date thereof, (ii) the Town shall have caused to be delivered to the Paying Agent or escrow agent, as the case may be, a verification report of an independent, nationally recognized, certified public accountant showing the sufficiency of such deposit, and (iii) the Town shall have received an opinion of Bond Counsel that such Bond or Authorized Denominations thereof have been paid within the meaning of this Article and that the covenants, liens and pledges contained in this Resolution are fully discharged and satisfied with respect to such Bond or Authorized Denominations thereof.

Notwithstanding any provision of any other Article of this Resolution which may be contrary to the provisions of this Article, all moneys and/or Defeasance Obligations set aside and held in trust pursuant to the provisions of this Article and necessary for the payment of Bonds or Authorized Denominations thereof (including interest and premium thereon, if any) shall be applied to and used solely for the payment of the particular Bonds or Authorized Denominations thereof

(including interest and premium thereon, if any) with respect to which such moneys and/or Defeasance Obligations have been so set aside in trust until payment of such Bonds or Authorized Denominations thereof.

The provisions of this Article shall apply to the Bonds of all or any Series of Bonds Outstanding hereunder or of a particular maturity or of a specific part of a particular maturity to the extent the conditions hereof are expressly satisfied with respect to such Bonds, Series of Bonds, maturity or specific part of a maturity.

Anything in Article V hereof to the contrary notwithstanding, if moneys or Defeasance Obligations have been deposited or set aside with the Paying Agent pursuant to this Article for the payment of Bonds or Authorized Denominations thereof and the interest and premium, if any, thereon shall not have in fact been actually paid in full, no amendment to the provisions of this Article shall be made without the consent of the Owner of each of the Bonds affected thereby.

Notwithstanding the foregoing, in the event that the payment or deposit in the amount and manner provided in this Resolution has been made by the Credit Facility Issuer under the terms of its Credit Facility, the Credit Facility Issuer shall be subrogated to the rights of the Holders of the Bonds and the liability of the Town, with respect thereto, shall not be discharged or extinguished and the covenants, liens and pledges contained in this Resolution shall not be fully discharged and satisfied.

Notwithstanding anything contained in this Article to the contrary, the covenants, liens and pledges contained in this Resolution shall not be fully discharged and satisfied until all obligations owed to the provider of any Reserve Account Credit Facility have been satisfied.

ARTICLE VI

MISCELLANEOUS PROVISIONS

SECTION 6.1. MODIFICATION OR AMENDMENT. Except as provided in paragraph (b) below no material modification or amendment of this Resolution or of any resolution amendatory thereof or supplemental thereto, may be made without the consent in writing of the Owners of fifty-one percent (51%) or more in principal amount of the Bonds then Outstanding; provided, however, that no modification or amendment shall permit a change in the maturity of such Bonds or a reduction in the rate of interest thereon, or affect the unconditional promise of the Town to pay the interest of and principal on the Bonds, as the same mature or become due, from the Pledged Revenues, or reduce such percentage of Owners of such Bonds required above for such modification or amendments, without the consent of the Owners of all the Bonds affected.

(a) This Resolution may be amended, changed, modified and altered without the consent of the Owners of Bonds, (i) to cure any ambiguity, correct or supplement any provisions contained herein which may be defective or inconsistent with any other provisions contained herein, (ii) to provide other changes which will not adversely affect the interest of such

Owners (without taking into account the existence of a Credit Facility), (iii) to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes, (iv) to secure or maintain a rating on the Bonds, or (v) to provide market disclosure regarding the Bonds and the Town's financial condition in accordance with municipal guidelines regarding the same and adopted by the Town.

(b) Anything in this Section 6.1 to the contrary notwithstanding, to the extent the Bonds are secured by a Credit Facility and such Bonds are then rated in as high a rating category in which such Bonds were rated at the time of initial issuance and delivery thereof, by both S&P and Moody's, then the consent of the Credit Facility Issuer shall constitute the consent of the Holders of the Bonds provided such Credit Facility Issuer is not in default under the Credit Facility or the subject of any liquidation, bankruptcy, insolvency or similar proceeding; and provided, further, that no modification or amendment shall permit a change in the maturity or redemption of such Bonds or a reduction in the rate of interest thereon, or affect the unconditional promise of the Town to pay the interest of and principal on the Bonds, as the same mature or become due, from the Pledged Revenues, or adversely affect the rights of Bondholders or reduce the percentage of Owners of such Bonds required in Section 6.1(a) above for such modification or amendment, without the consent of the Owners of all the Bonds affected.

SECTION 6.2. Continuing Disclosure. The Town hereby agrees with the underwriters of the Bonds issued hereunder, in accordance with the provisions of Rule 15c2-12 in effect from time to time and applicable to the Bonds (the "Rule"), promulgated by the Securities and Exchange Commission ("Commission") pursuant to the Securities Exchange Act of 1934, to provide or cause to be provided, to the Municipal Securities Rulemaking Board ("MSRB") in an electronic format prescribed by the MSRB and such other municipal securities information repository as may be required by law or applicable regulation, from time to time (each such information repository, a "MSIR"), within 180 days following the end of each Fiscal Year of the Town, commencing with the Fiscal Year ending September 30, 2019, annual financial information and operating data concerning the Town, consistent with the financial information and operating data included in the official statement prepared with respect to the Bonds, and, if not included with the annual financial information, then, when and if available, audited financial statements prepared in accordance with generally accepted accounting principles applicable to the Town. If audited financial statements are not available at the time of required filings as set forth above, unaudited financial statements shall be filed pending the availability of audited financial statements. (The information required to be disclosed in this subsection A shall be referred to herein as the "Annual Report"). In connection with the annual financial information and operating data, consistent with the financial information and operating data included in the official statement prepared with respect to the Bonds, such information shall be deemed to include, but shall not be limited to (to the extent required by the Rule) the following:

(i) the Town's Comprehensive Annual Financial Report for the immediately preceding Fiscal Year (the "CAFR"); and

(ii) to the extent no longer included in the CAFR updates of the following information in the Official Statement relating to:

(a) Historical Information (not projections) on Non-Valorem Revenues under the heading “Historic and Budgeted Non-Ad Valorem Revenues;” and

(b) Information under the heading “Description of Certain Non-Ad Valorem Revenues.”

The Town reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Town; provided that the Town agrees that any such modification will be done in a manner consistent with the Rule.

B. The Town agrees to provide or cause to be provided to each MSIR in the appropriate format required by law or applicable regulation, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) 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 Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of holders of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of any property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Town (which is considered to occur when any of the following occur: the appointment

of a receiver, fiscal agent or similar officer for the Town in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Town, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Town);

(xiii) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, 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;

(xiv) the appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) the incurrence of a financial obligation of the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Town), any of which affect security holders, if material, and

(xvi) a default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Town), any of which reflect financial difficulties.

For purposes of the foregoing, “financial obligation” means a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as a source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii) excluding municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

C. The Town agrees to provide or cause to be provided, in a timely manner, to each MSIR written notice of a failure by the Town to provide the Annual Report described in subsection A above on or prior to the date set forth therein.

D. The Town reserves the right to terminate its obligation to provide Annual Report and notices of material events, as set forth above, if and when the Town no longer remains an obligated person with respect to the Bonds within the meaning of the Rule (either by the redemption in full or legal defeasance of all such Bonds). If the Town believes such condition exists, the Town will provide notice of such termination to each MSIR. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

E. The Town agrees that its undertaking pursuant to the Rule set forth in this Section is intended to be for the benefit of the holders and beneficial owners of the Bonds and shall be enforceable by any holder or beneficial owner; provided that the right to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Town's obligations under this Section and any failure by the Town to comply with the provisions of this undertaking shall not be an event of default with respect to this Resolution or the Bonds.

F. Any voluntary inclusion by the Town of information in its annual report of supplemental information that is not required hereunder shall not expand the obligations of the Town hereunder and the Town shall have no obligation to update such supplemental information or include it in any subsequent report.

G. The covenants contained herein are solely for the benefit of the holders and beneficial owners of the Bonds and shall not create any rights in any other parties.

H. Notwithstanding any other provision of this Resolution, the Town may amend this Section and any provision of this Section may be waived, provided that the following conditions are satisfied:

(1) The amendment or waiver may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identify, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(2) The undertaking, as amended or taking into account such waiver would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(3) The amendment or waiver does not materially impair the interests of holders and beneficial owners as determined either by parties unaffiliated with the Town or obligated person (such as bond counsel), or by an approving vote of holders pursuant to the terms of this Resolution.

In the event of any amendment or waiver of a provision of this section, the Town shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of annual financial information or operating data being presented by the Town. In addition, if the amendment or waiver relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in the same manner as set forth in subsection B and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 6.3. PRELIMINARY OFFICIAL STATEMENT. The Town Manager or the Director of Finance each is hereby authorized and directed to “deem final” as of its date the Preliminary Official Statement relating to the Bonds for the purposes of the Rule. The Town Manager or Director of Finance each is hereby authorized and directed to execute the appropriate certificate or other documentation to effect the foregoing.

SECTION 6.4. ADDITIONAL AUTHORIZATION. The Mayor, the Town Manager, the Director of Finance and any other proper official of the Town, be and each of them is hereby authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution.

SECTION 6.5. SEVERABILITY OF INVALID PROVISIONS. 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 shall in no way affect the validity of any of the other provisions of this Resolution or of the Bonds issued hereunder.

SECTION 6.6. REPEALER. All resolutions and orders, or parts thereof, in conflict herewith are, to the extent of such conflict, hereby repealed, and this Resolution shall take effect upon its passage in the manner provided by law.

SECTION 6.7. EFFECTIVE DATE. That this Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED in a regular session on this 12th day of November 2019.

Gail L. Coniglio
Mayor

ATTEST:

Kathleen Dominguez, Town Clerk CMC

EXHIBIT A
FORM OF BONDS

No. R-__

UNITED STATES OF AMERICA
STATE OF FLORIDA
TOWN OF PALM BEACH, FLORIDA
PUBLIC IMPROVEMENT REVENUE REFUNDING BONDS
FEDERALLY TAXABLE SERIES 2019
(CAPITAL IMPROVEMENT AND COASTAL MANAGEMENT PROGRAM)

Interest Rate	Maturity Date	Dated Date	CUSIP
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Registered Owner:

Principal Amount:

KNOW ALL MEN BY THESE PRESENTS, that the Town of Palm Beach, Florida (the "Town"), for value received, hereby promises to pay, from the Pledged Revenues, hereinafter mentioned, to the Registered Owner or registered assigns on the Maturity Date specified above, upon the presentation and surrender hereof at the office of the Town's Director of Finance, as paying agent (said Director of Finance and any bank or trust company becoming successor paying agent being herein called the "Paying Agent"), the Principal Amount stated hereon with interest thereon at the Interest Rate stated above, payable on the first day of _____ each year until the Town's obligation with respect to the payment of such Principal Amount shall be discharged. Interest on this Bond is payable by check or draft of the Paying Agent made payable to the registered owner and mailed to the address of the registered owner as such name and address shall appear on the registration books of the Town maintained by the Town's Director of Finance, as Registrar (said Director of Finance, and any successor Registrar being herein called the "Registrar") at the close of business on the fifteenth day of the calendar month preceding each interest payment date; provided, however, that if such fifteenth day is a Saturday, Sunday or holiday, then to the registered owner and at the registered address shown on the registration books of the Town maintained by the Registrar at the close of business on the day next preceding such fifteenth day of the month which is not a Saturday, Sunday or holiday (the "Record Date"); provided further, however, that payment of interest on the Bonds may, at the option of any Holder of Bonds in an aggregate principal amount of at least \$1,000,000, be transmitted by wire transfer to the Holder to the bank account number on file with the Paying Agent as of the Record Date. Such interest shall be payable from the most recent interest payment date next preceding the date hereof to which interest has been paid, unless the date hereof is an _____ 1 or _____ 1 to which interest has been paid, in which case from the date hereof, or unless the date hereof is prior to _____, 20__, in which case from _____, 20__, or unless the date hereof is between a Record Date and the

next succeeding interest payment date, in which case from such interest payment date; provided, however, that if and to the extent there is a default in the payment of the interest due on such interest payment date, such defaulted interest shall be paid to the persons in whose name Bonds are registered on the registration books of the Town maintained by the Registrar at the close of business on the fifteenth day prior to a subsequent interest payment date established by notice mailed by the Registrar to the registered owner not less than the tenth day preceding such subsequent interest payment date. The Principal Amount and accrued interest thereon is payable in any coin or currency of the United States of America, which, on the date of payment thereof, shall be legal tender for the payment of public and private debts.

This Bond is one of an authorized issue of Bonds of the Town designated as its Public Improvement Revenue Refunding Bonds, Federally Taxable Series 2019 (Capital Improvement and Coastal Management Program) (herein called the “Bonds”), in the aggregate principal amount of \$_____ of like date, tenor, and effect, except as to number, date of maturity and interest rate, issued for the purpose of refunding a portion of the Town’s Public Improvement Revenue Bonds, Series 2013 (Capital Improvement and Coastal Management Project) (the “Series 2019 Bonds”) under the authority of and in full compliance with the Constitution, the Town Charter, as amended and supplemented, and Statutes of the State of Florida, including particularly Chapter 166, Florida Statutes, as amended and supplemented and other applicable provisions of law, and a resolution duly adopted by the Town Council on November 12, 2019, as amended (herein referred to as the “Resolution”), and is subject to all the terms and conditions of the Resolution.

This Bond is a special obligation of the Town and is payable solely in the manner and to the extent set forth in the Resolution. There are hereby pledged for the payment of the principal and premium, if any, of, and interest on, the Bond in accordance with the terms and the provisions of the Resolution, the Pledged Revenues (as defined below). This Bond shall not be or constitute a general obligation of the Town within the meaning of the Constitution of the State of Florida but shall be payable solely from and secured by a lien upon and a pledge of the Pledged Revenues in the manner and to the extent provided in the Resolution. No Bondholder shall ever have the right to compel the exercise of the ad valorem taxing power of the Town or taxation in any form on any real or personal property to pay such Bonds or the interest thereon, nor shall any Bondholder be entitled to payment of such principal or interest from any other funds of the Town other than as provided in the Resolution. Furthermore, no Bondholder shall ever have a lien on the project financed with the proceeds of the Series 2010 Bonds.

Until the Bonds are paid or deemed paid pursuant to the provisions of this Resolution, the Town hereby covenants to appropriate in its annual budget in each Fiscal Year, by amendment if necessary, Non-Ad Valorem Revenues in amounts sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds, as the same become due (whether by redemption, at maturity or otherwise), and to restore any deficiency in the Debt Service Reserve Account, if any, created and established under the Resolution for the Bonds and any other reserve accounts or funds relating to such indebtedness.

“Pledged Revenues” means: (i) moneys budgeted and appropriated by the Town, and deposited into the Sinking Fund or any other Fund established under the Resolution, from

Non-Ad Valorem Revenues (until deposited into the Sinking fund in the manner and at the time specified in the Resolution such moneys do not constitute Pledged Revenues); (ii) any proceeds of Bonds originally deposited with the Town and all moneys deposited and held from time to time by the Town in the funds (other than the Cost of Issuance Fund) and accounts established pursuant to the Resolution; (iii) investment income received by the Town in the funds (other than the Cost of Issuance Fund) and accounts established pursuant to the Resolution; and (iv) any other moneys received by the Paying Agent in connection with repayment of the Bonds.

“Non-Ad Valorem Revenues” means legally available revenues of the Town derived from any source whatever other than ad valorem taxation on real and personal property, which are legally available for payment by the Town of debt service on the Bonds and on any obligations of the Town to which Non-Ad Valorem Revenues are hereafter lawfully pledged, and Project Grant Moneys; provided however that for the purpose of the additional bond test described Section 3.10B of the Resolution “Non-Ad Valorem Revenues” means all legally available revenues of the Town derived from any source whatever other than ad valorem taxation on real and personal property which are legally available for payment by the Town of Non-Self-Supporting Debt, excluding Project Grant Moneys, non-ad valorem special assessments which are exclusively pledged to the payment of Special Assessment Obligations and Direct Payments. The foregoing notwithstanding in the event any Bonds are additionally secured by non-ad valorem special assessments and if debt service on such Bonds is not permitted by said Section 3.10B to be directly offset by the amount of non-ad valorem special assessments collected during the prior fiscal year, the Town may treat such non-ad valorem special assessments as Non-Ad Valorem Revenues for purposes of the coverage and additional bonds tests set forth in Section 3.10B of the Resolution.

“Project Grant Moneys” shall include any Federal, State, county or other grant moneys relating to the Project that are legally available to pay principal and/or interest on the Bonds, but shall not include Direct Payments.

The original registered owner and each successive registered owner of this Bond shall be conclusively deemed to have agreed and consented to the following terms and conditions:

(1) The Registrar shall maintain the books of the Town for the registration of Bonds and for the registration of transfers of Bonds as provided in the Resolution. The Bonds shall be transferable by the registered owner thereof in person or by his attorney duly authorized in writing only upon the books of the Town maintained by the Registrar and only upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such Bond, the Town shall issue in the name of the transferee a new Bond or Bonds.

(2) The Town, the Paying Agent and the Registrar shall deem and treat the person in whose name any Bond shall be registered upon the books kept by the Registrar as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond as the same becomes due, and for all other purposes. All such payments so made to any such registered owner or upon his 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 Town, the Paying Agent, nor the Registrar shall be affected by any notice to the contrary.

(3) At the option of the registered owner hereof and upon surrender hereof at the principal corporate trust office of the Registrar with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney and upon payment by such registered owner of any charges which the Registrar or the Town may make as provided in the Resolution, the Bonds may be exchanged for Bonds of the same interest rate and maturity of any other authorized denominations.

(4) In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Town shall execute and the Registrar shall authenticate and deliver Bonds in accordance with the provisions of the Resolution. There shall be no charge for any such exchange or transfer of Bonds, but the Town or the Registrar may require payment of a sum sufficient to pay any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the Town nor the Registrar shall be required (a) to transfer or exchange Bonds for a period from a Record Date to the next succeeding interest payment date on such Bonds or 15 days next preceding any selection of Bonds to be redeemed or thereafter until after the mailing of any notice of redemption, or (b) to transfer or exchange any Bonds called for redemption. However, if less than all of a Bond is redeemed or defeased, the Town shall execute and the Registrar shall authenticate and deliver, upon the surrender of such Bond, without charge to the Bondholder, for the unpaid balance of the principal amount of such Bond so surrendered, a registered Bond in the appropriate denomination and interest rate.

This Bond shall not be valid or obligatory for any purpose until the certificate of authentication set forth hereon shall have been duly executed by the Registrar.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen, and to be performed, precedent to and in the issuance of this Bond exist, have happened and have been performed in regular and due form and time as required by the Laws and Constitution of the State of Florida applicable thereto, and that the issuance of this Bond, and of the issue of Bonds of which this Bond is one, is in full compliance with all constitutional or statutory limitations or provisions.

[Provisions for redemption of Bonds as provided by subsequent proceedings of the Town].

IN WITNESS WHEREOF, the Town of Palm Beach, Florida, has caused this Bond to be signed by its Mayor, either manually or with her facsimile signature, and the seal of the Town Council of the Town of Palm Beach, Florida, to be affixed hereto or imprinted or reproduced hereon, and attested by the Clerk of the Town, either manually or with her facsimile signature, and this Bond to be dated the Dated Date set forth above.

(SEAL)

TOWN OF PALM BEACH, FLORIDA

ATTEST:

By: _____
[Mayor]

Clerk of the Town of Palm Beach,
Florida

FORM OF CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This Bond is one of the Bonds delivered pursuant to the within mentioned Bond Resolution.

_____, as Registrar

By: _____
Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto _____ (please print or typewrite name, address and tax identification number of assignee) _____ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____.

Attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed: In the presence of:

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within Bond in every particular, without alteration or enlargement, or any change whatever.