

0501286

SECTION 10. Creation of Funds and Accounts. There are hereby created and established the "City of Gainesville Health Care Obligation Project Fund" (the "Project Fund") and two accounts therein, the "2005 Retiree Health Care Fund" and the "2005 Bonds Cost of Issuance Account."

SECTION 11. Application of 2005 Bond Proceeds; Reserve Requirement Designation. To the extent not otherwise provided by the Issuer by certificate of the Mayor, or in her absence or unavailability, the Mayor-Commissioner Pro Tempore, delivered at or prior to the issuance and delivery of the 2005 Bonds, the proceeds from the sale of the 2005 Bonds, including accrued interest, if any, shall be disposed of as follows:

(1) Accrued interest, if any, shall be deposited in the Sinking Fund in the Debt Service Fund created pursuant to the Bond Resolution and applied against interest next coming due on the 2005 Bonds.

(2) An amount not exceeding the 2005 Health Care Obligation shall be deposited into the 2005 Retiree Health Care Fund and then immediately transferred to the City of Gainesville Retiree Health Insurance Fund (as defined in the Retiree Health Care Ordinance) as an employer contribution.

(3) The balance of the proceeds of the 2005 Bonds shall be deposited into the 2005 Bonds Cost of Issuance Account and used to pay, when due, the costs of issuance of the 2005 Bonds, including without limitation the cost of a municipal bond insurance policy from the Insurer.

The Reserve Requirement for the 2005 Bonds shall be \$0 and the 2005 Bonds shall not be secured by any subaccount in the Reserve Account in the Debt Service Fund.

SECTION 12. Bond Insurance. It is hereby determined to be in the best interest of the Issuer to obtain a policy of municipal bond insurance with respect to the 2005 Bonds and the Interim City Manager, Administrative Services Director or Finance Director is hereby authorized to accept the terms of the Commitment from the Insurer and to execute and deliver the Commitment on behalf of the Issuer.

SECTION 13. Supplemental Covenants and Agreements. Unless the same shall conflict with the terms of the Bond Resolution, the Issuer covenants and agrees, so long as any 2005 Bonds remain outstanding or any amount shall be due and owing to MBIA in connection with the 2005 Bond Insurance Policy, so long as no event described in paragraph P below shall have occurred, as follows:

A. MBIA shall be given written notice of, and the right to consent to, all amendments to the Bond Resolution. Copies of any amendments consented to by MBIA must be provided to S&P.

B. MBIA shall be deemed the sole Bondholder of all 2005 Bonds insured by it for purposes of exercising all rights, remedies and privileges granted to such Bondholders including, without limitation, the giving of any consents. MBIA shall have the right to institute any suit, action or proceeding at law or in equity under the same terms as a Holder of 2005 Bonds insured by it.

C. Any notice that is required to be given to a Holder of the 2005 Bonds or to the Paying Agent pursuant to the Bond Resolution shall also be provided to MBIA. All notices required to be given to MBIA under the Bond Resolution shall be in writing and shall be sent by registered or certified mail addressed to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504, Attention: Surveillance.

D. In the event that, on the second Business Day, and again on the Business Day, prior to the payment date on the 2005 Bonds, the Paying Agent has not received sufficient moneys to pay all principal of and interest on the 2005 Bonds due on the second following or following, as the case may be, Business Day, the Paying Agent shall immediately notify MBIA or its designee on the same Business Day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

E. If the deficiency is made up in whole or in part prior to or on the payment date, the Paying Agent shall so notify MBIA or its designee.

F. In addition, if the Paying Agent has notice that any Bondholder has been required to disgorge payments of principal or interest on the 2005 Bonds to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Bondholder within the meaning of any applicable bankruptcy laws, then the Paying Agent shall notify MBIA or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

G. The Paying Agent is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Holders of the 2005 Bonds as follows:

1. If and to the extent there is deficiency in amounts required to pay interest on the 2005 Bonds, the Paying Agent shall (a) execute and deliver to U.S. Bank Trust National Association, or its successors under the 2005 Bond Insurance Policy (the "Insurance Paying Agent"), in form satisfactory to the Insurance Paying Agent, an instrument appointing MBIA as agent for such Holders in any legal

proceeding related to the payment of such interest and an assignment to MBIA of the claims for interest to which such deficiency relates and which are paid by MBIA, (b) receive as designee of the respective Holders (and not as Paying Agent) in accordance with the tenor of the 2005 Bond Insurance Policy payment from the Insurance Paying Agent with respect to the claims for interest so assigned, and (c) disburse the same to such respective Holders; and

2. If and to the extent of a deficiency in amounts required to pay principal of the 2005 Bonds, the Paying Agent shall (a) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument appointing MBIA as agent for such Holder in any legal proceeding relating to the payment of such principal and an assignment to MBIA of any of the 2005 Bonds surrendered to the Insurance Paying Agent of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Paying Agent and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is received), (b) receive as designee of the respective Holders (and not as Paying Agent) in accordance with the tenor of the 2005 Bond Insurance Policy payment therefor from the Insurance Paying Agent, and (c) disburse the same to such Holders.

H. Payments with respect to claims for interest on and principal of 2005 Bonds disbursed by the Paying Agent from proceeds of the 2005 Bond Insurance Policy shall not be considered to discharge the obligation of the Issuer with respect to such 2005 Bonds, and the Insurer shall become the owner of such unpaid 2005 Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

I. Irrespective of whether any such assignment is executed and delivered, the Issuer and the Paying Agent hereby agree for the benefit of the 2005 Bonds that:

1. They recognize that to the extent MBIA makes payments, directly or indirectly (as by paying through the Paying Agent), on account of principal of or interest on the 2005 Bonds, MBIA will be subrogated to the rights of such Holders to receive the amount of such principal and interest from the Issuer, with interest thereon as provided and solely from the sources stated in the Bond Resolution and the 2005 Bonds; and

2. They will accordingly pay to MBIA the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the 2005 Bond

Insurance Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in the Bond Resolution and the 2005 Bonds, but only from the sources and in the manner provided herein for the payment of principal of and interest on the 2005 Bonds to Holders, and will otherwise treat MBIA as the owner of such rights to the amount of such principal and interest.

J. In connection with the issuance of Additional Bonds, the Issuer shall deliver to MBIA a copy of the disclosure document, if any, circulated with respect to such Additional Bonds.

K. MBIA shall receive notice of the resignation or removal of the Paying Agent and the appointment of a successor thereto.

L. MBIA shall receive copies of all notices required to be delivered to Bondholders and, on an annual basis, copies of the Issuer's audited financial statements and Annual Budget.

M. The Issuer agrees to reimburse MBIA immediately and unconditionally upon demand, to the extent permitted by law, for all reasonable expenses, including attorneys' fees and expenses, incurred by MBIA in connection with (i) the enforcement by MBIA of the Issuer's obligations, or the preservation or defense of any rights of MBIA, under the Bond Resolution and any other document executed in connection with the issuance of the 2005 Bonds, and (ii) any consent, amendment, waiver or other action with respect to the Bond Resolution or any related document, whether or not granted or approved, together with interest on all such expenses from and including the date incurred to the date of payment at Citibank's prime rate plus 3% or the maximum interest rate permitted by law, whichever is less. In addition, MBIA reserves the right to charge a fee in connection with its review of any such consent, amendment or waiver, whether or not granted or approved.

N. The Issuer agrees not to use MBIA's name in any public document including, without limitation, a press release or presentation, announcement or forum without MBIA's prior consent; provided however, such prohibition on the use of MBIA's name shall not relate to the use of MBIA's standard approved form of disclosure in public documents issued in connection with the 2005 Bonds; and provided further such prohibition shall not apply to the use of MBIA's name in order to comply with public notice, public meeting or public reporting requirements.

O. The Issuer shall not enter into any agreement nor shall it consent to or participate in any arrangement pursuant to which 2005 Bonds are

tendered or purchased for any purpose other than the redemption and cancellation or legal defeasance of such 2005 Bonds without the prior written consent of MBIA.

P. In addition to the restrictions provided herein and in the Bond Resolution, MBIA shall not be entitled to any benefits of the Bond Resolution or this Resolution or any rights specifically granted to it thereunder or hereunder, including the right to consent to, approve or participate in any actions proposed to be taken by the Issuer, a 2005 Bondholder, or either of them if:

(a) MBIA shall be in default in the due and punctual performance of its payment obligations under the 2005 Bond Insurance Policy or if such policy for whatever reason is not then enforceable and in full force and effect; or

(b) MBIA shall apply for or consent to the appointment of a receiver, custodian, trustee or liquidator of MBIA or of all or a substantial part of its assets, or shall admit in writing its inability, or be generally unable, to pay its debts as such debts become due, or shall make a general assignment for the benefit of its creditors, or commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect) or shall file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, or shall fail to contest in a timely and appropriate manner, or acquiesce in writing to, any other petition filed against MBIA in any involuntary case under said Federal Bankruptcy Code, or shall take any other action for the purpose of effecting the foregoing; or

(c) A proceeding or case shall be commenced without the application or consent of MBIA, in any court of competent jurisdiction seeking the liquidation, reorganization, dissolution, winding up or composition or readjustment of debts of MBIA or the appointment of a trustee, receiver, custodian, liquidator, sequestrator (or other similar official) or the like, of MBIA or of all or a substantial part of its assets, or similar relief with respect to MBIA under any law relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, or for relief, rehabilitation, reorganization, conservation, liquidation or dissolution under the law of any state and such proceeding or case shall continue undismissed and an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed in effect for a period of one hundred twenty (120) days from the commencement of such proceedings or case, or any order for relief against MBIA shall be entered in an involuntary case under said Federal Bankruptcy Code; or

(d) MBIA shall no longer insure any of the 2005 Bonds.

SECTION 14. Authorizations.

A. The Interim City Manager, the Administrative Services Director or the Finance Director of the Issuer is hereby authorized, in accordance with the terms hereof, to execute on behalf of the Issuer, the Purchase Contract at the places provided therein. The Interim City Manager, the Finance Director or the Administrative Services Director of the Issuer is hereby authorized to deliver the Purchase Contract immediately following the execution thereof by the Underwriter.

B. The Mayor, or in her absence or unavailability, the Mayor-Commissioner Pro Tempore, and the Clerk or any Deputy Clerk of the Issuer or their duly authorized alternative officers are hereby authorized and directed on behalf of the Issuer to execute the 2005 Bonds (including any temporary bond or bonds) as provided in the Bond Resolution and this Resolution and any of such officers are hereby authorized and directed upon the execution of the 2005 Bonds in the form and manner set forth in the Bond Resolution as supplemented hereby to deliver the 2005 Bonds in the amounts authorized to be issued hereunder, to the Registrar for authentication and delivery to or upon the order of the Underwriter pursuant to the Purchase Contract, upon payment of the purchase price and upon compliance by the Underwriter with the terms of the Purchase Contract.

C. The Mayor, or in her absence or unavailability, the Mayor-Commissioner Pro Tempore, the Interim City Manager, the Administrative Services Director, or the Finance Director, the Clerk, any Deputy Clerk of the Issuer, and such other officers and employees of the Issuer as may be designated by the Mayor, or in her absence or unavailability the Mayor-Commissioner Pro Tempore, are each designated as agents of the Issuer in connection with the issuance and delivery of the 2005 Bonds and are authorized and empowered, collectively or individually, to take all action and steps and to execute all instruments, documents and contracts on behalf of the Issuer that are necessary or desirable in connection with the execution and delivery of the 2005 Bonds, and which are specifically authorized by or are not inconsistent with, the terms and provisions of this Resolution or any action relating to the 2005 Bonds heretofore taken by the Issuer. Such officers and those so designated are hereby charged with the responsibility for the issuance of the 2005 Bonds.

SECTION 15. Repeal of Inconsistent Resolutions. Except as supplemented and amended hereby, all provisions of the Bond Resolution remain in full force and effect. All other resolutions or parts of other resolutions in conflict herewith are hereby repealed.

SECTION 16. Severability. If any one or more of the covenants, agreements or provisions of this Resolution should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held

invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Resolution or of the 2005 Bonds issued hereunder.

SECTION 17. Copies of this Resolution. Certified copies of this Resolution shall be provided to MBIA and S&P as provided in the Bond Resolution.

SECTION 18. Effective Date. This Resolution shall take effect immediately upon its adoption in the manner provided by law.

PASSED AND ADOPTED IN PUBLIC SESSION OF THE CITY COMMISSION OF THE CITY OF GAINESVILLE, FLORIDA, THIS 27th DAY OF JUNE, 2005.

CITY COMMISSION OF THE CITY
OF GAINESVILLE, FLORIDA

By: _____
Mayor

ATTESTED:

By: _____
Clerk of the Commission

APPROVED AS TO FORM AND
LEGALITY:

By: _____
City Attorney

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