RESOLUTION NO. 191095

A RESOLUTION OF THE CITY OF GAINESVILLE, FLORIDA AUTHORIZING THE REPLACEMENT OF EXISTING CREDIT AGREEMENTS WITH RESPECT TO ITS VARIABLE RATE UTILITIES SYSTEM REVENUE BONDS, 2005 SERIES C, ITS VARIABLE RATE UTILITIES SYSTEM REVENUE BONDS, 2006 SERIES A AND ITS VARIABLE RATE UTILITIES SYSTEM REVENUE BONDS, 2012 SERIES B AND THE AMENDMENT AND EXTENSION OF AN EXISTING CREDIT AGREEMENT WITH RESPECT TO ITS VARIABLE RATE UTILITIES SYSTEM REVENUE BONDS, 2008 SERIES B; APPROVING THE FORMS OF AGREEMENTS WITH BARCLAYS BANK PLC, AND DELEGATING TO AUTHORIZED OFFICERS THE AUTHORITY TO NEGOTIATE AND FINALIZE THE TERMS THEREOF AND AUTHORIZING THE EXECUTION AND DELIVERY THEREOF; AUTHORIZING THE PREPARATION, EXECUTION AND DELIVERY OF A REOFFERING MEMORANDUM RELATING TO CERTAIN OF THE BONDS; AUTHORIZING THE PAYMENT OF COSTS OF ISSUANCE RELATED TO THE TRANSACTIONS DESCRIBED HEREIN; AUTHORIZING PROPER OFFICIALS TO DO ALL OTHER THINGS DEEMED NECESSARY OR ADVISABLE IN CONNECTION WITH THE EXTENSION AND ISSUANCE OF THE REPLACEMENT CREDIT FACILITIES; PROVIDING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Gainesville, Florida ("*City*") adopted on September 21, 2017 its Resolution No. 170395 incorporating by reference the Second Amended and Restated Utilities System Revenue Bond Resolution adopted by the City on September 21, 2017, as amended (the "*Master Bond Resolution*"), and authorized the issuance of Bonds;

WHEREAS, the City heretofore adopted on October 24, 2005, its Resolution No. 050545 (the "*2005 Bonds Supplemental Resolution*"), incorporating by reference and adopting the Sixteenth Supplemental Utilities System Revenue Bond Resolution, supplementing the Master Bond Resolution authorizing the issuance of its Variable Rate Utilities System Revenue Bonds, 2005 Series C (the "*2005 Bonds*"); and

WHEREAS, the City heretofore adopted on June 26, 2006, its Resolution No. 060184 (the "*2006 Bonds Supplemental Resolution*"), incorporating by reference and adopting the Seventeenth Supplemental Utilities System Revenue Bond Resolution supplementing the Master Bond Resolution authorizing the issuance of its Variable Rate Utilities System Revenue Bonds, 2006 Series A (the "*2006 Bonds*"); and

WHEREAS, the City heretofore adopted on January 28, 2008, its Resolution No. 070862 (the "*2008 Bonds Supplemental Resolution*"), incorporating by reference and adopting the Twentieth Supplemental Utilities System Revenue Bond Resolution supplementing the Master

Bond Resolution authorizing the issuance of its Variable Rate Utilities System Revenue Bonds, 2008 Series B (the "*2008 Bonds*"); and

WHEREAS, the City heretofore adopted on June 21, 2012, its Resolution No. 120097 (the "*2012 Bonds Supplemental Resolution*"), incorporating by reference and adopting the Twenty-Fifth Supplemental Utilities System Revenue Bond Resolution supplementing the Master Bond Resolution authorizing the issuance of its Variable Rate Utilities System Revenue Bonds, 2012 Series B (the "*2012 Bonds*" and together with the 2005 Bonds, the 2006 Bonds and the 2008 Bonds, the "*Variable Rate Bonds*"); and

WHEREAS, the Variable Rate Bonds are secured by liquidity facilities from various liquidity facility providers (the "*Prior Liquidity Providers*") which are all scheduled to expire in calendar year 2020; and

WHEREAS, Barclays Bank PLC ("*Barclays*") currently provides the Credit Enhancement for the 2008 Bonds pursuant to a Standby Bond Purchase Agreement dated as of June 1, 2017 between the City and Barclays (the "*2008 Bonds Liquidity Facility*") and has agreed, subject to certain amendments, to extend the expiration of such liquidity facility and to provide substitute Credit Enhancement for each of the 2005 Bonds, the 2006 Bonds and the 2012 Bonds; and

WHEREAS, the City, through its Financial Advisor, based on discussions with the Prior Liquidity Providers, the market for similar liquidity facilities and the terms to be provided by Barclays, has recommended that the City make certain amendments to and extend the expiration date of the liquidity facility for the 2008 Bonds Liquidity Facility with Barclays and to replace the existing liquidity facility providers for the 2005 Bonds, the 2006 Bonds and the 2012 Bonds with Credit Enhancement provided by Barclays (individually, a "*Substitute Liquidity Facility*" and collectively, the "*Substitute Liquidity Facilities*" and together with the 2008 Bonds Liquidity Facility, the "*Liquidity Facilities*");

WHEREAS, the City desires to approve the amendment and restatement of the 2008 Bonds Liquidity Facility and the Fee Letter dated June 12, 2017 (the "*2008 Bonds Fee Letter*") related thereto, in substantially the forms attached as Exhibit A hereto, with such changes as may be approved by the General Manager for Utilities, his designee, the Chief Financial Officer, her designee, or such other Authorized Officer of the City in accordance with the authorizations set forth herein and to authorize the Authorized Officers, as hereafter defined, to take such other actions, provide such notices, and execute such other documents as may be required under the applicable Resolutions, as hereinafter defined, to effect extension of expiration date and the other amendments to the 2008 Bonds Liquidity Facility.

WHEREAS, in order to substitute the Substitute Liquidity Facilities for the existing liquidity facilities, the City desires to approve the form of the Standby Bond Purchase Agreement each to be substantially in the form attached hereto as Exhibit B, with such changes as may be approved by the General Manager for Utilities, his designee, the Chief Financial Officer, her designee, or such other Authorized Officer of the City in accordance with the authorizations set forth herein and to authorize the Authorized Officers, as hereafter defined, to take such other actions, provide such notices, and execute such other documents as may be

required under the applicable Resolutions to effect the substitution of the liquidity facilities providing liquidity for the 2005 Bonds, the 2006 Bonds and the 2012 Bonds (collectively, the "*Replaced Liquidity Facilities*").

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF GAINESVILLE, FLORIDA THAT:

ARTICLE I
DEFINITIONS

Section 1.01 Authority; Definitions. All capitalized terms not otherwise defined herein shall have such meaning as given in the Master Bond Resolution, the 2005 Bonds Supplemental Resolution, the 2006 Bonds Supplemental Resolution, the 2008 Bonds Supplemental Resolution and the 2012 Bonds Supplemental Resolution (collectively, the "*Resolutions*"). This Resolution is adopted pursuant to the provisions of Chapter 166, Florida Statutes, the City's Charter, the Resolutions and other applicable provisions of law (the "*Act*").

ARTICLE II
CERTAIN FINDINGS AND DETERMINATIONS; ADDITIONAL AUTHORIZATIONS

Section 2.01 Certain Findings and Determinations. The City hereby finds and determines that:

(a) The factual recitals set forth in the WHEREAS clauses of this Resolution are hereby incorporated in this section as findings as if expressly set forth herein.

(b) It is in the best interest of the City to negotiate and to extend the expiration of the 2008 Bonds Liquidity Facility and enter into each of the Substitute Liquidity Facilities with Barclays.

ARTICLE III
APPROVAL OF CREDIT FACILITY, REOFFERING CIRCULAR AND NOTICES

Section 3.01 Replacement Credit Facility. The extension of the expiration date of the 2008 Bonds Liquidity Facility with Barclays and the other amendments set forth in the amendment and restatement of the 2008 Bonds Liquidity Facility and the amendment and restatement of the 2008 Bonds Fee Letter, each in substantially the forms attached as Exhibit A hereto, with such changes, alterations and corrections, and the completion of blanks therein, as may be approved by the General Manager for Utilities, his designee, the Chief Financial Officer, or her designee and such other Authorized Officer of the City, or their respective designee (each an "*Authorized Officer*" and collectively, the "*Authorized Officers*"), such approval to be presumed by the execution thereof by such Authorized Officer, subject to the approval of the City Attorney as to form and legality, is hereby approved by the City and in conjunction with the execution thereof by Barclays, the City authorizes and directs the Authorized Officer to execute such amended and restated agreements and to deliver the same to Barclays. The Clerk of the City Commission or any Deputy Clerk is, to the extent necessary, is hereby authorized to attest the execution of the amendments.

The Substitute Liquidity Facilities with Barclays, each to be in substantially the form attached as Exhibit B hereto, with such changes, alterations and corrections, and the completion of blanks therein, as may be approved by the Authorized Officer, such approval to be presumed by the execution thereof by such Authorized Officer, subject to the approval of the City Attorney as to form and legality, is hereby approved by the City and in conjunction with the execution thereof by Barclays, the City authorizes and directs the Authorized Officer to execute each of the Substitute Liquidity Facilities and to deliver the same to Barclays. The Clerk of the City Commission or any Deputy Clerk is, to the extent necessary, hereby authorized to attest the Substitute Liquidity Facilities. Each Substitute Liquidity Facility shall be "*Credit Enhancement*" as defined in the Master Bond Resolution and a "*Substitute Liquidity Facility*" as defined in each of the applicable Resolutions.

Section 3.02 Authorization to Extend the Term of a Particular Liquidity Facility or to Procure a Substitute Liquidity Facility in Substitution Therefor. After the date hereof, the General Manager for Utilities, or his designee, is hereby continued to be authorized in accordance with the Resolutions, from time to time, (1) to extend the term of any of the Liquidity Facilities or (2) to procure a substitute Credit Enhancement in substitution for the Liquidity Facilities then in effect with respect thereto, in either such case, upon such terms and conditions as shall be determined by the General Manager for Utilities, or such designee, to be advantageous to the City and commercially reasonable (which terms and conditions (including, without limitation, the amounts of the "commitment fee" and other fees payable by the City thereunder and the specification of the interest rates payable on loans or advances thereunder) may differ from the terms and conditions then in effect pursuant to such Liquidity Facility then in effect), such determination to be confirmed in writing by the firm serving at that time as the System's financial advisor to the extent provided below.

In connection with any such extension of the term of a particular Liquidity Facility, the General Manager for Utilities, or his designee, is hereby further authorized to execute and deliver, on behalf of the City, such documents and instruments (including, without limitation, an amendment to or amendment and restatement of such Liquidity Facility and the related fee letter) as shall be determined by the General Manager for Utilities, or such designee, to be (a) necessary or desirable and advantageous to the City and (b) in commercially reasonable form; provided, however, that if any such extension shall be on terms and conditions different from the terms and conditions of such Liquidity Facility as then in effect, then (a) such determination of the General Manager for Utilities, or such designee, shall be confirmed in writing by the firm serving at that time as the System's financial advisor and (b) the form of each such document or instrument shall be approved by the City Attorney or his/her designee as to form and legality prior to the execution thereof by the General Manager for Utilities, or such designee.

In connection with any such procurement of Credit Enhancement in substitution for the Liquidity Facility then in effect with respect thereto, the General Manager for Utilities, or his/her designee, is hereby further authorized to execute and deliver, on behalf of the City, such documents and instruments (including, without limitation, a credit agreement or other similar document and a fee letter) as shall be determined by the General Manager for Utilities, or such designee, to be (a) necessary or desirable and advantageous to the City and (b) in commercially reasonable form, such determination to be confirmed in writing by the firm serving at that time as the System's financial advisor; provided, however, that the form of each such document or

instrument shall be approved by the City Attorney or his/her designee as to form and legality prior to the execution thereof by the General Manager for Utilities, or such designee; and provided, further, that the procedures utilized in connection with any such procurement shall be consistent with any requirements of any law, rule, regulation, ordinance or resolution applicable thereto.

Section 3.03 Reoffering Memorandum. The Authorized Officers are hereby authorized to approve and execute, on behalf of the City, one or more Reoffering Memorandums relating to the Variable Rate Bonds in a form substantially as attached hereto as Exhibit C, and all future supplements and amendments thereto (collectively, the "*Reoffering Memorandum*"), with such changes, insertions, omissions and filling of blanks as the officer(s) signing the same may approve, such execution to be conclusive evidence of such approval. The distribution of the Reoffering Memorandum in connection with the remarketing of Variable Rate Bonds is hereby approved.

Section 3.04 Notices. The Authorized Officers are hereby authorized and directed to deliver such notices as may be required under the terms of each of the applicable Resolutions and the liquidity facilities providing liquidity for the Variable Rate Bonds as may be necessary to effectuate the amendment, extension and substitution of the existing liquidity facilities described herein prior to the expiration thereof and all such prior actions, taken in conformance with the provisions hereof, are hereby ratified.

ARTICLE IV
MISCELLANEOUS

Section 4.01 Further Authority. The Authorized Officers are each hereby authorized to do all acts and things required of them by this Resolution, the Resolutions, or otherwise, as may be necessary or desirable to effectuate the amendment, extension and substitution of the liquidity facilities providing liquidity for the Variable Rate Bonds. The Authorized Officers, collectively or individually, upon satisfaction of the conditions set forth herein, are hereby authorized to execute the amendment and restatement of the 2008 Bonds Liquidity Facility and 2008 Bonds Fee Letter, the Substitute Liquidity Facilities and associated fee letters and Reoffering Memorandum on behalf of the City, each subject to completion thereof, and with such changes therein as the officer(s) executing the same may approve as necessary and desirable and in the best interests of the City, such approval to be evidenced by the execution and delivery thereof, subject to the approval of the City Attorney as to form and legality. The Authorized Officers, or their respective designees, are each hereby authorized and directed to execute and deliver any and all papers 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 hereunder, including, to the extent necessary, without limitation, amendments to the tender agent agreements and remarketing agreements related to the Variable Rate Bonds, and based on advice of the System's financial Advisor to change from a daily and weekly rate mode, as applicable to a weekly or daily rate mode one or more series of Variable Rate Bonds in connection with such extension and substitution of liquidity facilities providing liquidity for the Variable Rate Bonds.

Section 4.02 Payment of Costs of Substitution. The Authorized Officers are hereby authorized to pay the costs of the amendment and extension of the 2008 Bonds Liquidity Facility

and the Substitute Liquidity Facilities, including those referenced in the fee letters, all other legal expenses, expenses for fiscal agents, financial advisors, accountants and other experts, printing expenses and such other expenses necessary or incidental and incurred by the City in connection with the extension and substitution of the liquidity facilities described herein.

Section 4.03 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 and the Resolutions or of the Bonds issued thereunder.

Section 4.04 No Third-Party Beneficiaries. Except as herein otherwise expressly provided, nothing in this Resolution expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the parties hereto and the owners and holders of the Bonds issued under and secured by the Resolutions, any right, remedy or claim, legal or equitable, under or by reason of this Resolution or any provision hereof, this Resolution and all its provisions being intended to be and being for the sole and exclusive benefit of the parties hereto and the owners and holders from time to time of the Bonds.

Section 4.05 Controlling Law; Members of Issuer Not Liable. All covenants, stipulations, obligations and agreements of the City contained in this Resolution shall be deemed to be covenants, stipulations, obligations and agreements of the City to the full extent authorized by the Act and provided by the Constitution and laws of the State. No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, agent or employee of the City in their individual capacity, and neither the members of the City nor any official executing the Substitute Liquidity Facilities shall be liable personally on the Substitute Liquidity Facilities, the Bonds or this Resolution or shall be subject to any personal liability or accountability by reason of the issuance or the execution by the City or such members thereof.

Section 4.06 Effective Date. This Resolution shall be fully effective immediately upon adoption.

PASSED AND ADOPTED IN PUBLIC SESSION OF THE CITY COMMISSION OF THE CITY OF GAINESVILLE, FLORIDA, THIS 16TH DAY OF APRIL, 2020.

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
NICOLLE SHALLEY

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EXHIBIT A TO RESOLUTION

FORM OF AMENDED AND RESTATED 2008 BONDS LIQUIDITY FACILITY
AND THE AMENDED AND RESTATED FEE LETTER DATED JUNE 12, 2017

AMENDED AND RESTATED STANDBY BOND PURCHASE AGREEMENT

dated as of April 1, 2020

Between

CITY OF GAINESVILLE, FLORIDA

and

BARCLAYS BANK PLC

Relating to

City of Gainesville, Florida
Variable Rate Utilities System Revenue Bonds,
2008 Series B

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AMENDED AND RESTATED STANDBY BOND PURCHASE AGREEMENT

THIS AMENDED AND RESTATED STANDBY BOND PURCHASE AGREEMENT, dated as of April 1, 2020, between the CITY OF GAINESVILLE, FLORIDA (including its successors and assigns, the *"City"*) and BARCLAYS BANK PLC (including its successors and assigns, the *"Bank"*).

WHEREAS, the City is a municipal corporation duly organized and existing under the laws of the State of Florida and established under its Charter, Chapter 90-394, Laws of Florida, as amended (the *"Act"*);

WHEREAS, the City is authorized pursuant to the Act to own, manage and operate the System (as defined in the Bond Resolution referred to in Section 1.1(b) hereof);

WHEREAS, the City has heretofore issued its Variable Rate Utilities System Revenue Bonds, 2008 Series B in an aggregate principal amount of $90,000,000 (the *"Bonds"*) in order to provide funds to pay a portion of the Cost of Acquisition and Construction (as defined in the Bond Resolution) of the System;

WHEREAS, it is desirable to provide for the purchase by the Bank of Bonds tendered (or deemed to be tendered) for purchase or subject to mandatory tender pursuant to the provisions of the Supplemental Resolution (as hereinafter defined), on the terms and conditions provided pursuant to the terms set forth in the Standby Bond Purchase Agreement, dated as of June 1, 2017 (as amended and supplemented to date, the *"Original Agreement"*), between the City and the Bank, with respect to the Bonds;

WHEREAS, the City has requested that the Bank extend the Stated Termination Date and make certain other modifications to the Original Agreement; and

WHEREAS, pursuant to Section 8.1 of the Original Agreement, the Original Agreement may be amended in writing by the City and the Bank, and in connection therewith and in reliance upon the provisions hereof, the parties have agreed to amend and restate the Original Agreement in the form of this Agreement; and

NOW, THEREFORE, in consideration of the respective agreements contained herein, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. (a) Capitalized terms used herein but not otherwise defined in subsection (b) below or elsewhere herein shall have the meanings given to them in the Bond Resolution (as defined below).

(b) The following terms, as used herein, shall have the following meanings:

"Act" shall have the meaning assigned thereto in the Bond Resolution.

"Affiliate" shall mean, as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. A Person shall be deemed to control another Person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other Person, whether through the ownership of voting securities, by contract or otherwise. Without limitation, any director, executive officer or beneficial owner of 5% or more of the equity of a Person shall for the purposes of this Agreement, be deemed to control the other Person.

"Agreement" shall mean this Amended and Restated Standby Bond Purchase Agreement, as the same may be amended or supplemented from time to time.

"Authorized Denomination" shall have the meaning assigned thereto in the Supplemental Resolution.

"Authorized Officers" shall mean, with respect to the City, any of the following: (a) the Mayor, the General Manager for Utilities and the Utility Chief Financial Officer of the System (including any person serving in any of the foregoing offices on an "interim" or "acting" basis) and (b) any other officer, employee or agent of the City authorized to perform specific acts or duties by resolution duly adopted by the City.

"Available Commitment" as of any day shall mean the sum of the Available Principal Commitment and the Available Interest Commitment on such day.

"Available Interest Commitment" initially shall mean $1,065,206, which initial amount equals 36 days' interest on the initial amount of the Available Principal Commitment based upon an assumed rate of interest of twelve percent (12.00%) per annum and a three hundred sixty-five (365) day year and, thereafter, shall mean such initial amount adjusted from time to time as follows: (a) downward by an amount that bears the same proportion to such initial amount as the amount of any reduction in the Available Principal Commitment in accordance with clause (a) or (b) of the definition herein of "Available Principal Commitment" bears to the initial Available Principal Commitment and (b) upward by an amount that bears the same proportion to such initial amount as the amount of any increase in the Available Principal Commitment in accordance with clause (c) or (d) of the definition herein of "Available Principal Commitment" bears to the initial Available Principal Commitment.

"Available Principal Commitment" shall mean the aggregate principal amount of the Bonds Outstanding, initially $90,000,000 and, thereafter, shall mean such initial amount adjusted from time to time as follows: (a) downward by the principal amount of Bonds that (i) are converted to bear interest in a Non-Covered Interest Mode, (ii) have matured, (iii) have been redeemed or (iv) have been defeased; (b) downward by the principal amount of any Eligible Bonds purchased by the Bank pursuant to Section 2.2(c) hereof; (c) upward by the principal amount of any Eligible Bonds theretofore purchased by the Bank pursuant to Section 2.2(c)

hereof which are remarketed by the Remarketing Agent and for which the Bank has received immediately available funds; and (d) upward by the principal amount of any Bank Bonds (i) released by the Bank or its nominee (as the case may be) to the Tender Agent for sale or transfer to a Person other than the City or the Bank or any nominee thereof pursuant to Section 2.3 hereof or (ii) that the Bank elects not to sell as provided in Section 2.3 hereof, in each case, upon receipt by the City, the Tender Agent and the Remarketing Agent of the written notice of the Bank required by said Section 2.3; *provided, however,* that the sum of the Available Principal Commitment, plus the aggregate principal amount of Bank Bonds Outstanding, shall never exceed $90,000,000. Any adjustments to the Available Principal Commitment pursuant to clause (a), (b), (c) or (d) hereof shall occur simultaneously with the occurrence of the events described in such clauses.

"Bail-In Action" means the exercise by a resolution authority of any write-down or conversion power existing from time to time (including, without limitation, any power to amend or alter the maturity of eligible liabilities of an institution under resolution or amend the amount of interest payable under such eligible liabilities or the date on which interest becomes payable, including by suspending payment for a temporary period and together with any power to terminate and value transactions) under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the United Kingdom relating to the transposition of the Bank Recovery and Resolution Directive, as amended from time to time, including but not limited to, the Banking Act 2009 as amended from time to time, and the instruments, rules and standards created thereunder, pursuant to which the Bank's obligations (or those of our affiliates) can be reduced (including to zero), cancelled or converted into shares, other securities, or other obligations of the Bank or any other person.

"Bank Bond CUSIP Number" shall mean 362848 RW5.

"Bank Bonds" shall mean Bonds purchased by the Bank pursuant to Section 2.2(c) hereof.

"Bank Rate" shall mean, for each date of determination with respect to a Bank Bond, a rate per annum equal to: (i) for the period commencing on the related Purchase Date up to and including the ninetieth (90th) day thereafter, equal to the Base Rate from time to time in effect; (ii) for any day commencing on the ninety-first (91st) day next succeeding such Purchase Date to and including the one hundred eightieth (180th) day next succeeding such Purchase Date, equal to the sum of the Base Rate from time to time in effect *plus* one percent (1.00%) (*provided* that component (iv) of the Base Rate shall not be subject to the 1.00% increase), and (iii) for any day commencing on or after the one hundred eighty-first (181st) day next succeeding such Purchase Date, equal to the sum of the Base Rate from time to time in effect *plus* two percent (2.00%) (*provided* that component (iv) of the Base Rate shall not be subject to the 2.00% increase); *provided*, that during the occurrence and continuance of an Event of Default or a Suspension Event, if and to the extent permitted by applicable law, all amounts owed hereunder shall bear interest at the Default Rate; *provided, further*, that at no time shall the Bank Rate be less than the rate on Bonds that are not Bank Bonds.

"Base Rate" means, for any day, a per annum, variable rate of interest equal to the highest of (i) eight percent (8.00%), (ii) the Prime Rate in effect at such time plus two and one-half of one percent (2.50%), (iii) the Federal Funds Rate in effect at such time plus two and one-half of one percent (2.50%), and (iv) one hundred fifty percent (150%) of the yield on the 30-Year United States Treasury bond. Each determination of the Base Rate by the Bank will be conclusive and binding on the City, absent manifest error.

"Bondholders" shall have the meaning assigned thereto in the Bond Resolution.

"Bond Rate" shall have the meaning assigned to the term "2008 Series B Bond Rate" in the Supplemental Resolution.

"Bond Resolution" shall mean Resolution No. 170395, incorporating by reference the Second Amended and Restated Utilities System Revenue Bond Resolution adopted by the City on September 21, 2017, as amended through the date hereof, as supplemented by the Supplemental Resolution and as further amended and supplemented from time to time in accordance with the terms thereof and hereof.

"BSA" shall have the meaning given such term in Section 4.20 hereof.

"Business Day" shall have the meaning assigned thereto in the Supplemental Resolution. For the avoidance of doubt, the City and the Bank agree that the city of New York, New York is the "lending office" of the Bank under this Agreement, as provided for in the Supplemental Resolution.

"Contractual Obligation" shall mean, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or undertaking to which such Person is a party or by which it or any of its property is bound.

"Conversion Date" shall mean the first date on which all of the Bonds have been converted to a Non-Covered Interest Mode.

"Daily Mode" shall have the meaning assigned thereto in the Supplemental Resolution.

"Date of Delivery of the Final Reoffering Memorandum" shall mean the date on which the Bank shall acknowledge in writing that it shall have received each of the following: (i) a copy of the Final Reoffering Memorandum, together with any supplements or amendments thereto, (ii) a copy of the opinion of Bryant Miller Olive P.A., disclosure counsel to the City, as to the Final Reoffering Memorandum and dated as of the same date thereof, (iii) a copy of the reliance letter of Bryant Miller Olive P.A., disclosure counsel to the City, with respect to the opinion described in the preceding clause (ii), addressed to and in form and substance satisfactory to the Bank, and (iv) a representation and warranty from the City, in form and substance satisfactory to the Bank, substantially in the form of Section 4.13 hereto, as to the Final Reoffering Memorandum.

"Default" shall mean the occurrence of any event which, with the giving of notice or the passage of time, or both, would (unless waived by the Bank or cured to the reasonable satisfaction of the Bank) constitute an Event of Default.

"Default Rate" shall mean a per annum rate of interest equal to the sum of the Base Rate from time to time in effect *plus* four percent (4.00%). The Default Rate shall change as and when the Base Rate changes.

"Differential Interest Amount" shall mean, for any period and with respect to any Bank Bond, the difference (if positive) between (a) the amount of interest accrued on such Bank Bond during such period at the Bank Rate or Rates in effect during such period and (b) to the extent received by the Bank, the amount of interest that would have accrued on such Bank Bond during such period had such Bank Bond borne interest during such period at the Bond Rate or Rates in effect during such period.

"Dodd-Frank Act" shall mean the Dodd Frank Wall Street Reform and Consumer Protection Act and all regulations, guidelines and directions in connection therewith, as the same may be amended from time to time.

"Draft Reoffering Memorandum" shall mean the draft of the Reoffering Memorandum of the City, dated June 12, 2017, relating to the Bonds.

"Effective Date" means April [__], 2020, subject to the satisfaction or waiver by the Bank of the conditions precedent set forth in Section 3.01 hereof.

"Eligible Bond" shall mean any Tendered Bond bearing interest in an Interest Mode other than a Non-Covered Interest Mode, and shall exclude (a) any Tendered Bond owned by, for the account of, or on behalf of, the City or an Affiliate thereof, (b) Bank Bonds (other than 2008 Series B Bank Bonds owned by the Prior Liquidity Provider on the Substitution Date), and (c) Bonds that have been removed from coverage under this Agreement by reason of maturity, redemption, defeasance, conversion to a Non-Covered Interest Mode or the delivery of a Substitute Liquidity Facility in replacement of this Agreement.

"EMMA" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System or any successor thereto.

"Environmental Laws" shall mean any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, or rules, and all judgments, orders, decrees, permits, concessions, grants, franchises, licenses, permits, agreements or governmental restrictions relating to air, water or land pollution, wetlands, or the protection of the environment or the release of any materials into the environment, including air, water or land, and those related to Hazardous Materials, air emissions and discharges to waste or public systems.

"Environmental Liability" shall mean any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the System directly or indirectly resulting from or based upon (a) violation of any Environmental

Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, or any successor statute.

"Event of Default" shall mean any of the events specified as such in Article VII hereof.

"Excess Bond Interest" shall have the meaning set forth in Section 8.15 hereof.

"Executive Order" shall have the meaning set forth in Section 8.21(b) hereof.

"Federal Funds Rate" means, for any day, the rate of interest per annum as determined by the Bank at which overnight Federal Funds are offered to the Bank for such day by major banks in the interbank market, with any change in such rate to become effective as to the City on the date of any change in such rate. Each determination of the Federal Funds Rate by the Bank shall be deemed conclusive and binding on the City absent manifest error. Notwithstanding anything herein to the contrary, if the Federal Funds Rate as determined as provided above would be less than zero percent (0.0%), then the Federal Funds Rate shall be deemed to be zero percent (0.0%).

"Fee Letter" shall mean that certain Amended and Restated Fee Letter, dated April [__], 2020, between the City and the Bank, as the same may be amended and supplemented from time to time.

"Final Reoffering Memorandum" shall mean the final Reoffering Memorandum of the City, dated June 29, 2017, or any date prior thereto, relating to the Bonds.

"Financing Documents" shall mean the Resolutions, the Tender Agency Agreement, the Remarketing Agreement and the Bonds.

"Fiscal Year" shall have the meaning assigned thereto in the Bond Resolution.

"Fitch" shall mean Fitch, Inc. d/b/a Fitch Ratings and its successors and assigns, and if such corporation (a) shall be dissolved or liquidated, (b) shall no longer perform the functions of a securities rating agency or (c) with respect to any rating specified herein which may be provided by Fitch for the Bank, shall no longer rate (other than as a result of a temporary suspension of such rating) any outstanding senior unsecured short-term debt of the Bank, "Fitch" shall be deemed to refer to any other nationally recognized statistical rating organization (other than Moody's or S&P) designated by the Bank and not disapproved by the City if such an organization shall exist.

"GAAP" shall have the meaning set forth in Section 1.2 hereof.

"Governmental Authority" shall mean any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Hazardous Materials" shall mean all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Immediate Termination Event" shall have the meaning set forth in Section 7.2(a) hereof.

"Indebtedness" shall mean, as to any Person, at a particular time, (a) indebtedness for borrowed money or for the deferred purchase price of property or services in respect of which such Person is liable, contingently or otherwise, as obligor, guarantor or otherwise, or in respect of which such Person otherwise assures a creditor against loss, (b) obligations under leases which shall have been or should be, in accordance with GAAP, recorded as capital leases in respect of which obligations such Person is liable, contingently or otherwise, as obligor, guarantor or otherwise, or in respect of which obligations such Person assures a creditor against loss, (c) all guarantees, endorsements (other than for collection or deposit in the ordinary course of business) and other contingent obligations to purchase, to provide funds for payment, to supply funds to invest in any Person or otherwise to assure a creditor against loss, (d) obligations secured by any Lien on property, whether or not the obligations have been assumed, and (e) all other items or obligations which would be included in determining total liabilities on the balance sheet of a Person in accordance with GAAP; *provided, however,* that "Indebtedness" shall not include trade payables and similar obligations incurred in the ordinary course of business.

"Interest Accrual Period" shall have the meaning assigned thereto in the Supplemental Resolution.

"Interest Component" shall have the meaning set forth in Section 2.1(a) hereof.

"Interest Mode" shall have the meaning assigned thereto in the Supplemental Resolution.

"Interest Payment Date" shall have the meaning assigned thereto in the Supplemental Resolution and, for purposes of Bank Bonds, shall also include those dates set forth in Section 2.6(b) hereof.

"Internal Revenue Code" shall mean the Internal Revenue Code of 1986, as amended, or any successor statute.

"Investment Grade" shall mean, with respect to a rating by Moody's, a rating of "Baa3" (or its equivalent) or better, with respect to a rating by S&P, a rating of "BBB-" (or its equivalent) or better, and, with respect to a rating by Fitch, a rating of "BBB-" (or its equivalent) or better.

"Lien" shall mean, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset. For the purposes of this Agreement, the City shall be deemed to own subject to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

"Maximum Interest Rate" shall mean the lesser of (a) the maximum rate of interest that may accrue on Indebtedness pursuant to applicable law, and (b) twenty-five percent (25%) per annum.

"Moody's" shall mean Moody's Investors Service, Inc. and its successors and assigns, and if such corporation (a) shall be dissolved or liquidated, (b) shall no longer perform the functions of a securities rating agency or (c) with respect to any rating specified herein which may be provided by Moody's for the Bank, shall no longer rate (other than as a result of a temporary suspension of such rating) any outstanding senior unsecured short-term debt of the Bank, "Moody's" shall be deemed to refer to any other nationally recognized statistical rating organization (other than S&P or Fitch) designated by the Bank and not disapproved by the City if such an organization shall exist.

"Net Revenues" shall have the meaning assigned thereto in the Bond Resolution.

"Non-Covered Interest Mode" shall mean any Interest Mode other than the Weekly Mode and the Daily Mode.

"Notice of Bank Purchase" shall have the meaning set forth in Section 2.2(a) hereof. "Notice of Termination" shall have the meaning set forth in Section 7.1(b)(ii) hereof.

"Notice Termination Event" shall have the meaning set forth in Section 7.1(a) hereof.

"OFAC" shall have the meaning given such term in Section 4.20 hereof.

"Other Taxes" shall have the meaning set forth in Section 2.8(a) hereof.

"Parity Bonds" shall mean "Bonds" as defined in the Bond Resolution.

"Parity Commercial Paper Notes" shall have the meaning assigned thereto in the Bond Resolution.

"Parity Debt" shall mean (i) all indebtedness of the City evidenced by bonds (excluding the Bonds), debentures, notes, securities or other similar instruments now or hereafter outstanding, *provided* that such indebtedness is secured by a Lien on the Trust Estate that is on a parity with the Bonds as to security and source of payment, including, without limitation, Parity Bonds, Parity Commercial Paper Notes and Parity Medium-Term Notes; (ii) Parity Hedging Contract Obligations, but only with respect to Parity Hedging Contract Obligations that provide interest rate support and constitute regularly scheduled payments that relate to Parity Debt as

described in clause (i) or clause (iii) of this definition of "Parity Debt"; and (iii) Parity Reimbursement Obligations.

"Parity Hedging Contract Obligations" shall have the meaning assigned thereto in the Bond Resolution.

"Parity Medium Term Notes" shall have the meaning assigned thereto in the Bond Resolution.

"Parity Reimbursement Obligations" shall have the meaning assigned thereto in the Bond Resolution.

"Participant" shall mean each bank or other financial institution purchasing a participation from the Bank pursuant to Section 8.5 hereof.

"Participation Agreement" shall mean any agreement entered into among the Bank and one or more other banks or financial institutions purchasing participations and named therein, pursuant to which such other banks or financial institutions shall purchase from the Bank a participation or participations in this Agreement and the Bank Bonds.

"Patriot Act" shall have the meaning given such term in Section 4.20 hereof.

"Person" shall mean an individual, a corporation, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Prime Rate" means, for any day the same is to be determined, the rate of interest announced by the Bank from time to time as its prime commercial rate, or equivalent, as in effect on such day for United States dollar loans, with any change in the Prime Rate resulting from a change in said prime commercial rate to be effective as of the date of the relevant change in said prime commercial rate, it being understood that such rate may not be the Bank's best or lowest rate.

"Prior Liquidity Facility" shall mean the Standby Bond Purchase Agreement dated as of December 1, 2012 between the City and the Prior Liquidity Provider, related to the Bonds and being replaced by this Agreement.

"Prior Liquidity Provider" means the Bank of Montreal, acting through its Chicago Branch, the provider of the Prior Liquidity Facility.

"Purchase Date" shall have the meaning assigned thereto in the Supplemental Resolution.

"Purchase Period" shall mean the period commencing on the later of (i) June 30, 2017, and (ii) the Date of Delivery of the Final Reoffering Memorandum, and ending on the earliest of (a) the Stated Termination Date, (b) the close of business on the Business Day immediately

succeeding the Conversion Date or the Substitution Date, (c) the date that no Bonds remain Outstanding under the Bond Resolution, and (d) the date on which the Available Commitment has been reduced to zero or terminated in its entirety pursuant to Article VII hereof.

"Purchase Price" shall mean, with respect to the Bonds (or portions thereof) to be purchased on any Purchase Date, the aggregate principal amount thereof plus accrued and unpaid interest thereon at the Bond Rate or Rates in effect since the beginning of the then current Interest Accrual Period applicable to such Bonds.

"Rating" shall mean the long-term credit rating assigned by one or more Rating Agencies to the Bonds or any unenhanced Parity Debt or any of such ratings individually.

"Rating Agency" means Moody's, S&P or Fitch, as applicable.

"Regulation U" shall mean Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Remarketing Account" shall have the meaning assigned to the term "2008 Series B Bond Remarketing Proceeds Account" in the Supplemental Resolution.

"Remarketing Agent" shall have the meaning assigned thereto in the Supplemental Resolution.

"Remarketing Agreement" shall have the meaning assigned thereto in the Supplemental Resolution.

"Requirements of Law" shall mean as to any Person, the certificate of incorporation and by-laws of or other organizational or governing documents of such Person, and any law (including, in the case of the City, the Act), treaty, rule or regulation, or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Resolutions" shall mean the Bond Resolution and the Supplemental Resolution.

"S&P" shall mean Standard & Poor's Ratings Services, a Standard and Poor's Financial Services LLC business, and its successors and assigns, and if such business (a) shall be dissolved or liquidated, (b) shall no longer perform the functions of a securities rating agency or (c) with respect to any rating specified herein which may be provided by S&P for the Bank, shall no longer rate (other than as a result of a temporary suspension of such rating) any outstanding senior unsecured short-term debt of the Bank, "S&P" shall be deemed to refer to any other nationally recognized statistical rating organization (other than Moody's or Fitch) designated by the Bank and not disapproved by the City if such an organization shall exist.

"Securities Depository" shall have the meaning assigned thereto in the Bond Resolution.

"Standby Bank Account" shall have the meaning assigned to the term "2008 Series B Bond Liquidity Proceeds Account" in the Supplemental Resolution.

"Stated Termination Date" shall mean the later of (a) 5:00 P.M. (New York City time) on [_____], 2024, or, if such day is not a Business Day, the Business Day next preceding such day and (b) if such date has been extended pursuant to Section 2.4 hereof, 5:00 P.M. (New York City time) on the date established by such extension or, if such date is not a Business Day, the Business Day next preceding such date.

"Substitute Liquidity Facility" shall have the meaning assigned thereto in the Supplemental Resolution.

"Substitution Date" shall have the meaning assigned thereto in the Supplemental Resolution.

"Supplemental Resolution" shall mean the resolution entitled "Twentieth Supplemental Utilities System Revenue Bond Resolution", adopted by the City on January 28, 2008, authorizing the issuance of the Bonds, as amended and supplemented from time to time in accordance with the terms thereof and hereof, which resolution supplements the Bond Resolution.

"Suspension Event" shall have the meaning set forth in Section 7.3(a) hereof.

"Taxes" shall have the meaning set forth in Section 2.8 hereof.

"Tender Agency Agreement" shall have the meaning assigned thereto in the Supplemental Resolution.

"Tender Agent" shall have the meaning assigned thereto in the Supplemental Resolution.

"Tendered Bonds" shall mean Bonds (or portions thereof or beneficial ownership interests therein) which have been tendered for purchase or are deemed to have been tendered for purchase pursuant to and in accordance with the provisions of Section 3.06 of the Supplemental Resolution.

"Trust Estate" shall have the meaning assigned thereto in the Bond Resolution.

"Trustee" shall have the meaning assigned thereto in the Bond Resolution.

"Weekly Mode" shall have the meaning assigned thereto in the Supplemental Resolution.

"2008 Series B Bank Bonds" shall have the meaning assigned thereto in the Supplemental Resolution.

Section 1.2. Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder

shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with generally accepted accounting principles as in effect from time to time (*"GAAP"*).

ARTICLE II

PURCHASE OF BONDS

Section 2.1. Commitment to Purchase Bonds.

(a) *Commitment to Purchase Eligible Bonds on Purchase Date.* The Bank agrees with the City, on the terms and subject to the conditions contained in this Agreement, to purchase, on each Purchase Date during the Purchase Period, at the Purchase Price, all Eligible Bonds. The aggregate amount of the Purchase Price comprising interest on Eligible Bonds purchased on any Purchase Date (the *"Interest Component"*) shall not exceed the lesser of (i) the Available Interest Commitment on such date and (ii) if the Purchase Date is not an Interest Payment Date, the aggregate amount of interest accrued on such Bonds from and including the next preceding Interest Payment Date to but excluding such Purchase Date and, if the Purchase Date is an Interest Payment Date, zero. The aggregate principal amount (or portion thereof) of any Eligible Bond purchased on any Purchase Date shall be in an Authorized Denomination and, in any case, the Bank shall not be obligated hereunder to purchase Eligible Bonds on any Purchase Date to the extent the aggregate Purchase Price of such Eligible Bonds exceeds the Available Commitment as of 10:00 A.M. (New York City time) on such Purchase Date. Without limiting the foregoing, the Bank agrees to purchase any 2008 Series B Bank Bonds owned by the Prior Liquidity Provider on the Substitution Date (such purchase to occur on the Substitution Date).

(b) *Bonds Purchased Constitute Bank Bonds.* The City and the Bank agree (i) that any Bonds purchased as described in Section 2.1(a) shall be and constitute (A) Bank Bonds for all purposes of this Agreement, and shall be subject to all of the provisions hereof applicable thereto and (B) "2008 Series B Bank Bonds" for all purposes of the Supplemental Resolution, and shall be subject to all of the provisions of the Supplemental Resolution applicable thereto and (ii) that the purchase of such Bonds by the Bank shall constitute a utilization of the Available Principal Commitment and shall result in a corresponding reduction in the Available Commitment. If the Bonds are maintained as Book Entry Bonds with a Securities Depository, said Bank Bonds shall be held by the Tender Agent in its participant account with said Securities Depository for the benefit of the Bank. The Tender Agent shall mark its records to indicate that such Bank Bonds are so held for the benefit of the Bank.

Section 2.2. Purchase of Bonds.

(a) *Notice to the Bank Regarding Purchase Price of Tendered Bonds.* The Tender Agent shall give written notice to the Bank in the form of Exhibit A hereto (a *"Notice of Bank Purchase"*) by facsimile or other telecommunications device (receipt of which shall be confirmed by the Tender Agent by telephone), by not later than 12:30 P.M. (New York City time) on each Purchase Date, as to the Purchase Price applicable to the Bonds which are subject to purchase on such Purchase Date and with respect to which the Tender Agent has not received

proceeds of remarketing from the Remarketing Agent, and as to the amount of such Purchase Price comprising principal and the amount of such Purchase Price comprising interest.

(b) *Funding Standby Bank Account.* Subject to the satisfaction of the conditions precedent specified in Section 6.1 hereof, the Bank shall, by not later than 2:45 P.M. (New York City time) on such Purchase Date, make available to the Tender Agent as provided in Section 2.2(f) hereof, for deposit in the Standby Bank Account, an amount equal to the Purchase Price applicable to such Eligible Bonds, as set forth in the Notice of Bank Purchase given the Bank as described in Section 2.2(a) hereof, in immediately available funds.

If the Bank receives a Notice of Bank Purchase after 12:30 P.M. (New York City time) on a Purchase Date, the Bank, subject to satisfaction of the conditions precedent specified in Section 6.1 hereof, will make available to the Tender Agent as provided in Section 2.2(f) hereof, for deposit in the Standby Bank Account, an amount equal to the Purchase Price applicable to such Eligible Bonds at or before 2:45 P.M. (New York City time) on the Business Day immediately following the Purchase Date specified in such notice, in immediately available funds.

All funds made available by the Bank hereunder for the purchase of Eligible Bonds under this Agreement shall be derived from the Bank's own funds. The Bank shall have no responsibility for, or incur any liability in respect of, any act, or any failure to act, by the Tender Agent which results in the failure by the Tender Agent (i) to credit the Standby Bank Account with funds made available to the Tender Agent by the Bank pursuant to this Section 2.2(b) or (ii) to purchase Eligible Bonds with such funds pursuant to Section 2.2(a) and the Supplemental Resolution.

(c) *Purchase of Bonds.* Promptly after 2:45 P.M. (New York City time) on each Purchase Date (or the next succeeding Business Day, if applicable), the Tender Agent shall apply funds previously made available by the Bank for deposit in the Standby Bank Account to the purchase, for the account of the Bank or a nominee designated in writing by the Bank to the Tender Agent, of that portion of the aggregate principal amount of Eligible Bonds for the purchase of which funds are not then available in the Remarketing Account maintained by the Tender Agent. As provided in the Supplemental Resolution, Eligible Bonds purchased for the account of the Bank (or such nominee) as aforesaid shall be (i) transferred on the registration books of the City kept at the office of the Tender Agent and registered on such books in the name of the Bank (or such nominee) or any custodian of the Bank (designated by the Bank in written instructions delivered by the Bank to the Tender Agent) appointed by the Bank for the purpose of holding such Bonds in the Bank's name or in the name of the Bank's custodian (or its nominee) or (ii) if the Bonds are then Book Entry Bonds maintained with a Securities Depository, delivered by transfer of such Bonds to an account specified from time to time by the Bank that it (or its nominee) or the custodian of the Bank (or its nominee) maintains with said Securities Depository. With respect to any transfer referred to in clause (i) of the preceding sentence, the Tender Agent shall deliver, after such transfer, a principal amount of Bonds registered in the name of the Bank (or such nominee) or such custodian (or its nominee) equal to the principal amount of Eligible Bonds purchased by the Bank (or such nominee) as aforesaid, to the Bank (or such nominee) or such custodian of the Bank (or its nominee). With respect to any

transfer referred to in clause (ii) of the second preceding sentence, the Tender Agent shall cause the Securities Depository to make an appropriate entry (within the meaning of Section 9-313 of the Uniform Commercial Code as in effect in the State of New York) on its books reducing the account(s) of the Securities Depository participant(s) acting for the previous beneficial owner(s) with respect to such Eligible Bonds and increasing the account maintained by the Bank (or its nominee) or the custodian of the Bank (or its nominee) at the Securities Depository by the principal amount of such Eligible Bonds.

(d) *Return of Excess Funds to Bank.* In the event and to the extent funds made available by the Bank to the Tender Agent for deposit into the Standby Bank Account will not be required to be applied, on or after a given Purchase Date, to the purchase of Eligible Bonds tendered (or deemed tendered) for purchase on such Purchase Date, the Tender Agent shall return such funds to the extent available by wire transfer to the Bank at or prior to 3:00 P.M. (New York City time) on such Purchase Date (or such later time (but not later than 4:00 P.M. (New York City time)) as will result in immediately available funds being credited to the Bank's account on such Purchase Date). In the event the Tender Agent fails to return such funds by 4:00 P.M. (New York City time) on such date, the City shall pay the Bank interest for the first day immediately following the Purchase Date at a rate equal to the Bank Rate. For purposes of computing such interest, if such funds are returned after 4:00 P.M. (New York City time) on a Business Day, such funds shall be considered to have been returned on the following Business Day.

(e) *Fees.* The City hereby agrees to pay, or cause to be paid, to the Bank a non-refundable facility fee at the times and in the amounts set forth in the Fee Letter. The City shall also pay to the Bank all other amounts set forth in the Fee Letter at the times and in the amounts set forth therein. The terms of the Fee Letter are hereby incorporated herein by reference as if fully set forth herein.

(f) *Payments by the Bank to Standby Bank Account Only.* All payments to be made by the Bank to or for the account of the Tender Agent hereunder shall be made only by the sending of a transfer item or transfer request for credit to U.S. Bank National Association, ABA#: 091000022, DDA #180121167365, for credit to A/C: 121005001, accompanied by instructions directing the deposit of such funds into the account designated "2008 Series B Bond Liquidity Proceeds Account"; *provided, however,* that (i) payment may also be made to such other account or in accordance with such other payment directions furnished in writing from time to time to the Bank by the Tender Agent and (ii) the Bank shall have first consented in writing to such other payment procedure, which consent shall not be unreasonably withheld or delayed by the Bank. The Bank shall be deemed to have complied with any applicable time limit for payment hereunder if the transfer item or transfer request is duly sent by or on behalf of the Bank, in accordance with the preceding sentence, and a wire transfer number is communicated by telephone or otherwise to the Tender Agent prior to the expiration of such time limit.

(g) *Payment of Interest Component.* The City shall pay the Bank interest at the Bank Rate on the amount of the Interest Component, if any, included in the Purchase Price from the Purchase Date until paid in full, and the Interest Component (together with interest thereon) shall be due and payable on the earliest of (i) the second Business Day immediately succeeding the

Purchase Date, (ii) the date on which such Bank Bonds are remarketed, paid at maturity or redeemed or (iii) the last day of the Purchase Period.

Section 2.3. Sale of Bonds Owned by the Bank. (a) In the event the Bank shall purchase Bonds hereunder, the City agrees to cause the Remarketing Agent, pursuant to the Remarketing Agreement and Section 5.01(1) of the Supplemental Resolution, to use its best efforts to sell, in the secondary market, the Bank Bonds held by the Bank (or its nominee) or the custodian of the Bank (or its nominee) as the result of such purchase, at a sale price equal to the principal amount thereof, plus accrued interest, if any, thereon, calculated at the Bond Rate or Rates in effect since the beginning of the then current Interest Accrual Period applicable to Bonds other than Bank Bonds. Upon the Bank's receiving notice from the Tender Agent that the Remarketing Agent has located a purchaser for a Bank Bond and receiving on behalf of the City an amount equal to the Differential Interest Amount and, to the extent permitted by applicable law, Excess Bond Interest with respect to such Bank Bond for the period beginning on the most recent Interest Payment Date with respect to such Bank Bond to which interest has been paid in full (or the date of purchase by the Bank pursuant to Section 2.2(c) hereof, if later) and ending on the day prior to the date of such delivery, the Bank (or its nominee) may, at its option, deliver (or cause to be delivered), in the manner described in the following sentence, an appropriate principal amount of Bank Bonds to the Tender Agent for sale, against payment by the Tender Agent (from amounts deposited in the Remarketing Account) of an amount equal to the principal amount of Bank Bonds so delivered by the Bank, plus accrued interest, if any, thereon, calculated at the Bond Rate or Rates in effect since the beginning of the then current Interest Accrual Period applicable to Bonds other than Bank Bonds. In the event of any such sale (i) if the Bonds are not then Book Entry Bonds maintained with a Securities Depository, the Bank shall deliver (or cause to be delivered) such Bonds duly endorsed in blank for transfer, or (ii) if the Bonds are then Book Entry Bonds maintained with a Securities Depository, the Bank shall deliver (or cause to be delivered) such Bonds through the facilities of such Securities Depository.

(b) In the event that the Remarketing Agent locates a purchaser for any Bank Bond purchased by the Bank (or a nominee of the Bank) hereunder and the Bank elects not to sell such Bond, then from and after the date of such election, such Bond shall, for all purposes hereof, thereof and of the Bond Resolution, cease to be a Bank Bond, and shall be subject to the particular Interest Mode to which the Bonds (other than Bank Bonds) are subject, and the principal of and interest on such Bond shall be payable at the times and in the manner provided in the Supplemental Resolution. Notwithstanding anything to the contrary contained herein, in the Bond Resolution or in any Bond, the Bank hereby agrees that following the Bank's election not to sell any Bank Bond purchased hereunder for which the Remarketing Agent has located a purchaser, such Bond, or any Bond authenticated and delivered in replacement thereof or substitution therefor, shall not thereafter be a Bank Bond unless (i) such Bond is sold by the Bank to another Person and (ii) the Bank thereafter purchases such Bond hereunder. The Bank shall notify the City, the Tender Agent and the Remarketing Agent in writing of any such election not to sell a Bank Bond (X) if the Tender Agent shall have notified the Bank that the Remarketing Agent has located a purchaser by 12:45 P.M. (New York City time) on a Business Day, by 1:45 P.M. (New York City time) on such Business Day or (Y) if the Tender Agent shall have so notified the Bank after 12:45 P.M. (New York City time) on a Business Day, by 1:45 P.M. (New York City time) on the next succeeding Business Day. In the event such notice is not

received by such time, the Bank shall be deemed to have determined, and hereby agrees, to sell such Bond to the purchaser located by the Remarketing Agent.

(c) In the event that the date of the Bank's election not to sell any Bank Bond as provided in Section 2.3(b) hereof is not an Interest Payment Date for such Bank Bond, the City shall pay to the Bank, on or prior to 2:30 P.M. (New York City time) on the date of such election, an amount equal to the Differential Interest Amount and, to the extent permitted by applicable law, Excess Bond Interest with respect to such Bank Bond for the period beginning on the most recent Interest Payment Date with respect to such Bank Bond to which interest has been paid in full (or the date of purchase by the Bank pursuant to Section 2.2(c) hereof, if later) and ending on the day prior to the date of such election.

(d) Notwithstanding anything to the contrary contained in the Supplemental Resolution, the Bank expressly reserves the right, and shall have the right, to sell, at any time, Bank Bonds subject, however, to the express terms of this Agreement. The Bank agrees that such sales will be made only to institutional investors or other entities or individuals which customarily purchase commercial paper or tax-exempt securities in large denominations. The Bank agrees to notify the City, the Remarketing Agent and the Tender Agent promptly of any such sale and, if such Bank Bond is held in book entry form, specifying the account at the Securities Depository to which such Bank Bond is to be credited; and to notify the transferee in writing (i) that such Bank Bond shall remain subject to the provisions of Sections 2.3(b) and (c) hereof, (ii) that such Bank Bond is subject to remarketing under the Supplemental Resolution, (iii) that such Bank Bond may not be tendered for purchase and purchased with amounts advanced hereunder and (iv) that there will not be a short-term investment rating assigned to such Bond so long as it remains a Bank Bond. Any purchaser of a Bank Bond from the Bank shall be deemed to have agreed (1) not to sell such Bank Bond to any Person except to the Bank or institutional investors or other entities or individuals which customarily purchase commercial paper or tax-exempt securities in large denominations and (2) in the event of any sale of such Bank Bond to any such institutional investor or other entity or individual, to notify the transferee in writing as to the matters set forth in clauses (i), (ii), (iii) and (iv) of the preceding sentence.

(e) Any sale of a Bank Bond pursuant to this Section 2.3 shall be without recourse to the seller and without representation or warranty of any kind by the Bank or any other owner of a Bank Bond.

Section 2.4. Term of Agreement; Extension of Stated Termination Date. (a) This Agreement (other than the provisions hereof relating to payments due or to become due on Bank Bonds or other amounts owed to the Bank hereunder) and the Available Commitment shall terminate at the close of business on the final day of the Purchase Period.

(b) Notwithstanding the provisions of Section 2.4(a) hereof, the Stated Termination Date shall be subject to extension from time to time, upon the written request of the City substantially in the form of Exhibit C hereto and the written consent of the Bank in its sole and absolute discretion. Not more than one hundred eighty (180) days or less than sixty (60) days prior to the Stated Termination Date then in effect, the City may make any such written request to the Bank for such an extension, and, if the Bank desires to extend the Stated Termination Date

as requested, the Bank shall notify the City and the Tender Agent of its consent in writing (substantially in the form of Exhibit D hereto) within thirty (30) days of the Bank's receipt of such written request; *provided, however,* that if the Bank shall not so notify the City and the Tender Agent, the Bank shall be deemed to have rejected such request; and *provided, further, however,* that the provisions of this sentence are intended for the convenience of the parties only and shall in no respect prohibit the parties from agreeing to extend the Stated Termination Date under other circumstances or at other times. In the event the Stated Termination Date is extended under any other circumstances, the Bank shall give prompt written notice thereof to the Tender Agent.

(c) In the event that the Stated Termination Date shall be scheduled to occur on a date which is not a Business Day, this Agreement shall terminate at the close of business on the Business Day next preceding the Stated Termination Date.

(d) Notwithstanding the foregoing, so long as the Bank shall be the holder of any Bank Bonds or any amounts payable hereunder shall remain unpaid, this Agreement shall remain in full force and effect.

Section 2.5. Bank Records. All transactions relating to the Bank Bonds (including, without limitation, redemptions, repayments and interest charges) and other amounts due hereunder shall be reflected in the books and records of the Bank, which books and records shall be conclusive and binding upon the City absent manifest error.

Section 2.6. Payments on Bank Bonds. (a) Principal of and interest on Bank Bonds shall be payable in the manner provided in the Bond Resolution, including the Supplemental Resolution, and as provided herein below.

(b) In addition to the provisions of the Supplemental Resolution regarding the payment of interest on Bank Bonds, the City will pay, or cause to be paid, interest on Bank Bonds (i) monthly, in arrears, on the first Business Day of each month, (ii) upon redemption (to the extent of the interest accrued on the amount being redeemed), (iii) on the date on which such Bank Bond matures in accordance with its terms or is (A) canceled (other than in connection with (i) a transfer of such Bank Bond or (ii) a surrender of such Bank Bond in exchange for one or more replacement Bank Bonds), (B) tendered or deemed tendered pursuant to Section 5.04 of the Supplemental Resolution or (C) otherwise paid in accordance with its terms, (iv) the date of the remarketing of such Bank Bond, and (v) subject to Section 2.08 of the Supplemental Resolution, the last day of the Purchase Period. Any Differential Interest Amount and Excess Bond Interest that is due in connection with a Bank Bond will, to the extent permitted by applicable law, be payable on the date that said Bank Bond is released by the Bank or its nominee (as the case may be) to the Tender Agent for sale or transfer to a Person identified by the Remarketing Agent as a purchaser therefor or the date that the Bank elects not to permit the release of said Bank Bond to the Tender Agent for sale or transfer to a Person identified by the Remarketing Agent as a purchaser therefor, in either case, as provided in Section 2.3 hereof. If not paid by the City on such date, such Differential Interest Amount or, to the extent permitted by applicable law, Excess Bond Interest shall remain an outstanding obligation under this Agreement and shall, to the extent permitted by law, bear interest at the Default Rate, payable on

demand. The Bank and each other owner of a Bank Bond will provide the City with notice of the amount of any Differential Interest Amount or Excess Bond Interest that is due on any given date of sale or retention with respect to said Bank Bond; *provided, however,* that the failure of the Bank or any owner of a Bank Bond to provide such notice will not diminish or relieve the City of its obligations to pay said Differential Interest Amount or, to the extent permitted by applicable law, Excess Bond Interest and any interest due thereon.

(c) In addition to the repayment of principal due on Bank Bonds as provided in Sections 2.03, 2.06 and 2.08 of the Supplemental Resolution, the City will pay, or cause to be paid, the principal due on Bank Bonds upon the occurrence of the circumstances described in Section 7.1(b)(i) hereof and Section 5.04 of the Supplemental Resolution and, on the Conversion Date or Substitution Date, as applicable, the City will cause all Bank Bonds to be purchased but solely from the proceeds of the remarketing of the Bank Bonds or from funds made available by the provider of a Substitute Liquidity Facility. The City hereby agrees that it shall deliver to the Bank prior notice of the commencement of the amortization of any Bank Bonds as provided in Section 2.08 of the Supplemental Resolution. In addition, the City may prepay any Bank Bond, in Authorized Denominations, at any time without penalty upon five (5) Business Days' notice to the Bank of such prepayment (or such shorter number of days' notice as the Bank, in its sole discretion, shall approve).

Section 2.7. Increased Costs. (a) If, after the Effective Date, the Bank shall have determined that the adoption or implementation of, or any change in, any law, rule, treaty or regulation, or any policy, guideline or directive of, or any change in the interpretation or administration thereof by, any Governmental Authority (in each case, whether or not having the force of law), or compliance by the Bank with any request or directive of any such Governmental Authority (whether or not having the force of law), shall (i) change the basis of taxation of payments to the Bank of any amounts payable hereunder (except for taxes on the overall net income of the Bank), (ii) impose, modify or deem applicable any reserve, special deposit, liquidity ratio or similar requirement against making or maintaining its obligations under this Agreement or assets held by, or deposited with or for the account of, the Bank or (iii) impose on the Bank any other condition regarding this Agreement, and the result of any event referred to in clause (i), (ii) or (iii) above shall be to increase the cost to the Bank of making or maintaining its obligations hereunder, or to reduce the amount of any sum received or receivable by the Bank hereunder, then, the City shall pay to the Bank, at such time and in such amount as is set forth in paragraph (d) of this Section 2.7, such additional amount or amounts as will compensate the Bank for such increased costs or reductions in amount.

(b) If, after the Effective Date, the Bank shall have determined that the adoption or implementation of, or any change in, any law, rule or regulation, or any policy, guideline or directive of, or any change in the interpretation or administration thereof by, any Governmental Authority, or compliance by the Bank with any directive of or guidance from any other Governmental Authority (in each case, whether or not having the force of law), shall impose, modify or deem applicable any capital adequacy, liquidity requirement or similar requirement (including, without limitation, a request or requirement that affects the manner in which the Bank allocates capital or liquidity resources to its commitments, including its obligations under lines of credit) that either (i) affects or would affect the amount of capital or liquidity to be maintained by

the Bank (or any U.S. corporation controlling the Bank) or (ii) reduces or would reduce the rate of return on the capital of the Bank (or any U.S. corporation controlling the Bank) to a level below that which the Bank (or any U.S. corporation controlling the Bank) could have achieved but for such circumstances (taking into consideration the Bank's policies with respect to capital adequacy) then, the City shall pay to the Bank, at such time and in such amount as is set forth in paragraph (d) of this Section 2.7, such additional amount or amounts as will compensate the Bank for such cost of maintaining such increased capital or liquidity or such reduction in the rate of return on the capital of the Bank or U.S. corporation controlling the Bank, as applicable.

(c) Notwithstanding the foregoing, for purposes of this Section 2.7, (i) all requests, rules, guidelines or directives in connection with the Dodd-Frank Act, occurring after the Effective Date, and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority) or any Governmental Authority, occurring after the Effective Date, shall be deemed and treated as an occurrence described in clauses (a) and (b) of this Section 2.7.

(d) All payments of amounts referred to in paragraphs (a) and (b) of this Section 2.7 shall be due and payable, in full, thirty (30) days following the City's receipt of notice thereof. Interest on the sums due as described in paragraphs (a) and (b) of this Section, and in the preceding sentence, shall begin to accrue from the date when the payments were first due and shall otherwise be payable in accordance with Section 2.9 hereof; *provided,* that from and after the required date of payment, interest shall begin to accrue on such obligations at a rate per annum equal to the Default Rate until such delinquent payments have been paid in full. A certificate as to such increased cost, increased capital or reduction in return incurred by the Bank as a result of any event mentioned in paragraphs (a) or (b) of this Section setting forth, in reasonable detail, the basis for calculation and the amount of such calculation shall be submitted by the Bank to the City and shall be conclusive (absent manifest error) as to the amount thereof. In making the determinations contemplated by the above referenced certificate, the Bank may make such reasonable estimates, assumptions, allocations and the like that the Bank in good faith determines to be appropriate. In no event shall any compensation be paid under this Section 2.7 for the same event that results in the City owing under both clauses (a) and (b) hereunder.

Section 2.8. Net of Taxes, etc. (a) Any and all payments to the Bank (or the Bank on behalf of a Participant) by the City hereunder shall be made free and clear of and without deduction for any and all taxes, levies, imposts, deductions, charges, withholdings or liabilities imposed thereon, excluding, however, taxes imposed on or measured by the net income or capital of the Bank by any jurisdiction or any political subdivision or taxing authority thereof or therein solely as a result of a connection between the Bank and such jurisdiction or political subdivision (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as *"Taxes"*). If the City shall be required by law to withhold or deduct any Taxes imposed by the United States or any political subdivision thereof from or in respect of any sum payable hereunder to the Bank (or, if applicable, the Bank on behalf of such Participant) (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.8), the Bank (or, if applicable, the Bank on behalf of such Participant)

receives an amount equal to the sum it would have received had no such deductions been made, (ii) the City shall make such deductions and (iii) the City shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If the City shall make any payment under this Section 2.8 to or for the benefit of the Bank (or, if applicable, the Bank on behalf of such Participant) with respect to Taxes and if the Bank shall claim any credit or deduction for such Taxes against any other taxes payable by the Bank to any taxing jurisdiction in the United States, then the Bank (or, if applicable, the Bank on behalf of such Participant) shall pay to the City an amount equal to the amount by which such other taxes are actually reduced; *provided* that the aggregate amount payable by the Bank (or, if applicable, the Bank on behalf of such Participant) pursuant to this sentence shall not exceed the aggregate amount previously paid by the City with respect to such Taxes. In addition, the City agrees to pay any present or future stamp, recording or documentary taxes and any other excise or property taxes, charges or similar levies that arise under the laws of the United States of America or the State of Florida from any payment made hereunder or from the execution or delivery or otherwise with respect to this Agreement (hereinafter referred to as *"Other Taxes"*). The Bank (or the Bank on behalf of such Participant) shall provide to the City within a reasonable time a copy of any written notification it receives with respect to Other Taxes owing by the City to the Bank hereunder; *provided* that the Bank's failure to send such notice shall not relieve the City of its obligation to pay such amounts hereunder.

(b) The City shall, to the fullest extent permitted by law, indemnify the Bank for the full amount of Taxes and Other Taxes including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.8 paid by the Bank (or, if applicable, the Bank on behalf of such Participant) or any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted; *provided,* that the City shall not be obligated to indemnify the Bank for any penalties, interest or expenses relating to Taxes or Other Taxes arising from the Bank's gross negligence or willful misconduct (as determined by a court of competent jurisdiction by final and nonappealable judgment). The Bank (or, if applicable, the Bank on behalf of each Participant) agrees to give notice to the City of the assertion of any claim against the Bank relating to such Taxes or Other Taxes as promptly as is practicable after being notified of such assertion; *provided,* that the Bank's failure (or, if applicable, the Bank's failure on behalf of such Participant) to notify the City promptly of such assertion shall not relieve the City of its obligation under this Section 2.8. Payments by the City pursuant to this indemnification shall be made within thirty (30) days from the date the Bank makes written demand therefor, which demand shall be accompanied by a certificate describing in reasonable detail the basis thereof. The Bank (or, if applicable, the Bank on behalf of each Participant) agrees to repay to the City any refund (including that portion of any interest that was included as part of such refund) with respect to Taxes or Other Taxes paid by the City pursuant to this Section 2.8 received by the Bank for Taxes or Other Taxes that were paid by the City pursuant to this Section 2.8 and to contest, with the cooperation and at the expense of the City, any such Taxes or Other Taxes which the Bank or the City reasonably believes not to have been properly assessed.

(c) Within thirty (30) days after the date of any payment of Taxes by the City, the City shall furnish to the Bank, the original or a certified copy of a receipt evidencing payment thereof.

The City shall compensate the Bank for all reasonable losses and expenses sustained by the Bank as a result of any failure by the City to so furnish such copy of such receipt.

(d) If requested, the Bank (or, if applicable, the Bank on behalf of a Participant) shall from time to time provide the City, the Trustee, the Tender Agent and the United States Internal Revenue Service (to the extent such information and forms may be lawfully provided by the Bank (or, if applicable, the Bank on behalf of a Participant)) with such information and forms as may be required by Treasury Regulations Section 1.1411 or any other such information and forms as may be necessary to establish that the City is not subject to any withholding obligation under Section 1442 or other comparable provisions of the Internal Revenue Code.

Section 2.9. Place and Manner of Payment; Calculations of Interest, etc. (a) All payments to be made by the City under this Agreement and under the Fee Letter shall be made to the Bank in U.S. Dollars in the following manner: in the event such payment is made by check, such check of the City shall be mailed to the Bank at its address as set forth in Section 8.4 hereof; and in the event such payment is made by wire transfer, then through the Federal Reserve Wire System to: ABA #: 026002574, Account No.: 050019104, Reference: City of Gainesville, or to such other account as the Bank may designate from time to time, in each case not later than 4:00 P.M. (New York City time) on the date when due and shall be made in U.S. Dollars; provided that anything in the foregoing to the contrary notwithstanding, any and all payments of the principal of and/or interest on Bank Bonds, if any, shall be made by wire transfer in the manner provided above or through the DTC system, in each case in freely transferable and immediately available funds.

(b) Except as otherwise provided in the Fee Letter, all computations of interest, fees and other amounts payable by the City under this Agreement and under the Fee Letter shall be computed on the basis of the actual number of days elapsed during a year consisting of 365/366 days. Except as otherwise provided with respect to Bank Bonds, interest shall accrue during each period during which interest is computed from and including the first day thereof to and including the last day thereof.

(c) Except as may be otherwise provided herein, whenever any payment or action to be made or taken hereunder or under the Fee Letter shall be stated to be due on a day which is not a Business Day, such payment or action shall be made or taken on the next following Business Day, and such extension of time shall be included in computing interest or fees, if any, in connection with such payment or action.

(d) If the principal amount of any obligation payable to the Bank hereunder or under the Fee Letter is not paid when due (subject to any applicable grace period), such obligation shall bear interest until paid in full at a rate per annum equal to the Default Rate, payable on demand.

ARTICLE III

CONDITIONS TO COMMITMENT AND PURCHASES

Section 3.1. Conditions to Bank's Commitment. All of the commitments made by and obligations of the Bank hereunder in respect of the purchase of Bonds generally shall be subject to the conditions precedent that, on or prior to the Effective Date, the Bank shall receive the following items, all in form and substance reasonably satisfactory to the Bank:

(a) (i) an executed original of this Agreement and the Fee Letter and (ii) a specimen of the Bonds;

(b) an executed original of the Overlap Agreement among the City, the Bank and the Prior Liquidity Provider;

(c) a certificate of an Authorized Officer certifying that on and as of the Effective Date (i) each of the City's representations and warranties contained herein (or incorporated herein) is true and correct, (ii) no Default or Event of Default has occurred and is continuing, (iii) except as otherwise provided in Section 4.2 hereof, since September 30, 2016 there has been no material adverse change in the financial condition, operations, business, properties or prospects of the City and its Affiliates, taken as a whole, that are payable from the Trust Estate, and (iv) no transactions or obligations shall have been entered into by the City subsequent to the date of the City's most recent audited financial statements relating to the System that could reasonably be expected to have a material adverse effect on the financial condition, operations, business, properties or prospects of the System, taken as a whole, or which could reasonably be expected to have a material adverse effect on the security for any of the Bonds or the City's ability to repay when due its obligations under this Agreement, the Fee Letter, any of the Bonds and the Financing Documents;

(d) a certificate of the Clerk of the Commission of the City certifying the names, the titles and the signatures of each of the "Authorized Officers" as of the Effective Date;

(e) an opinion of the Office of the City Attorney of the City, substantially as set forth in Exhibit E hereto;

(f) an opinion of Holland & Knight LLP, bond counsel to the City, substantially as set forth in Exhibit F hereto;

(g) a copy of the opinion of Orrick, Herrington & Sutcliffe LLP, as Bond Counsel to the City upon the issuance and delivery of the Bonds, dated February 13, 2008, related to, among other things, the excludability of interest on the Bonds;

(h) (i) a copy of each Resolution (each as in effect on the Effective Date), and

(ii) a copy of the official action of the City approving this Agreement, the Fee Letter and the other matters contemplated hereby, together with a certificate of the Clerk of the Commission of the City, dated the Effective Date, certifying that each of the foregoing documents is in full force and effect on the Effective Date and that there has been no other amendment or supplement of, or modification to, any provision thereof, except as set forth therein;

(i) a copy of the Remarketing Agreement, together with a certificate of the Clerk of the Commission of the City, dated the Effective Date, to the effect that the Remarketing Agreement is in full force and effect and has not been amended, modified or changed;

(j) a copy of the Tender Agency Agreement, together with a certificate of the Clerk of the Commission of the City, dated the Effective Date, to the effect that the Tender Agency Agreement is in full force and effect and has not been amended, modified or changed;

(k) written evidence from Moody's and Fitch that the Bonds are rated "Aa2" (or its equivalent) and "AA-" (or its equivalent), respectively;

(l) written evidence that (i) the Bank Bond CUSIP Number has been obtained and received from Standard & Poor's CUSIP Service Bureau and (ii) that a long-term rating of at least Investment Grade has been assigned to the Bank Bonds (and its related CUSIP number) from any Rating Agency;

(m) an incumbency certificate, dated the Effective Date, describing the titles of the officers or agents of the Tender Agent authorized to execute and to submit Notices of Bank Purchase pursuant to this Agreement;

(n) all amounts payable to the Bank and the Bank's counsel on the Effective Date shall have been received or alternative arrangements satisfactory to the Bank shall have been made;

(o) legal opinions of domestic and foreign counsel to the Bank, in form and substance satisfactory to the Bank and the City and, including, without limitation as to the enforceability of this Agreement and that no registration of this Agreement is required under the Securities Act of 1933, as amended;

(p) a copy of the Draft Reoffering Memorandum, together with any supplements or amendments thereto prepared on or prior to the Effective Date; and

(q) such further documentation, certifications or opinions as the Bank may reasonably request in connection with matters arising under this Agreement and the Fee Letter.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE CITY

The City hereby represents and warrants as follows, as of the date of execution and delivery of this Agreement, as of the Effective Date and, except with respect to the representations and warranties contained in Sections 4.1, 4.2, 4.6, 4.13(a) and 4.15, as of each Purchase Date:

Section 4.1. Financial Condition. The balance sheet of Gainesville Regional Utilities at September 30, 2016, and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended, reported on by the auditor of the City, heretofore delivered to the Bank, are complete and correct and present fairly the financial condition of Gainesville Regional Utilities as of such date, and the results of its operations and changes in financial position for the year then ended. All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the periods involved (except as approved by such accountants and as disclosed therein).

Section 4.2. No Change. Since September 30, 2016, except as disclosed in the Draft Reoffering Memorandum or as otherwise disclosed in writing to the Bank prior to the Effective Date, there has been no material change in the business, operations, properties or financial or other condition of the System which would adversely affect the ability of the City to perform its obligations under the Resolutions, this Agreement or the Bonds.

Section 4.3. Organization; Compliance with Law. The City (a) is a municipal corporation duly organized and validly existing under the laws of the State of Florida, (b) has all requisite power and authority and the legal right to own and operate its property and to conduct its business, including without limitation, the System, and (c) is in compliance with all Requirements of Law, except to the extent that the failure to comply therewith would not, in the aggregate, have a material adverse effect on the business, operations, properties or financial or other condition of the System, and would not materially adversely affect the ability of the City to perform its obligations under the Resolutions, this Agreement, the Bonds or the other Financing Documents.

Section 4.4. Power; Authorization; Enforceable Obligations. The City has all requisite power and authority and the legal right to adopt the Resolutions and to make, deliver and perform this Agreement, the Bonds and the other Financing Documents, and has taken all necessary action to authorize the execution, delivery and performance of this Agreement, the Bonds and the other Financing Documents. No consent or authorization of, filing with, or other act by or in respect of any Governmental Authority is required in connection with the execution, delivery, performance, validity or enforceability of this Agreement, the Bonds or the other Financing Documents, except such consents, authorizations, filings or other acts as have been obtained, made or given. This Agreement, the Bonds and the other Financing Documents (other than the Resolutions) have been duly authorized, executed and delivered on behalf of the City. The Resolutions have been duly adopted by the City and are in full force and effect. This

Agreement, the Bonds and the other Financing Documents constitute legal, valid and binding obligations of the City enforceable against the City in accordance with their respective terms, subject to the effect of, and restrictions and limitations imposed by or resulting from, bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights and judicial discretion and the valid exercise of the sovereign police powers of the State of Florida and of the constitutional power of the United States of America.

Section 4.5. No Legal Bar. The execution, delivery and performance of this Agreement, the Bonds and the other Financing Documents will not violate any Requirements of Law or any Contractual Obligation of the City.

Section 4.6. No Material Litigation. Except as disclosed in the Draft Reoffering Memorandum or as otherwise disclosed in writing to the Bank prior to the Effective Date, no litigation or proceeding or, to the knowledge of the City, investigation of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the City, threatened against the City (a) with respect to this Agreement, the Bonds or any other Financing Document or any of the transactions contemplated thereby or hereby, or (b) which would have a material adverse effect on the business, operations, properties or financial or other condition of the System or the ability of the City to perform its obligations under this Agreement, the Bonds or any other Financing Document or in respect of any other Indebtedness incurred to finance or otherwise in respect of the System or secured by Revenues or other assets of the System.

Section 4.7. No Default. The City is not in default under or with respect to this Agreement, the Bonds or the other Financing Documents, or with respect to any Contractual Obligation in any respect which would be materially adverse to the business, operations, properties or financial or other condition of the System or which would materially and adversely affect the ability of the City to perform its obligations under this Agreement, the Bonds or the other Financing Documents or in respect of any other Indebtedness incurred to finance or otherwise in respect of the System or secured by any Revenues or other assets of the System. No Event of Default has occurred and is continuing.

Section 4.8. Security. The Bonds are secured ratably with all other Utilities System Revenue Bonds heretofore or hereafter issued by a Lien on and pledge of the Trust Estate.

Section 4.9. Tax Exempt Status. No part of the proceeds of the Bonds or other funds of the City shall at any time be used in a manner that would cause the Bonds or any of them to be treated as "arbitrage bonds" within the meaning of Section 148 (or any successor Section thereto) of the Internal Revenue Code.

Section 4.10. Federal Reserve Regulations. No part of the proceeds of any Bonds has been, or will be, used for the purpose, whether immediate, incidental or ultimate, to purchase or carry any margin stock (within the meaning of Regulation U) or for any other purpose which would violate any of the regulations of the Board of Governors of the Federal Reserve System.

Section 4.11. ERISA Matters; Pension Plans. The City does not maintain any employee benefit plan that is subject to Title I or Title IV of ERISA.

Section 4.12. No Sovereign Immunity. The defense of sovereign immunity is not available to the City in any proceedings by the Bank to enforce any of the obligations of the City under this Agreement, the Fee Letter or the Bonds, except to the extent that any such proceeding seeks enforcement based on tort or similar claim and in such case such defense is available only to the extent set forth under Florida Statutes Section 768.28 or other similarly applicable provision of law, and, to the extent permitted by applicable law, the City consents to the initiation of any such proceedings in any court of competent jurisdiction and agrees not to assert the defense of sovereign immunity in any such proceedings.

Section 4.13. Full Disclosure. (a) The Draft Reoffering Memorandum, as of its date, does not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading. The City makes no representation as to information in the Draft Reoffering Memorandum (a) describing the Bank or this Agreement under the headings "THE BANK" and "BARCLAYS BANK LIQUIDITY FACILITY" which has been provided by or behalf of the Bank for inclusion therein, (b) relating to The Depository Trust Company and its book- entry system applicable to the Bonds, and (c) entitled "THE 2008 SERIES B BONDS – Disclosure Concerning Sales of Variable Rate Demand Obligations by Remarketing Agents."

To the best of the City's knowledge after due investigation, all information heretofore furnished (including pursuant to any representation or warranty) by the City to the Bank for purposes of or in connection with this Agreement true and accurate in all material respects on the date as of which such information is stated or certified.

Section 4.14. Incorporation by Reference. The representations and warranties made by the City in any Financing Document are hereby incorporated by reference and made for the benefit of the Bank.

Section 4.15. No Proposed Legal Changes. Except as described in the Draft Reoffering Memorandum, Florida House Bill 653, as otherwise provided for by Section 716 of the Bond Resolution and as otherwise disclosed in writing to the Bank, there is no amendment or proposed amendment certified for placement on a ballot or referendum or, to the knowledge of the City, to the Constitution of the State of Florida or to any law, ordinance, or regulation of the State of Florida applicable to the System, or any legislation that has passed either house of the legislature of the State of Florida, or any published judicial decision interpreting any of the foregoing, the effect of which could reasonably be expected to have a material adverse effect upon (a) the ability of the City to perform its obligations under this Agreement, the Fee Letter or any Financing Document in any material respect or any other material contract related to the System to which any one or more of them is a party; (b) the legality, validity or enforceability of this Agreement, the Fee Letter or any Financing Document; or (c) the priority of the Liens granted under the Resolutions or the rights and remedies of the Bank under this Agreement, the Fee Letter, the Bonds or any other Financing Document.

Section 4.16. Environmental Laws. The System and any of the property of the City that constitutes a part of the System is in material compliance with all applicable Environmental

Laws and has not become subject to any Environmental Liability, nor does the City know of any basis for such Environmental Liability.

Section 4.17. Solvency. The City is generally paying its debts as they come due and, after giving effect to the obligations contemplated by this Agreement and the Fee Letter, the Net Revenues of the System for the current and each future Fiscal Year are expected to exceed the amount required to satisfy the debts of the City related to the System (including contingent, subordinated, unmatured and unliquidated liabilities) as they become due in each such Fiscal Year.

Section 4.18. Rate Increases. Except as described in the Draft Reoffering Memorandum and as otherwise provided for by Section 716 of the Bond Resolution, an increase by the City of rates, fees, rentals or other charges for the use of the product, services and facilities of the System requires no action or approval by or in respect of any Governmental Authority (other than the City and the Florida Public Service Commission to the extent described in the Draft Reoffering Memorandum).

Section 4.19. Not an Investment Company. The City is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

Section 4.20. USA Patriot Act Notification; Government Regulation. The Bank hereby notifies the City that, pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107 56 (signed into law October 26, 2001)) (as amended from time to time, the *"Patriot Act"*), the Bank may be required to obtain, verify and record information that identifies the City, which information may include the name and address of the City and other information that will allow the Bank to identify the City in accordance with the Patriot Act, and the City, dba Gainesville Regional Utilities, hereby agrees to take any action necessary to enable the Bank to comply with the requirements of the Patriot Act.

To the best knowledge of the City, the City is not in violation of any laws relating to terrorism or money laundering (*"Anti-Terrorism Laws"*), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001. Neither the City nor any Person who owns a controlling interest in or otherwise controls the City is or shall be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the Office of Foreign Assets Control (*"OFAC"*), the Department of the Treasury or included in any Executive Orders, that prohibits or limits the Bank from making any advance or extension of credit to the City or from otherwise conducting business with the City, and the City shall ensure that the Bond proceeds have not been, and shall not be, used to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto. Further, the City shall comply, and cause each of its Affiliates to comply, with all applicable Bank Secrecy Act (*"BSA"*) laws and regulations, as amended. The City agrees to provide documentary and other evidence of the City's identity as may be reasonably requested by the Bank at any time to enable the Bank to verify the City's identity or to comply with any applicable law or regulation including, without limitation, Section 326 of the Patriot Act.

ARTICLE V

COVENANTS OF THE CITY

Until the termination of this Agreement and the payment in full of all amounts payable to the Bank hereunder and under any Bank Bonds, the City hereby covenants and agrees that:

Section 5.1. Performance of Covenants in Bond Resolution. The City shall perform each of its covenants set forth in Article V and in Article VII of the Bond Resolution at the time such performance is required thereby (and giving effect to any applicable grace periods set forth therein). For the purposes of this Agreement, each reference to the Trustee in Sections 705 through 717 of the Bond Resolution shall be deemed to be for the benefit of the Bank in its capacity as party to this Agreement.

Section 5.2. Financial and Other Information. The City shall furnish to the Bank:

(a) within two hundred seventy (270) days after the close of each Fiscal Year of the City, a balance sheet of Gainesville Regional Utilities as at the end of such year, and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended, accompanied by an unmodified audit report of an independent certified public accounting firm of recognized standing stating that they have been prepared in accordance with GAAP consistently applied;

(b) within sixty (60) days after the close of the first three quarters of each Fiscal Year of the City, but only if the ratings maintained pursuant to Section 5.11 hereof shall be downgraded by any one Rating Agency below A2 (if for Moody's, if Moody's is then providing such rating) or A (if for S&P or Fitch, respectively, if such Rating Agency is then providing such rating), a balance sheet of Gainesville Regional Utilities as at the end of such quarter, and the related statement of revenues, expenses and changes in net assets, in each case, for the three months then ended and setting forth in each case in comparative form the figures for the corresponding quarter of the prior Fiscal Year of the City;

(c) concurrently with the delivery of the financial statements referred to in the foregoing clause (a) (and the foregoing clause (b) if applicable), a certificate of an Authorized Officer stating whether any Default exists on the date of such certificate and, if any Default then exists, setting forth the details thereof and the actions which the City is taking or proposes to take with respect thereto;

(d) promptly following its approval by the City Commission of the City, each annual budget for the System and, promptly following the adoption thereof, each amendment to the annual budget that could reasonably be determined to have a material adverse effect on the ability of the City or any Affiliate of the City to perform its obligations under this Agreement, the Fee Letter or any Financing Document in any material respect; and

(e) promptly upon request, such financial and other information as the Bank may from time to time reasonably request.

Section 5.3. Inspection of Property; Discussions. The City shall permit representatives of the Bank to visit and inspect any of the properties of the System and examine and make abstracts from any of its books and records (except to the extent such books and records are subject to legal privilege) at any reasonable time and as often as may reasonably be desired, and to discuss the business, operations, properties and financial and other condition of the System with officers and employees of the System and with its independent certified public accountants.

Section 5.4. Notices. The City shall promptly give notice to the Bank upon knowledge of an officer thereof:

(a) of the occurrence of any Default or Event of Default and, if such Default or Event of Default is then continuing, a certificate of an Authorized Officer setting forth the details thereof and the actions which the City is taking or proposes to take with respect thereto;

(b) of any litigation or proceeding affecting the System in which the amount involved is $20,000,000 or more and not covered by insurance or in which injunctive or similar relief is sought (for purposes of this clause (c), an obligation shall be considered "covered by insurance" to the extent the City has self-insured against such obligation or risk and has maintained adequate reserves therefor under appropriate insurance industry standards);

(c) of any change in the Ratings assigned by Moody's (if the Bonds are then rated by Moody's), S&P (if the Bonds are then rated by S&P) or Fitch (if the Bonds are then rated by Fitch) to the Bonds (without taking into consideration any credit enhancements, liquidity or credit support) or any unenhanced Parity Debt;

(d) of the execution and delivery or adoption, as applicable, thereof, of any amendments of or supplements to any of the Financing Documents (other than the Resolutions) or the Final Reoffering Memorandum, together with copies thereof (but exclusive of those amendments or supplements for which the Bank's consent is otherwise required pursuant to the terms of this Agreement);

(e) of all legislation enacted by the legislature of the State of Florida of which an Authorized Officer of the City has knowledge, signed into law by the Governor and which, in the judgment of such Authorized Officer, could reasonably be expected to have a material adverse effect on the business, operations, properties or financial or other condition of the System or on the ability of the City or any Affiliate of the City to perform its obligations under this Agreement, the Fee Letter or any Financing Document;

(f) of the notice of any optional redemption, defeasance or refunding of the Bonds (other than Sinking Fund Installments);

(g) of any final official statement, offering circular, placement memorandum or similar or corresponding document, and any supplements thereto and updates and amendments thereof, that the City makes available in connection with the offering for sale or remarketing of any Parity Debt, to the extent not filed with the Municipal Securities Rulemaking Board (or any successor agency) through EMMA; and

(h) of such financial and other information as the Bank may from time to time reasonably request.

Each notice pursuant to Section 5.4(b) shall be accompanied by a statement of an Authorized Officer of the City setting forth details of the occurrence referred to therein and stating what actions, if any, the City proposes to take with respect thereto.

As and to the extent the information required by this Section 5.4 has been properly and timely filed with the Municipal Securities Rulemaking Board (or any successor agency) through EMMA, the City will be deemed to have complied with the provisions of this Section; *provided, however*, that the City shall have delivered written notice to the Bank of such filing.

Section 5.5. Amendment of Financing Documents. The City shall not modify, amend or supplement either Resolution without the prior written consent of the Bank or modify, amend or supplement or agree to modify, amend or supplement, any other Financing Document in any respect which is adverse to the interests of the Bank or is inconsistent with this Agreement without the prior written consent of the Bank; *provided, however,* that no such consent shall be required in connection with any amendment to either Resolution permitted under the provisions of Section 1001 or 1002 of the Bond Resolution. The City shall promptly furnish to the Bank copies, certified by the Clerk of the Commission of the City as being in full force and effect, of any modification of, amendment of or supplement to either of the Resolutions as in effect on the date of the delivery of the certified Resolutions referred to in Section 3.1(g); *provided, however,* that the City shall not be required to furnish any such modification, amendment or supplement permitted under the provisions of Section 1001 or 1002 of the Bond Resolution.

Section 5.6. Power to Fix and Collect Rates, Fees and Charges. The City has, and except due to a change in law, will have as long as any Bonds (including Bank Bonds) are outstanding or other amounts are owing to the Bank hereunder, the City, subject in all respects to Section 716 of the Bond Resolution, shall have good right and lawful power to establish and collect rates, fees and charges with respect to the use and the sale of the capacity, output or service of the System subject to the terms of contracts relating thereto and subject to the jurisdiction of any applicable regulatory authority.

Section 5.7. Sovereign Immunity. To the extent permitted by applicable law, the City agrees to waive sovereign immunity from suit and liability for the purposes of adjudicating a claim to enforce its duties and obligations under this Agreement, the Fee Letter and any Bank Bonds or for damages for a breach of any of the foregoing, except to the extent that any such proceeding seeks enforcement based on tort or similar claim and in such case such defense is available only to the extent set forth under Florida Statutes, Section 768.28 or other similarly applicable provision of law.

Section 5.8. Most Favored Covenant. (a) In the event that the City shall, directly or indirectly, enter into or otherwise consent to any contract, or any amendment, supplement or modification thereto, under which, directly or indirectly, any Person or Persons undertakes to make or provide credit or loans to the City or under which the City issues or incurs or could issue or incur Indebtedness, in either such case, which is on a parity with, or senior to, the Bonds, which contract (or amendment, supplement or modification) provides such Person or Persons with additional or more restrictive financial covenants than are provided to the Bank in this Agreement (any such contract, or amendment, supplement or modification thereto, a *"Favored Covenant Agreement"*), the City shall provide the Bank with a copy of each such Favored Covenant Agreement within five (5) Business Days of the effective date of any such Favored Covenant Agreement. Subject to the provisions of Section 5.8(b) below, upon the request of the Bank, the City shall promptly enter into an amendment to this Agreement to incorporate herein and make a part hereof such additional or more restrictive financial covenants for so long as such provisions remain in effect in the related Favored Covenant Agreement.

(b) In the event that the City and the Bank enter into an amendment to this Agreement to include the terms of any Favored Covenant Agreement herein (an *"EMMA Amendment"*), the City hereby covenants to post an execution copy of such EMMA Amendment on EMMA not less than fifteen (15) calendar days prior to the effective date of such EMMA Amendment (such effective date to be a date as determined by the City and the Bank). Notwithstanding anything set forth in this Section 5.8(b) to the contrary, (i) any EMMA Amendment shall only be incorporated into this Agreement (A) upon receipt of written confirmation from each Rating Agency then rating the Bonds that the short-term rating on the Bonds will not be withdrawn or reduced as a result of the incorporation of such EMMA Amendment and (B) on the date which is fifteen (15) calendar days after such EMMA Amendment is posted on EMMA and (ii) any amendment to this Agreement or the Fee Letter (other than an EMMA Amendment or an amendment described in Section 5.8(c) below) that is incorporated pursuant to other provisions of this Agreement shall become effective upon the parties hereto in accordance with such other provisions.

Section 5.9. Compliance with Laws. The City will comply in all material respects, within the time period, if any, given for such compliance by the relevant Governmental Authority, with all applicable laws, ordinances, rules, regulations, and requirements of Governmental Authorities (including, without limitation, Environmental Laws) except where the necessity of compliance therewith is contested in good faith by appropriate proceedings.

Section 5.10. Other Liquidity Facilities. (a) No standby bond purchase agreement, revolving credit agreement, letter of credit, surety bond or other agreement or instrument under which any Person undertakes to make or provide funds on the same basis as this Agreement with respect to the Bonds shall be effective without the prior consent of the Bank. Without limiting the generality of the foregoing, the Bank agrees to cooperate with the City in connection with the structuring of any transaction which is intended to result in the replacement of this Agreement with any standby bond purchase agreement, revolving credit agreement, letter of credit, surety bond or other agreement or instrument of the type described in the preceding sentence.

(b) The City shall not provide, or permit to be provided, a Substitute Liquidity Facility for less than all of the Bonds then Outstanding without the prior written consent of the Bank.

(c) The City agrees that any termination of this Agreement as a result of the provision of any Substitute Liquidity Facility or otherwise will require, as a condition thereto, that the City or the provider of the Substitute Liquidity Facility (if any) will provide funds on the Substitution Date in an amount that will be sufficient to insure the payment of all amounts due to the Bank hereunder and under the Fee Letter including, without limitation, the repurchase of all Bank Bonds and the repayment of all unreimbursed drawings together with accrued but unpaid interest thereon, any Differential Interest Amount and, to the extent permitted by applicable law, any Excess Bond Interest that is then due and payable.

(d) The City agrees that, in connection with (i) any standby bond purchase agreement, revolving credit agreement, letter of credit or other liquidity or credit facility supporting Parity Debt (*"Other Facility"*) executed by or on behalf of the City on or after the Effective Date and (ii) each material amendment, extension, renewal, supplement or other modification executed by or on behalf of the City on or after the Effective Date with respect to any Other Facility that had been executed previously by or on behalf of the City on or before the Effective Date, it will require that said Other Facility, or said amendment, extension, renewal, supplement or other modification to any Other Facility, include a provision substantially identical to Section 7.2(b)(ii) hereof; it being understood that the word "material" used in the context of this subsection means any amendment, extension, renewal, supplement or other modification requiring the signature, acceptance or other acknowledgment by all parties to any said Other Facility.

Section 5.11. Maintenance of Ratings. The City shall at all times maintain long-term credit ratings assigned to the Bonds and Parity Debt from no less than two Rating Agencies.

Section 5.12. Optional Redemption of Bonds. The City shall not permit an optional redemption of any Bonds except as provided in Section 2.06 of the Supplemental Resolution. In addition, in the event of any partial redemption of Bonds pursuant to the Supplemental Resolution, the City will cause the Bank Bonds to be redeemed prior to any other Bonds that do not constitute Bank Bonds.

Section 5.13. Take-out Financing. The City covenants that as of (a) the Conversion Date or (b) the Stated Termination Date, (i) it shall use its best efforts to have procured (A) a Substitute Liquidity Facility for the Bonds or (B) a written commitment of an underwriter to purchase the Bonds, and such Substitute Liquidity Facility or written commitment, as the case may be, shall provide for the purchase from the Bank of all Bank Bonds and (ii) it shall pay or cause to be paid all other obligations owed by it upon and with the (A) conversion of the interest borne by all of the Bonds to a Non-Covered Interest Mode or (B) occurrence of the Stated Termination Date, as the case may be.

Section 5.14. Conversions; Defeasance. The City shall not permit a conversion of the Bonds to bear interest in a Non-Covered Interest Mode without the prior written consent of the Bank if, after giving effect to such conversion, any Bonds remain as Bank Bonds. In addition, the City will not defease, nor allow the defeasance of, all of the Bonds without having

concurrently satisfied all of its obligations hereunder and under the Fee Letter and the Bank Bonds.

Section 5.15. Restrictions on Use of Proceeds. The proceeds of drawings hereunder will be applied by or on behalf of the City only to pay the Purchase Price of Bonds that have been tendered, but not remarketed. If the proceeds of any drawing are not applied to pay the Purchase Price of Bonds on the day the drawing has been made in connection with such Bonds, the City covenants and agrees that, notwithstanding any provisions of the Resolutions to the contrary, said proceeds will be returned to the Bank promptly.

Section 5.16. Bank Bond Rating and CUSIP Number. For so long as any Bank Bonds are Outstanding, the City shall, at its expense, (a) maintain, or cause to be maintained, an Investment Grade Rating from at least one Rating Agency applicable to the Bank Bonds and (b) ensure that the Bank Bond CUSIP Number and the Investment Grade Rating (described in sub- clause (a) of this Section 5.16) be available on the Bloomberg Municipal Bond Description Screen (or a similar electronic registry acceptable to the Bank).

Section 5.17. Remarketing Agent. The City shall at all times maintain a Remarketing Agent with respect to the Bonds performing the duties thereof contemplated by the Supplemental Resolution and the Remarketing Agreement acceptable to the Bank. For the avoidance of doubt, the Bank hereby confirms that the Remarketing Agent serving as such as of the date of this Agreement is acceptable to the Bank. The City agrees to cause the Remarketing Agent to use its best efforts to sell Tendered Bonds up to the maximum rate applicable to Tendered Bonds in order to sell such Tendered Bonds. If the Remarketing Agent fails to sell Tendered Bonds up to the maximum rate or to perform any other of its other duties under the Remarketing Agreement for a period of thirty (30) consecutive days, at the written direction of the Bank, the City shall cause the Remarketing Agent to be replaced with a Remarketing Agent reasonably satisfactory to the Bank (which consent shall not be unreasonably withheld) within thirty (30) calendar days of the receipt of such written direction. Any Remarketing Agreement with a successor Remarketing Agent shall provide that such remarketing agent may resign upon at least sixty (60) days' prior written notice to the City, the Tender Agent and the Bank.

Section 5.18. Delivery Requirements upon Effective Date of Substitution. On or prior to June 29, 2017, the City will deliver to the Bank a copy of the Final Reoffering Memorandum used in connection with the remarketing of the Bonds to the new holders thereof.

Section 5.19. Bank Bond Amortization Changes. The City shall not amend, restate, supplement or otherwise modify the Bond Resolution or any supplemental resolution thereto in a manner that provides for a shorter number of Sinking Fund Installments (as defined in the Supplemental Resolution) or a shorter mandatory redemption period, in each case in relation to Bonds (as defined in the Bond Resolution) supported or purchased by a Credit Enhancer (as defined in the Bond Resolution) pursuant to any Credit Enhancement (as defined in the Bond Resolution), unless such shorter period or fewer Sinking Fund Installments shall also apply to Bank Bonds hereunder.

ARTICLE VI

CONDITIONS TO PURCHASE OF BONDS

Section 6.1. Conditions to Purchase of Bonds. The obligation of the Bank to purchase any Eligible Bond hereunder shall be subject, in the case of each purchase, to the satisfaction of the following conditions:

(a) No Immediate Termination Event or Suspension Event shall have occurred and be continuing; *provided, however,* that in the case of a Suspension Event, the Bank's obligation to purchase Eligible Bonds is subject to reinstatement as provided in Section 7.3(b) hereof; and

(b) The Bank shall have timely received the duly completed Notice of Bank Purchase(s) as provided in Section 2.2(a); *provided* that if the Notice of Bank Purchase(s) is not received in a timely manner, the Bank will be obligated to purchase Eligible Bonds on the Business Day following receipt thereof.

Unless the City or the Tender Agent shall have otherwise previously advised the Bank in writing, delivery to the Bank of a Notice of Bank Purchase(s) shall be deemed to constitute a representation and warranty by the City that, on such Purchase Date, to the City's knowledge, no Immediate Termination Event or Suspension Event shall have occurred.

ARTICLE VII

DEFAULTS AND REMEDIES

Except as otherwise specified herein, the occurrence of any of the following events set forth in Sections 7.1, 7.2 and 7.3 shall constitute an event of default (each, an *"Event of Default"*):

Section 7.1. Events of Default Not Permitting Immediate Termination or Suspension.

(a) *Notice Termination Events.* Each of the following Events of Default shall constitute a "Notice Termination Event":

(i) *Payments.* The City shall not pay when due any amount owed to the Bank pursuant to the Fee Letter or Sections 2.7, 2.8 or 8.3 of this Agreement; or

(ii) *Other Payments.* The City shall fail to pay within ten (10) days after the same shall become due any fee or other amount payable by it under this Agreement or the Fee Letter (not otherwise referred to in Section 7.1(a)); or

(iii) *Representations.* Any representation, warranty, certification or statement made by the City (or incorporated by reference) in this Agreement, the Fee Letter or any Financing Document or in any certificate, financial statement or other document

delivered pursuant to this Agreement or any Financing Document shall prove to have been incorrect in any material respect when made (or deemed made); or

(iv) *Certain Covenants.* The City shall default in the due performance or observance of any covenant set forth in Section 5.5, 5.6, 5.7, 5.11, 5.13, 5.14 or 5.15 of this Agreement and such default shall remain unremedied for a period of ten (10) days after the Bank shall have given written notice thereof to the City; or

(v) *Other Covenants.* The City shall default in the due performance or observance of any other term, covenant or agreement contained or incorporated by reference in this Agreement (other than those referred to in Sections 7.1(a)(i) through (iv) hereof) and such default shall remain unremedied for a period of forty-five (45) days after the Bank shall have given written notice thereof to the City; or

(vi) *Long-Term Credit Rating.* The long-term credit rating assigned by a Rating Agency to the Bonds or any Parity Debt (without taking into account third party credit enhancement) is withdrawn or suspended, in either case, for credit related reasons by any one of the Rating Agencies or reduced below "A2" (or its equivalent) by Moody's, below "A" (or its equivalent) by S&P (if the Bonds are then rated by S&P) or below "A" (or its equivalent) by Fitch (if the Bonds are then rated by Fitch); or

(vii) *Other Obligations.* (A) An "event of default" as defined in Section 801 of the Bond Resolution shall occur and is not cured within the applicable grace period, (B) any "event of default" on the part of the City under any of the Financing Documents (excluding the Bond Resolution and the Supplemental Resolution) shall occur and is not cured within any applicable cure period, (C) the City shall fail to pay any Indebtedness of the City for borrowed money related to the System, or any interest or premium thereon, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), of at least $20,000,000 in principal amount then outstanding and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Indebtedness, or (D) the City shall fail to perform or observe any term, covenant or condition on its part to be performed or observed under any Contractual Obligation related to the System when required to be performed or observed, and such failure shall not be waived and shall continue after the applicable grace period, if any, specified in such Contractual Obligation, if the effect of such failure to perform or observe is to accelerate or permit the acceleration of, or require or permit to be required the prepayment (whether by mandatory redemption or mandatory tender) of the related Indebtedness such that such Indebtedness becomes immediately due and payable prior to, with the giving of notice if required, the maturity of the related Indebtedness; or any such Indebtedness shall be declared to be due and payable or be required to be prepaid (other than by a regularly scheduled required prepayment) prior to the stated maturity thereof.

(b) *Remedies.* Upon the occurrence of any Event of Default, including an Immediate Termination Event or Suspension Event, the Bank shall have all other remedies provided at law or in equity including, without limitation, specific performance; and, in addition, the Bank, in its sole discretion, may do one or more of the following: (i) by notice to the City, tender any or all

Bank Bonds for payment to the City and the City shall thereupon be obligated to pay immediately the outstanding principal amount of each Bank Bond (together with accrued interest thereon) so tendered, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the City; *provided, however,* that in the case of any of the Events of Default specified in Section 801(v) or (vi) of the Bond Resolution or Section 7.2(a)(iii) or 7.3(a)(i) hereof, without any notice to the City or any other act by the Bank, all Bank Bonds shall immediately be deemed to be tendered for payment to the City and the City shall be obligated to pay immediately the outstanding principal amount of such Bank Bonds (together with accrued interest thereon) without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by the City; (ii) deliver to the City, the Tender Agent and the Remarketing Agent written notice substantially in the form of Exhibit B hereto (a *"Notice of Termination"*) that an Event of Default has been declared under this Agreement and is continuing that entitles the Bank to terminate the Available Commitment hereunder following the honoring by the Bank, on or prior to the date of such termination, of a final drawing hereunder to purchase all of the Bonds upon the resultant mandatory tender for purchase thereof, whereupon (A) the Bonds shall be called for mandatory tender for purchase pursuant to Section 3.06(c)(vii) of the Supplemental Resolution on the fifteenth (15th) day (or, if such day is not a Business Day, on the next preceding Business Day) following the date such Notice of Termination is received by the Tender Agent and (B) at the close of business on the sixteenth (16th) day (or, if such day is not a Business Day, on the next succeeding Business Day) following the date such Notice of Termination is received by the Tender Agent, the Available Commitment shall be reduced to zero and the obligations of the Bank under this Agreement shall terminate; *provided, however,* that prior to such termination, the Bank shall remain obligated to purchase Eligible Bonds in accordance with the terms hereof so long as no Immediate Termination Event or Suspension Event has occurred; (iii) exercise any right or remedy available to it under any other provision of this Agreement or the Fee Letter; and (iv) exercise any other rights or remedies available under any Financing Document; *provided, however,* that the Bank shall not have the right to terminate or suspend its obligation to purchase Bonds except as expressly provided in Section 7.2 or 7.3. Notwithstanding any other provision of this Section 7.1, all obligations hereunder and under the Fee Letter shall bear interest at the Default Rate upon the occurrence and during the continuation of any Event of Default.

Section 7.2. Events of Default Permitting Immediate Termination.

(a) *Immediate Termination Events.* Each of the following Events of Default shall also constitute an "Immediate Termination Event":

(i) *Payment Default.* The City shall have failed to pay when due any principal or interest, or both, payable under, or in respect of the Bonds (including any Bank Bonds) (other than a failure to pay any amounts described in this clause (a)(i) as a result of the tender or deemed tender for payment of Bank Bonds pursuant to Section 7.1(b)(i) of this Agreement); or

(ii) *Judgments.* A final, unappealable judgment or judgments against the City for the payment of money in excess of $20,000,000 in the aggregate shall be payable from the funds and other property comprising the Trust Estate securing the Bonds

(including any Bank Bonds) and not be covered by insurance, the operation or result of which judgment or judgments shall remain unpaid, unstayed, undischarged, unbonded or undismissed for a period of sixty (60) days; *provided* that an obligation shall be considered "covered by insurance" to the extent the City has self-insured against such obligation or risk and has maintained adequate reserves therefor under appropriate insurance or accounting industry standards within the Rate Stabilization Fund, Utilities Plant Improvement Fund, and/or Debt Service Fund of the City as indicated in the most recent audited or unaudited financial statements of the City furnished to the Bank pursuant to Section 5.2 hereto or other evidence satisfactory to the Bank;

(iii) *Insolvency.* (A) The City shall (1) commence any case, proceeding or other action (x) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition, declaration of a payment moratorium or other relief with respect to it or its debts or (y) seeking the appointment of a receiver, trustee, custodian or similar official for it or for all or any substantial part of its assets, or (2) make a general assignment for the benefit of its creditors; (B) there shall be commenced against the City any case, proceeding or other action of a nature referred to in clause (A) above which (x) results in an order for such relief or in the appointment of a receiver or similar official or (y) remains undismissed, undischarged or unbonded for a period of sixty (60) days; (C) there shall be commenced against the City any case, proceeding or other action seeking the issuance of a warrant of attachment, execution, restraint or similar process against all or any substantial part of the assets of the System or the Net Revenues of the System, which results in the entry of a final and non-appealable order or ruling for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; (D) the City shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (A), (B) or (C) above; or (E) the City shall (1) admit in writing its inability to pay its debts as such debts become due or (2) become insolvent within the meaning of the United States Bankruptcy Code; or

(iv) *Validity.* (A) Any provision of the Act, this Agreement, the Resolutions or the Bonds relating to (1) the ability or the obligation of the City to pay, when due, the principal of or interest on the Bonds (including any Bank Bonds) or any Parity Debt or (2) the Trust Estate securing the Bonds (including any Bank Bonds) and Parity Debt shall at any time, be declared to be null and void, invalid or unenforceable as the result of a final nonappealable judgment by any federal or state court or as a result of any legislative or administrative action by any Governmental Authority having jurisdiction over the City or (B) an authorized representative of the City publicly repudiates or otherwise denies that it has any further liability or obligation under or with respect to any provision of the Act, this Agreement, the Resolutions, the Bonds or any Parity Debt relating to (1) the ability or the obligation of the City to pay, when due, the principal of or interest on the Bonds (including any Bank Bonds) or any Parity Debt or (2) the Trust Estate securing the Bonds (including any Bank Bonds) and Parity Debt; or (C) the City shall have taken or

permitted to be taken any official action, or shall have duly enacted any ordinance, which would invalidate, render null and void or make unenforceable any provision of this Agreement, the Bonds, the Act, the Resolutions or any Parity Debt relating to (1) the ability or the obligation of the City to pay, when due, the principal of or interest on the Bonds (including any Bank Bonds) or any Parity Debt or (2) the Trust Estate securing the Bonds (including any Bank Bonds) and Parity Debt; or

(v) *Ratings.* (A) Each Rating Agency then rating the Bonds shall have (1) withdrawn or suspended its Rating assigned to the Bonds, in either case, for credit related reasons or (2) reduced its Rating assigned to the Bonds below Investment Grade or (B) each Rating Agency then rating Parity Debt shall have (1) withdrawn or suspended its Rating assigned to any Parity Debt, in either case, for credit related reasons or (2) reduced its Rating assigned to any Parity Debt below Investment Grade; or

(vi) *Parity Debt Payment Default.* The City shall fail to make any payment in respect of principal or interest on any Parity Debt when due (i.e., whether upon said Parity Debt's scheduled maturity, required prepayment, upon demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Parity Debt, or pursuant to the provisions of any resolution, indenture or instrument pursuant to which Parity Debt has been issued, the maturity of such Parity Debt shall as a result of the occurrence of a default in payment under such resolution, indenture or instrument, be accelerated or required to be prepaid prior to the stated maturity thereof; or

(vii) *Debt Moratorium or Restructuring.* (A) The City shall impose a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on the Bonds, Bank Bonds or any Parity Debt or (B) any Governmental Authority having appropriate jurisdiction over the City shall make a finding or ruling or shall enact or adopt legislation or issue an executive order or enter a judgment or decree which results in a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on the Bonds, Bank Bonds or all Parity Debt.

(b) *Remedies.* In addition to the remedies set forth in Section 7.1(b), upon the occurrence of an Immediate Termination Event, the Available Commitment shall immediately be reduced to zero, in which case, the obligations of the Bank under Article II of this Agreement shall immediately terminate and expire without requirement of notice by the Bank; *provided,* that (i) the Event of Default described in Section 7.2(a)(i) will not qualify as an "Immediate Termination Event" hereunder if the failure to pay the principal of, or interest on, a Bank Bond is due solely to a tender or deemed tender for payment of all of the Bank Bonds by the Bank for any reason other than nonpayment as described in Section 7.2(a)(i) hereof, (ii) as and to the extent that the provider of a liquidity or credit facility in support of Parity Debt owns all or a portion of such Parity Debt pursuant to the provisions of such facility (*"Bank-Owned Parity Debt"*), the Event of Default described in Section 7.2(a)(vi) above will not qualify as an "Immediate Termination Event" if the failure to pay the principal of, or interest on, said Bank-

Owned Parity Debt described in Section 7.2(a)(vi) is due solely to a tender or deemed tender for payment of said Bank-Owned Parity Debt for any reason other than nonpayment as described in Section 7.2(a)(vi) hereof and (iii) the Suspension Events described in Section 7.3(a) hereof will not qualify as "Immediate Termination Events" unless and until the applicable conditions described in Section 7.3(b) for such qualification have been satisfied. After such termination or expiration, the Bank shall deliver promptly to the City, the Tender Agent and the Remarketing Agent written notice of such termination or expiration; *provided, however,* that failure to provide such written notice shall have no effect on the validity or enforceability of such termination or expiration.

Section 7.3. Events of Default Permitting Immediate Suspension.

(a) *Suspension Events.* Each of the following Defaults and Events of Default shall also constitute a "Suspension Event":

(i) *Involuntary Bankruptcy.* The occurrence of a Default under Section 7.2(a)(iii)(B) or Section 7.2(a)(iii)(C) hereof; or

(ii) *Invalidity.* (A) Any Governmental Authority with jurisdiction to rule on the validity or enforceability of this Agreement, the Bonds, the Act or the Resolutions shall find or rule, in a judicial or administrative proceeding, that any provision of this Agreement, the Bonds, the Act, the Resolutions or any Parity Debt, as the case may be, relating to (1) the ability or the obligation of the City to pay, when due, the principal of or interest on the Bonds (including any Bank Bonds) or any Parity Debt or (2) the Trust Estate securing the Bonds (including any Bank Bonds) and Parity Debt is not valid or not binding on, or enforceable against, the City; or (B) an authorized representative for the City (1) makes a claim in a judicial or administrative proceeding that the City has no further liability or obligation hereunder, under the Bonds, the Act, the Resolutions or any Parity Debt to pay, when due, the principal of or interest on the Bonds (including any Bank Bonds) or any Parity Debt or (2) contests in a judicial or administrative proceeding the validity or enforceability of any provision of this Agreement, the Bonds, the Act, the Resolutions or any Parity Debt relating to or otherwise affecting (y) the City's ability or obligation to pay, when due, the principal of or interest on the Bonds (including any Bank Bonds) or any Parity Debt or (z) the Trust Estate securing the Bonds (including any Bank Bonds) and Parity Debt.

(b) *Remedies; Restoration of Rights.* (i) In addition to the remedies set forth in Section 7.1(b) hereof, but subject to Sections 7.3(b)(ii)-(iii) below (as applicable), in the case of an Event of Default described in Section 7.3(a)(i), Section 7.3(a)(ii)(A) or Section 7.3(a)(ii)(B), the obligation of the Bank to purchase Eligible Bonds under this Agreement shall be immediately suspended without notice or demand and, thereafter, the Bank shall be under no obligation to purchase Eligible Bonds until the Available Commitment is reinstated as described below. Promptly upon the occurrence of any such Suspension Event, the Bank shall notify the City, the Tender Agent and the Remarketing Agent of such suspension and the effective date of such suspension in writing by facsimile, promptly confirmed by regular mail; *provided,* that the Bank shall incur no liability of any kind by reason of its failure to give such notice and such failure

shall in no way affect the suspension of the Available Commitment or its obligation to purchase Eligible Bonds pursuant to this Agreement.

(ii) Upon the occurrence of a Default described in Section 7.3(a)(i), the Bank's obligations to purchase Eligible Bonds shall be suspended immediately and automatically and remain suspended until said case, proceeding or other action referred to therein is terminated prior to the court entering an order granting the relief sought in such case, proceeding or other action. In the event such case, proceeding or other action is terminated prior to the Bank's obligations under this Agreement having expired or been terminated in accordance with its terms, then the Available Commitment and the obligation of the Bank to purchase Eligible Bonds shall be reinstated and the terms of this Agreement shall continue in full force and effect as if there had been no such suspension. In the event that such case, proceeding or other action shall not have been terminated prior to the Bank's obligations under this Agreement having expired or been terminated in accordance with its terms, then the Available Commitment and the obligation of the Bank to purchase Eligible Bonds shall terminate without notice or demand and, thereafter, the Bank shall be under no obligation to purchase Eligible Bonds.

(iii) Upon the occurrence of an Event of Default described in Section 7.3(a)(ii)(A) or Section 7.3(a)(ii)(B), the Bank's obligations to purchase Eligible Bonds shall be immediately and automatically suspended and remain suspended unless and until a court with jurisdiction to rule on such an Event of Default shall enter a final and nonappealable judgment that any of the material provisions of the Act or any other document described in Section 7.3(a)(ii)(A) are not valid or not binding on, or enforceable against, the City or that a claim or contest described in Section 7.3(a)(ii)(B) shall have been upheld in favor of the City in accordance with a final and nonappealable judgment, then, in each such case, the Available Commitment and the obligation of the Bank to purchase Eligible Bonds shall immediately terminate without notice or demand and, thereafter, the Bank shall be under no obligation to purchase Eligible Bonds. If a court with jurisdiction to rule on such an Event of Default shall find or rule by entry of a final and nonappealable judgment that the material provision of the Act or any other document described in Section 7.3(a)(ii)(A) is valid and binding on, or enforceable against, the City or the claim or contest described in Section 7.3(a)(ii)(B) shall have been dismissed pursuant to a final and nonappealable judgment, then the Available Commitment and the obligations of the Bank under this Agreement shall, in each such case, thereupon be reinstated (unless the Bank's obligations under this Agreement shall have previously expired or been terminated in accordance with its terms). Notwithstanding the foregoing, if the suspension of the obligations of the Bank pursuant to any Event of Default described in Section 7.3(a)(ii)(A) or 7.3(a)(ii)(B) remains in effect and litigation is still pending and a determination regarding the same shall not have been dismissed or otherwise made pursuant to a final and non-appealable judgment, as the case may be, on or prior to the first anniversary of the occurrence of such Event of Default, then the Available Commitment and the obligation of the Bank to purchase Eligible Bonds shall at such time terminate without notice or demand and, thereafter, the Bank shall be under no obligation to purchase Eligible Bonds.

In the case of the occurrence of any Suspension Event described in this Section 7.3, the Tender Agent shall immediately notify all Bondholders of the suspension and/or termination of both the Available Commitment and the obligation of the Bank to purchase Eligible Bonds.

Section 7.4. Rights Not Exclusive. The rights and remedies provided for herein are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law or in equity.

ARTICLE VIII

MISCELLANEOUS

Section 8.1. Amendments and Non-Waiver. This Agreement and the Fee Letter may be amended only upon the written agreement of the City and the Bank, and the City may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the City shall first obtain the written consent of the Bank. An Event of Default or Default may be waived only in writing by the Bank and any such Event of Default or Default which has been waived in writing by the Bank shall not be deemed to be continuing during the period (including any retroactive period) for which the waiver is effective, but such waiver shall not operate as a waiver of, or estoppel with respect to, any other or subsequent failure to perform or observe any obligation hereunder. No failure or delay on the part of the Bank in exercising any right, remedy, power or privilege under this Agreement or under the Fee Letter or any of the Financing Documents, and no course of dealing between the City or any other Person and the Bank, shall operate as a waiver hereof or thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges provided herein and in the Fee Letter and the Financing Documents are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law or in equity or otherwise. No notice to or demand on the City in any case shall entitle the City to any other or further notice or demand in similar or other circumstances or constitute a waiver of the right of the Bank to any other or further action in any circumstances without notice or demand.

Section 8.2. Survival of Representations and Warranties. All agreements, covenants, representations and warranties contained in this Agreement and in any certificates delivered pursuant hereto shall survive the execution and delivery of this Agreement, and the agreements contained in Sections 2.7, 2.8 and 8.3 hereof and in the Fee Letter shall survive payment of any amounts payable hereunder and thereunder and with respect to any Bank Bonds and the termination of this Agreement; *provided, however,* any request for payments under Section 2.7 must by requested from the City in writing within 180 days from the later of the termination of this Agreement or the payment in full of any and all Bank Bonds (unless the event or circumstance giving rise to such payments under Section 2.7 is retroactive, in which case such 180 day period shall be extended to include the period of retroactive effect thereof); *provided further,* that any request for payments under Section 2.8 must be requested from the City in writing within one (1) year from the later of the termination of this Agreement or the payment in full of any and all Bank Bonds; *provided further* that the City shall not be obligated to pay to the Bank any amounts pursuant to Section 8.3 which relate to claims, actions or legal proceedings which are made or commenced more than one (1) year after the later of the termination of this Agreement or the payment in full of any and all Bank Bonds.

Section 8.3. Expenses; Indemnification. (a) The City shall pay all out-of-pocket expenses of the Bank, including fees and disbursements of counsel for the Bank, in connection with the preparation of this Agreement, the Fee Letter and the Financing Documents, any waiver or consent hereunder or thereunder or any amendment hereof or thereof or any Default or Event of Default or alleged Default or Event of Default hereunder, subject to the limitations set forth in the Fee Letter.

(b) To the fullest extent permitted by applicable law, the City agrees to indemnify the Bank and hold the Bank harmless from and against any and all liabilities, losses, damages, costs and expenses of any kind including, without limitation, the reasonable fees and disbursements of counsel, which may be incurred by the Bank in connection with any investigative, administrative or judicial proceeding (whether or not the Bank shall be designated a party thereto) relating to or arising out of this Agreement, the Fee Letter or any Financing Document or any advance made by the Bank hereunder for the actual or proposed purchase of Bank Bonds; *provided, however,* that the Bank shall not have the right to be indemnified hereunder for its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment.

(c) To the fullest extent permitted by applicable law, the City agrees to indemnify the Bank and to hold the Bank harmless from and against any and all claims, damages, losses, liabilities, cost or expenses which the Bank may incur (or which may be claimed against the Bank by any Person whatsoever) by reason of (i) the offering, sale, remarketing or resale of the Bonds (including, without limitation, by reason of any untrue statement or alleged untrue statement of any material fact contained or incorporated by reference in the Draft Reoffering Memorandum or the Final Reoffering Memorandum (other than in connection with the information provided by the Bank and its counsel for use therein and information related to DTC and its book-entry only system of registration), or in any supplement or amendment thereof, or the omission or alleged omission to state therein a material fact necessary to make such statements, in light of the circumstances in which they are or were made, not misleading; and (ii) the validity, sufficiency or genuineness of the Draft Reoffering Memorandum or the Final Reoffering Memorandum (other than in connection with the information provided by the Bank or its agents and counsel for inclusion therein) or in any supplement or amendment thereof, except insofar as such claims, damages, losses, liabilities, costs or expenses are caused by any such untrue statement or alleged untrue statement or omission based upon information relating to the Bank furnished by the Bank expressly for use therein.

(d) The Bank shall not in any way be responsible for performance by the Tender Agent or the Remarketing Agent of their obligations to the City, nor for the form, correctness, genuineness, authority of any Person signing, falsification or legal effect of any documents called for under this Agreement if such documents on their face appear to be in order.

(e) Notwithstanding any other provision of this Agreement to the contrary, all obligations of the City to the Bank hereunder are special, limited obligations of the City payable solely from funds available for such purposes under the Bond Resolution.

(f) Notwithstanding anything to the contrary in this Agreement, no amount or amounts payable to any Participant as a result of the provisions set forth herein may exceed an amount or amounts that would have been payable to the Bank pursuant to such provisions had the Bank retained for its own account that portion of the Commitment held by such Participant.

Section 8.4. Notices. Except as otherwise provided in Section 2.2(a) hereof, all notices, requests and other communications hereunder shall be in electronic, telephonic or written form (including facsimile) and shall be given to the party to whom addressed, at its address or telephone or facsimile number or e-mail address set forth below, or such other address or telephone or facsimile number or e-mail address as such party may hereafter specify for the purpose by notice to the other parties listed below. Each such notice, request or communication shall be effective (i) if given by telephone, when given to the number indicated below to a Person which the transmitting party reasonably believes to be an authorized representative of the party to whom the notice is directed, (ii) if given by facsimile, when such communication is transmitted to the address specified below and the appropriate answerback is received, (iii) if given by mail, three (3) days after such communication is deposited in the United States mail with first class postage prepaid, addressed as aforesaid or (iv) if given by any other means, when delivered at the address specified below:

If to the City, to:

City of Gainesville, Florida
301 S.E. Fourth Avenue
Gainesville, Florida 32601
Attention: General Manager for Utilities
Telephone: (352) 393-1007
Facsimile: (352) 334-2277

If to the Bank, to:

Address for Notices:

Barclays Bank PLC
745 Seventh Avenue, 19th Floor
New York, New York 10019
Telephone: (212) 526-3974
Facsimile: (646) 758-1419

For a Notice of Bank Purchase:

Barclays Bank PLC
1301 6th Avenue
New York, New York 10019
Attention: Loan Operations
Telephone: (212) 320-7564
Facsimile: (917) 522-0569

Email: XrausLoanOps5@barcap.com;
19725355727@tls.ldsprod.com;
liquiditydraw@barclayscapital.com

For All Notices:

Barclays Bank PLC
745 Seventh Avenue, 19th Floor
New York, New York 10019
Attention: Municipal Credit Group
Telephone: (212) 526-3974
Facsimile: (646) 758-1419

If to the Tender Agent, to:

U.S. Bank National Association
100 Wall Street, 16th floor
New York, New York 10005
Attention: Jean Clarke
Telephone: (212) 361-6173
Facsimile: (212) 361-6153

If to the Remarketing Agent, to:

Goldman Sachs & Co. LLC
200 West Street, 5th Floor
New York, New York 10282
Attention: Municipal Money Market Sales and Trading
Telephone: (212) 902-6633
Email: ficc-vrdn-trading@gs.com

If to Moody's, to:

Moody's Investors Service
7 World Trade Center at 250 Greenwich Street
Public Finance Group - Attn: MSPG - 23rd Floor
New York, New York 10007
Facsimile: (212) 553-1066
Email: MSPGSurveillance@Moodys.com

If to S&P, to:

Standard & Poor's
55 Water Street
38th Floor
New York, New York 10041
Attention: Municipal Structured Surveillance
Telephone: (212) 438-2021
Facsimile: (212) 438-2151
E-mail: pubfin_structured@sandp.com

All notices given by telephone, facsimile or other electronic means (other than e-mail) shall be confirmed in writing as promptly as practicable. All notices given to the Bank shall be given to the attention stated above or to any other attention or person(s) from time to time designated by the Bank in a written certificate of the Bank furnished to the City and the Tender Agent, signed on behalf of the Bank.

Section 8.5. Participation. (a) The Bank shall have the right at any time to sell, grant or transfer participations in all or part of this Agreement, the Bank Bonds and the obligations of the City hereunder to any other bank or financial institution (each a *"Participant"*) without the consent of or notice to the City; *provided* that no such action by the Bank shall relieve the Bank of its obligations under this Agreement. Subject to Section 8.17 hereof, the Bank may disclose to any Participants or prospective Participants any information or other data or material in the Bank's possession relating to this Agreement, the Fee Letter, any Financing Document and the City, without the consent of or notice to the City. Each such Participant shall have the benefit of the provisions of Section 2.7 hereof to the same extent as the Bank; provided that, anything herein to the contrary notwithstanding, (a) no such participation shall affect the obligations of the Bank to purchase Bonds as herein provided; (b) in no event shall any such Participant shall be entitled to receive payment hereunder of any amount that would not have been payable to the Bank had the Bank not granted a participation to such Participant nor shall such Participant be entitled to receive payment of any amount greater than the amount which would have been payable had the Bank not granted a participation to such Participant; and (c) the City and the Tender Agent shall be required to deal only with the Bank with respect to any matters under this Agreement and the Fee Letter and no such Participant shall be entitled to enforce directly against the City any provision hereunder or thereunder.

(b) This Agreement is made and entered into solely for the protection and benefit of the Bank, on its own behalf and on behalf of the Participants, and the City and both of their respective successors and assigns and no other Person (excluding the Tender Agent's rights with respect to the presentation of Notices of Bank Purchase and collection and transmission of funds as herein contemplated) shall have any right of action under this Agreement. Any and all claims asserted hereunder or under any Bank Bonds may be asserted and only asserted by the City, the Tender Agent, the Bank, on its own behalf or on behalf of the Participants, and their respective successors and permitted assigns.

(c) No Participation Agreement is intended to be for the benefit of the City, and the City shall not be a third party beneficiary thereof.

Section 8.6. Satisfaction Requirement. If any agreement, certificate or other writing, or any action taken or to be taken, is by the terms of this Agreement required to be satisfactory to the Bank, the determination of such satisfaction shall be made by the Bank in its sole and exclusive judgment exercised in good faith.

Section 8.7. Governing Law; Venue; Waiver of Jury Trial. (a) This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, except that the capacity, power or authority of the City to enter into and perform this Agreement and any issue relating to the interpretation of either of the Resolutions or the Bonds shall be governed by, and construed in accordance with, the laws of the state of Florida.

(b) WITH RESPECT TO ANY SUIT, ACTION OR PROCEEDING RELATING TO, OR ARISING FROM, THIS AGREEMENT, EACH PARTY HERETO IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS LOCATED IN THE BOROUGH OF MANHATTAN, THE CITY OF NEW YORK AND AGREES THAT ANY SUCH SUIT, ACTION OR PROCEEDING SHALL BE HAD AND MAINTAINED IN SUCH STATE AND FEDERAL COURTS.

(c) THE CITY AND THE BANK EACH HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 8.8. No Right of Set-off. The Bank hereby waives any rights of set-off for any amounts owed hereunder or under the Fee Letter with respect to any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Bank to or for the credit or the account of the City.

Section 8.9. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 8.10. Severability. Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 8.11. Headings. Article and Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 8.12. Integration. This Agreement and the Fee Letter constitute the entire agreement and understanding between the parties hereto and thereto and, except with respect to

the other documents and agreements referred to herein and therein, supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

Section 8.13. References to Bank in Offering Documents. The City agrees that it will not, without the prior approval of the Bank (which approval shall not be unreasonably withheld), include in the Final Reoffering Memorandum, any supplement to the Final Reoffering Memorandum, any reoffering memorandum, reoffering circular or any other disclosure document for the Bonds or other Indebtedness offered by the City on a public or private basis any information describing the Bank; *provided,* that the City may include references to the existence of this Agreement, the Bank and its role with respect to the Bonds, without the Bank's consent thereto, in connection with (i) the preparation of an offering document for such Indebtedness (other than the Bonds), (ii) the City's satisfaction of its continuing disclosure requirements, (iii) the preparation of its annual financial statements, and (iv) compliance with any other legal or regulatory requirement applicable to the City.

Section 8.14. Conflict with Resolutions. Upon purchasing Bank Bonds, the Bank and each other owner of Bank Bonds will be entitled to all rights and privileges accorded to Bondholders under the Resolutions, as well as any additional rights and privileges as to payment of interest and principal that are provided by this Agreement with respect to such Bank Bonds. Notwithstanding the foregoing, with respect to the rights and privileges accorded to Bonds and Bondholders pursuant to the Resolutions, in the event of an express conflict between the words of this Agreement and the words of the Resolutions, the words of the Resolutions shall be controlling.

Section 8.15. Usury. The Bank shall not be entitled to receive payment of interest hereunder or under any Bank Bond in excess of the Maximum Interest Rate. If the Bank receives less interest during any period than it would be entitled to receive hereunder and under any Bank Bond but for the applicability of the Maximum Interest Rate, during any subsequent period in which the rate of interest to which the Bank is otherwise entitled hereunder and under any Bank Bond is less than such Maximum Interest Rate, the Bank shall instead receive interest at a rate equal to the Maximum Interest Rate until the Bank has received, in the aggregate, the amount of interest due the Bank hereunder and under any Bank Bond. In addition, to the extent permitted by applicable law, if the principal amount of any Bank Bond comes due or is prepaid or such Bank Bond is remarketed and the Bank has not received, in the aggregate, the amount of interest due the Bank hereunder and under any Bank Bond, the City shall pay the Bank, upon the coming due or prepayment of such principal amount, the amount of interest due the Bank hereunder and under any Bank Bond and not otherwise paid hereunder or thereunder. The amount of interest, if any, that would accrue hereunder or under any Bank Bonds on any date but which does not so accrue due to the limitation imposed by the Maximum Interest Rate shall constitute "Excess Bond Interest."

Section 8.16. Successors and Assigns; Benefit of Agreement. (a) This Agreement shall be binding upon each party hereto, its successors and permitted assigns without further action by any party hereto; *provided, however,* that (i) the City may not transfer or assign any or all of its rights or obligations hereunder or under the Fee Letter without the prior written consent of the Bank and (ii) the Bank shall not transfer or assign any or all of its obligations hereunder

(A) unless there shall have been delivered to the City and the Tender Agent written evidence from Moody's, if the Bonds then shall be rated by Moody's, and S&P, if the Bonds then shall be rated by S&P and Fitch if the Bonds then shall be rated by Fitch, in each case, to the effect that such transfer or assignment will not, by itself, result in a reduction or withdrawal of the ratings of the Bonds from those which then prevail, (B) without the prior written consent of the City (which consent shall not be unreasonably withheld), and (C) the Bank shall agree to pay all legal expenses and costs of the City related to such transfer or assignment.

For purposes of clause (ii)(B) of the proviso in the preceding paragraph, the City and the Bank agree that it shall not be unreasonable for the City to withhold its consent to a proposed assignment or transfer by the Bank hereunder if the City determines that such assignment or transfer would not be in the "best interests of the City or of the holders of the Bonds." For purposes of this Agreement and without limiting the generality of the foregoing, any such assignment or transfer shall be presumed conclusively to not be in the "best interests of the City or the holders of the Bonds" if the City provides the Bank with a certificate (the *"City Certificate"*) to the effect that:

(i) for a period of forty-five (45) consecutive days immediately preceding the date of said City Certificate, tax-exempt bonds supported by the proposed assignee's or transferee's liquidity or credit facilities having a term, credit and ratings comparable to those available under the terms of this Agreement and the Financing Documents have resulted in interest payments by borrowers utilizing the liquidity or credit facilities of the proposed assignee or transferee of a material premium in excess of the yield achieved on the Bonds during the same 90-day period as referenced in the City Certificate,

(ii) pursuant to an official vote of the City Commission completed no less than thirty (30) days prior to the date of the City Certificate, the assignment or transfer by the Bank to the proposed assignee or transferee would violate official written policy of the City, a copy of which policy shall accompany the City Certificate,

(iii) the proposed assignee or transferee, as the case may be, and the City are involved in a dispute or a potential dispute which would make such assignment or transfer undesirable to the City as described in a summary of the dispute or potential dispute included in said City Certificate or

(iv) the proposed assignee or transferee, as the case may be, has failed to perform satisfactorily in any prior business arrangement with the City as described in a summary of said business arrangement and failure included in said City Certificate.

The Bank will give the City written notice of any proposed assignment or transfer (*"Notice of Assignment"*) of any or all of its obligations hereunder no less than thirty (30) days prior to the effective date thereof. The City must deliver the City Certificate described in the immediately preceding paragraph within ten (10) Business Days of receipt of the Notice of Assignment and a failure of the City to deliver the City Certificate within such ten (10) Business Day period shall be deemed and treated as the City's consent to the assignment or transfer, as applicable, described in said Notice of Assignment. In addition to the foregoing, if a Default or

Event of Default has occurred and is continuing hereunder, then the Bank will be under no obligation to deliver a Notice of Assignment and may proceed with the assignment or transfer on the proposed effective date therefor without obtaining the consent of the City thereto.

(b) Notwithstanding the foregoing provisions, the Bank may assign and pledge all or any portion of the obligations owing to it hereunder to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank, *provided* that any payment in respect of such assigned obligations made by the City to the Bank in accordance with the terms of this Agreement shall satisfy the City's obligations hereunder in respect of such assigned obligation to the extent of such payment. No such assignment shall release the Bank from its obligations hereunder.

Section 8.17. Confidential Information. The Bank agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the City and its obligations hereunder, (g) with the consent of the City or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Bank on a non-confidential basis from a source other than the City. For the purposes of this Section, "Information" means all information received from the City relating to the City or the System, other than any such information that is available to the Bank on a non-confidential basis prior to disclosure by the City; *provided* that, in the case of information received from the City after the Effective Date, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Section 8.18. Actions. In the event the Bank shall commence, appear in or defend any action or proceeding which reasonably might be expected to directly affect its rights, duties or liabilities under any Bank Bonds, this Agreement or any Financing Document, the City will pay the Bank, upon demand by the Bank (a) all of the Bank's reasonable out-of-pocket costs and expenses and (b) the reasonable legal fees and disbursements incurred by the Bank in those actions and proceedings (including, without limitation, the allocated costs and expenses of in-house counsel). In no event and under no circumstances shall the City be required (x) to reimburse the Bank for any costs, expenses, fees or disbursements incurred by any Participant in

connection with any such proceeding or action or (y) to reimburse any Participant for any costs, expenses, fees or disbursements incurred by any person in connection with any such proceeding or action.

Section 8.19. Continuing Obligations. This Agreement is a continuing obligation of the City and shall, until the later of the final day of the Purchase Period and the date on which all amounts due and owing to the Bank hereunder and under the Bank Bonds shall have been paid in full, (a) be binding upon the City, its successors and assigns and (b) inure to the benefit of and be enforceable by the Bank and its successors, transferees and assigns.

Section 8.20. Nature of Bank's Duties. (a) Except to the extent otherwise provided in Section 2.2(f) hereof and this Section 8.20, any action taken or omitted by the Bank under or in connection with this Agreement or any related certificates or other documents, if taken or omitted in good faith and without gross negligence, shall be binding upon the City and shall not put the Bank under any resulting liability to the City.

(b) Except to the extent otherwise provided in Section 2.2(f) hereof and this Section 8.20, the Bank may, under this Agreement, receive, accept and pay any drafts, demands or other documents and instruments (otherwise in order) signed by, or issued to, the receiver, trustee in bankruptcy, custodian, executor, administrator, guardian or conservator of anyone named in this Agreement or the Supplemental Resolution as the person by whom drafts, demands and other documents and instruments are to be made or issued. The City hereby waives any right to object to any payment made under this Agreement against a draft and accompanying documents as provided in this Agreement varying in punctuation, capitalization, spelling or similar matters of form.

(c) Except to the extent otherwise provided in Section 2.2(f) hereof and this Section 8.20, neither the Bank nor any of its officers or directors shall be liable or responsible for (i) the use which may be made of this Agreement or for any acts or omissions of the Tender Agent, (ii) the general and particular conditions stipulated in this Agreement, (iii) the validity or genuineness of any documents presented under this Agreement (or any endorsement thereon), even if such documents should in fact prove to be in any or all respects forged, fraudulent, invalid, unenforceable or insufficient or any statement therein being inaccurate in any respect whatsoever, (iv) payment by the Bank under this Agreement against presentation of documents which do not comply with the terms of this Agreement, including failure of any documents to bear any reference or adequate reference to this Agreement, (v) the existence, form, sufficiency and breach of contracts of any nature whatsoever, including the Financing Documents and this Agreement, (vi) the solvency, standing and responsibility of any Person whomsoever, (vii) any delay by any Person other than the Bank in giving or failure to give any notice, demand or protest, (viii) failure of any Person (other than the Bank) to comply with the terms of this Agreement, (ix) errors, omissions, delays in or non-delivery of any message, however sent, or (x) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, in making or failing to make payment under this Agreement. Notwithstanding the foregoing, the Bank shall be liable to the City for the City's direct damages which result from or arise out of the events described in the next sentence, including any liability of the City as a result of claims by third parties, but the liability of the Bank shall not include consequential

damages. The events giving rise to liability of the Bank pursuant to the preceding sentence shall be limited to (A) the Bank's gross negligence or willful misconduct in determining whether documents presented under this Agreement comply with the terms hereof or (B) the Bank's gross negligence or willful misconduct in failing to pay under this Agreement after the presentation to it by the Tender Agent of documents strictly complying with the terms and conditions of this Agreement or (C) information provided by the Bank or its agents and counsel thereof for inclusion in the Final Reoffering Memorandum. Without in any way limiting the Bank's liability as provided by the foregoing, the Bank may accept documents under this Agreement that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

Section 8.21. Arm's-Length Transaction. The City acknowledges and agrees that (a) the transactions contemplated by this Agreement and the Fee Letter are an arm's-length commercial transaction between the City and the Bank, (b) in connection with such transactions, the Bank is acting solely as a principal and not as an agent or a fiduciary of the City, (c) with respect to making advances hereunder or the process leading thereto (whether or not the Bank, or any Affiliate of the Bank, has advised or is currently advising the City on other matters), the Bank has not assumed (individually or collectively) a fiduciary responsibility in favor of the City or any other obligation of the City except the obligations expressly set forth in this Agreement and the Fee Letter and (d) the City has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the transactions contemplated by this Agreement and the Fee Letter.

Section 8.22. No Advisory or Fiduciary Responsibility. In connection with all aspects of the transactions contemplated by this Agreement, the Fee Letter and the Financing Documents (including in connection with any amendment, waiver or other modification of this Agreement or of the Fee Letter or of any Financing Document), the City acknowledges and agrees that: (a)(i) any arranging, structuring and other services regarding this Agreement and the Program Documents provided by the Bank or any Affiliate of the Bank are arm's length commercial transactions between the City on the one hand, and the Bank and any Affiliate of the Bank on the other hand, (ii) the Bank is not recommending that the City take an action with respect to the transaction described in this Agreement, the Fee Letter and the other Financing Documents, and before taking any action with respect to such transaction the City has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) the City is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated by this Agreement and the Program Documents; (b)(i) the Bank and each Affiliate of the Bank is and has been acting solely as a principal and has not been, is not, and will not be acting as an advisor, agent or fiduciary for the City or any other Person, (ii) neither the Bank nor any Affiliate of the Bank has any obligation to the City with respect to the transactions contemplated by this Agreement, the Fee Letter and the Financing Documents, except those obligations expressly set forth in this Agreement and (iii) the Bank has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to the Department with respect to this transaction and the discussions, undertakings and procedures leading thereto (irrespective of whether the Bank or any of its affiliates has provided other services or is currently providing other services to the City on other matters); and (c) the Bank and each Affiliate of the Bank may be engaged in a broad range of transactions that involve interests that

differ from those of the City, and neither the Bank nor any Affiliate of the Bank has any obligation to disclose any of such interests to the City.

Section 8.23. Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Each party to this Agreement acknowledges and agrees that notwithstanding any other term of this Agreement or any other agreement, arrangement or understanding among the parties hereto, any liability of the Bank to the City arising under or in connection with this Agreement, to the extent such liability is unsecured, may be subject to Bail-In Action and accepts to be bound by the effect of:

(a) any Bail-In Action in relation to such liability, including (without limitation):

(i) a reduction, in full or in part, of any amount due in respect of any such liability;

(ii) a conversion of all or part of any such liability into shares or other instruments of ownership that may be issued to, or conferred on, the City; and

(iii) a cancellation of any such liability; and

(b) a variation of any term of this Agreement to the extent necessary to give effect to Bail-In Action in relation to any such liability.

Section 8.24. USA Patriot Act, Government Regulations. The Bank hereby notifies the Issuer that pursuant to the requirements of the Patriot Act the Bank is required to obtain, verify and record information that identifies the Issuer, which information includes the name and address of the Issuer and other information that will allow the Bank to identify the Issuer in accordance with the Patriot Act. The Issuer shall, promptly following a request by the Bank, provide all documentation and other information that the Bank reasonably requests in order to comply with its ongoing obligations under applicable law or regulation, including, without limitation, "know your customer" and anti-money laundering rules and regulations, including the Patriot Act, and shall comply with all applicable BSA laws and regulations, as amended.

The Issuer hereby represents and warrants and covenants and agrees to the best of its knowledge (a) that it is not and shall not be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by OFAC, the Department of the Treasury or included in Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (as amended from time to time, the *"Executive Order"*), that prohibits or limits the Bank from making any advance or extension of credit to the Issuer or from otherwise conducting business with the Issuer and (b) to ensure that the proceeds of the purchase of any Bonds under the Agreement shall not be used to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto.

Section 8.25. Filings on EMMA. In the event the City files with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system, or its successor (*"EMMA"*),

this Agreement, any Financing Documents or any description of the material terms thereof or notice of any agreement to covenants, events of default, remedies, priority rights or other similar terms, as required pursuant to a continuing disclosure agreement or Rule 15c2-12 promulgated pursuant to the Securities and Exchange Act of 1934, as amended (the *"Rule"*) (each such posting, an *"EMMA Posting"*), the City shall (i) provide the Bank with a copy of each EMMA Posting prior to submitting or posting on EMMA and (ii) shall not file or permit the filing of any EMMA Posting that includes Confidential Information. The City acknowledges and agrees that although the Bank may request review, edits or redactions of such materials prior to filing, the Bank is not responsible for the City's or any other entity's (including, but not limited to, any broker-dealer's) compliance or noncompliance (or any claims, losses or liabilities arising therefrom) with any continuing disclosure agreement or any applicable securities or other laws, including, but not limited to, those relating to the Rule. For purposes of this section, *"Confidential Information"* means any sensitive or confidential information regarding the City, the Bank or any Affiliate of the Bank including, without limitation, address and account information, e-mail addresses, telephone numbers, facsimile numbers, names and signatures of officers, employees and signatories.

Section 8.26. Amendment and Restatement. This Agreement shall become effective on the Effective Date and shall supersede, amend and restate all provisions of the Original Agreement as of such date. From and after the Effective Date, all references made to the Original Agreement in any Financing Document or any instrument or document shall, without more, be deemed to refer to this Agreement. This Agreement amends and restates the Original Agreement but is not intended to be or operate as a novation or an accord and satisfaction of the Original Agreement or the indebtedness, obligations and liabilities of the City evidenced or provided for thereunder. This Agreement does not extinguish the obligations for the payment of money outstanding under the Original Agreement or discharge or release the obligations or the liens or priority of any pledge or any other security therefor.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective duly authorized officers as of the day and year first above written.

CITY OF GAINESVILLE, FLORIDA

By: _____
Name: _____
Title: Chief Financial Officer, Utilities

Approved as to form and legality:

By: _____
Name: _____
Title: _____

BARCLAYS BANK PLC

By: _____
Name: R. Cassandra Bolz
Title: Authorized Signatory for and on behalf of Barclays Bank PLC

EXHIBIT A

NOTICE OF BANK PURCHASE

[Date]

Barclays Bank PLC
1301 6th Avenue
New York, NY 10019
Telephone: (212) 320-7564
Facsimile: (917) 522-0569
Attention: Loan Operations
Email: XrausLoanOps5@barcap.com;
19725355727@tls.ldsprod.com;
liquiditydraw@barclayscapital.com

Re:Amended and Restated Standby Bond Purchase Agreement, dated as of April 1, 2020,
between the City of Gainesville, Florida and Barclays Bank PLC

Ladies and Gentlemen:

The undersigned, a duly authorized officer or agent of U.S. Bank National Association (the *"Tender Agent"*), hereby certifies to Barclays Bank PLC (the *"Bank"*), with reference to the above-referenced Amended and Restated Standby Bond Purchase Agreement (as amended and supplemented from time to time, the "Amended and Restated Standby Bond Purchase Agreement", with all capitalized terms used herein and not defined herein having the respective meanings assigned to such terms in the Amended and Restated Standby Bond Purchase Agreement), as follows:

1. Eligible Bonds have been tendered or deemed tendered for purchase pursuant to Section *[3.06(a)] [3.06(b)] [3.06(c)(i)] [3.06(c)(ii)] [3.06(c)(iii)] [3.06(c)(vi)] [3.06(c)(vii)][* - Tender Agent to select appropriate section] of the Supplemental Resolution. To the best knowledge of the Tender Agent, no Immediate Termination Event or Suspension Event has occurred and is continuing as of the date of this certificate.

2. The Tender Agent has not received from the Remarketing Agent pursuant to the Supplemental Resolution proceeds of the remarketing of all Bonds to be tendered for purchase or deemed tendered on _____, 20__ (the *"Purchase Date"*).

3. The portion of the Purchase Price requested hereby relating to the principal of the Eligible Bonds for which there is not sufficient moneys referred to above is $_____, which amount does not exceed the Available Principal Commitment, and

the portion of the Purchase Price requested hereby relating to accrued interest on the Eligible Bonds for which there is not sufficient moneys referred to above is $_____, which amount does not exceed the Available Interest Commitment.

4. You are hereby requested to deliver or cause to be paid, in immediately available funds, to the Tender Agent, for deposit in the Standby Bank Account, the Purchase Price of all such unremarketed Bonds by not later than 2:45 P.M. (New York City time) on the Purchase Date. The Purchase Date is _____.

5. Upon completion of purchase, the Tender Agent will [register such Bonds or, if a Bond for which notice of tender for purchase has been given is not delivered, a new Bond issued in replacement of the undelivered Bond, in the name of the Bank or, if directed in writing by the Bank, its nominee or designee on the books maintained by the Tender Agent] OR [cause the beneficial ownership of such Bonds to be credited to the account of the Bank or, if directed in writing by the Bank, its nominee or designee with the Securities Depository and register such Bonds in the name of the Bank or its nominee or designee on the books maintained by the Tender Agent], and will promptly deliver such Bonds as the Bank may otherwise direct in writing, and prior to such delivery will hold such Bonds in trust for the benefit of the Bank.

6. The funds requested hereunder shall be transferred to the Tender Agent as follows:

Bank: _____
Address: _____
ABA#: _____
Account name or reference: _____

IN WITNESS WHEREOF, the Tender Agent has executed and delivered this Certificate as of the ____ day of _____, 20__.

U.S. BANK NATIONAL ASSOCIATION, as Tender Agent

By: _____
Name: _____
Title: _____

EXHIBIT B

FORM OF NOTICE OF TERMINATION

[Date]

U.S. Bank National Association
100 Wall Street, 16th Floor
New York, New York 10005
Attention: Global Corporate Trust Services

Re: Notice of Termination

Ladies and Gentlemen:

The undersigned, a duly authorized officer of Barclays Bank PLC (the *"Bank"*), pursuant to Section 7.1(b) of the Amended and Restated Standby Bond Purchase Agreement, dated as of April 1, 2020 (as amended and supplemented from time to time, the *"Agreement"*), between the City of Gainesville, Florida and the Bank, hereby notifies you that this notice constitutes a "Notice of Termination" in accordance with Section 7.1(b) of the Agreement as a result of the occurrence of an Event of Default under Section 7.1(__) of the Agreement. The Available Commitment and Purchase Period shall terminate on **[insert date]**, which date is not earlier than sixteen (16) days from the date of receipt of this notice by the Tender Agent. The Bank hereby requests that you cause a mandatory tender of all Eligible Bonds pursuant to Section 3.06(c)(vii) of the Supplemental Resolution as described in Section 7.1(b) of the Agreement. Terms not otherwise defined herein have the meanings assigned thereto in the Agreement.

Sincerely

BARCLAYS BANK PLC

By:_____
Name: _____
Title: _____

EXHIBIT C

FORM OF REQUEST FOR EXTENSION OF STATED TERMINATION DATE

[Date]

Barclays Bank PLC
1301 6th Avenue
New York, NY 10019
Telephone: (212) 320-7564
Facsimile: (917) 522-0569
Attention: Loan Operations

Re: Request for Extension of Stated Termination Date Ladies/Gentlemen:

Ladies and Gentlemen:

Reference is hereby made to that certain Amended and Restated Standby Bond Purchase Agreement, dated as of April 1, 2020 (as amended and supplemented from time to time, the *"Agreement"*), between the City of Gainesville, Florida (the *"City"*) and Barclays Bank PLC (the *"Bank"*). All capitalized terms contained herein which are not specifically defined shall be deemed to have the definitions set forth in the Agreement. The City hereby requests, pursuant to Section 2.4 of the Agreement, that the Stated Termination Date be extended to **[indicate new date]**. Pursuant to Section 2.4 of the Agreement, we have enclosed along with this request the following information:

1. The outstanding principal amount of the Bonds;

2. The nature of any and all Events of Default and all conditions, events and acts which with notice or lapse of time or both would (unless waived by the Bank or cured to the reasonable satisfaction of the Bank) become an Event of Default; and

3. Any other pertinent information previously requested by the Bank.

The Bank is required to notify the City and the Tender Agent of its decision with respect to this request for extension within sixty (60) days of the date of receipt hereof. If the Bank fails to notify the City and the Tender Agent of its decision within such 30 day-period, the Bank shall be deemed to have rejected such request.

Very truly yours,

CITY OF GAINESVILLE, FLORIDA

By: _____
Name: _____
Title: _____

cc: U.S. Bank National Association, as Tender Agent

EXHIBIT D

FORM OF NOTICE REGARDING EXTENSION

[Date]

U.S. Bank National Association
100 Wall Street, 16th Floor
New York, New York 10005
Attention: Global Corporate Trust Services

City of Gainesville, Florida
301 S.E. Fourth Avenue
Gainesville, Florida 32601
Attention: General Manager for Utilities

Re: Extension of Stated Termination Date Ladies and Gentlemen:

Ladies and Gentlemen:

The undersigned, a duly authorized officer of Barclays Bank PLC (the *"Bank"*), hereby advises you, with reference to that certain Amended and Restated Standby Bond Purchase Agreement, dated as of April 1, 2020 (as amended and supplemented from time to time, the *"Agreement"*), between the City of Gainesville, Florida (the *"City"*) and the Bank (any capitalized term used herein and not defined shall have its respective meaning as set forth in the Agreement), that: **[*Complete as Appropriate]**:

1. At the request and for the account of the City, we hereby extend the Stated Termination Date to **[indicate new date]**.

2. Except as specifically provided in paragraph (1) above and herein below, all of the terms and conditions of the Agreement remain unchanged and in full force and effect.

3. This Notice Regarding Extension is an integral part of the Agreement.

4. Additional terms regarding this extension are as follows: **[add text, as appropriate]**.

or

5. The Stated Termination Date will not be extended at this time.

IN WITNESS WHEREOF, the undersigned, on behalf of the Bank, has executed and delivered this Notice Regarding Extension as of the ____ day of _____, 20__.

BARCLAYS BANK PLC

By: _____
Name: _____
Title: _____

cc: Goldman, Sachs & Co.

EXHIBIT E

[FORM OF OPINION OF THE OFFICE OF THE CITY ATTORNEY OF THE CITY]

[Effective Date]

Holland & Knight LLP
Lakeland, Florida

Barclays Bank PLC
New York, New York

Re: Extension of Stated Termination Date

Ladies and Gentlemen:

The undersigned as City Attorney to the City of Gainesville, Florida, a municipal corporation duly created, organized and existing under the laws of the State of Florida (the *"City"*), has served as counsel to the City in connection with the execution and delivery of the Amended and Restated Standby Bond Purchase Agreement (the *"Agreement"*), dated as of April 1, 2020, between the City and Barclays Bank PLC (the *"Bank"*). This opinion is being rendered to you pursuant to Section 3.1(e) of the Agreement.

As such counsel we have examined, among other things, (a) the Constitution and laws of the State of Florida, including Chapter 90-394, Laws of Florida, 1990, as amended and supplemented to the date hereof, Chapter 166, Part II, Florida Statutes, as amended and supplemented to the date hereof, and other applicable provisions of law, (b) the proceedings of the City authorizing the execution and delivery of the Agreement, (c) the Resolution No. 170395, incorporating by reference the Second Amended and Restated Utilities System Revenue Bond Resolution, adopted by the City on September 21, 2017, as amended and supplemented, including as supplemented by the Twentieth Supplemental Utilities System Revenue Bond Resolution of the City, adopted on January 28, 2008, (d) the Agreement, (e) the Fee Letter, dated of even date herewith, between the City and the Bank (the *"Fee Letter"*), (f) the Remarketing Agreement, dated as of February 1, 2008, as amended by the First amendment to Remarketing Agreement dated June 12, 2017, between the City and Goldman, Sachs & Co. and (g) the Tender Agency Agreement Relating to Variable Rate Utilities System Revenue Bonds, 2008 Series B, dated as of February 1, 2008, between the City and U.S. Bank National Association (formerly known as U.S. Bank Trust National Association), and have made such other investigations of law and fact as we have deemed necessary to render the following opinion. We have assumed that all signatures (other than those of officials of the City) and all documents we reviewed are genuine, and that all copies submitted to us are genuine and accurate copies of the originals of such documents.

Capitalized terms not otherwise defined herein shall have the same meanings given to such terms in the Agreement.

Based upon the foregoing, it is our opinion that:

(1) The City (a) is a municipal corporation duly organized and validly existing under the laws of the State of Florida, (b) has all requisite power and authority and the legal right to own and operate the System, and (c) to my knowledge (without independent investigation), is in compliance with all material Requirements of Law, except to the extent that the failure to comply therewith would not, in the aggregate, have a material adverse effect on the business, operations, properties or financial or other condition of the System, and would not materially adversely affect the ability of the City to perform its obligations under the Resolutions, the Agreement, the Bonds or the other Financing Documents.

(2) The City has all requisite power and authority and the legal right to adopt the Resolutions and to make, deliver and perform the Agreement, the Fee Letter, the Bonds and the other Financing Documents, and has taken all necessary action to authorize the execution, delivery and performance of the Agreement, the Fee Letter, the Bonds and the other Financing Documents. No consent or authorization of, filing with, or other act by or in respect of any Governmental Authority is required in connection with the execution, delivery, performance, validity or enforceability of the Agreement, the Fee Letter, the Bonds or the other Financing Documents. The Agreement, the Fee Letter, the Bonds and the other Financing Documents (other than the Resolutions) have been duly authorized, executed and delivered on behalf of the City. The Resolutions have been duly adopted by the City and are in full force and effect. The Agreement, the Fee Letter, the Bonds and the other Financing Documents constitute legal, valid and binding obligations of the City enforceable against the City in accordance with their respective terms.

(3) The execution, delivery and performance of the Agreement, the Fee Letter, the Bonds and the other Financing Documents will not violate any constitutional provision or applicable material law of the State of Florida or, to our knowledge, any judgment or decree of any arbitrator, court or other Governmental Authority, or, to our knowledge, any other material Requirements of Law or, to our knowledge, any material Contractual Obligation of the City.

(4) Except as described in the Draft Reoffering Memorandum, no litigation or proceeding or, to our knowledge, investigation of or before any arbitrator or Governmental Authority is pending or, to our knowledge, threatened by or against the City or against any of its properties or revenues (i) with respect to the Agreement, the Fee Letter, the Bonds or any other Financing Document or any of the transactions contemplated thereby, or (ii) which would have a material adverse effect on the business, operations, properties or financial or other condition of the System or the ability of the City to perform its obligations under the Agreement, the Fee Letter, the Bonds or any other Financing Document or in respect of any other Indebtedness incurred to finance or

otherwise in respect of the System or secured by Revenues or other assets of the System; *provided,* that no opinion is rendered with respect to any litigation or proceeding which has been commenced but of which the City has not been notified and of which we have no knowledge.

The foregoing opinions are subject to the effect of, and restrictions and limitations imposed by or resulting from, bankruptcy, insolvency, debt adjustment, moratorium, reorganization, receivership or other similar laws affecting creditors' rights and judicial discretion and the valid exercise of the sovereign police powers of the State of Florida and of the constitutional power of the United States of America. Notwithstanding anything to the contrary herein, no opinion is expressed herein with respect to Section 8.23 of the Agreement.

By use of the word "enforceable" in this opinion, we are not rendering any opinion as to the availability of the remedy of specific performance or other equitable relief.

All opinions expressed are limited solely to Florida law. No opinion is expressed as to the laws of any other state, nor is any opinion expressed as to the exclusion of interest on the Bonds from gross income for Federal income tax purposes or the exemption of interest on the Bonds from state taxes. In addition, opinion is expressed herein as to compliance with federal or state securities registration laws.

Our opinion is limited in all respects to the laws existing on the date hereof. By providing this opinion to you, we do not undertake to advise you of any changes in the law which may occur after the date hereof or to revise, update or modify this opinion subsequent to the date hereof.

This letter is furnished solely to you in connection with the transaction described herein, and may not be quoted, furnished to or relied upon by any other person or entity in any manner or for any purpose.

Our opinion is limited solely to the matters stated herein, and no opinion is to be implied or is intended beyond the opinions expressly stated herein.

Yours truly,

OFFICE OF THE CITY ATTORNEY

By:_____
Name: _____
Title: _____

EXHIBIT F

**[FORM OF OPINION OF HOLLAND & KNIGHT LLP,
BOND COUNSEL TO THE CITY]**

[Effective Date]

City of Gainesville, Florida

Barclays Bank PLC
New York, New York

Re:Variable Rate Utilities System Revenue Bonds, 2008 Series B (the *"Bonds"*)

Ladies and Gentlemen:

We are acting as Bond Counsel to the City of Gainesville, Florida (the *"City"*) in connection with the execution of a Amended and Restated Standby Bond Purchase Agreement (the *"Substitute SBPA"*), dated as of April 1, 2020, between the City and Barclays Bank PLC (the *"Replacement Liquidity Provider"*) as a replacement for an existing Amended and Restated Standby Bond Purchase Agreement dated as of June 1, 2014 between the City and Bank of Montreal, acting through its Chicago Branch, to provide liquidity support for the above-referenced Bonds (the *"Substitution"*).

On February 13, 2008, Orrick, Herrington & Sutcliffe LLP, New York, New York, as Bond Counsel for the original issuance of the Bonds, delivered their opinion that, assuming compliance with certain covenants, under existing law, interest on the Bonds was excluded from gross income for purposes of federal income taxation and would not be treated as an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations.

This opinion is delivered in accordance with the requirements of Section 4.02(2) of the "Twentieth Supplemental Utilities System Revenue Bond Resolution", adopted by the City on January 28, 2008, as amended and supplemented (the *"Series Resolution"*) supplementing the "Utilities System Revenue Bond Resolution, adopted by the City on June 6, 1983, as amended, restated and supplemented through the date hereof by, inter alia the Amended and Restated Utilities System Revenue Bond Resolution", adopted by the City on January 30, 2003, as amended and supplemented (the *"General Bond Resolution"* and together with the Series Resolution, the *"Resolution"*). All terms used herein in capitalized form and not otherwise defined herein shall have the same meaning as ascribed to them in the Resolution.

In rendering the opinion set forth below, we have examined and relied upon copies of the Substitute SBPA and the Resolution. We have also examined and relied upon (i) such other agreements, certificates, documents and opinions of various parties relating to the Bonds as we

have deemed relevant and necessary in connection with the opinions expressed below, and (ii) such other agreements, certificates, documents and opinions, including certificates and representations of public officials and other officers and representatives of the various parties participating in the substitution as we have deemed relevant and necessary in connection with the opinions expressed below. We have not undertaken an independent audit, examination, investigation or inspection of the matters described or contained in any of the documents referenced above, and have relied solely on the facts, estimates and circumstances described and set forth therein.

In our examination of the foregoing, we have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals, the conformity to originals of documents submitted as copies, the requisite individual or corporate power and authority of the respective parties thereto under the laws of their respective jurisdictions of organization, the due authorization, execution and delivery of the Substitute SBPA by the respective duly authorized parties thereto and the enforceability of the Substitute SBPA against each party thereto or person to be bound thereby.

With respect to any factual matters upon which the legal conclusions herein are based, we have not undertaken an independent audit, examination, investigation or inspection of the matters described or contained in the certificates, documents and representations upon which we have relied and we have relied solely upon the facts, estimates and circumstances described therein.

The opinions set forth below are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the federal income tax laws of the United States.

Based upon and subject to the foregoing, we are of the opinion that, as of the date hereof and under existing law,

1. The Substitution is permitted under the Resolution.

2. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended. No opinion is expressed with respect to the Substitute SBPA.

3. The Substitution, will not, in and of itself, adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

4. The Substitution and replacement, effective after _____, 2017, of the definition of "Bank Rate" contained in subsection 2 of Section 1.02 of the Series Resolution with the definition of "Bank Rate" contained in subsection (b) of Section 1.01 of the Substitute SBPA will not, in and of itself adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

The only opinions rendered hereby are those expressly stated as such herein, and no other opinion shall be implied or inferred as a result of anything contained herein or omitted to be stated herein. No opinion is hereby expressed as to the validity or enforceability of the Substitute SBPA or any other documents. In addition, we have not conducted any investigation

or analysis of the tax-exempt status of the Bonds as of the date of issuance thereof or for any period thereafter, including as of the date hereof, and render no opinion with respect thereto. Accordingly, the foregoing opinion relates only to the Substitution and is not and should not be construed as an opinion as to the past, current or continuing exclusion from gross income for federal income tax purposes of interest payable on the Bonds.

The opinions set forth herein are predicated upon present law and interpretations thereof. We assume no affirmative obligations with respect to any change of circumstances, laws or interpretations thereof after the date hereof that may adversely affect the opinions expressed herein.

The scope of our engagement in relation to the Substitution has been limited solely to the examination of facts and law incident to rendering the opinions expressed herein. We have not been engaged to confirm or verify and therefore express no opinion as to the accuracy, completeness, fairness or sufficiency of any offering material relating to the Bonds or the Substitution.

This opinion is rendered only for the benefit of the parties addressed above and may not be relied upon by any other party without our prior written consent.

Sincerely yours,

HOLLAND & KNIGHT LLP

By: _____
Name: _____
Title: _____

AMENDED AND RESTATED FEE LETTER
DATED APRIL [__], 2020

Reference is hereby made to (i) that certain Amended and Restated Standby Bond Purchase Agreement dated as of April 1, 2020, as the same may be amended, supplemented or otherwise modified from time to time (the *"Agreement"*), between the City of Gainesville, Florida (the *"City"*) and Barclays Bank PLC (the *"Bank"*), and (ii) that certain Fee Letter dated June 12, 2017 (the *"Existing Fee Letter"*), between the City and the Bank. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement.

The City has requested that the Bank agree to certain amendments to the Existing Fee Letter, and the Bank has agreed to such amendments. For the sake of clarity and convenience, the parties hereto wish to amend and restate the Existing Fee Letter in its entirety. The purpose of this Amended and Restated Fee Letter (the *"Fee Letter"*) is to confirm the agreement between the Bank and the City with respect to the Facility Fees (as defined below) and certain other fees and rates payable by the City to the Bank. This Fee Letter is the Fee Letter referenced in the Agreement, and the terms hereof are incorporated by reference into the Agreement.

ARTICLE I. FEES.

Section 1.1. Facility Fees. The City hereby agrees to pay to the Bank on July 1, 2020 (for the period commencing on the Effective Date, to and including June 30, 2020) and quarterly in arrears on the first Business Day of each October, January, April and July (each a *"Quarterly Payment Date"*) occurring thereafter to the last day of the Purchase Period, and on the last day of the Purchase Period, a non-refundable facility fee in an amount equal to the product of the rate per annum corresponding to the applicable Rating (as defined below), as specified below (as determined below, the *"Facility Fee Rate"*), and the Available Commitment from time to time in effect (the *"Facility Fees"*) during each related period:

(i) For the period commencing on April 1, 2020, to but not including April [__], 2020, the Facility Fee Rate for such period shall be determined in accordance with the pricing matrix and accompanying description set forth below:

LEVEL	S&P RATING	MOODY'S RATING	FITCH RATING	COMMITMENT FEE RATE
Level 1:	AA- or above	Aa3 or above	AA- or above	0.29%
Level 2:	A+	A1	A+	0.44%
Level 3:	A	A2	A	0.54%
Level 4:	A-	A3	A-	0.64%
Level 5:	BBB+	Baa1	BBB+	0.84%
Level 6:	BBB	Baa2	BBB	1.09%
Level 7:	BBB- or below	Baa3 or below	BBB- or below	1.34%

The term *"Rating"* as used above shall mean the long-term unenhanced credit rating assigned by S&P, Fitch or Moody's to any of the City's Parity Debt (without regard to bond insurance or any other form of credit enhancement). In the event of a split rating (*i.e.*, one of the foregoing Rating Agencies' ratings is different than the rating of another Rating Agency), the Facility Fee Rate shall be based upon the Level in which the lowest rating appears. Any change in the Facility Fee Rate resulting from a change in a rating shall be and become effective as of and on the date of the announcement of the change in such rating. References to ratings above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system, the rating from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system that most closely approximates the applicable rating category as currently in effect. Upon the occurrence of and during the continuance of an Event of Default, the Facility Fee Rate shall increase by 2.00% over the then applicable Facility Fee Rate. The Facility Fees shall be payable in immediately available funds and computed on the basis of a year of 360 days and the actual number of days to elapse. The City and the Bank acknowledge that as of April 1, 2020, the Facility Fee Rate is that specified above for Level 2.

(ii) For the period commencing on April [__], 2020 and at all times thereafter, the Facility Fee Rate for such period shall be determined in accordance with the pricing matrix and accompanying description set forth below:

COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	COLUMN 5	COLUMN 6
LEVEL	S&P RATING	MOODY'S RATING	(S&P/MOODY'S)[1] FACILITY FEE RATE	FITCH RATING	(FITCH)[2] FACILITY FEE RATE
Level 1:	AA- or above	Aa3 or above	0.38%	AA- or above	0.38%
Level 2:	A+	A1	0.44%	A+	0.38%
Level 3:	A	A2	0.54%	A	0.54%
Level 4:	A-	A3	0.64%	A-	0.64%
Level 5:	BBB+	Baa1	0.84%	BBB+	0.84%
Level 6:	BBB	Baa2	1.09%	BBB	1.09%
Level 7:	BBB- or below	Baa3 or below	1.34%	BBB- or below	1.34%

The term *"Rating"* as used above shall mean the long-term unenhanced credit rating assigned by S&P, Fitch or Moody's to any of the City's Parity Debt (without regard to bond insurance or any other form of credit enhancement). In the event of a split Rating (*i.e.*, one of the foregoing Rating Agencies' ratings is different than the rating of another Rating Agency), the Facility Fee Rate shall be based upon the Level in which the lowest Rating appears. If the Rating assigned by S&P or Moody's is the lowest Rating, then the Facility Fee Rate shall be determined by reference to the applicable Facility Fee Rate set forth in Column 4 above. If the Rating assigned by Fitch is the lowest Rating, then the Facility Fee Rate shall be determined by reference to the applicable Facility Fee Rate set forth in Column 6 above. If two or more of the lowest Ratings then applicable are in the same Level, then the Facility Fee Rate shall equal the greater of the Facility Fee Rates set forth in Column 4 and Column 6 for such Level; provided that if the Facility Fee Rates set forth in Column 4 and Column 6 are equal, then such equal Facility Fee Rate shall apply. Any change in the Facility Fee Rate resulting from a change in a rating shall be and become effective as of and on the date of the announcement of the change in such rating. References to ratings above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system, the rating from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system that most closely approximates the applicable rating category as currently in effect. Upon the occurrence of and during the continuance of an Event of Default, the Facility Fee Rate shall increase by 2.00% over the then applicable Facility Fee Rate. The Facility Fees shall be payable in immediately available funds and computed on the basis of a year of 360 days and the actual number of days to elapse. The City and the Bank acknowledge that as of the Effective Date, the Facility Fee Rate is that specified above for Level 2 above, determined in reference to Column 6.

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[1] This Column 4 applies to S&P and Moody's Ratings.

[2] This Column 6 applies to Fitch Ratings.

Section 1.2. Purchase Date Fees. The City hereby agrees to pay to the Bank, on each Purchase Date, a draw fee equal to $250.

Section 1.3. Amendment, Waiver or Consent Fee. The City hereby agrees to pay to the Bank on the date of any (i) amendment with respect to the Agreement, this Fee Letter or any other Financing Document an amendment fee of $2,500 and (ii) waiver or consent with respect to the Agreement, the Fee Letter or any other Financing Document a waiver or consent fee, as applicable, to be mutually agreed upon, plus, in each case, the reasonable fees and expenses of any legal counsel retained by the Bank in connection therewith.

Section 1.4. Termination Fee; Reduction Fee. (i) Upon any termination of the Agreement and the Available Commitment in whole, the City agrees to pay all accrued and unpaid fees through and including the date of termination, as well as all other amounts due and owing under this Fee Letter and the Agreement. The City hereby agrees to pay to the Bank a termination fee in connection with the termination of the Agreement and the Available Commitment prior to the one year anniversary of the Effective Date, in an amount equal to the product of (A) the Facility Fee Rate in effect on the date of such termination, (B) the Available Commitment in effect as of the date of such termination, and (C) a fraction, the numerator of which is equal to the number of days from and including the date of such termination to and including the one year anniversary of the Effective Date, and the denominator of which is 360 (the "*Termination Fee*"), payable on the date the Agreement and the Available Commitment is terminated in whole; *provided, however,* that no Termination Fee shall become payable if the Agreement and the Available Commitment are terminated in whole as a result of (A) a reduction of the Bank's senior unsecured short-term ratings below "A-2" by S&P, "F1" by Fitch or "P-1" by Moody's, (B) the Bank seeking compensation from the City for increased costs imposed upon the Bank pursuant to Section 2.7 of the Agreement or (C) a refunding or refinancing of the Bonds in full to a fixed rate.

(ii) The City hereby agrees not to reduce the Available Commitment prior to the one year anniversary of the Effective Date, without the payment by the City to the Bank of a reduction fee in connection with each and every permanent reduction of the Available Commitment by the City in an amount equal to the product of (A) the Facility Fee Rate in effect on the date of such permanent reduction, (B) the difference between the Available Commitment prior to such permanent reduction and the Available Commitment after such permanent reduction, and (C) a fraction, the numerator of which is equal to the number of days from and including the date of such permanent reduction to and including the one year anniversary of the Effective Date, and the denominator of which is 360, payable on the date the Available Commitment is permanently reduced *provided, however,* that no reduction fee shall become payable if the Agreement and the Available Commitment are reduced as a result of (A) a reduction of the Bank's senior unsecured short-term ratings below "A-2" by S&P, "F1" by Fitch or "P-1" by Moody's, (B) the Bank seeking compensation from the City for increased costs imposed upon the Bank pursuant to Section 2.7 of the Agreement, (C) a refunding or refinancing of the Bonds in full to a fixed rate or (D) such reduction occurs solely as a result of a mandatory sinking fund redemption of a corresponding principal amount of Bonds.

ARTICLE II. MISCELLANEOUS.

Section 2.1. Amendments. No amendment to this Fee Letter shall become effective without the prior written consent of the City and the Bank.

Section 2.2. Governing Law. This Fee Letter shall be governed by, and construed in accordance with, the laws of the State of New York, except that the capacity, power or authority of the City to enter into and perform this Fee Letter shall be governed by, and construed in accordance with, the laws of the State of Florida.

Section 2.3. Counterparts. This Fee Letter may be executed in two or more counterparts, each of which shall constitute an original but both or all of which, when taken together, shall constitute but one instrument.

Section 2.4. Severability. Any provision of this Fee Letter which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 2.5. Representation by Legal Counsel. The parties hereto have participated jointly in the negotiation and drafting of this Fee Letter, and each of the parties was represented by its respective legal counsel during the negotiation and execution of this Fee Letter. In the event an ambiguity or question of intent or interpretation arises, this Fee Letter shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Fee Letter.

Section 2.6. Confidentiality. This Fee Letter and the existence and contents hereof shall not be posted on the Electronic Municipal Market Access System operated by the Municipal Securities Rulemaking Board.

Section 2.7. Amendment and Restatement. This Fee Letter amends and restates in its entirety the Existing Fee Letter. Reference to this specific Fee Letter need not be made in any agreement, document, instrument, letter, certificate, the Agreement, the Existing Fee Letter itself, or any communication issued or made pursuant to or with respect to the Existing Fee Letter, any reference to the Existing Fee Letter being sufficient to refer to the Existing Fee Letter as amended and restated hereby, and more specifically, any and all references to the "Fee Letter" in the Agreement shall mean this Fee Letter.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Fee Letter to be duly executed and delivered by their respective representatives thereunto duly authorized as of the date first set forth above.

CITY OF GAINESVILLE, FLORIDA

By: _____
Name: _____
Title: Chief Financial Officer, Utilities

Approved as to form and legality:

By: _____
Name: _____
Title: _____

BARCLAYS BANK PLC

By: _____
Name: R. Cassandra Bolz
Title: Authorized Signatory for and on behalf of Barclays Bank PLC

EXHIBIT B TO RESOLUTION

FORM OF STANDBY BOND PURCHASE AGREEMENT

STANDBY BOND PURCHASE AGREEMENT

dated as of April 1, 2020

Between

CITY OF GAINESVILLE, FLORIDA

and

BARCLAYS BANK PLC

Relating to

City of Gainesville, Florida
Variable Rate Utilities System Revenue Bonds,
[____] Series [__]

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STANDBY BOND PURCHASE AGREEMENT

THIS STANDBY BOND PURCHASE AGREEMENT, dated as of April 1, 2020, between the CITY OF GAINESVILLE, FLORIDA (including its successors and assigns, the *"City"*) and BARCLAYS BANK PLC (including its successors and assigns, the *"Bank"*).

WHEREAS, the City is a municipal corporation duly organized and existing under the laws of the State of Florida and established under its Charter, Chapter 90-394, Laws of Florida, as amended (the *"Act"*);

WHEREAS, the City is authorized pursuant to the Act to own, manage and operate the System (as defined in the Bond Resolution referred to in Section 1.1(b) hereof);

WHEREAS, the City has heretofore issued its Variable Rate Utilities System Revenue Bonds, [____] Series [__] in an aggregate principal amount of $<<Principal Amount>> (the *"Bonds"*) in order to provide funds to pay a portion of the Cost of Acquisition and Construction (as defined in the Bond Resolution) of the System;

WHEREAS, it is desirable to provide for the purchase by the Bank of Bonds tendered (or deemed to be tendered) for purchase or subject to mandatory tender pursuant to the provisions of the Supplemental Resolution (as hereinafter defined), on the terms and conditions provided herein; and

WHEREAS, in reliance upon the provisions hereof, the Bank is willing to enter into this Agreement with the City;

NOW, THEREFORE, in consideration of the respective agreements contained herein, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. (a) Capitalized terms used herein but not otherwise defined in subsection (b) below or elsewhere herein shall have the meanings given to them in the Bond Resolution (as defined below).

(b) The following terms, as used herein, shall have the following meanings:

"Act" shall have the meaning assigned thereto in the Bond Resolution.

"Affiliate" shall mean, as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. A Person shall be deemed to control another Person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other Person, whether through the ownership of voting securities, by contract or otherwise. Without limitation, any

director, executive officer or beneficial owner of 5% or more of the equity of a Person shall for the purposes of this Agreement, be deemed to control the other Person.

"Agreement" shall mean this Standby Bond Purchase Agreement, as the same may be amended or supplemented from time to time.

"Authorized Denomination" shall have the meaning assigned thereto in the Supplemental Resolution.

"Authorized Officers" shall mean, with respect to the City, any of the following: (a) the Mayor, the General Manager for Utilities and the Utility Chief Financial Officer of the System (including any person serving in any of the foregoing offices on an "interim" or "acting" basis) and (b) any other officer, employee or agent of the City authorized to perform specific acts or duties by resolution duly adopted by the City.

"Available Commitment" as of any day shall mean the sum of the Available Principal Commitment and the Available Interest Commitment on such day.

"Available Interest Commitment" initially shall mean $[_____], which initial amount equals 36 days' interest on the initial amount of the Available Principal Commitment based upon an assumed rate of interest of twelve percent (12.00%) per annum and a three hundred sixty-five (365) day year and, thereafter, shall mean such initial amount adjusted from time to time as follows: (a) downward by an amount that bears the same proportion to such initial amount as the amount of any reduction in the Available Principal Commitment in accordance with clause (a) or (b) of the definition herein of "Available Principal Commitment" bears to the initial Available Principal Commitment and (b) upward by an amount that bears the same proportion to such initial amount as the amount of any increase in the Available Principal Commitment in accordance with clause (c) or (d) of the definition herein of "Available Principal Commitment" bears to the initial Available Principal Commitment.

"Available Principal Commitment" shall mean the aggregate principal amount of the Bonds Outstanding, initially $<<Principal Amount>> and, thereafter, shall mean such initial amount adjusted from time to time as follows: (a) downward by the principal amount of Bonds that (i) are converted to bear interest in a Non-Covered Interest Mode, (ii) have matured, (iii) have been redeemed or (iv) have been defeased; (b) downward by the principal amount of any Eligible Bonds purchased by the Bank pursuant to Section 2.2(c) hereof; (c) upward by the principal amount of any Eligible Bonds theretofore purchased by the Bank pursuant to Section 2.2(c) hereof which are remarketed by the Remarketing Agent and for which the Bank has received immediately available funds; and (d) upward by the principal amount of any Bank Bonds (i) released by the Bank or its nominee (as the case may be) to the Tender Agent for sale or transfer to a Person other than the City or the Bank or any nominee thereof pursuant to Section 2.3 hereof or (ii) that the Bank elects not to sell as provided in Section 2.3 hereof, in each case, upon receipt by the City, the Tender Agent and the Remarketing Agent of the written notice of the Bank required by said Section 2.3; *provided, however,* that the sum of the Available Principal Commitment, plus the aggregate principal amount of Bank Bonds Outstanding, shall never exceed $<<Principal Amount>>. Any adjustments to the Available Principal Commitment pursuant to clause (a), (b),

(c) or (d) hereof shall occur simultaneously with the occurrence of the events described in such clauses.

"Bail-In Action" means the exercise by a resolution authority of any write-down or conversion power existing from time to time (including, without limitation, any power to amend or alter the maturity of eligible liabilities of an institution under resolution or amend the amount of interest payable under such eligible liabilities or the date on which interest becomes payable, including by suspending payment for a temporary period and together with any power to terminate and value transactions) under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the United Kingdom relating to the transposition of the Bank Recovery and Resolution Directive, as amended from time to time, including but not limited to, the Banking Act 2009 as amended from time to time, and the instruments, rules and standards created thereunder, pursuant to which the Bank's obligations (or those of our affiliates) can be reduced (including to zero), cancelled or converted into shares, other securities, or other obligations of the Bank or any other person.

"Bank Bond CUSIP Number" shall mean [_____].

"Bank Bonds" shall mean Bonds purchased by the Bank pursuant to Section 2.2(c) hereof.

"Bank Rate" shall mean, for each date of determination with respect to a Bank Bond, a rate per annum equal to: (i) for the period commencing on the related Purchase Date up to and including the ninetieth (90th) day thereafter, equal to the Base Rate from time to time in effect; (ii) for any day commencing on the ninety-first (91st) day next succeeding such Purchase Date to and including the one hundred eightieth (180th) day next succeeding such Purchase Date, equal to the sum of the Base Rate from time to time in effect *plus* one percent (1.00%) (*provided* that component (iv) of the Base Rate shall not be subject to the 1.00% increase), and (iii) for any day commencing on or after the one hundred eighty-first (181st) day next succeeding such Purchase Date, equal to the sum of the Base Rate from time to time in effect *plus* two percent (2.00%) (*provided* that component (iv) of the Base Rate shall not be subject to the 2.00% increase); *provided*, that during the occurrence and continuance of an Event of Default or a Suspension Event, if and to the extent permitted by applicable law, all amounts owed hereunder shall bear interest at the Default Rate; *provided, further*, that at no time shall the Bank Rate be less than the rate on Bonds that are not Bank Bonds.

"Base Rate" means, for any day, a per annum, variable rate of interest equal to the highest of (i) eight percent (8.00%), (ii) the Prime Rate in effect at such time plus two and one-half of one percent (2.50%), (iii) the Federal Funds Rate in effect at such time plus two and one-half of one percent (2.50%), and (iv) one hundred fifty percent (150%) of the yield on the 30-Year United States Treasury bond. Each determination of the Base Rate by the Bank will be conclusive and binding on the City, absent manifest error.

"Bondholders" shall have the meaning assigned thereto in the Bond Resolution.

"Bond Rate" shall have the meaning assigned to the term "[____] Series [__] Bond Rate" in the Supplemental Resolution.

"Bond Resolution" shall mean Resolution No. 170395, incorporating by reference the Second Amended and Restated Utilities System Revenue Bond Resolution adopted by the City on September 21, 2017, as amended through the date hereof, including as amended by the Thirtieth Supplemental Utilities System Revenue Bond Resolution No. 180747 adopted by the City on February 21, 2019 and as supplemented by the Supplemental Resolution and as further amended and supplemented from time to time in accordance with the terms thereof and hereof.

"BSA" shall have the meaning given such term in Section 4.20 hereof.

"Business Day" shall have the meaning assigned thereto in the Supplemental Resolution. For the avoidance of doubt, the City and the Bank agree that the city of New York, New York is the "lending office" of the Bank under this Agreement, as provided for in the Supplemental Resolution.

"Contractual Obligation" shall mean, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or undertaking to which such Person is a party or by which it or any of its property is bound.

"Conversion Date" shall mean the first date on which all of the Bonds have been converted to a Non-Covered Interest Mode.

"Daily Mode" shall have the meaning assigned thereto in the Supplemental Resolution.

"Date of Delivery of the Final Reoffering Memorandum" shall mean the date on which the Bank shall acknowledge in writing that it shall have received each of the following: (i) a copy of the Final Reoffering Memorandum, together with any supplements or amendments thereto, (ii) a copy of the opinion of Bryant Miller Olive P.A., disclosure counsel to the City, as to the Final Reoffering Memorandum and dated as of the same date thereof, (iii) a copy of the reliance letter of Bryant Miller Olive P.A., disclosure counsel to the City, with respect to the opinion described in the preceding clause (ii), addressed to and in form and substance satisfactory to the Bank, and (iv) a representation and warranty from the City, in form and substance satisfactory to the Bank, substantially in the form of Section 4.13 hereto, as to the Final Reoffering Memorandum.

"Default" shall mean the occurrence of any event which, with the giving of notice or the passage of time, or both, would (unless waived by the Bank or cured to the reasonable satisfaction of the Bank) constitute an Event of Default.

"Default Rate" shall mean a per annum rate of interest equal to the sum of the Base Rate from time to time in effect *plus* four percent (4.00%). The Default Rate shall change as and when the Base Rate changes.

"Differential Interest Amount" shall mean, for any period and with respect to any Bank Bond, the difference (if positive) between (a) the amount of interest accrued on such Bank Bond during such period at the Bank Rate or Rates in effect during such period and (b) to the extent received by the Bank, the amount of interest that would have accrued on such Bank Bond during

such period had such Bank Bond borne interest during such period at the Bond Rate or Rates in effect during such period.

"Dodd-Frank Act" shall mean the Dodd Frank Wall Street Reform and Consumer Protection Act and all regulations, guidelines and directions in connection therewith, as the same may be amended from time to time.

"Draft Reoffering Memorandum" shall mean the draft of the Reoffering Memorandum of the City, dated [_____], 2020, relating to the Bonds.

"Effective Date" means April [__], 2020, subject to the satisfaction or waiver by the Bank of the conditions precedent set forth in Section 3.01 hereof.

"Eligible Bond" shall mean any Tendered Bond bearing interest in an Interest Mode other than a Non-Covered Interest Mode, and shall exclude (a) any Tendered Bond owned by, for the account of, or on behalf of, the City or an Affiliate thereof, (b) Bank Bonds (other than [____] Series [__] Bank Bonds owned by the Prior Liquidity Provider on the Substitution Date), and (c) Bonds that have been removed from coverage under this Agreement by reason of maturity, redemption, defeasance, conversion to a Non-Covered Interest Mode or the delivery of a Substitute Liquidity Facility in replacement of this Agreement.

"EMMA" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System or any successor thereto.

"Environmental Laws" shall mean any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, or rules, and all judgments, orders, decrees, permits, concessions, grants, franchises, licenses, permits, agreements or governmental restrictions relating to air, water or land pollution, wetlands, or the protection of the environment or the release of any materials into the environment, including air, water or land, and those related to Hazardous Materials, air emissions and discharges to waste or public systems.

"Environmental Liability" shall mean any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the System directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, or any successor statute.

"Event of Default" shall mean any of the events specified as such in Article VII hereof.

"Excess Bond Interest" shall have the meaning set forth in Section 8.15 hereof.

"Executive Order" shall have the meaning set forth in Section 8.21(b) hereof.

"Federal Funds Rate" means, for any day, the rate of interest per annum as determined by the Bank at which overnight Federal Funds are offered to the Bank for such day by major banks in the interbank market, with any change in such rate to become effective as to the City on the date of any change in such rate. Each determination of the Federal Funds Rate by the Bank shall be deemed conclusive and binding on the City absent manifest error. Notwithstanding anything herein to the contrary, if the Federal Funds Rate as determined as provided above would be less than zero percent (0.0%), then the Federal Funds Rate shall be deemed to be zero percent (0.0%).

"Fee Letter" shall mean that certain Fee Letter, dated April [__], 2020, between the City and the Bank, as the same may be amended and supplemented from time to time.

"Final Reoffering Memorandum" shall mean the final Reoffering Memorandum of the City, dated [_____], 2020, or any date prior thereto, relating to the Bonds.

"Financing Documents" shall mean the Resolutions, the Tender Agency Agreement, the Remarketing Agreement and the Bonds.

"Fiscal Year" shall have the meaning assigned thereto in the Bond Resolution.

"Fitch" shall mean Fitch, Inc. d/b/a Fitch Ratings and its successors and assigns, and if such corporation (a) shall be dissolved or liquidated, (b) shall no longer perform the functions of a securities rating agency or (c) with respect to any rating specified herein which may be provided by Fitch for the Bank, shall no longer rate (other than as a result of a temporary suspension of such rating) any outstanding senior unsecured short-term debt of the Bank, "Fitch" shall be deemed to refer to any other nationally recognized statistical rating organization (other than Moody's or S&P) designated by the Bank and not disapproved by the City if such an organization shall exist.

"GAAP" shall have the meaning set forth in Section 1.2 hereof.

"Governmental Authority" shall mean any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Hazardous Materials" shall mean all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Immediate Termination Event" shall have the meaning set forth in Section 7.2(a) hereof.

"Indebtedness" shall mean, as to any Person, at a particular time, (a) indebtedness for borrowed money or for the deferred purchase price of property or services in respect of which such Person is liable, contingently or otherwise, as obligor, guarantor or otherwise, or in respect of

which such Person otherwise assures a creditor against loss, (b) obligations under leases which shall have been or should be, in accordance with GAAP, recorded as capital leases in respect of which obligations such Person is liable, contingently or otherwise, as obligor, guarantor or otherwise, or in respect of which obligations such Person assures a creditor against loss, (c) all guarantees, endorsements (other than for collection or deposit in the ordinary course of business) and other contingent obligations to purchase, to provide funds for payment, to supply funds to invest in any Person or otherwise to assure a creditor against loss, (d) obligations secured by any Lien on property, whether or not the obligations have been assumed, and (e) all other items or obligations which would be included in determining total liabilities on the balance sheet of a Person in accordance with GAAP; *provided, however,* that "Indebtedness" shall not include trade payables and similar obligations incurred in the ordinary course of business or any non-capitalized lease obligations, including operating leases, regardless of its treatment for accounting purposes.

"Interest Accrual Period" shall have the meaning assigned thereto in the Supplemental Resolution.

"Interest Component" shall have the meaning set forth in Section 2.1(a) hereof.

"Interest Mode" shall have the meaning assigned thereto in the Supplemental Resolution.

"Interest Payment Date" shall have the meaning assigned thereto in the Supplemental Resolution and, for purposes of Bank Bonds, shall also include those dates set forth in Section 2.6(b) hereof.

"Internal Revenue Code" shall mean the Internal Revenue Code of 1986, as amended, or any successor statute.

"Investment Grade" shall mean, with respect to a rating by Moody's, a rating of "Baa3" (or its equivalent) or better, with respect to a rating by S&P, a rating of "BBB-" (or its equivalent) or better, and, with respect to a rating by Fitch, a rating of "BBB-" (or its equivalent) or better.

"Lien" shall mean, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset. For the purposes of this Agreement, the City shall be deemed to own subject to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

"Maximum Interest Rate" shall mean the lesser of (a) the maximum rate of interest that may accrue on Indebtedness pursuant to applicable law, and (b) twenty-five percent (25%) per annum.

"Moody's" shall mean Moody's Investors Service, Inc. and its successors and assigns, and if such corporation (a) shall be dissolved or liquidated, (b) shall no longer perform the functions of a securities rating agency or (c) with respect to any rating specified herein which may be provided by Moody's for the Bank, shall no longer rate (other than as a result of a temporary suspension of such rating) any outstanding senior unsecured short-term debt of the Bank,

"Moody's" shall be deemed to refer to any other nationally recognized statistical rating organization (other than S&P or Fitch) designated by the Bank and not disapproved by the City if such an organization shall exist.

"Net Revenues" shall have the meaning assigned thereto in the Bond Resolution.

"Non-Covered Interest Mode" shall mean any Interest Mode other than the Weekly Mode and the Daily Mode.

"Notice of Bank Purchase" shall have the meaning set forth in Section 2.2(a) hereof. "Notice of Termination" shall have the meaning set forth in Section 7.1(b)(ii) hereof.

"Notice Termination Event" shall have the meaning set forth in Section 7.1(a) hereof.

"OFAC" shall have the meaning given such term in Section 4.20 hereof.

"Other Taxes" shall have the meaning set forth in Section 2.8(a) hereof.

"Parity Bonds" shall mean "Bonds" as defined in the Bond Resolution.

"Parity Commercial Paper Notes" shall have the meaning assigned thereto in the Bond Resolution.

"Parity Debt" shall mean (i) all indebtedness of the City evidenced by bonds (excluding the Bonds), debentures, notes, securities or other similar instruments now or hereafter outstanding, *provided* that such indebtedness is secured by a Lien on the Trust Estate that is on a parity with the Bonds as to security and source of payment, including, without limitation, Parity Bonds, Parity Commercial Paper Notes and Parity Medium-Term Notes; (ii) Parity Hedging Contract Obligations, but only with respect to Parity Hedging Contract Obligations that provide interest rate support and constitute regularly scheduled payments that relate to Parity Debt as described in clause (i) or clause (iii) of this definition of "Parity Debt"; and (iii) Parity Reimbursement Obligations.

"Parity Hedging Contract Obligations" shall have the meaning assigned thereto in the Bond Resolution.

"Parity Medium Term Notes" shall have the meaning assigned thereto in the Bond Resolution.

"Parity Reimbursement Obligations" shall have the meaning assigned thereto in the Bond Resolution.

"Participant" shall mean each bank or other financial institution purchasing a participation from the Bank pursuant to Section 8.5 hereof.

"Participation Agreement" shall mean any agreement entered into among the Bank and one or more other banks or financial institutions purchasing participations and named therein, pursuant to which such other banks or financial institutions shall purchase from the Bank a participation or participations in this Agreement and the Bank Bonds.

"Patriot Act" shall have the meaning given such term in Section 4.20 hereof.

"Person" shall mean an individual, a corporation, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Prime Rate" means, for any day the same is to be determined, the rate of interest announced by the Bank from time to time as its prime commercial rate, or equivalent, as in effect on such day for United States dollar loans, with any change in the Prime Rate resulting from a change in said prime commercial rate to be effective as of the date of the relevant change in said prime commercial rate, it being understood that such rate may not be the Bank's best or lowest rate.

"Prior Liquidity Facility" shall mean the Standby Bond Purchase Agreement dated as of [_____] between the City and the Prior Liquidity Provider, related to the Bonds and being replaced by this Agreement.

"Prior Liquidity Provider" means [_____], the provider of the Prior Liquidity Facility.

"Purchase Date" shall have the meaning assigned thereto in the Supplemental Resolution.

"Purchase Period" shall mean the period commencing on the later of (i) April [__], 2020, and (ii) the Date of Delivery of the Final Reoffering Memorandum, and ending on the earliest of (a) the Stated Termination Date, (b) the close of business on the Business Day immediately succeeding the Conversion Date or the Substitution Date, (c) the date that no Bonds remain Outstanding under the Bond Resolution, and (d) the date on which the Available Commitment has been reduced to zero or terminated in its entirety pursuant to Article VII hereof.

"Purchase Price" shall mean, with respect to the Bonds (or portions thereof) to be purchased on any Purchase Date, the aggregate principal amount thereof plus accrued and unpaid interest thereon at the Bond Rate or Rates in effect since the beginning of the then current Interest Accrual Period applicable to such Bonds.

"Rating" shall mean the long-term credit rating assigned by one or more Rating Agencies to the Bonds or any unenhanced Parity Debt or any of such ratings individually.

"Rating Agency" means Moody's, S&P or Fitch, as applicable.

"Regulation U" shall mean Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Remarketing Account" shall have the meaning assigned to the term "[____] Series [__] Bond Remarketing Proceeds Account" in the Supplemental Resolution.

"Remarketing Agent" shall have the meaning assigned thereto in the Supplemental Resolution.

"Remarketing Agreement" shall have the meaning assigned thereto in the Supplemental Resolution.

"Requirements of Law" shall mean as to any Person, the certificate of incorporation and by-laws of or other organizational or governing documents of such Person, and any law (including, in the case of the City, the Act), treaty, rule or regulation, or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Resolutions" shall mean the Bond Resolution and the Supplemental Resolution.

"S&P" shall mean Standard & Poor's Ratings Services, a Standard and Poor's Financial Services LLC business, and its successors and assigns, and if such business (a) shall be dissolved or liquidated, (b) shall no longer perform the functions of a securities rating agency or (c) with respect to any rating specified herein which may be provided by S&P for the Bank, shall no longer rate (other than as a result of a temporary suspension of such rating) any outstanding senior unsecured short-term debt of the Bank, "S&P" shall be deemed to refer to any other nationally recognized statistical rating organization (other than Moody's or Fitch) designated by the Bank and not disapproved by the City if such an organization shall exist.

"Securities Depository" shall have the meaning assigned thereto in the Bond Resolution.

"Standby Bank Account" shall have the meaning assigned to the term "[____] Series [__] Bond Liquidity Proceeds Account" in the Supplemental Resolution.

"Stated Termination Date" shall mean the later of (a) 5:00 P.M. (New York City time) on [_____], 2024, or, if such day is not a Business Day, the Business Day next preceding such day and (b) if such date has been extended pursuant to Section 2.4 hereof, 5:00 P.M. (New York City time) on the date established by such extension or, if such date is not a Business Day, the Business Day next preceding such date.

"Substitute Liquidity Facility" shall have the meaning assigned thereto in the Supplemental Resolution.

"Substitution Date" shall have the meaning assigned thereto in the Supplemental Resolution.

"Supplemental Resolution" shall mean the resolution entitled "[_____]", adopted by the City on [_____], authorizing the issuance of the Bonds, as amended and

supplemented from time to time in accordance with the terms thereof and hereof, which resolution supplements the Bond Resolution.

"Suspension Event" shall have the meaning set forth in Section 7.3(a) hereof.

"Taxes" shall have the meaning set forth in Section 2.8 hereof.

"Tender Agency Agreement" shall have the meaning assigned thereto in the Supplemental Resolution.

"Tender Agent" shall have the meaning assigned thereto in the Supplemental Resolution.

"Tendered Bonds" shall mean Bonds (or portions thereof or beneficial ownership interests therein) which have been tendered for purchase or are deemed to have been tendered for purchase pursuant to and in accordance with the provisions of Section 3.06 of the Supplemental Resolution.

"Trust Estate" shall have the meaning assigned thereto in the Bond Resolution.

"Trustee" shall have the meaning assigned thereto in the Bond Resolution.

"Weekly Mode" shall have the meaning assigned thereto in the Supplemental Resolution.

"[____] Series [__] Bank Bonds" shall have the meaning assigned thereto in the Supplemental Resolution.

Section 1.2. Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with generally accepted accounting principles as in effect from time to time (*"GAAP"*).

ARTICLE II

PURCHASE OF BONDS

Section 2.1. Commitment to Purchase Bonds.

(a) *Commitment to Purchase Eligible Bonds on Purchase Date.* The Bank agrees with the City, on the terms and subject to the conditions contained in this Agreement, to purchase, on each Purchase Date during the Purchase Period, at the Purchase Price, all Eligible Bonds. The aggregate amount of the Purchase Price comprising interest on Eligible Bonds purchased on any Purchase Date (the *"Interest Component"*) shall not exceed the lesser of (i) the Available Interest Commitment on such date and (ii) if the Purchase Date is not an Interest Payment Date, the aggregate amount of interest accrued on such Bonds from and including the next preceding Interest Payment Date to but excluding such Purchase Date and, if the Purchase Date is an Interest Payment Date, zero. The aggregate principal amount (or portion thereof) of any Eligible Bond purchased

on any Purchase Date shall be in an Authorized Denomination and, in any case, the Bank shall not be obligated hereunder to purchase Eligible Bonds on any Purchase Date to the extent the aggregate Purchase Price of such Eligible Bonds exceeds the Available Commitment as of 10:00 A.M. (New York City time) on such Purchase Date. Without limiting the foregoing, the Bank agrees to purchase any [____] Series [__] Bank Bonds owned by the Prior Liquidity Provider on the Substitution Date (such purchase to occur on the Substitution Date).

(b) *Bonds Purchased Constitute Bank Bonds.* The City and the Bank agree (i) that any Bonds purchased as described in Section 2.1(a) shall be and constitute (A) Bank Bonds for all purposes of this Agreement, and shall be subject to all of the provisions hereof applicable thereto and (B) "[____] Series [__] Bank Bonds" for all purposes of the Supplemental Resolution, and shall be subject to all of the provisions of the Supplemental Resolution applicable thereto and (ii) that the purchase of such Bonds by the Bank shall constitute a utilization of the Available Principal Commitment and shall result in a corresponding reduction in the Available Commitment. If the Bonds are maintained as Book Entry Bonds with a Securities Depository, said Bank Bonds shall be held by the Tender Agent in its participant account with said Securities Depository for the benefit of the Bank. The Tender Agent shall mark its records to indicate that such Bank Bonds are so held for the benefit of the Bank.

Section 2.2. Purchase of Bonds.

(a) *Notice to the Bank Regarding Purchase Price of Tendered Bonds.* The Tender Agent shall give written notice to the Bank in the form of Exhibit A hereto (a *"Notice of Bank Purchase"*) by facsimile or other telecommunications device (receipt of which shall be confirmed by the Tender Agent by telephone), by not later than 12:30 P.M. (New York City time) on each Purchase Date, as to the Purchase Price applicable to the Bonds which are subject to purchase on such Purchase Date and with respect to which the Tender Agent has not received proceeds of remarketing from the Remarketing Agent, and as to the amount of such Purchase Price comprising principal and the amount of such Purchase Price comprising interest.

(b) *Funding Standby Bank Account.* Subject to the satisfaction of the conditions precedent specified in Section 6.1 hereof, the Bank shall, by not later than 2:45 P.M. (New York City time) on such Purchase Date, make available to the Tender Agent as provided in Section 2.2(f) hereof, for deposit in the Standby Bank Account, an amount equal to the Purchase Price applicable to such Eligible Bonds, as set forth in the Notice of Bank Purchase given the Bank as described in Section 2.2(a) hereof, in immediately available funds.

If the Bank receives a Notice of Bank Purchase after 12:30 P.M. (New York City time) on a Purchase Date, the Bank, subject to satisfaction of the conditions precedent specified in Section 6.1 hereof, will make available to the Tender Agent as provided in Section 2.2(f) hereof, for deposit in the Standby Bank Account, an amount equal to the Purchase Price applicable to such Eligible Bonds at or before 2:45 P.M. (New York City time) on the Business Day immediately following the Purchase Date specified in such notice, in immediately available funds.

All funds made available by the Bank hereunder for the purchase of Eligible Bonds under this Agreement shall be derived from the Bank's own funds. The Bank shall have no responsibility

for, or incur any liability in respect of, any act, or any failure to act, by the Tender Agent which results in the failure by the Tender Agent (i) to credit the Standby Bank Account with funds made available to the Tender Agent by the Bank pursuant to this Section 2.2(b) or (ii) to purchase Eligible Bonds with such funds pursuant to Section 2.2(a) and the Supplemental Resolution.

(c) *Purchase of Bonds.* Promptly after 2:45 P.M. (New York City time) on each Purchase Date (or the next succeeding Business Day, if applicable), the Tender Agent shall apply funds previously made available by the Bank for deposit in the Standby Bank Account to the purchase, for the account of the Bank or a nominee designated in writing by the Bank to the Tender Agent, of that portion of the aggregate principal amount of Eligible Bonds for the purchase of which funds are not then available in the Remarketing Account maintained by the Tender Agent. As provided in the Supplemental Resolution, Eligible Bonds purchased for the account of the Bank (or such nominee) as aforesaid shall be (i) transferred on the registration books of the City kept at the office of the Tender Agent and registered on such books in the name of the Bank (or such nominee) or any custodian of the Bank (designated by the Bank in written instructions delivered by the Bank to the Tender Agent) appointed by the Bank for the purpose of holding such Bonds in the Bank's name or in the name of the Bank's custodian (or its nominee) or (ii) if the Bonds are then Book Entry Bonds maintained with a Securities Depository, delivered by transfer of such Bonds to an account specified from time to time by the Bank that it (or its nominee) or the custodian of the Bank (or its nominee) maintains with said Securities Depository. With respect to any transfer referred to in clause (i) of the preceding sentence, the Tender Agent shall deliver, after such transfer, a principal amount of Bonds registered in the name of the Bank (or such nominee) or such custodian (or its nominee) equal to the principal amount of Eligible Bonds purchased by the Bank (or such nominee) as aforesaid, to the Bank (or such nominee) or such custodian of the Bank (or its nominee). With respect to any transfer referred to in clause (ii) of the second preceding sentence, the Tender Agent shall cause the Securities Depository to make an appropriate entry (within the meaning of Section 9-313 of the Uniform Commercial Code as in effect in the State of New York) on its books reducing the account(s) of the Securities Depository participant(s) acting for the previous beneficial owner(s) with respect to such Eligible Bonds and increasing the account maintained by the Bank (or its nominee) or the custodian of the Bank (or its nominee) at the Securities Depository by the principal amount of such Eligible Bonds.

(d) *Return of Excess Funds to Bank.* In the event and to the extent funds made available by the Bank to the Tender Agent for deposit into the Standby Bank Account will not be required to be applied, on or after a given Purchase Date, to the purchase of Eligible Bonds tendered (or deemed tendered) for purchase on such Purchase Date, the Tender Agent shall return such funds to the extent available by wire transfer to the Bank at or prior to 3:00 P.M. (New York City time) on such Purchase Date (or such later time (but not later than 4:00 P.M. (New York City time)) as will result in immediately available funds being credited to the Bank's account on such Purchase Date). In the event the Tender Agent fails to return such funds by 4:00 P.M. (New York City time) on such date, the City shall pay the Bank interest for the first day immediately following the Purchase Date at a rate equal to the Bank Rate. For purposes of computing such interest, if such funds are returned after 4:00 P.M. (New York City time) on a Business Day, such funds shall be considered to have been returned on the following Business Day.

(e) *Fees.* The City hereby agrees to pay, or cause to be paid, to the Bank a non-refundable facility fee at the times and in the amounts set forth in the Fee Letter. The City shall also pay to the Bank all other amounts set forth in the Fee Letter at the times and in the amounts set forth therein. The terms of the Fee Letter are hereby incorporated herein by reference as if fully set forth herein.

(f) *Payments by the Bank to Standby Bank Account Only.* All payments to be made by the Bank to or for the account of the Tender Agent hereunder shall be made only by the sending of a transfer item or transfer request for credit to **[U.S. Bank National Association, ABA#: 091000022, DDA #180121167365, for credit to A/C: 121005001, accompanied by instructions directing the deposit of such funds into the account designated "[____] Series [__] Bond Liquidity Proceeds Account"]**; *provided, however,* that (i) payment may also be made to such other account or in accordance with such other payment directions furnished in writing from time to time to the Bank by the Tender Agent and (ii) the Bank shall have first consented in writing to such other payment procedure, which consent shall not be unreasonably withheld or delayed by the Bank. The Bank shall be deemed to have complied with any applicable time limit for payment hereunder if the transfer item or transfer request is duly sent by or on behalf of the Bank, in accordance with the preceding sentence, and a wire transfer number is communicated by telephone or otherwise to the Tender Agent prior to the expiration of such time limit.

(g) *Payment of Interest Component.* The City shall pay the Bank interest at the Bank Rate on the amount of the Interest Component, if any, included in the Purchase Price from the Purchase Date until paid in full, and the Interest Component (together with interest thereon) shall be due and payable on the earliest of (i) the second Business Day immediately succeeding the Purchase Date, (ii) the date on which such Bank Bonds are remarketed, paid at maturity or redeemed or (iii) the last day of the Purchase Period.

Section 2.3. Sale of Bonds Owned by the Bank. (a) In the event the Bank shall purchase Bonds hereunder, the City agrees to cause the Remarketing Agent, pursuant to the Remarketing Agreement and Section 5.01(1) of the Supplemental Resolution, to use its best efforts to sell, in the secondary market, the Bank Bonds held by the Bank (or its nominee) or the custodian of the Bank (or its nominee) as the result of such purchase, at a sale price equal to the principal amount thereof, plus accrued interest, if any, thereon, calculated at the Bond Rate or Rates in effect since the beginning of the then current Interest Accrual Period applicable to Bonds other than Bank Bonds. Upon the Bank's receiving notice from the Tender Agent that the Remarketing Agent has located a purchaser for a Bank Bond and receiving on behalf of the City an amount equal to the Differential Interest Amount and, to the extent permitted by applicable law, Excess Bond Interest with respect to such Bank Bond for the period beginning on the most recent Interest Payment Date with respect to such Bank Bond to which interest has been paid in full (or the date of purchase by the Bank pursuant to Section 2.2(c) hereof, if later) and ending on the day prior to the date of such delivery, the Bank (or its nominee) may, at its option, deliver (or cause to be delivered), in the manner described in the following sentence, an appropriate principal amount of Bank Bonds to the Tender Agent for sale, against payment by the Tender Agent (from amounts deposited in the Remarketing Account) of an amount equal to the principal amount of Bank Bonds so delivered by the Bank, plus accrued interest, if any, thereon, calculated at the Bond Rate or Rates in effect since the beginning of the then current Interest Accrual Period applicable to Bonds other than Bank

Bonds. In the event of any such sale (i) if the Bonds are not then Book Entry Bonds maintained with a Securities Depository, the Bank shall deliver (or cause to be delivered) such Bonds duly endorsed in blank for transfer, or (ii) if the Bonds are then Book Entry Bonds maintained with a Securities Depository, the Bank shall deliver (or cause to be delivered) such Bonds through the facilities of such Securities Depository.

(b) In the event that the Remarketing Agent locates a purchaser for any Bank Bond purchased by the Bank (or a nominee of the Bank) hereunder and the Bank elects not to sell such Bond, then from and after the date of such election, such Bond shall, for all purposes hereof, thereof and of the Bond Resolution, cease to be a Bank Bond, and shall be subject to the particular Interest Mode to which the Bonds (other than Bank Bonds) are subject, and the principal of and interest on such Bond shall be payable at the times and in the manner provided in the Supplemental Resolution. Notwithstanding anything to the contrary contained herein, in the Bond Resolution or in any Bond, the Bank hereby agrees that following the Bank's election not to sell any Bank Bond purchased hereunder for which the Remarketing Agent has located a purchaser, such Bond, or any Bond authenticated and delivered in replacement thereof or substitution therefor, shall not thereafter be a Bank Bond unless (i) such Bond is sold by the Bank to another Person and (ii) the Bank thereafter purchases such Bond hereunder. The Bank shall notify the City, the Tender Agent and the Remarketing Agent in writing of any such election not to sell a Bank Bond (X) if the Tender Agent shall have notified the Bank that the Remarketing Agent has located a purchaser by 12:45 P.M. (New York City time) on a Business Day, by 1:45 P.M. (New York City time) on such Business Day or (Y) if the Tender Agent shall have so notified the Bank after 12:45 P.M. (New York City time) on a Business Day, by 1:45 P.M. (New York City time) on the next succeeding Business Day. In the event such notice is not received by such time, the Bank shall be deemed to have determined, and hereby agrees, to sell such Bond to the purchaser located by the Remarketing Agent.

(c) In the event that the date of the Bank's election not to sell any Bank Bond as provided in Section 2.3(b) hereof is not an Interest Payment Date for such Bank Bond, the City shall pay to the Bank, on or prior to 2:30 P.M. (New York City time) on the date of such election, an amount equal to the Differential Interest Amount and, to the extent permitted by applicable law, Excess Bond Interest with respect to such Bank Bond for the period beginning on the most recent Interest Payment Date with respect to such Bank Bond to which interest has been paid in full (or the date of purchase by the Bank pursuant to Section 2.2(c) hereof, if later) and ending on the day prior to the date of such election.

(d) Notwithstanding anything to the contrary contained in the Supplemental Resolution, the Bank expressly reserves the right, and shall have the right, to sell, at any time, Bank Bonds subject, however, to the express terms of this Agreement. The Bank agrees that such sales will be made only to institutional investors or other entities or individuals which customarily purchase commercial paper or tax-exempt securities in large denominations. The Bank agrees to notify the City, the Remarketing Agent and the Tender Agent promptly of any such sale and, if such Bank Bond is held in book entry form, specifying the account at the Securities Depository to which such Bank Bond is to be credited; and to notify the transferee in writing (i) that such Bank Bond shall remain subject to the provisions of Sections 2.3(b) and (c) hereof, (ii) that such Bank Bond is subject to remarketing under the Supplemental Resolution, (iii) that such Bank Bond may not be

tendered for purchase and purchased with amounts advanced hereunder and (iv) that there will not be a short-term investment rating assigned to such Bond so long as it remains a Bank Bond. Any purchaser of a Bank Bond from the Bank shall be deemed to have agreed (1) not to sell such Bank Bond to any Person except to the Bank or institutional investors or other entities or individuals which customarily purchase commercial paper or tax-exempt securities in large denominations and (2) in the event of any sale of such Bank Bond to any such institutional investor or other entity or individual, to notify the transferee in writing as to the matters set forth in clauses (i), (ii), (iii) and (iv) of the preceding sentence.

(e) Any sale of a Bank Bond pursuant to this Section 2.3 shall be without recourse to the seller and without representation or warranty of any kind by the Bank or any other owner of a Bank Bond.

Section 2.4. Term of Agreement; Extension of Stated Termination Date. (a) This Agreement (other than the provisions hereof relating to payments due or to become due on Bank Bonds or other amounts owed to the Bank hereunder) and the Available Commitment shall terminate at the close of business on the final day of the Purchase Period.

(b) Notwithstanding the provisions of Section 2.4(a) hereof, the Stated Termination Date shall be subject to extension from time to time, upon the written request of the City substantially in the form of Exhibit C hereto and the written consent of the Bank in its sole and absolute discretion. Not more than one hundred eighty (180) days or less than sixty (60) days prior to the Stated Termination Date then in effect, the City may make any such written request to the Bank for such an extension, and, if the Bank desires to extend the Stated Termination Date as requested, the Bank shall notify the City and the Tender Agent of its consent in writing (substantially in the form of Exhibit D hereto) within thirty (30) days of the Bank's receipt of such written request; *provided, however,* that if the Bank shall not so notify the City and the Tender Agent, the Bank shall be deemed to have rejected such request; and *provided, further, however,* that the provisions of this sentence are intended for the convenience of the parties only and shall in no respect prohibit the parties from agreeing to extend the Stated Termination Date under other circumstances or at other times. In the event the Stated Termination Date is extended under any other circumstances, the Bank shall give prompt written notice thereof to the Tender Agent.

(c) In the event that the Stated Termination Date shall be scheduled to occur on a date which is not a Business Day, this Agreement shall terminate at the close of business on the Business Day next preceding the Stated Termination Date.

(d) Notwithstanding the foregoing, so long as the Bank shall be the holder of any Bank Bonds or any amounts payable hereunder shall remain unpaid, this Agreement shall remain in full force and effect.

Section 2.5. Bank Records. All transactions relating to the Bank Bonds (including, without limitation, redemptions, repayments and interest charges) and other amounts due hereunder shall be reflected in the books and records of the Bank, which books and records shall be conclusive and binding upon the City absent manifest error.

Section 2.6. Payments on Bank Bonds. (a) Principal of and interest on Bank Bonds shall be payable in the manner provided in the Bond Resolution, including the Supplemental Resolution, and as provided herein below.

(b) In addition to the provisions of the Supplemental Resolution regarding the payment of interest on Bank Bonds, the City will pay, or cause to be paid, interest on Bank Bonds (i) monthly, in arrears, on the first Business Day of each month, (ii) upon redemption (to the extent of the interest accrued on the amount being redeemed), (iii) on the date on which such Bank Bond matures in accordance with its terms or is (A) canceled (other than in connection with (i) a transfer of such Bank Bond or (ii) a surrender of such Bank Bond in exchange for one or more replacement Bank Bonds), (B) tendered or deemed tendered pursuant to Section 5.04 of the Supplemental Resolution or (C) otherwise paid in accordance with its terms, (iv) the date of the remarketing of such Bank Bond, and (v) subject to Section 2.08 of the Supplemental Resolution, the last day of the Purchase Period. Any Differential Interest Amount and Excess Bond Interest that is due in connection with a Bank Bond will, to the extent permitted by applicable law, be payable on the date that said Bank Bond is released by the Bank or its nominee (as the case may be) to the Tender Agent for sale or transfer to a Person identified by the Remarketing Agent as a purchaser therefor or the date that the Bank elects not to permit the release of said Bank Bond to the Tender Agent for sale or transfer to a Person identified by the Remarketing Agent as a purchaser therefor, in either case, as provided in Section 2.3 hereof. If not paid by the City on such date, such Differential Interest Amount or, to the extent permitted by applicable law, Excess Bond Interest shall remain an outstanding obligation under this Agreement and shall, to the extent permitted by law, bear interest at the Default Rate, payable on demand. The Bank and each other owner of a Bank Bond will provide the City with notice of the amount of any Differential Interest Amount or Excess Bond Interest that is due on any given date of sale or retention with respect to said Bank Bond; *provided, however,* that the failure of the Bank or any owner of a Bank Bond to provide such notice will not diminish or relieve the City of its obligations to pay said Differential Interest Amount or, to the extent permitted by applicable law, Excess Bond Interest and any interest due thereon.

(c) In addition to the repayment of principal due on Bank Bonds as provided in Sections 2.03, 2.06 and 2.08 of the Supplemental Resolution, the City will pay, or cause to be paid, the principal due on Bank Bonds upon the occurrence of the circumstances described in Section 7.1(b)(i) hereof and Section 5.04 of the Supplemental Resolution and, on the Conversion Date or Substitution Date, as applicable, the City will cause all Bank Bonds to be purchased but solely from the proceeds of the remarketing of the Bank Bonds or from funds made available by the provider of a Substitute Liquidity Facility. The City hereby agrees that it shall deliver to the Bank prior notice of the commencement of the amortization of any Bank Bonds as provided in Section 2.08 of the Supplemental Resolution. In addition, the City may prepay any Bank Bond, in Authorized Denominations, at any time without penalty upon five (5) Business Days' notice to the Bank of such prepayment (or such shorter number of days' notice as the Bank, in its sole discretion, shall approve).

Section 2.7. Increased Costs. (a) If, after the Effective Date, the Bank shall have determined that the adoption or implementation of, or any change in, any law, rule, treaty or regulation, or any policy, guideline or directive of, or any change in the interpretation or administration thereof by, any Governmental Authority (in each case, whether or not having the

force of law), or compliance by the Bank with any request or directive of any such Governmental Authority (whether or not having the force of law), shall (i) change the basis of taxation of payments to the Bank of any amounts payable hereunder (except for taxes on the overall net income of the Bank), (ii) impose, modify or deem applicable any reserve, special deposit, liquidity ratio or similar requirement against making or maintaining its obligations under this Agreement or assets held by, or deposited with or for the account of, the Bank or (iii) impose on the Bank any other condition regarding this Agreement, and the result of any event referred to in clause (i), (ii) or (iii) above shall be to increase the cost to the Bank of making or maintaining its obligations hereunder, or to reduce the amount of any sum received or receivable by the Bank hereunder, then, the City shall pay to the Bank, at such time and in such amount as is set forth in paragraph (d) of this Section 2.7, such additional amount or amounts as will compensate the Bank for such increased costs or reductions in amount.

(b) If, after the Effective Date, the Bank shall have determined that the adoption or implementation of, or any change in, any law, rule or regulation, or any policy, guideline or directive of, or any change in the interpretation or administration thereof by, any Governmental Authority, or compliance by the Bank with any directive of or guidance from any other Governmental Authority (in each case, whether or not having the force of law), shall impose, modify or deem applicable any capital adequacy, liquidity requirement or similar requirement (including, without limitation, a request or requirement that affects the manner in which the Bank allocates capital or liquidity resources to its commitments, including its obligations under lines of credit) that either (i) affects or would affect the amount of capital or liquidity to be maintained by the Bank (or any U.S. corporation controlling the Bank) or (ii) reduces or would reduce the rate of return on the capital of the Bank (or any U.S. corporation controlling the Bank) to a level below that which the Bank (or any U.S. corporation controlling the Bank) could have achieved but for such circumstances (taking into consideration the Bank's policies with respect to capital adequacy) then, the City shall pay to the Bank, at such time and in such amount as is set forth in paragraph (d) of this Section 2.7, such additional amount or amounts as will compensate the Bank for such cost of maintaining such increased capital or liquidity or such reduction in the rate of return on the capital of the Bank or U.S. corporation controlling the Bank, as applicable.

(c) Notwithstanding the foregoing, for purposes of this Section 2.7, (i) all requests, rules, guidelines or directives in connection with the Dodd-Frank Act, occurring after the Effective Date, and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority) or any Governmental Authority, occurring after the Effective Date, shall be deemed and treated as an occurrence described in clauses (a) and (b) of this Section 2.7.

(d) All payments of amounts referred to in paragraphs (a) and (b) of this Section 2.7 shall be due and payable, in full, thirty (30) days following the City's receipt of notice thereof. Interest on the sums due as described in paragraphs (a) and (b) of this Section, and in the preceding sentence, shall begin to accrue from the date when the payments were first due and shall otherwise be payable in accordance with Section 2.9 hereof; *provided,* that from and after the required date of payment, interest shall begin to accrue on such obligations at a rate per annum equal to the Default Rate until such delinquent payments have been paid in full. A certificate as to such increased cost, increased capital or reduction in return incurred by the Bank as a result of any event

mentioned in paragraphs (a) or (b) of this Section setting forth, in reasonable detail, the basis for calculation and the amount of such calculation shall be submitted by the Bank to the City and shall be conclusive (absent manifest error) as to the amount thereof. In making the determinations contemplated by the above referenced certificate, the Bank may make such reasonable estimates, assumptions, allocations and the like that the Bank in good faith determines to be appropriate. In no event shall any compensation be paid under this Section 2.7 for the same event that results in the City owing under both clauses (a) and (b) hereunder.

Section 2.8. Net of Taxes, etc. (a) Any and all payments to the Bank (or the Bank on behalf of a Participant) by the City hereunder shall be made free and clear of and without deduction for any and all taxes, levies, imposts, deductions, charges, withholdings or liabilities imposed thereon, excluding, however, taxes imposed on or measured by the net income or capital of the Bank by any jurisdiction or any political subdivision or taxing authority thereof or therein solely as a result of a connection between the Bank and such jurisdiction or political subdivision (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as *"Taxes"*). If the City shall be required by law to withhold or deduct any Taxes imposed by the United States or any political subdivision thereof from or in respect of any sum payable hereunder to the Bank (or, if applicable, the Bank on behalf of such Participant) (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.8), the Bank (or, if applicable, the Bank on behalf of such Participant) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the City shall make such deductions and (iii) the City shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If the City shall make any payment under this Section 2.8 to or for the benefit of the Bank (or, if applicable, the Bank on behalf of such Participant) with respect to Taxes and if the Bank shall claim any credit or deduction for such Taxes against any other taxes payable by the Bank to any taxing jurisdiction in the United States, then the Bank (or, if applicable, the Bank on behalf of such Participant) shall pay to the City an amount equal to the amount by which such other taxes are actually reduced; *provided* that the aggregate amount payable by the Bank (or, if applicable, the Bank on behalf of such Participant) pursuant to this sentence shall not exceed the aggregate amount previously paid by the City with respect to such Taxes. In addition, the City agrees to pay any present or future stamp, recording or documentary taxes and any other excise or property taxes, charges or similar levies that arise under the laws of the United States of America or the State of Florida from any payment made hereunder or from the execution or delivery or otherwise with respect to this Agreement (hereinafter referred to as *"Other Taxes"*). The Bank (or the Bank on behalf of such Participant) shall provide to the City within a reasonable time a copy of any written notification it receives with respect to Other Taxes owing by the City to the Bank hereunder; *provided* that the Bank's failure to send such notice shall not relieve the City of its obligation to pay such amounts hereunder.

(b) The City shall, to the fullest extent permitted by law, indemnify the Bank for the full amount of Taxes and Other Taxes including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.8 paid by the Bank (or, if applicable, the Bank on behalf of such Participant) or any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted; *provided,* that the City shall not be obligated to indemnify the Bank for any penalties,

interest or expenses relating to Taxes or Other Taxes arising from the Bank's gross negligence or willful misconduct (as determined by a court of competent jurisdiction by final and nonappealable judgment). The Bank (or, if applicable, the Bank on behalf of each Participant) agrees to give notice to the City of the assertion of any claim against the Bank relating to such Taxes or Other Taxes as promptly as is practicable after being notified of such assertion; *provided,* that the Bank's failure (or, if applicable, the Bank's failure on behalf of such Participant) to notify the City promptly of such assertion shall not relieve the City of its obligation under this Section 2.8. Payments by the City pursuant to this indemnification shall be made within thirty (30) days from the date the Bank makes written demand therefor, which demand shall be accompanied by a certificate describing in reasonable detail the basis thereof. The Bank (or, if applicable, the Bank on behalf of each Participant) agrees to repay to the City any refund (including that portion of any interest that was included as part of such refund) with respect to Taxes or Other Taxes paid by the City pursuant to this Section 2.8 received by the Bank for Taxes or Other Taxes that were paid by the City pursuant to this Section 2.8 and to contest, with the cooperation and at the expense of the City, any such Taxes or Other Taxes which the Bank or the City reasonably believes not to have been properly assessed.

(c) Within thirty (30) days after the date of any payment of Taxes by the City, the City shall furnish to the Bank, the original or a certified copy of a receipt evidencing payment thereof. The City shall compensate the Bank for all reasonable losses and expenses sustained by the Bank as a result of any failure by the City to so furnish such copy of such receipt.

(d) If requested, the Bank (or, if applicable, the Bank on behalf of a Participant) shall from time to time provide the City, the Trustee, the Tender Agent and the United States Internal Revenue Service (to the extent such information and forms may be lawfully provided by the Bank (or, if applicable, the Bank on behalf of a Participant)) with such information and forms as may be required by Treasury Regulations Section 1.1411 or any other such information and forms as may be necessary to establish that the City is not subject to any withholding obligation under Section 1442 or other comparable provisions of the Internal Revenue Code.

Section 2.9. Place and Manner of Payment; Calculations of Interest, etc. (a) All payments to be made by the City under this Agreement and under the Fee Letter shall be made to the Bank in U.S. Dollars in the following manner: in the event such payment is made by check, such check of the City shall be mailed to the Bank at its address as set forth in Section 8.4 hereof; and in the event such payment is made by wire transfer, then through the Federal Reserve Wire System to: ABA #: 026002574, Account No.: 050019104, Reference: City of Gainesville, or to such other account as the Bank may designate from time to time, in each case not later than 4:00 P.M. (New York City time) on the date when due and shall be made in U.S. Dollars; provided that anything in the foregoing to the contrary notwithstanding, any and all payments of the principal of and/or interest on Bank Bonds, if any, shall be made by wire transfer in the manner provided above or through the DTC system, in each case in freely transferable and immediately available funds.

(b) Except as otherwise provided in the Fee Letter, all computations of interest, fees and other amounts payable by the City under this Agreement and under the Fee Letter shall be computed on the basis of the actual number of days elapsed during a year consisting of 365/366 days. Except as otherwise provided with respect to Bank Bonds, interest shall accrue during each

period during which interest is computed from and including the first day thereof to and including the last day thereof.

(c) Except as may be otherwise provided herein, whenever any payment or action to be made or taken hereunder or under the Fee Letter shall be stated to be due on a day which is not a Business Day, such payment or action shall be made or taken on the next following Business Day, and such extension of time shall be included in computing interest or fees, if any, in connection with such payment or action.

(d) If the principal amount of any obligation payable to the Bank hereunder or under the Fee Letter is not paid when due (subject to any applicable grace period), such obligation shall bear interest until paid in full at a rate per annum equal to the Default Rate, payable on demand.

ARTICLE III

CONDITIONS TO COMMITMENT AND PURCHASES

Section 3.1. Conditions to Bank's Commitment. All of the commitments made by and obligations of the Bank hereunder in respect of the purchase of Bonds generally shall be subject to the conditions precedent that, on or prior to the Effective Date, the Bank shall receive the following items, all in form and substance reasonably satisfactory to the Bank:

(a) (i) an executed original of this Agreement and the Fee Letter and (ii) a specimen of the Bonds;

(b) an executed original of the Overlap Agreement among the City, the Bank and the Prior Liquidity Provider;

(c) a certificate of an Authorized Officer certifying that on and as of the Effective Date (i) each of the City's representations and warranties contained herein (or incorporated herein) is true and correct, (ii) no Default or Event of Default has occurred and is continuing, (iii) except as otherwise provided in Section 4.2 hereof, since September 30, 2019 there has been no material adverse change in the financial condition, operations, business, properties or prospects of the City and its Affiliates, taken as a whole, that are payable from the Trust Estate, and (iv) no transactions or obligations shall have been entered into by the City subsequent to the date of the City's most recent audited financial statements relating to the System that could reasonably be expected to have a material adverse effect on the financial condition, operations, business, properties or prospects of the System, taken as a whole, or which could reasonably be expected to have a material adverse effect on the security for any of the Bonds or the City's ability to repay when due its obligations under this Agreement, the Fee Letter, any of the Bonds and the Financing Documents;

(d) a certificate of the Clerk of the Commission of the City certifying the names, the titles and the signatures of each of the "Authorized Officers" as of the Effective Date;

(e) an opinion of the Office of the City Attorney of the City, substantially as set forth in Exhibit E hereto;

(f) an opinion of Holland & Knight LLP, bond counsel to the City, substantially as set forth in Exhibit F hereto;

(g) a copy of the opinion of **[Orrick, Herrington & Sutcliffe LLP]**, as Bond Counsel to the City upon the issuance and delivery of the Bonds, dated [_____], related to, among other things, the excludability of interest on the Bonds;

(h) (i) a copy of each Resolution (each as in effect on the Effective Date), and

(ii) a copy of the official action of the City approving this Agreement, the Fee Letter and the other matters contemplated hereby, together with a certificate of the Clerk of the Commission of the City, dated the Effective Date, certifying that each of the foregoing documents is in full force and effect on the Effective Date and that there has been no other amendment or supplement of, or modification to, any provision thereof, except as set forth therein;

(i) a copy of the Remarketing Agreement, together with a certificate of the Clerk of the Commission of the City, dated the Effective Date, to the effect that the Remarketing Agreement is in full force and effect and has not been amended, modified or changed;

(j) a copy of the Tender Agency Agreement, together with a certificate of the Clerk of the Commission of the City, dated the Effective Date, to the effect that the Tender Agency Agreement is in full force and effect and has not been amended, modified or changed;

(k) written evidence from Moody's and Fitch that the Bonds are rated "Aa2" (or its equivalent) and "AA-" (or its equivalent), respectively;

(l) written evidence that (i) the Bank Bond CUSIP Number has been obtained and received from Standard & Poor's CUSIP Service Bureau and (ii) that a long-term rating of at least Investment Grade has been assigned to the Bank Bonds (and its related CUSIP number) from any Rating Agency;

(m) an incumbency certificate, dated the Effective Date, describing the titles of the officers or agents of the Tender Agent authorized to execute and to submit Notices of Bank Purchase pursuant to this Agreement;

(n) all amounts payable to the Bank and the Bank's counsel on the Effective Date shall have been received or alternative arrangements satisfactory to the Bank shall have been made;

(o) legal opinions of domestic and foreign counsel to the Bank, in form and substance satisfactory to the Bank and the City and, including, without limitation as to the enforceability of this Agreement and that no registration of this Agreement is required under the Securities Act of 1933, as amended;

(p) a copy of the Draft Reoffering Memorandum, together with any supplements or amendments thereto prepared on or prior to the Effective Date; and

(q) such further documentation, certifications or opinions as the Bank may reasonably request in connection with matters arising under this Agreement and the Fee Letter.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE CITY

The City hereby represents and warrants as follows, as of the date of execution and delivery of this Agreement, as of the Effective Date and, except with respect to the representations and warranties contained in Sections 4.1, 4.2, 4.6, 4.13(a) and 4.15, as of each Purchase Date:

Section 4.1. Financial Condition. The balance sheet of Gainesville Regional Utilities at September 30, 2019, and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended, reported on by the auditor of the City, heretofore delivered to the Bank, are complete and correct and present fairly the financial condition of Gainesville Regional Utilities as of such date, and the results of its operations and changes in financial position for the year then ended. All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the periods involved (except as approved by such accountants and as disclosed therein).

Section 4.2. No Change. Since September 30, 2019, except as disclosed in the Draft Reoffering Memorandum or as otherwise disclosed in writing to the Bank prior to the Effective Date, there has been no material change in the business, operations, properties or financial or other condition of the System which would adversely affect the ability of the City to perform its obligations under the Resolutions, this Agreement or the Bonds.

Section 4.3. Organization; Compliance with Law. The City (a) is a municipal corporation duly organized and validly existing under the laws of the State of Florida, (b) has all requisite power and authority and the legal right to own and operate its property and to conduct its business, including without limitation, the System, and (c) is in compliance with all Requirements of Law, except to the extent that the failure to comply therewith would not, in the aggregate, have a material adverse effect on the business, operations, properties or financial or other condition of the System, and would not materially adversely affect the ability of the City to perform its obligations under the Resolutions, this Agreement, the Bonds or the other Financing Documents.

Section 4.4. Power; Authorization; Enforceable Obligations. The City has all requisite power and authority and the legal right to adopt the Resolutions and to make, deliver and perform

this Agreement, the Bonds and the other Financing Documents, and has taken all necessary action to authorize the execution, delivery and performance of this Agreement, the Bonds and the other Financing Documents. No consent or authorization of, filing with, or other act by or in respect of any Governmental Authority is required in connection with the execution, delivery, performance, validity or enforceability of this Agreement, the Bonds or the other Financing Documents, except such consents, authorizations, filings or other acts as have been obtained, made or given. This Agreement, the Bonds and the other Financing Documents (other than the Resolutions) have been duly authorized, executed and delivered on behalf of the City. The Resolutions have been duly adopted by the City and are in full force and effect. This Agreement, the Bonds and the other Financing Documents constitute legal, valid and binding obligations of the City enforceable against the City in accordance with their respective terms, subject to the effect of, and restrictions and limitations imposed by or resulting from, bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights and judicial discretion and the valid exercise of the sovereign police powers of the State of Florida and of the constitutional power of the United States of America.

Section 4.5. No Legal Bar. The execution, delivery and performance of this Agreement, the Bonds and the other Financing Documents will not violate any Requirements of Law or any Contractual Obligation of the City.

Section 4.6. No Material Litigation. Except as disclosed in the Draft Reoffering Memorandum or as otherwise disclosed in writing to the Bank prior to the Effective Date, no litigation or proceeding or, to the knowledge of the City, investigation of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the City, threatened against the City (a) with respect to this Agreement, the Bonds or any other Financing Document or any of the transactions contemplated thereby or hereby, or (b) which would have a material adverse effect on the business, operations, properties or financial or other condition of the System or the ability of the City to perform its obligations under this Agreement, the Bonds or any other Financing Document or in respect of any other Indebtedness incurred to finance or otherwise in respect of the System or secured by Revenues or other assets of the System.

Section 4.7. No Default. The City is not in default under or with respect to this Agreement, the Bonds or the other Financing Documents, or with respect to any Contractual Obligation in any respect which would be materially adverse to the business, operations, properties or financial or other condition of the System or which would materially and adversely affect the ability of the City to perform its obligations under this Agreement, the Bonds or the other Financing Documents or in respect of any other Indebtedness incurred to finance or otherwise in respect of the System or secured by any Revenues or other assets of the System. No Event of Default has occurred and is continuing.

Section 4.8. Security. The Bonds are secured ratably with all other Utilities System Revenue Bonds heretofore or hereafter issued by a Lien on and pledge of the Trust Estate.

Section 4.9. Tax Exempt Status. No part of the proceeds of the Bonds or other funds of the City shall at any time be used in a manner that would cause the Bonds or any of them to be

treated as "arbitrage bonds" within the meaning of Section 148 (or any successor Section thereto) of the Internal Revenue Code.

Section 4.10. Federal Reserve Regulations. No part of the proceeds of any Bonds has been, or will be, used for the purpose, whether immediate, incidental or ultimate, to purchase or carry any margin stock (within the meaning of Regulation U) or for any other purpose which would violate any of the regulations of the Board of Governors of the Federal Reserve System.

Section 4.11. ERISA Matters; Pension Plans. The City does not maintain any employee benefit plan that is subject to Title I or Title IV of ERISA.

Section 4.12. No Sovereign Immunity. The defense of sovereign immunity is not available to the City in any proceedings by the Bank to enforce any of the obligations of the City under this Agreement, the Fee Letter or the Bonds, except to the extent that any such proceeding seeks enforcement based on tort or similar claim and in such case such defense is available only to the extent set forth under Florida Statutes Section 768.28 or other similarly applicable provision of law, and, to the extent permitted by applicable law, the City consents to the initiation of any such proceedings in any court of competent jurisdiction and agrees not to assert the defense of sovereign immunity in any such proceedings.

Section 4.13. Full Disclosure. (a) The Draft Reoffering Memorandum, as of its date, does not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading. The City makes no representation as to information in the Draft Reoffering Memorandum (a) describing the Bank or this Agreement under the headings **["THE BANK" and "BARCLAYS BANK LIQUIDITY FACILITIES"]** which has been provided by or behalf of the Bank for inclusion therein, (b) relating to The Depository Trust Company and its book- entry system applicable to the Bonds, and (c) entitled "THE [____] SERIES [__] BONDS – Disclosure Concerning Sales of Variable Rate Demand Obligations by Remarketing Agents."

To the best of the City's knowledge after due investigation, all information heretofore furnished (including pursuant to any representation or warranty) by the City to the Bank for purposes of or in connection with this Agreement true and accurate in all material respects on the date as of which such information is stated or certified.

Section 4.14. Incorporation by Reference. The representations and warranties made by the City in any Financing Document are hereby incorporated by reference and made for the benefit of the Bank.

Section 4.15. No Proposed Legal Changes. Except as described in the Draft Reoffering Memorandum, Florida House Bill 653, as otherwise provided for by Section 716 of the Bond Resolution and as otherwise disclosed in writing to the Bank, there is no amendment or proposed amendment certified for placement on a ballot or referendum or, to the knowledge of the City, to the Constitution of the State of Florida or to any law, ordinance, or regulation of the State of Florida applicable to the System, or any legislation that has passed either house of the legislature of the State of Florida, or any published judicial decision interpreting any of the foregoing, the effect of

which could reasonably be expected to have a material adverse effect upon (a) the ability of the City to perform its obligations under this Agreement, the Fee Letter or any Financing Document in any material respect or any other material contract related to the System to which any one or more of them is a party; (b) the legality, validity or enforceability of this Agreement, the Fee Letter or any Financing Document; or (c) the priority of the Liens granted under the Resolutions or the rights and remedies of the Bank under this Agreement, the Fee Letter, the Bonds or any other Financing Document.

Section 4.16. Environmental Laws. The System and any of the property of the City that constitutes a part of the System is in material compliance with all applicable Environmental Laws and has not become subject to any Environmental Liability, nor does the City know of any basis for such Environmental Liability.

Section 4.17. Solvency. The City is generally paying its debts as they come due and, after giving effect to the obligations contemplated by this Agreement and the Fee Letter, the Net Revenues of the System for the current and each future Fiscal Year are expected to exceed the amount required to satisfy the debts of the City related to the System (including contingent, subordinated, unmatured and unliquidated liabilities) as they become due in each such Fiscal Year.

Section 4.18. Rate Increases. Except as described in the Draft Reoffering Memorandum and as otherwise provided for by Section 716 of the Bond Resolution, an increase by the City of rates, fees, rentals or other charges for the use of the product, services and facilities of the System requires no action or approval by or in respect of any Governmental Authority (other than the City and the Florida Public Service Commission to the extent described in the Draft Reoffering Memorandum).

Section 4.19. Not an Investment Company. The City is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

Section 4.20. USA Patriot Act Notification; Government Regulation. The Bank hereby notifies the City that, pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107 56 (signed into law October 26, 2001)) (as amended from time to time, the *"Patriot Act"*), the Bank may be required to obtain, verify and record information that identifies the City, which information may include the name and address of the City and other information that will allow the Bank to identify the City in accordance with the Patriot Act, and the City, dba Gainesville Regional Utilities, hereby agrees to take any action necessary to enable the Bank to comply with the requirements of the Patriot Act.

To the best knowledge of the City, the City is not in violation of any laws relating to terrorism or money laundering (*"Anti-Terrorism Laws"*), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001. Neither the City nor any Person who owns a controlling interest in or otherwise controls the City is or shall be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the Office of Foreign Assets Control (*"OFAC"*), the Department of the Treasury or included in any Executive Orders, that prohibits or limits the Bank from making any advance or extension of credit to the City or from otherwise conducting business with the City, and the City shall ensure that the Bond

proceeds have not been, and shall not be, used to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto. Further, the City shall comply, and cause each of its Affiliates to comply, with all applicable Bank Secrecy Act (*"BSA"*) laws and regulations, as amended. The City agrees to provide documentary and other evidence of the City's identity as may be reasonably requested by the Bank at any time to enable the Bank to verify the City's identity or to comply with any applicable law or regulation including, without limitation, Section 326 of the Patriot Act.

ARTICLE V

COVENANTS OF THE CITY

Until the termination of this Agreement and the payment in full of all amounts payable to the Bank hereunder and under any Bank Bonds, the City hereby covenants and agrees that:

Section 5.1. Performance of Covenants in Bond Resolution. The City shall perform each of its covenants set forth in Article V and in Article VII of the Bond Resolution at the time such performance is required thereby (and giving effect to any applicable grace periods set forth therein).

Section 5.2. Financial and Other Information. The City shall furnish to the Bank:

(a) within two hundred seventy (270) days after the close of each Fiscal Year of the City, a balance sheet of Gainesville Regional Utilities as at the end of such year, and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended, accompanied by an unmodified audit report of an independent certified public accounting firm of recognized standing stating that they have been prepared in accordance with GAAP consistently applied;

(b) within sixty (60) days after the close of the first three quarters of each Fiscal Year of the City, but only if the ratings maintained pursuant to Section 5.11 hereof shall be downgraded by any one Rating Agency below A2 (if for Moody's, if Moody's is then providing such rating) or A (if for S&P or Fitch, respectively, if such Rating Agency is then providing such rating), a balance sheet of Gainesville Regional Utilities as at the end of such quarter, and the related statement of revenues, expenses and changes in net assets, in each case, for the three months then ended and setting forth in each case in comparative form the figures for the corresponding quarter of the prior Fiscal Year of the City;

(c) concurrently with the delivery of the financial statements referred to in the foregoing clause (a) (and the foregoing clause (b) if applicable), a certificate of an Authorized Officer stating whether any Default exists on the date of such certificate and, if any Default then exists, setting forth the details thereof and the actions which the City is taking or proposes to take with respect thereto;

(d) promptly following its approval by the City Commission of the City, each annual budget for the System and, promptly following the adoption thereof, each

amendment to the annual budget that could reasonably be determined to have a material adverse effect on the ability of the City or any Affiliate of the City to perform its obligations under this Agreement, the Fee Letter or any Financing Document in any material respect; and

(e) promptly upon request, such financial and other information as the Bank may from time to time reasonably request.

Section 5.3. Inspection of Property; Discussions. The City shall permit representatives of the Bank to visit and inspect any of the properties of the System and examine and make abstracts from any of its books and records (except to the extent such books and records are subject to legal privilege) at any reasonable time and as often as may reasonably be desired, and to discuss the business, operations, properties and financial and other condition of the System with officers and employees of the System and with its independent certified public accountants.

Section 5.4. Notices. The City shall promptly give notice to the Bank upon knowledge of an officer thereof:

(a) of the occurrence of any Default or Event of Default and, if such Default or Event of Default is then continuing, a certificate of an Authorized Officer setting forth the details thereof and the actions which the City is taking or proposes to take with respect thereto;

(b) of any litigation or proceeding affecting the System in which the amount involved is $20,000,000 or more and not covered by insurance or in which injunctive or similar relief is sought (for purposes of this clause (c), an obligation shall be considered "covered by insurance" to the extent the City has self-insured against such obligation or risk and has maintained adequate reserves therefor under appropriate insurance industry standards);

(c) of any change in the Ratings assigned by Moody's (if the Bonds are then rated by Moody's), S&P (if the Bonds are then rated by S&P) or Fitch (if the Bonds are then rated by Fitch) to the Bonds (without taking into consideration any credit enhancements, liquidity or credit support) or any unenhanced Parity Debt;

(d) of the execution and delivery or adoption, as applicable, thereof, of any amendments of or supplements to any of the Financing Documents (other than the Resolutions) or the Final Reoffering Memorandum, together with copies thereof (but exclusive of those amendments or supplements for which the Bank's consent is otherwise required pursuant to the terms of this Agreement);

(e) of all legislation enacted by the legislature of the State of Florida of which an Authorized Officer of the City has knowledge, signed into law by the Governor and which, in the judgment of such Authorized Officer, could reasonably be expected to have a material adverse effect on the business, operations, properties or financial or other

condition of the System or on the ability of the City or any Affiliate of the City to perform its obligations under this Agreement, the Fee Letter or any Financing Document;

(f) of the notice of any optional redemption, defeasance or refunding of the Bonds (other than Sinking Fund Installments);

(g) of any final official statement, offering circular, placement memorandum or similar or corresponding document, and any supplements thereto and updates and amendments thereof, that the City makes available in connection with the offering for sale or remarketing of any Parity Debt, to the extent not filed with the Municipal Securities Rulemaking Board (or any successor agency) through EMMA; and

(h) of such financial and other information as the Bank may from time to time reasonably request.

Each notice pursuant to Section 5.4(b) shall be accompanied by a statement of an Authorized Officer of the City setting forth details of the occurrence referred to therein and stating what actions, if any, the City proposes to take with respect thereto.

As and to the extent the information required by this Section 5.4 has been properly and timely filed with the Municipal Securities Rulemaking Board (or any successor agency) through EMMA, the City will be deemed to have complied with the provisions of this Section; *provided, however*, that the City shall have delivered written notice to the Bank of such filing.

Section 5.5. Amendment of Financing Documents. The City shall not modify, amend or supplement either Resolution without the prior written consent of the Bank or modify, amend or supplement or agree to modify, amend or supplement, any other Financing Document in any respect which is adverse to the interests of the Bank or is inconsistent with this Agreement without the prior written consent of the Bank; *provided, however,* that no such consent shall be required in connection with any amendment to either Resolution permitted under the provisions of Section 1001 or 1002 of the Bond Resolution. The City shall promptly furnish to the Bank copies, certified by the Clerk of the Commission of the City as being in full force and effect, of any modification of, amendment of or supplement to either of the Resolutions as in effect on the date of the delivery of the certified Resolutions referred to in Section 3.1(g); *provided, however,* that the City shall not be required to furnish any such modification, amendment or supplement permitted under the provisions of Section 1001 or 1002 of the Bond Resolution.

Section 5.6. Power to Fix and Collect Rates, Fees and Charges. The City has, and except due to a change in law, will have as long as any Bonds (including Bank Bonds) are outstanding or other amounts are owing to the Bank hereunder, the City, subject in all respects to Section 716 of the Bond Resolution, shall have good right and lawful power to establish and collect rates, fees and charges with respect to the use and the sale of the capacity, output or service of the System subject to the terms of contracts relating thereto and subject to the jurisdiction of any applicable regulatory authority.

Section 5.7. Sovereign Immunity. To the extent permitted by applicable law, the City agrees to waive sovereign immunity from suit and liability for the purposes of adjudicating a claim to enforce its duties and obligations under this Agreement, the Fee Letter and any Bank Bonds or for damages for a breach of any of the foregoing, except to the extent that any such proceeding seeks enforcement based on tort or similar claim and in such case such defense is available only to the extent set forth under Florida Statutes, Section 768.28 or other similarly applicable provision of law.

Section 5.8. Most Favored Covenant. (a) In the event that the City shall, directly or indirectly, enter into or otherwise consent to any contract, or any amendment, supplement or modification thereto, under which, directly or indirectly, any Person or Persons undertakes to make or provide credit or loans to the City or under which the City issues or incurs or could issue or incur Indebtedness, in either such case, which is on a parity with, or senior to, the Bonds, which contract (or amendment, supplement or modification) provides such Person or Persons with additional or more restrictive financial covenants than are provided to the Bank in this Agreement (any such contract, or amendment, supplement or modification thereto, a *"Favored Covenant Agreement"*), the City shall provide the Bank with a copy of each such Favored Covenant Agreement within five (5) Business Days of the effective date of any such Favored Covenant Agreement. Subject to the provisions of Section 5.8(b) below, upon the request of the Bank, the City shall promptly enter into an amendment to this Agreement to incorporate herein and make a part hereof such additional or more restrictive financial covenants for so long as such provisions remain in effect in the related Favored Covenant Agreement.

(b) In the event that the City and the Bank enter into an amendment to this Agreement to include the terms of any Favored Covenant Agreement herein (an *"EMMA Amendment"*), the City hereby covenants to post an execution copy of such EMMA Amendment on EMMA not less than fifteen (15) calendar days prior to the effective date of such EMMA Amendment (such effective date to be a date as determined by the City and the Bank). Notwithstanding anything set forth in this Section 5.8(b) to the contrary, (i) any EMMA Amendment shall only be incorporated into this Agreement (A) upon receipt of written confirmation from each Rating Agency then rating the Bonds that the short-term rating on the Bonds will not be withdrawn or reduced as a result of the incorporation of such EMMA Amendment and (B) on the date which is fifteen (15) calendar days after such EMMA Amendment is posted on EMMA and (ii) any amendment to this Agreement or the Fee Letter (other than an EMMA Amendment) that is incorporated pursuant to other provisions of this Agreement shall become effective upon the parties hereto in accordance with such other provisions.

Section 5.9. Compliance with Laws. The City will comply in all material respects, within the time period, if any, given for such compliance by the relevant Governmental Authority, with all applicable laws, ordinances, rules, regulations, and requirements of Governmental Authorities (including, without limitation, Environmental Laws) except where the necessity of compliance therewith is contested in good faith by appropriate proceedings.

Section 5.10. Other Liquidity Facilities. (a) No standby bond purchase agreement, revolving credit agreement, letter of credit, surety bond or other agreement or instrument under which any Person undertakes to make or provide funds on the same basis as this Agreement with

respect to the Bonds shall be effective without the prior consent of the Bank. Without limiting the generality of the foregoing, the Bank agrees to cooperate with the City in connection with the structuring of any transaction which is intended to result in the replacement of this Agreement with any standby bond purchase agreement, revolving credit agreement, letter of credit, surety bond or other agreement or instrument of the type described in the preceding sentence.

(b) The City shall not provide, or permit to be provided, a Substitute Liquidity Facility for less than all of the Bonds then Outstanding without the prior written consent of the Bank.

(c) The City agrees that any termination of this Agreement as a result of the provision of any Substitute Liquidity Facility or otherwise will require, as a condition thereto, that the City or the provider of the Substitute Liquidity Facility (if any) will provide funds on the Substitution Date in an amount that will be sufficient to insure the payment of all amounts due to the Bank hereunder and under the Fee Letter including, without limitation, the repurchase of all Bank Bonds and the repayment of all unreimbursed drawings together with accrued but unpaid interest thereon, any Differential Interest Amount and, to the extent permitted by applicable law, any Excess Bond Interest that is then due and payable.

(d) The City agrees that, in connection with (i) any standby bond purchase agreement, revolving credit agreement, letter of credit or other liquidity or credit facility supporting Parity Debt (*"Other Facility"*) executed by or on behalf of the City on or after the Effective Date and (ii) each material amendment, extension, renewal, supplement or other modification executed by or on behalf of the City on or after the Effective Date with respect to any Other Facility that had been executed previously by or on behalf of the City on or before the Effective Date, it will require that said Other Facility, or said amendment, extension, renewal, supplement or other modification to any Other Facility, include a provision substantially identical to Section 7.2(b)(ii) hereof; it being understood that the word "material" used in the context of this subsection means any amendment, extension, renewal, supplement or other modification requiring the signature, acceptance or other acknowledgment by all parties to any said Other Facility.

Section 5.11. Maintenance of Ratings. The City shall at all times maintain long-term credit ratings assigned to the Bonds and Parity Debt from no less than two Rating Agencies.

Section 5.12. Optional Redemption of Bonds. The City shall not permit an optional redemption of any Bonds except as provided in Section 2.06 of the Supplemental Resolution. In addition, in the event of any partial redemption of Bonds pursuant to the Supplemental Resolution, the City will cause the Bank Bonds to be redeemed prior to any other Bonds that do not constitute Bank Bonds.

Section 5.13. Take-out Financing. The City covenants that as of (a) the Conversion Date or (b) the Stated Termination Date, (i) it shall use its best efforts to have procured (A) a Substitute Liquidity Facility for the Bonds or (B) a written commitment of an underwriter to purchase the Bonds, and such Substitute Liquidity Facility or written commitment, as the case may be, shall provide for the purchase from the Bank of all Bank Bonds and (ii) it shall pay or cause to be paid all other obligations owed by it upon and with the (A) conversion of the interest borne by all of

the Bonds to a Non-Covered Interest Mode or (B) occurrence of the Stated Termination Date, as the case may be.

Section 5.14. Conversions; Defeasance. The City shall not permit a conversion of the Bonds to bear interest in a Non-Covered Interest Mode without the prior written consent of the Bank if, after giving effect to such conversion, any Bonds remain as Bank Bonds. In addition, the City will not defease, nor allow the defeasance of, all of the Bonds without having concurrently satisfied all of its obligations hereunder and under the Fee Letter and the Bank Bonds.

Section 5.15. Restrictions on Use of Proceeds. The proceeds of drawings hereunder will be applied by or on behalf of the City only to pay the Purchase Price of Bonds that have been tendered, but not remarketed. If the proceeds of any drawing are not applied to pay the Purchase Price of Bonds on the day the drawing has been made in connection with such Bonds, the City covenants and agrees that, notwithstanding any provisions of the Resolutions to the contrary, said proceeds will be returned to the Bank promptly.

Section 5.16. Bank Bond Rating and CUSIP Number. For so long as any Bank Bonds are Outstanding, the City shall, at its expense, (a) maintain, or cause to be maintained, an Investment Grade Rating from at least one Rating Agency applicable to the Bank Bonds and (b) ensure that the Bank Bond CUSIP Number and the Investment Grade Rating (described in sub- clause (a) of this Section 5.16) be available on the Bloomberg Municipal Bond Description Screen (or a similar electronic registry acceptable to the Bank).

Section 5.17. Remarketing Agent. The City shall at all times maintain a Remarketing Agent with respect to the Bonds performing the duties thereof contemplated by the Supplemental Resolution and the Remarketing Agreement acceptable to the Bank. For the avoidance of doubt, the Bank hereby confirms that the Remarketing Agent serving as such as of the date of this Agreement is acceptable to the Bank. The City agrees to cause the Remarketing Agent to use its best efforts to sell Tendered Bonds up to the maximum rate applicable to Tendered Bonds in order to sell such Tendered Bonds. If the Remarketing Agent fails to sell Tendered Bonds up to the maximum rate or to perform any other of its other duties under the Remarketing Agreement for a period of thirty (30) consecutive days, at the written direction of the Bank, the City shall cause the Remarketing Agent to be replaced with a Remarketing Agent reasonably satisfactory to the Bank (which consent shall not be unreasonably withheld) within thirty (30) calendar days of the receipt of such written direction. Any Remarketing Agreement with a successor Remarketing Agent shall provide that such remarketing agent may resign upon at least sixty (60) days' prior written notice to the City, the Tender Agent and the Bank.

Section 5.18. Delivery Requirements upon Effective Date of Substitution. On or prior to June 29, 2017, the City will deliver to the Bank a copy of the Final Reoffering Memorandum used in connection with the remarketing of the Bonds to the new holders thereof.

Section 5.19. Bank Bond Amortization Changes. The City shall not amend, restate, supplement or otherwise modify the Bond Resolution or any supplemental resolution thereto in a manner that provides for a shorter number of Sinking Fund Installments (as defined in the Supplemental Resolution) or a shorter mandatory redemption period, in each case in relation to

Bonds (as defined in the Bond Resolution) supported or purchased by a Credit Enhancer (as defined in the Bond Resolution) pursuant to any Credit Enhancement (as defined in the Bond Resolution), unless such shorter period or fewer Sinking Fund Installments shall also apply to Bank Bonds hereunder.

ARTICLE VI

CONDITIONS TO PURCHASE OF BONDS

Section 6.1. Conditions to Purchase of Bonds. The obligation of the Bank to purchase any Eligible Bond hereunder shall be subject, in the case of each purchase, to the satisfaction of the following conditions:

(a) No Immediate Termination Event or Suspension Event shall have occurred and be continuing; *provided, however,* that in the case of a Suspension Event, the Bank's obligation to purchase Eligible Bonds is subject to reinstatement as provided in Section 7.3(b) hereof; and

(b) The Bank shall have timely received the duly completed Notice of Bank Purchase(s) as provided in Section 2.2(a); *provided* that if the Notice of Bank Purchase(s) is not received in a timely manner, the Bank will be obligated to purchase Eligible Bonds on the Business Day following receipt thereof.

Unless the City or the Tender Agent shall have otherwise previously advised the Bank in writing, delivery to the Bank of a Notice of Bank Purchase(s) shall be deemed to constitute a representation and warranty by the City that, on such Purchase Date, to the City's knowledge, no Immediate Termination Event or Suspension Event shall have occurred.

ARTICLE VII

DEFAULTS AND REMEDIES

Except as otherwise specified herein, the occurrence of any of the following events set forth in Sections 7.1, 7.2 and 7.3 shall constitute an event of default (each, an *"Event of Default"*):

Section 7.1. Events of Default Not Permitting Immediate Termination or Suspension.

(a) *Notice Termination Events.* Each of the following Events of Default shall constitute a "Notice Termination Event":

(i) *Payments.* The City shall not pay when due any amount owed to the Bank pursuant to the Fee Letter or Sections 2.7, 2.8 or 8.3 of this Agreement; or

(ii) *Other Payments.* The City shall fail to pay within ten (10) days after the same shall become due any fee or other amount payable by it under this Agreement or the Fee Letter (not otherwise referred to in Section 7.1(a)); or

(iii) *Representations.* Any representation, warranty, certification or statement made by the City (or incorporated by reference) in this Agreement, the Fee Letter or any Financing Document or in any certificate, financial statement or other document delivered pursuant to this Agreement or any Financing Document shall prove to have been incorrect in any material respect when made (or deemed made); or

(iv) *Certain Covenants.* The City shall default in the due performance or observance of any covenant set forth in Section 5.5, 5.6, 5.7, 5.11, 5.13, 5.14 or 5.15 of this Agreement and such default shall remain unremedied for a period of ten (10) days after the Bank shall have given written notice thereof to the City; or

(v) *Other Covenants.* The City shall default in the due performance or observance of any other term, covenant or agreement contained or incorporated by reference in this Agreement (other than those referred to in Sections 7.1(a)(i) through (iv) hereof) and such default shall remain unremedied for a period of forty-five (45) days after the Bank shall have given written notice thereof to the City; or

(vi) *Long-Term Credit Rating.* The long-term credit rating assigned by a Rating Agency to the Bonds or any Parity Debt (without taking into account third party credit enhancement) is withdrawn or suspended, in either case, for credit related reasons by any one of the Rating Agencies or reduced below "A2" (or its equivalent) by Moody's, below "A" (or its equivalent) by S&P (if the Bonds are then rated by S&P) or below "A" (or its equivalent) by Fitch (if the Bonds are then rated by Fitch); or

(vii) *Other Obligations.* (A) An "event of default" as defined in Section 801 of the Bond Resolution shall occur and is not cured within the applicable grace period, (B) any "event of default" on the part of the City under any of the Financing Documents (excluding the Bond Resolution and the Supplemental Resolution) shall occur and is not cured within any applicable cure period, (C) the City shall fail to pay any Indebtedness of the City for borrowed money related to the System, or any interest or premium thereon, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), of at least $20,000,000 in principal amount then outstanding and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Indebtedness, or (D) the City shall fail to perform or observe any term, covenant or condition on its part to be performed or observed under any Contractual Obligation related to the System pursuant to which Indebtedness shall be outstanding in a principal amount of at least $500,000, when required to be performed or observed, and such failure shall not be waived and shall continue after the applicable grace period, if any, specified in such Contractual Obligation, if the effect of such failure to perform or observe is to accelerate or permit the acceleration of, or require or permit to be required the prepayment (whether by mandatory redemption or mandatory tender) of the related Indebtedness such that such Indebtedness becomes immediately due and payable prior to, with the giving of

notice if required, the maturity of the related Indebtedness; or any such Indebtedness shall be declared to be due and payable or be required to be prepaid (other than by a regularly scheduled required prepayment) prior to the stated maturity thereof.

(b) *Remedies.* Upon the occurrence of any Event of Default, including an Immediate Termination Event or Suspension Event, the Bank shall have all other remedies provided at law or in equity including, without limitation, specific performance; and, in addition, the Bank, in its sole discretion, may do one or more of the following: (i) by notice to the City, tender any or all Bank Bonds for payment to the City and the City shall thereupon be obligated to pay immediately the outstanding principal amount of each Bank Bond (together with accrued interest thereon) so tendered, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the City; *provided, however,* that in the case of any of the Events of Default specified in Section 801(v) or (vi) of the Bond Resolution or Section 7.2(a)(iii) or 7.3(a)(i) hereof, without any notice to the City or any other act by the Bank, all Bank Bonds shall immediately be deemed to be tendered for payment to the City and the City shall be obligated to pay immediately the outstanding principal amount of such Bank Bonds (together with accrued interest thereon) without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by the City; (ii) deliver to the City, the Tender Agent and the Remarketing Agent written notice substantially in the form of Exhibit B hereto (a *"Notice of Termination"*) that an Event of Default has been declared under this Agreement and is continuing that entitles the Bank to terminate the Available Commitment hereunder following the honoring by the Bank, on or prior to the date of such termination, of a final drawing hereunder to purchase all of the Bonds upon the resultant mandatory tender for purchase thereof, whereupon (A) the Bonds shall be called for mandatory tender for purchase pursuant to Section 3.06(c)(vii) of the Supplemental Resolution on the fifteenth (15th) day (or, if such day is not a Business Day, on the next preceding Business Day) following the date such Notice of Termination is received by the Tender Agent and (B) at the close of business on the sixteenth (16th) day (or, if such day is not a Business Day, on the next succeeding Business Day) following the date such Notice of Termination is received by the Tender Agent, the Available Commitment shall be reduced to zero and the obligations of the Bank under this Agreement shall terminate; *provided, however,* that prior to such termination, the Bank shall remain obligated to purchase Eligible Bonds in accordance with the terms hereof so long as no Immediate Termination Event or Suspension Event has occurred; (iii) exercise any right or remedy available to it under any other provision of this Agreement or the Fee Letter; and (iv) exercise any other rights or remedies available under any Financing Document; *provided, however,* that the Bank shall not have the right to terminate or suspend its obligation to purchase Bonds except as expressly provided in Section 7.2 or 7.3. Notwithstanding any other provision of this Section 7.1, all obligations hereunder and under the Fee Letter shall bear interest at the Default Rate upon the occurrence and during the continuation of any Event of Default.

Section 7.2. Events of Default Permitting Immediate Termination.

(a) *Immediate Termination Events.* Each of the following Events of Default shall also constitute an "Immediate Termination Event":

(i) *Payment Default.* The City shall have failed to pay when due any principal or interest, or both, payable under, or in respect of the Bonds (including any Bank Bonds)

(other than a failure to pay any amounts described in this clause (a)(i) as a result of the tender or deemed tender for payment of Bank Bonds pursuant to Section 7.1(b)(i) of this Agreement); or

(ii) *Judgments.* A (x) final, unappealable judgment or judgments against the City for a claim not subject to sovereign immunity under Section 768.28, Florida Statutes or other similarly applicable law, for the payment of money in excess of $20,000,000 in the aggregate shall be payable from the funds and other property comprising the Trust Estate securing the Bonds (including any Bank Bonds) and not be covered by insurance, the operation or result of which judgment or judgments shall remain unpaid, unstayed, undischarged, unbonded or undismissed for a period of sixty (60) days, or (y) a claims bill against the City which is approved by the Florida legislature and signed into law by the Governor for the payment of money for a claim in excess of $20,000,000 in the aggregate shall be payable from the funds and other property comprising the Trust Estate securing the Bonds (including any Bank Bonds) and not be covered by insurance, the operation or result of which judgment or judgments shall remain unpaid, unstayed, undischarged, unbonded or undismissed for a period of sixty (60) days; *provided* that an obligation shall be considered "covered by insurance" to the extent the City has self-insured against such obligation or risk and has maintained adequate reserves therefor under appropriate insurance or accounting industry standards within the Rate Stabilization Fund, Utilities Plant Improvement Fund, and/or Debt Service Fund of the City as indicated in the most recent audited or unaudited financial statements of the City furnished to the Bank pursuant to Section 5.2 hereto or other evidence satisfactory to the Bank; or

(iii) *Insolvency.* (A) The City shall (1) commence any case, proceeding or other action (x) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition, declaration of a payment moratorium or other relief with respect to it or its debts or (y) seeking the appointment of a receiver, trustee, custodian or similar official for it or for all or any substantial part of its assets, or (2) make a general assignment for the benefit of its creditors; (B) there shall be commenced against the City any case, proceeding or other action of a nature referred to in clause (A) above which (x) results in an order for such relief or in the appointment of a receiver or similar official or (y) remains undismissed, undischarged or unbonded for a period of sixty (60) days; (C) there shall be commenced against the City any case, proceeding or other action seeking the issuance of a warrant of attachment, execution, restraint or similar process against all or any substantial part of the assets of the System or the Net Revenues of the System, which results in the entry of a final and non-appealable order or ruling for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; (D) the City shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (A), (B) or (C) above; or (E) the City shall (1) admit in writing its inability to pay its debts as such debts become due or (2) become insolvent within the meaning of the United States Bankruptcy Code; or

(iv) *Validity.* (A) Any provision of the Act, this Agreement, the Resolutions or the Bonds relating to (1) the ability or the obligation of the City to pay, when due, the principal of or interest on the Bonds (including any Bank Bonds) or any Parity Debt or (2) the Trust Estate securing the Bonds (including any Bank Bonds) and Parity Debt shall at any time, be declared to be null and void, invalid or unenforceable as the result of a final nonappealable judgment by any federal or state court or as a result of any legislative or administrative action by any Governmental Authority having jurisdiction over the City or (B) the City shall have taken or permitted to be taken any official action, or shall have duly enacted any ordinance, which would invalidate, render null and void or make unenforceable any provision of this Agreement, the Bonds, the Act, the Resolutions or any Parity Debt relating to (1) the ability or the obligation of the City to pay, when due, the principal of or interest on the Bonds (including any Bank Bonds) or any Parity Debt or (2) the Trust Estate securing the Bonds (including any Bank Bonds) and Parity Debt; or

(v) *Ratings.* (A) Each Rating Agency then rating the Bonds shall have (1) withdrawn or suspended its Rating assigned to the Bonds, in either case, for credit related reasons or (2) reduced its Rating assigned to the Bonds below Investment Grade or (B) each Rating Agency then rating Parity Debt shall have (1) withdrawn or suspended its Rating assigned to any Parity Debt, in either case, for credit related reasons or (2) reduced its Rating assigned to any Parity Debt below Investment Grade; or

(vi) *Parity Debt Payment Default.* The City shall fail to make any payment in respect of principal or interest on any Parity Debt when due (i.e., whether upon said Parity Debt's scheduled maturity, required prepayment, upon demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Parity Debt, or pursuant to the provisions of any resolution, indenture or instrument pursuant to which Parity Debt has been issued, the maturity of such Parity Debt shall as a result of the occurrence of a default in payment under such resolution, indenture or instrument, be accelerated or required to be prepaid prior to the stated maturity thereof; or

(vii) *Debt Moratorium or Restructuring.* (A) The City shall impose a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on the Bonds, Bank Bonds or any Parity Debt or (B) any Governmental Authority having appropriate jurisdiction over the City shall make a finding or ruling or shall enact or adopt legislation or issue an executive order or enter a judgment or decree which results in a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on the Bonds, Bank Bonds or all Parity Debt.

(b) *Remedies.* In addition to the remedies set forth in Section 7.1(b), upon the occurrence of an Immediate Termination Event, the Available Commitment shall immediately be reduced to zero, in which case, the obligations of the Bank under Article II of this Agreement shall immediately terminate and expire without requirement of notice by the Bank; *provided,* that (i) the Event of Default described in Section 7.2(a)(i) will not qualify as an "Immediate Termination

Event" hereunder if the failure to pay the principal of, or interest on, a Bank Bond is due solely to a tender or deemed tender for payment of all of the Bank Bonds by the Bank for any reason other than nonpayment as described in Section 7.2(a)(i) hereof, (ii) as and to the extent that the provider of a liquidity or credit facility in support of Parity Debt owns all or a portion of such Parity Debt pursuant to the provisions of such facility (*"Bank-Owned Parity Debt"*), the Event of Default described in Section 7.2(a)(vi) above will not qualify as an "Immediate Termination Event" if the failure to pay the principal of, or interest on, said Bank-Owned Parity Debt described in Section 7.2(a)(vi) is due solely to a tender or deemed tender for payment of said Bank-Owned Parity Debt for any reason other than nonpayment as described in Section 7.2(a)(vi) hereof and (iii) the Suspension Events described in Section 7.3(a) hereof will not qualify as "Immediate Termination Events" unless and until the applicable conditions described in Section 7.3(b) for such qualification have been satisfied. After such termination or expiration, the Bank shall deliver promptly to the City, the Tender Agent and the Remarketing Agent written notice of such termination or expiration; *provided, however,* that failure to provide such written notice shall have no effect on the validity or enforceability of such termination or expiration.

Section 7.3. Events of Default Permitting Immediate Suspension.

(a) *Suspension Events.* Each of the following Defaults and Events of Default shall also constitute a "Suspension Event":

(i) *Involuntary Bankruptcy.* The occurrence of a Default under Section 7.2(a)(iii)(B) or Section 7.2(a)(iii)(C) hereof; or

(ii) *Invalidity.* (A) Any Governmental Authority with jurisdiction to rule on the validity or enforceability of this Agreement, the Bonds, the Act or the Resolutions shall find or rule, in a judicial or administrative proceeding, that any provision of this Agreement, the Bonds, the Act, the Resolutions or any Parity Debt, as the case may be, relating to (1) the ability or the obligation of the City to pay, when due, the principal of or interest on the Bonds (including any Bank Bonds) or any Parity Debt or (2) the Trust Estate securing the Bonds (including any Bank Bonds) and Parity Debt is not valid or not binding on, or enforceable against, the City; or (B) an authorized representative for the City (1) makes a claim in a judicial or administrative proceeding that the City has no further liability or obligation hereunder, under the Bonds, the Act, the Resolutions or any Parity Debt to pay, when due, the principal of or interest on the Bonds (including any Bank Bonds) or any Parity Debt or (2) contests in a judicial or administrative proceeding the validity or enforceability of any provision of this Agreement, the Bonds, the Act, the Resolutions or any Parity Debt relating to or otherwise affecting (y) the City's ability or obligation to pay, when due, the principal of or interest on the Bonds (including any Bank Bonds) or any Parity Debt or (z) the Trust Estate securing the Bonds (including any Bank Bonds) and Parity Debt; or (C) an authorized representative of the City publicly repudiates or otherwise denies, pursuant to any official action or by duly enacting any ordinance or resolution, that it has any further liability or obligation under or with respect to any provision of the Act, this Agreement, the Resolutions, the Bonds or any Parity Debt relating to (1) the ability or the obligation of the City to pay, when due, the principal of or interest on the Bonds

(including any Bank Bonds) or any Parity Debt or (2) the Trust Estate securing the Bonds (including any Bank Bonds) and Parity Debt.

(b) *Remedies; Restoration of Rights.* (i) In addition to the remedies set forth in Section 7.1(b) hereof, but subject to Sections 7.3(b)(ii)-(iii) below (as applicable), in the case of an Event of Default described in Section 7.3(a)(i), Section 7.3(a)(ii)(A), Section 7.3(a)(ii)(B) or Section 7.3(a)(ii)(C), the obligation of the Bank to purchase Eligible Bonds under this Agreement shall be immediately suspended without notice or demand and, thereafter, the Bank shall be under no obligation to purchase Eligible Bonds until the Available Commitment is reinstated as described below. Promptly upon the occurrence of any such Suspension Event, the Bank shall notify the City, the Tender Agent and the Remarketing Agent of such suspension and the effective date of such suspension in writing by facsimile, promptly confirmed by regular mail; *provided,* that the Bank shall incur no liability of any kind by reason of its failure to give such notice and such failure shall in no way affect the suspension of the Available Commitment or its obligation to purchase Eligible Bonds pursuant to this Agreement.

(ii) Upon the occurrence of a Default described in Section 7.3(a)(i), the Bank's obligations to purchase Eligible Bonds shall be suspended immediately and automatically and remain suspended until said case, proceeding or other action referred to therein is terminated prior to the court entering an order granting the relief sought in such case, proceeding or other action. In the event such case, proceeding or other action is terminated prior to the Bank's obligations under this Agreement having expired or been terminated in accordance with its terms, then the Available Commitment and the obligation of the Bank to purchase Eligible Bonds shall be reinstated and the terms of this Agreement shall continue in full force and effect as if there had been no such suspension. In the event that such case, proceeding or other action shall not have been terminated prior to the Bank's obligations under this Agreement having expired or been terminated in accordance with its terms, then the Available Commitment and the obligation of the Bank to purchase Eligible Bonds shall terminate without notice or demand and, thereafter, the Bank shall be under no obligation to purchase Eligible Bonds.

(iii) Upon the occurrence of an Event of Default described in Section 7.3(a)(ii)(A), Section 7.3(a)(ii)(B) or Section 7.3(a)(ii)(C), the Bank's obligations to purchase Eligible Bonds shall be immediately and automatically suspended and remain suspended unless and until a court with jurisdiction to rule on such an Event of Default shall enter a final and nonappealable judgment that any of the material provisions of the Act or any other document described in Section 7.3(a)(ii)(A) or Section 7.3(a)(ii)(C) are not valid or not binding on, or enforceable against, the City or that a claim or contest described in Section 7.3(a)(ii)(B) shall have been upheld in favor of the City in accordance with a final and nonappealable judgment, then, in each such case, the Available Commitment and the obligation of the Bank to purchase Eligible Bonds shall immediately terminate without notice or demand and, thereafter, the Bank shall be under no obligation to purchase Eligible Bonds. If a court with jurisdiction to rule on such an Event of Default shall find or rule by entry of a final and nonappealable judgment that the material provision of the Act or any other document described in Section 7.3(a)(ii)(A) or Section 7.3(a)(ii)(C) is valid and binding on, or enforceable against, the City or the claim or contest described in Section 7.3(a)(ii)(B) shall have been dismissed pursuant to a final and nonappealable judgment, then the Available Commitment and the obligations of the Bank under this Agreement shall, in

each such case, thereupon be reinstated (unless the Bank's obligations under this Agreement shall have previously expired or been terminated in accordance with its terms). Notwithstanding the foregoing, if the suspension of the obligations of the Bank pursuant to any Event of Default described in Section 7.3(a)(ii)(A), 7.3(a)(ii)(B) or Section 7.3(a)(ii)(C) remains in effect and litigation is still pending and a determination regarding the same shall not have been dismissed or otherwise made pursuant to a final and non-appealable judgment, as the case may be, on or prior to the first anniversary of the occurrence of such Event of Default, then the Available Commitment and the obligation of the Bank to purchase Eligible Bonds shall at such time terminate without notice or demand and, thereafter, the Bank shall be under no obligation to purchase Eligible Bonds.

In the case of the occurrence of any Suspension Event described in this Section 7.3, the Tender Agent shall immediately notify all Bondholders of the suspension and/or termination of both the Available Commitment and the obligation of the Bank to purchase Eligible Bonds.

Section 7.4. Rights Not Exclusive. The rights and remedies provided for herein are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law or in equity.

ARTICLE VIII

MISCELLANEOUS

Section 8.1. Amendments and Non-Waiver. This Agreement and the Fee Letter may be amended only upon the written agreement of the City and the Bank, and the City may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the City shall first obtain the written consent of the Bank. An Event of Default or Default may be waived only in writing by the Bank and any such Event of Default or Default which has been waived in writing by the Bank shall not be deemed to be continuing during the period (including any retroactive period) for which the waiver is effective, but such waiver shall not operate as a waiver of, or estoppel with respect to, any other or subsequent failure to perform or observe any obligation hereunder. No failure or delay on the part of the Bank in exercising any right, remedy, power or privilege under this Agreement or under the Fee Letter or any of the Financing Documents, and no course of dealing between the City or any other Person and the Bank, shall operate as a waiver hereof or thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges provided herein and in the Fee Letter and the Financing Documents are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law or in equity or otherwise. No notice to or demand on the City in any case shall entitle the City to any other or further notice or demand in similar or other circumstances or constitute a waiver of the right of the Bank to any other or further action in any circumstances without notice or demand.

Section 8.2. Survival of Representations and Warranties. All agreements, covenants, representations and warranties contained in this Agreement and in any certificates delivered pursuant hereto shall survive the execution and delivery of this Agreement, and the agreements contained in Sections 2.7, 2.8 and 8.3 hereof and in the Fee Letter shall survive payment of any

amounts payable hereunder and thereunder and with respect to any Bank Bonds and the termination of this Agreement; *provided, however,* any request for payments under Section 2.7 must by requested from the City in writing within 180 days from the later of the termination of this Agreement or the payment in full of any and all Bank Bonds (unless the event or circumstance giving rise to such payments under Section 2.7 is retroactive, in which case such 180 day period shall be extended to include the period of retroactive effect thereof); *provided further,* that any request for payments under Section 2.8 must be requested from the City in writing within one (1) year from the later of the termination of this Agreement or the payment in full of any and all Bank Bonds; *provided further* that the City shall not be obligated to pay to the Bank any amounts pursuant to Section 8.3 which relate to claims, actions or legal proceedings which are made or commenced more than one (1) year after the later of the termination of this Agreement or the payment in full of any and all Bank Bonds.

Section 8.3. Expenses; Indemnification. (a) The City shall pay all out-of-pocket expenses of the Bank, including fees and disbursements of counsel for the Bank, in connection with the preparation of this Agreement, the Fee Letter and the Financing Documents, any waiver or consent hereunder or thereunder or any amendment hereof or thereof or any Default or Event of Default or alleged Default or Event of Default hereunder, subject to the limitations set forth in the Fee Letter.

(b) To the fullest extent permitted by applicable law, the City agrees to indemnify the Bank and hold the Bank harmless from and against any and all liabilities, losses, damages, costs and expenses of any kind including, without limitation, the reasonable fees and disbursements of counsel, which may be incurred by the Bank in connection with any investigative, administrative or judicial proceeding (whether or not the Bank shall be designated a party thereto) relating to or arising out of this Agreement, the Fee Letter or any Financing Document or any advance made by the Bank hereunder for the actual or proposed purchase of Bank Bonds; *provided, however,* that the Bank shall not have the right to be indemnified hereunder for its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment.

(c) To the fullest extent permitted by applicable law, the City agrees to indemnify the Bank and to hold the Bank harmless from and against any and all claims, damages, losses, liabilities, cost or expenses which the Bank may incur (or which may be claimed against the Bank by any Person whatsoever) by reason of (i) the offering, sale, remarketing or resale of the Bonds (including, without limitation, by reason of any untrue statement or alleged untrue statement of any material fact contained or incorporated by reference in the Draft Reoffering Memorandum or the Final Reoffering Memorandum (other than in connection with the information provided by the Bank and its counsel for use therein and information related to DTC and its book-entry only system of registration), or in any supplement or amendment thereof, or the omission or alleged omission to state therein a material fact necessary to make such statements, in light of the circumstances in which they are or were made, not misleading; and (ii) the validity, sufficiency or genuineness of the Draft Reoffering Memorandum or the Final Reoffering Memorandum (other than in connection with the information provided by the Bank or its agents and counsel for inclusion therein) or in any supplement or amendment thereof, except insofar as such claims, damages, losses, liabilities, costs or expenses are caused by any such untrue statement or alleged untrue statement or omission based upon information relating to the Bank furnished by the Bank expressly for use therein.

(d) The Bank shall not in any way be responsible for performance by the Tender Agent or the Remarketing Agent of their obligations to the City, nor for the form, correctness, genuineness, authority of any Person signing, falsification or legal effect of any documents called for under this Agreement if such documents on their face appear to be in order.

(e) Notwithstanding any other provision of this Agreement to the contrary, all obligations of the City to the Bank hereunder are special, limited obligations of the City payable solely from funds available for such purposes under the Bond Resolution.

(f) Notwithstanding anything to the contrary in this Agreement, no amount or amounts payable to any Participant as a result of the provisions set forth herein may exceed an amount or amounts that would have been payable to the Bank pursuant to such provisions had the Bank retained for its own account that portion of the Commitment held by such Participant.

Section 8.4. Notices. Except as otherwise provided in Section 2.2(a) hereof, all notices, requests and other communications hereunder shall be in electronic, telephonic or written form (including facsimile) and shall be given to the party to whom addressed, at its address or telephone or facsimile number or e-mail address set forth below, or such other address or telephone or facsimile number or e-mail address as such party may hereafter specify for the purpose by notice to the other parties listed below. Each such notice, request or communication shall be effective (i) if given by telephone, when given to the number indicated below to a Person which the transmitting party reasonably believes to be an authorized representative of the party to whom the notice is directed, (ii) if given by facsimile, when such communication is transmitted to the address specified below and the appropriate answerback is received, (iii) if given by mail, three (3) days after such communication is deposited in the United States mail with first class postage prepaid, addressed as aforesaid or (iv) if given by any other means, when delivered at the address specified below:

If to the City, to:

City of Gainesville, Florida
301 S.E. Fourth Avenue
Gainesville, Florida 32601
Attention: General Manager for Utilities
Telephone: (352) 393-1007
Facsimile: (352) 334-2277

If to the Bank, to:

Address for Notices:

Barclays Bank PLC
745 Seventh Avenue, 19th Floor
New York, New York 10019
Telephone: (212) 526-3974
Facsimile: (646) 758-1419

For a Notice of Bank Purchase:

Barclays Bank PLC
1301 6th Avenue
New York, New York 10019
Attention: Loan Operations
Telephone: (212) 320-7564
Facsimile: (917) 522-0569
Email: XrausLoanOps5@barcap.com;
19725355727@tls.ldsprod.com;
liquiditydraw@barclayscapital.com

For All Notices:

Barclays Bank PLC
745 Seventh Avenue, 19th Floor
New York, New York 10019
Attention: Municipal Credit Group
Telephone: (212) 526-3974
Facsimile: (646) 758-1419

If to the Tender Agent, to:

U.S. Bank National Association
100 Wall Street, 16th floor
New York, New York 10005
Attention: Jean Clarke
Telephone: (212) 361-6173
Facsimile: (212) 361-6153

If to the Remarketing Agent, to:

Goldman Sachs & Co. LLC
200 West Street, 5th Floor
New York, New York 10282
Attention: Municipal Money Market Sales and Trading
Telephone: (212) 902-6633
Email: ficc-vrdn-trading@gs.com

If to Moody's, to:

Moody's Investors Service
7 World Trade Center at 250 Greenwich Street
Public Finance Group - Attn: MSPG - 23rd Floor
New York, New York 10007
Facsimile: (212) 553-1066
Email: MSPGSurveillance@Moodys.com

If to S&P, to:

Standard & Poor's
55 Water Street
38th Floor
New York, New York 10041
Attention: Municipal Structured Surveillance
Telephone: (212) 438-2021
Facsimile: (212) 438-2151
E-mail: pubfin_structured@sandp.com

All notices given by telephone, facsimile or other electronic means (other than e-mail) shall be confirmed in writing as promptly as practicable. All notices given to the Bank shall be given to the attention stated above or to any other attention or person(s) from time to time designated by the Bank in a written certificate of the Bank furnished to the City and the Tender Agent, signed on behalf of the Bank.

Section 8.5. Participation. (a) The Bank shall have the right at any time to sell, grant or transfer participations in all or part of this Agreement, the Bank Bonds and the obligations of the City hereunder to any other bank or financial institution (each a *"Participant"*) without the consent of or notice to the City; *provided* that no such action by the Bank shall relieve the Bank of its obligations under this Agreement. Subject to Section 8.17 hereof, the Bank may disclose to any Participants or prospective Participants any information or other data or material in the Bank's possession relating to this Agreement, the Fee Letter, any Financing Document and the City, without the consent of or notice to the City. Each such Participant shall have the benefit of the provisions of Section 2.7 hereof to the same extent as the Bank; provided that, anything herein to the contrary notwithstanding, (a) no such participation shall affect the obligations of the Bank to purchase Bonds as herein provided; (b) in no event shall any such Participant shall be entitled to receive payment hereunder of any amount that would not have been payable to the Bank had the Bank not granted a participation to such Participant nor shall such Participant be entitled to receive payment of any amount greater than the amount which would have been payable had the Bank not granted a participation to such Participant; and (c) the City and the Tender Agent shall be required to deal only with the Bank with respect to any matters under this Agreement and the Fee Letter and no such Participant shall be entitled to enforce directly against the City any provision hereunder or thereunder.

(b) This Agreement is made and entered into solely for the protection and benefit of the Bank, on its own behalf and on behalf of the Participants, and the City and both of their respective successors and assigns and no other Person (excluding the Tender Agent's rights with respect to the presentation of Notices of Bank Purchase and collection and transmission of funds as herein contemplated) shall have any right of action under this Agreement. Any and all claims asserted hereunder or under any Bank Bonds may be asserted and only asserted by the City, the Tender Agent, the Bank, on its own behalf or on behalf of the Participants, and their respective successors and permitted assigns.

(c) No Participation Agreement is intended to be for the benefit of the City, and the City shall not be a third party beneficiary thereof.

Section 8.6. Satisfaction Requirement. If any agreement, certificate or other writing, or any action taken or to be taken, is by the terms of this Agreement required to be satisfactory to the Bank, the determination of such satisfaction shall be made by the Bank in its sole and exclusive judgment exercised in good faith.

Section 8.7. Governing Law; Venue; Waiver of Jury Trial. (a) This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, except that the capacity, power or authority of the City to enter into and perform this Agreement and any issue relating to the interpretation of either of the Resolutions or the Bonds shall be governed by, and construed in accordance with, the laws of the state of Florida.

(b) WITH RESPECT TO ANY SUIT, ACTION OR PROCEEDING RELATING TO, OR ARISING FROM, THIS AGREEMENT, EACH PARTY HERETO IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS LOCATED IN THE BOROUGH OF MANHATTAN, THE CITY OF NEW YORK AND AGREES THAT ANY SUCH SUIT, ACTION OR PROCEEDING SHALL BE HAD AND MAINTAINED IN SUCH STATE AND FEDERAL COURTS.

(c) THE CITY AND THE BANK EACH HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 8.8. No Right of Set-off. The Bank hereby waives any rights of set-off for any amounts owed hereunder or under the Fee Letter with respect to any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Bank to or for the credit or the account of the City.

Section 8.9. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 8.10. Severability. Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 8.11. Headings. Article and Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 8.12. Integration. This Agreement and the Fee Letter constitute the entire agreement and understanding between the parties hereto and thereto and, except with respect to

the other documents and agreements referred to herein and therein, supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

Section 8.13. References to Bank in Offering Documents. The City agrees that it will not, without the prior approval of the Bank (which approval shall not be unreasonably withheld), include in the Final Reoffering Memorandum, any supplement to the Final Reoffering Memorandum, any reoffering memorandum, reoffering circular or any other disclosure document for the Bonds or other Indebtedness offered by the City on a public or private basis any information describing the Bank; *provided,* that the City may include references to the existence of this Agreement, the Bank and its role with respect to the Bonds, without the Bank's consent thereto, in connection with (i) the preparation of an offering document for such Indebtedness (other than the Bonds), (ii) the City's satisfaction of its continuing disclosure requirements, (iii) the preparation of its annual financial statements, and (iv) compliance with any other legal or regulatory requirement applicable to the City.

Section 8.14. Conflict with Resolutions. Upon purchasing Bank Bonds, the Bank and each other owner of Bank Bonds will be entitled to all rights and privileges accorded to Bondholders under the Resolutions, as well as any additional rights and privileges as to payment of interest and principal that are provided by this Agreement with respect to such Bank Bonds. Notwithstanding the foregoing, with respect to the rights and privileges accorded to Bonds and Bondholders pursuant to the Resolutions, in the event of an express conflict between the words of this Agreement and the words of the Resolutions, the words of the Resolutions shall be controlling.

Section 8.15. Usury. The Bank shall not be entitled to receive payment of interest hereunder or under any Bank Bond in excess of the Maximum Interest Rate. If the Bank receives less interest during any period than it would be entitled to receive hereunder and under any Bank Bond but for the applicability of the Maximum Interest Rate, during any subsequent period in which the rate of interest to which the Bank is otherwise entitled hereunder and under any Bank Bond is less than such Maximum Interest Rate, the Bank shall instead receive interest at a rate equal to the Maximum Interest Rate until the Bank has received, in the aggregate, the amount of interest due the Bank hereunder and under any Bank Bond. In addition, to the extent permitted by applicable law, if the principal amount of any Bank Bond comes due or is prepaid or such Bank Bond is remarketed and the Bank has not received, in the aggregate, the amount of interest due the Bank hereunder and under any Bank Bond, the City shall pay the Bank, upon the coming due or prepayment of such principal amount, the amount of interest due the Bank hereunder and under any Bank Bond and not otherwise paid hereunder or thereunder. The amount of interest, if any, that would accrue hereunder or under any Bank Bonds on any date but which does not so accrue due to the limitation imposed by the Maximum Interest Rate shall constitute "Excess Bond Interest."

Section 8.16. Successors and Assigns; Benefit of Agreement. (a) This Agreement shall be binding upon each party hereto, its successors and permitted assigns without further action by any party hereto; *provided, however,* that (i) the City may not transfer or assign any or all of its rights or obligations hereunder or under the Fee Letter without the prior written consent of the Bank and (ii) the Bank shall not transfer or assign any or all of its obligations hereunder (A) unless there shall have been delivered to the City and the Tender Agent written evidence from Moody's, if the

Bonds then shall be rated by Moody's, and S&P, if the Bonds then shall be rated by S&P and Fitch if the Bonds then shall be rated by Fitch, in each case, to the effect that such transfer or assignment will not, by itself, result in a reduction or withdrawal of the ratings of the Bonds from those which then prevail, (B) without the prior written consent of the City (which consent shall not be unreasonably withheld), and (C) the Bank shall agree to pay all legal expenses and costs of the City related to such transfer or assignment.

For purposes of clause (ii)(B) of the proviso in the preceding paragraph, the City and the Bank agree that it shall not be unreasonable for the City to withhold its consent to a proposed assignment or transfer by the Bank hereunder if the City determines that such assignment or transfer would not be in the "best interests of the City or of the holders of the Bonds." For purposes of this Agreement and without limiting the generality of the foregoing, any such assignment or transfer shall be presumed conclusively to not be in the "best interests of the City or the holders of the Bonds" if the City provides the Bank with a certificate (the *"City Certificate"*) to the effect that:

(i) for a period of forty-five (45) consecutive days immediately preceding the date of said City Certificate, tax-exempt bonds supported by the proposed assignee's or transferee's liquidity or credit facilities having a term, credit and ratings comparable to those available under the terms of this Agreement and the Financing Documents have resulted in interest payments by borrowers utilizing the liquidity or credit facilities of the proposed assignee or transferee of a material premium in excess of the yield achieved on the Bonds during the same 90-day period as referenced in the City Certificate,

(ii) pursuant to an official vote of the City Commission completed no less than thirty (30) days prior to the date of the City Certificate, the assignment or transfer by the Bank to the proposed assignee or transferee would violate official written policy of the City, a copy of which policy shall accompany the City Certificate,

(iii) the proposed assignee or transferee, as the case may be, and the City are involved in a dispute or a potential dispute which would make such assignment or transfer undesirable to the City as described in a summary of the dispute or potential dispute included in said City Certificate or

(iv) the proposed assignee or transferee, as the case may be, has failed to perform satisfactorily in any prior business arrangement with the City as described in a summary of said business arrangement and failure included in said City Certificate.

The Bank will give the City written notice of any proposed assignment or transfer (*"Notice of Assignment"*) of any or all of its obligations hereunder no less than thirty (30) days prior to the effective date thereof. The City must deliver the City Certificate described in the immediately preceding paragraph within ten (10) Business Days of receipt of the Notice of Assignment and a failure of the City to deliver the City Certificate within such ten (10) Business Day period shall be deemed and treated as the City's consent to the assignment or transfer, as applicable, described in said Notice of Assignment. In addition to the foregoing, if a Default or Event of Default has occurred and is continuing hereunder, then the Bank will be under no obligation to deliver a Notice

of Assignment and may proceed with the assignment or transfer on the proposed effective date therefor without obtaining the consent of the City thereto.

(b) Notwithstanding the foregoing provisions, the Bank may assign and pledge all or any portion of the obligations owing to it hereunder to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank, *provided* that any payment in respect of such assigned obligations made by the City to the Bank in accordance with the terms of this Agreement shall satisfy the City's obligations hereunder in respect of such assigned obligation to the extent of such payment. No such assignment shall release the Bank from its obligations hereunder.

Section 8.17. Confidential Information. The Bank agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the City and its obligations hereunder, (g) with the consent of the City or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Bank on a non-confidential basis from a source other than the City. For the purposes of this Section, "Information" means all information received from the City relating to the City or the System, other than any such information that is available to the Bank on a non-confidential basis prior to disclosure by the City; *provided* that, in the case of information received from the City after the Effective Date, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Section 8.18. Actions. In the event the Bank shall commence, appear in or defend any action or proceeding which reasonably might be expected to directly affect its rights, duties or liabilities under any Bank Bonds, this Agreement or any Financing Document, the City will pay the Bank, upon demand by the Bank (a) all of the Bank's reasonable out-of-pocket costs and expenses and (b) the reasonable legal fees and disbursements incurred by the Bank in those actions and proceedings (including, without limitation, the allocated costs and expenses of in-house counsel). In no event and under no circumstances shall the City be required (x) to reimburse the Bank for any costs, expenses, fees or disbursements incurred by any Participant in connection with

any such proceeding or action or (y) to reimburse any Participant for any costs, expenses, fees or disbursements incurred by any person in connection with any such proceeding or action.

Section 8.19. Continuing Obligations. This Agreement is a continuing obligation of the City and shall, until the later of the final day of the Purchase Period and the date on which all amounts due and owing to the Bank hereunder and under the Bank Bonds shall have been paid in full, (a) be binding upon the City, its successors and assigns and (b) inure to the benefit of and be enforceable by the Bank and its successors, transferees and assigns.

Section 8.20. Nature of Bank's Duties. (a) Except to the extent otherwise provided in Section 2.2(f) hereof and this Section 8.20, any action taken or omitted by the Bank under or in connection with this Agreement or any related certificates or other documents, if taken or omitted in good faith and without gross negligence, shall be binding upon the City and shall not put the Bank under any resulting liability to the City.

(b) Except to the extent otherwise provided in Section 2.2(f) hereof and this Section 8.20, the Bank may, under this Agreement, receive, accept and pay any drafts, demands or other documents and instruments (otherwise in order) signed by, or issued to, the receiver, trustee in bankruptcy, custodian, executor, administrator, guardian or conservator of anyone named in this Agreement or the Supplemental Resolution as the person by whom drafts, demands and other documents and instruments are to be made or issued. The City hereby waives any right to object to any payment made under this Agreement against a draft and accompanying documents as provided in this Agreement varying in punctuation, capitalization, spelling or similar matters of form.

(c) Except to the extent otherwise provided in Section 2.2(f) hereof and this Section 8.20, neither the Bank nor any of its officers or directors shall be liable or responsible for (i) the use which may be made of this Agreement or for any acts or omissions of the Tender Agent, (ii) the general and particular conditions stipulated in this Agreement, (iii) the validity or genuineness of any documents presented under this Agreement (or any endorsement thereon), even if such documents should in fact prove to be in any or all respects forged, fraudulent, invalid, unenforceable or insufficient or any statement therein being inaccurate in any respect whatsoever, (iv) payment by the Bank under this Agreement against presentation of documents which do not comply with the terms of this Agreement, including failure of any documents to bear any reference or adequate reference to this Agreement, (v) the existence, form, sufficiency and breach of contracts of any nature whatsoever, including the Financing Documents and this Agreement, (vi) the solvency, standing and responsibility of any Person whomsoever, (vii) any delay by any Person other than the Bank in giving or failure to give any notice, demand or protest, (viii) failure of any Person (other than the Bank) to comply with the terms of this Agreement, (ix) errors, omissions, delays in or non-delivery of any message, however sent, or (x) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, in making or failing to make payment under this Agreement. Notwithstanding the foregoing, the Bank shall be liable to the City for the City's direct damages which result from or arise out of the events described in the next sentence, including any liability of the City as a result of claims by third parties, but the liability of the Bank shall not include consequential damages. The events giving rise to liability of the Bank pursuant to the preceding sentence shall be limited to (A) the Bank's gross negligence

or willful misconduct in determining whether documents presented under this Agreement comply with the terms hereof or (B) the Bank's gross negligence or willful misconduct in failing to pay under this Agreement after the presentation to it by the Tender Agent of documents strictly complying with the terms and conditions of this Agreement or (C) information provided by the Bank or its agents and counsel thereof for inclusion in the Final Reoffering Memorandum. Without in any way limiting the Bank's liability as provided by the foregoing, the Bank may accept documents under this Agreement that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

Section 8.21. Arm's-Length Transaction. The City acknowledges and agrees that (a) the transactions contemplated by this Agreement and the Fee Letter are an arm's-length commercial transaction between the City and the Bank, (b) in connection with such transactions, the Bank is acting solely as a principal and not as an agent or a fiduciary of the City, (c) with respect to making advances hereunder or the process leading thereto (whether or not the Bank, or any Affiliate of the Bank, has advised or is currently advising the City on other matters), the Bank has not assumed (individually or collectively) a fiduciary responsibility in favor of the City or any other obligation of the City except the obligations expressly set forth in this Agreement and the Fee Letter and (d) the City has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the transactions contemplated by this Agreement and the Fee Letter.

Section 8.22. No Advisory or Fiduciary Responsibility. In connection with all aspects of the transactions contemplated by this Agreement, the Fee Letter and the Financing Documents (including in connection with any amendment, waiver or other modification of this Agreement or of the Fee Letter or of any Financing Document), the City acknowledges and agrees that: (a)(i) any arranging, structuring and other services regarding this Agreement and the Program Documents provided by the Bank or any Affiliate of the Bank are arm's length commercial transactions between the City on the one hand, and the Bank and any Affiliate of the Bank on the other hand, (ii) the Bank is not recommending that the City take an action with respect to the transaction described in this Agreement, the Fee Letter and the other Financing Documents, and before taking any action with respect to such transaction the City has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) the City is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated by this Agreement and the Program Documents; (b)(i) the Bank and each Affiliate of the Bank is and has been acting solely as a principal and has not been, is not, and will not be acting as an advisor, agent or fiduciary for the City or any other Person, (ii) neither the Bank nor any Affiliate of the Bank has any obligation to the City with respect to the transactions contemplated by this Agreement, the Fee Letter and the Financing Documents, except those obligations expressly set forth in this Agreement and (iii) the Bank has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to the Department with respect to this transaction and the discussions, undertakings and procedures leading thereto (irrespective of whether the Bank or any of its affiliates has provided other services or is currently providing other services to the City on other matters); and (c) the Bank and each Affiliate of the Bank may be engaged in a broad range of transactions that involve interests that differ from those of the City, and neither the Bank nor any Affiliate of the Bank has any obligation to disclose any of such interests to the City.

Section 8.23. Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Each party to this Agreement acknowledges and agrees that notwithstanding any other term of this Agreement or any other agreement, arrangement or understanding among the parties hereto, any liability of the Bank to the City arising under or in connection with this Agreement, to the extent such liability is unsecured, may be subject to Bail-In Action and accepts to be bound by the effect of:

(a) any Bail-In Action in relation to such liability, including (without limitation):

(i) a reduction, in full or in part, of any amount due in respect of any such liability;

(ii) a conversion of all or part of any such liability into shares or other instruments of ownership that may be issued to, or conferred on, the City; and

(iii) a cancellation of any such liability; and

(b) a variation of any term of this Agreement to the extent necessary to give effect to Bail-In Action in relation to any such liability.

Section 8.24. USA Patriot Act, Government Regulations. The Bank hereby notifies the Issuer that pursuant to the requirements of the Patriot Act the Bank is required to obtain, verify and record information that identifies the Issuer, which information includes the name and address of the Issuer and other information that will allow the Bank to identify the Issuer in accordance with the Patriot Act. The Issuer shall, promptly following a request by the Bank, provide all documentation and other information that the Bank reasonably requests in order to comply with its ongoing obligations under applicable law or regulation, including, without limitation, "know your customer" and anti-money laundering rules and regulations, including the Patriot Act, and shall comply with all applicable BSA laws and regulations, as amended.

The Issuer hereby represents and warrants and covenants and agrees to the best of its knowledge (a) that it is not and shall not be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by OFAC, the Department of the Treasury or included in Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (as amended from time to time, the *"Executive Order"*), that prohibits or limits the Bank from making any advance or extension of credit to the Issuer or from otherwise conducting business with the Issuer and (b) to ensure that the proceeds of the purchase of any Bonds under the Agreement shall not be used to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto.

Section 8.25. Filings on EMMA. In the event the City files with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system, or its successor (*"EMMA"*), this Agreement, or any description of the material terms hereof, as required pursuant to a continuing disclosure agreement or Rule 15c2-12 promulgated pursuant to the Securities and Exchange Act of 1934, as amended (the *"Rule"*) (each such posting, an *"EMMA Posting"*), the

City shall (i) provide the Bank with a copy of each EMMA Posting prior to submitting or posting on EMMA and (ii) shall not file or permit the filing of any EMMA Posting that includes Confidential Information. The City acknowledges and agrees that although the Bank may request review, edits or redactions of such materials prior to filing, the Bank is not responsible for the City's or any other entity's (including, but not limited to, any broker-dealer's) compliance or noncompliance (or any claims, losses or liabilities arising therefrom) with any continuing disclosure agreement or any applicable securities or other laws, including, but not limited to, those relating to the Rule. For purposes of this section, *"Confidential Information"* means any address and account information, e-mail addresses, telephone numbers, facsimile numbers, names and signatures of officers, employees and signatories.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective duly authorized officers as of the day and year first above written.

CITY OF GAINESVILLE, FLORIDA

By: _____
Name: _____
Title: Chief Financial Officer, Utilities

Approved as to form and legality:

By: _____
Name: _____
Title: _____

BARCLAYS BANK PLC

By:_____
Name: R. Cassandra Bolz
Title: Authorized Signatory for and on behalf of Barclays Bank PLC

EXHIBIT A

NOTICE OF BANK PURCHASE

[Date]

Barclays Bank PLC
1301 6th Avenue
New York, NY 10019
Telephone: (212) 320-7564
Facsimile: (917) 522-0569
Attention: Loan Operations
Email: XrausLoanOps5@barcap.com;
19725355727@tls.ldsprod.com;
liquiditydraw@barclayscapital.com

Re: Standby Bond Purchase Agreement, dated as of April 1, 2020, between the City of Gainesville, Florida and Barclays Bank PLC

Ladies and Gentlemen:

The undersigned, a duly authorized officer or agent of U.S. Bank National Association (the *"Tender Agent"*), hereby certifies to Barclays Bank PLC (the *"Bank"*), with reference to the above-referenced Standby Bond Purchase Agreement (as amended and supplemented from time to time, the "Standby Bond Purchase Agreement", with all capitalized terms used herein and not defined herein having the respective meanings assigned to such terms in the Standby Bond Purchase Agreement), as follows:

1. Eligible Bonds have been tendered or deemed tendered for purchase pursuant to Section *[3.06(a)] [3.06(b)] [3.06(c)(i)] [3.06(c)(ii)] [3.06(c)(iii)] [3.06(c)(vi)] [3.06(c)(vii)][* - Tender Agent to select appropriate section] of the Supplemental Resolution. To the best knowledge of the Tender Agent, no Immediate Termination Event or Suspension Event has occurred and is continuing as of the date of this certificate.

2. The Tender Agent has not received from the Remarketing Agent pursuant to the Supplemental Resolution proceeds of the remarketing of all Bonds to be tendered for purchase or deemed tendered on _____, 20__ (the *"Purchase Date"*).

3. The portion of the Purchase Price requested hereby relating to the principal of the Eligible Bonds for which there is not sufficient moneys referred to above is $_____, which amount does not exceed the Available Principal Commitment, and the portion of the Purchase Price requested hereby relating to accrued interest on the Eligible Bonds for which there is not sufficient moneys referred to above is $_____, which amount does not exceed the Available Interest Commitment.

4. You are hereby requested to deliver or cause to be paid, in immediately available funds, to the Tender Agent, for deposit in the Standby Bank Account, the Purchase Price of all such unremarketed Bonds by not later than 2:45 P.M. (New York City time) on the Purchase Date. The Purchase Date is _____.

5. Upon completion of purchase, the Tender Agent will [register such Bonds or, if a Bond for which notice of tender for purchase has been given is not delivered, a new Bond issued in replacement of the undelivered Bond, in the name of the Bank or, if directed in writing by the Bank, its nominee or designee on the books maintained by the Tender Agent] OR [cause the beneficial ownership of such Bonds to be credited to the account of the Bank or, if directed in writing by the Bank, its nominee or designee with the Securities Depository and register such Bonds in the name of the Bank or its nominee or designee on the books maintained by the Tender Agent], and will promptly deliver such Bonds as the Bank may otherwise direct in writing, and prior to such delivery will hold such Bonds in trust for the benefit of the Bank.

6. The funds requested hereunder shall be transferred to the Tender Agent as follows:

Bank: _____
Address: _____
ABA#: _____
Account name or reference: _____

IN WITNESS WHEREOF, the Tender Agent has executed and delivered this Certificate as of the ____ day of _____, 20__.

U.S. BANK NATIONAL ASSOCIATION, as Tender Agent

By: _____
Name: _____
Title: _____

EXHIBIT B

FORM OF NOTICE OF TERMINATION

[Date]

U.S. Bank National Association
100 Wall Street, 16th Floor
New York, New York 10005
Attention: Global Corporate Trust Services

Re: Notice of Termination

Ladies and Gentlemen:

The undersigned, a duly authorized officer of Barclays Bank PLC (the *"Bank"*), pursuant to Section 7.1(b) of the Standby Bond Purchase Agreement, dated as of April 1, 2020 (as amended and supplemented from time to time, the *"Agreement"*), between the City of Gainesville, Florida and the Bank, hereby notifies you that this notice constitutes a "Notice of Termination" in accordance with Section 7.1(b) of the Agreement as a result of the occurrence of an Event of Default under Section 7.1(__) of the Agreement. The Available Commitment and Purchase Period shall terminate on **[insert date]**, which date is not earlier than sixteen (16) days from the date of receipt of this notice by the Tender Agent. The Bank hereby requests that you cause a mandatory tender of all Eligible Bonds pursuant to Section 3.06(c)(vii) of the Supplemental Resolution as described in Section 7.1(b) of the Agreement. Terms not otherwise defined herein have the meanings assigned thereto in the Agreement.

Sincerely

BARCLAYS BANK PLC

By: _____
Name: _____
Title: _____

EXHIBIT C

FORM OF REQUEST FOR EXTENSION OF STATED TERMINATION DATE

[Date]

Barclays Bank PLC
1301 6th Avenue
New York, NY 10019
Telephone: (212) 320-7564
Facsimile: (917) 522-0569
Attention: Loan Operations

Re: Request for Extension of Stated Termination Date Ladies/Gentlemen:

Ladies and Gentlemen:

Reference is hereby made to that certain Standby Bond Purchase Agreement, dated as of April 1, 2020 (as amended and supplemented from time to time, the *"Agreement"*), between the City of Gainesville, Florida (the *"City"*) and Barclays Bank PLC (the *"Bank"*). All capitalized terms contained herein which are not specifically defined shall be deemed to have the definitions set forth in the Agreement. The City hereby requests, pursuant to Section 2.4 of the Agreement, that the Stated Termination Date be extended to **[indicate new date]**. Pursuant to Section 2.4 of the Agreement, we have enclosed along with this request the following information:

1. The outstanding principal amount of the Bonds;

2. The nature of any and all Events of Default and all conditions, events and acts which with notice or lapse of time or both would (unless waived by the Bank or cured to the reasonable satisfaction of the Bank) become an Event of Default; and

3. Any other pertinent information previously requested by the Bank.

The Bank is required to notify the City and the Tender Agent of its decision with respect to this request for extension within sixty (60) days of the date of receipt hereof. If the Bank fails to notify the City and the Tender Agent of its decision within such 30 day-period, the Bank shall be deemed to have rejected such request.

Very truly yours,

CITY OF GAINESVILLE, FLORIDA

By: _____
Name: _____
Title: _____

cc: U.S. Bank National Association, as Tender Agent

EXHIBIT D

FORM OF NOTICE REGARDING EXTENSION

[Date]

U.S. Bank National Association
100 Wall Street, 16th Floor
New York, New York 10005
Attention: Global Corporate Trust Services

City of Gainesville, Florida
301 S.E. Fourth Avenue
Gainesville, Florida 32601
Attention: General Manager for Utilities

Re: Extension of Stated Termination Date Ladies and Gentlemen:

Ladies and Gentlemen:

The undersigned, a duly authorized officer of Barclays Bank PLC (the *"Bank"*), hereby advises you, with reference to that certain Standby Bond Purchase Agreement, dated as of April 1, 2020 (as amended and supplemented from time to time, the *"Agreement"*), between the City of Gainesville, Florida (the *"City"*) and the Bank (any capitalized term used herein and not defined shall have its respective meaning as set forth in the Agreement), that: **[*Complete as Appropriate]**:

1. At the request and for the account of the City, we hereby extend the Stated Termination Date to **[indicate new date]**.

2. Except as specifically provided in paragraph (1) above and herein below, all of the terms and conditions of the Agreement remain unchanged and in full force and effect.

3. This Notice Regarding Extension is an integral part of the Agreement.

4. Additional terms regarding this extension are as follows: **[add text, as appropriate]**.

or

5. The Stated Termination Date will not be extended at this time.

IN WITNESS WHEREOF, the undersigned, on behalf of the Bank, has executed and delivered this Notice Regarding Extension as of the ____ day of _____, 20__.

BARCLAYS BANK PLC

By: _____
Name: _____
Title: _____

cc: Goldman, Sachs & Co.

EXHIBIT E

[FORM OF OPINION OF THE OFFICE OF THE CITY ATTORNEY OF THE CITY]

[Effective Date]

Holland & Knight LLP
Lakeland, Florida

Barclays Bank PLC
New York, New York

Re: Extension of Stated Termination Date

Ladies and Gentlemen:

The undersigned as City Attorney to the City of Gainesville, Florida, a municipal corporation duly created, organized and existing under the laws of the State of Florida (the *"City"*), has served as counsel to the City in connection with the execution and delivery of the Standby Bond Purchase Agreement (the *"Agreement"*), dated as of April 1, 2020, between the City and Barclays Bank PLC (the *"Bank"*). This opinion is being rendered to you pursuant to Section 3.1(e) of the Agreement.

As such counsel we have examined, among other things, (a) the Constitution and laws of the State of Florida, including Chapter 90-394, Laws of Florida, 1990, as amended and supplemented to the date hereof, Chapter 166, Part II, Florida Statutes, as amended and supplemented to the date hereof, and other applicable provisions of law, (b) the proceedings of the City authorizing the execution and delivery of the Agreement, (c) the Resolution No. 170395, incorporating by reference the Second Amended and Restated Utilities System Revenue Bond Resolution, adopted by the City on September 21, 2017, as amended and supplemented, including as supplemented by the [SUPPLEMENTAL RESOLUTION], adopted on [_____], (d) the Agreement, (e) the Fee Letter, dated of even date herewith, between the City and the Bank (the *"Fee Letter"*), (f) the Remarketing Agreement, dated as of [_____], **[as amended by the First amendment to Remarketing Agreement dated [_____],]** between the City and **[Goldman, Sachs & Co.]** and (g) the Tender Agency Agreement Relating to Variable Rate Utilities System Revenue Bonds, [____] Series [__], dated as of [_____], between the City and U.S. Bank National Association (formerly known as U.S. Bank Trust National Association), and have made such other investigations of law and fact as we have deemed necessary to render the following opinion. We have assumed that all signatures (other than those of officials of the City) and all documents we reviewed are genuine, and that all copies submitted to us are genuine and accurate copies of the originals of such documents.

Capitalized terms not otherwise defined herein shall have the same meanings given to such terms in the Agreement.

Based upon the foregoing, it is our opinion that:

(1) The City (a) is a municipal corporation duly organized and validly existing under the laws of the State of Florida, (b) has all requisite power and authority and the legal right to own and operate the System, and (c) to my knowledge (without independent investigation), is in compliance with all material Requirements of Law, except to the extent that the failure to comply therewith would not, in the aggregate, have a material adverse effect on the business, operations, properties or financial or other condition of the System, and would not materially adversely affect the ability of the City to perform its obligations under the Resolutions, the Agreement, the Bonds or the other Financing Documents.

(2) The City has all requisite power and authority and the legal right to adopt the Resolutions and to make, deliver and perform the Agreement, the Fee Letter, the Bonds and the other Financing Documents, and has taken all necessary action to authorize the execution, delivery and performance of the Agreement, the Fee Letter, the Bonds and the other Financing Documents. No consent or authorization of, filing with, or other act by or in respect of any Governmental Authority is required in connection with the execution, delivery, performance, validity or enforceability of the Agreement, the Fee Letter, the Bonds or the other Financing Documents. The Agreement, the Fee Letter, the Bonds and the other Financing Documents (other than the Resolutions) have been duly authorized, executed and delivered on behalf of the City. The Resolutions have been duly adopted by the City and are in full force and effect. The Agreement, the Fee Letter, the Bonds and the other Financing Documents constitute legal, valid and binding obligations of the City enforceable against the City in accordance with their respective terms.

(3) The execution, delivery and performance of the Agreement, the Fee Letter, the Bonds and the other Financing Documents will not violate any constitutional provision or applicable material law of the State of Florida or, to our knowledge, any judgment or decree of any arbitrator, court or other Governmental Authority, or, to our knowledge, any other material Requirements of Law or, to our knowledge, any material Contractual Obligation of the City.

(4) Except as described in the Draft Reoffering Memorandum, no litigation or proceeding or, to our knowledge, investigation of or before any arbitrator or Governmental Authority is pending or, to our knowledge, threatened by or against the City or against any of its properties or revenues (i) with respect to the Agreement, the Fee Letter, the Bonds or any other Financing Document or any of the transactions contemplated thereby, or (ii) which would have a material adverse effect on the business, operations, properties or financial or other condition of the System or the ability of the City to perform its obligations under the Agreement, the Fee Letter, the Bonds or any other Financing Document or in respect of any other Indebtedness incurred to finance or otherwise in respect of the System or secured by Revenues or other assets of the System; *provided,* that no opinion is rendered with respect to any litigation or proceeding which has been commenced but of which the City has not been notified and of which we have no knowledge.

The foregoing opinions are subject to the effect of, and restrictions and limitations imposed by or resulting from, bankruptcy, insolvency, debt adjustment, moratorium, reorganization, receivership or other similar laws affecting creditors' rights and judicial discretion and the valid exercise of the sovereign police powers of the State of Florida and of the constitutional power of the United States of America. Notwithstanding anything to the contrary herein, no opinion is expressed herein with respect to Section 8.23 of the Agreement.

By use of the word "enforceable" in this opinion, we are not rendering any opinion as to the availability of the remedy of specific performance or other equitable relief.

All opinions expressed are limited solely to Florida law. No opinion is expressed as to the laws of any other state, nor is any opinion expressed as to the exclusion of interest on the Bonds from gross income for Federal income tax purposes or the exemption of interest on the Bonds from state taxes. In addition, opinion is expressed herein as to compliance with federal or state securities registration laws.

Our opinion is limited in all respects to the laws existing on the date hereof. By providing this opinion to you, we do not undertake to advise you of any changes in the law which may occur after the date hereof or to revise, update or modify this opinion subsequent to the date hereof.

This letter is furnished solely to you in connection with the transaction described herein, and may not be quoted, furnished to or relied upon by any other person or entity in any manner or for any purpose.

Our opinion is limited solely to the matters stated herein, and no opinion is to be implied or is intended beyond the opinions expressly stated herein.

Yours truly,

OFFICE OF THE CITY ATTORNEY

By: _____
Name: _____
Title: _____

EXHIBIT F

[FORM OF OPINION OF HOLLAND & KNIGHT LLP, BOND COUNSEL TO THE CITY]

[Effective Date]

City of Gainesville, Florida

Barclays Bank PLC
New York, New York

Re: Variable Rate Utilities System Revenue Bonds, [____] Series [__] (the *"Bonds"*)

Ladies and Gentlemen:

We are acting as Bond Counsel to the City of Gainesville, Florida (the *"City"*) in connection with the execution of a Standby Bond Purchase Agreement (the *"Substitute SBPA"*), dated as of April 1, 2020, between the City and Barclays Bank PLC (the *"Replacement Liquidity Provider"*) as a replacement for an existing **[Standby Bond Purchase Agreement]** dated as of [_____] between the City and [_____], to provide liquidity support for the above-referenced Bonds (the *"Substitution"*).

On [_____], **[Orrick, Herrington & Sutcliffe LLP, New York, New York]**, as Bond Counsel for the original issuance of the Bonds, delivered their opinion that, assuming compliance with certain covenants, under existing law, interest on the Bonds was excluded from gross income for purposes of federal income taxation and would not be treated as an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations.

This opinion is delivered in accordance with the requirements of **[Section 4.02(2)]** of the "[SUPPLEMENTAL RESOLUTION", adopted by the City on [_____], as amended and supplemented (the *"Series Resolution"*) supplementing the Resolution No. 170395, incorporating by reference the Second Amended and Restated Utilities System Revenue Bond Resolution, adopted by the City on September 21, 2017 (the *"General Bond Resolution"* and together with the Series Resolution, the *"Resolution"*). All terms used herein in capitalized form and not otherwise defined herein shall have the same meaning as ascribed to them in the Resolution.

In rendering the opinion set forth below, we have examined and relied upon copies of the Substitute SBPA and the Resolution. We have also examined and relied upon (i) such other agreements, certificates, documents and opinions of various parties relating to the Bonds as we have deemed relevant and necessary in connection with the opinions expressed below, and (ii) such other agreements, certificates, documents and opinions, including certificates and representations

of public officials and other officers and representatives of the various parties participating in the substitution as we have deemed relevant and necessary in connection with the opinions expressed below. We have not undertaken an independent audit, examination, investigation or inspection of the matters described or contained in any of the documents referenced above, and have relied solely on the facts, estimates and circumstances described and set forth therein.

In our examination of the foregoing, we have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals, the conformity to originals of documents submitted as copies, the requisite individual or corporate power and authority of the respective parties thereto under the laws of their respective jurisdictions of organization, the due authorization, execution and delivery of the Substitute SBPA by the respective duly authorized parties thereto and the enforceability of the Substitute SBPA against each party thereto or person to be bound thereby.

With respect to any factual matters upon which the legal conclusions herein are based, we have not undertaken an independent audit, examination, investigation or inspection of the matters described or contained in the certificates, documents and representations upon which we have relied and we have relied solely upon the facts, estimates and circumstances described therein.

The opinions set forth below are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the federal income tax laws of the United States.

Based upon and subject to the foregoing, we are of the opinion that, as of the date hereof and under existing law,

1. The Substitution is permitted under the Resolution.

2. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended. No opinion is expressed with respect to the Substitute SBPA.

3. The Substitution, will not, in and of itself, adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

4. The Substitution and replacement, effective after _____, 2020, of the definition of "Bank Rate" contained in subsection 2 of Section 1.02 of the Series Resolution with the definition of "Bank Rate" contained in subsection (b) of Section 1.01 of the Substitute SBPA will not, in and of itself adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

The only opinions rendered hereby are those expressly stated as such herein, and no other opinion shall be implied or inferred as a result of anything contained herein or omitted to be stated herein. No opinion is hereby expressed as to the validity or enforceability of the Substitute SBPA or any other documents. In addition, we have not conducted any investigation or analysis of the tax-exempt status of the Bonds as of the date of issuance thereof or for any period thereafter, including as of the date hereof, and render no opinion with respect thereto. Accordingly, the foregoing opinion relates only to the Substitution and is not and should not be construed as an

opinion as to the past, current or continuing exclusion from gross income for federal income tax purposes of interest payable on the Bonds.

The opinions set forth herein are predicated upon present law and interpretations thereof. We assume no affirmative obligations with respect to any change of circumstances, laws or interpretations thereof after the date hereof that may adversely affect the opinions expressed herein.

The scope of our engagement in relation to the Substitution has been limited solely to the examination of facts and law incident to rendering the opinions expressed herein. We have not been engaged to confirm or verify and therefore express no opinion as to the accuracy, completeness, fairness or sufficiency of any offering material relating to the Bonds or the Substitution.

This opinion is rendered only for the benefit of the parties addressed above and may not be relied upon by any other party without our prior written consent.

Sincerely yours,

HOLLAND & KNIGHT LLP

By: _____
Name: _____
Title: _____

FEE LETTER
DATED APRIL [__], 2020

Reference is hereby made to that certain Standby Bond Purchase Agreement dated as of April 1, 2020, as the same may be amended, supplemented or otherwise modified from time to time (the *"Agreement"*), between the City of Gainesville, Florida (the *"City"*) and Barclays Bank PLC (the *"Bank"*), relating to the City's Variable Rate Utilities System Revenue Bonds, [____] Series [__]. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement.

The purpose of this Fee Letter (the *"Fee Letter"*) is to confirm the agreement between the Bank and the City with respect to the Facility Fees (as defined below) and certain other fees and rates payable by the City to the Bank. This Fee Letter is the Fee Letter referenced in the Agreement, and the terms hereof are incorporated by reference into the Agreement.

ARTICLE I. FEES.

Section 1.1. Facility Fees. The City hereby agrees to pay to the Bank on July 1, 2020 (for the period commencing on the Effective Date, to and including June 30, 2020) and quarterly in arrears on the first Business Day of each October, January, April and July (each a *"Quarterly Payment Date"*) occurring thereafter to the last day of the Purchase Period, and on the last day of the Purchase Period, a non-refundable facility fee in an amount equal to the product of the rate per annum corresponding to the applicable Rating (as defined below), as specified below (as determined below, the *"Facility Fee Rate"*), and the Available Commitment from time to time in effect (the *"Facility Fees"*) during each related period.

COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	COLUMN 5	COLUMN 6
LEVEL	S&P RATING	MOODY'S RATING	(S&P/MOODY'S)[1] FACILITY FEE RATE	FITCH RATING	(FITCH)[2] FACILITY FEE RATE
Level 1:	AA- or above	Aa3 or above	0.38%	AA- or above	0.38%
Level 2:	A+	A1	0.44%	A+	0.38%
Level 3:	A	A2	0.54%	A	0.54%
Level 4:	A-	A3	0.64%	A-	0.64%
Level 5:	BBB+	Baa1	0.84%	BBB+	0.84%
Level 6:	BBB	Baa2	1.09%	BBB	1.09%
Level 7:	BBB- or below	Baa3 or below	1.34%	BBB- or below	1.34%

The term *"Rating"* as used above shall mean the long-term unenhanced credit rating assigned by S&P, Fitch or Moody's to any of the City's Parity Debt (without regard to bond insurance or any other form of credit enhancement). In the event of a split Rating (*i.e.*, one of the foregoing Rating Agencies' ratings is different than the rating of another Rating Agency), the Facility Fee Rate shall be based upon the Level in which the lowest Rating appears. If the Rating assigned by S&P or Moody's is the lowest Rating, then the Facility Fee Rate shall be determined by reference to the applicable Facility Fee Rate set forth in Column 4 above. If the Rating assigned by Fitch is the lowest Rating, then the Facility Fee Rate shall be determined by reference to the applicable Facility Fee Rate set forth in Column 6 above. If two or more of the lowest Ratings then applicable are in the same Level, then the Facility Fee Rate shall equal the greater of the Facility Fee Rates set forth in Column 4 and Column 6 for such Level; provided that if the Facility Fee Rates set forth in Column 4 and Column 6 are equal, then such equal Facility Fee Rate shall apply. Any change in the Facility Fee Rate resulting from a change in a rating shall be and become effective as of and on the date of the announcement of the change in such rating. References to ratings above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system, the rating from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system that most closely approximates the applicable rating category as currently in effect. Upon the occurrence of and during the continuance of an Event of Default, the Facility Fee Rate shall increase by 2.00% over the then applicable Facility Fee Rate. The Facility Fees shall be payable in immediately available funds and computed on the basis of a year of 360 days and the actual number of days to elapse. The City and the Bank acknowledge that as of the Effective Date, the Facility Fee Rate is that specified above for Level 2 above, determined in reference to Column 6.

[1] This Column 4 applies to S&P and Moody's Ratings.

[2] This Column 6 applies to Fitch Ratings.

Section 1.2. Purchase Date Fees. The City hereby agrees to pay to the Bank, on each Purchase Date, a draw fee equal to $250.

Section 1.3. Amendment, Waiver or Consent Fee. The City hereby agrees to pay to the Bank on the date of any (i) amendment with respect to the Agreement, this Fee Letter or any other Financing Document an amendment fee of $2,500 and (ii) waiver or consent with respect to the Agreement, the Fee Letter or any other Financing Document a waiver or consent fee, as applicable, to be mutually agreed upon, plus, in each case, the reasonable fees and expenses of any legal counsel retained by the Bank in connection therewith.

Section 1.4. Termination Fee; Reduction Fee. (i) Upon any termination of the Agreement and the Available Commitment in whole, the City agrees to pay all accrued and unpaid fees through and including the date of termination, as well as all other amounts due and owing under this Fee Letter and the Agreement. The City hereby agrees to pay to the Bank a termination fee in connection with the termination of the Agreement and the Available Commitment prior to the one year anniversary of the Effective Date, in an amount equal to the product of (A) the Facility Fee Rate in effect on the date of such termination, (B) the Available Commitment in effect as of the date of such termination, and (C) a fraction, the numerator of which is equal to the number of days from and including the date of such termination to and including the one year anniversary of the Effective Date, and the denominator of which is 360 (the "*Termination Fee*"), payable on the date the Agreement and the Available Commitment is terminated in whole; *provided, however,* that no Termination Fee shall become payable if the Agreement and the Available Commitment are terminated in whole as a result of (A) a reduction of the Bank's senior unsecured short-term ratings below "A-2" by S&P, "F1" by Fitch or "P-1" by Moody's, (B) the Bank seeking compensation from the City for increased costs imposed upon the Bank pursuant to Section 2.7 of the Agreement or (C) a refunding or refinancing of the Bonds in full to a fixed rate.

(ii) The City hereby agrees not to reduce the Available Commitment prior to the one year anniversary of the Effective Date, without the payment by the City to the Bank of a reduction fee in connection with each and every permanent reduction of the Available Commitment by the City in an amount equal to the product of (A) the Facility Fee Rate in effect on the date of such permanent reduction, (B) the difference between the Available Commitment prior to such permanent reduction and the Available Commitment after such permanent reduction, and (C) a fraction, the numerator of which is equal to the number of days from and including the date of such permanent reduction to and including the one year anniversary of the Effective Date, and the denominator of which is 360, payable on the date the Available Commitment is permanently reduced *provided, however,* that no reduction fee shall become payable if the Agreement and the Available Commitment are reduced as a result of (A) a reduction of the Bank's senior unsecured short-term ratings below "A-2" by S&P, "F1" by Fitch or "P-1" by Moody's, (B) the Bank seeking compensation from the City for increased costs imposed upon the Bank pursuant to Section 2.7 of the Agreement, (C) a refunding or refinancing of the Bonds in full to a fixed rate or (D) such reduction occurs solely as a result of a mandatory sinking fund redemption of a corresponding principal amount of Bonds.

ARTICLE II. MISCELLANEOUS.

Section 2.1. Amendments. No amendment to this Fee Letter shall become effective without the prior written consent of the City and the Bank.

Section 2.2. Governing Law. This Fee Letter shall be governed by, and construed in accordance with, the laws of the State of New York, except that the capacity, power or authority of the City to enter into and perform this Fee Letter shall be governed by, and construed in accordance with, the laws of the State of Florida.

Section 2.3. Counterparts. This Fee Letter may be executed in two or more counterparts, each of which shall constitute an original but both or all of which, when taken together, shall constitute but one instrument.

Section 2.4. Severability. Any provision of this Fee Letter which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 2.5. Representation by Legal Counsel. The parties hereto have participated jointly in the negotiation and drafting of this Fee Letter, and each of the parties was represented by its respective legal counsel during the negotiation and execution of this Fee Letter. In the event an ambiguity or question of intent or interpretation arises, this Fee Letter shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Fee Letter.

Section 2.6. Confidentiality. This Fee Letter and the existence and contents hereof shall not be posted on the Electronic Municipal Market Access System operated by the Municipal Securities Rulemaking Board.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Fee Letter to be duly executed and delivered by their respective representatives thereunto duly authorized as of the date first set forth above.

CITY OF GAINESVILLE, FLORIDA

By: _____
Name: _____
Title: Chief Financial Officer, Utilities

Approved as to form and legality:

By: _____
Name: _____
Title: _____

BARCLAYS BANK PLC

By: _____
Name: R. Cassandra Bolz
Title: Authorized Signatory for and on behalf of Barclays Bank PLC

EXHIBIT C TO RESOLUTION

FORM OF REOFFERING MEMORANDUM

REOFFERING MEMORANDUM DATED _____, 2020

REMARKETING: NOT NEW ISSUE - BOOK-ENTRY ONLY

On the respective dates of issuance of the 2005C/2006A/2012B Variable Rate Bonds described herein, Orrick, Herrington & Sutcliffe LLP, as Bond Counsel to the City (the "Initial Bond Counsel"), rendered opinions that, based upon an analysis of then existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2005C/2006A/2012B Variable Rate Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. The Initial Bond Counsel was of the further opinion that interest on the 2005C/2006A/2012B Variable Rate Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although the Initial Bond Counsel observed that such interest is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income. The Initial Bond Counsel also was of the opinion that the 2005C/2006A/2012B Variable Rate Bonds and the interest thereon are exempt from taxation under existing laws of the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, banks and savings associations. The Initial Bond Counsel expressed no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2005C/2006A/2012B Variable Rate Bonds. On _____, 2020, Holland & Knight LLP, Lakeland, Florida, Bond Counsel to the City ("Bond Counsel") will render an opinion to the effect that the substitution of the Landesbank Hessen Thüringen Girozentrale Liquidity Facility relating to the 2005 Series C Bonds and 2006 Series A Bonds and the Citibank, N.A. Liquidity Facility with respect to the 2012 Series B Bonds for each of the respective Barclays Liquidity Facilities (as defined herein) will not, in and of itself, adversely affect the exclusion of interest on the respective series of 2005C/2006A/2012B Variable Rate Bonds from gross income for purposes of federal income taxation. Bond Counsel, however, is not rendering any opinion on the current tax status of the 2005C/2006A/2012B Variable Rate Bonds. See "TAX MATTERS" herein.

City of Gainesville, Florida
Variable Rate Utilities System Revenue Bonds

$27,565,000	$18,410,000	$100,470,000
2005 Series C	2006 Series A	2012 Series B
(CUSIP No. 362848 NG4)	(CUSIP No. 362848 PM9)	(CUSIP No. 362848 RR6)

RATINGS: See "RATINGS" herein

Original Issue Dates: November 16, 2005
July 6, 2006
August 2, 2012

The purpose of this Reoffering Memorandum is to provide information in connection with the substitution of the liquidity facilities and the reoffering from time to time in the secondary market of $27,565,000 in aggregate principal amount of Variable Rate Utilities System Revenue Bonds, 2005 Series C (the "2005 Series C Bonds"), $18,410,000 in aggregate principal amount of Variable Rate Utilities System Revenue Bonds, 2006 Series A (the "2006 Series A Bonds") and $100,470,000 in aggregate principal amount of Variable Rate Utilities System Revenue Bonds, 2012 Series B (the "2012 Series B Bonds" and together with the 2005 Series C Bonds and the 2006 Series A Bonds, the "2005C/2006A/2012B Variable Rate Bonds") heretofore issued by the City of Gainesville, Florida (the "City").

The 2005C/2006A/2012B Variable Rate Bonds are registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the 2005C/2006A/2012B Variable Rate Bonds. Purchases of 2005C/2006A/2012B Variable Rate Bonds may be made in book-entry form only, in the Authorized Denominations referred to herein. See "Book-Entry Only System" herein. U.S. Bank National Association, New York, New York is Trustee, Paying Agent and Bond Registrar under the Resolution (as defined herein) and has been appointed by the City as the Tender Agent for 2005C/2006A/2012B Variable Rate Bonds.

The 2005C/2006A/2012B Variable Rate Bonds bear interest at variable rates, as more fully described herein. The 2012 Series B Bonds are currently subject to the Weekly Mode (as defined herein) and bear interest at the Weekly Rates determined as more particularly described herein. While the 2005 Series C Bonds and the 2006 Series A Bonds are in the Daily Mode (as defined herein) and the 2012 Series B Bonds are in Weekly Mode, interest is payable on the first Business Day (as defined in APPENDIX C hereto) of each calendar month. As more fully described herein, the Interest Mode (as defined herein) applicable to the 2005C/2006A/2012B Variable Rate Bonds may be changed at the election of the City.

The 2005C/2006A/2012B Variable Rate Bonds are subject to mandatory and optional redemption prior to maturity and to optional and mandatory tender for purchase as set forth herein.

From and after _____, 2020, liquidity support in connection with tenders for purchase of the 2005C/2006A/2012B Variable Rate Bonds (in an amount equal to the principal amounts thereof plus 36 days' interest thereon computed at a rate per annum of 12% and on the basis of a 365-day year) will be provided by Barclays Bank PLC (the "Bank"), pursuant to three separate standby bond purchase agreements between the Bank and the City (the "Barclays Liquidity Facilities"). See "BARCLAYS LIQUIDITY FACILITIES" and "THE BANK" herein. **The obligation of the Bank to purchase 2005C/2006A/2012B Variable Rate Bonds under each Barclays Liquidity Facility will, however, be subject to certain conditions, and such obligation may be terminated or suspended without prior notice or payment thereunder under certain circumstances.** The Barclays Liquidity Facilities each have an initial stated termination date of _____, 20__. The purchase price of 2005C/2006A/2012B Variable Rate Bonds tendered or deemed tendered for purchase is payable solely from the proceeds of the remarketing thereof and moneys drawn under the applicable Barclays Liquidity Facility then in effect, and is not payable from any funds of the City. On and prior to the Substitution Date liquidity support will continue to be provided by Landesbank Hessen Thüringen Girozentrale with respect to the 2005 Series C Bonds and the 2006 Series A Bonds and Citibank, N.A. with respect to the 2012 Series B Bonds, the existing Liquidity Facilities.

The 2005C/2006A/2012B Variable Rate Bonds are direct and special obligations of the City and do not constitute a general indebtedness or a pledge of the full faith and credit or the taxing power of the City within the meaning of any constitutional or statutory provision or limitation of indebtedness, nor constitute a lien on any property of or in the City other than the Trust Estate (as defined herein) as provided in the Resolution.

Certain legal matters were passed upon in connection with the original issuance of the 2005C/2006A/2012B Variable Rate Bonds by Orrick, Herrington & Sutcliffe LLP, New York, New York, Initial Bond Counsel to the City, and by Marion J. Radson, Esq., former City Attorney of the City. Certain legal matters in connection with the substitution of the existing liquidity facilities with the Barclays Liquidity Facilities will be passed upon for the City by Holland & Knight LLP, Lakeland, Florida, Bond Counsel to the City, and by Nicolle M. Shalley, Esq., City Attorney. Bryant Miller Olive P.A. is Disclosure Counsel to the City. Certain legal matters with respect to the Barclays Liquidity Facilities and the Bank will be passed upon for the Bank by Chapman and Cutler LLP, Chicago, Illinois, counsel to the Bank.

J.P. Morgan
as Remarketing Agent for
2005 Series C Bonds and
2012 Series B Bonds

Goldman Sachs
as Remarketing Agent for
2006 Series A Bonds

CITY OF GAINESVILLE, FLORIDA

CITY OFFICIALS

Lauren Poe	Mayor (At Large)
Harvey Ward	Mayor-Commissioner Pro-Tem (District 2)
David Arreola	Commissioner (District 3)
Gail Johnson	Commissioner (At Large)
Gigi Simmons	Commissioner (District 1)
Adrian Hayes-Santos	Commissioner (District 4)
Helen K. Warren	Commissioner (At Large)

CHARTER OFFICERS*

Lee Feldman	City Manager
Edward J. Bielarski, Jr.	General Manager for Utilities
Nicolle M. Shalley, Esq.	City Attorney
Lisa C. Bennett, Esq.**	Senior Assistant City Attorney
Omichele D. Gainey	Clerk of the Commission
Len Loria	Interim City Auditor
Teneeshia Marshall	Equal Opportunity Director

UTILITIES SYSTEM

Edward J. Bielarski, Jr.***	General Manager for Utilities
Claudia Rasnick	Chief Financial Officer
Thomas R. Brown, P.E.	Chief Operating Officer
Walter Banks	Chief Information Officer
Dino De Leo	Energy Supply Officer
Anthony Cunningham	Water/Wastewater Officer
Gary L. Baysinger	Energy Delivery Officer
J. Lewis Walton	Chief Business Services Officer
William J. Shepherd	Chief Customer Officer
Cheryl McBride	Chief People Officer
S. Yvette Carter	Chief Inclusion Officer

BOND COUNSEL
Holland & Knight LLP
Lakeland, Florida

DISCLOSURE COUNSEL
Bryant Miller Olive P.A.
Tampa, Florida

FINANCIAL ADVISOR
PFM Financial Advisors LLC
Charlotte, North Carolina

*See "THE CITY – Charter Review Commission" herein for more information regarding the Charter Review Commission and designation of Charter officers.

**Reports to and works under direction and supervision of City Attorney. Ms. Bennett is not a Charter Officer.

***Also a Charter Officer.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations in connection with the 2005C/2006A/2012B Variable Rate Bonds, other than as contained in this Reoffering Memorandum, and, if given or made, such information or representations must not be relied upon as having been authorized by the City. This Reoffering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2005C/2006A/2012B Variable Rate Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been obtained from the City, DTC, the Bank, and other sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the City with respect to any information provided by others. The information and expressions of opinion stated herein are subject to change, and neither the delivery of this Reoffering Memorandum nor any sale made hereunder shall create, under any circumstances, any implication that there has been no change in the matters described herein since the date hereof.

The Remarketing Agents have reviewed the information in this Reoffering Memorandum in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Remarketing Agents do not guarantee the accuracy or completeness of such information.

All summaries set forth or incorporated herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the 2005C/2006A/2012B Variable Rate Bonds are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements.

NO REGISTRATION STATEMENT RELATING TO THE 2005C/2006A/2012B VARIABLE RATE BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR WITH ANY STATE SECURITIES COMMISSION. IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE CITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE 2005C/2006A/2012B VARIABLE RATE BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS REOFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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

THIS REOFFERING MEMORANDUM DOES NOT CONSTITUTE A CONTRACT BETWEEN THE CITY AND ANY ONE OR MORE OF THE OWNERS OF THE 2005C/2006A/2012B VARIABLE RATE BONDS.

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REOFFERING MEMORANDUM
RELATING TO
CITY OF GAINESVILLE, FLORIDA
VARIABLE RATE UTILITIES SYSTEM REVENUE BONDS

$27,565,000	$18,410,000	$100,470,000
2005 Series C	2006 Series A	2012 Series B
(CUSIP No. 362848 NG4)	(CUSIP No. 362848 PM9)	(CUSIP No. 362848 RR6)

INTRODUCTORY STATEMENT

This Reoffering Memorandum, which includes the cover page and inside cover page hereof and the appendices attached hereto, provides certain information in connection with the substitution of the liquidity facilities and reoffering in the secondary market from time to time of $27,565,000 in aggregate principal amount of Variable Rate Utilities System Revenue Bonds, 2005 Series C (the "2005 Series C Bonds"), $18,410,000 in aggregate principal amount of Variable Rate Utilities System Revenue Bonds, 2006 Series A (the "2006 Series A Bonds") and $100,470,000 in aggregate principal amount of Variable Rate Utilities System Revenue Bonds, 2012 Series B (the "2012 Series B Bonds" and together with the 2005 Series C Bonds and the 2006 Series A Bonds, the "2005C/2006A/2012B Variable Rate Bonds") previously issued by the City of Gainesville, Florida ("Gainesville" or the "City"). The City's mailing address is Utilities Administration Building, 301 SE 4th Avenue, Gainesville, Florida 32601. The City can be contacted by telephone at (352) 334-3434.

The City, located in Alachua County in north-central Florida (the "County"), is a municipal corporation of the State of Florida (the "State"), organized and existing under the laws of the State including the City's Charter, Chapter 90-394, Laws of Florida, 1990, as amended (the "Charter"). The 2005C/2006A/2012B Variable Rate Bonds were issued pursuant to (i) the Amended and Restated Utilities System Revenue Bond Resolution adopted by the City on June 6, 1983, as amended, supplemented and restated, including as amended and restated by Supplemental Resolutions No. 170395 incorporating by reference the Second Amended and Restated Utilities System Revenue Bond Resolution adopted by the City on September 21, 2017, as amended by the Thirtieth Supplemental Utilities System Revenue Bond Resolution No. 180747 adopted by the City on February 21, 2019, and as supplemented by the Thirty-First Supplemental Utilities System Revenue Bond Resolution No. 180818 adopted by the City on March 21, 2019, as amended by Amendment to Thirty-First Supplemental Utilities System Revenue Bond Resolution adopted by the City on April 18, 2019 (collectively, the "Resolution"), as well as supplemented by (i) the Sixteenth Supplemental Utilities System Revenue Bond Resolution (the "Sixteenth Supplemental Resolution"), authorizing the 2005 Series C Bonds, adopted by the City on October 24, 2005, (ii) Seventeenth Supplemental Utilities System Revenue Bond Resolution (the "Seventeenth Supplemental Resolution"), authorizing the 2006 Series A Bonds, adopted by the City on June 26, 2006 and (iii) Twenty-Fifth Supplemental Utilities System Revenue Bond Resolution (the "Twenty-Fifth Supplemental Resolution" and together with the Sixteenth Supplemental Resolution and the Seventeenth Supplemental Resolution, the "2005C/2006A/2012B Supplemental Resolutions"), authorizing the 2012 Series B Bonds, adopted by the City on June 21, 2012; Chapter 166, Part II, Florida Statutes; and the Charter. See "APPENDIX C – Copies of the Resolution and Sixteenth Supplemental Bond Resolution, Seventeenth Supplemental Bond Resolution and Twenty-Fifth Supplemental Bond Resolution" attached hereto for more information.

The 2005C/2006A/2012B Variable Rate Bonds are payable from and secured on a parity with all other bonds issued under the Resolution by a pledge of and lien on the Trust Estate (hereinafter defined). As of October 1, 2016, there were $1,664,760,000 aggregate principal amount of Bonds Outstanding (and as defined in) under the Resolution. The 2005C/2006A/2012B Variable Rate Bonds were issued by the City to provide funds to refund certain then-outstanding Utilities System Revenue Bonds that had been issued to finance or refinance costs of acquisition and construction of certain improvements to the electric system, natural gas system, water system, wastewater system and telecommunications system owned by the City and operated as a single combined public utility (the "System" or "Gainesville Regional Utilities" or "GRU").

The 2005C/2006A/2012B Variable Rate Bonds constitute "Bonds" within the meaning of the Resolution. The 2005C/2006A/2012B Variable Rate Bonds, the Bonds Outstanding on the date of this Reoffering Memorandum and any additional Bonds (excluding Subordinated Indebtedness) which may be issued in the future are referred to herein collectively as the "Bonds." The Resolution provides for the issuance of additional Bonds in accordance with the terms of the Resolution. For a discussion of additional Bonds which may be issued in the future, see "APPENDIX C – Copies of the Resolution and Sixteenth Supplemental Bond Resolution, Seventeenth Supplemental Bond Resolution and Twenty-Fifth Supplemental Bond Resolution", and "THE SYSTEM - Additional Financing Requirements" herein.

For a more detailed discussion of the City's outstanding debt and its plan of financing, see "OUTSTANDING DEBT". APPENDIX D hereto shows total debt service requirements on all Bonds Outstanding as of the date of this Reoffering Memorandum.

The purchase price for 2005C/2006A/2012B Variable Rate Bonds tendered or deemed tendered for purchase (see "THE 2005C/2006A/2012B VARIABLE RATE BONDS — Optional Tender for Purchase", "— Mandatory Tender for Purchase" and "— Remarketing and Purchase Price" herein) is payable solely from the sources described under the caption " THE 2005C/2006A/2012B VARIABLE RATE BONDS — Remarketing and Purchase Price" herein, and is not payable from any funds of the City.

[In addition to its Outstanding Bonds, Utilities System Commercial Paper Notes, Series C are authorized to be issued in an aggregate principal amount outstanding at any time not to exceed $125,000,000 (the "Series C Notes"), and Utilities System Commercial Paper Notes, Series D are authorized to be issued in an aggregate principal amount outstanding at any time not to exceed $25,000,000 (the "Series D Notes" and together with the Series C Notes, the "CP Notes"). However, as of the date hereof, there are no such CP Notes outstanding. Additionally, the City entered into a direct placement revolving line of credit transaction in a not to exceed amount of $25 million with STI Institutional & Government, Inc. (the "STI Loan"). As of the date hereof, the City does not have any amount outstanding under the STI Loan. The CP Notes and the STI Loan constitute Subordinated Indebtedness under (and as defined in) the Resolution, and are issued pursuant to Resolution No. 171090 incorporating by reference the Second Amended and Restated Subordinated Utilities System Revenue Bond Resolution adopted by the City on May 17, 2018, as heretofore amended, supplemented and restated. Subordinated Indebtedness is subordinate in all respects to Bonds issued under the Resolution.]

Liquidity Support for the 2005C/2006A/2012B Variable Rate Bonds

Liquidity support in connection with tenders for purchase of 2005 Series C Bonds and the 2006 Series A Bonds currently is provided by Landesbank Hessen-Thüringen Girozentrale, acting through

its New York branch, pursuant to two separate standby bond purchase agreements with the City dated as of November 1, 2015. Liquidity support in connection with the tenders for purchase of the 2012 Series B Bonds currently is provided by Citibank, N.A. pursuant to a standby bond purchase agreement with the City dated as of June 1, 2017.

On _____, 2020, the City will enter into three separate standby bond purchase agreements with Barclays Bank PLC (the "Bank"), with respect to the 2005C/2006A/2012B Variable Rate Bonds, respectively ("Barclays Liquidity Facilities"). From and after _____, 2020 liquidity support in connection with tenders for purchase of the 2005C/2006A/2012B Variable Rate Bonds will be provided by the Bank. **The obligation of the Bank to purchase 2005C/2006A/2012B Variable Rate Bonds under the respective Barclays Liquidity Facilities will be subject to certain conditions, and such obligation may be terminated or suspended without prior notice under certain circumstances.** See "CITIBANK LIQUIDITY FACILITY" herein.

The Barclays Liquidity Facilities have an initial stated termination date of _____, 20__ (such date, as the same may be extended as provided in the Barclays Liquidity Facilities, is referred to herein as the Barclays Liquidity Facilities' "Stated Termination Date"). The Barclays Liquidity Facilities contain provisions for renewal, in the sole discretion of the Bank.

With respect to the 2005C/2006A/2012B Variable Rate Bonds, the 2005C/2006A/2012B Supplemental Resolutions contain provisions for obtaining a Substitute Liquidity Facility (as defined in APPENDIX C hereto) in substitution for the Liquidity Facility then in effect. See "THE 2005C/2006A/2012B VARIABLE RATE BONDS – Substitution of Liquidity Facility" herein.

Remarketing Agent

J.P. Morgan Securities LLC ("J.P. Morgan"), as successor to Bear, Stearns & Co. ("JPMS") is the remarketing agent for the 2005C Series C Bonds and 2012 Series B Bonds pursuant to remarketing agreements, dated as of November 1, 2005 and August 1, 2012, between JPMS and the City (the "JPMS Remarketing Agreement").

Goldman, Sachs & Co. ("Goldman" and together with JPMS, the "Remarketing Agents") is the remarketing agent for the 2006 Series A Bonds pursuant to a remarketing agreement, dated as of July 1, 2006, between Goldman and the City (the "Goldman Remarketing Agreement" and together with the JPMS Remarketing Agreement, the "Remarketing Agreements").

Tender Agent

U.S. Bank National Association, New York, New York ("U.S. Bank") is the tender agent for the 2005C/2006A/2012B Variable Rate Bonds (in such capacity, the "Tender Agent"). U.S. Bank has entered into a tender agency agreement with the City with respect to each series of the 2005C/2006A/2012B Variable Rate Bonds.

The City and the System

For general information with respect to the City see "APPENDIX A – General Information Regarding the City" attached hereto. For information with respect to the electric system, natural gas system, water system, wastewater system and telecommunications system owned by the City and operated as a single combined public utility (the "System"), including the service areas, history,

organization, operations and management, regulatory matters, capital improvement program, additional financing requirements and historical financial information, see "THE SYSTEM" herein.

Continuing Disclosure

Except as described below, the City has not committed to provide continuing disclosure with respect to the 2005 Series C Bonds or the 2006 Series A Bonds. The City has covenanted and agreed in the respective Remarketing Agreements that if, as a result of a change in the Interest Mode (as defined in APPENDIX C hereto) applicable to the 2005 Series C Bonds or the 2006 Series A Bonds, the 2005 Series c Bonds or the 2006 Series A Bonds cease to be exempt under Rule 15c2-12, the City will execute a continuing disclosure agreement with respect to the 2005 Series C Bonds and/or the 2006 Series A Bonds for the benefit of the holders and beneficial owners of such 2005 Series C Bonds or 2006 Series A Bonds, in order to assist the Remarketing Agent in complying with Rule 15c2-12.

The City has covenanted for the benefit of the owners of the 2012 Series B Bonds in a Continuing Disclosure Certificate entered into by the City simultaneously with the original delivery of the 2012 Series B Bonds, to comply with certain covenants in order to assist the underwriter upon the original issuance of the 2012 Series B Bonds in complying with Securities and Exchange Commission Rule 15c2-12. See "CONTINUING DISCLOSURE" herein.

Book-Entry Only System

The 2005C/2006A/2012B Variable Rate Bonds have been issued in book-entry form through the book-entry system of DTC. Any 2005C/2006A/2012B Variable Rate Bonds issued in book-entry form through the book-entry system of DTC shall be subject to the discussion set forth below.

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

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE 2005C/2006A/2012B VARIABLE RATE BONDS, AS NOMINEE OF DTC, CERTAIN REFERENCES IN THIS REOFFERING MEMORANDUM TO THE 2005C/2006A/2012B VARIABLE RATE BONDHOLDERS OR REGISTERED OWNERS OF THE 2005C/2006A/2012B VARIABLE RATE BONDS SHALL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS OF THE 2005C/2006A/2012B VARIABLE RATE BONDS. THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORD KEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE 2005C/2006A/2012B VARIABLE RATE BONDS, PAYMENT OF INTEREST AND PRINCIPAL ON THE 2005C/2006A/2012B VARIABLE RATE BONDS TO DIRECT PARTICIPANTS (AS HEREINAFTER DEFINED) OR BENEFICIAL OWNERS OF THE 2005C/2006A/2012B VARIABLE RATE BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE 2005C/2006A/2012B VARIABLE RATE BONDS, AND OTHER RELATED TRANSACTIONS BY AND BETWEEN DTC, THE DIRECT PARTICIPANTS AND BENEFICIAL OWNERS OF THE 2005C/2006A/2012B VARIABLE RATE BONDS IS BASED SOLELY ON INFORMATION FURNISHED BY DTC. ACCORDINGLY, THE CITY NEITHER MAKES NOR CAN MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

DTC, New York, New York, will act as securities depository for the 2005C/2006A/2012B Variable Rate Bonds. The 2005C/2006A/2012B Variable Rate Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2005C/2006A/2012B Variable Rate Bonds certificate will be issued for the 2005C/2006A/2012B Variable Rate Bonds in the aggregate principal amount thereof, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Direct Participants and the Indirect Participants are collectively referred to herein as the "DTC Participants." DTC has an S&P Global Ratings ("S&P") rating of AA+. The DTC Rules applicable to its DTC Participants are on file with the Securities and Exchange Commission (the "SEC"). More information about DTC can be found at www.dtcc.com.

Purchases of 2005C/2006A/2012B Variable Rate Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2005C/2006A/2012B Variable Rate Bonds on DTC's records. The ownership interest of each actual purchaser of each 2005C/2006A/2012B Variable Rate Bondholder ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2005C/2006A/2012B Variable Rate Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2005C/2006A/2012B Variable Rate Bonds, except in the event that use of the book-entry system for the 2005C/2006A/2012B Variable Rate Bonds is discontinued.

To facilitate subsequent transfers, all 2005C/2006A/2012B Variable Rate Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 2005C/2006A/2012B Variable Rate Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the

actual Beneficial Owners of the 2005C/2006A/2012B Variable Rate Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2005C/2006A/2012B Variable Rate Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2005C/2006A/2012B Variable Rate Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2005C/2006A/2012B Variable Rate Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of 2005C/2006A/2012B Variable Rate Bonds may wish to ascertain that the nominee holding the 2005C/2006A/2012B Variable Rate Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2005C/2006A/2012B Variable Rate Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2005C/2006A/2012B Variable Rate Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2005C/2006A/2012B Variable Rate Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal and interest on the 2005C/2006A/2012B Variable Rate Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such DTC Participant and not of DTC or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its 2005C/2006A/2012B Variable Rate Bonds purchased or tendered, through its DTC Participant, to Remarketing Agent, and shall effect delivery of such 2005C/2006A/2012B Variable Rate Bonds by causing the Direct Participant to transfer the DTC Participant's interest in the 2005C/2006A/2012B Variable Rate Bonds, on DTC's records, to Remarketing Agent. The requirement for physical delivery of 2005C/2006A/2012B Variable Rate Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2005C/2006A/2012B Variable Rate Bonds are transferred by Direct Participants on DTC's records and

followed by a book-entry credit of tendered 2005C/2006A/2012B Variable Rate Bonds to Remarketing Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the 2005C/2006A/2012B Variable Rate Bonds at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor depository is not obtained, the 2005C/2006A/2012B Variable Rate Bonds are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2005C/2006A/2012B Variable Rate Bonds will be printed and delivered to DTC.

Other

Certain capitalized terms used in this Reoffering Memorandum have the meanings assigned to such terms in the Resolution, except as otherwise indicated herein. See APPENDIX C attached hereto.

There follows in this Reoffering Memorandum brief descriptions of the security for the Bonds, the 2005C/2006A/2012B Variable Rate Bonds, the Liquidity Facility, the Bank, the System, the City, the Resolution and certain financial statements. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City as described under "INTRODUCTORY STATEMENT – General" herein.

PLAN OF FINANCE

In October 2019, the City Commission approved several resolutions authorizing multiple transactions for GRU. The intent of these actions was to enable GRU to make timely, market-driven decisions to achieve savings as well as to de-lever and de-risk the debt portfolio of the System. These resolutions contain several parameters that must be met, depending on the type of transaction, before proceeding. To date, GRU has executed portions of the authorization and is preparing to proceed with other transactions. A summary is below:

- GRU redeemed the final outstanding maturities of the 2005 Series A Bonds.
- GRU entered into a fixed-payer swap for the 2017 Series C Bonds.
- GRU entered into a tax-exempt, forward delivery direct purchase to currently refund the 2010 Series C Bonds.

GRU is also examining other transactions approved by the City Commission that might be executed prior to the expiration of this authority on September 30, 2020. Decisions will be made based on market conditions and GRU can give no assurances that some, all or none of the remaining approved transactions will be executed.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Reoffering Memorandum contains forward-looking statements. Forward-looking statements include, among other things, statements concerning sales, customer growth, economic

recovery, current and proposed environmental regulations and related estimated expenditures, access to sources of capital, financing activities, start and completion of construction projects, plans for new generation resources, estimated sales and purchases of power and energy, and estimated construction and other expenditures. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "could," "should," "expects," "plans," "anticipates," "believes," "estimates," "projects," "predicts," "estimated," "scheduled," "potential," or "continue" or the negative of these terms or other similar terminology. These forward-looking statements are based largely on the City's current expectations and are subject to a number of risks and uncertainties, some of which are beyond the City's control. There are various factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Accordingly, there can be no assurance that such indicated results will be realized. These factors include, but are not limited to:

- the impact of recent and future federal and state regulatory changes or judicial opinions, including legislative and regulatory initiatives regarding deregulation and restructuring of the electric utility industry, implementation of the 2005 Energy Policy Act (hereinafter defined), the Clean Power Plan ("CPP") (as hereinafter defined), environmental laws and regulations affecting water quality, coal combustion byproducts, and emissions of sulfur dioxide, nitrogen oxides, greenhouse gases ("GHG"), particulate matter and hazardous air pollutants including mercury, financial reform legislation, and also changes in tax and other laws and regulations to which the System is subject, as well as changes in application of existing laws and regulations;

- current and future litigation, regulatory investigations, proceedings, or inquiries;

- the effects, extent, and timing of the entry of additional competition in the markets in which the System operates;

- variations in demand for products and services of the System, including those relating to weather, the general economy and recovery from the recent recession, population and business growth (and declines), and the effects of energy and resource conservation measures;

- available sources and costs of fuels;

- effects of inflation;

- ability to control costs and avoid cost overruns during the development and construction of facilities, including those relating to unanticipated conditions encountered during construction, risks of non-performance or delay by contractors and subcontractors and potential contract disputes;

- investment performance of the System's invested funds;

- advances in technology;

- the ability of counterparties of the City to make payments as and when due and to perform as required;

- the direct or indirect effect on the System's business resulting from terrorist incidents and the threat of terrorist incidents, including cyber intrusion;

- interest rate fluctuations and financial market conditions and the results of financing efforts, including the System's credit ratings;
- the impacts of any potential U.S. credit rating downgrade or other sovereign financial issues, including impacts on interest rates, access to capital markets, impacts on currency exchange rates, counterparty performance, and the economy in general;
- the ability of the System to obtain additional capacity at competitive prices;
- the ability of the System to dispose of surplus capacity at competitive prices;
- the ability of the System to mitigate the cost impacts associated with integrating additional generating capacity into the System's energy supply portfolio;
- catastrophic events such as fires, earthquakes, explosions, floods, hurricanes, droughts, pandemic health events such as influenzas, or other similar occurrences;
- the direct or indirect effects on the System's business resulting from incidents affecting the U.S. electric grid or operation of generating resources; and
- the effect of accounting pronouncements issued periodically by standard-setting bodies.

The City expressly disclaims any obligation to update any forward-looking statements. Prospective purchasers of the 2005C/2006A/2012B Variable Rate Bonds should make a decision to purchase the 2005C/2006A/2012B Variable Rate Bonds only after reviewing this entire Reoffering Memorandum (including the Appendices attached hereto) and making an independent evaluation of the information contained herein, including the possible effects of the factors described above.

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OUTSTANDING DEBT

The following table sets forth the outstanding debt of the City issued for the System as of October 1, 2019.

Outstanding Debt of the City Issued for the System

Description	As of October 1, 2019 Interest Rates	Due Dates (October 1)	Principal Outstanding[1]
Utilities System Revenue Bonds:			
2005 Series A	4.75%	2029 – 2036	-
2005 Series C[10]	Variable[2][3]	2026	$3,090,000
2006 Series A[10]	Variable[2][3]	2026	2,985,000
2007 Series A[10]	Variable[2][3]	2036	127,750,000
2008 Series A (Federally Taxable)	5.27%[2][3]	2019 – 2020	5,400,000
2008 Series B[10]	Variable[2][3]	2038	75,800,000
2009 Series B (Federally Taxable)[7]	4.697 – 5.655%	2019 – 2039	138,515,000
2010 Series A (Federally Taxable)[7]	5.874%	2027 – 2030	12,930,000
2010 Series B (Federally Taxable)[7]	6.024%	2034 – 2040	132,445,000
2010 Series C	5.00 – 5.25%	2019 – 2034	10,505,000
2012 Series A	2.50 – 5.00%	2021 – 2028	81,860,000
2012 Series B[10]	Variable[4]	2042	98,610,000
2014 Series A	2.50 – 5.00%	2021 – 2044	37,835,000
2014 Series B	3.125 – 5.00%	2019 – 2036	16,275,000
2017 Series A	4.00 – 5.00%	2019 – 2040	407,920,000
2017 Series B	Variable[2]	2044	150,000,000
2017 Series C	Variable[2]	2047	115,000,000
2019 Series A	5.00%	2047	153,820,000
2019 Series B	3.875%	2047	26,665,000
2019 Series C	Variable[2]	2047	67,355,000
Total Utilities System Revenue Bonds			$1,664,760,000
Subordinate Utilities System Revenue Bonds:			
2018 Series A	Variable[8]	2021	$0
Total Subordinated Utilities System Revenue Bonds			$0

[Footnotes appear on following page]

(1) Does not include the 2019 Bonds or the 2019 Series C Bonds.

(2) See **[Note 8]** to the audited financial statements of the System for the fiscal year ending September 30, 2019 included as APPENDIX B to this Reoffering Memorandum for a discussion of the various risks borne by the City relating to interest rate swap transactions.

(3) See "THE SYSTEM - Management's Discussion of System Operations - Ratings Triggers and Other Factors That Could Affect the System's Liquidity, Results of Operations or Financial Condition – Interest Rate Swap Transactions" herein for a discussion of the related interest rate swap.

(4) The interest rates on the 2012 Series B Bonds are hedged, in part, by the 2005 Series C Swap Transaction and the 2006 Series A Swap Transaction. See "THE SYSTEM - Management's Discussion of System Operations - Ratings Triggers and Other Factors That Could Affect the System's Liquidity, Results of Operations or Financial Condition – Interest Rate Swap Transactions" herein.

(5) These CP Notes were refunded on April 12, 2019 through the issuance of the 2019 Bonds. If re-issued in the future, CP Notes will mature no more than 270 days from their date of issuance, but in no event later than October 5, 2048, unless such outside maturity date is amended.

(6) These CP Notes were refunded on April 12, 2019 through the issuance of the 2019 Bonds. If re-issued in the future, CP Notes will mature no more than 270 days from their date of issuance, but in no event later than June 14, 2030, unless such outside maturity date is amended.

(7) These bonds were issued as "Build America Bonds." The City received subsidy payments equal to a percentage of interest payments from the United States Treasury. No assurance can be provided that the City will continue to receive such subsidy payments or that future legislation, clarification or amendments to the Code will not reduce or eliminate such subsidy payments expected to be received by the City.

(8) As part of the Contract of Purchase executed on August 3, 2018, the STI Loan was issued in the principal amount outstanding not to exceed of $25,000,000 and maturing on August 3, 2021. The STI Loan is subject to optional redemption at any time and mandatory tender on February 3, 2020, unless modified as described in Resolution No. 171089 of the City adopted on May 17, 2018, authorizing the issuance of the STI Loan. The City previously drew $50,000 on the loan, however such amount was paid by the City and there is currently no amount outstanding. The STI Loan is Subordinated Indebtedness under the Resolution.

APPENDIX D attached hereto shows total debt service requirements on all Bonds Outstanding as of the date of this Reoffering Memorandum and does not include debt service on the CP Notes or the SunTrust Loan.

SECURITY FOR THE BONDS

Pledge Under the Resolution

All Bonds issued under the Resolution, including the 2005C/2006A/2012B Variable Rate Bonds, are direct and special obligations of the City payable solely from and secured as to the payment of the principal and premium, if any, and interest thereon, in accordance with their terms and the provisions of the Resolution by (i) Revenues, (ii) Subsidy Payments, (iii) all Funds established by the Resolution (other than the Debt Service Reserve Account in the Debt Service Fund which secures only certain designated Series of Bonds and any fund which may be established pursuant to the Resolution for decommissioning and certain other specified purposes), including the investments and income, if any, thereof, and (iv)

proceeds from the sale of the Bonds (collectively, the "Trust Estate"), and the Trust Estate is pledged and assigned to the Trustee for the benefit of the holders of the Bonds, in each case subject to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

THE BONDS DO NOT CONSTITUTE A GENERAL INDEBTEDNESS OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION OF INDEBTEDNESS. NO HOLDER OF THE BONDS WILL HAVE THE RIGHT, DIRECTLY OR INDIRECTLY, TO REQUIRE OR COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE CITY FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS OR THE MAKING OF ANY PAYMENTS UNDER THE RESOLUTION. THE BONDS AND THE OBLIGATIONS EVIDENCED THEREBY DO NOT CONSTITUTE A LIEN ON ANY PROPERTY OF OR IN THE CITY, OTHER THAN THE TRUST ESTATE. THE CITY MAY ISSUE, PURSUANT TO THE RESOLUTION, ADDITIONAL BONDS AND PARITY HEDGING CONTRACT OBLIGATIONS ON A PARITY BASIS WITH THE BONDS. See "THE SYSTEM – Funding the Capital Improvement Program -- Additional Financing Requirements" herein for a discussion of the City's present intentions with respect to the issuance of additional Bonds and Subordinated Indebtedness.

Rates, Fees and Charges

The City shall at all times establish and collect rates, fees and charges for the use or the sale of the output, capacity or service of the System which, together with other available Revenues, are reasonably expected to yield Net Revenues which shall be equal to at least 1.25 times the Aggregate Debt Service for the forthcoming 12-month period and, in any event, as shall be required, together with other available funds, to pay or discharge all other indebtedness, charges and liens whatsoever payable out of Revenues under the Resolution; provided, however, that any Principal Installment which is a Refundable Principal Installment may be excluded from Aggregate Debt Service for purposes of the foregoing but only to the extent that the City intends to pay such Principal Installment from sources other than Revenues. Promptly upon any material change in the circumstances which were contemplated at the time such rates, fees and charges were most recently reviewed, but not less frequently than once in each Fiscal Year, the City shall review the rates, fees and charges so established and shall promptly revise such rates, fees and charges as necessary to comply with the foregoing requirements, provided that such rates, fees and charges shall in any event produce moneys sufficient to enable the City to comply with all its covenants under the Resolution.

No free service or service otherwise than in accordance with the established rates, fees and charges shall be furnished by the System or as otherwise required by law, which rates, fees and charges shall not permit the granting of preferential rates, fees or charges among the users of the same class of customers provided, however, the City may dispose without charge reclaimed water for irrigation or any other purpose if it is deemed by the City to be an efficient use of such reclaimed water. If and to whatever extent the City receives the services and facilities of the System, it shall pay for such services and facilities according to the City's established rate schedule, and the amounts so paid shall be included in the amount of Revenues.

In estimating Aggregate Debt Service on any Variable Rate Bonds, Parity Commercial Paper Notes or Parity Medium-Term Notes for purposes of the first paragraph above, the City shall be entitled to assume that such Variable Rate Bonds, Parity Commercial Paper Notes or Parity Medium-Term Notes will bear such interest rate or rates as the City shall determine; provided, however, that the interest rate

or rates assumed shall not be less than the interest rate borne by such Variable Rate Bonds, Parity Commercial Paper Notes or Parity Medium-Term Notes, as the case may be, at the time of determination of Aggregate Debt Service. See "APPENDIX C – Copies of the Resolution and Sixteenth Supplemental Bond Resolution, Seventeenth Supplemental Bond Resolution and Twenty-Fifth Supplemental Bond Resolution " attached hereto.

Additional Bonds; Conditions to Issuance

The City may issue additional Bonds for the purpose of paying all or a portion of the Cost of Acquisition and Construction of the System or for the purpose of refunding Outstanding Bonds. All Series of such Bonds will be payable from the same sources and secured on a parity with all other Series of Bonds. Set forth below are certain conditions applicable to the issuance of additional Bonds.

Debt Service Coverage. There shall have been obtained and filed with the Trustee a certificate signed by an Authorized Officer of the City, pursuant to which he or she shall state and certify the following:

(a) The amount of Revenues, as determined under standard auditing procedures but adjusted as hereinafter provided (the "Adjusted Gross Revenues"), for, at the option of the City, any twelve (12) consecutive months out of the twenty-four (24) consecutive months immediately preceding the date of issue of the proposed additional Bonds or the most recently completed audited Fiscal Year (the "Audit Period") and amount of the Operation and Maintenance Expenses for the Audit Period, as determined under standard auditing procedures but adjusted as hereinafter provided (the "Adjusted Operation and Maintenance Expenses").

(b) In determining the amount of Adjusted Gross Revenues for the Audit Period, such Authorized Officer of the City may take into account the amount by which Revenues would have increased if or as a result of: (i) the number of customers served by the System during the Audit Period had included the number of new customers of the System attributable to a privately-owned or publicly-owned existing electric system, water system, wastewater system, natural gas system, telecommunications system or other utility system to be acquired with the proceeds of such additional Bonds, had the acquisition occurred at the beginning of the Audit Period, (ii) the number of customers served by the System during the Audit Period had included the average number of new customers of the System that by ordinance, agreement, law or regulation will be required to connect to the System during the first full Fiscal Year following the Fiscal Year in which such proposed additional Bonds are issued, which amount may be based on projections of an Independent Consultant (the "Applicable Bond Year"), or the first full Fiscal Year after completion of such project if the such project will not be completed prior to the commencement of the applicable Fiscal Year, (iii) any changes in the rate schedules for customers and users of the System which the City shall then have in effect, or has enacted by ordinance or resolution on or before the date of such certificate and which the City has covenanted to put into effect during the Applicable Bond Year, had such rate changes been effective on the first day of the Audit Period, and (iv) the amount required to be paid by a public body on an annual basis in connection with a contract with a duration at least equal to the term of the proposed additional Bonds, pursuant to which contract the City shall agree to furnish water or electric power, or to furnish services for

the collection, treatment or disposal of sewage or agreed to furnish other services in connection with any other utility system for such public body, as if such contract had been in effect on the first day of the Audit Period. If any adjustments permitted by clauses (i), (ii) or (iv) of the preceding sentence shall be made, in determining the amount of the Adjusted Operation and Maintenance Expenses, such Authorized Officer shall take into account the estimated amount by which the Operation and Maintenance Expenses for the Audit Period would have increased had the Project to be financed with the proceeds of such additional Bonds been in operation from the beginning of the Audit Period, provided, however, it may take into account any adjustments necessary to reflect government ownership of any projects acquired from private owners. In projecting numbers of new customers for the purposes of clause (ii) of this paragraph, there shall be taken into account only dwellings, buildings or other structures in existence on the date of such projections.

(c) The amount of the Maximum Aggregate Debt Service for any Fiscal Year thereafter on account of all Bonds then Outstanding under the Resolution and the additional Bonds proposed to be issued thereunder.

(d) The amount, if any, required to be deposited from Revenues into the Debt Service Reserve Account pursuant to the Resolution or into any subaccount therein in the Applicable Bond Year pursuant to the terms of a supplemental ordinance or resolution.

(e) Based upon the foregoing, the Authorized Officer is of the opinion that the Adjusted Gross Revenues for the Audit Period, less one hundred percent (100%) of the Adjusted Operation and Maintenance Expenses for the Audit Period, shall equal or exceed the sum of one hundred percent (100%) of the amount to be deposited to the Reserve Fund as described in paragraph (d) above and one hundred twenty-five percent (125%) of the Maximum Aggregate Debt Service referred to in paragraph (c) above.

No Default. In addition, additional Bonds (except for Refunding Bonds) may be issued only if the City certifies that no Event of Default exists under the Resolution or that any such Event of Default will be cured through application of the proceeds of such Bonds.

Refunding Bonds. 1. One or more series of Refunding Bonds may be issued at any time to refund any Outstanding Bonds. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make the deposits in the Funds and Accounts under the Resolution required by the provisions of the Supplemental Resolution authorizing such Bonds.

2. Refunding Bonds of each Series shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (with copies of all documents to the Co-Trustee, if any), in addition to the documents required by the Resolution for the issuance of additional Bonds, except as otherwise provided below, of:

(a) Instructions to the Trustee, satisfactory to it, to give due notice of redemption, if applicable, of all the Bonds to be refunded on a redemption date or dates specified in such instructions;

(b) If the Bonds to be refunded are not by their terms subject to redemption or paid at maturity within the next succeeding sixty (60) days, instructions to the Trustee, satisfactory to it, to give due notice of defeasance in the manner provided for in the Resolution or the Supplemental Resolution authorizing the Bonds of the Series being refunded; and

(c) Either (i) moneys (including moneys withdrawn and deposited pursuant to the Resolution) in an amount sufficient to effect payment at the applicable Redemption Price of the Bonds to be redeemed and at the principal amount of the Bonds to be paid at maturity together with accrued interest on such Bonds to the redemption date or maturity date, as applicable, which moneys shall be held by the Trustee or any one or more of the Paying Agents or Depositories in a separate account irrevocably held for and assigned to the respective Holders of the Bonds to be refunded, or (ii) Defeasance Securities in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications and any moneys, as shall be necessary to comply (x) with the provisions of the Resolution, which Defeasance Securities and moneys shall be held in trust and used only as provided in the Resolution or (y) the provisions relating to defeasance of the Bonds being refunded set forth in the Supplemental Resolution authorizing the Bonds of the Series being refunded, as applicable, which Defeasance Securities and moneys shall be held in trust and used only as provided in said provisions.

3. The proceeds, including accrued interest, of the Refunding Bonds of each Series shall be applied simultaneously with the delivery of such Bonds for the purposes of making deposits in such Funds and Accounts under the Resolution as shall be provided by the Supplemental Resolution authorizing such Series of Refunding Bonds and shall be applied to the refunding purposes thereof in the manner provided in said Supplemental Resolution.

4. The City may issue at any time and from time to time Refunding Bonds for the purpose of refunding any Series of Bonds, or any Bonds within a Series, or any maturity or portion of a maturity of Bonds within a Series, or for the purpose of refunding any Subordinate Indebtedness by complying with the requirements of the Resolution. In addition to, and notwithstanding the foregoing, the City may issue at any time and from time to time Refunding Bonds for the purpose of refunding any Series of Bonds, or any Bonds within a Series, or any portion of a maturity of Bonds within a Series or Sinking Fund Installment, without the necessity of complying with the requirements contained in the Resolution only with respect to debt service coverage requirements described above under the caption "Debt Service Coverage," provided that either (x) the Debt Service with respect to such Refunding Bonds in each Fiscal Year from and after the issuance thereof shall be equal to or less than the Debt Service in each such Fiscal Year with respect to the Bonds being refunded or (y) the Maximum Aggregate Debt Service of the Bonds is not increased as a result of such Refunding Bonds. In addition, at or prior to the issuance of such Refunding Bonds pursuant to the preceding sentence, there shall be filed with the Governing Body of the City, an opinion of Bond Counsel, given in reliance on factual and financial certificates, to the effect that upon the deposit of proceeds from the sale of such Refunding Bonds, together with such other legally available funds, in irrevocable escrow for the payment of the Bonds to be refunded, such Bonds shall not be deemed Outstanding for purposes of the Resolution.

Subordinated Indebtedness. The City may also issue Subordinated Indebtedness under the Resolution without compliance with any of the above conditions. References herein and in the Resolution to Bonds do not include such Subordinated Indebtedness.

Operation and Maintenance of the System

The City shall at all times use its best efforts to operate or cause to be operated the System properly and in an efficient and economical manner, consistent with Prudent Utility Practice, and shall use its best efforts to maintain, preserve, reconstruct and keep the same or cause the same to be so maintained, preserved, reconstructed and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or use its best efforts to cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation of the System may be properly and advantageously conducted.

Flow of Funds Under the Resolution

1. On or before the last Business Day of each calendar month, the Revenues and Subsidy Payments actually received by the City and deposited into the Revenue Fund shall be applied, to the extent available, only in the following manner and in the following order of priority (such application to be made in such a manner so as to assure good funds in such Funds and Accounts on the last Business Day of such month):

(1) Each month the City shall pay from the Revenue Fund such sums as are necessary to meet Operation and Maintenance Expenses for such month;

(2) The City shall transfer from the Revenue Fund to the Rate Stabilization Fund the amount, if any, budgeted for deposit into such Fund for the then current month as set forth in the current Annual Budget or the amount otherwise determined by the City to be credited to such Fund for the month;

(3) The City shall next forward to the Trustee, for deposit in the Debt Service Fund (i) for credit to the Debt Service Account, (a) the amount, if any, required so that the balance in said Account shall equal the Accrued Aggregate Debt Service as of the last day of the then current month, (b) payments received by the City from a Qualified Hedging Contract Provider pursuant to a Parity Hedging Contract Obligation and (c) the amount, if any, required so the City can pay all obligations payable out of the Debt Service Account in the current month; provided that, for the purposes of computing the amount to be deposited in said Account, there shall be excluded from the balance in said Account the amount, if any, set aside in said Account from the proceeds of Bonds (including amounts, if any, transferred thereto from the Construction Fund) for the payment of interest on Bonds less that amount of such proceeds to be applied in accordance with the Resolution to the payment of interest accrued and unpaid and to accrue on Bonds to the last day of the then current calendar month; and (ii) for credit to each separate subaccount in the Debt Service Reserve Account, the amount, if any, required so that the balance in each such subaccount shall equal the Debt Service Reserve Requirement related thereto including any amount required to be credited to any separate subaccount in the Debt Service Reserve Account to satisfy any Reserve Deposits established for any Additionally Secured Series of Bonds as of the last day of the then current month (or, if the amount on deposit in the Revenue Fund shall not be sufficient to make the deposits required to be made pursuant to this clause (ii) with respect to all of the separate subaccounts in the Debt Service Reserve Account, then such amount on deposit in the Revenue Fund shall be applied ratably, in proportion to the amount necessary for deposit into each such subaccount);

(4) The City shall next forward to the Trustee, for deposit from Revenues in the Subordinated Indebtedness Fund, the amount, if any, as shall be required to be deposited therein in the then current month to pay principal or sinking fund installments of and premiums, if any, and interest and other amounts due, on each issue of Subordinated Indebtedness coming due in such month, whether as a result of maturity or prior call for redemption, and to provide reserves therefor, as required by the Supplemental Resolution authorizing such issue of Subordinated Indebtedness; and

(5) The City shall next pay into the Utilities Plant Improvement Fund such amount as it shall deem appropriate provided that for each Fiscal Year deposits into such Fund shall be at least equal to one-half (1/2) of the Net Revenues, during the immediately preceding Fiscal Year, less the sum of (i) Aggregate Debt Service during the immediately preceding Fiscal Year and (ii) interest and principal paid during the immediately preceding Fiscal Year with respect to all Subordinated Indebtedness payable out of Revenues under the Resolution.

2. The balance of any moneys remaining in the Revenue Fund after the above required payments have been made may be used by the City for any lawful purpose; provided, however, that none of the remaining moneys shall be used for any purpose other than those hereinabove specified unless all current payments, including payments to the Utilities Plant Improvement Fund calculated on a pro-rata annual basis, and including all deficiencies in prior payments, if any, have been made in full and unless the City shall have complied in all material respects with all the covenants and provisions of the Resolution; and provided, further, that so long as there shall be held in the Debt Service Fund an amount sufficient to pay in full all Outstanding Bonds and Parity Hedging Contract Obligations in accordance with their terms (including the maximum amount of principal or applicable sinking fund Redemption Price and interest which could become payable thereon), no transfers shall be required to be made to the Debt Service Fund.

THE 2005C/2006A/2012B VARIABLE RATE BONDS

General

The 2005 Series C Bonds were issued on November 16, 2005 in the aggregate principal amount of $27,565,000, all of which currently remains Outstanding. The 2005 Series C Bonds mature on October 1, 2026. The 2006 Series A Bonds were issued on July 6, 2006 in the aggregate principal amount of $18,410,000, all of which currently remains Outstanding. The 2006 Series A Bonds mature on October 1, 2026. The 2005 Series C Bonds and the 2006 Series A Bonds are currently subject to Daily Mode and bear interest at the Daily Rates determined as described under the caption "Interest Rates and Interest Modes; Determination of Interest Rates" below. The 2012 Series B Bonds were issued on August 2, 2012 in the aggregate principal amount of $100,470,000, all of which currently remains Outstanding. The 2012 Series B Bonds mature on October 1, 2042. The 2012 Series B Bonds are currently subject to the Weekly Mode and bear interest at the Weekly Rates determined as described under the caption "Interest Rates and Interest Modes; Determination of Interest Rates" below. While the 2005 Series C Bonds and the 2006 Series A Bonds are in the Daily Mode and the 2012 Series B Bonds are in Weekly Mode, interest is payable on the first Business Day (as defined in APPENDIX C hereto) of each calendar month.

As described under the caption "Change in Interest Modes" below, at the option of the City, and upon the satisfaction of certain conditions, a series of the 2005C/2006A/2012B Variable Rate Bonds may be changed from time to time to another Interest Mode. As more fully described under the caption "Interest

Rates and Interest Modes; Determination of Interest Rates" below, (a) while the 2005C/2006A/2012B Variable Rate Bonds of a series are in the Daily Mode, such Bonds will bear interest at Daily Rates, (b) while the 2005C/2006A/2012B Variable Rate Bonds of a series are in the Weekly Mode, such Bonds will bear interest at Weekly Rates, (c) while the 2005C/2006A/2012B Variable Rate Bonds of a series are in the Flexible Mode, such Bonds will bear interest at Flexible Rates, (d) while the 2005C/2006A/2012B Variable Rate Bonds of a series are in the Term Mode, such Bonds will bear interest at Term Rates and (e) while the 2005C/2006A/2012B Variable Rate Bonds of a series are in the Fixed Mode, such Bonds will bear interest at the Fixed Rate. Each of the 2005C/2006A/2012B Supplemental Resolutions also provide that a series of 2005C/2006A/2012B Variable Rate Bonds may be changed to a "Dutch auction" Interest Mode (referred to in the 2005C/2006A/2012B Supplemental Resolutions as the "Auction Mode"), but requires that the City adopt an amendment to the applicable 2005C/2006A/2012B Supplemental Resolutions prior to the date on which such change is to be effective, to add to the 2005C/2006A/2012B Supplemental Resolutions procedures relating to, among other things, (a) the determination of the dates on which auctions will be held and the length of the periods between auctions, (b) the conduct of auctions and (c) the determination of the interest rates to be borne by the applicable 2005C/2006A/2012B Variable Rate Bonds while subject to the Auction Mode. As a result, the provisions of the Auction Mode are not described in this Reoffering Memorandum. Instead, it is anticipated that, should a series of 2005C/2006A/2012B Variable Rate Bonds be changed to the Auction Mode, a remarketing memorandum or remarketing circular will be distributed describing such 2005C/2006A/2012B Variable Rate Bonds during the Auction Mode.

[However, the Barclays Liquidity Facility does not cover 2005C/2006A/2012B Variable Rate Bonds issued in any mode other than Weekly Mode or Daily Mode.]

The 2005C/2006A/2012B Variable Rate Bonds are issuable only in fully registered form in the Authorized Denominations. "Authorized Denominations" means (i) for 2005C/2006A/2012B Variable Rate Bonds bearing interest at a Weekly Rate, a Daily Rate or a Flexible Rate, $100,000 or any integral multiple of $5,000 in excess thereof and (ii) for 2005C/2006A/2012B Variable Rate Bonds bearing interest at a Term Rate or a Fixed Rate, $5,000 or any integral multiple thereof. The 2005C/2006A/2012B Variable Rate Bonds were issued in book-entry only form and are registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). See "INTRODUCTORY STATEMENT - Book-Entry Only System" herein.

As more fully described under the captions "Optional Tender for Purchase" and "Mandatory Tender for Purchase" below, the 2005C/2006A/2012B Variable Rate Bonds (or, for so long as the 2005C/2006A/2012B Variable Rate Bonds of a series are subject to the book-entry only system of registration and transfer described in "INTRODUCTORY STATEMENT – Book-Entry Only System" herein, beneficial ownership interests therein) of a series are subject to optional tender for purchase and, under certain circumstances, mandatory tender for purchase. The Purchase Price (as defined in APPENDIX C hereto) for 2005C/2006A/2012B Variable Rate Bonds (or portions thereof or beneficial ownership interests therein) of a series tendered or deemed tendered for purchase is payable solely from the sources described under the caption "Remarketing and Purchase Price" below, and is not payable from any funds of the City.

From and after _____, 2020, liquidity support in connection with tenders for purchase of the 2005C/2006A/2012B Variable Rate Bonds will be provided by the Bank pursuant to the respective Barclays Liquidity Facilities. See "INTRODUCTORY STATEMENT — General", "BARCLAYS LIQUIDITY FACILITY" and "THE BANK" herein. The 2005C/2006A/2012B Supplemental Resolutions contain provisions for obtaining a Substitute Liquidity Facility in substitution for the Liquidity Facility then in

effect. See "Substitution of Liquidity Facility" below. On and prior to the Substitution Date liquidity support will continue to be provided by Landesbank Hessen Thüringen Girozentrale with respect to the 2005 Series C Bonds and the 2006 Series A Bonds and Citibank, N.A. with respect to the 2012 Series B Bonds, the existing Liquidity Facilities.

Except as described below, the principal or redemption price of the 2005C/2006A/2012B Variable Rate Bonds is payable at the principal office of the Paying Agent. Except as described below, interest on the 2005C/2006A/2012B Variable Rate Bonds is payable on each Interest Payment Date (as defined in APPENDIX C hereto) to the Holders thereof at the Record Date (as defined in APPENDIX C hereto) therefor, by check or draft of the Paying Agent mailed to each registered Holder at such person's address as it appears on the books of registry kept at the principal office of the Bond Registrar pursuant to the Resolution or, at the option of any Holder of at least $1,000,000 in principal amount of 2005C/2006A/2012B Variable Rate Bonds, by wire transfer on such Interest Payment Date to such Holder thereof upon written notice from such Holder to the Paying Agent containing the wire transfer address (which shall be in the continental United States) to which such Holder wishes to have such wire directed and any other necessary instructions, if such written notice is received by the Paying Agent not less than five days prior to the related Record Date, it being understood that such notice may refer to multiple interest payments. So long as a series of 2005C/2006A/2012B Variable Rate Bonds are subject to the book-entry only system of registration and transfer described in "INTRODUCTORY STATEMENT - Book-Entry Only System " herein, all payments with respect to the principal or redemption price of, and interest on, such 2005C/2006A/2012B Variable Rate Bonds will be made to DTC.

JPMS is the current remarketing agent for the 2005 Series C Bonds and the 2012 Series B Bonds. Subject to the terms of the JPMS Remarketing Agreement, JPMS will determine the interest rates on the 2005 Series C Bonds and the 2012 Series B Bonds and will remarket the 2005 Series C Bonds and the 2012 Series B Bonds tendered or required to be tendered for purchase on a best efforts basis. JPMS may resign upon 60 days' notice or be removed at any time by the City upon 30 days' notice. Goldman is the current remarketing agent for the 2006 Series A Bonds. Subject to the terms of the Goldman Remarketing Agreement, Goldman will determine the interest rates on the 2006 Series A Bonds and will remarket the 2006 Series A Bonds tendered or required to be tendered for purchase on a best efforts basis. Goldman may resign upon 30 days' notice or be removed at any time by the City upon 15 days' notice.

U.S. Bank National Association, New York, New York has been appointed as the initial Tender Agent for the 2005C/2006A/2012B Variable Rate Bonds by the City. The Tender Agent may be removed or replaced by the City.

For definitions of certain terms applicable to the 2005C/2006A/2012B Variable Rate Bonds that are not otherwise defined herein, see "Copies of the Resolution and Sixteenth Supplemental Bond Resolution, Seventeenth Supplemental Bond Resolution and Twenty-Fifth Supplemental Bond Resolution" in APPENDIX C hereto.

Interest on the 2005C/2006A/2012B Variable Rate Bonds

Interest on the 2005C/2006A/2012B Variable Rate Bonds is payable on each Interest Payment Date therefor. Holders of the 2005C/2006A/2012B Variable Rate Bonds other than the Bank will be paid interest for the applicable Interest Period (as defined in APPENDIX C hereto) only in the amount that would have accrued at the applicable 2005C/2006A/2012B Variable Rate Bonds Bond Rate (as defined in APPENDIX C hereto) or Rates in effect during the applicable Interest Accrual Period (as defined in APPENDIX C

hereto), regardless of whether any of such 2005C/2006A/2012B Variable Rate Bonds were a 2005C/2006A/2012B Bank Bond (as defined in APPENDIX C hereto) during any portion of such Interest Accrual Period.

The Interest Payment Dates with respect to each 2005C/2006A/2012B Variable Rate Bond (other than any 2005C/2006A/2012B Bank Bond) are as follows: (a) each date on which the 2005C/2006A/2012B Variable Rate Bonds are subject to mandatory tender for purchase (see "Mandatory Tender for Purchase" below); (b) for 2005C/2006A/2012B Variable Rate Bonds in the Weekly Mode or the Daily Mode, the first Business Day of each calendar month; (c) for 2005C/2006A/2012B Variable Rate Bonds in the Flexible Mode, the first Business Day following the end of each Interest Period with respect thereto; (d) for 2005C/2006A/2012B Variable Rate Bonds in the Term Mode or the Fixed Mode, semi-annually on each April 1 and October 1 commencing on the first April 1 or October 1 occurring after the conversion to such Interest Mode; provided, however, that if such first date occurs less than three months after such conversion, the first Interest Payment Date will be on the second such date following such conversion; and (e) the maturity or redemption date thereof.

An "Interest Accrual Period" is the period from and including each Interest Payment Date to but excluding the next Interest Payment Date.

Interest is payable to the Holders of the 2005C/2006A/2012B Variable Rate Bonds at the relevant Record Date. The "Record Date" (a) with respect to an Interest Payment Date for 2005C/2006A/2012B Variable Rate Bonds in the Term Mode or the Fixed Mode, is the close of business on the fifteenth day (whether or not a Business Day) of the next preceding calendar month (except that in the case of any Interest Payment Date occurring on any date on which the 2005C/2006A/2012B Variable Rate Bonds are subject to mandatory tender for purchase, the Record Date therefor is the close of business on the Business Day immediately preceding such Interest Payment Date) and (b) with respect to an Interest Payment Date for 2005C/2006A/2012B Variable Rate Bonds in the Weekly Mode, Daily Mode or the Flexible Mode, is the close of business on the Business Day immediately preceding such Interest Payment Date.

The maximum rate of interest (the "Maximum Rate") permitted to be borne by 2005C/2006A/2012B Variable Rate Bonds (other than 2005C/2006A/2012B Bank Bonds) is 12% per annum, or such higher rate as shall be approved by the City if (a) an opinion of an attorney or firm of attorneys of nationally recognized standing in matters pertaining to the federal income tax treatment of interest on bonds issued by states and their political subdivisions shall have been delivered to the Notice Parties (as defined in APPENDIX C hereto) to the effect that any such change in the Maximum Rate (i) is authorized or permitted by the Resolution and the Act (as defined in the Resolution) and (ii) will not cause the interest on the applicable 2005C/2006A/2012B Variable Rate Bonds to become includable in gross income for federal income tax purposes and (b) if the 2005C/2006A/2012B Variable Rate Bonds are in the Weekly Mode or the Daily Mode, the Liquidity Facility is modified (if necessary) so that its stated amount or the commitment of the Bank thereunder, as the case may be, is increased to give effect to the increased Maximum Rate.

Interest on the 2005C/2006A/2012B Variable Rate Bonds of a particular series in the Weekly, Daily or Flexible Mode will be computed on the basis of a 365- or 366-day year, as applicable, for actual days elapsed and interest on the 2005C/2006A/2012B Variable Rate Bonds in the Term or Fixed Mode will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Interest Rates and Interest Modes; Determination of Interest Rates

The 2005 Series C Bonds and the 2006 Series A Bonds currently are in the Daily Mode and will bear interest at Daily Rates until such time (if any) as the 2005 Series C Bonds and the 2006 Series A Bonds are changed to the Auction Mode, the Weekly Mode, the Flexible Mode, the Term Mode or the Fixed Mode. The 2012 Series B Bonds currently are in the Weekly Mode and will bear interest at Weekly Rates until such time (if any) as the 2012B Series B Bonds are changed to the Auction Mode, the Daily Mode, the Flexible Mode, the Term Mode or the Fixed Mode. The interest rate to be in effect with respect to a particular 2005C/2006A/2012B Variable Rate Bond (or beneficial ownership interest therein) for a particular period of time as described below (an "Interest Period") will be determined by the applicable Remarketing Agent as the minimum interest rate necessary in its judgment to be borne by such 2005C/2006A/2012B Variable Rate Bond (or beneficial ownership interest therein) for the relevant Interest Period to enable the applicable Remarketing Agent to remarket such 2005C/2006A/2012B Variable Rate Bond (or beneficial ownership interest therein) on the Rate Adjustment Date (as defined in APPENDIX C hereto) therefor at a price (without regard to accrued interest) equal to 100% of the principal amount thereof (each such rate being referred to as a "Market Rate"), but not in excess of the Maximum Rate. Each date on which an interest rate is determined for any 2005C/2006A/2012B Variable Rate Bond (or beneficial ownership interest therein) is referred to as a "Rate Determination Date."

If for any reason the applicable Remarketing Agent fails to determine the Market Rate for any series of any 2005C/2006A/2012B Variable Rate Bond (or beneficial ownership interest therein) on the Rate Determination Date therefor, or any Market Rate determined by the Remarketing Agent is determined by a court of competent jurisdiction to be invalid or unenforceable, then, commencing on such Rate Determination Date or the date with respect to which such court's determination shall be effective, as the case may be, such 2005C/2006A/2012B Variable Rate Bond (or beneficial ownership interest therein) will bear interest at a rate equal to 100% of the SIFMA Index most recently announced on or prior to each Rate Determination Date, but not in excess of the Maximum Rate. The "SIFMA Index" is an index based upon the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meet specific criteria established by the Securities Industry and Financial Markets Association and effective for a particular Rate Determination Date. If the SIFMA Index ceases to be published, it will be replaced by the most comparable published index designated by the Remarketing Agent, or in the absence of such designation, any other dealer bank or broker-dealer competent in such matters and chosen by the City.

The various interest rates for the 2005C/2006A/2012B Variable Rate Bonds of each series will be determined as follows, and will be effective for the periods described below:

Weekly Rate. While in the Weekly Mode, the 2005C/2006A/2012B Variable Rate Bonds of a particular series will bear interest at Weekly Rates determined by the applicable Remarketing Agent as the Market Rate for each Interest Period during such Mode. Each Interest Period during the Weekly Mode will commence on a Wednesday and extend through Tuesday of the following week. The Weekly Rate for each such Interest Period will be determined by such Remarketing Agent not later than 5:00 p.m., New York City time, on Tuesday of each week, or if such day is not a Business Day, on the next preceding Business Day (or such other day as may be specified by such Remarketing Agent after notice to the applicable Tender Agent and the Holders of the 2005C/2006A/2012B Variable Rate Bonds).

Daily Rate. While in the Daily Mode, the 2005C/2006A/2012B Variable Rate Bonds of a particular series will bear interest at Daily Rates determined by the Remarketing Agent as the Market Rate therefor

not later than 12:30 p.m., New York City time, on each Business Day. Each Daily Rate will remain in effect for the Interest Period beginning on the Business Day of its determination and ending on the day preceding the next succeeding Business Day.

Flexible Rate. While in the Flexible Mode, the 2005C/2006A/2012B Variable Rate Bonds (or beneficial ownership interests therein) of a particular series will bear interest at Flexible Rates and for Interest Periods determined by the applicable Remarketing Agent. The duration of each Interest Period for each 2005C/2006A/2012B Variable Rate Bond (or beneficial ownership interest therein) in the Flexible Mode will be the period determined by applicable Remarketing Agent to be the Interest Period which, in its judgment, will produce the greatest likelihood of the lowest overall debt service costs on the applicable 2005C/2006A/2012B Variable Rate Bonds prior to the maturity thereof, given prevailing market conditions, and will be a period of not less than one (1) nor more than 270 days in length and will end on a day preceding a Business Day; provided, however, that no Interest Period during the Flexible Mode may extend beyond the fifth Business Day preceding the Liquidity Facility Expiration Date (as defined in APPENDIX C hereto) of the applicable Liquidity Facility then in effect. While in the Flexible Mode, different 2005C/2006A/2012B Variable Rate Bonds (or beneficial ownership interests therein) of a series may have different Interest Periods. The applicable Remarketing Agent will determine the Flexible Rates and Interest Periods for the applicable 2005C/2006A/2012B Variable Rate Bonds (or beneficial ownership interests therein) in the Flexible Mode not later than 12:30 p.m., New York City time, on the first Business Day in each Interest Period, and each Flexible Rate will be the Market Rate determined by such Remarketing Agent for the relevant Interest Period.

Term Rate. The City may designate a Term Mode for the 2005C/2006A/2012B Variable Rate Bonds of a particular series with an Interest Period of any duration specified by the City that is longer than a year and ends on the last day of any March or September; provided, however, that no Interest Period during a Term Mode may extend beyond the fifth Business Day preceding the applicable Liquidity Facility Expiration Date of the Liquidity Facility then in effect. During each such Interest Period, the 2005C/2006A/2012B Variable Rate Bonds of an applicable series will bear interest at the Term Rate for such Interest Period, which will be determined by applicable Remarketing Agent as the Market Rate therefor on any date designated by such Remarketing Agent which is not more than 35 days before, nor later than the last Business Day preceding, such Interest Period.

Fixed Rate. The City may direct that the interest rate on the 2005C/2006A/2012B Variable Rate Bonds of a particular series be fixed to the maturity date thereof. The Fixed Rate to be borne by such 2005C/2006A/2012B Variable Rate Bonds to their maturity will be determined by the applicable Remarketing Agent as the Market Rate therefor on any date designated by such Remarketing Agent which is not more than 35 days before, nor later than the last Business Day preceding, the effective date of such Fixed Rate.

The determination by the applicable Remarketing Agent of each interest rate for the 2005C/2006A/2012B Variable Rate Bonds of a particular series shall be conclusive and binding on the City, the Tender Agent, the Remarketing Agent, the Bank and the owners of the 2005C/2006A/2012B Variable Rate Bonds of such series. The interest rates in effect for the 2005C/2006A/2012B Variable Rate Bonds of a particular series from time to time will be available to each owner of the 2005C/2006A/2012B Variable Rate Bonds of such series who requests such information, by telephone or in writing (including by facsimile or other electronic means), (a) if the 2005C/2006A/2012B Variable Rate Bonds of such series are in the Weekly Mode, the Daily Mode or the Flexible Mode, from the applicable Remarketing Agent and

(b) if the 2005C/2006A/2012B Variable Rate Bonds of such series are in the Term Mode or the Fixed Mode, from the applicable Tender Agent.

Change in Interest Modes

If the 2005C/2006A/2012B Variable Rate Bonds of a particular series are in any Interest Mode other than the Fixed Mode, the City may cause the 2005C/2006A/2012B Variable Rate Bonds of such series to be changed to a different Interest Mode or to a Term Mode with an Interest Period of different duration. A change from the Weekly or Daily Mode to any other Interest Mode may be made on any Interest Payment Date. A change from the Flexible Mode to any other Interest Mode may be made on the day that is the latest Interest Payment Date for all Interest Periods for all of the 2005C/2006A/2012B Variable Rate Bonds (or beneficial ownership interests therein) of such series then in effect or any Business Day thereafter. A change from the Term Mode to any other Interest Mode or to an Interest Period of different duration may be made on any day on which the 2005C/2006A/2012B Variable Rate Bonds of such series may be redeemed at the election of the City at a redemption price of 100% of the principal amount thereof, plus accrued interest, if any, thereon (see "Redemption Provisions — Optional Redemption" below). In any such case, the 2005C/2006A/2012B Variable Rate Bonds of such series will be subject to mandatory tender for purchase on the date on which the proposed change is to occur (see "Mandatory Tender for Purchase" below). Any date on which a change to a different Interest Mode or to an Interest Period of different duration in the Term Mode is proposed to occur is referred to as a "Mode Adjustment Date."

Any change in an Interest Mode or an Interest Period in the Term Mode of a series of and 2005C/2006A/2012B Variable Rate Bonds is subject to (a) receipt by the applicable Tender Agent and the applicable Remarketing Agent on the first day of such Interest Mode or Interest Period, as the case may be, of an opinion of an attorney or firm of attorneys of nationally recognized standing in matters pertaining to the federal income tax treatment of interest on bonds issued by states and their political subdivisions to the effect that the change in Interest Mode or Interest Period, as the case may be, will not adversely affect the exclusion of interest on any 2005C/2006A/2012B Variable Rate Bond of such series from gross income for federal income tax purposes and is authorized by applicable law and (b) the Liquidity Facility then in effect being in an amount at least equal to the Liquidity Facility Requirement (as defined in APPENDIX C hereto) applicable to the Interest Mode to become effective. If either of the above conditions is not met, then the 2005C/2006A/2012B Variable Rate Bonds of such series will remain in the Interest Mode which they are then in or remain subject to the same Interest Period as then is applicable, as the case may be; provided, however, that if the proposed change was from the Term Mode to any other Interest Mode and the City causes to be delivered to the Tender Agent and the Remarketing Agent an opinion of an attorney or firm of attorneys of nationally recognized standing in matters pertaining to the federal income tax treatment of interest on bonds issued by states and their political subdivisions to the effect that such change in Interest Mode will not adversely affect the exclusion of interest on any 2005C/2006A/2012B Variable Rate Bond of such series from gross income for federal income tax purposes and is authorized by applicable law, then, so long as the Liquidity Facility then in effect (taking into account any amendments being made thereto in connection therewith) shall provide that the amount available to be drawn or advanced thereunder shall be at least equal to the principal amount of such Outstanding 2005C/2006A/2012B Variable Rate Bonds (other than 2005C/2006A/2012B Bank Bonds) of such series plus 36 days' interest thereon computed at a rate per annum equal to the Maximum Rate and on the basis of a 365-day year, the 2005C/2006A/2012B Variable Rate Bonds of such series will be changed to the Weekly Mode. In any such event, the 2005C/2006A/2012B Variable Rate Bond of such series will

remain subject to mandatory tender to the same extent as if the change in Interest Mode or Interest Period, as the case may be, took place.

When a change in Interest Mode is to be made, the applicable Tender Agent is required to give notice of the proposed change to the Holders of the 2005C/2006A/2012B Variable Rate Bonds of the affected series (a) if the 2005C/2006A/2012B Variable Rate Bonds of a series are then in the Weekly Mode or the Daily Mode, not less than fifteen nor more than 60 days prior to the proposed Mode Adjustment Date, (b) if the 2005C/2006A/2012B Variable Bonds of a series are in an Auction Mode not less than 20 days, and (c) if the 2005C/2006A/2012B Variable Rate Bonds of a series are in any other Interest Mode, in any such case, not less than 30 nor more than 60 days prior to the proposed Mode Adjustment Date. Such notice will state, among other things, that the 2005C/2006A/2012B Variable Rate Bonds of such series will be subject to mandatory tender for purchase on the proposed Mode Adjustment Date.

Optional Tender for Purchase

2005C/2006A/2012B Variable Rate Bonds of each series in the Weekly Mode or the Daily Mode (or portions thereof or beneficial ownership interests therein in a principal amount equal to, and leaving untendered, an Authorized Denomination) are subject to tender for purchase at the option of the Holder thereof (or, if the 2005C/2006A/2012B Variable Rate Bonds are subject to the book-entry only system of registration and transfer described in "INTRODUCTORY STATEMENT – Book-Entry Only System" herein, at the option of the Beneficial Owner (as defined in "Book-Entry Only System" herein) thereof), from and to the extent of the funds described under the caption "Remarketing and Purchase Price" below, at the Purchase Price therefor, on the following dates (each such date being referred to herein as a "Purchase Date"):

Weekly Mode. 2005C/2006A/2012B Variable Rate Bonds (or portions thereof or beneficial ownership interests therein) in the Weekly Mode may be tendered for purchase on any Business Day, upon irrevocable notice of tender given to the Tender Agent as described below in writing (including by facsimile or other electronic means) no later than 5:00 p.m., New York City time, on a Business Day at least seven calendar days prior to the Purchase Date.

Daily Mode. 2005C/2006A/2012B Variable Rate Bonds (or portions thereof or beneficial ownership interests therein) in the Daily Mode may be tendered for purchase on any Business Day, upon irrevocable notice of tender given to the Tender Agent as described below by telephone, facsimile or other electronic means no later than 11:00 a.m., New York City time, on the Purchase Date.

Each notice of exercise of the election to have a 2005C/2006A/2012B Variable Rate Bond (or portion thereof or beneficial ownership interest therein) of a particular series purchased will be irrevocable and effective upon receipt, and must specify the principal amount of the 2005C/2006A/2012B Variable Rate Bond of such series (or portion thereof or beneficial ownership interest therein) to be purchased, the Purchase Date and the name of the Holder of the 2005C/2006A/2012B Variable Rate Bond of such series (or, if the 2005C/2006A/2012B Variable Rate Bonds of such series are subject to the book-entry only system of registration and transfer described in "Book-Entry Only System" herein, the name and number of the account to which such beneficial ownership interest is credited by DTC) and must be given by the Holder thereof or such Holder's attorney duly authorized in writing (or, if the 2005C/2006A/2012B Variable Rate Bonds of such series are subject to such book-entry only system of registration and transfer, by the Beneficial Owner thereof or such Beneficial Owner's attorney duly authorized in writing).

Holders (or, if applicable, Beneficial Owners) of 2005C/2006A/2012B Variable Rate Bonds (or portions thereof or beneficial ownership interests therein) of a series that have elected to require purchase as described above will be deemed, by such election, to have agreed irrevocably to sell such 2005C/2006A/2012B Variable Rate Bonds (or portions thereof or beneficial ownership interests therein) to any purchaser determined in accordance with the provisions of the applicable 2005C/2006A/2012B Supplemental Resolutions on the date fixed for purchase at the Purchase Price therefor, and will be required to deliver (or cause to be delivered) such tendered 2005C/2006A/2012B Variable Rate Bonds (or portions thereof) to the office of the applicable Tender Agent by 11:00 a.m., New York City time, in the case of the 2005 Series C Bonds and by 12:00 p.m., New York City time, in the case of the 2006 Series A Bonds and the 2012 Series B Bonds, on the Purchase Date, in each such case, endorsed in blank (or accompanied by a bond power executed in blank). See "Remarketing and Purchase Price" below.

Mandatory Tender for Purchase

The 2005C/2006A/2012B Variable Rate Bonds of a particular series must be tendered for purchase, from and to the extent of the funds described under the caption "Remarketing and Purchase Price" below, at the Purchase Price therefor, on the following dates (each such date being referred to herein as a "Purchase Date"):

Expiration of Liquidity Facility: on the fifth Business Day prior to the Liquidity Facility Expiration Date with respect thereto,

Substitution of Liquidity Facility: on any Substitution Date (as defined in APPENDIX C hereto) with respect thereto while the 2005C/2006A/2012B Variable Rate Bonds of such series are in the Weekly Mode or the Daily Mode; provided, however, that if the City shall have delivered to the Notice Parties, by not later than the Business Day prior to the date on which the applicable Tender Agent is required to give notice of such mandatory tender pursuant to the applicable 2005C/2006A/2012B Supplemental Resolutions, written evidence from each Rating Agency (as defined in APPENDIX C hereto) then rating the 2005C/2006A/2012B Variable Rate Bonds of such series to the effect that such Rating Agency has reviewed the proposed Substitute Liquidity Facility and that the substitution of such Substitute Liquidity Facility for the Liquidity Facility then in effect will not result in a withdrawal, suspension or reduction in such Rating Agency's ratings on the 2005C/2006A/2012B Variable Rate Bonds of such series, then the 2005C/2006A/2012B Variable Rate Bonds of such series shall not be subject to mandatory tender for purchase on such Substitution Date,

Interest Mode or Interest Period Changes: on any Mode Adjustment Date therefor designated by an authorized officer of the City pursuant to the provisions of the applicable the 2005C/2006A/2012B Supplemental Resolutions whether or not such change to a new Interest Mode or Interest Period, as applicable, is effected,

Rate Adjustment Dates: on each Rate Adjustment Date while the 2005C/2006A/2012B Variable Rate Bonds of such series are in (a) the Flexible Mode or (b) the Term Mode,

City Option in Term Mode: at the option of the City while the 2005C/2006A/2012B Variable Rate Bonds of such series are in the Term Mode, on any day on which such 2005C/2006A/2012B Variable Rate Bonds of such series may then be redeemed at the election of the City at a redemption price of 100% of the principal amount thereof, plus accrued interest, if any, thereon (see "Redemption Provisions — Optional Redemption" below); provided, however, that with respect to the 2012 Series B Bonds such

Officer's Certificate shall be accompanied by the written consent of the Bank to the 2012 Series B Bonds of such series being so subject to mandatory tender on such date,

Amendment to the 2005C/2006A/2012B Supplemental Resolutions or the Resolution: on (a) any Business Day while the 2005C/2006A/2012B Variable Rate Bonds of a particular series are in the Weekly Mode or Daily Mode, (b) any Rate Adjustment Date while the 2005C/2006A/2012B Variable Rate Bonds of such series are in the Flexible Mode, or (c) any Business Day on which the 2005C/2006A/2012B Variable Rate Bonds of such series may then be redeemed at the election of the City at a redemption price of 100% of the principal amount thereof, plus accrued interest, if any, thereon (see "Redemption Provisions — Optional Redemption" below) while such 2005C/2006A/2012B Variable Rate Bonds of such series are in the Term Mode, in any such case, that is at least fifteen days following delivery to the Notice Parties of a certificate of an authorized officer of the City to the effect that the City is causing the 2005C/2006A/2012B Variable Rate Bonds of such series to become subject to mandatory tender in order to enable any Supplemental Resolution amending the applicable 2005C/2006A/2012B Supplemental Resolutions or the Resolution to take effect; provided, however, that such certificate is accompanied by (i) with respect to the 2012 Series B Bonds, the written consent of such Bank to the 2012 Series B Bonds being so subject to mandatory tender on such date and (ii) an opinion of an attorney or firm of attorneys of nationally recognized standing in matters pertaining to the federal income tax treatment of interest on bonds issued by states and their political subdivisions to the effect that such amendments are authorized or permitted by the Resolution and will not cause the interest on the applicable series of 2005C/2006A/2012B Variable Rate Bonds to become includable in gross income for federal income tax purposes, and

Liquidity Facility Default: on the fifteenth day (or if such day is not a Business Day, on the next preceding Business Day) after receipt by the applicable Tender Agent of notice from the applicable Bank to the effect that an "event of default" (or similar provision) on the part of the City has occurred and is continuing under the applicable Liquidity Facility, and directing the applicable Tender Agent to make a draw or request for funding, as the case may be, under the applicable Liquidity Facility to effect a mandatory tender of all of the 2005C/2006A/2012B Variable Rate Bonds of the applicable series.

Except in the case of (a) a Rate Adjustment Date for 2005C/2006A/2012B Variable Rate Bonds of a series in the Flexible Mode and (b) a mandatory tender described under "Liquidity Facility Default" above, the Tender Agent will give notice of mandatory tender for purchase to each Holder of such 2005C/2006A/2012B Variable Rate Bonds by mail, first-class postage prepaid, (i) if such 2005C/2006A/2012B Variable Rate Bonds are then in the Weekly Mode or the Daily Mode, not less than fifteen nor more than 60 days prior to the Purchase Date and (ii) if such 2005C/2006A/2012B Variable Rate Bonds are in any other Interest Mode, not less than 30 nor more than 60 days prior to the Purchase Date. In the case of a mandatory tender described under "Liquidity Facility Default" above, the Tender Agent will give notice of mandatory tender for purchase to each Holder of the 2005C/2006A/2012B Variable Rate Bonds by mail, first-class postage prepaid, as promptly as practicable following receipt by it of the notice from the Bank referred to under "Liquidity Facility Default" above. While the 2005C/2006A/2012B Variable Rate Bonds of a particular series are subject to the book-entry only system of registration and transfer described in "Book-Entry Only System" herein, such notice will be given only to DTC.

Holders (or, if applicable, Beneficial Owners) of 2005C/2006A/2012B Variable Rate Bonds (or beneficial ownership interests therein) will be deemed to have agreed irrevocably to sell 2005C/2006A/2012B Variable Rate Bonds (or portions thereof or beneficial ownership interests therein) subject to mandatory tender for purchase to any purchaser determined in accordance with the provisions of the applicable 2005C/2006A/2012B Supplemental Resolutions on the date fixed for purchase at the

Purchase Price therefor, and will be required to deliver (or cause to be delivered) such tendered 2005C/2006A/2012B Variable Rate Bonds (or portions thereof) to the office of the Tender Agent by 11:00 a.m., New York City time, in the case of the 2005 Series C Bonds and by 12:00 p.m., New York City time, in the case of the 2006 Series A Bonds and 2012 Series B Bonds on the Purchase Date, endorsed in blank (or accompanied by a bond power executed in blank). See "Remarketing and Purchase Price" below.

Remarketing and Purchase Price

In the event that notice is received of any optional tender of 2005C/2006A/2012B Variable Rate Bonds (or portions thereof or beneficial ownership interests therein) of a particular series or if the 2005C/2006A/2012B Variable Rate Bonds of a particular series become subject to mandatory tender for purchase, except in the case of a mandatory tender (a) in connection with the expiration of the applicable Liquidity Facility then in effect and (b) upon a default on the part of the City under the applicable Liquidity Facility then in effect, the applicable Remarketing Agent will use its best efforts, subject to certain conditions, to sell such tendered 2005C/2006A/2012B Variable Rate Bonds (or portions thereof or beneficial ownership interests therein) at a price equal to the Purchase Price therefor, on the forthcoming optional or mandatory tender date.

The Purchase Price of 2005C/2006A/2012B Variable Rate Bonds (or portions thereof or beneficial ownership interests therein) of a particular series tendered for purchase is payable, first, from and to the extent of moneys derived from the remarketing of 2005C/2006A/2012B Variable Rate Bonds (or portions thereof or beneficial ownership interests therein) of such applicable series by the applicable Remarketing Agent and, if such remarketing proceeds are insufficient, from moneys drawn by the applicable Tender Agent under the applicable Liquidity Facility. The obligation of the applicable Bank to purchase 2005C/2006A/2012B Variable Rate Bonds of such series under the applicable Liquidity Facility is subject to certain conditions, and such obligation may be terminated without prior notice or payment thereunder under certain circumstances. See "BARCLAYS LIQUIDITY FACILITIES" herein.

The City is not required under any of the 2005C/2006A/2012B Supplemental Resolutions to pay the Purchase Price of the tendered 2005C/2006A/2012B Variable Rate Bonds (or portions thereof or beneficial ownership interests therein) of a particular series which are not remarketed or purchased with funds drawn under the Liquidity Facility.

Upon tender for purchase of any 2005C/2006A/2012B Variable Rate Bonds (or portion thereof) on the Purchase Date therefor or of any Untendered 2012 Series B Bond (hereinafter defined) on or after the Purchase Date therefor at the office of the applicable Tender Agent, endorsed in blank (or accompanied by a bond power executed in blank) to the extent of the portion to be purchased, the applicable Tender Agent will pay to the Holder of such 2005C/2006A/2012B Variable Rate Bonds (or portion thereof) or such Untendered 2005C/2006A/2012B Variable Rate Bonds, as the case may be, the Purchase Price therefor from funds available for such purchase held in the applicable account in the 2005 Series C Bond Purchase Fund, 2006 Series A Bond Purchase Fund and 2012 Series B Bond Purchase Fund (as defined in APPENDIX C hereto), as applicable.

While the 2005C/2006A/2012B Variable Rate Bonds of a particular series are subject to the book-entry only system of registration and transfer described in "INTRODUCTORY STATEMENT – Book-Entry Only System " herein, to the extent permitted pursuant to the procedures of DTC, any beneficial ownership interest in such 2005C/2006A/2012B Variable Rate Bonds will be deemed tendered to the Tender Agent endorsed in blank when DTC or any Direct Participant or Indirect Participant (as such

terms are defined in "INTRODUCTORY STATEMENT – Book-Entry Only System" herein) which owns such beneficial ownership interest as nominee for the Beneficial Owner thereof has received sufficient instructions from the person to whose account at DTC such beneficial ownership interest is credited to transfer such beneficial ownership interest to the account of the Tender Agent and such transfer is effected, and payment of the Purchase Price of such beneficial ownership interest will be deemed to be made when the Tender Agent gives sufficient instructions to (while maintaining sufficient funds at or delivering such funds to) DTC or such Participant to credit such Purchase Price to the account of such person or such Participant.

Untendered 2005C/2006A/2012B Variable Rate Bonds

With respect to any 2005C/2006A/2012B Variable Rate Bonds (or portion thereof) (a) for which notice was given in connection with an optional tender but which is not tendered for purchase by 11:00 a.m., New York City time, in the case of the 2005 Series C Bonds and by 12:00 p.m., New York City time, in the case of the 2005 Series C Bonds and the 2012 Series B Bonds, on the applicable Purchase Date or (b) which is required to be tendered in connection with a mandatory tender and which is not tendered for purchase by 11:00 a.m., New York City time, in the case of the 2005 Series C Bonds and by 12:00 p.m., New York City time, in the case of the 2005 Series C Bonds and the 2012 Series B Bonds, on the applicable Purchase Date (such 2005C/2006A/2012B Variable Rate Bonds (or portions thereof) being referred to herein as "Untendered 2005C/2006A/2012B Variable Rate Bonds"), such 2012 Series B Bond (or portion thereof) will, upon deposit in the applicable account in the 2005 Series C Bond Purchase Fund, 2006 Series A Bond Purchase Fund and 2012 Series B Bond Purchase Fund, as applicable, of an amount sufficient to pay the Purchase Price of such 2012 Series B Bond (or portion thereof) on such Purchase Date, be deemed to have been tendered and sold on such Purchase Date and thereafter, the person who has failed to deliver such 2005C/2006A/2012B Variable Rate Bonds (or portion thereof) will not be entitled to any payment (including any interest accrued subsequent to such Purchase Date) in respect thereof other than the Purchase Price for such 2005C/2006A/2012B Variable Rate Bonds (or portion thereof) and, unless such Purchase Price includes accrued interest to such Purchase Date, such accrued interest, and such Untendered 2005C/2006A/2012B Variable Rate Bonds will no longer be entitled to the benefit of the Resolution, except for the payment of the Purchase Price and accrued interest, if any.

2005C/2006A/2012B Variable Rate Bonds

Any 2005C/2006A/2012B Variable Rate Bond (or portion thereof or beneficial ownership interest therein) which has been tendered or deemed tendered for purchase on a Purchase Date and which has been purchased with the proceeds of a drawing under the applicable Liquidity Facility will be, and will constitute, a 2005C/2006A/2012B Variable Rate Bonds under the applicable 2005C/2006A/2012B Supplemental Resolution. Each 2012 Series B Bank Bond will bear interest from and including the date on which such 2005C/2006A/2012B Variable Rate Bonds was so purchased (the "Bank Purchase Date") at the applicable Bank Rate (as defined in APPENDIX C hereto) or Rates in effect from time to time during such period.

Each 2005C/2006A/2012B Supplemental Resolution provides that any 2005C/2006A/2012B Variable Rate Bonds of a particular series that is a 2005C/2006A/2012B Variable Rate Bond will be subject to mandatory redemption through sinking fund installments as follows: Each 2005C/2006A/2012B Variable Rate Bonds of such series outstanding will be redeemed during the period commencing with a date (the "Term-Out Date") which is (x) in the case of the 2012 Series B Bonds, 180 days after the Bank Purchase Date or the Liquidity Facility Expiration Date then in effect, whichever is the first to occur and

(y) in the case of the 2005 Series C Bonds and 2006 Series B Bonds, 180 days after the Bank Purchase Date (or, if the purchase was made as a result of the Bank's election to cause the 2005C/2006A/2012B Variable Rate Bonds of such series to become subject to mandatory tender for purchase following the occurrence of an "event of default" (or similar provision) under the applicable Liquidity Facility then in effect (see "Mandatory Tender for Purchase —Liquidity Facility Default" above) in the case of the 2012 Series B Bonds, on the date that is 180 days after the Bank Purchase Date) and in the case of the 2005 Series C Bonds and 2006 Series B Bonds the earlier of (i) 180 days after the Bank Purchase Date or (ii) the Liquidity Facility Expiration Date and extending to the earlier of (a) the date that is the fifth anniversary of the relevant Bank Purchase Date or (b) the maturity date of the 2005C/2006A/2012B Variable Rate Bonds, in equal semi-annual installments, payable on the Term-Out Date and at the end of each six-month period thereafter. In order to provide for such retirement, each 2005C/2006A/2012B Supplemental Resolution establishes sinking fund installments with respect to each such 2005C/2006A/2012B Variable Rate Bonds, which sinking fund installments will be due in semi-annual installments, on the Term-Out Date and at the end of each six-month period thereafter with respect to each such 2005C/2006A/2012B Variable Rate Bonds. For purposes of the two preceding sentences, each semi-annual payment date or due date, as the case may be, will be the date that numerically corresponds with the Term-Out Date or, if there is no such numerically corresponding date in the applicable month, on the last day of such month (or, if such day is not a Business Day, the next succeeding Business Day). The redemption price will be the principal amount of the 2005C/2006A/2012B Variable Rate Bonds to be redeemed plus accrued interest thereon to the date of redemption. In the event that the principal amount of 2005C/2006A/2012B Variable Rate Bonds to be redeemed on any such redemption date is not equal to an Authorized Denomination, the principal amount of 2005C/2006A/2012B Variable Rate Bonds to be redeemed will be rounded to the next higher Authorized Denomination. Notwithstanding anything to the contrary contained in the Resolution, no credits shall be applied against any sinking fund installment due as described in this paragraph.

Each 2005C/2006A/2012B Supplemental Resolution also provides that each 2005C/2006A/2012B Variable Rate Bonds will constitute an "Option Bond" within the meaning of the Resolution and, as such, may be tendered or deemed tendered to the City for payment upon the occurrence of certain "events of default" on the part of the City under the Liquidity Facility. See paragraph **[1(b)]** under "BARCLAYS LIQUIDITY FACILITY — Liquidity Events of Default; Remedies" herein. Upon any such tender or deemed tender for purchase, such 2005C/2006A/2012B Variable Rate Bonds so tendered or deemed tendered will be due and payable immediately.

Disclosure Concerning Sales of Variable Rate Demand Obligations by Remarketing Agents

No representation is made by the City as to the accuracy, completeness or adequacy of such information to the extent this section reflects the internal practices and procedures of the Remarketing Agents.

The Remarketing Agents are Paid by the City. The Remarketing Agents' responsibilities include determining the interest rates borne by the 2005C/2006A/2012B Variable Rate Bonds (or beneficial ownership interests therein) from time to time and remarketing 2005C/2006A/2012B Variable Rate Bonds (or beneficial ownership interests therein) that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the applicable 2005C/2006A/2012B Supplemental Resolutions and the Remarketing Agreements), all as further described in this Reoffering Memorandum. The Remarketing Agents are appointed by the City and is paid by the City for its services. As a result, the interests of the Remarketing Agent may differ from those of existing owners and potential purchasers of 2005C/2006A/2012B Variable Rate Bonds.

The Remarketing Agent Routinely Purchases Variable Rate Demand Obligations for its Own Account. The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, routinely purchases such obligations for its own account in order to achieve a successful remarketing of such obligations (i.e., because there otherwise are not enough buyers to purchase such obligations) or for other reasons. The Remarketing Agent is permitted, but not obligated, in its sole discretion, to purchase tendered 2005C/2006A/2012B Variable Rate Bonds for its own account. However, the Remarketing Agent is not obligated to purchase 2005C/2006A/2012B Variable Rate Bonds, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the 2005C/2006A/2012B Variable Rate Bonds by routinely purchasing and selling 2005C/2006A/2012B Variable Rate Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at prices at or below par. However, the Remarketing Agent is not required to make a market in the 2005C/2006A/2012B Variable Rate Bonds. The Remarketing Agent may also sell any 2005C/2006A/2012B Variable Rate Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the 2005C/2006A/2012B Variable Rate Bonds. The purchase of 2005C/2006A/2012B Variable Rate Bonds by the Remarketing Agent may create the appearance that there is greater third-party demand for the 2005C/2006A/2012B Variable Rate Bonds in the market than is actually the case. The practices described above also may result in fewer 2005C/2006A/2012B Variable Rate Bonds being tendered in a remarketing.

2005C/2006A/2012B Variable Rate Bonds May be Offered at Different Prices on Any Date Including a Rate Determination Date. Pursuant to the 2005C/2006A/2012B Supplemental Resolutions and the Remarketing Agreement, on each applicable Rate Determination Date, the Remarketing Agents are required to determine the 2005C/2006A/2012B Variable Rate Bonds for the applicable series, which shall be the rate of interest that, in the applicable Remarketing Agent's judgment, is the minimum interest rate necessary to be borne by the affected 2005C/2006A/2012B Variable Rate Bonds of the applicable series (or beneficial ownership interests therein) for the relevant Interest Period to enable the applicable Remarketing Agent to remarket such 2005C/2006A/2012B Variable Rate Bonds (or beneficial ownership interests therein) on the Rate Determination Date therefor at a price (without regard to accrued interest) equal to 100% of the principal amount thereof; provided, however, that in no event shall any rate so determined exceed the Maximum Rate. The interest rate will reflect, among other factors, the level of market demand for the 2005C/2006A/2012B Variable Rate Bonds (including whether the Remarketing Agent is willing to purchase 2005C/2006A/2012B Variable Rate Bonds for its own account). There may or may not be 2005C/2006A/2012B Variable Rate Bonds tendered and remarketed on a Rate Determination Date, the Remarketing Agent may or may not be able to remarket any 2005C/2006A/2012B Variable Rate Bonds tendered for purchase on such date at par and the Remarketing Agent may sell 2005C/2006A/2012B Variable Rate Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third-party buyers for all of the 2005C/2006A/2012B Variable Rate Bonds at the remarketing price. In the event the Remarketing Agent owns any 2005C/2006A/2012B Variable Rate Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer 2005C/2006A/2012B Variable Rate Bonds on any date, including the Rate Determination Date, at a discount to par to some investors.

The City is not required under the Sixteenth Supplemental Resolution and the Seventeenth Supplemental Resolution to pay the Purchase Price of the tendered 2005 Series C Bonds or the 2006 Series A Bonds (or portions thereof or beneficial ownership interests therein) which are not remarketed or purchased with funds drawn under the Liquidity Facilities.

The Ability to Sell the 2005C/2006A/2012B Variable Rate Bonds Other Than Through the Tender Process May Be Limited. The Remarketing Agent may buy and sell 2005C/2006A/2012B Variable Rate Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require owners that wish to tender their 2005C/2006A/2012B Variable Rate Bonds (or beneficial ownership interests therein) to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the 2005C/2006A/2012B Variable Rate Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their 2005C/2006A/2012B Variable Rate Bonds other than by tendering the 2005C/2006A/2012B Variable Rate Bonds (or beneficial ownership interests therein) in accordance with the tender process.

Under certain circumstances, pursuant to the Liquidity Facility the Bank is not obligated to purchase tendered 2005C/2006A/2012B Variable Rate Bonds. In addition, the Bank may fail to purchase tendered 2005C/2006A/2012B Variable Rate Bonds even when it is obligated to do so. In both cases, tendered 2005C/2006A/2012B Variable Rate Bonds would be returned to the holders thereof and bear interest at an interest rate established by the Remarketing Agent that will not exceed the Maximum Rate (or, in the event that the Remarketing Agent fails to determine the interest rate, such 2005C/2006A/2012B Variable Rate Bond will bear interest at a rate equal to 100% of the SIFMA Index (as defined in APPENDIX C hereto) most recently announced on or prior to each Rate Determination Date). It is not certain that following a failure to purchase 2005C/2006A/2012B Variable Rate Bonds a secondary market for the 2005C/2006A/2012B Variable Rate Bonds will develop.

The Ability to Sell the 2005 Series C Bonds and 2006 Series A Bonds Other Than Through the Tender Process May Be Limited. The Remarketing Agents may buy and sell 2005 Series C Bonds or the 2006 Series A Bonds other than through the tender process. However, they are not obligated to do so and may cease doing so at any time without notice and may require owners that wish to tender their 2005 Series C Bonds or the 2006 Series A Bonds (or beneficial ownership interests therein) to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the 2005 Series C Bonds or the 2006 Series A Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell such 2005 Series C Bonds or the 2006 Series A Bonds other than by tendering such 2005 Series C Bonds or the 2006 Series A Bonds (or beneficial ownership interests therein) in accordance with the tender process.

Under Certain Circumstances, the Remarketing Agent May Be Removed, Resign or Cease Remarketing the 2005C/2006A/2012B Variable Rate Bonds, Without a Successor Being Named. Under certain circumstances the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the 2005C/2006A/2012B Supplemental Resolutions and the Remarketing Agreement. In the event that the Remarketing Agent is removed or resigns without a successor having been named or the Remarketing Agent ceases its remarketing efforts as aforesaid, the only source of funds for payment of the Purchase Price of 2005C/2006A/2012B Variable Rate Bonds (or beneficial ownership interests therein) tendered or deemed tendered for purchase would be amounts drawn under the Liquidity Facility then in effect. See "Remarketing and Purchase Price" above. In addition, if for any reason the Remarketing Agent fails to determine the Market Rate for any 2012 Series B Bond (or beneficial ownership interest therein) on a Rate Determination Date, the interest rate to be borne by such 2012 Series B Bond (or beneficial ownership interest therein) shall be determined in the manner described in the second paragraph under "Interest Rates and Interest Modes; Determination of Interest Rates" above.

[Following an Immediate Termination Event or suspension of a Barclays Liquidity Facility, the Remarketing Agent is no longer obligated to remarket the 2005C/2006A/2012B Variable Rate Bonds, but is obligated to continue to establish the Market Rate on the 2005C/2006A/2012B Variable Rate Bonds.]

Redemption Provisions

Optional Redemption

The 2005C/2006A/2012B Variable Rate Bonds of a particular series are subject to redemption prior to maturity at the election of the City as follows, in whole or in part, at a redemption price of 100% of the principal amount thereof together with accrued interest, if any, to the redemption date:

(a) if the 2005C/2006A/2012B Variable Rate Bonds of such series are in a Weekly or Daily Mode, on any Business Day;

(b) if the 2005C/2006A/2012B Variable Rate Bonds of such series are in a Flexible or Term Mode, on any Rate Adjustment Date for the 2005C/2006A/2012B Variable Rate Bonds of such applicable series to be redeemed; and

(c) if the 2005C/2006A/2012B Variable Rate Bonds of such series are in the Fixed Mode, on the first day of the Fixed Mode for the 2005C/2006A/2012B Variable Rate Bonds of such applicable series to be redeemed.

In addition, if the 2005C/2006A/2012B Variable Rate Bonds of a particular series are in the Term Mode or the Fixed Mode, such 2005C/2006A/2012B Variable Rate Bonds are subject to redemption at the election of the City on any date prior to their stated maturity, in whole or in part:

(a) unless clause (b) below applies, during any Interest Period therefor, on any day, but only after the fifth anniversary of the first day of such Interest Period, at a redemption price equal to 100% of the principal amount thereof; or

(b) during any Interest Period therefor, on any alternate dates and at any alternate prices stated in a certificate of an authorized officer of the City delivered to the Notice Parties prior to the Rate Determination Date for such Interest Period and accompanied by an opinion of an attorney or firm of attorneys of nationally recognized standing in matters pertaining to the federal income tax treatment of interest on bonds issued by states and their political subdivisions to the effect that such substitution of such alternate dates and prices will not adversely affect the exclusion of interest on any 2005C/2006A/2012B Variable Rate Bond of such series from the gross income of the owner thereof for federal income tax purposes;

(c) together, in each case, with accrued interest, if any, to the redemption date.

Sinking Fund Redemption

2005 Series C Bonds - The 2005 Series C Bonds are subject to redemption through mandatory sinking fund installments on October 1 in the years and in the amounts shown below, at a redemption

price of 100% of the principal amount thereof, together with accrued interest, if any, to the redemption date:

Year	Amount
2025	$1,520,000
2026*	1,570,000

*Final maturity.

2006 Series A Bonds - The 2006 Series A Bonds are subject to redemption through mandatory sinking fund installments on October 1 in the years and in the amounts shown below, at a redemption price of 100% of the principal amount thereof, together with accrued interest, if any, to the redemption date:

Year	Amount
2025	$1,470,000
2026*	1,515,000

*Final maturity.

2012 Series B Bonds. The 2012 Series B Bonds are subject to redemption through mandatory sinking fund installments on October 1 in the years and in the amounts shown below, at a redemption price of 100% of the principal amount thereof, together with accrued interest, if any, to the redemption date:

Year	Amount	Year	Amount
2027	$3,370,000	2035	$5,560,000
2028	3,200,000	2036	5,740,000
2029	3,080,000	2037	5,930,000
2030	2,910,000	2038	6,125,000
2031	3,095,000	2039	6,325,000
2032	3,175,000	2040	6,430,000
2033	5,015,000	2041	16,185,000
2034	5,235,000	2042*	16,735,000

*Final maturity.

The particular 2005C/2006A/2012B Variable Rate Bonds or portions thereof to be redeemed through mandatory sinking fund installments shall be selected by the Trustee in the manner described below under "Selection of 2005C/2006A/2012B Variable Rate Bonds to be Redeemed." So long as a book-entry system is used for determining ownership of the 2005C/2006A/2012B Variable Rate Bonds, DTC or its successor and Direct Participants and Indirect Participants will determine the particular ownership interests of 2005C/2006A/2012B Variable Rate Bonds to be redeemed through mandatory sinking fund installments.

In determining the amount of 2005C/2006A/2012B Variable Rate Bonds to be redeemed with any sinking fund installment, there will be deducted the principal amount of any 2005C/2006A/2012B Variable Rate Bonds which have been purchased, to the extent permitted by the Resolution, with

amounts in the Debt Service Account (exclusive of amounts deposited from proceeds of Bonds). In addition, if there is any redemption or purchase of any 2005C/2006A/2012B Variable Rate Bonds with amounts other than moneys on deposit in the Debt Service Account, such 2005C/2006A/2012B Variable Rate Bonds may be credited against any future sinking fund installment established for the 2005C/2006A/2012B Variable Rate Bonds as specified by the City at any time, except as described in the penultimate paragraph under "2005C/2006A/2012B Variable Rate Bonds" above.

Selection of 2005C/2006A/2012B Variable Rate Bonds to be Redeemed

Except as described in the following sentence, in the event that less than all of the 2005C/2006A/2012B Variable Rate Bonds of a particular series are to be redeemed, such 2005C/2006A/2012B Variable Rate Bonds to be redeemed will be selected in such manner as the Trustee deems fair and appropriate and the portion of such 2005C/2006A/2012B Variable Rate Bonds not so redeemed will be in an Authorized Denomination. Notwithstanding the foregoing, in the event of any redemption of less than all of the 2005C/2006A/2012B Variable Rate Bonds of a particular series, 2005C/2006A/2012B Variable Rate Bonds of such series will be redeemed first, prior to the selection of any other 2005C/2006A/2012B Variable Rate Bonds for redemption.

So long as a book-entry system is used for determining ownership of the 2005C/2006A/2012B Variable Rate Bonds of a particular series, the Trustee shall send the notice of redemption to DTC or its nominee, or its successor, and if less than all of such 2005C/2006A/2012B Variable Rate Bonds are to be redeemed, DTC or its successor and Direct Participants and Indirect Participants will determine the particular ownership interests of such 2005C/2006A/2012B Variable Rate Bonds to be redeemed. Any failure of DTC or its successor or a Direct Participant or Indirect Participant to do so, or to notify a Beneficial Owner of the 2005C/2006A/2012B Variable Rate Bonds of any redemption, will not affect the sufficiency or the validity of the redemption of such 2005C/2006A/2012B Variable Rate Bonds. Neither the City nor the Trustee can make any assurance that DTC, the Direct Participants or the Indirect Participants will distribute such redemption notices to the Beneficial Owners of the 2005C/2006A/2012B Variable Rate Bonds of a particular series, or that they will do so on a timely basis.

Notice of Redemption

The Resolution requires the Trustee to give notice of any redemption of the 2005C/2006A/2012B Variable Rate Bonds not less than fifteen days prior to the redemption date. Notice of redemption will be given by first-class mail to each holder of the 2005C/2006A/2012B Variable Rate Bonds to be redeemed. The failure of the Trustee to give notice by mail, or any defect in such notice, to the holder of any 2005C/2006A/2012B Variable Rate Bonds will not affect the validity of the proceedings for the redemption of any other 2005C/2006A/2012B Variable Rate Bonds. Notice having been given in the manner provided in the Resolution, on the redemption date so designated, (a) unless such notice has been revoked or ceases to be in effect in accordance with the terms thereof and (b) if there shall be sufficient moneys available therefor, then the 2005C/2006A/2012B Variable Rate Bonds or portions thereof so called for redemption will become due and payable on such redemption date at the redemption price, plus interest accrued and unpaid to the redemption date. So long as a book-entry system is used for determining ownership of the 2005C/2006A/2012B Variable Rate Bonds of a particular series, the Trustee shall send the notice of redemption to DTC or its nominee, or its successor, and if less than all of the 2005C/2006A/2012B Variable Rate Bonds of a series are to be redeemed, DTC or its successor and Direct Participants and Indirect Participants will determine the particular ownership interests of such 2005C/2006A/2012B Variable Rate Bonds to be redeemed. Any failure of DTC or its successor or a Direct Participant or

Indirect Participant to do so, or to notify a Beneficial Owner of the 2005C/2006A/2012B Variable Rate Bonds of any redemption, will not affect the sufficiency or the validity of the redemption of the 2005C/2006A/2012B Variable Rate Bonds. Neither the City nor the Trustee can make any assurance that DTC, the Direct Participants or the Indirect Participants will distribute such redemption notices to the Beneficial Owners of the 2005C/2006A/2012B Variable Rate Bonds, or that they will do so on a timely basis.

Substitution of Liquidity Facility

At any time prior to the giving by the applicable Tender Agent of notice of the mandatory tender of the 2005C/2006A/2012B Variable Rate Bonds as of a particular series a result of the expiration of the applicable Liquidity Facility then in effect (see "Mandatory Tender for Purchase — *Expiration of Liquidity Facility*" above), the City may deliver to the applicable Tender Agent a Substitute Liquidity Facility in substitution for such Liquidity Facility then in effect. In the event of any such substitution, such series of 2005C/2006A/2012B Variable Rate Bonds in the Weekly Mode or the Daily Mode will be subject to mandatory tender for purchase on the Substitution Date unless the City shall have delivered to the Notice Parties, by not later than the Business Day prior to the date on which the applicable Tender Agent is required to give notice of such mandatory tender pursuant to the applicable 2005C/2006A/2012B Supplemental Resolution, written evidence from each Rating Agency then rating such 2005C/2006A/2012B Variable Rate Bonds to the effect that such Rating Agency has reviewed the proposed Substitute Liquidity Facility and that the substitution of such Substitute Liquidity Facility for the Liquidity Facility then in effect will not result in a withdrawal, suspension or reduction in such Rating Agency's ratings on such 2005C/2006A/2012B Variable Rate Bonds. See "Mandatory Tender for Purchase — *Substitution of Liquidity Facility*" above.

A Substitute Liquidity Facility supporting the 2005C/2006A/2012B Variable Rate Bonds of a particular series shall be in an amount at least equal to the Liquidity Facility Requirement for such 2005C/2006A/2012B Variable Rate Bonds. Any Substitute Liquidity Facility shall become effective with respect to the 2005C/2006A/2012B Variable Rate Bonds of a particular series on the Substitution Date therefor established pursuant to the applicable 2005C/2006A/2012B Supplemental Resolution (see the definition of "Substitution Date" in APPENDIX C hereto); *provided, however,* that the City furnishes to the applicable Tender Agent (i) an opinion of counsel of an attorney or firm of attorneys of nationally recognized standing in matters pertaining to the federal income tax treatment of interest on bonds issued by states and their political subdivisions to the effect that the substitution of such Substitute Liquidity Facility for the Liquidity Facility then in effect is authorized or permitted by the Resolution and will not cause the interest on such 2005C/2006A/2012B Variable Rate Bonds to become includable in gross income for federal income tax purposes; (ii) either (A) written evidence from each Rating Agency then rating such 2005C/2006A/2012B Variable Rate Bonds to the effect that such Rating Agency has reviewed the proposed Substitute Liquidity Facility and stating the ratings of the particular series of 2005C/2006A/2012B Variable Rate Bonds after substitution of such Substitute Liquidity Facility or (B) a statement of an authorized officer of the City that no ratings have been obtained with respect to such series; (iii) if such Substitute Liquidity Facility is other than a letter of credit issued by a domestic commercial bank, an opinion of counsel to the effect that no registration of such 2005C/2006A/2012B Variable Rate Bonds of such series or such Substitute Liquidity Facility is required under the Securities Act of 1933, as amended; (iv) an opinion of counsel satisfactory to an authorized officer of the City to the effect that such Substitute Liquidity Facility is a valid and enforceable obligation of the issuer or provider thereof; and (v) all information required to give the notice of mandatory tender for purchase of such

2005C/2006A/2012B Variable Rate Bonds, if required by the applicable 2005C/2006A/2012B Supplemental Resolutions.

In the event that the 2005C/2006A/2012B Variable Rate Bonds of a particular series are in the Weekly Mode or the Daily Mode, if, in connection with the substitution of a Substitute Liquidity Facility for the Liquidity Facility then in effect, the 2005C/2006A/2012B Variable Rate Bonds of such series are not subject to mandatory tender for purchase on a Substitution Date (see "Mandatory Tender for Purchase — *Substitution of Liquidity Facility*" above), the Tender Agent will give notice as hereinafter described to the Holders of such 2005C/2006A/2012B Variable Rate Bonds by mail, first-class postage prepaid, not less than fifteen and not more than 60 days preceding such Substitution Date. Such notice will (a) state the Substitution Date on which such substitution is expected to become effective; (b) contain a description of such Substitute Liquidity Facility and the bank that is the issuer or provider thereof; and (c) state that if any Holder of a 2005C/2006A/2012B Variable Rate Bonds of such series (or, if the 2005C/2006A/2012B Variable Rate Bonds are subject to the book-entry only system of registration and transfer described in "INTRODUCTORY STATEMENT – Book-Entry Only System" herein, any Beneficial Owner thereof) does not desire to continue to hold such 2005C/2006A/2012B Variable Rate Bonds (or beneficial ownership interest therein) following such substitution, such Holder (or Beneficial Owner) must give notice of the tender of such 2005C/2006A/2012B Variable Rate Bonds (or beneficial ownership interest therein) by the time and in the manner described under the caption "Optional Tender for Purchase" above.

Registration and Transfer; Payment

The 2005C/2006A/2012B Variable Rate Bonds may be transferred only on the books of the City held at the principal corporate trust office of the Trustee, as Bond Registrar. Neither the City nor the Bond Registrar will be required to transfer or exchange 2005C/2006A/2012B Variable Rate Bonds (a) for a period beginning with the applicable Record Date and ending with the next succeeding Interest Payment Date, or (b) for a period beginning with a date selected by the Trustee not more than fifteen nor less than ten days prior to a date fixed for the payment of any interest which, at the time, is payable, but has not been punctually paid or duly provided for, and ending with the date fixed for such payment. Interest on any 2005C/2006A/2012B Variable Rate Bonds will be paid to the person in whose name such 2005C/2006A/2012B Variable Rate Bonds is registered on the applicable Record Date. At such time, if any, as the 2005C/2006A/2012B Variable Rate Bonds of a particular series no longer shall be subject to the book-entry only system of registration and transfer described in "INTRODUCTORY STATEMENT - Book-Entry Only System " herein, interest on the 2005C/2006A/2012B Variable Rate Bonds of such series will be payable by check or draft of the Trustee, as Paying Agent, mailed to the registered owners by first-class mail (or, to the extent permitted by the Resolution, by wire transfer (see "General" above)). At such time, if any, as the 2005C/2006A/2012B Variable Rate Bonds of a particular series no longer shall be subject to such book-entry only system of registration and transfer, the principal of all 2005C/2006A/2012B Variable Rate Bonds of such series will be payable on the date of maturity or redemption or acceleration thereof upon presentation and surrender at the principal corporate trust office of the Paying Agent.

For so long as a book-entry system is used for determining beneficial ownership of the 2005C/2006A/2012B Variable Rate Bonds of a particular series, such principal and interest shall be payable to DTC or its nominee. Disbursement of such payments to the Direct Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners of the 2005C/2006A/2012B Variable Rate Bonds of such series is the responsibility of the Direct Participants or the Indirect Participants. See "INTRODUCTORY STATEMENT – Book-Entry Only System" herein.

BARCLAYS LIQUIDITY FACILITIES

General

As described above, from _____, 2020, liquidity support for the 2005C/2006A/2012B Variable Rate Bonds will be provided by the Bank pursuant to three separate Barclays Bank Liquidity Facilities.

The following description is a summary of certain provisions of the Barclays Bank Liquidity Facilities. Such summary does not purport to be a complete description or restatement of the material provisions of the Barclays Bank Liquidity Facilities. Investors should obtain and review a copy of the Barclays Bank Liquidity Facilities in order to understand all of the terms of that document. Copies of the Barclays Bank Liquidity Facilities may be obtained from the City, the Tender Agent or the Remarketing Agent upon request. Capitalized words or terms used in the following summary that are not defined shall have the meanings ascribed to them elsewhere in this Reoffering Memorandum, the Resolution, the Twentieth Supplemental Resolution, the Barclays Bank Liquidity Facility or in "Copies of the Resolution and the Twentieth Supplemental Bond Resolution" in APPENDIX D hereto.

The Barclays Bank Liquidity Facilities provide that the Bank shall purchase the 2005C/2006A/2012B Variable Rate Bonds tendered or deemed tendered from time to time pursuant to certain optional tenders or mandatory tenders by owners thereof in accordance with the terms of the Twentieth Supplemental Resolution to the extent the Remarketing Agent is unable to remarket such 2005C/2006A/2012B Variable Rate Bonds. The Barclays Bank Liquidity Facilities will terminate on _____, 2024, unless extended or earlier terminated pursuant to its terms.

Under certain circumstances described below, the obligation of the Bank to purchase the 2005C/2006A/2012B Variable Rate Bonds tendered or deemed tendered by the owners thereof pursuant to certain optional or mandatory tenders for purchase may be suspended or terminated without notice. In such event, sufficient funds may not be available to purchase the 2005C/2006A/2012B Variable Rate Bonds tendered or deemed tendered by the owners thereof pursuant to an optional or mandatory tender for purchase.

Purchase of Eligible Bonds by the Bank

The Bank agrees, on the terms and subject to the conditions contained in the respective Barclays Bank Liquidity Facilities, to purchase, on each Purchase Date (as defined in APPENDIX D hereto) during the Purchase Period (as defined in the Barclays Bank Liquidity Facility), at the Purchase Price (as defined in the Barclays Bank Liquidity Facilities), all Eligible Bonds (as defined in the Barclays Bank Liquidity Facilities).

The aggregate amount of the Purchase Price comprising interest on Eligible Bonds purchased on any Purchase Date (the "Interest Component") shall not exceed the lesser of (i) the Available Interest Commitment (as defined in the Barclays Bank Liquidity Facilities) on such date and (ii) if the Purchase Date is not an Interest Payment Date (as defined in the Barclays Bank Liquidity Facilities), the aggregate amount of interest accrued on such 2005C/2006A/2012B Variable Rate Bonds from and including the next preceding Interest Payment Date to but excluding such Purchase Date and, if the Purchase Date is an Interest Payment Date, zero. The aggregate principal amount (or portion thereof) of any Eligible Bond purchased on any Purchase Date shall be in an Authorized Denomination (as defined in the Barclays

Bank Liquidity Facilities) and, in any case, the Bank shall not be obligated to purchase on any Purchase Date to the extent the aggregate Purchase Price of the Eligible Bonds exceeds the Available Commitment as of 10:00 A.M. (New York City time) on such Purchase Date.

Liquidity Events of Default; Remedies

Except as otherwise specified below, the occurrence of any of the following events set forth in paragraphs numbered 1, 2 and 3 below shall constitute an event of default under the respective Barclays Bank Liquidity Facilities (each, a "Liquidity Event of Default"):

1. Liquidity Events of Default Not Permitting Immediate Termination or Suspension.

(a) Notice Termination Events. Each of the following Liquidity Events of Default shall constitute a "Notice Termination Event":

(i) Payments. The City shall not pay when due any amount owed to the Bank pursuant to the Fee Letter (as defined in the Barclays Bank Liquidity Facilities) or Sections 2.7, 2.8 or 8.3 of the Barclays Bank Liquidity Facilities; or

(ii) Other Payments. The City shall fail to pay within ten (10) days after the same shall become due any fee or other amount payable by it under the Barclays Bank Liquidity Facilities or the Fee Letter (not otherwise referred to in this paragraph 1(a)); or

(iii) Representations. Any representation, warranty, certification or statement made by the City (or incorporated by reference) in the Barclays Bank Liquidity Facilities, the Fee Letter (as defined in the Barclays Bank Liquidity Facilities) or any Financing Document (as defined in the Barclays Bank Liquidity Facilities) or in any certificate, financial statement or other document delivered pursuant to the Barclays Bank Liquidity Facilities or any Financing Document shall prove to have been incorrect in any material respect when made (or deemed made); or

(iv) Certain Covenants. The City shall default in the due performance or observance of Sections 5.5, 5.6, 5.7, 5.11, 5.13, 5.14 or 5.15 of the Barclays Bank Liquidity Facilities and such default shall remain unremedied for a period of ten (10) days after the Bank shall have given written notice thereof to the City; or

(v) Other Covenants. The City shall default in the due performance or observance of any other term, covenant or agreement contained or incorporated by reference in the Barclays Bank Liquidity Facilities (other than those referred to in paragraphs 1(a)(i) through 1(a)(iv) above) and such default shall remain unremedied for a period of forty-five (45) days after the Bank shall have given written notice thereof to the City; or

(vi) Long-Term Credit Rating. The long-term credit rating assigned by a Rating Agency (as defined in the Barclays Bank Liquidity Facilities) to the 2005C/2006A/2012B Variable Rate Bonds or any Parity Debt (as defined in the Barclays Bank Liquidity Facilities) (without taking into account third party credit enhancement) is withdrawn or suspended, in either case, for credit related reasons by any one of the Rating Agencies or reduced below "A2" (or its equivalent) by Moody's, below "A" (or its equivalent) by S&P or below "A" (or its equivalent) by Fitch (if the 2005C/2006A/2012B Variable Rate Bonds are then rated by Fitch); or

(vii) Other Obligations. (A) An "event of default" as defined in Section 801 of the Resolution shall occur and is not cured within the applicable grace period, (B) any "event of default" under any of the Financing Documents (excluding the Resolution and the Twentieth Supplemental Resolution) shall occur and is not cured within any applicable cure period, (C) the City shall fail to pay any Indebtedness (as defined in the Barclays Bank Liquidity Facilities) of the City for borrowed money related to the System, or any interest or premium thereon, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), of at least $20,000,000 in principal amount then outstanding and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Indebtedness, or (D) the City shall fail to perform or observe any term, covenant or condition on its part to be performed or observed under any Contractual Obligation (as defined in the Barclays Bank Liquidity Facilities) related to the System when required to be performed or observed, and such failure shall not be waived and shall continue after the applicable grace period, if any, specified in such Contractual Obligation, if the effect of such failure to perform or observe is to accelerate, or permit the acceleration of, or require or permit to be required the prepayment (whether by mandatory redemption or mandatory tender) of the related Indebtedness such that such Indebtedness becomes immediately due and payable prior to, with the giving of notice if required, the maturity of the related Indebtedness; or any such Indebtedness shall be declared to be due and payable or be required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof.

(b) Remedies. Upon the occurrence of any Event of Default, including an Immediate Termination Event or Suspension Event (as defined below), the Bank shall have all other remedies provided at law or in equity including, without limitation, specific performance; and, in addition, the Bank, in its sole discretion, may do one or more of the following: (i) by notice to the City, tender any or all Bank Bonds for payment to the City and the City shall thereupon be obligated to pay immediately the outstanding principal amount of each Bank Bond (together with accrued interest thereon) so tendered, without presentment, demand, protest or other notice of any kind, all of which are expressly waived by the City; *provided, however,* that in the case of any of the Events of Default specified in Section 801(v) or (vi) of the Resolution or as described in 2(a)(iii) or 3(a)(i) below, without any notice to the City or any other act by the Bank, all Bank Bonds shall immediately be deemed to be tendered for payment to the City and the City shall be obligated to pay immediately the outstanding principal amount of such Bank Bonds (together with accrued interest thereon) without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by the City; (ii) deliver to the City, the Tender Agent and the Remarketing Agent written notice substantially in the form of Exhibit B to the respective Barclays Bank Liquidity Facilities (a "Notice of Termination") that an Event of Default has been declared under the Barclays Liquidity Facilities and is continuing that entitles the Bank to terminate the Available Commitment thereunder following the honoring by the Bank, on or prior to the date of such termination, of a final drawing hereunder to purchase all of the Bonds upon the resultant mandatory tender for purchase thereof, whereupon (A) the Bonds shall be called for mandatory tender for purchase pursuant to Section 3.06(c)(vii) of the Twentieth Supplemental Resolution on the fifteenth (15th) day (or, if such day is not a Business Day, on the next preceding Business Day) following the date such Notice of Termination is received by the Tender Agent and (B) at the close of business on the sixteenth (16th) day (or, if such day is not a Business Day, on the next succeeding Business Day) following the date such Notice of Termination is received by the Tender Agent, the Available Commitment shall be reduced to zero and the obligations of the Bank under the Barclays Bank Liquidity Facilities shall terminate; provided, however, that prior to such termination, the Bank shall remain obligated to purchase Eligible Bonds in accordance with the terms of the Barclays Liquidity Facilities so long as no Immediate Termination Event or

Suspension Event has occurred; (iii) exercise any right or remedy available to it under any other provision of the Barclays Liquidity Facilities or the Fee Letter; and (iv) exercise any other rights or remedies available under any Financing Document; *provided, however,* that the Bank shall not have the right to terminate or suspend its obligation to purchase Bonds except as expressly described in paragraphs 2 and 3 below. Notwithstanding any other provision of this paragraph, all obligations under the Barclays Liquidity Facilities and under the Fee Letter shall bear interest at the Default Rate upon the occurrence and during the continuation of any Event of Default.

2. Liquidity Events of Default Permitting Immediate Termination.

(a) Immediate Termination Events. Each of the following Liquidity Events of Default shall also constitute an "Immediate Termination Event":

(i) Payment Default. The City shall have failed to pay when due any principal or interest, or both, payable under, or in respect of the 2008 Series B Bonds (including any Bank Bonds) (other than a failure to pay any amounts described in this clause 2(a)(i) as a result of the tender or deemed tender for payment of Bank Bonds pursuant to paragraph 1(b)(i) above); or

(ii) Judgments. A final, unappealable judgment or judgments against the City for the payment of money in excess of $20,000,000 in the aggregate shall be payable from the funds and other property comprising the Trust Estate securing the 2005C/2006A/2012B Variable Rate Bonds (including any Bank Bonds) and not be covered by insurance, the operation or result of which judgment or judgments shall remain unpaid, unstayed, undischarged, unbonded or undismissed for a period of sixty (60) days; provided that an obligation shall be considered "covered by insurance" to the extent the City has self-insured against such obligation or risk and has maintained adequate reserves therefor under appropriate insurance or accounting industry standards within the Rate Stabilization Fund, Utilities Plant Improvement Fund, and/or Debt Service Funds of the City as indicated in the most recent audited or unaudited financial statements of the City furnished to the Bank pursuant to the Barclays Liquidity Facilities or other evidence satisfactory to the Bank; or

(iii) Insolvency. (A) The City shall (1) commence any case, proceeding or other action (x) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition, declaration of a payment moratorium or other relief with respect to it or its debts or (y) seeking the appointment of a receiver, trustee, custodian or similar official for it or for all or any substantial part of its assets, or (2) make a general assignment for the benefit of its creditors; (B) there shall be commenced against the City any case, proceeding or other action of a nature referred to in clause (A) above which (x) results in an order for such relief or in the appointment of a receiver or similar official or (y) remains undismissed, undischarged or unbonded for a period of sixty (60) days; (C) there shall be commenced against the City any case, proceeding or other action seeking the issuance of a warrant of attachment, execution, restraint or similar process against all or any substantial part of the assets of the System or the Net Revenues of the System, which results in the entry of a final and non-appealable order or ruling for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; (D) the City shall take any action in furtherance of, or indicating

its consent to, approval of, or acquiescence in, any of the acts set forth in clause (A), (B) or (C) of this paragraph 2(a)(iii); or (E) the City shall (1) admit in writing its inability to pay its debts as such debts become due or (2) become insolvent within the meaning of the United States Bankruptcy Code; or

(iv) Validity. (A) Any provision of the Act (as defined in the Barclays Bank Liquidity Facilities), the Barclays Bank Liquidity Facilities, the Resolution, the Twentieth Supplemental Resolution or the 2005C/2006A/2012B Variable Rate Bonds relating to (1) the ability or the obligation of the City to pay, when due, the principal of or interest on the 2005C/2006A/2012B Variable Rate Bonds (including any Bank Bonds) or any Parity Debt or (2) the Trust Estate securing the 2005C/2006A/2012B Variable Rate Bonds (including any Bank Bonds) and Parity Debt shall at any time, be declared to be null and void, invalid or unenforceable as the result of a final nonappealable judgment by any federal or state court or as a result of any legislative or administrative action by any Governmental Authority (as defined in the Barclays Bank Liquidity Facilities) having jurisdiction over the City; or (B) an authorized representative of the City publicly repudiates or otherwise denies that it has any further liability or obligation under or with respect to any provision of the Act, the Barclays Bank Liquidity Facilities, the Resolution, the Twentieth Supplemental Resolution, the 2005C/2006A/2012B Variable Rate Bonds or any Parity Debt relating to (1) the ability or the obligation of the City to pay, when due, the principal of or interest on the 2005C/2006A/2012B Variable Rate Bonds (including any Bank Bonds) or any Parity Debt or (2) the Trust Estate securing the 2005C/2006A/2012B Variable Rate Bonds (including any Bank Bonds) and Parity Debt; or (C) the City shall have taken or permitted to be taken any official action, or shall have duly enacted any ordinance, which would invalidate, render null and void or make unenforceable any provision of the Barclays Bank Liquidity Facilities, the 2005C/2006A/2012B Variable Rate Bonds, the Act, the Resolution, the Twentieth Supplemental Resolution or any Parity Debt relating to (1) the ability or the obligation of the City to pay, when due, the principal of or interest on the 2005C/2006A/2012B Variable Rate Bonds (including any Bank Bonds) or any Parity Debt or (2) the Trust Estate securing the 2005C/2006A/2012B Variable Rate Bonds (including any Bank Bonds) and Parity Debt; or

(v) Ratings. (i) Each Rating Agency then rating the 2008 Series B Bonds shall have (A) withdrawn or suspended its Rating (as defined in the Barclays Bank Liquidity Facilities) assigned to the 2005C/2006A/2012B Variable Rate Bonds, in either case, for credit related reasons or (B) reduced its Rating assigned to the 2005C/2006A/2012B Variable Rate Bonds below Investment Grade (as defined in the Barclays Bank Liquidity Facilities) or (ii) each Rating Agency then rating Parity Debt shall have (A) withdrawn or suspended its Rating assigned to any Parity Debt, in either case, for credit related reasons or (B) reduced its Rating assigned to any Parity Debt below Investment Grade; or

(vi) Parity Debt Payment Default. The City shall fail to make any payment in respect of principal or interest on any Parity Debt when due (i.e., whether upon said Parity Debt's scheduled maturity, required prepayment, upon demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Parity Debt, or pursuant to the provisions of any resolution, indenture or instrument pursuant to which Parity Debt has been issued, the maturity of such Parity Debt shall as a result of the occurrence of a default in payment under such resolution, indenture or instrument, be accelerated or required to be prepaid prior to the stated maturity thereof; or

(vii) Debt Moratorium or Restructuring. (A) The City shall impose a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on the 2005C/2006A/2012B Variable Rate Bonds, the Bank Bonds or any Parity Debt or (B) any Governmental Authority having appropriate jurisdiction over the City shall make a finding or ruling or shall enact or adopt legislation or issue an executive order or enter a judgment or decree which results in a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on the 2005C/2006A/2012B Variable Rate Bonds, the Bank Bonds or any Parity Debt.

(b) Remedies. In addition to the remedies set forth in paragraph 1(b) above, upon the occurrence of an Immediate Termination Event, the Available Commitment shall immediately be reduced to zero, in which case, the obligations of the Bank to purchase Eligible Bonds under the Barclays Bank Liquidity Facility shall immediately terminate and expire without requirement of notice by the Bank; provided, that (i) the Liquidity Event of Default described in paragraph 2(a)(i) above will not qualify as an "Immediate Termination Event" under the Barclays Bank Liquidity Facilities if the failure to pay the principal of, or interest on, a Bank Bond is due solely to a tender or deemed tender for payment of all of the Bank Bonds by the Bank for any reason other than nonpayment as described in paragraph 2(a)(i) above, (ii) as and to the extent that the provider of a liquidity or credit facility in support of Parity Debt owns all or a portion of such Parity Debt pursuant to the provisions of such facility ("Bank-Owned Parity Debt"), the Liquidity Event of Default described in paragraph 2(a)(vi) above will not qualify as an "Immediate Termination Event" if the failure to pay the principal of, or interest on, said Bank-Owned Parity Debt described in paragraph 2(a)(vi) is due solely to a tender or deemed tender for payment of said Bank-Owned Parity Debt for any reason other than nonpayment as described in paragraph 2(a)(vi) above and (iii) the Suspension Events described in paragraph 3(a) below will not qualify as "Immediate Termination Events" unless and until the applicable conditions described in paragraph 3(b) below for such qualification have been satisfied. After such termination or expiration, the Bank shall deliver promptly to the City, the Tender Agent and the Remarketing Agent written notice of such termination or expiration; provided, however, that failure to provide such written notice shall have no effect on the validity or enforceability of such termination or expiration.

3. Liquidity Events of Default Permitting Immediate Suspension.

(a) Suspension Events. Each of the following Defaults (as defined in the Barclays Bank Liquidity Facility) and Liquidity Events of Default shall also constitute a "Suspension Event":

(i) Involuntary Bankruptcy. The occurrence of a Default under paragraph 2(a)(iii)(B) or paragraph 2(a)(iii)(C) above; or

(ii) Invalidity. (A) Any Governmental Authority with jurisdiction to rule on the validity or enforceability of the Barclays Bank Liquidity Facilities, the 2005C/2006A/2012B Variable Rate Bonds, the Act, the Resolution or the Twentieth Supplemental Resolution shall find or rule, in a judicial or administrative proceeding, that any provision of the Barclays Bank Liquidity Facilities, the 2005C/2006A/2012B Variable Rate Bonds, the Act, the Resolution, the Twentieth Supplemental Resolution or any Parity Debt, as the case may be, relating to (1) the ability or the obligation of the City to pay, when due, the principal of or interest on the 2005C/2006A/2012B Variable Rate Bonds (including any Bank Bonds) or any Parity Debt or (2) the Trust Estate securing the 2005C/2006A/2012B Variable Rate Bonds (including any Bank Bonds)

and Parity Debt is not valid or not binding on, or enforceable against, the City; or (B) the City (1) makes a claim in a judicial or administrative proceeding that the City has no further liability or obligation under the Barclays Bank Liquidity Facilities, the 2005C/2006A/2012B Variable Rate Bonds, the Act, the Resolution, the Twentieth Supplemental Resolution or any Parity Debt to pay, when due, the principal of or interest on the 2005C/2006A/2012B Variable Rate Bonds (including any Bank Bonds) or any Parity Debt or (2) contests in a judicial or administrative proceeding the validity or enforceability of any provision of the Barclays Bank Liquidity Facilities, the 2005C/2006A/2012B Variable Rate Bonds, the Act, the Resolution, the Twentieth Supplemental Resolution or any Parity Debt relating to or otherwise affecting (y) the City's ability or obligation to pay, when due, the principal of or interest on the 2005C/2006A/2012B Variable Rate Bonds (including any Bank Bonds) or any Parity Debt or (z) the Trust Estate securing the 2005C/2006A/2012B Variable Rate Bonds (including any Bank Bonds) and Parity Debt.

(b) Remedies; Restoration of Rights.

(i) In addition to the remedies set forth in paragraph 1(b) above, but subject to paragraphs 3(b)(ii) and 3(b)(iii) below (as applicable), in the case of a Liquidity Event of Default described in paragraph 3(a)(i), paragraph 3(a)(ii)(A) or paragraph 3(a)(ii)(B) above, the obligation of the Bank to purchase Eligible Bonds under the Barclays Bank Liquidity Facility shall be immediately suspended without notice or demand and, thereafter, the Bank shall be under no obligation to purchase Eligible Bonds until the Available Commitment is reinstated as described below. Promptly upon the occurrence of any such Suspension Event, the Bank shall notify the City, the Tender Agent and the Remarketing Agent of such suspension and the effective date of such suspension in writing by facsimile, promptly confirmed by regular mail; provided, that the Bank shall incur no liability of any kind by reason of its failure to give such notice and such failure shall in no way affect the suspension of the Available Commitment or its obligation to purchase Eligible Bonds pursuant to the Barclays Bank Liquidity Facilities.

(ii) Upon the occurrence of a Default described in paragraph 3(a)(i) above, the Bank's obligations to purchase Eligible Bonds shall be suspended immediately and automatically and remain suspended until said case, proceeding or other action referred to therein is terminated prior to the court entering an order granting the relief sought in such case, proceeding or other action. In the event such case, proceeding or other action is terminated prior to the Bank's obligations under the Barclays Bank Liquidity Facilities having expired or been terminated in accordance with its terms, then the Available Commitment and the obligation of the Bank to purchase Eligible Bonds shall be reinstated and the terms of the Barclays Bank Liquidity Facilities shall continue in full force and effect as if there had been no such suspension. In the event that such case, proceeding or other action shall not have been terminated prior to the Bank's obligations under the Barclays Bank Liquidity Facilities having expired or been terminated in accordance with its terms, then the Available Commitment and the obligation of the Bank to purchase Eligible Bonds shall terminate without notice or demand and, thereafter, the Bank shall be under no obligation to purchase Eligible Bonds.

(iii) Upon the occurrence of a Liquidity Event of Default described in paragraph 3(a)(ii)(A) or paragraph 3(a)(ii)(B) above, the Bank's obligations to purchase Eligible Bonds shall be immediately and automatically suspended and remain suspended unless and until a court with jurisdiction to rule on such a Liquidity Event of Default shall enter a final and nonappealable judgment that any of the material provisions of the Act or any other document

described in paragraph 3(a)(ii)(A) above are not valid or not binding on, or enforceable against, the City or that a claim or contest described in paragraph 3(a)(ii)(B) above shall have been upheld in favor of the City in accordance with a final and nonappealable judgment, then, in each such case, the Available Commitment and the obligation of the Bank to purchase Eligible Bonds shall immediately terminate without notice or demand and, thereafter, the Bank shall be under no obligation to purchase Eligible Bonds. If a court with jurisdiction to rule on such a Liquidity Event of Default shall find or rule by entry of a final and nonappealable judgment that the material provision of the Act or any other document described in paragraph 3(a)(ii)(A) above is valid and binding on, or enforceable against, the City or the claim or contest described in paragraph 3(a)(ii)(B) above shall have been dismissed pursuant to a final and nonappealable judgment, then the Available Commitment and the obligations of the Bank under the Barclays Bank Liquidity Facilities shall, in each such case, thereupon be reinstated (unless the Bank's obligations under the Barclays Bank Liquidity Facilities shall have previously expired or been terminated in accordance with its terms). Notwithstanding the foregoing, if the suspension of the obligations of the Bank pursuant to any Liquidity Event of Default described in paragraph 3(a)(ii)(A) or paragraph 3(a)(ii)(B) above remains in effect and litigation is still pending and a determination regarding the same shall not have been dismissed or otherwise made pursuant to a final and non-appealable judgment, as the case may be, on or prior to the first anniversary of the occurrence of such Liquidity Event of Default, then the Available Commitment and the obligation of the Bank to purchase Eligible Bonds shall at such time terminate without notice or demand and, thereafter, the Bank shall be under no obligation to purchase Eligible Bonds.

In the case of the occurrence of any Suspension Event described in this paragraph 3, the Tender Agent shall immediately notify all 2005C/2006A/2012B Bondholders (as defined in the Barclays Bank Liquidity Facilities) of the suspension and/or termination of both the Available Commitment and the obligation of the Bank to purchase Eligible Bonds.

THE BANK

The information under this caption relates to and has been provided by the Bank for inclusion in this Reoffering Memorandum. The information concerning the Bank contained herein is furnished solely to provide limited introductory information regarding the Bank and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements referenced below. No representation is made by the City as to the accuracy, completeness or adequacy of such information. The delivery of this Reoffering Memorandum shall not create any implication that there has been no change in the affairs of the Bank since the date hereof, or that the information contained or referred to under this caption is correct as of any time subsequent to its date.

The Bank, and together with its subsidiary undertakings, the Bank Group is a public limited company registered in England and Wales under number 1026167. The liability of the members of the Bank is limited. It has its registered and head office at 1 Churchill Place, London, E14 5HP, United Kingdom (telephone number +44 (0)20 7116 1000). The Bank was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, the Bank was re-registered as a public limited company and its name was changed from 'Barclays Bank International Limited' to 'Barclays Bank PLC'. The whole of the issued ordinary share capital of the Bank

is beneficially owned by Barclays PLC. Barclays PLC (together with its subsidiary undertakings, the Group) is the ultimate holding company of the Group.

The Group is a transatlantic consumer and wholesale bank with global reach offering products and services across personal, corporate and investment banking, credit cards and wealth management anchored in the Group's two home markets of the UK and the US. The Group is organized into two clearly defined business divisions – Barclays UK division and Barclays International division. These are housed in two banking subsidiaries – Barclays UK sits within Barclays Bank UK PLC and Barclays International sits within the Bank – which operate alongside Barclays Execution Services Limited but, in accordance with the requirements of ring-fencing legislation, independently from one another. Barclays Execution Services Limited drives efficiencies in delivering operational and technology services across the Group.

The Bank and the Bank Group offer products and services designed for the Group's larger corporate, wholesale and international banking clients.

The short term unsecured obligations of the Bank are rated A-1 by S&P Global Ratings Europe Limited, P-1 by Moody's Investors Service Ltd. and F1 by Fitch Ratings Limited and the long-term unsecured unsubordinated obligations of the Bank are rated A by Standard & Poor's Credit Market Services Europe Limited, A1 by Moody's Investors Service Ltd. and A+ by Fitch Ratings Limited.

Based on the Bank Group's audited financial information for the year ended 31 December 2018, the Bank Group had total assets of £877,700m (2017: £1,129,343m), total net loans and advances of £136,959m (2017: £324,590m), total deposits of £199,337m (2017: £399,189m), and total equity of £47,711m (2017: £65,734m) (including non-controlling interests of £2m (2017: £1m)). The profit before tax of the Bank Group for the year ended 31 December 2018 was £1,286m (2017: £1,758m) after credit impairment charges and other provisions of £643m (2017: £1,553m). The financial information in this paragraph is extracted from the audited consolidated financial statements of the Bank for the year ended 31 December 2018.

Based on the Bank Group's unaudited financial information for the six months ended 30 June 2019, the Bank Group had total assets of £969,266m, total net loans and advances of £144,664m, total deposits of £215,125m, and total equity of £52,610m (including non-controlling interests of £0m). The profit before tax of the Bank Group for the six months ended 30 June 2019 was £1,725m (30 June 2018: £725m) after credit impairment charges and other provisions of £510m (30 June 2018: £156m). The financial information in this paragraph is extracted from the unaudited condensed consolidated interim financial statements of the Bank for the six months ended 30 June 2019.

The information contained under "THE BANK" in this Reoffering Memorandum relates to and has been obtained from the Bank. The information concerning the Bank contained herein is furnished solely to provide limited introductory information regarding the Bank and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements referenced above.

THE CITY

General

The City, home of the University of Florida, is located in North Central Florida midway between Florida's Gulf and the Atlantic coast. The City is approximately 125 miles north of Tampa, approximately 110 miles northwest of Orlando and approximately 75 miles southwest of Jacksonville. The Bureau of Economic and Business Research at the University of Florida estimated a 2019 population of 267,306 in the County with an estimated 133,068 persons residing within the City limits. The economic base of Gainesville consists primarily of light industrial, commercial, health care and educational activities. The University of Florida is the State's oldest university and, with approximately 56,500 students, is one of the largest universities in the nation.

For additional information with respect to the City and the County, see APPENDIX A attached hereto.

Government

The City is governed by the City Commission, which currently consists of seven members. Four are elected from single member districts and three are elected Citywide. The Mayor is elected by the residents of the City.

The following are the current members of the City Commission:

	Term Expires
Mayor Lauren Poe, At Large	November 2022
Mayor-Commissioner-Pro-Tem Harvey Ward, District 2	May 2020
Commissioner David Arreola, District 3	May 2020
Commissioner Adrian Hayes-Santos, District 4	November 2022
Commissioner Gail Johnson, At Large	May 2021
Commissioner Gigi Simmons, District 1	May 2021
Commissioner Helen K. Warren, At Large	May 2020

Charter Review Commission

The Charter Review Commission represents a recurring process for reviewing the City's charter. One of the potential proposals from the current Charter Review Commission to the City Commission is elimination of the General Manager of Utilities as a charter officer. The Charter Review Commission is scheduled to present their proposals to the City Commission in April 2020. The City Commission would then vote on which proposals would be placed on the ballot for a referendum for all City residents in November of 2020. To be placed on the ballot, the City Commission must approve a proposal by a supermajority (at least 5 of 7 votes).

THE SYSTEM

General

Under its home rule powers and pursuant to the Charter, the City owns and operates the System, which provides the City and certain unincorporated areas of the County with electric, natural gas, water, wastewater, and telecommunications service (including certain utility services to the University of Florida). The System provides wholesale wastewater service to the City of Waldo. Natural gas service is also provided to retail customers within the corporate limits of the City of Alachua, Florida ("Alachua"), and the City of High Springs, Florida ("High Springs"). All facilities of the System are owned and operated by the City. The System is governed by the City Commission.

The electric system was established in 1912 to provide street lighting (GRU is in the process of replacing street lights with more efficient LEDs) and electric service to the downtown area. Continuous expansion of the electric system and its generating capacity has resulted in the electric system serving an average of 98,161 customers (11,244 of which were commercial and industrial customers) in the fiscal year ended September 30, 2019, and having a maximum net summer generating capacity of 634.9 MW. In recent years, the System has replaced street lighting with more efficient LEDs.

The water and wastewater systems were established in 1891 to provide water and wastewater service to the City. The water and wastewater systems served an average of 73,078 and 66,638 customers, respectively, in the fiscal year ended September 30, 2019. In the fiscal year ended September 30, 2019, the water system had an average annual daily flow ("AADF") of 22.9 million gallons per day ("Mgd") and the wastewater system had an AADF of 17.2 Mgd.

The natural gas system was acquired from the Gainesville Gas Company in 1990 to provide gas distribution throughout the City. The gas system served an average of 35,622 customers in the fiscal year ended September 30, 2019.

The telecommunications system, GRUCom, was established in 1995 to provide communication services to the Gainesville area in a manner that would minimize duplication of facilities, maximize interconnectivity, simplify access, and promote the evolution of new technologies and business opportunities. GRUCom operates a state-of-the-art fiber optic network and current product lines include telecommunications transport services, Internet access services, communication tower antenna space leasing services, and public safety radio services. GRUCom served an average of 352 internet access customer connections with 41 Multiple Dwelling Unit communities in the fiscal year ended September 30, 2019.

Utility Advisory Board

On November 19, 2015, the City Commission enacted Ordinance No. 140384 which created a new utility advisory board (the "Utility Advisory Board") to advise and make recommendations to the City Commission on all aspects of governance of the System's electric, gas, telecommunications, water and wastewater utilities. The Utility Advisory Board is comprised of seven members appointed by the City Commission, all of whom reside within the System's service area and receive utility service from GRU. The Utility Advisory Board serves as an advisor to the City Commission on all policy and governance decisions to be made by the City Commission regarding utility services; serves as a channel of communications between the City Commission, utility staff and the utility customers; and considers and makes recommendations regarding proposed changes in fees, rates, or charges for utility services. The Utility Advisory Board has no rate setting authority. However, since July 18, 2017, the City Commission and Utility Advisory Board have been holding joint meetings to study and evaluate whether to vest the Board with some level of final decision-making authority. Any such changes in decision-making

authority with respect to utility matters would require revisions to the City Code of Ordinances and may, depending on the extent of the changes, require revisions to the City Charter.

Legislative Matters Affecting the City

The City and the System may, from time to time in the future, be subject to changes in laws or regulations, many of which are beyond the control of the City, and which could have an effect on the existence, governance, revenues, management, operations and finances of the City and the System.

Management of the System

The daily operations of the System are managed by the General Manager for Utilities. In addition to the General Manager for Utilities, key members of the System's leadership team include five operational managers, a Chief Operating Officer, the Chief Financial Officer and the City Attorney. The operational managers consist of an Energy Delivery Officer, Water/Wastewater Officer, Chief Customer Officer, Energy Supply Officer and a Chief Business Services Officer.

Mr. Edward J. Bielarski, Jr., General Manager for Utilities, joined the System as a Charter Officer and General Manager in June of 2015. Mr. Bielarski has over 20 years of experience in the utility industry, having worked with Constellation Energy Group (Maryland) as a Project General Manager and a Project Chief Financial Officer, and Lehigh County Authority (Pennsylvania) as a Chief Operating Officer and Chief Financial Officer. As a Charter Officer, he reports directly to the seven-member City Commission and to the Utilities Advisory Board. Mr. Bielarski currently serves on the Board of Directors for The Energy Authority, Inc. ("TEA") and the Florida Reliability Coordinating Council (the "FRCC"). In his role as General Manager, Mr. Bielarski oversees all operations of the combined electric, natural gas, water, wastewater and telecommunications utilities. Principal responsibilities include management for all planning, administration, customer service, engineering, organizational development, construction and operations for all utility responsibility areas in accordance with City policies. Additionally, he oversees the preparation and administration of the annual budget and is responsible for policy development and the implementation of policies adopted by the City Commission.

Ms. Claudia Rasnick, Chief Financial Officer, joined the System in January 2014 and was appointed to this role in December 2017. Ms. Rasnick has worked in an executive capacity in private industry for ten years, in public accounting for publicly traded, not for profit and governmental clients seven years, and in municipal utilities for four years. She previously held the role of Accounting and Finance Director. She holds a Master of Business Administration and is a licensed Certified Public Accountant in the State of Florida. Ms. Rasnick oversees the operations of the Budget, Finance, and Accounting divisions.

Mr. Thomas R. Brown, P.E., Chief Operating Officer, joined the System in September of 2015 and was appointed to this role in July 2016. Mr. Brown has worked as an energy industry executive for 38 years, including most recently as the Vice President/Commercial Manager of Leidos-Plainfield Renewable Energy in Plainfield, Connecticut. He also served in executive management positions with Cogentrix, El Paso Merchant Energy and Ridgewood Power Corporation. Mr. Brown holds a Master of Business Administration degree from Indiana University of Pennsylvania and a Bachelor of Science degree in Mechanical Engineering from Pennsylvania State University, and is a registered Professional Engineer. In his current role, Mr. Brown oversees and manages the System's Energy Supply, Energy Delivery, and Water/Wastewater business operations.

Walter Banks, Chief Information Officer, has been planning, implementing and leading information technology solutions for public organizations for nearly 20 years. He most recently served as Director of Information Technologies for Frederick Country, Virginia, following more than a decade managing the IT needs of school districts in central New Jersey and eastern Pennsylvania.

Mr. Dino De Leo, Energy Supply Officer, joined the System in September 2006 and formerly served as Production Assurance Support Director. Mr. De Leo was appointed interim Energy Supply Officer in February 2016 and was made permanent in January 2017. Mr. De Leo has worked as an executive in the energy industry for over 36 years and, prior to joining GRU, served in various leadership roles in the US Navy Submarine force where he retired after 26 years of service in 2006. He holds a Bachelor of Science in Nuclear Engineering from the University of Florida, a Bachelor of Science in Business Administration degree from Columbia College and a Master of Business Administration from Brenau University. Mr. De Leo is responsible for planning, directing, coordinating and administering all activities and personnel for the System's Energy Supply Department including the System's power generation functions, a power engineering group, and a fuels management group, and oversees the design, construction, operation, and maintenance of related systems, projects, and contracts. He also assists with risk management oversight on an executive team and acts as the System's Energy Supply Department's liaison with local, state, and federal agencies.

Mr. Anthony Cunningham, P.E., Water/Wastewater Officer, has been with the System for over fifteen (15) years, was appointed to his position in 2016 and previously served as Water/Wastewater Engineering Director. Mr. Cunningham's entire 22 year professional career has been in the water and wastewater industry including 7 years as a consulting civil engineer at Causseuax & Ellington, Inc. He has held various positions through his years at the System including; Strategic Planning Engineer, Senior Environmental Engineer, Acting Water Distribution and Wastewater Collection Director, and Engineering Director. He holds a Bachelor of Science degree in Engineering from the University of Florida and is a registered Professional Engineer in the State of Florida. Mr. Cunningham is responsible for planning, directing, coordinating and administering all activities and personnel of the Water and Wastewater Department. He directs the design, construction, operation and maintenance of all the water and wastewater systems to deliver safe, reliable, and competitively priced services.

Mr. Gary L. Baysinger, Energy Delivery Officer, joined the System in 2006. He was appointed interim Energy Delivery Officer in January 2016 and was made permanent in January 2017. Mr. Baysinger previously served as Work & Resource Management Manager and holds a Bachelor of Science in Industrial Engineering from Kent State University. Mr. Baysinger currently serves as Vice-Chair of the Florida Society of Maintenance and Reliability Professionals and maintains CMRP and CMM credentials. As the Energy Delivery Officer, Mr. Baysinger oversees the construction, operation and maintenance of the System's electric transmission and distribution facilities and the natural gas transmission and distribution facilities, and is also responsible for operations engineering, system control, substations and relay/control, city gate stations, electric and gas metering, and field services.

Mr. J. Lewis Walton, Chief Business Services Officer, joined the System in March 2008, and has more than 20 years of experience developing, implementing, marketing and managing customer-driven products and services in both competitive markets and the utility industry. Before his appointment to Chief Business Services Officer in September 2015, Mr. Walton served progressively as Marketing & Communications Manager, Director of Marketing and Business Solutions, and most recently as Chief of Staff for GRU's combined utility systems. Mr. Walton holds a Communications Degree from Auburn University and previous to his arrival at GRU, progressed through various operations, sales, marketing,

and management positions at both Roadway Package Systems, which is now FedEx Ground, and at Lee County Electric Cooperative in Southwest Florida. Mr. Walton oversees the planning, operations and administration of GRUCom, the System's competitive fiber optic telecommunications unit, as well as the natural gas marketing program, economic development and development of ancillary products and services for the combined System.

Mr. William J. Shepherd, Chief Customer Officer, has been with the System for over 23 years, was appointed to his position in September 2015 and previously served as the Director of Customer Operations. The majority of Mr. Shepherd's career has been in Energy and Business services where he has played a critical part in the design and development of the System's nationally recognized energy efficiency programs. Mr. Shepherd holds a Masters of Business Administration from the University of Florida and a Bachelor of Science in Aeronautical Science from Embry Riddle Aeronautical University, and is a Certified Energy Manager ("CEM"). Mr. Shepherd is responsible for customer service, billing, collections, mail services, quality control, facilities, purchasing, cashiers, energy and business services, and new services.

Cheryl McBride, Chief People Officer, is GRU's chief liaison with the City, and the primary contact for GRU's personnel matters. Prior to joining GRU, Ms. McBride worked in the City's Human Resources Department for 10 years, serving as the H. R. Director for the past three years. Ms. McBride has also worked in human resources at Walt Disney World, Sprint, and Harris Corporation; however, her first job out of high school was with GRU. She later went on to earn her degree in business administration from the University of Florida.

S. Yvette Carter, Chief Inclusion Officer, joined the System in January 2012 and has more than 22 years of experience with community outreach, community partnerships, and diversity work. Before her current appointment, Ms. Carter served progressively as a Community Relations Coordinator, Community Relations Director, and Community and Government Relations Officer. Ms. Carter leads GRU's inclusion and cultural competency initiatives and works closely with the City of Gainesville's Equal Opportunity office on equity efforts. Ms. Carter graduated from the University of Florida with a Bachelor of Science degree in Family, Youth and Community Sciences with a concentration in Community Development, and a minor in Education. Additionally, Ms. Carter is responsible for the utility's community outreach, community partnerships, and community investments.

Nicolle M. Shalley, Esq., City Attorney, has been with the City Attorney's Office since 2006 and has been the City Attorney since October 2012.

Lisa C. Bennett, Esq., Senior Assistant City Attorney, has been with the City since 2013. She works under the direction and supervision of the City Attorney.

Labor Relations

The System presently employs approximately 850 persons. All personnel are City employees and are solely under the management of the City. Florida law prohibits public employees from striking.

The City has historically maintained good labor relations with respect to the System. Approximately 560 of the System's employees are represented by Local No. 3170 of the Communications Workers of America (the "CWA"). The current agreements with the CWA (Non-Supervisory and Supervisory), expires on December 31, 2021. Negotiations on the three year successor agreements began

in April 2018, and the CWA was ratified by the Union on January 22, 2019. The agreements were ratified by the City Commission on February 7, 2019.

Permits, Licenses and Approvals

Management believes that all principal permits, licenses and approvals required to construct and operate the System's facilities have been acquired. Management further believes that the System is operating in compliance in all material respects with all such permits, licenses and approvals and with all applicable federal, state and local regulations, codes, standards and laws.

The Electric System

Service Area

The System provides retail electric service to customers in the Gainesville urban area, which includes the City and a portion of the surrounding unincorporated area. Wholesale electric services are currently provided to Alachua. See "—Energy Sales – *Retail and Wholesale Energy Sales*" below. The electric facilities of the System currently serve approximately 124.5 square miles of the County, and approximately 75% of the population of the County, including the entire City, with the exception of the University of Florida campus, which is served principally by Duke Energy Florida ("Duke"). Electric service is also provided in the unincorporated areas of the County by Duke, Clay Electric Cooperative ("Clay"), Florida Power & Light Company ("FPL"), and Central Florida Electric Cooperative, Inc. The System has a territorial agreement with Clay which establishes a service boundary between the two utilities in the unincorporated areas of the County in order to clearly delineate, for existing and future service, those areas to be served by the System and those areas to be served by Clay.

Customers

The System has experienced modest growth in customers averaging .96% per year since 2015. The following tabulation shows the average number of electric customers for the fiscal years ended September 30, 2015, through and including September 30, 2019.

	Fiscal Years ended September 30,				
	2015	2016	2017	2018	2019
Retail Customers (Average):					
Residential	83,796	84,069	85,229	86,952	86,917
Commercial and Industrial	10,677	10,726	11,043	11,220	11,244
Total	94,473	94,795	96,272	98,172	98,161

Of the 98,161 customers in the fiscal year ended September 30, 2019, 11,244 commercial and industrial customers provided approximately 54% of revenues from retail energy sales.

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Below are the top ten electric customers of the System are outlined in the table below.

Rank	Customer	% of Electric Revenue
1	GRU	2.6%
2	Alachua County Public Schools	2.0
3	Shands Teaching Hospital and Clinics, Inc.	1.9
4	North FL Regional Medical Center	1.6
5	Publix Super Markets, Inc.	1.5
6	VA Medical Center	1.5
7	University of Florida	1.4
8	Alachua County Board of Commissioners	0.8
9	City of Gainesville	0.7
10	Santa Fe College	0.7
	Top 10 Electric Customers	**14.8%**
	Fiscal Year 2019 Electric Revenue* (000)	**$287,070**

*Management prepared breakout of each business unit revenues in accordance with the Resolution (reviewed by auditor in relation to the audited financial statements).

Energy Sales

The Energy Authority

TEA is a Georgia nonprofit corporation founded by publicly-owned utilities in 1997 to maximize the value of their generation and energy resources in a competitive wholesale market. The System became an equity member of TEA on May 1, 2000. Other equity members include City Utilities of Springfield, Missouri, Cowlitz County Public Utility District, JEA (Jacksonville), the Municipal Electric Authority of Georgia ("MEAG Power"), Nebraska Public Power District, South Carolina Public Service Authority, and American Municipal Power. TEA has offices in Jacksonville, Florida and Seattle, Washington and provides power marketing, trading, and risk management services throughout most of the United States.

TEA currently works with over 50 public power clients that represent 24,000 MW of peak demand and 30,000 MW of installed generation capacity across the U.S. TEA manages a diverse generation portfolio that has proven advantageous in terms of market presence. Operations include the purchase and sale of power, transmission capacity acquisition and scheduling, natural gas and oil purchase and transportation, and financial trading and hedging under strictly observed risk policies.

Other than for retail load and applicable pre-existing bi-lateral long-term wholesale power agreements, TEA markets the System's generating resources in real-time, day-ahead, and longer-term power markets up to twelve months ahead. TEA also purchases all of the System's natural gas and optimizes the System's gas transportation entitlements. TEA's ability to execute energy transactions on behalf of the System includes arranging for any transmission services required to accommodate such transactions. Each transaction is accomplished through the execution of a letter of commitment between the System and TEA for a specific capacity amount and duration, and with negotiated terms and prices. Examples of these power sales include short-term, emergency and economy sales, ranging from a period of months to a single hour. TEA also executes and manages financial hedges for its members, primarily

in the form of NYMEX natural gas futures and options. TEA constantly monitors the credit of counterparties and manages credit security requirements on behalf of the System as well as other TEA members.

TEA settles the transactions it makes for its members under terms set forth in settlement procedures adopted by its Board of Directors. The excess (or deficiency) of TEA's revenues over (or under) its costs are also allocated among its members pursuant to such procedures.

The System provides guarantees to TEA and to TEA's banks to secure letters of credit issued by the banks to cover purchase and sale contracts for electric energy, natural gas and related transmission. In accordance with the membership agreement between the System and its joint venture members and with the executed guaranties delivered to TEA and to TEA's banks, the System's aggregate obligation for electric energy marketing transactions entered into by TEA on behalf of its members was $9.6 million and 173.6 million as of each of September 30, 2019 and September 30, 2018. The System's aggregate obligation for TEA's natural gas marketing transactions, under similar agreements and executed guaranties as of September 30, 2019 and 2018, was $9.9 million and $128.4 million, respectively.

For a discussion of the System's investment in TEA and its commitments to TEA as of September 30, 2019 and 2018, see Note 3 to the audited financial statements of the System "Investment in The Energy Authority" referenced in APPENDIX B attached hereto. See also "-- Energy Supply System – *Fuel Supply – Natural Gas*" below for additional discussion of TEA's role in supplying natural gas for the System.

With support from TEA, GRU explored the benefits and consequences of combining GRU's generation with that of another entity and economically dispatching the combined fleet through coordinated dispatch. The coordinated dispatch model allows JEA (also part owner of TEA) and GRU to dispatch their generation fleets as if they were one. The most economical units can supply power to meet the combined demand.

The coordinated dispatch model creates another option to provide power at a lower price point, but is not an obligation. GRU and JEA would dispatch their two systems as one and establish day-ahead (and in the potential future, week-ahead and month-ahead transactions) schedules for power flows between the entities. The pricing of the power flowing during each hour is determined by the avoided cost of the entity selling the power plus a margin. The margin is determined by the savings between dispatching the systems separately versus together.

The analysis of the benefits showed the ability to reduce JEA's production cost by running their fleet at a point of better thermal efficiency when serving part of the GRU demand. GRU's savings were the result of serving load with lower-cost power generated by JEA, rather than from its own fleet. The agreement was signed in March 2016 and coordinated dispatch began in May 2016. As of February 2018, GRU has realized approximately $2.3 million in savings as a result of the agreement.

Retail and Wholesale Energy Sales

In the fiscal year ended September 30, 2019, the System sold 1,994,459 megawatt hours ("MWh") of electric energy to its retail and firm wholesale customers (excluding interchange and economy sales). The System currently has a firm "all requirements" wholesale sales contract with Alachua. This contract, which originated in 1988, was renewed April 1, 2016 for a term of seven years. "All requirements"

services include control area voltage and frequency regulation and all other ancillary services. The following table shows the System's sales in MWh and average use of electricity, in kilowatt hours ("kWh") by customer class, for the fiscal years ended September 30, 2015 through and including September 30, 2019. Year-to-year variability is due primarily to the effects of weather on heating and cooling loads. For the fiscal year ended September 30, 2019, there was a 2.68% increase in residential MWh sales from the prior year.

The contract with Alachua includes management of Alachua's 0.019% share of the St. Lucie Unit project, as well as, compliance responsibilities of the North American Electric Reliability Corporation, Inc. ("NERC"). During the fiscal year ended September 30, 2019, the System sold 134,744 MWh to Alachua and received $7,861,850 in revenue from those sales, which represented approximately 6.8% of total energy sales (excluding interchange sales) and 3.1% of total sales revenues.

Retail and Wholesale Energy Sales

	Fiscal Years ended September 30,				
	2015	2016	2017	2018	2019
Energy Sales–MWh:					
Residential	792,704	819,431	796,851	821,821	843,879
General Service, Large Power and Other	951,412	977,797	963,123	989,213	993,756
Firm Wholesale[1]	190,103	220,890	218,732	221,309	156,824
Total	1,934,219	2,018,118	1,978,706	2,032,343	1,994,459
Average Annual Use per Customer–kWh:					
Residential	9,460	9,747	9,350	9,451	9,709
General Service, Large Power and Other	89,109	91,161	87,216	88,163	86,357

(1) Sales to the City of Winter Park, Florida began January 01, 2015 and ended on December 31, 2018.

Pursuant to Florida's Interlocal Cooperation Act of 1969, Chapter 163, Florida Statutes, the System entered into an Interlocal Agreement with the City of Winter Park, Florida on February 24, 2014, effective January 1, 2015 whereby the System agreed to sell 10 MW of capacity and the associated energy on a 7 day/24 hours a day "must-take" basis, except that Winter Park could designate up to 500 hours per year during which the "must-take" quantity may be 5 MW. However, such agreement expired on December 31, 2018 and was not renewed.

Interchange and Economy Wholesale Sales

The System has participated in short-term power sales to other utilities through TEA when market opportunities exist. Due to new natural gas-fired generation in the market, and low and stable natural gas prices, these opportunities are limited. In recent years, net revenues from interchange sales as reflected in the following table have been modest.

Net Revenues from Interchange and Economy Wholesale Sales[1]
(Fiscal Years ended September 30)
(dollars in thousands)

	2015	2016	2017	2018	2019
Net Revenues (Loss)	$ 369	$ 126	$ 384	$ 1,064	$ 761
Percent of Total Electric System Net Revenues	0.28%	0.10%	0.29%	0.62%	0.41%

(1) Variable in nature due to regional capacity availability, weather effects on demand and fuel price volatility.

Interchange and Economy Wholesale Purchases

Interchange and economy wholesale purchases made when power is available from the market at prices below the System's production costs are among the factors that allow the System to assure competitive power costs for retail and firm wholesale customers. Purchases for a duration of less than 24 months are made through TEA. Longer-term contracts are negotiated by the System's staff. The benefits of the System's purchases are passed on to retail and firm wholesale customers by affecting the fuel and purchased power adjustment portion of their rates (see "– Rates – Electric System" below). In the fiscal year ended September 30, 2019, 3.45% of energy required to serve retail and wholesale customers was obtained through non-firm off-system purchases.

Renewable Energy

On November 8, 2017, the City purchased the DHR Biomass Plant an approximately 103 MW net (116 MW gross) wood biomass-fired facility. The DHR Biomass Plant is located on a 131-acre site approximately 10 miles northwest of the City within Alachua County, adjacent to GRU's current Deerhaven electric generation facilities. Prior to the acquisition of the DHR Biomass Plant, all of the output of the DHR Biomass Plant was sold to GRU pursuant to the PPA, described in more detail below. The DHR Biomass Plant uses advanced combustion technology in which biomass materials are burned in a fluidized bed boiler under controlled, low emissions conditions to generate steam, which in turn drives a turbine/generator that converts the power into electricity.

The acquisition of the DHR Biomass Plant offered several strategic advantages that were in the best financial interests of GRU and its ratepayers:

1. Termination of the PPA, which was set to expire in 2043 (see "—Operating Flexibility" below for a description of resulting operational flexibility);
2. An immediate one-time reduction of electric bills of approximately 8% for residential and 10% for commercial addressing the City's policy for rate competitiveness (GRU also then anticipated subsequent annual 2-3% rate increases over the next five years);
3. The realization of future annual cash flow savings from the elimination of the minimum annual fixed payments under the PPA, compared to the annual debt service on the Utilities System Revenue Bonds, 2017 Series A, Variable Rate Utilities System Revenue Bonds, 2017 Series B and Variable Rate Utilities System Revenue Bonds, 2017 Series C;

4. The flexibility to operate the DHR Biomass Plant as a strategic reliability hedge, based on the market cost of power, cost of fuel, and operating and maintenance requirements of the DHR Biomass Plant;
5. A reduction of long-term contractual capitalized obligations on GRU's balance sheet of approximately $1 billion in exchange for adding $680,920,000 of long-term debt; and
6. The final resolution of all on-going arbitration between the City and Gainesville Renewable Energy Center, LLC ("GREC LLC").

Termination of the PPA in connection with the acquisition of the DHR Biomass Plant also offered operational flexibility that was in the best financial interests of GRU and its ratepayers, including:

1. GRU no longer has to coordinate for the planned dispatch of the DHR Biomass Plant as was mandated by the PPA. Rather, GRU can optimize the mix of generating resources and market purchases to meet the necessary demand in the most cost-effective manner.
2. Prior to the termination of the PPA, GRU was required to dispatch the plant at 70 MWs, which is a large percentage of GRU's overall load and has proven difficult to manage across the generation fleet. The larger block size of 70 MWs prevented the use of other GRU generating resources or market purchases that could provide energy at a savings compared to the energy from the DHR Biomass Plant. A smaller blocksize, such as 35 MWs or lower, allows GRU to better optimize its fleet to more economically meet the requisite demand with multiple generation resources fueled by less expensive coal, natural gas, biomass and market purchases.
3. Prior to the termination of the PPA, GRU could not schedule any shutdowns during the summer period. As a result, if the DHR Biomass Plant started the summer season, it had to remain "On" for the duration of the summer season. Terminating the PPA eliminated this operational inflexibility and financial burden. Additionally, GRU had the ability to manage the DHR Biomass Plant such that for certain periods of the year, if the DHR Biomass Plant was not expected to be operational, staffing levels can be significantly reduced for a period of time. The PPA required a full workforce compliment whether the DHR Biomass Plant was operating or in stand-by mode.
4. The DHR Biomass Plant is adjacent to GRU's current Deerhaven facilities. The operation and maintenance staffing of this facility is through a 3rd party contractor of North American Energy Services ("NAES"). Since GRU has owned the facility the facility staffing has been optimized to take advantage of some of the synergistic services provided to GRU's other three generating plant sites. Additionally, GRU is currently evaluating options to convert the operation and maintenance of DHR Biomass Plant from NAES to GRU employees. GRU was successful in bringing 31 of 32 NAES employees previously working at the DHR Biomass Plant on as GRU employees. Converting the former contract employees to GRU employees will save the utility approximately $1 million in expense per year.
5. Prior to the termination of the PPA, GREC LLC managed the fuel procurement process with its staff. GRU believed those contracts can be better managed with staff of GRU while eliminating the "margin" that GREC LLC applied to fuel procurement. Additionally, the PPA required a minimum fuel inventory of fifteen (15) days. GRU can manage the fuel inventory more opportunistically.
6. The PPA treated the property taxes on the DHR Biomass Plant as a reimbursable expense. Termination of the PPA and GRU's ownership eliminated the direct payment of property taxes.

7. GRU control of the DHR Biomass Plant's dispatch and the reduction in the 70 MW block size enables GRU to make more cost-effective market purchases of energy when market prices are below GRU's cost of delivering energy.

With the reductions in the cost of natural gas, a slower growth in load than forecasted, an evolving legislative and regulatory environment, and energy efficiency increases, among other factors, the need for energy from the DHR Biomass Plant had become less economical. Upon acquisition of the DHR Biomass Plant, the restrictions imposed by the PPA were no longer applicable. As such, GRU is able to operate the plant with greater flexibility, and with more economical biomass fuel than under the PPA. These two factors as well as unit tuning and optimization have made the DHR Biomass Plant more economical. GRU continues to consider the DHR Biomass Plant to be a useful long-term strategic energy resource, and expects it will continue to play an integral part in its long-term strategy to hedge against any potential future carbon tax and trade programs.

For information on the effect of the acquisition of the DHR Biomass Plant on historical debt service coverage levels, see "– Summary of Combined Net Revenues" below. Based on historical information, GRU expects an improvement to the fixed charge coverage ratio and a reduction in the debt service coverage metric in the future.

For more information, see "-- Energy Supply System – Generating Facilities – DHR Biomass Plant" below.

Other Renewable Energy and Carbon Management Strategies

Since 2006, renewable energy and carbon management strategies became a major component of the System's long-term power supply acquisition program. These renewable resources include the purchase of energy generated by landfill gas emissions, biomass and solar. The System instituted the nation's first European-style solar feed-in-tariff ("FIT") (discussed below) to be offered by a utility. The System's renewable energy portfolio is part of a long-term strategy to hedge against potential future carbon tax and trade programs. See "-- Future Power Supply" below for more information on the System's renewable energy resources. See also "-- Factors Affecting the Utility Industry - Air Emissions - *The Clean Air Act*" below concerning the cap and trade program under which utilities have several options for complying with the emissions cap, including installation of emission controls, purchasing allowances or switching fuels.

Energy Supply System

Generating Facilities

The DHR Biomass Plant is an approximately 102.5 MW net (116 MW gross) wood biomass-fired facility. The DHR Biomass Plant is located on a 131-acre site approximately 10 miles northwest of the City within Alachua County, adjacent to GRU's current Deerhaven electric generation facilities. The DHR Biomass Plant uses advanced combustion technology in which biomass materials are burned in a fluidized bed boiler under controlled, low emissions conditions to generate steam, which in turn drives a turbine/generator that converts the power into electricity. The DHR Biomass Plant is more particularly described below in "THE SYSTEM – The Electric System – Energy Supply System –Generating Facilities – DHR Biomass Plant."

The System owns generating facilities having a net summer continuous capability of 634 MW of net dispatchable summer continuous capacity. The System also is entitled to the capacity and non-dispatchable energy from a landfill gas to energy plant of approximately 3.7 MW. These facilities are connected to the Florida Grid and to the System's service territory over 138 kilovolt ("kV") and 230 kV transmission facilities that include three interconnections with Duke and one interconnection with FPL.

See also "-- Energy Sales – *Interchange and Economy Wholesale Purchases*" above for a discussion of certain power purchases employed to allow the System to assure competitive power costs.

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The Generating Facilities are set forth in the following table and described herein.

Existing Generating Facilities		Fuels		Net Summer Capability
Plant Name	Unit No.	Primary	Alternative	(MW)
JRK Station				
	Steam Unit 8	Waste Heat	—	36
	Combustion Turbine 4	Natural Gas	Distillate Fuel Oil	72
				108
Deerhaven Generating Station				
	Steam Unit 2	Bituminous Coal	—	228
	Steam Unit 1	Natural Gas	Residual Fuel Oil	75
	Combustion Turbine 3	Natural Gas	Distillate Fuel Oil	71
	Combustion Turbine 2	Natural Gas	Distillate Fuel Oil	17.5
	Combustion Turbine 1	Natural Gas	Distillate Fuel Oil	17.5
				409
South Energy Center				
	SEC-1	Natural Gas	—	3.8
	SEC-2	Natural Gas	—	7.4
				11.2
DHR Biomass Plant		Biomass	—	103
Total Owned Resources				631.2
Baseline Landfill		Landfill Gas	—	3.7
Total Available Capacity				**634.9**

JRK Station – The John R. Kelly Station (the "JRK Station") is located in downtown Gainesville. The JRK Station consists of one combined cycle combustion turbine ("CC1") unit with a net summer generation capability of 108 MW. CC1's is fueled by natural gas. With current natural gas prices and unit efficiency, CC1 operates mostly as a baseload unit.

Deerhaven – The Deerhaven Generating Station ("Deerhaven" or "DGS") is located approximately six miles northwest of the City and encompasses approximately 3,474 acres, which provides room for future expansion as well as a substantial natural buffer. The DGS consists of two steam turbines and three combustion turbines with a cumulative net summer capability of 409 MW. Unit 1 ("DH 1") is a conventional steam unit with a net summer capability of 75 MW. Its primary fuel is natural gas and its emergency backup fuel is #6 oil. DH 1 began commercial operation in 1972 and is expected to be retired in 2022. Unit 2 ("DH 2") is a coal-fired, conventional steam unit with a net summer capability of 228 MW. Two combustion turbines are rated at 17.5 MW each and the third combustion turbine at 71 MW. All three combustion turbines have natural gas as their primary fuel and #2 oil as an alternate fuel.

DH 2 was the first zero liquid discharge power plant built east of the Mississippi River. No industrial wastewater or contact storm water leaves the site. Brine salt by-product from process water treatment is transported off site to a Class III landfill. The Deerhaven site has a coal combustion

products/coal combustion residuals ("CCP"/"CCR") landfill that provides disposal capacity for CCR, fly and bottom ash, as well as flue gas scrubber by-product from the air quality control system ("AQCS"). Most fly ash is transported to external customers for manufacturing cement and the scrubber by-product is reused in the land neutralization process. DH 2 has an AQCS consisting of an electrostatic precipitator and fabric filter for particulate control, a dry circulating scrubber for sulfur dioxide ("SO_2"), acid gas, and mercury ("Hg") reduction, and a selective catalytic reduction ("SCR") system for reduction of the oxides of nitrogen ("NOx") to meet or exceed regulatory requirements.

Since 2009, the operational mode of DH 2 has shifted from a high capacity factor base load to deep load cycling operation. This is the result of factors which includes flat megawatt-hour sales. A cost of cycling engineering study has been performed to accurately determine the long term maintenance cost resulting from this operational mode. The costs are utilized in both long range generation planning and short term unit commitment. Additionally, operational and physical changes necessary to reduce the cost of this mode of operation have been identified and are in various stages of implementation. The findings of the cycling engineering study have been incorporated into the budget and reflected in the CIP.

To assure reliability, considerable investment continues to be made in both physical components and control systems. In addition, the System has invested in a full scale, high fidelity simulator for operator training and control logic quality control. During 2017, the System incurred a loss of $5.4 million on a rebuild and upgrade of the Circulating Dry Scrubber ("CDS") which, is also known as the Turbosorp Air Quality Control System that was installed in 2009 due to structural integrity issues. This environmental control equipment was replaced with upgraded structural support and a corrosion/erosion resistance liner that is made of C-276 alloy. The replacement and upgrades were completed before the summer peak season and will better ensure the long-term reliability of the environmental control equipment. Through coordination with the City of Gainesville Risk Management on an insurance claim related to the failure of the Deerhaven Unit #2 CDS.

Crystal River 3 – Crystal River 3 ("CR-3") is a retired nuclear powered electric generating unit which had a net summer capability of 838 MW, located on the Gulf of Mexico in Citrus County, Florida, approximately 55 miles southwest of Gainesville. Duke was the majority owner. In February of 2013, Duke announced that CR-3 would be permanently shut down and retired. The System owned a 1.4079% ownership share of CR-3 equal to approximately 12.7 MW (11.846 MW delivered to the System). In 2012, the minority owners, including the System, agreed to have the Florida Municipal Power Agency ("FMPA") represent their interests in negotiating a settlement with Duke for damages resulting from the premature retirement of CR-3. Duke maintained insurance for property damage and incremental costs of replacement power resulting from prolonged accidental outages from Nuclear Electric Insurance, LTD. ("NEIL"). The System has received its allocated insurance proceeds of $1,308,211, of which $660,951 was credited on invoices.

FMPA, on behalf of the minority owners, negotiated a settlement with Duke. The settlement was executed by all parties with an effective date of September 26, 2014. The settlement transferred all of the System's ownership interests in CR-3 and the requisite Decommissioning Funds to Duke. In October 2014, the System received reimbursement of $219,706 in operation and maintenance expenses forgiven by the settlement. The ownership transfer was approved by the Nuclear Regulatory Commission (the "NRC") on May 20, 2015. Upon the NRC's approval of ownership transfer, the minority owners received certain cash settlements and Duke agreed to be responsible for all future costs and liabilities relating to CR-3 including decommissioning costs. On October 30, 2015, the transfer of ownership interests in CR-3 closed, and the System received a settlement of $9.56 million as a minority owner of CR-3 and $618,534 as

a former purchaser of power from CR-3. Consequently, CR-3 is not shown on the table of generating facilities.

South Energy Center – The South Energy Center was completed in 2 phases of construction and is a combined heat and power facility dedicated to serve a 1,000,000 square foot, 400-bed teaching hospital with Level I trauma center belonging to UF Health/Shands Teaching Hospital and Clinics ("UF Health") at the University of Florida. The South Energy Center provides for all of the hospital's energy needs for electricity, steam, and chilled water. The South Energy Center is also responsible for providing medical gas infrastructure.

The South Energy Center provides the hospital with a highly redundant electric microgrid that is capable of operating either grid-connected or grid-independent to meet 100% of the hospital's needs. The South Energy Center Phase 1 has two grid connections for normal power, and a 3.5 MW on-site combustion turbine to provide full standby power to the hospital and energy center, as well as a planned 2.25 MW fast-start diesel generator to provide code-compliant essential power for the hospital. The combustion turbine is installed in a combined-heat-and-power configuration and is typically run base-loaded to provide export power to the grid and steam to the hospital. All plant systems for electric, chilled water, and steam have high levels of equipment redundancy to minimize the potential of an outage. The South Energy Center Phase 2 has two grid connections for normal power, and both a 7.4 MW on-site reciprocating internal combustion engine to provide full standby power to two towers of the hospital and energy center, as well as a planned 3 MW fast-start diesel generator to provide code-compliant essential power for the hospital. The reciprocating internal combustion engine is installed in a combined-heat-and-power configuration and is typically run base-loaded to provide export power to the grid and steam to the hospital. During 2018, the South Energy Center provided 2.6% of the System's generation.

The South Energy Center is owned and operated by the System, and provides services under a 50-year "cost plus" contract with UF Health. The medical campus has been master planned for 3,000,000 square feet of facilities at build out, the timing of which is contingent upon future economic conditions.

DHR Biomass Plant –The fuel supply is primarily forest residuals left in the field after normal timber harvesting as well as materials from urban forestry and suitable sources of clean wood, and biomass such as pallets, and mill residues. The DHR Biomass Plant began commercial operation on December 17, 2013 ("COD"). The DHR Biomass Plant is equipped with Best Available Control Technology ("BACT") air emission controls including; dry sorbent injection, selective catalytic reduction of NO_x and fabric filters for particulate control. The type of fuel to be employed makes it unnecessary to control SO_2 or mercury. The DHR Biomass Plant received its Title V Operating Air Emissions Permit effective January 1, 2015, which was transferred to GRU in November 2017, and must be renewed every five years.

Upon the City acquiring the DHR Biomass Plant in November, 2017, considerable effort has been spent in optimizing the plant. The plant currently has the ability to operate between a range of 30-102.5 MW, with no restrictions. As such the DHR Biomass Plant is now more economical to be used for dispatch than it was under the PPA.

Baseline Landfill – The System entered into a fifteen-year contract for the entire output (3.68 MW) of electricity generated from landfill gas derived from the Baseline Landfill in Marion County, Florida, which was placed in service in December 2008. The Baseline Landfill is actively expanding and

additional capacity is projected for the future. Power from the Baseline Landfill is wheeled to the System over Duke's transmission system.

Fuel Supply

The objectives of the System's fuel procurement and management strategy are: (1) diversification of fuel mix and fuel sources, (2) continuous improvement of delivered fuel cost through innovative contract procurement and the use of short-term suppliers, (3) optimization of the quality of fuel and market price to achieve environmental compliance in the most effective and competitive manner possible, (4) reduction in the impact of price volatility in fuel markets through physical and financial risk management of the fuel supply portfolio and (5) participation in joint procurement programs with other municipal systems to maximize the price benefits of volume purchasing. The flexibility afforded by these actions allows the System to take advantage of changes in relative fuel prices and strategically adjust its use of coal, natural gas, woody biomass or fuel oil to optimize its fuel costs. For fiscal year 2019, net energy for load ("NEL") was served as follows: natural gas 43.10%, biomass 30.9%, coal 20.4%, landfill gas 1.07%, solar 1.05% and oil 0.03%. The remainder of NEL was served by spot purchase power. The System, as both a buyer in the fuel markets and a producer of power, hedges risk and volatility by the use of futures and options. The System's hedging activities are primarily limited to natural gas futures and options. The System's exposure to financial market risk through hedging activity is limited by a written policy and procedure, oversight by a committee of senior division managers, financial control systems, and reporting systems to the General Manager for the System. From time to time, GRU staff considers whether to recommend the purchase of some fuel on a long-term, prepaid basis to strategically manage its fuel costs. If GRU staff were to recommend this strategy, it is subject to approval by the Utility Advisory Board and City Commission.

Coal – The System currently owns a fleet of 111 aluminum rapid-discharge rail cars that are in continuous operation between the Deerhaven Generating Station ("DGS") and the coal supply regions. Coal inventory at the DGS is maintained at approximately 40-50 day supply, based on projected burn, anticipated disruptions in coal supply or rail transportation, or short-term market pricing fluctuations. The System's coal procurement considers both short-term and long-term fuel supply agreements with reputable coal producers. This strategy allows the System to reduce supply risk, decrease price volatility, insulate customers from short-term price swings, and exert better control over the quality of coal delivered. The strategy also retains opportunities for cost savings through spot purchases, the ability to evaluate new coal sources through test burns, or to take advantage of a producer's excess coal production capacity. Typically, the System maintains 70-75% of its coal supply under one to three year term contracts and the remainder under short-term contracts of one year or less. The System currently does not have active contracts for the supply of coal, but is currently evaluating coal supply requirements for remainder of 2019 and 2020. The System has a long-term transportation contract for coal with CSX Transportation that expires December 31, 2019. Staff is currently conducting research and gathering information in preparation for renegotiation of the agreement. A consultant that specializes in fuel transportation and logistics has been retained to explore additional transport options and finalize the rail renegotiation strategy. Effective October 2014, the City Commission instituted a policy prohibiting the procurement of coal from mountain top removal (MTR) sources unless a 5% savings over non-MTR mined coal is achieved by doing so. This policy has not had a material impact on the System to date.

See also "Ratings Triggers and Other Factors That Could Affect the System's Liquidity, Results of Operations or Financial Condition - Coal Supply Agreements" herein.

Natural Gas – Natural gas supply for both the electric system and the natural gas distribution system is transported to the System by Florida Gas Transmission ("FGT"). A portion of this gas is transported under long-term contracts for daily firm pipeline transport capacity. The contracts are priced under transportation tariffs filed with the Federal Energy Regulatory Commission ("FERC"). The System's natural gas supplies are transported from Gulf Coast producing regions in Texas, Louisiana, Mississippi and Alabama. Natural gas volumes greater than the System's firm transportation contract entitlements are supplied either through the use of excess delivered capacity from other suppliers on FGT or through interruptible transportation capacity, as arranged by TEA which has combined purchasing power to ensure capacity. For fiscal year 2019, the System consumed 9,702,364 million British thermal units ("MMBtu") of natural gas in electric generation and 2,152,232 MMBtu for the gas distribution system. The average cost of gas delivered to the System was $3.52/MMBtu. The System analyzes, investigates, and participates in opportunities to hedge its natural gas requirements as well as provide greater reliability of supply and transportation for customers. These opportunities include pipeline tariff discussions and negotiations, review of potential liquefied natural gas projects and supply offers, review of potential long-term purchases, natural gas supply baseload contracts, and the purchase and sale of financial NYMEX commodity contracts and options. TEA and consultant INTL FCStone are market participants that provide comprehensive energy trading, analysis, strategies and recommendations to the System's Risk Oversight Committee ("ROC"). TEA is responsible for the procurement of daily physical volumes and management of pipeline transportation entitlements, as well as the execution of financial hedging transactions on the System's behalf. ROC provides direction and oversight on hedging to TEA. See "Energy Sales – *The Energy Authority*" above.

Oil – At current and projected price levels, the System's oil capable units are not projected to operate on fuel oil except in emergency backup modes. For fiscal year 2019, fuel oil accounted for approximately 0.31% of net generation. This level of contribution is not projected to change in the near term. When it does become necessary to replenish inventory for any unit, the System seeks to control the costs by purchasing forward supply at fixed prices and timing market entry points to take advantage of favorable pricing trends.

DHR Biomass Plant Fuel Supply – The DHR Biomass Plant is fueled by local clean wood waste. This wood fuel includes forestry residues (such as slash and cull trees, pre-commercial thinnings, and whole-tree chips), urban wood residue (such as wood and brush from clearing activities, tree trimmings from right-of-way maintenance), wood processing residue (such as round-offs, end cuts, saw dust, shavings, reject lumber) and other wood waste (such as unusable wood pallets, storm/infested woody debris). It does not use any wood from construction or demolition waste. Rather than importing more fossil fuels, the DHR Biomass Plant's wood fuel is local and is harvested within a 75 mile radius of the plant in north central Florida. The DHR Biomass Plant requires approximately seven hundred and fifty thousand green tons of fuel annually. Before the DHR Biomass Plant began taking wood deliveries, much of this forestry waste wood was open burned, releasing smoke, ash, and soot into the air. Instead of being burned in the open or left on the forest floor to decompose, this material is being used to create renewable energy.

Transmission System, Interconnections and Interchange Agreements

The System's transmission system infrastructure consists of approximately 117.2 circuit miles operated at 138 kV and 2.5 circuit miles operated at 230 kV. There are four interconnections with the Florida transmission grid thereby connecting the System to Duke to the west and south as well as FPL to the east. Specifically, there are three (3) interconnections with Duke: one at their Archer Substation at 230

kV and two at their Idylwild Substation at 138 kV. There is also one interconnection to FPL's Hampton Substation at 138kV. The Hague transmission switching station was constructed to serve as the interconnection point to the DHR Biomass Plant. The transmission system has ample interconnection capacity to import sufficient power from the State grid system to serve native load under normal circumstances.

The System's 138 kV transmission system encircles its service area and connects three transmission switching stations, six loop-fed distribution substations, and four radial-fed distribution substations. This configuration provides a high degree of reliability to serve the System's retail load, delivering wholesale power to Alachua and providing transmission service to a portion of Clay's service territory.

The System is a member of the Florida Reliability Coordinating Council (the "FRCC"), which is a not-for-profit company incorporated in the State of Florida. The purpose of the FRCC is to ensure and enhance the reliability and adequacy of bulk electricity supply in Florida. As a member of FRCC, the System participates in sharing reserves for reliability purposes with other generating utilities in Florida, resulting in a substantial reduction in the amount of reserves required for proper operation and reliability.

FRCC serves as a regional entity with delegated authority from the North American Electric Reliability Corporation ("NERC") for the purposes of proposing and enforcing reliability standards within the FRCC Region. The area of the State of Florida that is within the FRCC Region is peninsular Florida east of the Apalachicola River, which area is under the direction of the FRCC Reliability Coordinator.

Electrical Distribution

All of the System's distribution substations are served from the 138 kV transmission system. The System is a 12.47 kV distribution system. If the transmission line supplying a radial-fed distribution substation should fault, the retail loads affected can be served by remote and field actuated switching to adjacent and unaffected distribution circuits. Additional substations have been planned near and within the northern and eastern quadrants of the System's service area to serve load growth in those areas and improve system reliability and resiliency.

The transmission and distribution facilities are fully modeled in a geographical information system ("GIS"). The GIS is integrated with the System's outage management system to enable the linkage of customer calls to specific devices. This integration promotes enhanced and expedited service restoration. Integrated software systems are also used extensively to assign loads to specific circuits, planning distribution and substation system improvements, and supporting restoration efforts resulting from extreme weather. In addition, greater than 60% of the distribution system's circuit miles are underground, which is among the highest percentages in Florida.

Capital Improvement Program

The System's current five-year electric capital improvement program requires approximately $212 million in capital expenditures between fiscal years ended September 30, 2020 through and including 2024 which includes the DHR Biomass Plant. A breakdown of the categories included in the five-year capital improvement program is outlined below and reflects the approved program from the

fiscal year 2019 budget process. See "--Funding the Capital Improvement Program - Additional Financing Requirements" below for more information regarding funding.

Electric Capital Improvement Program

	Fiscal Years ended September 30,					
	2020	2021	2022	2023	2024	Total
Generation and Control	$22,148,496	$13,116,496	$13,776,324	$13,776,324	$13,776,324	$76,594,264
Transmission and Distribution	37,292,872	16,536,919	21,029,232	21,029,232	21,029,232	116,917,487
Miscellaneous and Contingency	4,626,709	4,044,262	3,387,745	3,387,745	3,387,745	18,834,206
Total	$64,068,077	$33,697,677	$38,193,301	$38,193,301	$38,193,301	$212,345,957

Loads and Resources

A summary of the System's generating resources and firm interchange sales compared to historical and projected capacity requirements is provided below, which takes into account that the City of Winter Park, Florida is no longer purchasing 10 MW of capacity and the associated energy on a 7 day/24 hours a day "must-take" basis:

Fiscal Year	Net Summer System Capability (MW)[1]	Firm Interchange Sales (MW)	Peak Load (MW)[2]	Actual / Projected Planning Reserve Margin	
				MW	Percent
Historical					
2015	639	0	421	218	52%
2016	631	0	428	203	47
2017	627	0	418	209	50
2018	635	0	408	227	56
2019	635	0	426	209	49
Projected					
2020	635	0	439	205	48
2021	635	0	434	201	46
2022[3]	635	0	405	230	57
2023	560	0	408	152	37
2024					

(1) Based upon summer ratings. Imported firm capacity has been adjusted for losses in the table above. The DHR Biomass Plant is 102.5 MW and is included in projected values. Does not include Solar FIT.

(2) Source: GRU 2019 Ten Year Site Plan, Schedule 7.1.

(3) Assumes loss of Alachua as a wholesale electric energy customer on March 31, 2022.

Mutual Aid Agreement for Extended Generation Outages

The System has entered into a mutual aid agreement for extended generation outages with six other consumer-owned generating utilities in north central Florida and Georgia. Participating with the System in this agreement are FMPA, JEA, the City of Tallahassee, Lakeland Electric, Orlando Utilities Commission and MEAG Power. Participants have committed to provide replacement power in the event of a long-term (two to twelve month) outage of one of the baseload generating units designated under the agreement. Each utility will provide a pro-rata share of the replacement power and will be reimbursed at an indexed price of coal assuming a heat rate of 11,000 BTU/kWh and an indexed price for gas assuming a heat rate of 9,250 BTU/kWh. The System has designated 100 MW of the capacity of DH 2 and 100 MW of the capacity at JRK Station to be covered under the agreement. The current agreement was renewed for an additional 5-year term beginning October 1, 2017. To date, the System has provided aid under this agreement, but has never requested aid pursuant to this agreement.

Future Power Supply

General

While the System's existing generating units can maintain a 15% reserve margin through at least 2022, if all generating units are available, the reserve margin can fall from 40+% to a generation deficit with the loss of the System's largest unit, DH 2. As such, power supply planning must address this first contingency event. The reliability of the System's generating sources and the availability of purchased power have been such that the System has never had to declare a generation deficiency. The next scheduled retirement of a generating facility is DH 1 in 2022. Management's strategy to maintain competitive power costs is to maintain the System's status as a self-generating electric utility with a diverse fuel supply that is hedged with a renewable PPA portfolio and meets all environmental standards and expectations of the local community. The ability to be self-generating has proven itself to be a powerful hedge against market volatility while maximizing reliability for native load. Important aspects of this strategy are the management of potentially stranded costs, maintenance of adequate transmission capacity, use of financial as well as physical techniques to hedge fuel costs, and long-term management of pipeline and rail transportation contracts and capacity. GRU has found it to be in its best economic interests to manage its power needs through the generation of power with its existing facilities and to acquire/utilize purchased energy supply, if there is a cost benefit.

The Planning Process

The primary factors currently affecting the utility industry include environmental regulations, restructuring of the wholesale energy markets, the formation of independent bulk power transmission systems, formation of an Electric Reliability Organization ("ERO") under FERC jurisdiction, and the increasing strategic and price differences among various types of fuels. No state or federal legislation is pending or proposed at this time for retail competition in Florida. The purpose of the planning process is to develop a plan to best meet the System's obligation to the reliability and security of the bulk electric system ("BES") of the State of Florida and best serve the needs of the System's customers, the most significant of which being competitive pricing of services. The System's coal transportation contract expires December 31, 2019. Although negotiation strategies and additional options are being explored, the as-delivered cost of coal is anticipated to significantly increase.

Power 2020 originally started in 2012 to determine the long-term life cycle management of generating units, and was originally focused only on power generation options to replace upcoming retiring unit, as well as longer term generation needs. In 2016, the scope expanded to look at both generation and transmission options for GRU. As a result, in early 2016, TEA was chosen to create an Integrated Resource Plan ("IRP") to help model a better answer to some of the unknowns going forward. Using modeling algorithms, the IRP will take a look at the aspects of the system requirements and provide recommendations for the best path forward. That path may include, amongst other strategies, additional generation, import capability, and demand side management, to accomplish the needs of the System. Delivery of the final report was received in September 2017. Since acquiring the DHR Biomass Plant in late 2017, GRU is working with TEA to update the IRP with current data, including looking at adding a portion of solar farm. The IRP updates are actively in progress at this time. The IRP may recommend what mix of generation and transmission may be needed long term, as well as what generating units will provide the best economic dispatch, which may impact coal contracts.

In the fall of 2016, GRU applied for a Point-to-Point Transmission Service Request ("TSR") with Duke Energy Florida ("DEF") and Florida Power & Light ("FPL") with the intent of obtaining worst-case costs and facility upgrades necessary to provide GRU with 340 MW of firm power service from either provider. The amount of 340 MW was chosen as the "upper envelope" of import power needs in the event GRU retires all native generation with the exception of the DHR Biomass Plant. Based on the study results, DEF concluded that extensive projects work must be completed in the 10 year planning horizon and provided a non-binding estimate of $400 million to mitigate impacts on the DEF system. FPL, based on its own TSR results, provided a non-binding estimate of $75.5 million for its own required system upgrades and identified multiple third party impacts, confirming DEF's findings. Should GRU pursue large firm power purchases, third party impacts (such as the need to acquire right of way for transmission lines) shall be reassessed in a coordinated study with the FRCC TWG.

Solar FIT

The System became the first utility in the nation to adopt a European-style solar FIT in March 2009. The System purchases 100% of the electricity produced by a photovoltaic ("PV") solar system, which is delivered directly to the System's distribution system. What distinguishes a European-style FIT from any other FIT are the following three factors: (a) the price paid per kWh is designed to allow the owner/operator to earn a profit (the System applied a 5% internal rate of return after taxes to a reference system design); (b) the tariff is fixed over a sufficient period of time by a contract that is designed to promote investment (the System provides a twenty-year fixed price power purchase agreement); and (c) there are distinctions between different types of projects in terms of the price paid (in the case of the System, there are different rates for building/pavement mount and green field ground mount systems). FIT can be applied to any form of renewable energy, but the System chose to focus on solar. The System acquires all the environmental attributes of the solar energy purchased under the FIT, such as renewable energy credits and carbon offsets. The System stopped accepting new installations after 2013; however, approximately 18.6 MW of solar PV capacity was installed and continues to supply energy to the System. Such Solar FIT program, while no longer growing, does result in lower usage by customers resulting in decreased peak demands and MWh of energy sales.

Solar Net Metering

Net metering systems generally consist of solar panels, or other renewable energy generators, connected to a public utility power grid. The surplus power produced is transferred to the grid, allowing

customers to offset the cost of power drawn from the utility. The net meter system includes both residential and commercial customers. To date, approximately 8.8 MW of solar PV capacity have been installed.

The Water System

The water system currently includes 1,170 miles of water transmission and distribution lines throughout the Gainesville urban area, 15 water supply wells located in a protected well field, and one treatment plant (the "Murphree Plant") possessing a rated peak day capacity of 54 Mgd. Treatment processes include lime-softening, recarbonation, filtration, chlorination and fluoridation. The Murphree Plant's design allows for expansion to at least 60 Mgd of capacity at the plant site without interruption of treatment or service. The System renewed its consumptive use permit ("CUP") in September 2014 which will expire on September 10, 2034. The water system also includes a total of 18.5 million gallons of water storage capacity, comprised of pumped ground storage and elevated tanks.

Service Area

The water system serves customers within the City limits and in the immediate surrounding unincorporated area. Comprehensive land use plans for the Gainesville urban area mandate connection of new construction to the water system for all but very low density residential developments. Much of the water system's growth is in areas served by Clay for electricity or redevelopment of areas with higher density development. The area presently served includes approximately 118 square miles and approximately 73% of the County's total population. The University of Florida and a small residential development in Alachua are the only wholesale water sales customers.

Customers

The System has experienced average customer growth of .8% per year over the last five years. The System has extension policies and connection fees for providing water supply services to new developments appropriately designed to assure that new customers do not impose rate pressure on existing customers. The following tabulation shows the average number of water customers for the fiscal years ended September 30, 2015 through and including 2019.

	Fiscal Years ended September 30,				
	2015	2016	2017	2018	2019
Customers (Average)	70,903	71,546	72,136	73,043	73,078

Most of the System's individual water customers are residential. Commercial and industrial customers comprised approximately 8.7% of the 73,078 average customers in the fiscal year ended September 30, 2019, and 61% of all water sales revenues were from residential customers.

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Below are the top ten water customers of the System are outlined in the table below.

Rank	Customer	% of Water Revenue
1	University of Florida	5.8%
2	GRU	1.6
3	Celebration Pointe Holdings, LLC	0.9
4	North FL Regional Medical Center	0.8
5	Alachua County Public Schools	0.8
6	Shands Teaching Hospital and Clinics, Inc.	0.7
7	VA Medical Center	0.6
8	City of Gainesville	0.6
9	Sivance, LLC	0.5
10	Alachua County Board of Commissioners	0.5
	Top 10 Water Customers	**12.8%**
	Fiscal Year 2019 Water Revenue* (000)	**$36,800**

*Management prepared breakout of each business unit revenues in accordance with the Resolution (reviewed by auditors in relation to audited financial statements).

Water Treatment and Supply

The System's water supply is groundwater obtained from a well field that includes 15 wells which tap into a confined portion of the Floridan aquifer. Groundwater is treated at the Murphree Plant prior to distribution and eventual use. Water treatment and supply facilities are planned based on the need to provide reserve capacity under extreme conditions of extended drought, with attendant maximum demands for water and lowered aquifer water levels. Under these design conditions, current water treatment and supply facilities are adequate through at least 2034. No limitation of supply imposed by the aquifer's sustained yield has been identified by groundwater studies to date.

Water treatment at the Murphree Plant consists of softening to protect the distribution system and improve customer satisfaction, fluoridation for improved cavity protection in young children, filtration, and chlorination for protection from microbial contamination. Specific treatment processes include sulfide oxidation, lime softening, pH stabilization, filtration, fluoridation, and chlorination. The plant is permitted for a maximum daily flow of 54 Mgd. Treated water is collected in a clearwell for transfer to ground storage reservoirs prior to distribution. The filter system has been upgraded with two additional filter cells to provide additional treatment capacity. The System has been upgrading plant components that are outdated or at or near the end of the operating lives in order to ensure the reliability and longevity of the plant. One such upgrade is replacing the electrical system at the water plant. This project is replacing the original large electrical equipment, generator, conductors, and constructing a new electrical building at the plant. The original equipment which was installed in 1974 has reached the end of its serviceable life and requires replacement to ensure the continued reliable operation of the Murphree Plant. The project will be completed in fiscal year 2020, costing approximately $11 million and is included in the System's 6 year capital budget.

Raw water requirements for the water system are supplied by fifteen (15) deep wells drilled into the Floridan aquifer. Vertical turbine pumps raise the water and deliver it to the Murphree Plant for treatment. In 2000, the System, along with the local water management districts, purchased a

conservation easement over 7,000 acres of silvicultural property immediately to the north and northwest of the Murphree Plant. The conservation easement provides protection to the System's fifteen (15) existing wells and will accommodate the construction of additional wells. Existing and future wells within the conservation easement are anticipated to yield a minimum of 60 Mgd of water supply to match the long-term future treatment capacity of the Murphree Plant site.

The System's groundwater withdrawals are permitted through the St. Johns River Water Management District ("SJRWMD") and Suwannee River Water Management District ("SRWMD"). The SJRWMD and the SRWMD have adopted a 20-year water supply plan through 2035. The intent of the water supply planning process is to ensure adequate water supply on a long-term basis while protecting natural resources. Computer groundwater modeling performed to date by the water management districts indicates that there may be future constraints on groundwater supplies. One of the regulatory constraints used by the water management districts and the Florida Department of Environmental Protection ("FDEP") to protect water bodies is the "minimum flows and levels" ("MFL") program. The water management districts and the FDEP have developed and are continuing to develop MFLs for individual springs, lakes and rivers to ensure that they are not adversely impacted by groundwater withdrawals. The water management districts are developing refined groundwater models to better define and evaluate potential constraints for both water supply planning and the MFL program. The System is participating in both the model development and MFL development efforts. The System is required to comply with existing and future MFLs and with water supply plans which may result in increased costs to the System. The System will comply with its consumptive use permit and meet the System's future water supply needs primarily through a combination of increased water conservation efforts and an increased use of reclaimed water.

The Cabot/Koppers Superfund site is located approximately 2 miles to the southwest of the Murphree Plant. The site includes two properties: The Cabot Carbon area, covering 50 acres on the eastern side of the site and The Koppers area, covering 90 acres on the western side of the site. The Cabot property was used primarily for producing charcoal and pine products. The Koppers property was used for wood treating. Both production facilities are owned by corporations unrelated to the System.

The EPA placed the site on the National Priorities List under the Superfund program in 1984 because of contaminated soil and groundwater resulting from facility operations. The EPA then issued a Record of Decision ("ROD") for the site in 1990 which described the plan for cleaning up the site. Actions were taken in the 1990's to contain and partially remove contamination at the site. The presence of protective geologic confining layers over the aquifer has greatly impeded the migration of contamination. However, additional investigations of the site since 2001, conducted at the urging of the System, the County and members of the community, have indicated that additional measures are needed to contain the contamination and clean up the site to ensure that the water supply is protected. Although the System is not a potentially responsible party ("PRP") for this site, it has been and intends to continue being highly proactive in protecting the City's water supply. The System has actively participated as a stakeholder working with the EPA and the PRPs for the site (Beazer East, Inc. and Cabot Corporation) to develop remediation plans. The System has assembled a team of experts in the groundwater contamination field to assist and advise the System, and to assist the System in interacting with the EPA and the PRPs to ensure that the appropriate steps are taken. The System regularly tests both the raw and finished water at the well field and there has been no trace of contamination. Based on the System's request, an extensive Floridan aquifer groundwater monitoring network has been constructed at the Koppers portion of the site and is routinely monitored.

In February 2011, the EPA issued a second ROD which described additional cleanup actions needed at the site. The ROD includes a multiple barrier approach for containing contamination at the Koppers portion of the site: (1) areas containing creosote will be treated with two different in situ treatment technologies to immobilize the creosote; (2) a slurry wall will be constructed around the most contaminated areas; and (3) contaminated groundwater from the Floridan aquifer below the site is being pumped and treated. The EPA and Beazer East, Inc., the PRP for the Koppers portion of the site, have entered into a consent decree which requires the PRP to implement the remediation described in the ROD. The consent decree has been approved by the federal district court. The consent decree has not had a material adverse effect on the System or its financial condition. Beazer is currently implementing the cleanup plan per the ROD and it is anticipated that the cleanup of the Koppers portion of the site will be completed by 2021. The System and its expert consultants are continuing to be highly engaged in the design and implementation of the cleanup site.

Additional cleanup measures will also be implemented for the Cabot portion of the site. These measures will include construction of subsurface slurry walls around contaminated areas and may include additional soil removal. It is anticipated that remediation of this site will also be completed by 2021.

Over 200,000 water quality tests have been conducted throughout the System. The System performs routine monitoring of drinking water quality at the Murphree Plant and in the water distribution system in accordance with the EPA and state regulations including EPA Lead and Copper Rule. The System has been in compliance with the Lead and Copper Rule since its inception 26 years ago. The drinking water supply does not contain lead. Also, since the drinking water supply comes from a limestone aquifer, the water is naturally non-corrosive which protects against lead leaching into the water from plumbing fixtures.

Transmission and Distribution

The water transmission system consists primarily of cast and ductile iron water mains from 10 to 36 inches in diameter providing a hydraulically looped system. The Murphree Plant high service pumps and the Santa Fe Repump station and two elevated storage tanks provide water flow and pressure stabilization throughout the service area. The water distribution system consists primarily of cast iron, ductile iron, and polyvinyl chloride ("PVC") water mains from 2 to 8 inches in diameter and covers a service area of approximately 118 square miles. The System not only installs new water distribution system additions, but also approves plans for and inspects private developers' water distribution systems which ultimately are deeded over to the System to become an integral part of the System's overall distribution system. The System monitors pressure in several locations throughout the distribution system to ensure that adequate pressures are maintained. In addition, the System utilizes a computer model to assess future conditions and to ensure that system improvements are constructed to ensure adequate pressures in the future.

Capital Improvement Program

The System's current five-year water capital improvement program requires approximately $45.3 million in capital expenditures for the fiscal years of September 30, 2020 through and including 2024. A breakdown of the categories included in the five-year capital improvement program is outlined below and reflects the approved program from the fiscal year 2019 budget process. See "--Funding the Capital

Improvement Program - Additional Financing Requirements" below for more information regarding funding.

Water Capital Improvement Program

	Fiscal Years ended September 30,					
	2020	2021	2022	2023	2024	Total
Plant Improvements	$3,950,000	$4,215,000	$3,729,889	$3,729,889	$3,729,889	$19,354,667
Transmission and Distribution	4,655,000	5,355,000	4,592,403	4,592,403	4,592,403	23,767,209
Miscellaneous and Contingency	499,000	400,000	410,367	410,367	410,367	2,130,101
Total	$9,104,000	$9,970,000	$8,732,659	$8,732,659	$8,732,659	$45,251,977

The Wastewater System

The wastewater system serves most of the Gainesville urban area and consists of 673 miles of gravity sewer collection system, 170 pump stations with 153 miles of associated force main, and two major wastewater treatment plants with a combined treatment capacity of 22.4 Mgd AADF. For the fiscal year ended September 30, 2019, the AADF was 17.2 Mgd.

All of the effluent from the plants is beneficially reused either for aquifer recharge through recharge wells or groundwater recharge systems, environmental restoration, irrigation, or industrial cooling. The System is continuing to expand its reuse systems at both of its treatment plants in order to conserve groundwater resources and provide additional effluent disposal capacity expansion.

Service Area

The wastewater system service area is essentially the same as the water system service area. Similar to the water system, extension policies and connection fees for providing wastewater facilities and service to new customers are appropriately designed to protect existing customers from rate pressure that would result from adding new customers to the wastewater system. Comprehensive land use plans for the Gainesville urban area mandate connection of new construction to the wastewater system for all but very low density residential developments. Much of the wastewater system's growth is in areas served by Clay for electricity or redevelopment of areas with higher density development. The System also provides wholesale wastewater service to the City of Waldo. The wastewater system does not serve the majority of the University of Florida campus. The wastewater system hauls and treats all the biosolids generated at the University of Florida.

Customers

The System has experienced average customer growth of 1.0% per year over the last five years. The following tabulation shows the average number of wastewater customers, including reclaimed water customers, for the fiscal years ended September 30, 2015 through and including 2019.

	Fiscal Years ended September 30,				
	2015	2016	2017	2018	2019
Customers (Average)	64,121	64,781	65,591	66,483	66,638

The composition of the System's wastewater customers is predominantly residential. Commercial and industrial customers comprised approximately 6.8% of the 66,638 average customers in the fiscal year ended September 30, 2019, and residential customers were the source of 66% of all the wastewater system's revenues in the fiscal year ended September 30, 2019.

In 2011, the System executed an agreement with the City of Waldo, Florida ("Waldo") to provide Waldo with wastewater service on a wholesale basis. Waldo currently provides wastewater service to approximately 850 of its residents. Waldo constructed a lift station and force main which collects Waldo's raw wastewater and discharges it to one of the System's existing lift stations. The facilities provide adequate capacity for Waldo to more than double its service population with future growth, which will in turn result in more revenue opportunities for the System.

Below are the top ten wastewater customers of the System are outlined in the table below.

Rank	Customer	% of Wastewater Revenue
1	University of Florida	1.1%
2	Celebration Pointe Holdings, LLC	0.8
3	Alachua County Public Schools	0.7
4	North FL Regional Medical Center	0.7
5	Sivance LLC	0.6
6	Shands Teaching Hospital and Clinics, Inc.	0.6
7	Alachua County Board of Commissioners	0.6
8	City of Gainesville	0.5
9	State of FL, Department of Children & Family Services	0.5
10	VA Medical Center	0.5
	Top 10 Wastewater Customers	**6.7%**
	Fiscal Year 2019 Wastewater Revenue* (000)	**$43,275**

* Management prepared breakout of each business unit revenues in accordance with the Resolution (reviewed by auditors in relation to audited financial statements).

Treatment

The wastewater system currently includes two major wastewater treatment facilities, the Main Street Water Reclamation Facility (the "MSWRF") and the Kanapaha Water Reclamation Facility (the "KWRF"). Currently, these facilities have a combined capacity of 22.4 Mgd AADF, which meets permitted capacity for projected demands through at least 2034. Although these facilities receive flow from adjacent but distinct collection areas, a pump station that allows wastewater to be routed to either the MSWRF or KWRF allows treatment capacity at both facilities to be fully utilized.

The MSWRF has a treatment capacity of 7.5 Mgd AADF and was upgraded in 1992 to include advanced tertiary activated sludge treatment process units. The plant includes influent screening and grit removal, activated sludge treatment, filtrations and disinfection. Biosolids from the plant are treated via aerobic digestion and are hauled to the KWRF facility where it is combined with KWRF sludge for beneficial reuse and/or disposal. Existing sludge treatment facilities are adequate to meet current federal sludge regulations. Effluent from the MSWRF is discharged to the Sweetwater Branch and must meet requirements of the FDEP for discharge to Class III surface waters. The MSWRF is in compliance with its

National Pollutant Discharge Elimination System ("NPDES") permit. The MaSWRF NPDES permit is a 5-year permit that expires March 18, 2020. A renewal application has been submitted and is pending for a 5-year continuation.

In addition, the MSWRF includes a reclaimed water pumping station and distribution system. The reclaimed water distribution system currently includes a pipeline, which provides reclaimed water to the South Energy Center where it is then used for process cooling and irrigation. See "-- The Electric System – Energy Supply System – *Generating Facilities – South Energy Center*" above. This pipeline also provides reclaimed water for pond augmentation and irrigation at the Depot Park Project (MGP remediation site) (see "- The Natural Gas System – Manufactured Gas Plant" below) and at the System's Innovation Energy Center chilled water facility (see " - Management's Discussion of System Operations – Competition" herein). The pipeline will also provide reclaimed water for other irrigation and cooling uses that develop near the pipeline corridor.

The MSWRF capacity and renewal upgrade projects are scheduled to be completed over the next 5-10 years at an estimated cost of $50 million, and is part of the five-year capital improvements program. The MSWRF starting treating wastewater in the 1920's nearly 100 years ago and has undergone numerous expansions and upgrades. The plant currently is in need of replacing the aging infrastructure and adding treatment capacity for the future. The MSWRF Capacity and Renewal upgrade will address most of the treatment processes at the facility with multiple equipment and capacity upgrades. Headworks will be replaced with new structure including improved screening, grit removal, and flow transfer and management. The east aeration process will be replaced with new technology and the existing technology will be upgraded in the center and west aeration basins to achieve better treatment including increased phosphorus removal. The east clarifier is currently being replaced due to its condition and the center and west clarifiers will require similar rehabilitations in the next 5-8 years to meet capacity requirements. The existing antiquated filter technology will be changed to an advanced filtration that will more comfortably meet current and future regulations. An evaluation and implementation of a disinfection scheme that will allow capacity to meet 12 MGD annual average is also planned. Upgrades to the electrical primary and secondary will be coordinated with GRU's Energy Delivery department. Secondary electrical upgrades will also include whole-plant generation that will power the facility in the event of an energy transmission issue. Secondary power distribution within the plant will also be upgraded.

Under the FDEP Total Maximum Daily Load ("TMDL") regulations, FDEP assesses the water quality in water bodies and sets requirements for reduction in pollutant sources. FDEP adopted a TMDL in January 2006 which requires reductions in total nitrogen discharges from the MSWRF and other nitrogen sources. Florida's TMDL regulations allow the FDEP to negotiate basin management plans involving all of the parties affecting the water bodies. Subsequent to the adoption of this TMDL, the FDEP promulgated its Numeric Nutrient Criteria ("NNC") Rule effective September 17, 2014. The System has implemented a cooperative environmental restoration project known as the Paynes Prairie Sheetflow Restoration project in order to achieve its TMDL limits and comply with the NNC Rule. The combination of the project and the reclaimed water distribution (described above) will allow the System to beneficially reuse 100% of the MSWRF effluent.

The MSWRF NPDES permit requires the Paynes Prairie Sheetflow Restoration project be fully operational and comply with TMDL requirements. On March 21, 2019, GRU submitted a permit modification to extend deadline to March 2020. Construction of the project was completed in 2016 and is in the start-up phase of operation, which is anticipated to last for five years. In conjunction with the

project, the System is currently working with the FDEP to establish site specific criteria for the Sweetwater Branch Creek in accordance with the NNC Rule. The System is following established procedures for developing site specific criteria. However, the System also has a backup plan in the unlikely event that it was not able to obtain site specific criteria. The backup plan would consist of the construction of an $8 million pipeline which would meet numeric nutrient criteria.

Another regulatory change that the System has responded to is the reuse of biosolids generated from the wastewater treatment process. Prior to 2016, the System beneficially reused its biosolids through Class B land application in accordance with FDEP and EPA requirements. However, changes in local land use ordinances made it necessary to transition to a new program that includes biosolids dewatering and use of a contractor that will process the biosolids to produce a fertilizer product. The System has completed construction on the dewatering facilities and other plant improvements to facilitate dewatering at a cost of $17 million and is currently in full operation. In addition, enhanced screening facilities at the KWRF were replaced to reduce solids entering the plant and thereby reducing wear and tear on the new dewatering equipment.

The KWRF is permitted to discharge into a potable zone of the Floridan aquifer. The plant was originally constructed in 1977. A capacity expansion project was completed in June 2004 to provide a total capacity of 14.9 Mgd AADF. The plant includes influent screening, grit removal, activated sludge treatment, filtration and high level disinfection. The KWRF has two distinct treatment processes incorporated into its design: a modified Ludzack-Ettinger Treatment process and a carrousel advanced wastewater treatment activated sludge system. The treatment processes conclude with filtration and disinfection prior to discharge into aquifer recharge wells and a reclaimed water distribution system. The disinfection system was recently modified to meet more stringent regulatory limits. The System consistently meets the required primary and secondary drinking water standards for discharge to recharge wells as set forth in its NPDES permit. The MSWRF NPDES permit is a 5-year permit that expires December 17th, 2020. The application for renewal will be submitted in June, 2020 with the anticipation of successful renewal for the following 5 years.

The Southwest Reuse Project distributes reclaimed water from the KWRF to commercial and residential customers for landscape irrigation and golf course irrigation. The System also has numerous "aesthetic water features," which provide a public amenity and wildlife habitat in addition to recharging the aquifer. All reclaimed water not reused directly recharges the Floridan aquifer through deep recharge wells that discharge to a depth of 1,000 feet.

In the fiscal years ended **[September 30, 2019]** and 2018, the System delivered approximately **[2.7 Mgd]** AADF and 2.7 Mgd AADF, respectively, of reclaimed water. The regional water management districts encourage the use of reclaimed water to reduce demands on groundwater. The FDEP encourages reuse as an environmentally appropriate means of effluent disposal.

Wastewater Collection

The wastewater gravity collection system consists of 15,524 manholes with 730 miles of gravity sewer, 50% of which consists of vitrified clay pipe. New facilities are primarily constructed of PVC high density polyethylene ("HDPE") pipe. The System maintains three television sealing and inspection units which are routinely employed in inspecting new additions to the System to ensure they meet specifications of the System and in inspecting older lines. The television inspections allow the System to identify segments of piping which have high infiltration and inflow or structural concerns. These pipes

are restored through a process known as lining, in which a cured in place fiberglass sleeve is installed in the pipe. The System performs lining using its own crews. In addition, the System routinely utilizes contractors to perform lining of longer segments of piping. As a result of the use of lining, infiltration and inflow to the System are reduced. The System is undergoing a comprehensive inflow and infiltration remediation effort which will include a comprehensive assessment of the System's wastewater collection system and assist in prioritizing sewer system rehabilitation projects in order to reduce inflow and infiltration into the collection system and ensure reliability of the collection system.

The force main system which routes flow to the treatment plant consists of 170 pump stations and over 153 miles of pipe. Existing lines less than 12 inches in diameter are generally constructed of PVC pipe and existing lines 12 inches in diameter and over are generally constructed of ductile iron pipe. For new construction, force mains 16 inches and smaller are generally constructed of PVC or HDPE. The System has instituted a preventative maintenance program to assure long life and efficiency at all pumping stations.

Capital Improvement Program

The System's current five-year wastewater capital improvement program requires approximately $96 million in capital expenditures for the fiscal years ending September 30, 2020 through and including 2024. A breakdown of the categories included in the five-year capital improvement program is outlined below and reflects the approved program from the fiscal year 2019 budget process. See "--Funding the Capital Improvement Program - Additional Financing Requirements" below for more information regarding funding.

Wastewater Capital Improvement Program

	Fiscal Years ended September 30,					
	2020	2021	2022	2023	2024	Total
Plant Improvements	$7,160,000	$8,495,000	$5,395,077	$5,395,077	$5,395,077	$231,840,231
Reclaimed Water	780,000	230,000	347,965	347,965	347,965	2,053,895
Collection System	9,543,000	8,474,000	6,209,704	6,209,704	6,209,704	36,646,112
Miscellaneous and Contingency	6,000,000	6,500,000	4,307,281	4,307,281	4,307,281	25,421,843
Total	$23,483,000	$23,699,000	$16,260,027	$16,260,027	$16,260,027	$95,962,081

The Natural Gas System

The natural gas system was acquired in January 1990 and since then has met the System's customers' preferences for natural gas as a cooking and heating fuel as well as provided a cost-effective DSM program alternative. The natural gas system consists primarily of underground gas distribution and service lines, six points of delivery or interconnections with FGT, and metering and measuring equipment. Liquid propane ("LP") systems are utilized for new developments that are beyond the existing natural gas distribution network. As the natural gas system is expanded, the LP systems and customer appliances are converted from LP to natural gas.

Service Area

The natural gas system services customers within the City limits and in the surrounding unincorporated area. The natural gas system covers approximately 120 square miles and provides service to 29% of the County's population. In addition, the natural gas system serves customers within the city limits of Alachua and High Springs. Service provided to Alachua represents approximately 5.7% of total retail gas sales of the System. A franchise agreement with both Alachua and Newberry were approved during fiscal year 2018. The System has also entered into franchise agreements to provide natural gas to the City of Archer ("Archer") and Hawthorne. To date, there are no budgeted funds or anticipated timelines for capital infrastructure developments into Archer or Hawthorne.

Customers

The following tabulation shows the average number of natural gas customers for the fiscal years ended September 30, 2015 through and including 2019. The majority of new single family developments in the Gainesville urban area have been connected to the System over this period.

	Fiscal Years ended September 30,				
	2015	2016	2017	2018	2019
Customers (Average)	34,152	34,496	34,942	35,389	35,622

The composition of the System's natural gas customers is predominantly residential. Commercial and industrial customers comprised approximately 4.7% of the 35,622 average customers served in the fiscal year ended September 30, 2019 while approximately 95.3% were residential customers. Residential customers accounted for approximately 47% of the natural gas system's revenues in the fiscal year ended September 30, 2019.

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Below are the top ten natural gas customers of the System are outlined in the table below.

Rank	Customer	% of Gas Revenue
1	University of Florida	6.1%
2	VA Medical Center	2.4
3	North FL Regional Medical Center	2.3
4	WCA of Florida, LLC	1.6
5	Alachua County Board of Commissioners	1.1
6	Ology Bioservices, Inc.	1.0
7	Florida Power Corporation	1.0
8	V.E. Whitehurst & Sons, Inc.	1.0
9	Shands Teaching Hospital and Clinics, Inc.	0.9
10	Alachua County Public Schools	0.9
	Top 10 Gas Customers	**18.3%**
	Fiscal Year 2019 Gas Revenue* (000)	**$31.396**

*Management prepared breakout of each business unit revenues in accordance with the Resolution (reviewed by auditors in relation to audited financial statements).

Natural Gas Supply

Natural gas is procured and delivered in much the same manner as the System's electric generation operations. TEA purchases the commodity, optimizes pipeline capacity entitlements, and executes physical and financial hedging strategies on behalf of the System as it does for electric operations. The non-coincident occurrences of electric system and gas retail distribution ("LDC") system peak demands provide opportunities to switch electric fuels to free up pipeline capacity for the LDC and/or manage pipeline entitlements to enhance the reliability and cost performance of the gas system. The average cost of gas delivered to the System for the natural gas distribution system in the fiscal year ended September 30, 2019 was $3.94/MMBtu. Fuel costs for the natural gas system differ from those of the electric system only in that the gas system has no fuel switching capability and must carry sufficient pipeline reserve capacity to meet peak demands, resulting in higher delivered fuel costs.

Natural Gas Distribution

The natural gas system consists of 805 miles of gas distribution mains. The predominant and standard pipe materials in service are polyethylene (606 miles) and coated steel (186 miles). All coated steel pipelines are cathodically protected using magnesium anodes. The balance of the distribution system is comprised of uncoated steel and black plastic. All of the cast iron pipe has been replaced and the remaining approximately 3.5 miles of older materials are scheduled for replacement under our Distribution Integrity Management Program. This work should be completed by the end of 2021. The replacement program reduces O&M costs associated with leak repairs. Typically, our unaccounted for gas (gas bought vs. gas sold) is less than 1% indicating a very tight system and good measurement.

Manufactured Gas Plant

The City's natural gas system originally distributed blue water gas, which was produced in town by gasification of coal using distillate oil. Although manufactured gas was replaced by pipeline gas

around 1960, coal residuals and spilt fuel contaminated soils at and adjacent to the manufactured gas plant ("MGP") site. When the natural gas system was purchased, the System assumed responsibility for the investigation and remediation of environmental impacts related to the operation of the former MGP. The System has pursued recovery for the MGP from past insurance policies and, to date, has recovered $2.2 million from such policies. Site investigations on properties affected by MGP residuals have been completed and the System has completed limited removal actions. The System has received final approval of its proposed overall Remedial Action Plan which will entail the excavation and landfilling of impacted soils at a specially designed facility. This plan was implemented pursuant to a Brownfield Site Rehabilitation Agreement with the State. Following remediation, the property was redeveloped by the City as a park with stormwater ponds, nature trails, and recreational space, all of which were considered in the remediation plan's design. The duration of the groundwater monitoring program and that timeframe is open to the results of what the sampling data shows.

Based upon GRU's analysis of the cost to clean up this site, GRU has accrued a liability to reflect the costs associated with the cleanup effort. During fiscal years ended September 30, 2019 and 2018, expenditures which reduced the liability balance were approximately $1.2 million and 1.3 million each year, respectively. The reserve balance at September 30, 2019 and 2018 was approximately $980,000 and $641,000, respectively.

GRU is recovering the costs of this cleanup through customer charges. A regulatory asset was established for the recovery of remediation costs from customers. Through fiscal years ended September 30, 2019 and 2018, customer billings were $1.2 million and 1.3 million each year, respectively. The regulatory asset balance was $11 million and $11.7 million, respectively.

Although some uncertainties associated with environmental assessment and remediation activities remain, GRU believes that the current provision for such costs is adequate and additional costs, if any, will not have an adverse material effect on GRU's financial position, results of operations, or liquidity.

Capital Improvement Program

The System's current five-year natural gas capital improvement program requires approximately $22.7 million in capital expenditures during the fiscal years ended September 30, 2020 through and including 2024. A breakdown of the categories included in the five-year capital improvement program is outlined below and reflects the approved program from the fiscal year 2019 budget process. See "--Funding the Capital Improvement Program - Additional Financing Requirements" below for more information regarding funding.

Gas Capital Improvement Program

	Fiscal Years ended September 30,					
	2020	2021	2022	2023	2024	Total
Distribution Mains	$1,430,086	$1,757,334	$3,542,750	$3,542,750	$3,542,750	$13,815,670
Meters, Services and Regulators	724,879	1,267,871	2,214,728	2,214,728	2,214,728	8,636,934
Miscellaneous and Contingency	25,923	32,218	64,625	64,625	64,625	252,016
Total	$2,180,888	$3,057,423	$5,822,103	$5,822,103	$5,822,103	$22,704,620

GRUCom

The System has been providing retail telecommunications services since 1995 under the brand "GRUCom." Services provided by GRUCom include Internet and data transport services to local businesses, government agencies, multiple dwelling units ("MDU") housing communities, various Internet service providers, and other telecommunications carriers. Additional services provided by GRUCom include tower space leases for wireless personal communications (cellular telephone) providers, public safety radio services for all the major public safety agencies operating in the County and collocation services in the System's central office. GRUCom is licensed by the FPSC as an Alternative Access Vendor and as an Alternative Local Exchange Carrier.

Service Area

GRUCom provides telecommunications and related services to customers located primarily in the Gainesville urban area and holds telecommunications licenses that allow it to provide telecommunication services throughout the state. GRUCom operates network connections to interface with all major Interexchange Carriers ("IXC") who maintain facilities in the County, as well as interconnections with both of the County's two incumbent local exchange carriers. The System, through interlocal agreements, also provides public safety radio services across the entire County.

Services Provided

The services provided by GRUCom fall primarily into the following five major product lines: telecommunications services; Internet access services; communication tower antenna space leasing; public safety radio services; and collocation services.

The telecommunications services provided by GRUCom are primarily Private Line and Special Access transport circuits (both described below) delivered in whole, or in part, on the GRUCom fiber optic network. These high bandwidth circuits are capable of carrying voice, data or video communications. Private Line circuits are point-to-point, unswitched channels connecting two or more customer locations with a dedicated communication path. Special Access circuits are also unswitched and provide a dedicated communication path, but these circuits connect a customer location to the Point of Presence of another telecommunications company. GRUCom transport services are provided at various levels ranging from 1.5 megabits per second ("Mbps") to 10 gigabit per second ("Gbps"). Part of GRUCom's business strategy is to use unbundled network elements from the incumbent local exchange carrier, AT&T, in anticipation of fiber extensions to specific service locations. GRUCom also uses the fiber optic network to provide high speed Internet access services. Business Internet and Dedicated Internet Access ("DIA") class service connections are offered at access speeds ranging from 10 Mbps up to 10 Gbps and bulk residential Internet access service is provided to participating MDU communities at speeds up to 1 Gbps under the brand name GATOR NET. In 2017, GRUCom upgraded its bulk GATORNET services to deliver Symmetrical bandwidth, a first in the Gainesville area. GRUCom operates eleven communications towers in the Gainesville area and leases antenna space on these towers as well as on two of the System's water towers, for a total of thirteen antenna attachment sites. Two of the five transmitter sites for the countywide public safety radio system are also located on these communications towers. Wireless communications service providers lease space on the towers and, in most cases, also purchase fiber transport services from GRUCom to receive and deliver traffic at the towers. GRUCom provides transport services that carry a substantial portion of cell phone traffic in the Gainesville urban area. The GRUCom public safety radio system began operation in 2000. These services

are provided over Federal Communications Commission ("FCC")-licensed 800 MHz frequencies, utilizing a trunked radio system that is compliant with the current frequency allocations enacted by the FCC in 2010 to accommodate personal communication services ("PCS") providers. The trunked radio system meets current industry standards for interagency operability. The trunked radio system consists of 22 trunked voice frequencies. Antenna sites are linked to the network controller and various dispatch centers utilizing GRUCom's transport services.

Customers

GRUCom's customer base is growing as the fiber optic network is expanded and new product offerings are introduced. Customer types vary for each GRUCom business activity. As of September 30, 2019, **[GRU had approximately 6,737 end-users]**.

GRUCom's fiber transport customers include other land-line telecommunications companies, cellular telecommunications companies, private commercial and industrial businesses, federal, state and local governmental agencies, public and private schools, public libraries, Santa Fe College, the University of Florida, UF Health and the University of Florida Health Science Center. As of September 30, 2019, GRUCom had a total of 478 transport circuits in service.

Internet access services are provided to other Internet service providers, local businesses, government agencies, and participating MDU housing communities. As of September 30, 2019, GRUCom had 352 Business Internet access customer connections and bulk residential Internet agreements with 41 MDU communities. GRUCom tower space leasing services are used primarily by wireless providers, which include cellular telephone and PCS companies. As of September 30, 2019, **[GRUCom executed 32 tower leases, for space on eleven of its thirteen antenna attachment sites with eight different lessees, including national and regional cellular service providers.]**

Public safety radio system customers consist solely of government entities due to restrictions on the use of the frequencies allocated to the System under licenses issued by the FCC. The primary radio system users include: the System, the Gainesville Police Department, the Gainesville Fire Rescue Department, the Gainesville Regional Transit System, the City's Public Works Department, the University of Florida Police Department, the Santa Fe College Police Department, the City of Alachua Police Department, the City of High Springs Police Department, the County's Sheriff's Office, the County's Fire Rescue Operations and the County's Public Works Departments. These users have entered into service agreements which are valid through 2020, with minimum commitments for the number of users and monthly fees per user established for voice and dispatch subscriber units. The public safety radio system is operated by GRUCom on an enterprise basis, but an interagency Radio Management Board has been established to govern user protocols, monitor system service levels, and review system changes that could increase rates. As of September 30, 2019, the public safety radio system had 2,359 subscriber units in service.

GRUCom Projected Revenue and Customer Count

	2020	2021	2022	2023	2024
Telecom and Data Service Sales	$7,746,912	$8,117,296	$8,336,563	$8,787,721	$9,412,789
TRS Sales	1,826,834	1,877,981	1,930,611	1,984,770	2,000,324
Tower Leasing Sales	1,776,906	2,451,453	2,451,453	2,451,453	2,451,453
Non-Standard Sales (Non-Recurring)	35,000	35,000	35,000	35,000	35,000
Total Revenue	$11,382,652	$12,329,414	$12,753,627	$13,258,944	$13,899,566

Below are the top ten GRUCom customers of the System are outlined in the table below.

Rank	Customer	% of GRUCom Revenue
1	GRU	10.6%
2	Alachua County Board of Commissioners	7.8
3	Verizon Wireless Personal Communications, LP	6.5
4	Alachua County Public Schools	5.4
5	City of Gainesville	5.2
6	AT&T Wireless	4.0
7	T-Mobile USA, INC	3.7
8	Interstate Fibernet, Inc.	2.8
9	Florida Phone Systems	2.6
10	Shands Teaching Hospital and Clinics, Inc.	2.1
	Top 10 GRUCom Customers	**50.6%**
	Fiscal Year 2019 GRUCom Revenue* (000)	**$11,663**

*Management prepared breakout of each business unit revenues in accordance with the Resolution (reviewed by auditors in relation to audited financial statements).

Description of Facilities

As of September 30, 2019, GRUCom had 559 miles of fiber optic cable installed throughout Gainesville and the County. The fiber strand count included in the cable depends on service requirements for the particular area and ranges from 12 to 144 strands. The fiber is installed in a ringed topology consisting of a backbone loop and several subtending rings. Service is provisioned on the network in two ways: for services requiring transmission through Synchronous Optical Network standard protocol, GRUCom has deployed equipment manufactured by Ciena (primarily); and for services requiring transmission through Ethernet standard protocol, GRUCom uses equipment manufactured by Cisco and Telco System. GRUCom is in the process of retiring the Cisco Systems equipment and migrating all Ethernet to the Telco System's transmission platform. The Telco Systems equipment will enable GRUCom to provide multi-protocol line switching functionality and reduce network infrastructure equipment complexity. The Ethernet protocol provides GRUCom with increased flexibility for managing bandwidth delivered to the customer. The maximum transport speed currently utilized in the fiber optic network is 10 Gbps, which is enough bandwidth to deliver more than 125,000 simultaneous phone calls (as an illustration). Bandwidth on this network is a function of the electronic equipment utilized and, with technologies such as dense wave division multiplexing, expansion of the transport capability of the network is virtually unlimited. To exchange network traffic, GRUCom also is interconnected with other major telecommunications companies serving the Gainesville area.

The public radio system employs a Motorola 800 MHz simulcast system configured with six transmit and receive tower sites including 22 simulcast voice and two additional mutual aid channels. GRUCom is completing the process of migrating to the P25 protocol.

GRUCom maintains a point-of-presence at the Digital Realty Trust, Inc. collocation and interconnection facility located in Atlanta, Georgia (the "ATL1 data center"). The ATL1 data center provides access to hundreds of leading domestic and international carriers as well as physical connection

points to the world's telecommunications networks and internet backbones. Atlanta, Georgia is a major fiber interconnection point from Florida to New York and the ATL1 data center sits on top of most of the fiber. GRUCom maintains an ultra-high bandwidth backbone transmission interconnection on diverse routes between Gainesville and the ATL1 data center to provide highly reliable Internet access to customers in Gainesville. GRUCom is also a member of the Digital Realty Internet Exchange (the "Internet Exchange"), a separate peering point in the ATL1 data center. The Internet Exchange allows GRUCom to quickly and easily exchange Internet protocol ("IP") traffic directly with over 60 of the world's largest Internet Service Providers ("ISPs"), Content Providers, Gaming Providers and Enterprises, including companies such as Google, Netflix, Apple, McAfee Akami, Hurricane Electric (a major Internet service), Sprint, Level 3 and several other Internet service providers. The Internet Exchange participants can route IP traffic efficiently, providing faster, more reliable and lower-latency internet or voice over Internet protocol ("VoIP") access to their customers, by bypassing intermediate router points so that Internet traffic may have direct access to destination networks.

GRUCom maintains a second point-of-presence at the Equinix, Inc. Network Access Point of the Americas ("NOTA") collocation and interconnection facility which is located in Miami, Florida. NOTA is one of the most significant telecommunications projects in the world. The Tier-IV facility was the first purpose-built, carrier-neutral Network Access Point and is the only facility of its kind specifically designed to link Latin America with the rest of the world. NOTA is located in downtown Miami in close proximity to numerous other telecommunications carrier facilities, fiber loops, international cable landings and multiple power grids. More than 160 global carriers exchange data at NOTA including seven Tier-1 world-wide Internet service providers. GRUCom maintains an ultra-high bandwidth backbone transmission interconnection between Gainesville and NOTA, separate from the ATL1 data center interconnection circuits, which allows GRUCom to maintain a second, fully diverse data gateway and exchange to further enhance the reliability of the Internet services provided to customers in Gainesville. In Miami, GRUCom is also connected to the FL-IX Peering facility to provide additional and duplicate peering points with various ISPs including Content Providers, Gaming Providers and enterprises similar to the Internet Exchange connection in Atlanta.

Capital Improvement Program

The System's current five-year GRUCom capital improvement program requires approximately $5.8 million in capital expenditures for years ended September 30, 2020 through and including 2024. A breakdown of the categories included in the five-year capital improvement program is outlined below and reflects the approved program from the fiscal year 2019 budget process. See "--Funding the Capital Improvement Program - Additional Financing Requirements" below for more information regarding funding.

GRUCom Capital Improvement Program

	Fiscal Years ended September 30,					
	2020	2021	2022	2023	2024	Total
GRUCom Systems	$693,763	$1,170,260	$688,402	$688,402	$688,402	$3,929,229
Miscellaneous and Contingency	470,272	405,640	323,508	323,508	323,508	1,846,436
Total GRUCom	$1,164,035	$1,575,900	$1,011,910	$1,011,910	$1,011,910	$5,775,665

Rates

General

In general, the rates of municipal electric utilities in Florida are established by the governing bodies of such utilities. The governing bodies of municipal water, wastewater and natural gas utilities in Florida have exclusive jurisdiction over the setting of rates for said systems, subject only to certain statutory restrictions upon water and wastewater rates outside the municipal corporate limits. The City Commission's sole authority to set the level of the rates and charges of the System is constrained by the Resolution to set rates that comply with the rate covenant in the Resolution and takes into account recommendations of the Utilities Advisory Board regarding proposed changes in fees, rates, or charges for utility services. See "—Utilities Advisory Board" above and "SECURITY FOR THE BONDS – Rates, Fees and Charges" herein. Future projected revenue requirement changes provided in this Reoffering Memorandum have been developed by the System's staff based on the most recent forecasts and operation projections available. In order to further create financial flexibility, GRU anticipates at least annual 2-3% rate increases in each of the next five years or possibly longer. In addition, GRU and the City Commission are re-addressing the formula for calculating the amount of the General Fund transfer for the System, which formula is set to expire on September 30, 2019. See " -Management's Discussion of System Operations-Transfer to General Fund" herein for more information. GRU also continues to evaluate the optimal levels of service, the appropriate level of cash reserves, and the appropriate balance as between pay-go and debt funding of capital needs in the System.

Under Chapter 366, Florida Statutes, the FPSC has jurisdiction over municipal electric utilities only to prescribe uniform systems and classifications of accounts, to require electric power conservation and reliability, to regulate electric impact fees, to establish rules and regulations regarding cogeneration, to approve territorial agreements, to resolve territorial disputes, to prescribe rate structures, to prescribe and enforce safety standards for transmission and distribution facilities and to prescribe and require the periodic filing of reports and other data. Pursuant to the rules of the FPSC, rate structure is defined as the classification system used in justifying different rates and, more specifically the rate relationship between various customer classes, as well as the rate relationship between members of a customer class." However, the FPSC and the Florida Supreme Court have determined that, except as to rate structure, the FPSC does not have jurisdiction over municipal electric utility rates. The FPSC also has the authority to determine the need for certain new transmission and generation facilities.

Although the rates of the System are not subject to federal regulation, the National Energy Act of 1978 contains provisions which require the City to hold public proceedings to consider and determine the appropriateness of adopting certain enumerated federal standards in connection with the establishment of its retail electric rates. Such proceedings have been completed and the results currently are reflected in the System's policies and electric rate structure.

Electric System

Each of the System's various rates for electric service consists of a "base rate" component and a "fuel and purchased power adjustment" component. The base rates are evaluated annually and adjusted as required to fund projected revenue requirements for each fiscal year. The fuel and purchased power adjustment clause provides for increases or decreases in the charge for electric energy to cover increases or decreases in the cost of fuel and purchased power to the extent such cost varies from a predetermined

base of 6.5 mills per kWh. The current fuel and purchased power adjustment formula is a one-month forward-looking projected formula which is based on a true-up calculation, from the second month preceding the billing month, based on actual fuel costs valued on a weighted average accounting basis, including purchased power, and the upcoming month's estimates of fuel and purchased power costs.

The table below presents electric system base rate revenue requirements, fuel and purchased power adjustment and total residential bill changes since 2015 and GRU's most recent projections of future base rate revenue requirements, fuel and purchased power adjustment and total residential bill changes.

Electric System
Base Rate Revenue Requirements, Fuel and Purchased Power Adjustment and Total Bill Changes[4]

	Percentage Base Rate Revenue Requirements Increase/(Decrease)[1]	Percentage Fuel and Purchased Power Adjustment Increase/(Decrease)[2]	Total Residential Bill Percentage Increase/(Decrease)[3]
Historical (Fiscal Year Beginning):			
October 1, 2014	(8.50)%	17.00%	2.71%
October 1, 2015	0.00	(6.70)	(5.24)
October 1, 2016	0.00	(3.70)	(2.04)
October 1, 2017	2.00	0.00	0.88
February 1, 2018[4]	31.40	(50.00)	(8.02)
October 1, 2018	2.00	0.00	1.55
October 1, 2019	6.41	10.00	7.13
Projected (Fiscal Year Projected (Fiscal Year Beginning):[5]			
October 1, 2020	4.42	(9.10)	0.59
October 1, 2021	2.43	2.00	2.67
October 1, 2022	1.00	2.00	1.59
October 1, 2023	1.00	2.00	1.56
October 1, 2024	1.00	2.00	1.54

(1) Change in overall system-wide non-fuel revenue requirement. Increases or decreases are applied to billing elements to reflect the most recent cost of service studies and to yield the overall revenue requirement.

(2) Historical change in weighted average retail fuel adjustment.

(3) Based on residential monthly bill at 1,000 kWh.

(4) Changes resulting from the acquisition of the DHR Biomass Plant.

(5) All changes in the System's revenue requirements are subject to approval by the City Commission, which usually occurs in conjunction with its approval of the System's annual budget.

The electric and natural gas systems use amounts on deposit in a reserve known as the "fuel adjustment levelization balance" that the System accumulates. The balance of the reserve as of September 30, 2019, was negative $2,887,941 for both electric and natural gas combined. The balance of this fund is anticipated to carry a balance of approximately 5% of the annual fuel expense budget on an average year.

In 2014, the City Commission approved the addition of an Economic Development Rate for new and existing general service demand and large power commercial electric customers of the System in an effort to attract large, regionally competitive new commercial customers and incentivize local growth. Approval of the applicable changes to the City Code of Ordinances occurred in November 2014. The Economic Development rate allows for a 5-year, 20% discount to the base rate portion of the electric bill of a new customer who adds a load of at least 100,000 kWh per month or a 15% discount to the base rate portion of the electric bill of an existing customer who increases its baseline usage by a minimum of 20%. There is no discount on the fuel adjustment portion of the bill under this program, but the addition of load will distribute the fixed costs of the DHR Biomass Plant across a greater number of kWh, lowering the fuel adjustment for all customers. This program is base revenue neutral during the five year discount period, with additional base revenues after the discount ends. The System does not have any customers currently participating in this program.

Public roadways in Gainesville and in portions of the unincorporated areas of the County within the System's service territory are served by streetlights operated and maintained by the System, which bills the appropriate jurisdiction for payment. Currently, the General Fund pays for streetlights in Gainesville. Pursuant to a 1990 agreement, the General Fund reimburses the Board of County Commissioners of the County to, in effect, pay for the streetlights in such portions of the unincorporated areas served by the System.

Rates and Charges for Electric Service

The electric rates, effective October 1, 2019, are provided below by class of service. Though the rates are functionally unbundled, they are commonly presented in a bundled format.

Residential Standard Rate

Customer charge, per month	$15.00
First 850 kWh, Total charge per kWh	$0.0745
All kWh per month over 850, Total charge per kWh	$0.0987

Non-Residential General Service Non-Demand Rates

Customers in this class have not established a demand of 50 kW. Charges for electric service are:

Customer charge, per month	$31.00
First 1,500 kWh per month, Total charge per kWh	$0.0984
All kWh per month over 1,500, Total charge per kWh	$0.1309

Non-Residential General Service Demand Rates

Customers in this class have established a demand of between 50 and 1,000 kW. Charges for electric service are:

Customer charge, per month	$100.00
Total Demand charge, per kW	$10.15
Total Energy charge, per kWh	$0.0653

Non-Residential Large Power Rates

Customers in this class have established a demand of 1,000 kW or greater. Charges for electric service are:

Customer charge, per month	$350.00
Total Demand charge, per kW	$10.30
Total Energy charge, per kWh	$0.0611

Customers in all classes are charged a fuel and purchased power adjustment. Chapter 203, Florida Statutes, imposes a tax at the rate of 2.56% on the gross receipts received by a distribution company for utility services that it delivers to retail consumers in the state of Florida and requires that the distribution company report and remit its Florida Gross Receipts tax to the Florida Department of Revenue on a monthly basis. All non-exempt customers residing within the City's corporate limits pay a utility tax (public service tax) of 10% on portions of their bill. All non-exempt customers not residing within the City's corporate limits are assessed a surcharge of 10% and also pay a County utility tax of 10% on portions of their bill. All non-residential taxable customers pay a State sales tax of 6.95% on portions of their bill. The minimum bill is the customer charge plus any applicable demand charge. The billing demand is defined as the highest demand (integrated for 30 minutes) established during the billing month. The City's codified rate ordinances include clauses providing for primary service metering discounts and facilities leasing adjustment.

Comparison with Other Utilities

The table below shows the average monthly bills for electric service for certain selected Florida electric utilities, including the System for the month of January 2020. Residential bills are commonly compared at 1,000 kWh in Florida, however GRU's customers typically average closer to 800 kWh per month.

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Comparison of Monthly Electric Bills[1]

		General Service		
			Demand	Large Power
	Residential	Non-Demand	30,000 kWh	430,000 kWh
	1,000 kWh	1,500 kWh	75 kW	1,000 kW
Kissimmee Utility Authority	$93.39	$152.70	$2,569.39	$35,097.42
Lakeland Electric	$97.52	$141.51	$2,317.69	$32,020.11
Orlando Utilities Commission	$109.50	$168.02	$2,515.40	$34,160.00
Florida Power & Light Company	$93.64	$141.22	$2,233.26	$31,228.97
JEA	$108.50	$155.64	$2,715.10	$37,297.40
Tampa Electric Company	$100.54	$152.96	$2,430.25	$32,817.91
City of Tallahassee	$110.59	$141.81	$2,687.16	$36,413.86
Clay Electric Cooperative, Inc.	$112.90	$171.05	$2,728.25	$35,806.00
Ft. Pierce Utilities Authority	$106.84	$169.43	$2,870.85	$43,067.20
Ocala Electric Authority	$116.51	$171.26	$2,817.72	$40,236.39
Gainesville Regional Utilities	**$131.63**	**$236.35**	**$3,975.25**	**$53,478.00**
Duke (Energy Florida)	$136.92	$207.29	$2,920.77	$40,639.30
Gulf Power Company	$93.39	$152.70	$2,569.39	$35,097.42

[1] Rates in effect for October 2019 applied to noted billing units, ranked by residential bills. Excludes utility taxes, sales taxes and surcharges.

Source: Prepared by the Finance Department of the System based upon published base rates and charges for the time period given with fuel costs provided by personal contact with utility representatives unless otherwise published.

Water and Wastewater System

The table below presents water system revenue requirements and total residential bill changes since 2015 and Management's most recent projections of future revenue requirements and total bill changes. The percentage increases shown represent the aggregate amount required to fund increases in projected revenue requirements for the water system.

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Water System

Revenue Requirement and Total Bill Changes

	Percentage Revenue Requirement Increase[1]	Total Bill Increase[2]
Historical		
October 1, 2014	3.75%	1.90%
October 1, 2015	3.75	10.40
October 1, 2016	3.00	2.20
October 1, 2017	0.00	0.00
October 1, 2018	0.00	0.00
	0.44	0.46
Projected[3]		
October 1, 2020	0.45	0.46
October 1, 2021	0.46	0.45
October 1, 2022	0.00	0.00
October 1, 2023	0.00	0.00
October 1, 2024	0.00	0.00

(1) Change in overall revenue requirements collected from all retail customer classes from billing elements, including monthly customer service charges and water usage charges. Increases are applied to billing elements to reflect the most recent cost of service study and to yield the overall revenue requirement.

(2) Based on monthly bill at 7 Kgal.

(3) All changes in the System's revenue requirements are subject to approval by the City Commission, which usually occurs in conjunction with its approval of the System's annual budget.

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The table below presents wastewater system revenue requirements and total residential bill changes since fiscal year 2015 and Management's most recent projections of future revenue requirement and total bill changes. The percentage increases shown represent the aggregate amount required to fund increases in projected revenue requirements for the wastewater system.

Wastewater System
Revenue Requirement and Total Bill Changes

	Percentage Revenue Requirement Increase[1]	Total Bill Increase[2]
Historical		
October 1,2014	4.85%	4.00%
October 1, 2015	4.85	3.30
October 1, 2016	3.00	1.50
October 1, 2017	0.00	0.00
October 1, 2018	0.00	0.00
October 1, 2019	0.42	0.39
Projected[3]		
October 1, 2020	0.43	0.47
October 1, 2021	1.44	1.42
October 1, 2022	2.00	2.02
October 1, 2023	3.00	3.03
October 1, 2024	3.00	2.95

(1) Change in overall revenue requirements collected from all retail customer classes from billing elements, including monthly customer service charges and wastewater usage charges (as a function of water usage). Increases are applied to billing elements to reflect the most recent cost of service study and to yield the overall revenue requirement.

(2) Based on monthly bill at 7 Kgal.

(3) All changes in the System's rates are subject to approval by the City Commission, which usually occurs in conjunction with its approval of the System's annual budget.

Rates and Charges for Water and Wastewater Services

Total water and wastewater system revenues are derived from two basic types of charges which reflect costs: (a) monthly service charges and (b) connection charges. The current schedule of fees, rates and charges, combined with other revenues for the water and wastewater systems, provides sufficient funds to meet all operation and maintenance expenses, prorated debt service, and internally generated capital expense. The connection charges are designed to provide for the capital costs associated with the water and wastewater system expansion. Growth in retail revenues due to projected customer growth provides for all other increased costs.

Residential customers are subject to inverted block rates. As of October 1, 2015, the first tier pricing is applied to the first 4,000 gallons used, the second tier pricing is applied to usage between 5,000 and 16,000 gallons, and the third tier pricing is applied to usage above 16,000 gallons. A three tier billing

structure has been in place since 2001. Over time the thresholds for quantities of water billed in each block has been lowered to current break points.

The City Commission also adopted a new Multi-Family water rate as part of the fiscal year 2015 budget. The pricing for the usage charge is the same as the second tier of the three tier residential rate.

The University of Florida is charged different rates than other customers because of the City's commitment not to receive General Fund transfers from sales to the University of Florida and because the University of Florida owns and maintains its own on-campus water distribution system. The General Fund transfer policy reflects a historical commitment which enticed the University of Florida to locate in the City of Gainesville in the early 1900's. In 2004, the University of Florida rates became cost-of-service based.

Monthly Service Charges

Monthly customer charges are levied for the actual units of service rendered to individual customers. Customers pay a rate per thousand gallons of water consumed or wastewater treated, and all customers pay a monthly customer charge, as shown on Table 1 below. All wastewater customers are subject to rate surcharges for wastewater discharges which exceed normal domestic strength. Commercial customers are billed 95% of their water usage as wastewater while residential customers are billed the lesser of actual water usage or winter maximum usage, in order to better identify water used for domestic purposes for wastewater billing. Table 2 below lists the charges for water and wastewater service that will become effective October 1, 2019.

Table 1. Monthly Water Customer Charge by Meter Size

Meter Size	Monthly Customer Charge
5/8" and 3/4"	$9.45
1"	9.65
1.5"	12.50
2"	20.00
3"	74.00
4"	100.00
6"	140.00
8"	200.00
10"	275.00

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Table 2. Current Monthly Charges For Water and Wastewater Services

Water Rates:	
Residential	
Customer Billing Charge	Based on meter size
Consumption Rate:	
1,000 to 4,000 gallons	$2.47 per 1,000 gallons
5,000 to 16,000 gallons	$3.77 per 1,000 gallons
17,000 or more gallons	$6.04 per 1,000 gallons
Commercial	
Customer Billing Charge	Based on meter size
Consumption Rate	$3.87 per 1,000 gallons
University of Florida	
Customer Billing Charge	Based on meter size
Consumption Rate:	
On-campus facilities	$2.53 per 1,000 gallons
Off-campus facilities	$3.56 per 1,000 gallons
City of Alachua[1]	
Customer Billing Charge	Based on meter size
Consumption Rate	$1.62 per 1,000 gallons
Wastewater Rates:	
Residential and Commercial	
Customer Billing Charge	$9.10 per month
All Usage[2]	$6.33 per 1,000 gallons

(1) The System provides wholesale water service to Alachua for resale to four locations.

(2) Wastewater rates apply to all metered water consumption up to a specified maximum. The residential maximum is established for each customer based upon its winter (December or January) maximum water consumption. The non-residential maximum is 95% of metered water use.

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Comparison with Other Cities

The System's average water and wastewater charges are compared to those other Florida cities for the month of January 2020 in the table below.

Comparison of Monthly Residential Water and Wastewater[1]

	Water	Wastewater	Total
Ocala	$17.12	$45.84	$62.96
Orlando	15.98	54.01	69.99
Tampa	23.65	47.39	71.04
Lakeland	25.76	48.85	74.61
Jacksonville	23.37	52.35	75.72
Gainesville Regional Utilities	**30.64**	**53.41**	**84.05**
Pensacola (ECUA)	30.90	53.86	84.76
Tallahassee	28.09	65.03	93.12
Ft. Pierce	40.89	55.31	96.20

(1) Comparisons are based on 7,000 gallons of metered water and 7,000 gallons of wastewater treated and rates in effect for October 2019. Excludes all taxes, surcharges, and franchise fees. Sorted in ascending order by total charges.

Source: Prepared by the Finance Department of the System based upon published rates and charges and/or personal contact with utility representatives of the applicable system.

Surcharge

Non-exempt water customers residing within the City's corporate limits are assessed a 10% utility tax. Non-exempt water customers residing outside the City's corporate limits are assessed a 25% surcharge and pay a 10% County utility tax. There is no utility tax on wastewater. However, non-exempt wastewater customers residing outside the City's corporate limits are assessed a 25% surcharge. Effective October 1, 2001, water and wastewater connection charges were subject to the 25% surcharge imposed on non-exempt customers not residing within the City's corporate limits. This surcharge on connection fees was suspended for fiscal year 2015 and was re-implemented in fiscal year 2016.

Connection Charge Methodology

Beginning October 1, 2016, GRU made a change in its assessment of connection charges to more equitably distribute the costs of demand on the System to each customer based on their anticipated demand on the System. The change is intended to be revenue neutral for the System. New single family connections and small non-residential connections will continue to pay a Minimum Connection Charge, which is similar to how GRU currently charges for these small connections. Larger non-residential connections, with an estimated use greater than 280 gallons per day, will pay a flow-based connection charge. Multi-family connections will continue to pay flow-based connection charges and are not affected by these changes.

Calculation of the estimated average water use for a non-residential customer is based on the total square footage of the business multiplied by the water use coefficient to obtain gallons per day. If the average water use is estimated to be 280 gpd or less the Minimum Connection Charge will be

assessed. If the water use is estimated to be greater than 280 gpd the customer will pay a flow-based connection charge.

Effective October 1, 2019, transmission and distribution/collection system connection charges for individual lots are $471 to connect to the water system and $781 to connect to the wastewater system. Water and wastewater plant connection charges for individual lots are $709 and $2,683, respectively. The water meter installation charge is $710 for a typical single family dwelling (requiring 3/4 inch meter). The total water system connection charges for a typical single family dwelling (requiring 3/4 inch meter) are $1,890 for new water service and the total wastewater connection charges are $3,464 for new wastewater service. Total water and wastewater connection charges for a typical single family dwelling are $5,251. Additionally, effective in the fiscal year ended September 30, 2019, GRU implemented lower water and wastewater connection charges for single family homes smaller than 1,400 square feet heated and cooled. The total water connection charge for these homes is $1,477 and the total wastewater connection charge is $2,252. Also, there is a 25% surcharge applied to new connections located outside of the incorporated area of the City.

Infrastructure Improvement Area

The System's water and wastewater extension policy requires that new development projects pay the cost for the infrastructure improvements needed to serve them. Under this policy, developers typically design and install most of these improvements, with the System's review and approval, as part of the design and construction for their development projects. In some cases, the System may construct these improvements, with the developer reimbursing the System for the cost.

The City Commission, by adoption of Ordinance No. 110541 on April 7, 2016, established the "Innovation District Infrastructure Improvement Area." Within the designated area, the System developed a master plan for major water distribution and wastewater collection capacity improvements needed to facilitate current and anticipated future development. **[The System is constructing these improvements according to the master plan. The System has constructed $1.14 million in water system improvements and $2.34 million in wastewater collection system improvements as of the date of this Reoffering Memorandum]**. The cost for these improvements will be recovered through "infrastructure improvement area user fees" which new development projects pay at the time of connection to the System. These user fees are calculated for each development project based on the size of the project and type of project. The user fees are set based on recovering the System's expenditures with interest over a 20 year period. The City Commission enacted Ordinance No. 160725 on March 16, 2017 increasing the fees for the improvement area.

Natural Gas System

Each of the System's various rates for natural gas service consists of a "base rate" component and a "purchased gas adjustment" component. The base rates are evaluated annually and adjusted as required to fund projected revenue requirements for each fiscal year. The purchased gas adjustment clause provides for increases or decreases in the charge for natural gas to cover increases or decreases in the cost of gas delivered to the System. The current purchased gas adjustment is calculated with a formula using a one-month forward-looking projection and a true-up of the second month preceding the actual fuel cost in the billing month.

The table below presents natural gas system base rate revenue requirements, purchased gas adjustment and total residential bill changes since 2015 and Management's most recent projections of

future base rate revenue requirements, purchased gas adjustment and total residential bill changes. The percentage changes shown represent the aggregate amount required to fund changes in projected non-fuel and purchased gas revenue requirements for the natural gas system.

Natural Gas System
Base Rate Revenue
Purchased Gas Adjustment and Total Bill Changes

	Percentage Base Rate Revenue Increase/(Decrease)[1]	Percentage Purchased Gas Adjustment Revenue Increase/(Decrease)[2]	Total Bill Increase/(Decrease)[3]
Historical			
October 1, 2014	4.25%[4]	4.10%	3.90%
October 1, 2015	4.75	(36.40)	(8.30)
October 1, 2016	9.00	(13.10)	4.40
October 1, 2017	0.00	0.00	0.00
October 1, 2018	0.00	34.08	6.10
October 1, 2019	0.57	9.68	2.45
Projected[4]			
October 1, 2020	0.59	17.65	3.80
October 1, 2021	0.60	2.00	0.86
October 1, 2022	0.00	2.00	0.41
October 1, 2023	0.00	2.00	0.42
October 1, 2024	0.00	2.00	0.42

(1) Change in overall non-fuel revenues collected from all retail customer classes from billing elements, including monthly service charges and energy usage charges ("therms"). Fuel revenue requirements are collected as a uniform charge on all therms of energy used. Increases or decreases are applied to billing elements to reflect the most recent cost of service studies and to yield the overall revenue requirement. For additional information on the MGP site, see "-- The Natural Gas System – Manufactured Gas Plant" above.

(2) Historical purchased gas adjustment revenue increase represents the change in weighted average purchased gas adjustment.

(3) Based on monthly residential bill at 25 therms.

(4) All changes in the System's revenue requirements are subject to approval by the City Commission, which usually occurs in conjunction with its approval of the System's annual budget.

Rates and Charges for Natural Gas Service

The current natural gas rates, effective October 1, 2019, are provided below by class of service:

Residential Service Rate	
Customer Charge	$9.75 per month
Non-Fuel Energy Charge	$0.634 per therm
Small Commercial Rate	
Customer Charge	$20.00 per month
Non-Fuel Energy Charge	$0.624 per therm
General Firm Service Rate	
Customer Charge	$45.00 per month
Non-Fuel Energy Charge	$0.443 per therm
Large Volume Interruptible Rate	
Customer Charge	$400.00 per month
Non-Fuel Energy Charge	$0.271 per therm
Manufactured Gas Plant Cost Recovery Factor (Applied to All Rate Classes)	$0.0556 per therm

Customers in all classes are charged a purchased gas adjustment and the Manufactured Gas Plant Cost Recovery Factor. **[Chapter 203, Florida Statutes, imposes a 2.5% tax based on an index price applied to the quantity of gas billed.]** All non-exempt customers residing within the City's corporate limits pay a City utility tax of 10% on portions of their bill. All non-exempt customers not residing within the City's corporate limits pay a 10% County utility tax on portions of their bill and a 10% surcharge on portions of their bill. All non-residential taxable customers pay a State sales tax of 6% on portions of their bill. For firm customers, the minimum bill equals the customer charge.

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Comparison with Other Utilities

The System's average natural gas charges are compared to those for eleven other municipal and private natural gas companies in the following table for the month of January 2020. The System's gas rates are among the lowest in the State.

Comparison of Monthly Natural Gas Bills[1]

	Residential 25 therms	General Firm 300 therms	Large Volume 30,000 therms
Gainesville Regional Utilities	**$35.49**	**$304.50**	**$20,857.00**
Okaloosa Gas District	$43.08	$356.39	$24,776.78
Tallahassee	$36.36	$348.73	$21,804.71
Clearwater	$45.25	$418.00	$31,150.00
City of Sunrise	$46.66	$394.79	$20,039.97
Ft. Pierce	$46.43	$314.11	$21,663.19
Kissimmee	$49.24	$372.98	$30,361.48
Lakeland	$49.24	$372.98	$30,361.48
Orlando	$49.24	$372.98	$30,361.48
Tampa	$49.24	$372.98	$30,361.48
Central Florida Gas	$58.77	$473.42	$33,429.30
Pensacola	$60.07	$605.89	$31,016.90

(1) Rates in effect for October 2019 applied to noted billing volume (excludes all taxes).

(2) Service provided by People's Gas.

Source: Prepared by the Finance Department of the System based upon published base rates and charges for the time period given with fuel costs provided by personal contact with utility representatives unless otherwise published.

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Comparison of Total Monthly Cost of Electric, Gas, Water and Wastewater Services for Residential Customers in Selected Florida Locales

The following table shows comparisons of the total monthly cost for a "basket" of electric, gas, water and wastewater services for residential customers in selected Florida locales for the month of January 2020, based upon (a) typical average usage by the System's residential customers by category of service and (b) standard industry benchmarks for average usage by residential customers.

Comparison of Monthly Utility Costs[1]

	Based Upon Typical Average Usage by Residential Customers of the System[2]	Based Upon Standard Industry Usage Benchmarks[3]
Tampa	$171.53	$220.81
Kissimmee	$177.32	$217.25
Orlando	$186.42	$228.72
Lakeland	$180.77	$221.36
Gainesville Regional Utilities	**$193.26**	**$251.17**
Jacksonville	$185.53	$233.46
Tallahassee	$189.69	$240.08
Ocala	$190.96	$228.71
Clay County	$194.65	$233.99
Ft. Pierce	$196.74	$249.46
Pensacola	$219.34	$281.75

(1) Based upon rates in effect for October 2019 by the actual providers of the specified services in the indicated locales, applied to the noted billing units. Excludes public utility taxes, sales taxes, surcharges, and franchise fees.

(2) Monthly costs of service have been calculated based upon typical average annual usage by residential customers of the System during the fiscal year ended September 30, 2019, as follows: for electric service: 800 kWh; for natural gas service: 20 therms; for water service: 5,000 gallons of metered water; and for wastewater service: 4,000 gallons of wastewater treated.

(3) Monthly costs of service have been calculated based upon standard industry benchmarks for average annual usage by residential customers, as follows: for electric service: 1,000 kWh; for natural gas service: 25 therms; for water service: 7,000 gallons of metered water; and for wastewater service: 7,000 gallons of wastewater treated.

Source: Prepared by the Finance Department of the System based upon (a) in the case of electric and gas service, published base rates and charges for the time period given, with fuel costs provided by personal contact with utility representatives of the applicable system unless otherwise published and (b) in the case of water and wastewater service, published rates and charges and/or personal contact with utility representatives.

Since the System's rates for electric, water and wastewater service are designed to encourage conservation, average usage of those utility services by residential customers of the System are lower than the standard industry benchmarks for average usage by residential customers that typically are used for rate comparison purposes. As with all utilities with similar programs, such conservation measures

result in sustained lower usage by customers resulting in decreased peak demands and MWh of energy sales. As a result, the total monthly cost of electric, gas, water and wastewater service for residential customers of the System, calculated based upon average usage by such customers, compares favorably to what the total monthly cost of such services would have been, calculated based upon such standard industry benchmarks.

Summary of Combined Net Revenues

The following table sets forth a summary of combined net revenues for the fiscal years 2015, 2016, 2017 and 2018 along with combined net revenue information for the period ended September 30, 2019. The information is derived from the audited financial statements of the City for the System. Such information should be read in conjunction with the City's audited financial statements for the System and the notes thereto for the fiscal years ended September 30, 2015, 2016, 2017, 2018 and 2019, referenced in APPENDIX B attached hereto or in prior audited financial statements.

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	Fiscal Years Ended September 30, (in thousands)				
	2015	2016	2017	2018	2019
Revenues:					
Electric	$298,914	$308,071	$317,644	$285,720	$287,070
Water	32,524	33,818	35,091	36,868	36,800
Wastewater	38,261	42,346	44,185	46,155	43,275
Gas	24,111	24,325	21,925	21,279	31,396
GRUCom	12,600	11,744	11,450	11,210	11,663
Total Revenues	$406,410	$420,304	$430,295	$401,232	$410,204
Operation and Maintenance Expenses[1]:					
Electric	$217,082	$225,290	$235,525	$177,687	$178,700
Water	13,559	14,827	15,463	16,242	17,745
Wastewater	14,334	17,388	19,052	20,213	20,536
Gas	15,318	14,577	12,902	12,993	15,167
GRUCom	8,460	7,422	7,109	6,503	7,389
Total Operation and Maintenance Expenses	$268,753	$279,504	$290,051	$233,638	$239,537
Net Revenues:					
Electric	$81,832	$82,781	$82,119	$108,034	$108,370
Water	18,965	18,991	19,627	20,625	19,055
Wastewater	23,927	24,958	25,133	25,942	22,739
Gas	8,793	9,748	9,023	8,286	16,228
GRUCom	4,140	4,322	4,341	4,708	4,273
Total Net Revenues	$137,657	$140,800	$140,243	$167,595	$170,665
Aggregate Debt Service on Bonds	$55,461	$55,822	$55,989	$89,236	$90,191
Debt Service Coverage Ratio for Bonds	2.48	2.52	2.50	1.88	1.89
Debt Service on Subordinated Indebtedness[2]	$6,178	$6,205	6,583	859	904
Total Debt Service on Bonds and Subordinated Indebtedness	$61,639	$62,027	$62,572	$90,095	$91,096
Debt Service Coverage Ratio for Bonds and Subordinated Indebtedness	2.23[3]	2.27[3]	2.24[3]	1.86[3]	1.87[3]

[Footnotes appear on following page]

(1) Includes administrative expenses. Excludes depreciation and amortization.

(2) Excludes principal of maturing commercial paper notes which were paid from newly-issued commercial paper notes.

(3) The historical debt service coverage calculation described above is based on the rate covenant described in "SECURITY FOR THE BONDS – Rates, Fees and Charges" herein. At the end of 2017, the DHR Biomass Plant was acquired using proceeds of the 2017 Series A Bonds, 2017 Series B Bonds and 2017 Series C Bonds. Coverage levels thereafter significantly dropped, in part, because of the debt which was necessary to finance the costs of such acquisition. It should also be noted that financial operations information in the table above only reflects ownership of the DHR Biomass Plant by the City for 327 of 365 days during the fiscal year ended September 30, 2018, so the 1.86x coverage figure would have been slightly lower had the City owned the DHR Biomass Plan for all 365 days. However, such acquisition is not expected to adversely affect the City's ability to pay debt service on the Outstanding Bonds, or to otherwise comply with any of its obligations under the Resolution, including the rate covenant. On the contrary, such acquisition improved financial results. In particular, the City is realizing future annual cash flow savings from elimination of payments pursuant to the PPA, taking into account new annual debt service on the 2017 Bonds. When debt service coverage gets calculated on a cash flow basis rather than pursuant to the Resolution, the coverage level is expected to increase.

Source: Prepared by the Finance Department of the System.

The operating results of the System reflect the results of past operations and are not necessarily indicative of results of operations for any future period. Future operations will be affected by factors relating to changes in rates, fuel and purchased power and other operating costs, environmental regulation, increased competition in the electric utility industry, economic growth of the community, labor contracts, population, weather, and other matters, the nature and effect of which cannot at present be determined. Net Revenues take into account amounts transferred to or from the Rate Stabilization Fund.

See also "Management's Discussion and Analysis" in the audited financial statements of the System referenced in APPENDIX B attached hereto. In addition, for a discussion of derivative transactions entered into by the System, see Note 8 to the audited financial statements of the System in APPENDIX B attached hereto.

Management's Discussion of System Operations

Results of Operations

The operating results of the System reflect the results of past operations and are not necessarily indicative of results of operations for any future period. Future operations will be affected by factors relating to changes in rates, fuel and other operating costs, environmental regulation, increased competition in the electric utility industry, economic growth of the community, labor contracts, population, weather, and other matters, the nature and effect of which cannot at present be determined.

For the electric system, base rate revenue requirements for the fiscal year ended September 30, 2015 decreased by 8.5%. For the fiscal year ended September 30, 2016, requirements were unchanged and remained unchanged through the fiscal year ended September 30, 2017. For fiscal years ended September 30, 2018 and 2019, revenue requirements increased by 2% each year as reflected in base rate

charges. The electric system base rate revenue requirement increased by 6.41% at October 1, 2019. For the fiscal year ended September 30, 2015, the electric system deposited $2.3 million, to the Rate Stabilization Fund. For the fiscal years ended September 30, 2016, 2017 and 2018, the electric system withdrew $1.0 million, $15.5 million, and $7.5 million, respectively, from the Rate Stabilization Fund. For the fiscal year ended September 30, 2019, the electric system withdrew approximately $1.2 million from the Rate Stabilization Fund.

Energy sales (in MWh) to retail customers increased 1.31% per year from the fiscal year ended September 30, 2015 to the fiscal year ended September 30, 2019. The number of electric customers increased at an average annual rate of .96% for the fiscal years ended September 30, 2015 through and including 2019. Native load fuel costs for the electric system between the fiscal years ended September 30, 2015 and 2016, the electric fuel cost decreased each year by approximately $1.0 million (1%). From the fiscal years ended September 30,2015 to the fiscal year ended September 30, 2016 fuel costs decreased by approximately $10.2 million (7%). Between the fiscal years ended September 30, 2016 and 2017, fuel costs increased approximately $6.67 million (4.3%). From the fiscal year ended September 30, 2017 to the fiscal year ended September 30, 2019 fuel costs decreased by approximately $76 million (47%).

For the fiscal years ended September 30, 2015 through and including 2019, natural gas sales decreased by .73% per year. The number of gas customers increased at an annual rate of approximately 1.06% between fiscal years ended September 30, 2015 and 2019.

The natural gas system base rate revenue requirement for the fiscal year ended September 30, 2015 increased by 4.25%. For the fiscal year ended September 30, 2016, base rate revenue requirement for the gas system was increased by 4.75%. For the fiscal year ended September 30, 2017, the base rate revenue requirements increased by 9.0%. Base rates were not changed for the fiscal year ended September 30, 2018 and the fiscal year ended September 30, 2019. The natural gas system base rate revenue increased slightly by 0.57% at October 1, 2019. For the fiscal year ended September 30, 2014, the natural gas system withdrew approximately $1.0 million from the Rate Stabilization Fund. For the fiscal year ended September 30, 2015, the natural gas system deposited approximately $1.6 million to the Rate Stabilization Fund. For the fiscal year ended September 30, 2016, the natural gas system withdrew approximately $2.0 million from the Rate Stabilization Fund. For the fiscal year ended September 30, 2017, the natural gas system deposited approximately $1.1 million to the Rate Stabilization Fund. For the fiscal year ended September 30, 2018, the natural gas system deposited $3.9 million to the Rate Stabilization Fund. For the fiscal year ended September 30, 2019, the natural gas system withdrew approximately $6.9 million from the Rate Stabilization Fund. In order to recover costs associated with the remediation of soil contamination caused by the operation of an MGP, the City established a per therm charge as part of the gas system's customer rate in the fiscal year ended September 30, 2003. The estimated remaining cost to be recovered is approximately $17.0 million. See "-- The Natural Gas System – Manufactured Gas Plant" above. The MGP has billed at a rate of $0.0556 per therm since October 1, 2014. Natural gas fuel cost decreased by approximately $2.6 million (28%) between the fiscal years ended September 30, 2015 and 2016, and increased by approximately $1.4 million (21%) between the fiscal years ended September 30, 2016 and 2019. This fluctuation in gas cost is reflective of the natural gas commodity market prices during the same timeframe. Since these costs are passed along to customers as part of the purchased gas adjustment charge each month, any natural gas cost increases or decreases are offset by purchased gas adjustment revenues.

Water system sales are impacted by seasonal rainfall. For the fiscal year ended September 30, 2015 through and including 2019, sales increased by an average annual rate of 1.13% and customers grew 0.76%. Revenues from water sales increased by approximately $4,414,287 for the fiscal year ended

September 30, 2015 through and including 2019. The water revenue increases were primarily the result of rate increases, kept moderate by low customer growth and slow sales growth due to price sensitivity and conservation efforts.

Water base rate revenue requirements were increased by 3.75% in each of the fiscal years ended September 30, 2015 and 2016, and for the fiscal year ending September 30, 2017, the base rate revenue requirement was increased by 3.0%. Base rates were not changed for the fiscal year ended September 30, 2018 and September 30, 2019. The Water base rate revenue requirement increased slightly by 0.44% at October 1, 2019. For the fiscal years ended September 30, 2015, 2016 and 2017, the water system contributed approximately $2.4 million, $3.3 million, and $2.5 million, respectively, to the Rate Stabilization Fund for the fiscal years ended September 30, 2018 and 2019, the water system contributed approximately $400 thousand and $1.4 million, respectively, to the Rate Stabilization Fund.

Wastewater system billings generally track water system sales. From the fiscal year ended September 30, 2015 to 2019, the wastewater system billing volumes increased 1.1% per year. Revenues during this same period increased 10.3% due to the combination of billing volumes and base rate revenue requirement increases. Approximately 1.1% wastewater was billed for the fiscal year ended September 30, 2019, as compared to fiscal year ended September 30, 2018.

Wastewater base rate revenue requirements were increased by 4.85% in each fiscal years ended September 30, 2015 and 2016. For the fiscal years ending September 30, 2017 the requirement increased 3.0%. For the fiscal years ending September 30, 2018 and September 30, 2019 the base rate revenue requirement remained unchanged. The Wastewater base rate revenue requirement increase slightly by .42% at October 1, 2019. For the fiscal years ended September 30, 2015, 2016 and 2017, the wastewater system deposited approximately $2.9 million, $2.1 million and $850 thousand, respectively, to the Rate Stabilization Fund. For the fiscal years ended September 30, 2018 and 2019, the wastewater system contributed approximately $1.1 million and $2.2 million, respectively, to the Rate Stabilization Fund

GRUCom's sales have increased from $10.5 million in fiscal year ended September 30, 2013 to $11.2 million in fiscal year ended September 30, 2019. This is a 6.7% increase over this 6 year time period. Sales were $11.2 million, $10.9 million, $11.7 million and $11.2 million in fiscal years ended September 30, 2014, 2015, 2016 and 2017, respectively. Sales were $11.4 million and $11.2 million in fiscal years ended September 30, 2018 and 2019, respectively. For the fiscal year ended September 30, 2015, GRUCom withdrew approximately $1.4 million from the Rate Stabilization Fund, GRUCom contributed approximately $7,400 to the Rate Stabilization fund. For the fiscal years ended September 30, 2016 and September 30, 2017, GRUCom withdrew approximately $585 thousand from the Rate Stabilization Fund. For the fiscal year ended September 30, 2018, GRUCom contributed approximately $138 thousand to the Rate Stabilization Fund. For the fiscal year ended September 30, 2019, GRUCom withdrew approximately $471 thousand from the Rate Stabilization Fund.

The debt service coverage ratio ("DSCR") is a financial ratio that measures a company's ability to service its current debts by comparing its net operating income with its total debt service obligations. See "THE SYSTEM – Summary of Combined Net Revenues " above which shows GRU's DSCR for year's fiscal year 2015 through and including fiscal year 2019 ending September 30.

The operating results of the System reflect the results of past operations and are not necessarily indicative of results of operations for any future period. Future operations will be affected by factors relating to changes in rates, fuel and purchased power and other operating costs, environmental regulation, increased competition in the electric utility industry, economic growth of the community,

labor contracts, population, weather, and other matters, the nature and effect of which cannot at present be determined. Net Revenues take into account amounts transferred to or from the Rate Stabilization Fund.

Liquidity Position

GRU periodically updates its liquidity targets based on an internal analysis of market, operating and other risk factors in order to determine an appropriate liquidity target for the System. Also see "--Cash Balance Policy" below which may impact such targets. The following table identifies this target as well as the sources of funds and accounts, to include available capacity in GRU's commercial paper program and the STI Loan that can be used to meet this liquidity target:

	2020	2021	2022
Cash Reserve Targets:	$75,800,000	$78,100,000	$80,400,000
Operating Cash	4,404,399	4,404,399	4,404,399
Rate Stabilization Fund	36,993,156	26,793,857	19,893,729
Utilities Plant Improvement Fund for Reserves	28,004,478	33,220,997	36,271,525
Total Cash Reserves	**$69,402,033**	**$64,419,253**	**$60,569,653**
STI Loan[1]	25,000,000	25,000,000	25,000,000
Tax-Exempt CP Lines[2]	125,000,000	125,000,000	125,000,000
Taxable CP Lines[2]	25,000,000	25,000,000	25,000,000
Total Liquidity and Lines	$244,402,033	$239,419,253	$235,569,653
Over(Under) Target	**$168,602,033**	**$161,319,253**	**$155,169,653**

(1) The expiration date of the STI Loan is August 3, 2021.

(2) The fixed rate long-term financing of the outstanding commercial paper with proceeds of the 2019 Bonds will provide full capacity to issue commercial paper under both by tax-exempt and taxable programs at least until the respective credit facility expiration dates of November 30, 2021 and August 28, 2020, respectively, at which times GRU intends to seek extensions or replacements of both credit facilities.

Source: Prepared by the Finance Department of the System.

Transfers to General Fund

The City Commission established a General Fund transfer formula for the System for fiscal year 2015 through and including fiscal year 2019 pursuant to Resolution Number 140166, adopted on July 23, 2014. The General Fund transfer formula will be up for renewal beginning with the fiscal year ending September 30, 2020. The transfer formula established the base amount of the fiscal year 2015 transfer, less the amount of ad valorem revenue received each year by the City from the DHR Biomass Plant. The fiscal year ended September 30, 2015 base transfer amount increases each fiscal year over the period between fiscal year 2016 through fiscal year 2019 by 1.5%. The General Fund transfer was equal to 7.8%, 9.0% and 9.2% of the System's operating revenue for the fiscal years ended September 30, 2017, September 30, 2018 and September 30, 2019, respectively.

This transfer formula is to be reviewed at least every other year by the System's staff and the City's General Government staff. The transfer amount may be paid from any part of the System's revenue or a combination thereof. The City Commission may modify the transfer amount or the transfer

formula at any time. The City Commission is in the process of determining a new formula for the transfer for the fiscal year ending September 30, 2020 and thereafter.

The transfers to the General Fund made in the fiscal years ended September 30, 2012 through and including 2019 were as follows:

Fiscal Years	Transfers to General Fund	
ended September 30,	Amount	% Increase/(Decrease)
2012	$36,004,958	2.2%
2013	36,656,458	1.8
2014	37,316,841[1]	1.5
2015	34,892,425	(7.1)
2016	34,994,591	0.03
2017	35,814,010	2.3
2018	36,379,079	1.6
2019	38,285,000	1.05

(1) Year ended September 30, 2019 was the final year of a five year agreement of the General Fund Transfer. The City Commission voted to leave the FY20 transfer amount equal to the PY19 level of $38,295,000. The City Commission is in the process of determining the General Fund Transfer formula going forward past FY20.

Source: Prepared by the Finance Department of the System.

The projected transfers to the General Fund made in the fiscal year ended September 30, 2020:

	Projected Transfers to General Fund	
Fiscal Years ended September 30,	Amount	% Increase/(Decrease)
2020	38,285,000	-

Source: Prepared by the Finance Department of the System.

See "—Factors Affecting the Utility Industry – Proposed Legislation" below for more information relating to proposed legislation which could have a material adverse impact on the System's ability to transfer funds to the City's General Fund.

Investment Policies

The System's investment policy provides for investment of its funds. The primary goals of the investment policy are (1) preservation of capital, (2) providing sufficient liquidity to meet expected cash flow requirements, and (3) providing returns commensurate with the risk limitations of the program. The System's funds are invested only in securities of the type and maturity as permitted by the Resolution, Florida Statutes and its internal investment policy. The System does not presently have, nor does it intend to acquire in the future, derivative or leveraged investments or investments in mortgage-backed securities. The System does not invest its funds through any governmental or private investment pool (including, without limitation, the Florida PRIME or the former Local Government Surplus Funds Trust Fund administered by the State's Board of Administration).

Debt Management Policy

The System's debt management policy applies to all current and future debt and related hedging instruments issued by the System and approved by the City Commission. The purpose of the policy is to provide guidance for issuing and managing debt. The System debt is required to be managed with an overall philosophy of taking a long term approach in borrowing funds at the lowest possible interest cost. To achieve this goal, the System will continuously work towards developing an optimal capital structure, including the types of variable rate exposure, in view of the System's risk tolerance to market fluctuations, capital market outlook, future capital funding needs, rating agency considerations, and counterparty credit profiles.

Cash Balance Policy

GRU's staff has developed, in conjunction with their Financial Advisor, a Cash Balance Policy. The purpose of this policy is to review the economic and operational risks potentially facing GRU, and to identify an appropriate level of cash to reserve against these particular risks. The Cash Balance Policy will provide GRU with a recommended level of cash to reserve against such risks and also establish a higher and lower limit (+/- 15 days of cash) for this recommended Cash Balance Policy. This range allows for flexibility to meet these targets based on the financial operations of the Utility. The Cash Balance Policy was reviewed by the Utility Advisory Board and approved by the City Commission on March 21, 2019.

Competition

In recent years, energy-related enterprises have become more influenced by the competitive pressures of an increasingly deregulated industry, especially the wholesale power market. The Florida retail electric system is under no immediate threat of market loss due to the current laws and regulations governing the supply of electricity in Florida, which presently prohibit any form of retail competition. The System's other enterprises currently are operating in competitive environments of one form or another. These competitive environments include the natural gas system by-pass and competition against other LP distributors and alternative fuel types, private wells, septic tanks and privately owned water and wastewater systems, and the entire telecommunications arena for GRUCom.

Management's response to the increasing competition in the wholesale power market (including interchange and economy sales), and the corollary open access changes in the electric transmission network has been to stay involved and form strategic alliances. These alliances fall into two categories, joint ventures and industry associations. The most significant joint venture the System is currently involved in is TEA, a Georgia nonprofit corporation established for power marketing, fuels procurement, and financial hedging and risk management (see "– The Electric System – Energy Sales – *The Energy Authority*" above). The System's staff is very involved with the American Public Power Association, the Florida Municipal Electric Association ("FMEA"), and FMPA. These industry associations have proven to be a powerful way to stay informed, plan, and help shape federal and state policies to protect customer interests and assure the fair treatment of municipal systems.

The natural gas system has been subjected to competition due to the deregulation that has occurred in that industry since the early 1990's. A consequence of this deregulation for municipal gas utilities in Florida is that "end-users" are allowed to secure and purchase their gas requirements directly from gas producers, thereby "bypassing" the monopoly producer/pipeline systems. The System's rate structures largely avoid this concern. The System passes fuel costs directly through its purchased gas adjustment, and rates applicable for transportation of system by-pass are allowed to earn a return on

distribution infrastructure, which is the sole basis for the System's revenue requirements. Thus, a customer electing to bypass the System simply substitutes its ability to buy gas for the System's ability to buy gas. The sole example of bypass experienced by the System to date was in the case of service to Duke's cogeneration plant at the University of Florida where the amount of non-fuel revenue realized from the customer was virtually unchanged by its decision to contract for its own gas supply. Several strategies are being implemented to gain a competitive advantage for the System in natural gas sales growth. Two very significant competitive advantages are the System's position of having among the lowest gas rates in the State, and the environmental benefits of natural gas for certain appliance end uses. Appliance rebates and distribution system construction credits are employed to encourage and stimulate customer growth. In addition, temporary LP distribution systems may be constructed to encourage and rapidly accommodate the acquisition of a customer base that is just beyond an economic expansion of the natural gas distribution system. These LP systems and customer appliances are converted to natural gas when gas pipeline extensions become feasible. Rebates are also used to assist customers in overcoming the short-term economic obstacles of converting existing electric appliances to natural gas in order to allow them to obtain long-term financial, convenience, and environmental benefits, both inside and outside the System's electrical service territory. The System has franchises to provide retail natural gas services to several nearby cities in the County. See "-- The Natural Gas System – Service Area" herein for a discussion of the status of the System's franchise agreement to provide natural gas service in the County.

Private wells, septic tanks, and privately owned water utilities are the traditional alternatives for water and wastewater utility services and serve small populations where service from centralized facilities is less practical or desirable. Comprehensive planning in the City and the surrounding unincorporated areas strongly discourages urban sprawl, and the System's incumbent status, competitive rates and environmental record have resulted in a very favorable competitive position, with sustained high levels of market capture from population growth.

GRUCom operates in a fully deregulated and competitive telecommunications environment. Management has taken a targeted approach to this enterprise, seeking opportunities that maximize use of System assets, which include widely deployed fiber optic communication facilities and existing elevated antenna structures (communications towers and water tanks), while also taking advantage of its professional employee expertise in areas of utility and public safety operations, information technology and its close working relationships within the local businesses community and the commercial property development industry. GRUCom primarily engages its customer markets as a business-to-business enterprise taking a consultative sales approach to solicit its services to private companies, governments, telecommunications carriers, major institutions and other similar commercial users of high volume voice, data and Internet bandwidth applications.

GRUCom also provides data center co-location services within its telecommunications central office building providing leased access to conditioned space, redundant power and building systems and highly available communications facilities. Tenants include private businesses and government agencies co-located for the purpose of off-site data back-up and storage, on-line hosting service providers co-located for the purpose of accessing reliable high-capacity Internet connectivity, and other Internet and telecommunications service providers who gain access to GRUCom's excellent local fiber transmission services at preferential rates available only to co-located resellers.

The System currently is pursuing opportunities related to several large development projects occurring in the service territory to diversify revenues while investing in energy efficient systems, as was

successfully pursued in the South Energy Center. Due to the existing knowledge, experience, infrastructure and resources within the System's core utilities, it has a competitive advantage as it focuses on chilled water services, and emergency backup power opportunities.

Chilled water provides an additional revenue source, while providing a more efficient, cost effective cooling system that is consistent with environmental stewardship. The System's strategy for chilled water service does not depend on extensive distribution systems. Instead, each chilled water and generation facility is located near the premises of the development. Additionally, the chilled water systems are modular and can be expanded incrementally as the customer base grows. This strategy will limit the System's exposure for stranded assets or investing in infrastructure without having full subscription to the available service, especially at a time when development has slowed significantly.

The Innovation District is an area of approximately 80 acres between the University of Florida's campus and downtown Gainesville that has been master planned and is being transformed into an area of high urban density to house and support scientific research and development and technology based businesses as well as residential, retail, and hospitality development. The Innovation District is currently a mixture of low density office, commercial and residential uses, and includes the former Shands at Alachua General Hospital ("AGH") site. The former Shands at AGH was demolished and the entire site is now called Innovation Square. The University of Florida has constructed a three-story building known as Innovation Hub on the site and has another building known as Innovation Hub Phase II under construction. Innovation Square is a research oriented development that forms the nucleus of the Innovation District. The Innovation District is projected to be comprised of approximately 3.7 million square feet of lab, business, residential, commercial, and institutional space. The System will have the opportunity to provide commercial power, emergency power, natural gas, water, wastewater, reclaimed water, chilled water, and telecommunication services to the Innovation District. The Innovation District is projected to constitute significant utility loads, including an electric load of more than 10 MW.

Redevelopment of the Innovation District is an ambitious undertaking and has required that basic utility infrastructure be upgraded to support the dense urban development that is envisioned. Redevelopment in and around downtown Gainesville, particularly when coupled with the University of Florida's international reputation as a premier scientific research institution, presents tremendous opportunities for economic growth.

In order to help facilitate development in the Innovation District the System has designated an Innovation District "Infrastructure Improvement Area" within which the System is constructing water distribution system and wastewater collection system capacity improvements according to a master plan. The System is charging an additional fee to new development projects within the area to recover its costs. This mechanism allows critical capacity improvements to be constructed as efficiently as possible. For more information, see "-- Rates—Water and Wastewater System—*Infrastructure Improvement Area*" above.

The System owns and operates a recently constructed facility, known as the Innovation Energy Center, dedicated to serve Innovation Square. The facility provides chilled water and emergency power for the Innovation Hub building and future buildings being planned for the Innovation Square development, under an exclusive provider contract with the University of Florida Development Corporation. The modular facility has a current capacity of 870 tons of chilled water with planned expansion to 7,000 tons as additional customers are connected to the facility.

Currently, there is no initiative and little indication of interest in pursuing retail electric deregulation either in Florida or nationwide. Management has a renewed focus on maintaining and improving the projected levels of Net Revenues, debt service coverage, and the overall financial strength of the System. To be successful at this, the System will require many of the same goals and targets necessary to be prepared for retail competition. These goals and targets relate to enhancing customer loyalty and satisfaction by providing safe and reliable utility services at competitive prices.

Ratings Triggers and Other Factors That Could Affect the System's Liquidity, Results of Operations or Financial Condition

The System has entered into certain agreements that contain provisions giving counterparties certain rights and options in the event of a downgrade in the System's credit ratings below specified levels and/or the occurrence of certain other events or circumstances. Given its current levels of ratings, Management does not believe that the rating and other credit-related triggers contained in any of its existing agreements will have a material adverse effect on the System's liquidity, results of operations or financial condition. However, the System's ratings reflect the views of the rating agencies and not of the System, and therefore, the System cannot give any assurance that its ratings will be maintained at current levels for any period of time.

Liquidity Support for the System's Variable Rate Bonds

The System has entered into separate standby bond purchase agreements with certain commercial banks in order to provide liquidity support in connection with tenders for purchase of the 2005 Series C Bonds, the 2006 Series A Bonds, the 2007 Series A Bonds, the 2008 Series B Bonds and the 2012 Series B Bonds (collectively the "Liquidity Supported Bonds"). The following details the Liquidity Supported Bonds, the bank providing the liquidity support and the termination date of the current facility:

Series	Bank	Expiration
2005C	Landesbank Hessen Thüringen Girozentrale*	November 24, 2020
2006A	Landesbank Hessen Thüringen Girozentrale*	November 24, 2020
2007A	State Street Bank and Trust Company	April 1, 2021
2008B	Barclays Bank PLC	**[June 29, 2020]**
2012B	Citibank, N.A.	June 29, 2020
2019C	Bank of America, N.A.	April 25, 2022

* These liquidity facilities are being replaced with liquidity facilities provided by the Bank.

The standby bond purchase agreements relating to the Liquidity Supported Bonds provide that any Liquidity Supported Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement may be tendered or deemed tendered to the System for payment upon the occurrence of certain "events of default" with respect to the System under such standby bond purchase agreement. Upon any such tender or deemed tender, the Liquidity Supported Bond so tendered or deemed tendered will be due and payable immediately.

For more information regarding the standby bond purchase agreements relating to the 2005 Series C Bonds, the 2006 Series A Bonds and the 2012 Series B Bonds, see "BARCLAYS LIQUIDITY

FACILITIES" herein. The standby bond purchase agreement relating to the 2007 Series A Bonds provides that it is an "event of default" on the part of the System thereunder if the ratings on the 2007 Series A Bonds, without taking into account third-party credit enhancement, fall below "Baa3" by Moody's and "BBB-" by S&P or are withdrawn or suspended. The standby bond purchase agreements relating to the 2008 Series B Bonds provides that it is an "event of default" on the part of the System thereunder if any rating on the 2008 Series B Bonds or any Parity Debt, without taking into account third-party credit enhancement, is withdrawn or suspended, in either case, for credit related reasons by Moody's, S&P and/or Fitch or reduced below "A2" (or its equivalent) by Moody's, "A" (or its equivalent) by S&P or "A" (or its equivalent) by Fitch. Any Liquidity Supported Bond purchased by the applicable bank under a standby bond purchase agreement will bear interest at the rate per annum set forth in such standby bond purchase agreement, which rate may be significantly higher than market rates of interest borne by such Bonds when held by investors.

Additionally, the City entered into a continuing covenant agreements relating to the 2017 Series B Bonds and the 2017 Series C Bonds with Wells Fargo Bank, National Association and Bank of America, N.A, respectively. The continuing covenant agreements relating to the 2017 Series B Bonds and the 2017 Series C Bonds provide that it is an "event of default" thereunder if any ratings to any Parity Debt (as defined in the respective continuing covenant agreement) (without taking into account third party credit enhancement) is withdrawn or suspended or reduced below "A2" (or its equivalent) by Moody's below "A" (or its equivalent) by S&P or by Fitch. It shall also be an "event of default" if each rating agency then rating Parity Debt shall have withdrawn or suspended its rating assigned to Parity Debt, in either case, for credit related reasons or such rating is reduced below investment grade.

Liquidity Support for the System's Commercial Paper Program

The System also has entered into separate credit agreements with certain commercial banks in order to provide liquidity support for the CP Notes. The CP Notes constitute Subordinated Indebtedness under the Resolution. If, on any date on which a CP Note of a particular series matures, the System is not able to issue additional CP Notes of such series to pay such maturing CP Note, subject to the satisfaction of certain conditions, the applicable bank is obligated to honor a drawing under its credit agreement in an amount sufficient to pay the principal of such maturing CP Note. The credit agreements for the Series C Notes and the Series D Notes currently have stated termination dates of November 30, 2021 and August 28, 2020, respectively, which dates are subject to extension in the sole discretion of the respective banks.

The credit agreements provide that, upon the occurrence and continuation of certain "tender events" on the part of the System thereunder, the banks may, among other things, (a) issue "No-Issuance Instructions" to the issuing agent for the CP Notes of the applicable series, instructing such paying agent not to issue any additional CP Notes of such series thereafter, (b) terminate the commitment and the applicable bank's obligation to make loans or (c) require immediate payment from the System for any outstanding principal and accrued interest due under the respective credit agreement.

With respect to the Series C Notes, among others, it is an immediate termination event under the related credit agreement if the ratings assigned to any of the System's Bonds fall below "Baa3" by Moody's, "BBB-" by S&P or "BBB-" by Fitch or are suspended or withdrawn for credit-related reasons.

With respect to the Series D Notes, among others, it is an immediate termination event under the related credit agreement if the ratings assigned to any of the System's Bonds fall below "Baa" by Moody's, "BBB-" by S&P or "BBB-" by Fitch or are suspended or withdrawn for credit-related reasons.

Any drawing made under a credit agreement bears interest at the rate per annum set forth in such credit agreement, which rate may be significantly higher than market rates of interest borne by the related CP Notes.

Direct Placement Transactions

The City has entered into direct placement transactions with three different lenders under agreements with respect to the 2017 Series B Bonds, 2017 Series C Bonds, 2019 Series C Bonds and 2020 Series A Bonds. The current lenders are Wells Fargo Bank, N.A., for the 2017 Series B Bonds, and Bank of America, N.A., for the 2017 Series C Bonds, for the 2019 Series C Bonds and the 2020 Series A Bonds.

For the 2017 Series B Bonds, the City has entered into a direct placement transaction with Wells Fargo, N.A., for a three year term maturing October 1, 2044 with put date on November 7, 2020. During the term of the transaction, the City will pay to the lender, a rate equal to 70% of the one-month LIBOR rate and an applicable spread of 35 basis points. Should the City's credit rating fall below "Aa3" from Moody's and/or 'AA-"from S&P, and/or "AA-"from Fitch, then the applicable spread will be increased by 15 bps with each notch drop. Additionally, a change in the corporate tax rate will cause a change in the applicable spread. As a result of the recent decrease in marginal corporate tax rate, the rate on the 2017 Series B Bonds was increased.

For the 2017 Series C Bonds, the City has entered into a direct placement transaction with Bank of America, N.A., for a three year term, maturing on October 1, 2047 with put date on November 7, 2020. During the term of the transaction, the City will pay to the lender, a rate equal to 70% of the one-month LIBOR rate and an applicable spread of 51 basis points. Should the City's credit rating fall below "Aa3" from Moody's and/or 'AA-"from S&P, and/or "AA-"from Fitch, then the applicable spread will be increased by 10 basis points with each notch drop. Additionally, a change in the corporate tax rate will cause a change in the applicable spread. As a result of the recent decrease in marginal corporate tax rate, the rate on the 2017 Series C Bonds was increased.

For the 2019 Series C Bonds, the City has entered into a direct placement transaction with the lender, Bank of America, N.A., for a three year term, maturing on April 25, 2022. During the term of the agreement, the City will pay Bank of America, N.A., on a monthly basis, a daily variable rate, a spread of 35 basis points, and a draw fee of $250.00. The remarketing fee to the lender is 7 basis points. Should the City's credit rating is withdrawn or suspended for any reason, the fee will be 1.50% above otherwise applicable rate.

The City entered into a direct placement revolving line of credit transaction in a not to exceed amount of $25 million with SunTrust with respect to the SunTrust line of credit. It expires approximately three years from the date of issuance which expiration date is of August 3, 2021. During the term of the transaction, the City will pay the lender a rate equal to equal to 81% multiplied by the sum of the LIBOR Rate plus 1.85%, and subject to adjustment to reflect changes in the LIBOR Rate. Should the City's credit rating fall below "Baa1"/"BBB+" by all rating agencies then the interest rate may be increased.

The City entered into a forward bond purchase agreement with the lender, Bank of America, N.A., on February 14, 2020 which provides that on July 7, 2020 the City shall deliver the $10,715,000 Utilities System Revenue Bond 2020 Series A (the "2020 Series A Bond") to Bank of America, N.A. The 2020 Series A Bond is expected to refund the outstanding 2010 Series C Bonds and will have a maturity date of October 1, 2034. Additionally, the City is expected to enter into a continuing covenant agreement relating to the 2020 Series A Bond with Bank of America, N.A. The continuing covenant agreement relating to the 2020 Series A Bond is expected to provide that it is an "event of default" thereunder if any ratings to any Parity Debt (as defined in the respective continuing covenant agreement) (without taking into account any liquidity or credit enhancement) is withdrawn or suspended by the applicable Rating Agency for credit related reasons or is below investment grade.

Interest Rate Swap Transactions

The City has entered into interest rate swap transactions with four different counterparties under interest rate swap master agreements with respect to the 2005 Series B Bonds, the 2005 Series C Bonds, the 2006 Series A Bonds, the 2007 Series A Bonds, the 2008 Series B Bonds, the 2017 Series B Bonds, and the 2017 Series C Bonds. The current counterparties are Goldman Sachs Mitsui Marine Derivative Products, L.P., JPMorgan Chase Bank, N.A., Goldman Sachs Bank, USA and Citibank, N.A.

For the 2005 Series B Bonds, the City entered into a floating-to-floating rate interest rate swap transaction (the "2005 Series B Swap Transaction") for a pro-rata portion of each of the maturities of the 2005 Series B Bonds. During the term of the 2005 Series B Swap Transaction, the City will pay to the counterparty a rate equal to the SIFMA Municipal Swap Index and will receive from the counterparty a rate equal to 77.14% of the one-month LIBOR rate. GRU notes that the United Kingdom's Financial Conduct Authority ("FCA"), a regulator of financial services firms and financial markets in the U.K., has stated that they will plan for a phase out of LIBOR with a target end to the indices in 2021. The FCA has indicated they will no longer require the LIBOR indices be used after 2021, however LIBOR indices will not be prohibited from being used after 2021. GRU also notes that the International Swaps and Derivatives Association ("ISDA") has not issued formal directives addressing the planned phase-out of LIBOR. As of the date of this publication, it is unclear what the overall impact will be on the expected phase out of the LIBOR indices and the resulting change due to the potential alternative reference rate. The initial notional amount of the 2005 Series B Swap Transaction was $45,000,000, which corresponded to approximately 73.1% of the principal amount of each maturity of the 2005 Series B Bonds. The effect of the 2005 Series B Swap Transaction was to synthetically convert the interest rate on such pro-rata portion of the 2005 Series B Bonds from a taxable rate to a tax-exempt rate. The City has designated the 2005 Series B Swap Transaction as a "Qualified Hedging Transaction" within the meaning of the Resolution. The counterparty to the 2005 Series B Swap Transaction (Goldman Sachs Mitsui Marine Derivatives Products L.P.) currently has a counterparty risk rating of "Aa2" from Moody's and a counterparty credit rating of "AA-" from S&P. When entered into, the term of the 2005 Series B Swap Transaction was identical to the term of the 2005 Series B Bonds, and the notional amount of the 2005 Series B Swap Transaction was scheduled to amortize at the same times and in the same amounts as the pro-rata portion of the 2005 Series B Bonds. On August 2, 2012, $31,560,000 of the 2005 Series B Bonds were redeemed with proceeds from the issuance of the City's 2012 Series B Bonds. On April 12, 2019, $10,115,000 of the 2005 Series B Bonds were redeemed with proceeds from the issuance of the City's 2019 Series B Bonds. As a result, the 2005 Series B Swap Transaction no longer served as a hedge against the 2005 Series B Bonds. However, since the City had other taxable Bonds Outstanding, the City left the 2005 Series B Swap Transaction outstanding following the issuance of the 2019 Series B Bonds, as a partial hedge against the interest rate movements. The 2005 Series B Swap Transaction is subject to early termination by the City

or the counterparty at certain times and under certain conditions. The currently scheduled termination of the 2005 Series B Swap Transaction is October 1, 2021.

The City has entered into a floating-to-fixed rate interest rate swap transaction (the "2005 Series C Swap Transaction"). During the term of the 2005 Series C Swap Transaction, the City will pay to the counterparty a fixed rate of 3.20% per annum and will receive from the counterparty a rate equal to 60.36% of the ten-year LIBOR swap rate. Initially, the term of the 2005 Series C Swap Transaction was identical to the term of the 2005 Series C Bonds, and the notional amount of the 2005 Series C Swap Transaction was scheduled to amortize at the same times and in the same amounts as the 2005 Series C Bonds. The effect of the 2005 Series C Swap Transaction was to synthetically fix the interest rate on the 2005 Series C Bonds at a rate of approximately 3.20% per annum, although the City bears basis risk which could result in a realized rate over time that may be lower or higher than the 3.20% rate. The counterparty (JPMorgan Chase Bank) currently has a counterparty credit rating of "Aa2" from Moody's and a counterparty credit rating of "A+" from S&P. The City has designated the 2005 Series C Swap Transaction as a "Qualified Hedging Transaction". On August 2, 2012, $17,570,000 of the 2005 Series C Bonds were redeemed with proceeds from the issuance of the 2012 Series B Bonds. On April 26, 2019, $18,515,000 of the 2005 Series C Bonds were redeemed with proceeds from the issuance of the City's 2019 Series C Bonds. The City left the 2005 Series C Swap Transaction outstanding following the issuance of the 2019 Series C Bonds, as a partial hedge against the interest rate movements since the City has other tax-exempt bonds outstanding. The 2005 Series C Swap Transaction is subject to early termination by the City or the counterparty at certain times and under certain conditions. The currently scheduled termination of the 2005 Series C Swap Transaction is October 1, 2026.

In September 2005, the City entered into a forward-starting floating-to-fixed rate interest rate swap transaction (as amended, the "2006 Series A Swap Transaction"). During the term of the 2006 Series A Swap Transaction, the City will pay to the counterparty a fixed rate of 3.224% per annum and will receive from the counterparty a rate equal to 68% of the ten-year LIBOR swap rate minus 36.5 basis points. The effect of the 2006 Series A Swap Transaction was to synthetically fix the interest rate on the 2006 Series A Bonds at a rate of approximately 3.224% per annum, although the City bears basis risk, which could result in a realized rate over time that may be lower or higher than the 3.224% rate. Initially, the term of the 2006 Series A Swap Transaction was identical to the term of the 2006 Series A Bonds, and the notional amount of the 2006 Series A Swap Transaction was scheduled to amortize at the same times and in the same amounts as the 2006 Series A Bonds. The counterparty to the 2006 Series A Swap Transaction (Goldman Sachs Mitsui Marine Derivatives Products L.P.) currently has a counterparty risk rating of "Aa2" from Moody's and a counterparty credit rating of "AA-" from S&P. The City has designated the 2006 Series A Swap Transaction as a "Qualified Hedging Transaction". On August 2, 2012, $25,930,000 of the 2006 Series A Bonds were redeemed with proceeds from the issuance of the 2012 Series B Bonds. On April 26, 2019, $13,905,000 of the 2006 Series A Bonds were redeemed with proceeds from the issuance of the City's 2019 Series C Bonds. The City left that portion of the 2006 Series A Swap Transaction outstanding as a partial hedge against the interest rate movements since the City has other tax-exempt bonds outstanding. The 2006 Series A Swap Transaction is subject to early termination by the City or the counterparty at certain times and under certain conditions. The currently scheduled termination of the 2006 Series A Swap Transaction is October 1, 2026.

The City has entered into a floating-to-fixed rate interest rate swap transaction (the "2007 Series A Swap Transaction") with respect to the 2007 Series A Bonds. The term of the 2007 Series A Swap Transaction is identical to the term of the 2007 Series A Bonds, and the notional amount of the 2007 Series A Swap Transaction will amortize at the same times and in the same amounts as the 2007 Series A Bonds.

During the term of the 2007 Series A Swap Transaction, the City will pay to the counterparty a fixed rate of 3.944% per annum and will receive from the counterparty a rate equal to the SIFMA Municipal Swap Index. The effect of the 2007 Series A Swap Transaction is to synthetically fix the interest rate on the 2007 Series A Bonds at a rate of approximately 3.944% per annum. The counterparty to the 2007 Series A Swap Transaction (Goldman Sachs Mitsui Marine Derivatives Products L.P.) currently has a counterparty risk rating of "Aa2" from Moody's and a financial program rating of "AA-" from S&P. The City has designated the 2007 Series A Swap Transaction as a "Qualified Hedging Transaction" within the meaning of the Resolution. On April 26, 2019, $8,430,000 of the 2007 Series A Bonds were redeemed with proceeds from the issuance of the City's 2019 Series C Bonds. The 2007 Series A Swap Transaction will remain outstanding following issuance of the 2019 Series C Bonds as a partial hedge against interest movements since the City has other tax-exempt bonds outstanding. The 2007 Series A Swap Transaction is subject to early termination by the City or the counterparty at certain times and under certain conditions. The currently scheduled termination of the 2007 Series A Swap Transaction is October 1, 2036.

The City has entered into two floating-to-fixed rate interest rate swap transactions (the "2008 Series B Swap Transactions") with respect to the 2008 Series B Bonds. The terms of the 2008 Series B Swap Transactions are identical to the term of the 2008 Series B Bonds, and the notional amount of the 2008 Series B Swap Transactions will amortize at the same times and in the same amounts as the 2008 Series B Bonds. During the terms of the 2008 Series B Swap Transactions, the City will pay to the counterparty a fixed rate of 4.229% per annum and will receive from the counterparty a rate equal to the SIFMA Municipal Swap Index. The effect of the 2008 Series B Swap Transactions is to synthetically fix the interest rate on the 2008 Series B Bonds at a rate of approximately 4.229% per annum. The counterparty to the 2008 Series B Swap Transactions (JPMorgan Chase Bank) currently has a counterparty risk rating of "Aa2" from Moody's and a financial program rating of "A+" from S&P. The City has designated each of the 2008 Series B Swap Transactions as a "Qualified Hedging Transaction" within the meaning of the Resolution. On April 26, 2019, $14,200,000 of the 2008 Series B Bonds were redeemed with proceeds from the issuance of the City's 2019 Series C Bonds. The 2008 Series B Swap Transaction will remain outstanding following issuance of the 2019 Series C Bonds as a partial hedge against interest movements since the City has other tax-exempt bonds outstanding. The 2008 Series B Swap Transactions are subject to early termination by the City or the counterparty at certain times and under certain conditions. The currently scheduled termination of the 2008 Series B Swap Transaction is October 1, 2038.

As detailed above, the interest rates on the 2012 Series B Bonds are hedged, in part, by the 2005 Series B and C Swap Transaction as well as the 2006 Series A Swap Transaction. On April 26, 2019, $1,860,000 of the 2012 Series B Bonds were redeemed with proceeds from the issuance of the City's 2019 Series C Bonds.

The City has entered into a cancellable floating-to-fixed rate interest rate swap transaction (the "2017 Series B Swap Transaction") with respect to the 2017 Series B Bonds. The two counterparties for this swap transaction are Citigroup, N.A. and Goldman Sachs Bank USA. In the aggregate, terms of the 2017 Series B Swap Transactions are similar to the term of the 2017 Series B Bonds, and the notional amounts of the 2017 Series B Swap Transactions will amortize at the same times and in the same amounts as the 2017 Series B Bonds. Where Goldman Sachs Bank, USA is the counterparty, during the term of this 2017 Series B Swap Transaction, the City will pay a fixed rate per annum of 2.119% and GRU will receive from the counterparty a rate equal to 70% of 1 month LIBOR. The current notional amount with respect to Goldman Sachs Bank, USA is $105,000,000. Where Citibank N.A. is the counterparty, during the term of this 2017 Series B Swap Transaction, the City will pay to Citibank, N.A., a fixed rate per annum of 2.11% and GRU will receive from the counterparty a rate equal to 70% of 1 month LIBOR. The effect of the 2017

Series B Swap Transaction is to synthetically fix the interest rate on the 2017 Series B Bonds. As discussed below, there is now a basis differential due to the rate changing on the 2017 Series B Bonds due to the decrease in marginal corporate tax rate. The City has designated the 2017 Series B Swap Transaction as a "Qualified Hedging Transaction" within the meaning of the Resolution. The 2017 Series B Swap Transaction is subject to early termination by the City or the counterparty or counterparties at certain times and under certain conditions. The currently scheduled termination of the 2017 Series B Swap Transaction is October 1, 2044. However, the City has an optional early terminate date of October 1, 2027 and semiannually thereafter, subject to early termination terms. The parties entered into a bilateral Credit Support Annex to which eligible collateral includes cash or Treasury securities having a remaining maturity on such date of one year or less, Treasury securities having a remaining maturity on such date greater than one up to and including five years or Treasury securities having a remaining maturity on such date of greater than five years up to and including ten years. The threshold amount for posting collateral is based upon the counterparty's or counterparties' long term unsecured and unenhanced debt ratings from S&P and Moody's and the City's credit ratings on senior lien Bonds. If the credit ratings drop below BBB- by S&P and Baa3 by Moody's, the threshold shall be $0.

The City has also entered into a non-cancellable floating –to-fixed interest rate swap transaction (the "2017 Series C Swap transaction") with respect to the 2017 Series C Bonds. The counterparty for this swap transaction is Citigroup, N.A. The terms of the 2017 Series C Swap Transactions are similar to the term of the 2017 Series B Bonds, and the notional amounts of the 2017 Series C Swap Transactions will amortize at the same times and in the same amounts as the 2017 Series C Bonds. During the term of this 2017 Series C Swap Transaction, the City will pay a fixed rate per annum of 1.41% and GRU will receive from the counterparty a rate equal to 70% of 1 month LIBOR. The current notional amount is $115,000,000. The effect of the 2017 Series C Swap Transaction is to synthetically fix the interest rate on the 2017 Series C Bonds. As discussed below, there is now a basis differential due to the rate changing on the 2017 Series C Bonds due to the decrease in marginal corporate tax rate. The City has designated the 2017 Series C Swap Transaction as a "Qualified Hedging Transaction" within the meaning of the Resolution. The 2017 Series C Swap Transaction is subject to early termination by the City or the counterparty or counterparties at certain times and under certain conditions. The currently scheduled termination of the 2017 Series C Swap Transaction is October 1, 2047.

In December of 2017, the President signed the Tax Cuts and Jobs Act into law. One provision of this law was to change the maximum corporate tax rate from 35% to 21%. Based on the agreements underlying the 2017 Series B Bonds, there was an adjustment to the percent of LIBOR that GRU pays on the 2017 Series B Bonds. The effect was to change the index associated with the 2017 Series B Bonds from 70% of 1 Month LIBOR to 85% of 1 Month LIBOR (which also resulted in an adjustment to the Applicable Spread (as defined in the 2017 Series B Bonds)). Due to this change, the underlying index for the bonds no longer matches the underlying index for the 2017 Series B Swap Transaction. GRU does not believe these changes are material in nature.

Under the master agreements, the interest rate swap transactions entered into pursuant to such master agreements are subject to early termination upon the occurrence of certain "events of default" and upon the occurrence of certain "termination events." One such "termination event" with respect to the Bonds is a suspension or withdrawal of certain credit ratings with respect to the Bonds, or a downgrade of such ratings below the levels set forth in the master agreement or in the confirmation related to a particular interest rate swap transaction. Upon the early termination of an interest rate swap transaction, the City may owe the applicable counterparty a termination payment, the amount of which could be substantial. The amount of any such potential termination payment would be determined in the manner

provided in the applicable master agreement and would be based primarily upon prevailing market interest rate levels and the remaining term of the interest rate swap transaction at the time of termination. Such termination payments are Subordinated Hedging Contract Obligations pursuant to the terms of the Resolution. In general, the ratings triggers on the part of the System contained in the master agreements range from (x) if any two ratings are below "Baa2" by Moody's and/ or "BBB" by S&P and/ or "BBB" by Fitch to (y) if the City fails to have at least one rating of "Baa3" by Moody's, "BBB-" by S&P or "BBB-" by Fitch.

The System's estimated aggregate exposure under all of its outstanding interest rate swap transactions (*i.e.*, the net amount of the termination payments that the System will owe its counterparties if all of the interest rate swap transactions were terminated) is $92,813,550 as of January 31, 2020. As of September 30, 2019, the System's estimated aggregate exposure under all of its then outstanding interest rate swap transactions (*i.e.*, the net amount of the termination payments that the System would owe its counterparties if all of the interest rate swap transactions were terminated) was $85,605,697. As of September 30, 2018, the System's estimated aggregate exposure under all of its then outstanding interest rate swap transactions (*i.e.*, the net amount of the termination payments that the System would owe its counterparties if all of the interest rate swap transactions were terminated) was $39,544,702. As of September 30, 2017, the System's estimated aggregate exposure under all of its then outstanding interest rate swap transactions was $64,101,765. As of September 30, 2016, the System's estimated aggregate exposure under all of its then outstanding interest rate swap transactions was $93,138,519. Termination payments are Subordinated Hedging Contract Obligations pursuant to the terms of the Resolution.

The System adopted Governmental Accounting Standards Board ("GASB") Statement No. 53, Accounting and Reporting for Financial Reporting and Derivative Instruments, which addresses the recognition, measurement and disclosure of information for derivative instruments, and was effective for periods beginning after June 15, 2009. GASB Statement No. 53 requires retrospective adoption, which requires a restatement of the financial statements for the earliest year presented. GASB Statement No. 53 requires the fair market value of derivative instruments, including interest rate swap transactions, to be recorded on the balance sheet. Changes in fair value for effective derivative instruments are recorded as a deferred inflow or outflow, while changes in fair value for ineffective derivative instruments are recorded as investment income. This is a significant change from previous practice, which required the fair value of derivative instruments to be disclosed in the footnotes to the financial statements.

The System records assets and liabilities in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, which determines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurement.

Fair value is defined in Statement No. 72 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Fair value is a market-based measurement for a particular asset or liability based on assumptions that market participants would use in pricing the asset or liability. Such assumptions include observable and unobservable inputs of market data, as well as assumptions about risk and the risk inherent in the inputs to the valuation technique.

As a basis for considering market participant assumptions in fair value measurements, Statement No. 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. U.S. Treasury securities are examples of Level 1 inputs.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. U.S. agencies, corporate bonds and financial hedges are examples of Level 2 inputs.

Level 3 inputs are unobservable inputs that reflect GRU's own assumptions about factors that market participants would use in pricing the asset or liability (including assumptions about risk).

Valuation methods of the primary fair value measurements are as follows:

Investments in debt securities are valued using Level 2 measurements because the valuations use interest rate curves and credit spreads applied to the terms of the debt instrument (maturity and coupon interest rate) and consider the counterparty credit rating.

Commodity derivatives, such as futures, swaps and options, which are ultimately settled using prices at locations quoted through clearinghouses are valued using level 1 inputs.

Other hedging derivatives, such as swaps settled using prices at locations other than those quoted through clearinghouses and options with strike prices not identically quoted through a clearinghouse, are valued using Level 2 inputs. For these instruments, fair value is based on pricing algorithms using observable market quotes.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. GRU's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their place within the fair value hierarchy levels. GRU's fair value measurements are performed on a recurring basis.

Funding the Capital Improvement Program - Additional Financing Requirements

The System's current five-year capital improvement program requires a total of approximately $382 million in capital expenditures. The following table shows the sources of funding for the fiscal years ending September 30, 2020 through and including 2024:

Source of Funds:	2020	2021	2022	2023	2024	Total
Bond Financing	$57,000,000	$34,500,000	$33,000,000	$22,000,000	$37,500,000	$184,000,000
Revenues	43,000,000	37,500,000	37,000,000	48,000,000	32,500,000	198,000,000
Total Sources	$100,000,000	$72,000,000	$70,000,000	$70,000,000	$70,000,000	$382,000,000

Source: Prepared by the Finance Department of the System.

The table above represents GRU's planned future capital improvements to the System and the planned sources of funds. Future City Commission approved budgets could materially change the sources and uses of funds for the capital improvement program.

Factors Affecting the Utility Industry

General

The primary factors currently affecting the utility industry include environmental regulations, Operating, Planning and Critical Infrastructure Protection Standards promulgated by NERC under FERC jurisdiction, and the increasing strategic and price differences among various types of fuels. No state or federal legislation is pending or proposed at this time for retail competition in Florida.

The role of municipalities as telecommunications providers pursuant to the 1996 Federal Telecommunications Act resulted in a number of state-level legislative initiatives across the nation to curtail this activity. In Florida, this issue culminated in the passage, in 2005, of legislation codified in Section 350.81, Florida Statutes (Section 350.81) that defined the conditions under which municipalities are allowed to provide retail telecommunications services. Although the System has special status as a grandfathered entity under this legislation, the provision of certain additional retail telecommunications services by the System would implicate certain requirements of Section 350.81. Management of the System does not expect that any required compliance with the requirements of Section 350.81 would have a material adverse effect on the operations or financial condition of GRUCom.

Environmental and Other Natural Resource Regulations

The System and its operations are subject to federal, state and local environmental regulations which include, among other things, control of emissions of particulates, mercury, acid gases, SO_2 and NOx into the air; discharges of pollutants, including heat, into surface or ground water; the disposal of wastes and reuse of products generated by wastewater treatment and combustion processes; management of hazardous materials; and the nature of waste materials discharged into the wastewater system's collection facilities. Environmental regulations generally are becoming more numerous and more stringent and, as a result, may substantially increase the costs of the System's services by requiring changes in the operation of existing facilities as well as changes in the location, design, construction and operation of new facilities (including both facilities that are owned and operated by the System as well as facilities that are owned and operated by others, from which the System purchases output, services, commodities and other materials). There is no assurance that the facilities in operation, under construction or contemplated will always remain subject to the regulations currently in effect or will always be in compliance with future regulations. Compliance with applicable regulations could result in increases in the costs of construction and/or operation of affected facilities, including associated costs such as transmission and transportation, as well as limitations on the operation of such facilities. Failure to comply with regulatory requirements could result in reduced operating levels or the complete shutdown of those facilities not in compliance as well as the imposition of civil and criminal penalties.

Increasing concerns about climate change and the effects of GHGs on the environment have resulted in EPA finalizing on August 3, 2015 carbon regulations, the CPP, for existing power plants. Currently, the CPP is being litigated and August 10, 2017, the United States Court of Appeals for the D.C. Circuit issued an order holding the challenges to the greenhouse gas new source performance standards ("GHG NSPS") in abeyance "pending further order of the court." The order also directs EPA to file status reports at 90-day intervals beginning October 27, 2017. Further litigation is expected regardless of the DC Circuit Court of Appeals decision. In addition, the EPA has been given presidential direction to review the CPP. The court has also ordered the parties to file supplemental briefs addressing whether the

challenges should be remanded to the EPA rather than held in abeyance. The briefs were filed on May 15, 2017.

On October 16, 2017, the proposed repeal of the CPP was published in the Federal Register. Hearings were held November 28-29, 2017 in West Virginia. On January 11, 2018, the comment period extended to April 26, 2018 and three listening sessions were held in February and March in Missouri, California and Wyoming. The Whitehouse OMB received the EPA's proposal to replace the CPP on July 9, 2018. Then, on August 21, 2018, EPA proposed the Affordable Clean Energy ("ACE") plan as a replacement to the CPP.

Effective September 6, 2019, the EPA issued the final Affordable Clean Energy (ACE) rule to replace the Clean Power Plan (CPP) to restore the rule of law and empowers states to continue to reduce emissions while providing affordable and reliable energy. The Affordable Clean Energy rule (ACE) adheres to the Clean Air Act and gives states the regulatory certainty they need to continue to reduce emissions and provide a dependable, diverse, and affordable supply of electricity. The ACE rule being finalized at this time will establish emissions guidelines for states to use for greenhouse gas (GHG) emissions from existing electric utility generating units (EGUs) under CAA section 111(d). These guidelines will inform states on the development, submittal, and implementation of state plans to establish performance standards for GHG emissions from certain fossil fuel fired EGUs. Specifically, once finalized, it will provide to the state the ACE rule that will establish that the heat rate improvement (HRI) is the best system of emission reduction (BSER) for reducing greenhouse gas (GHG) and carbon dioxide (CO2).

Air Emissions

The Clean Air Act

The Clean Air Act ("CAA") regulates emissions of air pollutants, establishes national air quality standards for major pollutants, and requires permitting of both new and existing sources of air pollution. Among the provisions of the CAA that affect the System's operations are (1) the acid rain program, which requires nationwide reductions of SO_2 and NOx from existing and new fossil-fueled electric generating plants, (2) provisions related to toxic or hazardous pollutants, and (3) requirements to address regional haze.

The CAA also requires persons constructing new major air pollution sources or implementing significant modifications to existing air pollution sources to obtain a permit prior to such construction or modifications. Significant modifications include operational changes that increase the emissions expected from an air pollution source above specified thresholds. In order to obtain a permit for these purposes, the owner or operator of the affected facility must undergo a "new source review," which requires the identification and implementation of BACT for all regulated air pollutants and an analysis of the ambient air quality impacts of a facility. In 2009, the EPA announced plans to actively pursue new source review enforcement actions against electric utilities for making such changes to their coal-fired power plants without completing new source review. Under Section 114 of the CAA, the EPA has the authority to request from any person who owns or operates an emission source, information and records about operation, maintenance, emissions, and other data relating to such source for the purpose of developing regulatory programs, determining if a violation occurred (such as the failure to undergo new source review), or carrying out other statutory responsibilities.

The Cross-State Air Pollution Rule (CSAPR)

On July 6, 2011, the EPA released its final Cross-State Air Pollution Rule ("CSAPR"). This rule is the final version of the Transport Rule and replaces Clean Air Interstate Rule ("CAIR"). In Florida, only ozone season NOx emissions are regulated by CSAPR through the use of allowances.

Various states, local governments, and other stakeholders challenged CSAPR and, on August 21, 2012, a three-judge panel of the D.C. Circuit Court, by a 2-1 vote, held that the EPA had exceeded its statutory authority in issuing CSAPR and vacated CSAPR along with certain related federal implementation plans. As part of its holding, the D.C. Circuit Court panel held that the EPA should continue to administer the original CAIR program until the EPA promulgates a valid replacement.

On July 28, 2015, the D.C. Circuit ruled that Florida's allowance budget is invalid and remanded CSAPR to the EPA. On October 26, 2016 EPA published, in the *Federal Register* at 81 Fed. Reg. 74504, an update to the CSAPR to address the 2008 Ozone National Ambient Air Quality Standards ("NAAQS"). For three states (North Carolina, South Carolina and Florida), the EPA is removing the states from the CSAPR ozone season NOx trading program because modeling for the Final Rule indicates that these states do not contribute significantly to ozone air quality problems in downwind states under the 2008 ozone NAAQS. Therefore, GRU did not have to meet ozone season limits in 2019.

EPA's Rule Establishing Mercury and Air Toxics Standards ("MATS")

On December 16, 2011, the EPA promulgated a rule to reduce emissions of toxic air pollutants from power plants. Specifically, these mercury and air toxics standards or MATS for power plants will reduce emissions from new and existing coal- and oil-fired electric utility steam generating units ("EGU"). The EPA also signed revisions to the new source performance standards for fossil fuel-fired EGUs. Such revisions revised the standards that new coal- and oil-fired power plants must meet for particulate matter, SO_2 and NOx. On November 25, 2014, the United States Supreme Court accepted certiorari to hear challenges to the mercury rules.

On June 29, 2015, the U.S. Supreme Court issued a 5-to-4 decision reversing a prior D.C. Circuit decision to uphold MATS for electric generating units. *Michigan, et al. v. EPA, et al., No. 14-46 ("Michigan v. EPA").* The Court granted review on a single issue: "Whether the Environmental Protection Agency unreasonably refused to consider costs in determining whether it is appropriate to regulate hazardous air pollutants emitted by electric utilities." Writing for the majority, Justice Scalia held that EPA "strayed far beyond" the "bounds of reasonable interpretation" when the Agency interpreted the CAA to mean that it "could ignore costs when deciding to regulate power plants." The Court remanded the case to the D.C. Circuit Court for further proceedings consistent with the Court's opinion. On August 10, 2015, EPA stated in a motion filed with the D.C. Circuit Court that the EPA then planned to revise its "appropriate and necessary" determination for MATS by the spring of 2016, prior to the extended MATS compliance deadline of April 15, 2016. The EPA also stated that it intended to request that the D.C. Circuit Court remand the rule without vacatur while the EPA works on this revision. Since the D.C. Circuit Court did not vacate the rule, the MATS rule is still in effect.

On April 14, 2016, the Administrator of the EPA signed the final supplemental finding in the MATS rule. The new "appropriate and necessary" finding responds to the U.S. Supreme Court decision in *Michigan v. EPA*, and explains how the EPA has taken cost into account in evaluating whether it is

appropriate and necessary to regulate coal- and- oil-fired EGUs under Section 112 of the CAA. The EPA still concludes it is proper to regulate mercury emissions from power plants.

On May 6, 2016, the EPA filed a brief urging the U.S. Supreme Court to deny a *writ of certiorari* filed by 20 states, which requested that the Court review and reverse a decision by the U.S. Court of Appeals for the D.C. Circuit Court to remand MATS to the EPA without vacating the rule. According to the EPA's brief, the Supreme Court should deny review of whether MATS should have been vacated while the EPA made its "appropriate and necessary" finding because the issue was then moot since the EPA had issued the finding. Additionally, the EPA argued that the CAA, not the Administrative Procedure Act, governs whether MATS should have been vacated, and the CAA does not mandate vacatur of a rule on remand. Rather, the EPA argued that the CAA gives a court discretion on whether to vacate a remanded rule based on the circumstances. Finally, the EPA asserted that the D.C. Circuit Court was correct in not vacating MATS on remand because the EPA could quickly remedy the legal deficiency and vacating the rule would have been harmful to the public because it would have allowed an increase in emissions of hazardous air pollutants from EGUs.

Murray Energy became the first party to appeal the final MATS Appropriate and Necessary Finding, filing its petition for review on April 25, 2016, the same day the rule was published in the *Federal Register*. 81 Fed. Reg. 24,420 (Apr. 25, 2016). All petitions for review of the Finding must have been filed in the D.C. Circuit Court no later than June 24, 2016. As of this deadline, six petitions for review were filed in the D.C. Circuit Court and consolidated under the lead case *Murray Energy Corp. v. EPA*, No. 16-1127.

On October 14, 2016, the D.C. Circuit Court issued orders establishing the briefing schedule for the challenge related to MATS. In *Murray v. EPA*, 16-1127 (D.C. Cir.), industry petitioners challenge the EPA's supplemental determination that it was "appropriate and necessary" to regulate emissions of hazardous air pollutants from electric generating units.

On April 27, 2017, the D.C. Circuit Court granted the EPA's motions to postpone oral argument in the challenge to the EPA's supplemental determination that it was "appropriate and necessary" to regulate emissions of hazardous air pollutants from electric generating units ("Supplemental Finding"), *Murray v. EPA*, No. 16-1127 (D.C. Cir.), as well as in industry's challenge to the EPA's denial of administrative petitions for reconsideration of MATS, *ARIPPA v. EPA*, No. 15-1180 (D.C. Cir.). Oral argument in both cases was previously scheduled for May 18, 2017.

The court also ordered both challenges held in abeyance "pending further order of the court." EPA is directed to file status reports with the court every (ninety) 90 days. The parties will be directed to file motions to govern future proceedings within (thirty) 30 days of the EPA notifying the court and the parties of any action it has or will be taking with respect to the Supplemental Finding and the MATS reconsideration petitions.

So far, since the MATS program became effective on April 16, 2015, DH 2 (the only unit MATS applies to) has complied with all requirements.

Regional Haze

On June 15, 2005, the EPA issued the Clean Air Visibility Rule, amending its 1999 regional haze rule, which had established timelines for states to improve visibility in national parks and wilderness

areas throughout the United States. Under the amended rule, certain types of older sources may be required to install best available retrofit technology ("BART"). Some of the effects of the amended rule could be requirements for newer and cleaner technologies and additional controls for particulate matter, SO_2 and NOx emissions from utility sources. The states were to develop their regional haze implementation plans by December 2007, identifying the facilities that will have to reduce emissions and then set emissions limits for those facilities. However, states have not met that schedule and on January 15, 2009, the EPA published a notice finding that 37 states (including Florida), the District of Columbia and the Virgin Islands failed to submit all or a portion of their regional haze implementation plans. The EPA's notice initiates a two-year period during which each jurisdiction must submit a haze implementation plan or become subject to a Federal Implementation Plan issued by the EPA that would set the basic program requirements. See "-- The Electric System – Energy Supply System – *Generating Facilities – Deerhaven*" herein for a description of the actions that have been taken by the System to install additional emission control equipment at DH 2 and reduce SO_2 and NOx emissions that potentially contribute to regional haze.

Emissions modeling was completed for DH 1 to determine its impact on visibility in the Class I areas within 300 km of the DGS. Results of this modeling confirmed that DH 1 had impacts on the applicable Class I areas below the 0.5 deciview threshold and therefore is exempt from the BART program associated with the regional haze program.

The reasonable further progress ("RFP") section of Florida's regional haze state implementation plan, which has been approved by EPA, applies to DH 2. The System has voluntarily requested a cap on SO_2 emissions, which provides DH 2 with an exemption from the RFP section. A draft permit from the FDEP was issued on June 1, 2012 approving the System's requested cap on SO_2 emissions, and the final permit was issued on June 26, 2012.

Internal Combustion Engine MACT

On August 20, 2010, the EPA published a final rule for the National Emissions Standards for Hazardous Air Pollutants for Reciprocating Internal Combustion Engines, which covers existing stationary spark ignition reciprocating internal combustion engines located at major sources of hazardous air pollutant emissions such as power plant sites. This final rule, which became effective on October 19, 2010, requires the reduction of emissions of hazardous air pollutants from covered engines. Several of the System's reciprocating engines are covered by this rule and all are in full compliance.

Climate Change

On June 25, 2013, President Obama issued a Presidential Memorandum directing the EPA to work expeditiously to complete GHG standards for the power sector. The agency is using its authority under Section 111(d) of the CAA to issue emission guidelines to address GHG emissions from existing power plants. The Presidential Memorandum specifically directed the EPA to build on state leadership, provide flexibility and take advantage of a wide range of energy sources and technologies towards building a cleaner power sector. It also directed the EPA to issue proposed GHG standards, regulations or guidelines, as appropriate, for existing power plants by no later than June 1, 2014, and issue final standards, regulations or guidelines, as appropriate, by no later than June 1, 2015. In addition, the Presidential Memorandum directed the EPA to include in the guidelines, addressing existing power plants, a requirement that states submit to the EPA the implementation plans required under Section 111(d) of the CAA and its implementing regulations by no later than June 30, 2016. States would be able

to request more time to submit complete implementation plans with the EPA being able to allow states until June 30, 2017 or June 30, 2018, as appropriate, to submit additional information completing the submitted plan no later than June 30, 2016.

Accordingly, on June 2, 2014, the EPA released a proposed rule, the CPP Rule, that would limit and reduce carbon dioxide emissions from certain fossil fuel power plants, including existing plants. Finally, on August 3, 2015, the EPA released the final version of such rule, and on October 23, 2015, EPA published in the *Federal Register* the GHG existing source performance standards for power plants (the CPP), and the final NSPS for GHG emissions from new, modified and reconstructed fossil fuel-fired power plants. The final CPP was published at 80 Fed. Reg. 64662, and the final GHG NSPS were published at 80 Fed. Reg. 64510.

On October 23, 2015, the American Public Power Association ("APPA") and the Utility Air Regulatory Group ("UARG") filed a joint petition for review of the EPA's final Section 111(d) rule to regulate carbon dioxide ("CO_2") emissions from existing electric generating sources in the D.C. Circuit Court. In addition, the state of West Virginia joined by Texas, Alabama, Arkansas, Colorado, Florida, Georgia, Indiana, Kansas, Kentucky, Louisiana, Michigan, Missouri, Montana, Nebraska, New Jersey, Ohio, South Carolina, South Dakota, Utah, Wisconsin, Wyoming, the Arizona Corporation Commission, and the North Carolina Department of Environmental Quality also filed their motion to stay the final Section 111(d) rule under the CAA. Such a stay would put implementation of the rule on hold until the court decides on its legality.

On January 26, 2016, 29 states requested that the U.S. Supreme Court stay implementation of the final GHG Clean Power Plan or CPP (80 Fed. Reg. 64662 - Oct. 23, 2015), pending judicial review of the rule. On February 9, 2016, the Supreme Court granted the stay of the CPP pending judicial review of the rule. The stay will remain in effect pending Supreme Court review if such review is sought. Since the US Supreme Court stayed the EPA rulemaking on the CPP, that extraordinary action will delay any regulatory action. GRU continues to closely monitor any activities with respect to Climate Change and GHGs.

The D.C. Circuit Court issued an order on April 28, 2017, holding the consolidated CPP cases in abeyance for sixty (60) days. The D.C. Circuit Court is requiring the EPA to file status reports concerning its ongoing regulatory deliberations at thirty (30) days intervals. The court also asked the parties to file supplemental briefs by May 15, 2017 addressing whether the judicial process should be ended and the matter should be remanded to the EPA.

On August 10, 2017, the United States Court of Appeals for the D.C. Circuit issued an order holding the challenges to the greenhouse GHG NSPS in abeyance "pending further order of the court. The order also directs EPA to file status reports at 90-day intervals beginning October 27, 2017.

On October 10, 2017, the EPA Administrator signed a rule proposing the repeal of the CPP and on October 16, 2017 the proposed repeal of the CPP was published in the Federal Register. On November 2, 2017, a hearing was announced for November 28 and 29, 2017 in West Virginia. On January 11, 2018, the comment period extended to April 26, 2018 and three listening sessions were announced for February and March in Missouri, California, and Wyoming.

With respect to a replacement rule, the Advance Notice of Proposed Rulemaking for the CPP replacement was published on December 28, 2017. The Whitehouse OMB received the EPA's proposal to

replace the CPP on July 9, 2018. Then, on August 21, 2018, EPA proposed the Affordable Clean Energy (ACE) plan as a replacement to the CPP.

On June 19, 2019 the EPA issued the final Affordable Clean Energy (ACE) rule to replace the Clean Power Plan (CPP) to restore the rule of law and empowers states to continue to reduce emissions while providing affordable and reliable energy. The Affordable Clean Energy rule (ACE) adheres to the Clean Air Act and gives states the regulatory certainty they need to continue to reduce emissions and provide a dependable, diverse, and affordable supply of electricity. The ACE rule establishes emissions guidelines for states to use to limit carbon dioxide emissions (CO2) at their coal-fired power plants. Specifically, ACE identifies heat rate improvements as the best system of emission reduction (BSER) for CO2 from coal-fired plants, and these improvements can be made at individual facilities. Also contained in the rule are new implementing regulations for ACE and future existing source rules under Clean Air Act Section 111(d). These guidelines will inform states as they set unit-specific standards of performance. The states will have 3 years to submit plans, which is in line with planning timelines under the Clean Air Act.

Coal Combustion Products

The EPA published a final rule (40 CFR 257), effective October 14, 2015, to regulate the disposal of coal combustion residuals ("CCR") as solid waste under subtitle D of the Resource Conservation and Recovery Act ("RCRA"). The rule includes national minimum criteria for existing and new CCR landfills and existing and new CCR surface impoundments. GRU is subject to the requirements of the promulgated rule that are applicable to CCR ponds and landfill at Deerhaven.

On May 1, 2017, EPA Administrator Scott Pruitt sent a letter informing states that the EPA is working on guidance for implementing state permitting programs that allow flexibility in individual permits to manage the safe disposal of coal combustion residuals, known as CCR or "coal ash." The EPA expects that its new guidance will allow for the safe disposal and continued beneficial use of coal ash, while enabling states to decide what works best for their environment. GRU, through the Florida Electric Power Coordinating Group, made contact with FDEP's Tim Bahr on May 2, 2017 and he confirmed that the EPA shared some draft CCR permit program materials (draft FAQs, draft checklist, etc.) last week. The FDEP is planning to discuss that internally. The EPA has not finished drafting the guidance document that is intended to assist States in ensuring that their permit program applications are complete. This guidance has been published in the Federal Register. GRU continues to closely follow developments related to CCR regulations.

FCG has requested FDEP to apply to EPA for program approval through FDEP's incorporation by reference of the federal CCR Rule, in the Department's rules, which may include Florida specific provisions.

Storage Tanks

GRU is required to demonstrate financial responsibility for the costs of corrective actions and compensation of third-parties for bodily injury and property damage arising from releases of petroleum products and hazardous substances from certain underground and above-ground storage tank systems. GRU has eleven fuel oil storage tanks. The South Energy Center has two underground distillate (No. 2) oil tanks, the JRK Station has four above-ground distillate oil tanks, two of which are empty and out of service, and two above-ground No. 6 oil tanks which are empty and out of service. DH has one above-

ground distillate and two above-ground No. 6 oil tanks, one of which is out of service. All of GRU's fuel storage tanks have secondary containment and/or interstitial monitoring and GRU is insured for the requisite amounts.

Remediation Sites

Several site investigations have been completed at the JRK Station, most recently in 2011. According to previous assessments, the horizontal extent of soils impacted with No. 6 fuel oil extends from the northern containment wall of the aboveground storage tanks to the wastewater filter beds and from the old plant building to Sweetwater Branch Creek. The results of the most recent soil assessment document the presence of Benzo[a]*pyrene* in one soil sample at a concentration greater than its default commercial/industrial direct exposure based soil cleanup target levels ("SCTL"). Four of the soil samples contained Benzo[a]*pyrene* equivalents at concentrations greater than its default commercial/industrial direct exposure based SCTLs. In addition, two of the soil samples contained total recoverable petroleum hydrocarbons at concentrations greater than its default commercial/industrial direct exposure based SCTLs.

In the Site-Wide Monitoring Report dated March 24, 2011, measurable free product was detected in four wells. An inspection in April 2013 showed that groundwater contains four of the polynuclear aromatic hydrocarbons ("PAH") (Benzo[a]*anthracene,* Benzo[a]*pyrene,* Benzo[b]*fluoranthene,* and Dibenzo[a,h]*anthracene*) at concentrations greater than their groundwater cleanup target levels ("GCTL"). With the exception of Benzo[a]*pyrene,* the concentration of the remainder of these parameters did not exceed their Natural Attenuation Default Concentrations. The groundwater quality data reported in the 2011 Site-Wide Groundwater Monitoring Report documents that groundwater quality meets applicable GCTLs at the locations sampled. It is likely that groundwater quality impacts exist in the area where residual number 6 Fuel Oil is present as a non-aqueous phase liquid.

Following the submittal of the August 2013 No Further Action Proposal, the FDEP prepared comments regarding the No Further Action Proposal and provided them to GRU in a letter dated January 10, 2014.

In August of 2014, GRU provided responses to the FDEP's January 2014 comment letter.

In March of 2016, an attempt was made to meet with the FDEP, but a time was not set up for a meeting. The delay in responding to GRU's comments was due in part to the FDEP waiting on resolution of the request to use an active hydraulic containment system as an engineering control. Ultimately, the FDEP rejected the use of the active containment system as an engineering control.

On April 17, 2017, the FDEP provided comments on GRU's August 2014 response to the FDEP January 2014 comment letter.

ECT prepared a response to the FDEP's comments which was submitted to the FDEP on October 19, 2018. The FDEP requested further assessment of the extent of No. 6 fuel oil in the subsurface. ECT's response proposed additional soil investigation to assess the extent of No. 6 fuel oil; both as a non-aqueous phase liquid and as stained soils. ECT also proposed temporarily shutting down the groundwater recovery system and evaluating whether free product returns to the wells. This information will be used to evaluate what actions will be needed to recover free product, if any is detected.

Water Use Restrictions

Pursuant to Florida law, a water management district in Florida may mandate restrictions on water use for non-essential purposes when it determines such restrictions are necessary. The restrictions may either be temporary or permanent. The SJRWMD has mandated permanent district-wide restrictions on residential and commercial landscape irrigation. The restrictions limit irrigation to no more than two days per week during Daylight Savings Time, and one day per week during Eastern Standard Time. The restrictions apply to centralized potable water as provided by the System as well as private wells. All irrigation between the hours of 10:00 a.m. and 4:00 p.m. is prohibited.

In addition, in April 2010, the County adopted, and the City subsequently opted into, an Irrigation Ordinance that codified the above-referenced water restrictions which promote and encourage water conservation. County personnel enforce this ordinance, which further assists in reducing water use and thereby extending the System's water supply.

The SJRWMD and the SRWMD each have promulgated regulations referred to as "Year-Round Water Conservation Measures," for the purpose of increasing long-term water use efficiency through regulatory means. In addition, the SJRWMD and the SRWMD each have promulgated regulations referred to as a "Water Shortage Plan," for the purpose of allocating and conserving the water resource during periods of water shortage and maintaining a uniform approach towards water use restrictions. Each Water Shortage Plan sets forth the framework for imposing restrictions on water use for non-essential purposes when deemed necessary by the applicable water management district. On August 7, 2012, in order to assist the SJRWMD and the SRWMD in the implementation and enforcement of such Water Conservation Measures and such Water Shortage Plans, the Board of County Commissioners of the County enacted an ordinance creating year-round water conservation measures and water shortage regulations (the "County Water Use Ordinance"), thereby making such Water Conservation Measures and such Water Shortage Plans applicable to the unincorporated areas of the County. On December 20, 2012, the City Commission adopted a resolution to opt into the County's "year round water conservation measures" and "water shortage regulations" ordinances in order to give the Alachua County Environmental Protection Department the authority to enforce water shortage orders and water shortage emergencies within the City.

Manufactured Gas Plant

Gainesville's natural gas system originally distributed blue water gas, which was produced in town by gasification of coal using distillate oil. Although manufactured gas was replaced by pipeline gas in the mid-1950's, coal residuals and spilt fuel contaminated soils at and adjacent to the manufactured gas plant ("MGP") site. When the natural gas system was purchased, the System assumed responsibility for the investigation and remediation of environmental impacts related to the operation of the former MGP. The System has pursued recovery for the MGP from past insurance policies and, to date, has recovered $2.2 million from such policies. The System has received final approval of its Remedial Action Plan which entailed the excavation and landfilling of impacted soils at a specially designed facility. This plan was implemented pursuant to a Brownfield Site Rehabilitation Agreement with the State. Following remediation, the property has been redeveloped by the City as a park with stormwater ponds, nature trails, and recreational space, all of which were considered in the remediation plan's design. The duration of the groundwater monitoring program will be for the duration of the permit, and that timeframe is open to the results of what the sampling data shows.

Based upon GRU's analysis of the cost to clean up this site, GRU has accrued a liability to reflect the costs associated with the cleanup effort. During fiscal years ended September 30, 2019 and 2018,

expenditures which reduced the liability balance were approximately $1.2 million and $1.3 million, respectively. The reserve balance at September 30, 2019 and 2018 was approximately $980,000 and $641,000, respectively.

GRU is recovering the costs of this cleanup through customer charges. A regulatory asset was established for the recovery of remediation costs from customers. Through fiscal years ended September 30, 2019 and 2018, customer billings were $1.2 million and $1.3 million, respectively, and the regulatory asset balance was $11 million and $11.7 million, respectively.

Although some uncertainties associated with environmental assessment and remediation activities remain, GRU believes that the current provision for such costs is adequate and additional costs, if any, will not have an adverse material effect on GRU's financial position, results of operations, or liquidity.

Wholesale and Retail Electric Restructuring

Energy Policy Act of 2005

The 2005 Energy Policy Act empowered FERC to enforce mandatory compliance with the Bulk Electric System reliability standards. FERC delegated policy enforcement and standard development to NERC who, in turn, delegated regional enforcement and monitoring to the FRCC in the State to become the ERO monitoring the System's compliance. The System is a "registered entity" with NERC and FRCC under the following nine functional categories and must comply with all standards applicable to those categories:

- Balancing Authority
- Distribution Provider
- Generation Owner
- Generation Operator
- Planning Authority
- Resource Planner
- Transmission Owner
- Transmission Operator
- Transmission Planner

Electric utilities registered as a Balancing Authority or Transmission Operator are required to undergo an on-site audit for compliance with the reliability standards once every three years. The System is registered as both a Balancing Authority and a Transmission Operator and is therefore subject to the 3-year on-site audit cycle. In addition to the NERC O&P reliability standards, GRU must comply with NERC's Critical Infrastructure Protection ("CIP") standards which helps ensure the cyber and physical security of GRU's Bulk Electric System ("BES"). In November, 2017, FRCC compliance auditors conducted an on-site audit for compliance with the standards and requirements associated with the System's functions within the Florida bulk power system as listed above. FRCC identified two (2) violations, both of which were treated as "compliance exceptions" by FRCC, meaning that no penalties are levied. The System's next on-site reliability compliance audit is anticipated to occur in November, 2020.

FERC Order 779

FERC Order 779 was issued in May 2013 to deal with the establishment of Geomagnetic Disturbances ("GMD") reliability standards in two stages. Stage one became effective in April 2015 and required the development and implementation of operating procedures that mitigate the impact of GMD events. Stage two (Notice of Proposed Rulemaking, May 14, 2015) will require that the transmission system will be planned in a manner to mitigate the risks associated with GMD events such as system instability and/or uncontrolled separation. FERC Order 779 will have a minor impact on the System.

FERC Order 1000

FERC Order 1000 became effective sixty (60) days after publication of the final order in the Federal Register, August 11, 2011. Order 1000 affects transmission planning and cost allocation requirements and drives reform in three areas: planning, cost allocation and non-incumbent developers.

Planning element reforms:

- Each public utility transmission provider must participate in the development of a regional transmission plan.
- Regional and local transmission plans are to driven by state or federal laws or regulation. Transmission needs and associated solutions are to be weighed against those requirements.
- Neighboring transmission regions are to coordinate the satisfaction of mutual transmission needs (efficiency and cost).

Cost allocation reforms:

- Each public utility transmission provider must participate in a regional cost sharing allocation method for the selected transmission solution.
- A similar cost allocation is required when neighboring transmission regions select an interregional solution.
- Participant finding is permitted. However, it may not be the regional or interregional allocation schema.

Developer reforms:

- With certain limitations, public utility providers must remove from their tariffs a federal right of first refusal for a regional transmission plan needs solution for the purposes of cost allocation.
- The reliability and service requirements of incumbent transmission providers may be dependent upon regional transmission infrastructure. The order requires the reevaluation of the regional transmission plan and the identification of alternative transmission solutions should the delay in infrastructure development adversely impact system reliability and/or the delivery of required services.

The System is a full participant in the regional transmission planning process through the FRCC.

Impact of Hurricane Irma

On September 10, 2017, the State of Florida was impacted by Hurricane Irma. At approximately 9:00 a.m., the center of Hurricane Irma made landfall at Cudjoe Key in the lower Florida Keys as a Category 4 storm, according to the National Weather Service. The center of Hurricane Irma made a second landfall as a Category 3 storm, at approximately 3:30 p.m., near Marco Island, which is located approximately 300 miles southwest of the City. The City recorded sustained winds of 70 mph along with approximately 12 inches of rain in the local area in a 24 hour period. As expected, due to the winds, rain and local area flooding, electric service and other outages were experienced. At the peak of the storm, about 46,000 customers were without power. GRU worked to restore power to approximately 84% of those customers without power within 48 hours after restoration efforts began, and 100% of those who lost service during the storm were restored by September 18, 2017. Any residual outages as a result of trees downed subsequent to the storm were dealt with on a case-by-case basis.

While there was some isolated structural damage and local area flooding, the electric system sustained no significant damage. None of GRU's power generating assets were damaged by the hurricane and the majority of the buildings were undamaged.

There were 50 customers that experienced a disruption to their drinking water service due to isolated incidents such as overturned trees. These individual customers were issued Precautionary Boil Water Notices and their water services were quickly restored. The overall water system maintained system pressure and delivered safe water throughout the incident.

The extreme rainfall and flooding had the biggest impact to the wastewater system. The flooding resulted in significant inflow of stormwater and floodwaters into the collection system which resulted in comingled wastewater and stormwater overwhelming portions of the collection system. There were numerous locations that the collection system experienced overflows. GRU and private pumpers hauled over 13.8 million gallons of stormwater and wastewater from the collection system to mitigate release impact and help bring the system back to normal operation. During the hurricane and in the following days, it is estimated that approximately 3.5 million gallons of combined stormwater and wastewater were released from the collection system. It is estimated that approximately 80% (or 2.8 mg) of the release was stormwater and 20% (or 0.7 mg) was wastewater. Additionally, GRU lost power to 92 of the 170 wastewater lift stations. However, GRU was able to utilize 41 generators to keep such lift stations operational. GRU restored power to most of the GRU served lift stations by September 12, 2017. There was minimal impact to customers.

GRU coordinated with Alachua County Environmental Protection Department and the Alachua County Department of Health throughout the response and recovery to ensure public health and safety and environmental health. Immediately following the storm, GRU provided an initial notice of wastewater releases to the Florida Department of Environmental Protection ("FDEP") through the State Watch Office and the FDEP Pollution Public Notification website. Environmental assessment teams were deployed throughout the service area and regular regulatory updates and notification of significant operational changes were provided through email and FDEP Storm Tracker. On September 20, 2017, a final update was provided to all regulatory agencies summarizing environmental assessments and release volumes.

In response to wastewater overflows due to Hurricane Irma, FDEP has issued Consent Orders to numerous utilities across the State. The Florida Statutes do not offer regulatory relief for wastewater overflows for any reason, including force majeure. Since GRU responded aggressively and followed prudent utility practices to protect public health and safety and the environment, FDEP issued a Short

Form Consent Order (SFCO) without Corrective Actions. The SFCO includes civil penalties based on the releases. In lieu of paying the civil penalties, GRU has elected to execute an In-Kind project that will improve the wastewater collection system. In addition, GRU is committed to reducing inflow and infiltration in the wastewater collection system and is in the process of conducting a Resiliency Study. This study will identify critical areas for infrastructure improvements and will help GRU prioritize future capital improvements. Projects identified through this study will be incorporated into the capital improvement budget and will help mitigate future wastewater releases. These projects are not included in the capital improvement plan in "—Funding the Capital Improvement Plan" below.

The water and wastewater systems did not experience any significant damage to the facilities as a result of the storm.

GRU continues to analyze the System in order to determine if any additional capital improvements will be needed. Initial assessments indicate that the System did not sustain any material infrastructure damage. Overall, the System remains in good condition. Costs associated with any necessary repairs, in addition to the extraordinary operational costs incurred as a result of the power outages, are preliminarily estimated to be approximately $5.5 million.

As a result of the temporary loss of service, the City estimates an initial loss of revenue in the approximate amount of $1.1 million, which is based upon the loss of electric service to active customers for a period of four days. The impact on the customer base caused by wind and flood damage from Hurricane Irma appears to be minimal.

In addition to federal aid that may be received to assist with offsetting potential costs and loss of revenues, GRU has property insurance, including loss of income insurance, and flood insurance. GRU will be aggressively pursuing all possible insurance claims and federal aid, including FEMA reimbursements. The City also has funds in the amount of approximately $68 million in its Rate Stabilization Fund, as well as funds in the amount of $41 million in unrestricted cash, that can be applied, if necessary, to pay for any damages, costs, or lost revenues that GRU may incur as a result of Hurricane Irma's impacts to the System. Based on past experience, the City expects FEMA reimbursements to approximate 75% of the expenditures.

As of September 22, 2017, electric, water, wastewater and GRUcom service was restored to 100% of the service area.

At the present time, the City does not believe the impacts of Hurricane Irma will materially adversely affect its ability to pay debt service on the 2019 Bonds.

Plant Vogtle Litigation

JEA and the City of Jacksonville, Florida ("Jacksonville"), recently filed a complaint in Florida state court for declaratory judgment regarding a power purchase agreement in place with MEAG Power since 2008. The power purchase agreement is tied to the expansion project at Plant Vogtle, a nuclear power generating facility in Georgia. Under the power purchase agreement, MEAG Power agreed to sell JEA a portion of the output of Plant Vogtle Units 3 and 4, two new nuclear generation units under construction in Burke County, Georgia. MEAG Power subsequently filed a breach of contract lawsuit against JEA in the Federal Court for the Northern District of Georgia. JEA and Jacksonville believe the

agreement violates the Constitution of the State of Florida and should be declared void and unenforceable.

JEA filed a petition with FERC asking it to make a number of legal determinations related to the power purchase agreement between JEA and MEAG Power. In the petition, JEA asked FERC to declare that it has jurisdiction over the power purchase agreement (and the transactions therein) under Section 201(b)(1) of the Federal Power Act ("FPA"), even though MEAG Power and JEA are each exempt from regulation by FERC as "public utilities" under Section 201(f) of the FPA. FERC did not accept JEA's petition.

[Proposed Legislation

House Bill 653 ("HB 653") proposed for the 2020 Florida Legislative session, would prohibit a municipal electric utility from using its revenues to finance general government functions, to purchase bonds to finance general government functions or to lend money to the municipality to finance general government functions within the municipality. For the fiscal year ended September 30, 2019 the System transferred $38,285,000 to the City's General Fund. It is expected such transfer will remain the same for the fiscal year ending September 30, 2020. The City cannot predict if such legislation will be approved, and if approved, in what form. If HB 653 is approved and signed into law it is expected to have an effective date of July 1, 2020. See "THE SYSTEM - Management's Discussion of System Operations – Transfers to General Fund" herein for more information about the System's transfer of funds to the General Fund.]

Other Risk Factors

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

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

2. Estimates of revenues and expenses contained in this Reoffering Memorandum and the realization of such estimates, are subject to, among other things, future economic and other conditions which are unpredictable and which may adversely affect such revenues and expenses, and in turn, the payment of the 2019 Bonds.

TAX MATTERS

On the original issuance dates of each series of the 2005C/2006A/2012B Variable Rate Bonds, Orrick, Herrington & Sutcliffe LLP, New York, New York as Bond Counsel to the City (the "Initial Bond Counsel"), rendered opinions (the "Approving Opinions") to the effect that, based upon an analysis of then existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the

2005C/2006A/2012B Variable Rate Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). The Initial Bond Counsel was of the further opinion that interest on the 2005C/2006A/2012B Variable Rate Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although the Initial Bond Counsel observed that such interest is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income. The Initial Bond Counsel also was of the opinion that the 2005C/2006A/2012B Variable Rate Bonds and the interest thereon are exempt from taxation under then existing laws of the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, banks and savings associations. Complete copies of the Approving Opinions are set forth in APPENDIX E-1 hereto.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2005C/2006A/2012B Variable Rate Bonds. The City has made certain representations and has covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2005C/2006A/2012B Variable Rate Bonds will not be included in federal gross income. (See "APPENDIX C - Copies of the Resolution and Sixteenth Supplemental Bond Resolution, Seventeenth Supplemental Bond Resolution and Twenty-Fifth Supplemental Bond Resolution" attached hereto.) Inaccuracy of these representations or failure to comply with these covenants may result in interest on the applicable 2005C/2006A/2012B Variable Rate Bonds being included in gross income for federal income tax purposes, possibly from the dates of original issuance of the 2005C/2006A/2012B Variable Rate Bonds of the applicable series. The Approving Opinions assumed the accuracy of these representations and compliance with these covenants. The Initial Bond Counsel did not undertake to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to the Initial Bond Counsel's attention after the dates of issuance of the 2005C/2006A/2012B Variable Rate Bonds, respectively, may adversely affect the value of, or the tax status of interest on, the 2005C/2006A/2012B Variable Rate Bonds. Accordingly, the Approving Opinions were not intended to, and may not, be relied upon in connection with any such actions, events or matters. The Approving Opinions delivered in connection with the original issuance of the 2005C/2006A/2012B Variable Rate Bonds have not been updated subsequent to the date of original issuance of the 2005C/2006A/2012B Variable Rate Bonds, and Bond Counsel (as defined below) is not rendering any opinion on the original or current tax status of the 2005C/2006A/2012B Variable Rate Bonds. Orrick, Herrington & Sutcliffe LLP has not been engaged to and has not provided any services in connection with the substitution of the Barclays Liquidity Facilities. Orrick, Herrington & Sutcliffe LLP has not updated the Approving Opinions or expressed any opinion with respect to the current or continuing exclusion of interest on the 2005C/2006A/2012B Variable Rate Bonds from gross income for federal income tax purposes or with respect to the substitution of the Barclays Liquidity Facilities.

Although, as addressed in the Approving Opinions, the Initial Bond Counsel was of the opinion that interest on the 2005C/2006A/2012B Variable Rate Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the 2005C/2006A/2012B Variable Rate Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. In its Approving Opinions, the Initial Bond Counsel expressed no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2005C/2006A/2012B Variable Rate Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2005C/2006A/2012B Variable Rate Bonds. Prospective purchasers of the 2005C/2006A/2012B Variable Rate Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which neither the Initial Bond Counsel, nor Bond Counsel is expected to express no opinion.

The Approving Opinions were based on then current legal authority, covered certain matters not directly addressed by such authorities, and represented the Initial Bond Counsel's judgment as to the proper treatment of the 2005C/2006A/2012B Variable Rate Bonds for federal income tax purposes. They are not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and the Initial Bond Counsel has not given any opinion or assurance about the future activities of the City, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The City has covenanted, however, to comply with the requirements of the Code.

Unless separately engaged, neither the Initial Bond Counsel, nor Bond Counsel is obligated to defend the City or the Beneficial Owners regarding the tax-exempt status of the 2005C/2006A/2012B Variable Rate Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the City and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the City legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the 2005C/2006A/2012B Variable Rate Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2005C/2006A/2012B Variable Rate Bonds, and may cause the City or the Beneficial Owners to incur significant expense.

Holland & Knight LLP, Bond Counsel to the City ("Bond Counsel") will deliver on _____, 2020 an opinion to the effect that the replacement of the existing liquidity facilities with the Barclays Liquidity Facilities will not, in and of themselves, adversely affect the exclusion of interest on the respective series 2005C/2006A/2012B Variable Rate Bonds from gross income for purposes of federal income taxation (the "2020 No Adverse Effect Opinion"). Reference is made to the forms of 2020 No Adverse Effect Opinions attached hereto as APPENDIX E-2 for the complete text thereof. Except to the limited extent expressly stated in the 2020 No Adverse Effect Opinions, subsequent to the original issuance of the 2005C/2006A/2012B Variable Rate Bonds neither the Initial Bond Counsel, nor Bond Counsel has made any investigation or review with respect to and expresses no opinion as to the current or continuing exclusion from gross income for federal income tax purposes of interest on the 2005C/2006A/2012B Variable Rate Bonds. In rendering said 2020 No Adverse Effect Opinions, Bond Counsel has not been requested, nor has it undertaken, to make an independent investigation regarding the Approving Opinion or the facts or laws related to such opinion, the expenditure of 2005C/2006A/2012B Variable Rate Bonds proceeds, to confirm that the City has complied with the certifications and representations in the various certificates or documents to which it was a party, or to review any other events which may have occurred since the 2005C/2006A/2012B Variable Rate Bonds

were issued which might affect the tax status of interest on the 2005C/2006A/2012B Variable Rate Bonds or which might change the opinions expressed at the time the 2005C/2006A/2012B Variable Rate Bonds were issued. The opinions of the Initial Bond Counsel and Bond Counsel represent their legal judgment based upon their review of the law and the facts that they deems relevant to render such opinions and is not a guarantee of a result. No opinion has been expressed by the Initial Bond Counsel or Bond Counsel as to whether a subsequent change in the Mode will adversely affect the exclusion from gross income for federal income tax purposes of interest on the 2005C/2006A/2012B Variable Rate Bonds.

RATINGS

The City has received short term ratings from Moody's and Fitch of "_____" and "____," respectively. In 2019 a joint rating was applied for _____. The short term ratings on the 2005C/2006A/2012B Variable Rate Bonds were assigned solely based on the Liquidity Facilities. Moody's and Fitch have assigned their long term municipal bond rating of "___" to the Series 2005C/2006A/2012B Variable Rate Bonds. Such long term ratings by the rating agencies do not take into account the Barclays Liquidity Facilities.

An explanation of the significance of any rating or outlook may be obtained only from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; and Fitch Ratings, Inc., One State Street Plaza, New York, New York 10004. Such rating agencies may have obtained and considered information and material which have not been included in this Reoffering Memorandum. The ratings reflect only the respective views of such rating agencies, and the City makes no representation as to the appropriateness of the ratings. Generally, rating agencies base their ratings on the information and materials furnished to them and on investigations, studies and assumptions by the rating agencies. An explanation concerning the significance of the ratings given may be obtained from the respective rating agency.

There is no assurance that such ratings will be in effect for any given period of time or that such ratings will not be revised upward or downward or withdrawn entirely by such rating agencies if, in the judgment of such rating agencies, circumstances so warrant. Neither the Remarketing Agent nor the City has undertaken any responsibility to assure the maintenance of the rating or to oppose any such revision or withdrawal. Any such downward revision or withdrawal of ratings on the 2005C/2006A/2012B Variable Rate Bonds may result in the suspension or termination of the Liquidity Facilities. See "LIQUIDITY FACILITIES" herein.

LITIGATION

[There is no litigation or other proceeding pending or, to the knowledge of the City, threatened in any court, agency or other administrative body (either state or federal) in any way questioning or affecting (i) the proceedings under which the 2005C/2006A/2012B Variable Rate Bonds were originally issued, (ii) the validity of any provision of the 2005C/2006A/2012B Variable Rate Bonds or the Resolution, (iii) the pledge by the City under the Resolution, (iv) the legal existence of the City or (v) the authority of the City to own and operate the System and to set utility rates.

The City is also party to various federal, state and local claims, proceedings and lawsuits for damages claimed to result from the operation of the City and the System. The City Attorney does not believe that, individually or in the aggregate, the proceedings associated with these cases will materially adversely affect the Net Revenues of the System or materially adversely impair the

business, operations, or financial condition of the System or the City's ability to pay debt service on the 2005C/2006A/2012B Variable Rate Bonds.]

CONTINGENT FEES

The City has retained Bond Counsel, Disclosure Counsel and the Financial Advisor with respect to the substitution of the liquidity facilities of the 2005C/2006A/2012B Variable Rate Bonds. Payment of the fees of such professionals is contingent upon the tender and remarketing of the 2005C/2006A/2012B Variable Rate Bonds.

LEGAL MATTERS

Certain legal matters were passed upon in connection with the original issuance of the 2005C/2006A/2012B Variable Rate Bonds by the Initial Bond Counsel. A complete copy of the Initial Bond Counsel's Approving Opinions are contained in APPENDIX E-1 attached hereto. The Initial Bond Counsel has had no involvement whatsoever with respect to preparation of this Reoffering Memorandum or the substitution of the liquidity facilities relating to the 2005C/2006A/2012B Variable Rate Bonds. Certain legal matters also were passed upon for the City in connection with the original issuance of the 2005C/2006A/2012B Variable Rate Bonds by Marion J. Radson, Esq., Gainesville, Florida, former City Attorney of the City.

Certain legal matters with respect to the Liquidity Facility have been passed upon for the Bank by Chapman and Cutler LLP, Chicago, Illinois.

The legal opinions delivered in connection with the 2005C/2006A/2012B Variable Rate Bonds express the professional judgment of the attorneys rendering the opinions regarding the legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment of the transaction on which the opinion is rendered or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

INDEPENDENT AUDITORS

The financial statements of the System as of September 30, 2019 and for the year then ended, included in APPENDIX B attached to this Reoffering Memorandum as a matter of public record and the consent of _____, independent auditors (the "Auditor") to include such documents was not requested. The Auditor was not requested to perform and has not performed any services in connection with the preparation of this Reoffering Memorandum or the issuance of the 2005C/2006A/2012B Variable Rate Bonds.

The 2005C/2006A/2012B Variable Rate Bonds are payable from and secured on a parity with all other bonds issued under the Resolution by a pledge of and lien on the Trust Estate. See "SECURITY FOR THE BONDS" herein. The audited financial statements are presented for general information purposes only and speak only as of their date.

FINANCIAL ADVISOR

The City has retained PFM Financial Advisors LLC as Financial Advisor. The Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume

responsibility for the accuracy, completeness or fairness of the information contained in this Reoffering Memorandum.

REMARKETING AGENTS

The Remarketing Agents and their affiliates together comprise full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Remarketing Agents and their affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the City for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Remarketing Agents and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities and financial instruments which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment securities activities may involve securities and instruments of the City. J.P. Morgan, the Remarketing Agent, and JPMorgan Chase Bank, N.A., a swap counterparty with the City, are affiliates.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATION

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

The City has not undertaken an independent review or investigation of securities for which it has served as conduit issuer. The City does not believe that any information about any default on such securities is appropriate and would be considered material by a reasonable investor in the 2005C/2006A/2012B Variable Rate Bonds because the City would not have been obligated to pay the debt service on any such securities except from payments made to it by the private companies on whose behalf such securities were issued and no funds of the City would have been pledged or used to pay such securities or the interest thereon.

CONTINUING DISCLOSURE

Except as described herein, the City has not committed to provide continuing disclosure with respect to the 2005 Series C Bonds or the 2006 Series A Bonds. The City has covenanted and agreed in the Remarketing Agreements that if, as a result of a change in the Interest Mode (as defined in APPENDIX C hereto) applicable to the 2005 Series C Bonds or the 2006 Series A Bonds, the 2005 Series C Bonds or the 2006 Series A Bonds cease to be exempt under Rule 15c2-12, the City will execute a continuing disclosure agreement with respect to the 2005 Series C Bonds and/or the 2006 Series A Bonds for the benefit of the

holders and beneficial owners of such 2005 Series C Bonds or 2006 Series A Bonds, in order to assist the Remarketing Agent in complying with Rule 15c2-12.

The City has covenanted for the benefit of the 2012 Series B Bondholders to provide certain financial information and operating data relating to the City and the 2012 Series B Bonds in each year, and to provide notices of the occurrence of certain enumerated material events. The City has agreed to file annual financial information and operating data and the audited financial statements with each entity authorized and approved by the SEC to act as a repository (each a "Repository") for purposes of complying with the Rule either itself or through its dissemination agent. Effective July 1, 2009, the sole Repository is the Municipal Securities Rulemaking Board. The City has agreed to file notices of certain enumerated events, when and if they occur, with the Repository either itself or through its dissemination agent.

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

With respect to the 2012 Series B Bonds, no party other than the City is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the Rule. **[The City: (i) did not timely file its audited financial statements and notices of failure to file related thereto for Fiscal Years 2015 and 2016 with respect to its then outstanding loan from the proceeds of the then outstanding First Florida Governmental Financing Commission Revenue Bonds; (ii) did not timely file its audited financial statements and operating data and notices of failure to file related thereto for Fiscal Year 2015 with respect to certain of its Outstanding Utilities System Revenue Bonds; (iii) failed to file certain operating data and notice of failure to file related thereto for Fiscal Years 2015 and 2016 with respect to certain of its Outstanding Utilities System Revenue Bonds; and (iv) failed to file certain notices of defeasance and bond calls which occurred in Fiscal Years 2015 and 2016 with respect to certain of its Utilities System Revenue Bonds and its then outstanding loan from the proceeds of the then outstanding First Florida Governmental Financing Commission Revenue Bonds. In the past five years, except as described above, the City has never failed in any material respect to comply with any prior agreements to provide continuing disclosure information pursuant to the Rule. However, the City (i) filed certain operating data in a different format than required, failed to file certain operating data for Fiscal Years 2013, 2015 and 2016 and a failure to file notice related thereto with respect to certain of its outstanding Utilities System Revenue Bonds; (ii) failed to link certain operating data for Fiscal Year 2014 with respect to certain of its Outstanding Utilities System Revenue Bonds; (iii) did not timely file its audited financial statements for Fiscal Year 2017, and (iv) did not timely filed certain operating data for Fiscal Year 2013 with respect to its then-outstanding Guaranteed Entitlement Revenue Refunding Bonds, Series 2004. All such required information has been filed as of this date. While the City does not believe that such failures constitute material failures to comply with any prior agreements to provide continuing disclosure information pursuant to the Rule, in order to demonstrate its continued commitment to continuing disclosure best practices, the City has included notice of this non-material instance of non-compliance in the interest of being fully transparent. The City's general purpose audited financial statements and related financial information and operating data that is due on April 30, 2019 will not be available for timely filings, due to staff turnover in the City's General Government finance department and due to there being a new auditor this year. The City expects to complete and file such information by the end of May, 2019. Except for this, the City**

fully anticipates satisfying all future disclosure obligations required pursuant to the Rule.] The City has entered into a contract with Digital Assurance Certification, LLC to provide continuing disclosure dissemination agent services for all of its outstanding bond issues.

ACCURACY AND COMPLETENESS OF REOFFERING MEMORANDUM

The references, excerpts, summaries and incorporations by reference of all resolutions, documents, statutes, and information concerning the City, the System and certain operational and statistical data referred to herein do not purport to be complete, comprehensive and definitive and each such summary and reference is qualified in its entirety by reference to each such respective documents for full and complete statements of all matters of fact relating to the 2005C/2006A/2012B Variable Rate Bonds, the security for the payment of the 2005C/2006A/2012B Variable Rate Bonds and the rights and obligations of the owners thereof and to each such statute, report or instrument.

The appendices attached hereto are integral parts of this Reoffering Memorandum and must be read in their entirety together with all foregoing statements.

CERTIFICATION OF REOFFERING MEMORANDUM

At the time of delivery of this Reoffering Memorandum, the City will furnish a certificate to the effect that nothing has come to its attention which would lead it to believe that this Reoffering Memorandum (other than information herein related to DTC and the book-entry only system of registration and the Bank and the Barclays Liquidity Facilities and any information relating to the Remarketing Agents, as to which no opinion shall be expressed), as of its date, contains an untrue statement of a material fact or omits to state a material fact which should be included therein for the purposes for which this Reoffering Memorandum is intended to be used, or which is necessary to make the statements contained herein, in the light of the circumstances under which they were made, not misleading.

CITY OF GAINESVILLE, FLORIDA

By:_____
General Manager for Utilities

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

General

The City of Gainesville (the "City"), home of the University of Florida, is located in North Central Florida midway between Florida's Gulf and the Atlantic coast. The City is approximately 125 miles north of Tampa, approximately 110 miles northwest of Orlando and approximately 75 miles southwest of Jacksonville. The Bureau of Economic and Business Research at the University of Florida estimated a 2019 population of 267,306 in Alachua County (the "County") with an estimated 133,068 persons residing within the City limits. The economic base of Gainesville consists primarily of light industrial, commercial, health care and educational activities. The University of Florida is the State's oldest university and, with approximately 50,500 students, is one of the largest universities in the nation.

Organization and Administration

The City was established in 1854, incorporated in 1869 and has operated under a Commission-Manager form of government since 1927. The City Commission consists of seven elected officials (a Mayor and six Commissioners) who are responsible for enacting the ordinances and adopting the resolutions which govern the City. The elected officials each serve for three-year terms. The Mayor presides over public meetings and ceremonial events.

The following are the current members of the City Commission:

	Term Expires
Mayor Lauren Poe, At Large	November, 2022
Commissioner Adrian Hayes-Santos, District 4	November 2022
Commissioner David Arreola, District 3	May 2020
Commissioner Gail Johnson, At Large	May 2021
Commissioner Gigi Simmons, District 1	May 2021
Commissioner Harvey Ward, District 2	May 2020
Commissioner Helen K. Warren, At-Large	May 2020

The City Commission appoints the City Manager, General Manager for Utilities, City Auditor, City Attorney, Clerk of the City Commission and Equal Opportunity Director. As chief executive officers, the City Manager and General Manager for Utilities are charged with the enforcement of all ordinances and resolutions passed by the City Commission. They accomplish this task through the selection and supervision of two Assistant City Managers, Utilities Executive Team, and numerous department heads.

The City provides its constituents with a wide variety of public services: building inspections, code enforcement, community development, cultural affairs, economic development, electrical power, golf course, mass transit, natural gas distribution, parks and recreation, homeless services, police and fire protection, refuse collection, small business development, stormwater management, street maintenance, traffic engineering and parking, water and wastewater and telecommunications and data transfer.

Internal support services include the following: accounting and reporting, accounts payable and payroll, billing and collections, budgeting and budget monitoring, cash management, City-wide management, computer systems support, debt management, equal opportunity, fleet maintenance, facilities maintenance, human resources, information systems, investment management, labor relations, mail services, pension administration, property control, purchasing, risk management and strategic planning. In addition to these activities, the City exercises oversight responsibility for the Community Redevelopment Agency and the Gainesville Enterprise Zone Development Agency.

Population

The following table depicts historical and projected population growth of the City, the County and the State of Florida:

POPULATION GROWTH

Year	City of Gainesville Population	Percentage Increase	Alachua County Population	Percentage Increase	State of Florida Population	Percentage Increase
2019	133,068	--	267,306	--	21,477,737	--
2020	n/a[1]	n/a	267,727	4.1%	21,372,207	6.1%
2030	n/a[1]	n/a	289,502	8.1	24,070,978	12.6
2040	n/a[1]	n/a	309,385	6.9	26,252,141	9.1

[1] Information is no longer available through the U.S. Bureau of Census and University of Florida, Bureau of Business and Economic Research Florida Statistical Abstracts for the City.

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

Employment

The following table sets forth the unemployment rate for the City over the past ten years.

EMPLOYMENT

Year	Unemployment Rate
2009	7.40
2010	8.30
2011	8.10
2012	6.90
2013	5.30
2014	4.90
2015	4.50
2016	4.20
2017	3.50
2018	2.70

Source: Source: Finance Department, City of Gainesville, Florida.

TEN LARGEST EMPLOYERS
(SEPTEMBER 30, 2018)

Firm	Product/Business	Employees
University of Florida	Education	28,118
UF Health	Health Care	12,959
Veterans Affairs Medical Center	Health Care	6,250
Alachua County School Board	Education	3,943
City of Gainesville	Municipal Government	2,120
North Florida Regional Medical Center	Health Care	2,098
Gator Dining Services	Food Services	1,200
Nationwide Insurance Company	Insurance	973
Alachua County	Government	812
Publix Supermarkets	Grocer	783

Source: Finance Department, City of Gainesville, Florida.

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Property Tax Data

The following data is provided for information and analytical purposes only. The Utilities System Variable Rate Bonds are not secured by ad valorem tax revenues of the City.

ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

		Just Value			Exemptions						
Fiscal Year Ended 09/30	Tax Year	Real Property	Personal Property	Centrally Assessed Property	Governmental	Agricultural	Institutional	Homestead	Other [1]	Total Taxable Assessed Value	Total Direct Tax Rate
2009	2008	10,599,500,250	1,732,004,529	1,149,322	4,195,267,980	35,549,700	647,733,978	1,773,423,757	14,341,607	5,666,337,079	4.2544
2010	2009	10,534,674,944	2,245,414,910	1,234,487	4,251,801,982	39,408,200	874,389,881	1,594,957,710	134,747,020	5,886,019,548	4.3963
2011	2010	10,570,350,300	2,241,373,073	987,726	4,815,548,071	37,517,700	896,937,822	1,313,405,085	141,081,893	5,608,220,528	4.2544
2012	2011	10,756,478,800	2,308,068,145	1,130,083	5,343,081,038	39,115,900	1,029,746,160	1,134,254,774	117,240,859	5,402,238,297	4.2544
2013	2012	10,437,604,712	2,386,565,278	1,073,991	5,408,327,315	37,576,500	1,112,522,902	993,996,869	109,161,684	5,163,658,711	4.4946
2014	2013	10,480,490,440	2,587,608,797	2,138,554	5,609,545,384	39,389,400	1,095,790,104	916,778,157	234,075,511	5,174,659,235	4.5780
2015	2014	10,508,455,900	2,979,114,148	2,210,823	5,603,063,413	39,298,000	1,129,921,784	895,414,243	178,766,271	5,643,317,160	4.5079
2016	2015	10,815,607,700	2,912,715,109	2,251,700	5,651,530,893	40,988,400	1,094,785,940	992,344,032	181,396,571	5,769,528,673	4.5079
2017	2016	11,183,742,495	3,179,982,350	2,303,808	5,923,396,413	42,466,700	1,065,499,494	1,041,502,131	267,520,476	6,025,643,439	4.5079
2018	2017	11,231,867,455	3,208,636,215	2,347,682	5,961,428,856	43,012,432	1,096,499,331	1,016,923,482	215,439,707	6,109,547,544	4.5079

[1] Includes non-homestead residential and certain nonresidential property differentials between just value and capped value.

Source: Finance Department, City of Gainesville, Florida and Alachua County Property Appraiser Final Ad Valorem Assessment Rolls.

HISTORY OF LOCAL AD VALOREM TAX RATES AND TAX LEVIES

Tax Roll Year[1]	City Fiscal Year[2]	Net Taxable Value for Local Levies[3]	Local Property Tax Rates (Mills) General Government[4]	Local Property Tax Levies ($) General Government	Total Taxes Levied
2008	2008-09	5,666,337,079	4.2544	24,106,864	24,106,864
2009	2009-10	5,886,019,548	4.3963	25,876,708	25,876,708
2010	2010-11	5,608,220,528	4.2544	23,859,613	23,859,613
2011	2011-12	5,402,238,297	4.2544	22,983,283	22,983,283
2012	2012-13	5,163,658,711	4.4946	23,208,580	23,208,580
2013	2013-14	5,174,659,235	4.5780	23,689,590	23,689,590
2014	2014-15	5,643,317,160	4.5079	25,439,509	25,439,509
2015	2015-16	5,769,528,673	4.5079	26,008,458	26,008,458
2016	2016-17	6,025,643,439	4.5079	26,153,549	26,153,549
2017	2017-18	6,109,547,544	4.7474	**[26,996,390**	**26,996,390]**

(1) Tax roll year as of January 1.

(2) Fiscal year beginning October 1 and ending the next September 30.

(3) Sum of real and personal property value.

(4) (a) Tax rates are set by the City Commission effective October 1.

(b) Chapter 200.181, Florida Statutes, allows unrestricted ad valorem tax rate levies for debt service for general obligation bonds approved by citizen referendum and imposes a 10 mill limitation on ad valorem tax rates levied for general government operations.

Source: Finance Department, City of Gainesville, Florida and Alachua County Property Appraiser Final Ad Valorem Assessment Rolls.

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	24,020,009	23,191,605	96.6	63,122	23,254,727	96.8
2010	25,782,262	24,912,341	96.6	82,380	24,994,721	96.9
2011	23,802,971	23,007,885	96.7	30,552	23,038,437	96.8
2012	22,865,258	22,085,295	96.6	60,850	22,146,145	96.9
2013	23,068,205	22,259,404	96.1	93,905	22,353,309	96.9
2014	23,449,920	22,573,803	95.8	133,066	22,706,869	96.8
2015	25,292,699	24,342,225	95.8	69,006	24,411,231	96.5
2016	25,854,421	24,924,172	95.9	44,837	24,969,009	96.6
2017	26,996,390	26,030,596	96.4	20,629	26,051,225	96.5
2018	30,885,614	29,766,402	96.4	N/A	29,766,402	96.4

Source: Finance Department, City of Gainesville, Florida.

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(rate per $1,000 assessed value)

			Overlapping Rates				
Fiscal Year	Tax Year	City of Gainesville Direct Rate	Alachua County	Alachua County School District	St. Johns Water Management District	Alachua County Library District	Total Direct & Overlapping Rates
2009	2008	4.2544	7.8208	8.3590	0.4158	1.3406	22.1906
2010	2009	4.3963	8.2995	9.4080	0.4158	1.3771	23.8967
2011	2010	4.2544	8.6263	9.1070	0.4158	1.4736	23.8771
2012	2011	4.2544	8.5956	9.0920	0.3313	1.4790	23.7523
2013	2012	4.4946	8.5956	8.5490	0.3313	1.4768	23.4473
2014	2013	4.5780	8.7990	8.4020	0.3283	1.4588	23.5661
2015	2014	4.5079	8.7990	8.4100	0.3164	1.4588	23.4921
2016	2015	4.5079	8.7950	8.3420	0.3023	1.4538	23.3830
2017	2016	4.7474	8.4648	7.6250	0.2724	1.2655	22.3751
2018	2017	4.7474	8.2829	7.2640	0.2562	1.2303	21.7808

Source: Finance Department, City of Gainesville, Florida.

The following table sets forth certain information regarding direct and overlapping debt for the City, as of September 30, 2017.

OVERLAPPING GENERAL OBLIGATION DEBT[1]

Taxing Authority	Taxable Property Value[2]	General Obligation Bonded Debt[3]	Percent of Debt Applicable to City[4]	City's Share of General Obligation Debt[5]
City of Gainesville	$6,109,547,544	$0	100.00%	$0
Alachua County	0	0	n/a	0
Alachua County School Board	0	0	0	0
Alachua County Library District	0	0	0	0
				$0

(1) The above information on bonded debt does not include self supporting and non-self supporting revenue bonds, certificates, and notes (reserves and/or sinking fund balances have not been deducted).

(2) Homestead property of certain qualified residents is eligible for up to $50,000 value exemption.

(3) Reserves and sinking fund balances have not been deducted.

(4) Percentages were recalculated by the Finance Department, City of Gainesville, Florida.

(5) Chapter 200.181, Florida Statutes, allows unrestricted ad valorem tax rate levies for debt service for general obligation bonds approved by voter referendum.

Source: Finance Department, City of Gainesville, Florida.

OVERLAPPING SELF SUPPORTING AND NON-SELF SUPPORTING DEBT
As of September 30, 2018

Taxing Authority	Self Supporting	Non-Self Supporting	Totals
Alachua County[1]		$24,342,956	$24,342,956
Alachua County Schools		21,563,066	21,563,066
Alachua County Library District[1]		0	0
City of Gainesville:			
[Utilities	**930,440,000**	**0**	**930,440,000]**
Other than Utilities	6,434,400	125,524,025	131,958,425

Source: Finance Department, City of Gainesville, Florida.

DEBT SUMMARY[1]
AS OF SEPTEMBER 30, 2018

	Gross	Net
[General Obligation Debt	**$0**	**$0**
Debt Payable from Non-Ad Valorem Revenues[2]	**125,524,025**	**125,524,025**
General Obligation Overlapping Debt[3]	**0**	**0**
Total	**$125,524,025**	**$125,524,025**
Maximum Annual Debt Service on Debt Payable from Non-Ad Valorem Revenues after 10/01/2016		**$15,005,625]**

(1) This includes only City of Gainesville general government debt. The City of Gainesville d/b/a Gainesville Regional Utilities and other self-liquidating debt are not included.

(2) Includes all debt to which a pledge and/or lien on a specific non-ad valorem revenue source has been provided by the City, and all loans made by the First Florida Governmental Financing Commission to the City.

(3) Includes general obligation debt of Alachua County School District.

Source: Finance Department, City of Gainesville, Florida.

PRINCIPAL TAXPAYERS

Tax Roll Year 2018

Owner/Taxpayer	Total Assessed	Percentage of Total Taxable Assessed
Gainesville Renewable Energy Center Inc.	$301,247,900	4.93%
Argos Cement LLC	151,760,610	2.48
Oaks Mall Gainesville LTD	137,760,630	2.25
Wal-Mart Stores East LP	98,911,970	1.62
HCA Health Services of Florida, Inc.	82,134,250	1.34
Duke Energy Florida Inc	77,893,413	1.27
AT&T Mobility LLC	67,961,543	1.11
Stanley Robert E	66,068,500	1.08
North Florida Regional Medical Center Inc.	59,142,690	0.97
Oak Hammock at the University of Florida, Inc.	55,555,790	0.92
TOTAL PRINCIPAL TAXPAYERS	$1,106,670,112	17.07%

Source: Finance Department, City of Gainesville, Florida.

LIABILITIES OF THE CITY

Insurance Considerations Affecting the City

General

The City is exposed to various risks of loss related to theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City accounts for its uninsured risk of loss depending on the source of the estimated loss. For estimated losses attributable to activities of the System, the estimates are accounted for in the System enterprise funds. For estimated losses attributable to all operations of general government, the City maintains a General Insurance Fund (an internal service fund) to account for some of its uninsured risk of loss.

Workers' Compensation, Auto, and General Liability Insurance

Section 768.28, Florida Statutes, provides limits on the liability of the State and its subdivisions of $200,000 to any one person, or $300,000 for any single incident or occurrence. See "LIABILITIES OF THE CITY – Ability to be Sued, Judgments Enforceable" below. Under the protection of this limit and Chapter 440, Florida Statutes, covering Workmen's Compensation, the City currently is self-insured for workers' compensation, auto, and general liability. Third-party coverage is currently maintained for workers' compensation claims in excess of $350,000. Settlements have not exceeded insurance coverage for each of the last three years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs), and are shown at current dollar value.

All funds other than the System enterprise fund (the "Utility Fund") participate in the general insurance program. Risk management/insurance related activities of the Utility Fund are accounted for within the Utility Fund. The Utility Fund purchases plant and machinery insurance from a commercial carrier. In addition, an actuarially computed liability of $3,337,000 is recorded in the Utility Fund as a fully amortized deferred credit. The present value calculation assumes a rate of return of 4.5% with a confidence level of 75%. All claims for fiscal year 2018 were paid from current year's revenues.

Changes in the Utility Fund's claims liability for fiscal years 2018 and 2017 were as follows:

Fiscal Year	Beginning of Fiscal Year Liability	Incurred	Payments	End of Fiscal Year Liability
2017-2018	$3,337,000	$1,729,4060	$1,729,406	$3,337,000
2016-2017	$3,337,000	$2,253,000	$2,253,000	$3,337,000

There is a claims liability of $6,854,000 included in the General Insurance Fund as the result of actuarial estimates. Changes in the General Insurance Fund's claims liability for fiscal years 2017 and 2018 were as follows:

Fiscal Year	Beginning of Fiscal Year Liability	Incurred	Payments	End of Fiscal Year Liability
2017-2018	$6,854,000	$3,861,445	$3,861,445	$6,854,000
2016-2017	$6,854,000	$2,466,244	$2,466,244	$6,854,000

Health Insurance

The City is also self-insured for its Employee Health and Accident Benefit Plan (the "Plan"). The Plan is accounted for in an internal service fund and is externally administered, for an annually contracted amount which is based upon the volume of claims processed. Contributions for City employees and their dependents are shared by the City and the employee. Administrative fees are paid primarily out of this fund. Stop-loss insurance is maintained for this program at $300,000 per individual. No claims have exceeded insurance coverage in the last three years. Changes in claims liability for fiscal years 2017 and 2018 were as follows:

Fiscal Year	Beginning of Fiscal Year Liability	Incurred	Payments	End of Fiscal Year Liability
2017-2018	$1,310,671	$23,412,606	$23,412,606	$1,310,671
2016-2017	$1,310,671	$21,883,325	$21,883,325	$1,310,671

Other Post-Employment Benefit & Retiree Health Care Plan

Plan Description.

By ordinance enacted by the City Commission, the City has established the Retiree Health Care Plan (RHCP), providing for the payment of a portion of the health care insurance premiums for eligible retired employees. The RHCP is a single-employer defined benefit healthcare plan administered by the City which provides medical insurance benefits to eligible retirees and their beneficiaries.

The City of Gainesville issues a publicly available financial report that includes financial statements and required supplementary information for the RHCP. That report may be obtained by

writing to City of Gainesville, Finance Department, P.O. Box 490, Gainesville, Florida 32627 or by calling (352) 334-5054.

The RHCP has 746 retirees receiving benefits, 1,052 retirees not currently electing medical coverage and has a total of 1,867 active participants and 133 DROP participants for a total of 3,798. Ordinance 991457 of the City assigned the authority to establish and amend benefit provisions to the City Commission.

Annual OPEB Cost and Net OPEB Obligation

[For the fiscal year ended September 30, 2017, the City's annual Other Post-Employment Benefit ("OPEB") cost for the RHCP was $2,481,058. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended September 30, 2017 were as follows:

Annual required contribution	**$1,820,901**
Interest on net OPEB obligation	**(1,531,517)**
Adjustment to annual required contribution	**2,191,674**
Annual OPEB cost	**$2,481,058**
Contributions made	**1,622,729**
Change in net OPEB obligation (asset)	**$858,329**
Net OPEB obligation (asset), beginning of year	**(18,907,614)**
Net OPEB obligation (asset), end of year	**$(18,049,285)**

Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net Ending OPEB Obligation (Asset)
09/30/15	$3,585,790	$2,972,451	82.90%	$(17,669,214)
09/30/16	1,677,380	2,915,780	173.83	(18,907,614)
09/30/17	2,481,058	1,622,729	65.40	(18,049,284)]

Fiscal year ended September 30, 2005 was the year of implementation of GASB 43 and 45 and the City elected to implement prospectively. The City's contributions include $1,006,642, $2,375,230 and $2,441,107 in payments made by the City for the implicit rate subsidy included in the blended rate premiums for active employees which fund the implicit rate subsidy discount provided to the retirees for fiscal years ended September 30, 2017, 2016 and 2015, respectively.

Funding Policy

In 1995, the City instituted a cost sharing agreement with retired employees for individual coverage only, based on a formula taking into account age at the time the benefit is first accessed and service at time of retirement. The contribution requirements of plan members and the City are established and may be amended by the City Commission. These contributions are neither mandated nor guaranteed. The City has retained the right to unilaterally modify its payment for retiree health care benefits. Administrative costs are financed through investment earnings.

RHCP members receiving benefits contribute a percentage of the monthly insurance premium. Based on this plan, the RHCP pays up to 50% of the individual premium for each insured according to the age/service formula factor of the retiree. Spouses and other dependents are eligible for coverage, but the employee is responsible for the entire cost, there is no direct RHCP subsidy. The employee

contributes the premium cost each month, less the RHCP subsidy calculated as a percentage of the individual premium.

The State prohibits the City from separately rating retirees and active employees. The City therefore charges both groups an equal, blended rate premium. Although both groups are charged the same blended rate premium, GAAP require the actuarial figures presented above to be calculated using age adjusted premiums approximating claim costs for retirees separate from active employees. The use of age adjusted premiums results in the addition of an implicit rate subsidy into the actuarial accrued liability. However, the City has elected to contribute to the RHCP at a rate that is based on an actuarial valuation prepared using the blended rate premium that is actually charged to the RHCP.

In July 2005, the City issued $35,210,000 Taxable OPEB bonds to retire the unfunded actuarial accrued liability then existing in the RHCP Trust Fund which were fully paid in fiscal year 2015. This allowed the City to reduce its contribution rate. The City's actual regular contribution was less than the annual required contribution calculated using the age-adjusted premiums instead of the blended rate premiums. The difference between the annual required calculation and the City's actual regular contribution was due to two factors. The first is the amortization of the negative net OPEB obligation created in the fiscal year ended September 30, 2005 by the issuance of the OPEB bonds. The other factor is that the City has elected to contribute based on the blended rate premium instead of the age-adjusted premium, described above as the implicit rate subsidy.

In September 2008, the City approved Ordinance No. 0-08-52, terminating the existing program and trust and creating a new program and trust, effective January 1, 2009. This action changed the benefits provided to retirees, such that the City will contribute towards the premium of those who retire after August 31, 2008 under a formula that provides ten dollars per year of credited service, adjusted for age at first access of the benefit. Current retirees receive a similar benefit, however the age adjustment is modified to be set at the date the retiree first accesses the benefit or January 1, 2009, whichever is later. For current retirees that are 65 or older as of January 1, 2009, the City's contribution towards the premium will be the greater of the amount calculated under this method or the amount provided under the existing ordinance. The City's contribution towards the premium will be adjusted annually at the rate of 50% of the annual percentage change in the individual premium compared to the prior year.

Actuarial Methods and Assumptions

Calculations of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the October 1, 2015 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions used included an 8.2% investment rate of return, compounded annually, net of investment expenses. The annual healthcare cost trend rate of 4.5% is the ultimate rate, which decreased from 6% from the prior year. The select rate was 12% but was decreased to the ultimate rate in 2002. Both the rate of return and the healthcare cost trend rate include an assumed inflation rate of 3.75%.

The actuarial valuation of RHCP assets was set at fair market value of investments as of the measurement date. The RHCP's initial unfunded actuarial accrued liability ("UAAL") as of 1994 is being

amortized as a level percentage of projected payroll over a closed period of twenty years from 1994 and changes in the UAAL from 1994 through 2003 are amortized over the remaining portion of the twenty-year period. Future changes in the UAAL will be amortized on an open period of ten years from inception.

Funded Status

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (UAAL) (b) – (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll (b-a)/c
[9/30/17	**$63,500,353**	**$67,590,558**	**$4,090,205**	**93.95%**	**$122,798,859**	**3.33%]**

Ability to be Sued, Judgments Enforceable

Notwithstanding the liability limits described below, the laws of the State provide that each city has waived sovereign immunity for liability in tort to the extent provided in Section 768.28, Florida Statutes. Therefore, the City is liable for tort claims in the same manner and, subject to limits stated below, to the same extent as a private individual under like circumstances, except that the City is not liable for punitive damages or interest for the period prior to judgment. Such legislation also limits the liability of a city to pay a judgment in excess of $200,000 to any one person or in excess of $300,000 because of any single incident or occurrence. Judgments in excess of $200,000 and $300,000 may be rendered, but may be paid from City funds only pursuant to further action of the Florida Legislature in the form of a "claims bill." See "LIABILITIES OF THE CITY –Insurance Considerations Affecting the City" herein. Notwithstanding the foregoing, the City may agree, within the limits of insurance coverage provided, to settle a claim made or a judgment rendered against it without further action by the Florida Legislature, but the City shall not be deemed to have waived any defense or sovereign immunity or to have increased the limits of its liability as a result of its obtaining insurance coverage for tortuous acts in excess of the $200,000 or $300,000 waiver provided by Florida Statutes.

Debt Issuance and Management

The City utilizes a financing team when assessing the utilization of debt as a funding source for City capital projects. This team consists of the Assistant Finance Director, Finance Director, and the following external professionals: bond counsel, disclosure counsel, financial advisor, and underwriters. The City has multi-year contractual arrangements with bond counsel, disclosure counsel, and financial advisor.

Direct Debt

The City has met certain of its financial needs through debt financing. The table which follows is a schedule of the outstanding debt of the City General Government as of October 1, 2016. This table is exclusive of the City's discretely reported component unit debt and all enterprise fund debt, including the debt of the System.

	Principal Amount Issued	[Principal Amount Outstanding as of October 1, 2017
Revenue Bonds:[1]		
Guaranteed Entitlement Revenue and Refunding Bonds, Series 1994	$15,892,220	**$1,502,220**
Taxable Pension Obligation Bonds, Series 2003A (Employees' Plan)	40,042,953	**31,479,045**
Taxable Pension Obligation Bonds, Series 2003B (Consolidated Plan)	49,851,806	**41,385,000**
Guaranteed Entitlement Revenue and Refunding Bonds, Series 2004	9,805,000	**0**
Capital Improvement Revenue Bonds, Series 2010	3,036,907	**2,185,177**
Capital Improvement Revenue Bonds, Series 2014	12,535,000	**11,221,635**
Total Revenue Bonds[2]	$131,063,886	**$87,773,077**
Loans:[3]		
Capital Improvement Revenue Note, Series 2009	11,500,000	**1,220,000**
Refunding Revenue Note, Series 2011	6,230,000	**3,220,000**
Capital Improvement Revenue Note, Series 2011A	3,730,000	**1,625,000**
Refunding Revenue Note, Series 2014	14,715,000	**11,810,000**
Revenue Refunding Note, Series 2016A	11,007,000	**11,920,000**
Capital Improvement Revenue Note, Series 2016B	6,630,000	**6,630,000**
Capital Improvement Revenue Note Series 2017	10,365,000	
Total Loans	$64,177,000	**$36,425,000**
Total Debt	$195,240,886	**$124,198,077]**

(1) The City's outstanding Guaranteed Entitlement Revenue and Refunding Bonds, Series 1994 and Series 2004 are secured by a first lien upon and pledge of the guaranteed entitlement portion of the State Revenue Sharing funds. All other bonds listed below are secured by a covenant to budget and appropriate funds sufficient to pay the debt service on the loan from legally available non-ad valorem revenues of the City.

(2) Does not include the CP Notes or SunTrust Loan.

(3) All loans listed below are secured by a covenant to budget and appropriate funds sufficient to pay the debt service on the loan from legally available non-ad valorem revenues of the City.

Defined Benefit Pension Plans

The City sponsors and administers two single-employer retirement plans, which are accounted for in separate Pension Trust Funds.

- The Employees' Pension Plan (Employees' Plan)
- The Consolidated Police Officers' and Firefighters' Retirement Plan (Consolidated Plan)

Employees' Plan

The Employees' Plan is a contributory defined benefit single-employer pension plan that covers all permanent employees of the City, including GRU, except certain personnel who elected to participate in the Defined Contribution Plan and who were grandfathered into that plan, and police officers and firefighters who participate in the Consolidated Plan. Benefits and refunds of the defined benefit pension plan are recognized when due and payable in accordance with the terms of the plan. The costs of administering the plan, like other plan costs, are captured within the plan itself and financed through contribution and investment income, as appropriate.

The City of Gainesville issues a publicly available financial report that includes financial statements and required supplementary information for the Employees' Plan. That report may be obtained by writing to City of Gainesville, Budget & Finance Department, P.O. Box 490, Gainesville, Florida 32627 or by calling (352) 334-5054.

Benefits Provided. The Employees' Plan provides retirement, disability and death benefits. Prior to April 2015, disability benefits were provided through a separate plan which was subsequently terminated. Existing and future pension assets and pension liabilities were transferred to the Employees' Plan at that time.

Retirement benefits for employees are calculated as a fixed percent (often referred to as "the multiplier") of the employee's final average earnings (FAE) times the employee's years of service. The fixed percentage and final average earnings vary depending on the date of hire as follows:

Date of Hire	Fixed percent of FAE (multiplier)	Final Average Earnings
On or before 10/01/2007	2.0%	Highest 36 consecutive months
10/02/2007 – 10/01/2012	2.0%	Highest 48 consecutive months
On or after 10/02/2012	1.8%	Highest 60 consecutive months

For service earned prior to 10/01/2012, the lesser number of unused sick leave or personal critical leave bank credits earned on or before 09/30/2012 or the unused sick leave or personal critical leave bank credits available at the time of retirement may be credited towards the employee's years of service for that calculation. For service earned on or after 10/01/2012, no additional months of service will be credited for unused sick leave or personal critical leave bank credits.

Retirement eligibility is also tiered based on date of hire as follows:

Employees are eligible for normal retirement:

- If the date of hire occurred on or before 10/02/2007, after accruing 20 years of pension service credit, regardless of age or after accruing 10 years of pension service credit and reaching age 65 while still employed.
- If the date of hire was between 10/02/2007 and 10/01/2012, after accruing 25 years of pension service credit, regardless of age or after accruing 10 years of pension service credit and reaching age 65 while still employed.
- If the date of hire was on or after 10/02/2012, after accruing 30 years of pension service credit, regardless of age or after accruing 10 years of pension service credit and reaching age 65 while still employed.

Employees are eligible for early retirement:

- If the date of hire occurred on or before 10/01/2012, after accruing 15 years of pension service credit and reaching age 55 while still employed.
- If the date of hire was on or after 10/02/2012, after accruing 20 years of pension service credit and reaching age 60 while still employed.
- Under the early retirement option, the benefit is reduced by 5/12th of one percent for each month (5% for each year) by which the retirement date is less than the date the employee would reach age 65.

Employees receive a deferred vested benefit if they are terminated after accruing five years of pension service credit but prior to eligibility for regular retirement. Those employees will be eligible to receive a benefit starting at age 65.

A 2% cost of living adjustment (COLA) is applied to retirements benefits each October 1st if the retiree has reached eligibility for COLA prior to that date. Eligibility for COLA is determined as follows:

- If the retiree had at least 20 years of credited service prior to 10/01/2012 and had at least 20 years but less than 25 years of credited service upon retirement, COLA begins after reaching age 62.
- If the retiree had at least 20 years of credited service prior to 10/01/2012 and had at least 25 years of credited service upon retirement, COLA begins after reaching age 60.
- If the retiree was hired on or before 10/01/2012 and had less than 20 years of credited service on or before 10/01/2012 and 25 years or more of credited service upon retirement, COLA begins after reaching age 65.
- If the retiree was hired after 10/01/2012 and had 30 years or more of credited service upon retirement, COLA begins after age 65.

Employees hired on or before 10/01/2012 are eligible to participate in the deferred retirement option plan ("DROP") when they have completed 27 years of credited service and are still employed by the City. Such employees retire from the Employees' Plan but continue to work for the City. The retirement benefit is calculated as if the employee had terminated employment and is paid to a DROP account held within the pension plan until the employee actually leaves the employment of the City. While in DROP, these payments earn a guaranteed rate of annual interest, compounded monthly. For employees who entered DROP on or before 10/01/2012, DROP balances earn 6% annual interest. For employees who entered DROP on or after 10/02/2012, DROP balances earn 2.25% annual interest. Employees may continue in the DROP for a maximum of 5 years or until reaching 35 years of service, whichever occurs earlier. Upon actual separation from employment, the monthly retirement benefits begin being paid directly to the retiree and the retiree must take their DROP balance plus interest as a lump-sum cash disbursement, roll into a retirement account or choose a combination of the two options.

Death benefits are paid as follows:

- If an active member retires after reaching normal retirement eligibility and had selected a tentative benefit option, benefit payments will be made to the beneficiary in accordance with the option selected.
- If an active member who is married dies after reaching normal retirement eligibility and did not previously select a tentative benefit option, the plan assumes the employee retired the day prior to death and elected the Joint & Survivor option naming their spouse as their beneficiary.
- If an active member who is not married dies after reaching normal retirement eligibility and did not previously select a tentative benefit option, or if an active member dies prior to reaching normal retirement eligibility, or if a non-active member with a deferred vested benefit dies before age 65, the death benefit is a refund of the member's contributions without interest to the beneficiary on record.
- Continuation of retirement benefits after the death of a retiree receiving benefits is contingent on the payment option selected upon retirement. If the retiree has chosen a life annuity and dies prior to receiving benefits greater than the retiree's contributions to the plan, a lump sum equal to the difference is paid to the beneficiary on record.

Disability benefits are paid to eligible regular employees of the City who become totally and permanently unable to perform substantial work for pay within a 50-mile radius of the home or city hall, whichever is greater, and who is wholly and continuously unable to perform any and every essential duty of employment, with or without a reasonable accommodation, or of a position to which the employee may be assigned. The basic disability benefit is equal to the greater of the employee's years of service credit times 2% with a minimum 42% for in line of duty disability and a minimum 25% for other than in line of duty disability, times the employee's final average earnings as would be otherwise calculated under the plan. The benefit is reduced by any disability benefit percent up to a maximum of 50% multiplied by the monthly Social Security primary insurance amount to which the employee would be initially entitled to as a disabled worker, regardless of application status. The disability benefit is limited to the lesser of $3,750 per month or an amount equal to the maximum benefit percent, less reductions above and the initially determined wage replacement benefit made under workers' compensation laws.

Employees covered by benefit terms. At September 30, 2018, the following employees were covered by the benefit terms:

Active employees	1,514
Inactive employees:	
Retirees and beneficiaries currently receiving benefits	1,316
Terminated Members and survivors of deceased members entitled to benefits but not yet receiving benefits	441
Total	3,271

Contribution Requirements. The contribution requirements of plan members and the City are established and may be amended by City Ordinance approved by the City Commission. The City is required to contribute at an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by

employees during the year, with an additional amount to finance any unfunded accrued liability. The City contributes the difference between the actuarially determined rate and the contribution rate of employees. Plan members are required to contribute 5% of their annual covered salary. The rate for fiscal year 2018 was 18.41% of covered payroll. This rate was influenced by the issuance of the Taxable Pension Obligation Bonds, Series 2003A. The proceeds from this issue were utilized to retire the unfunded actuarial accrued liability at that time in the Employees' Plan. Differences between the required contribution and actual contribution are due to actual payroll experiences varying from the estimated total payroll used in the generation of the actuarially required contribution rate. Administrative costs are financed through investment earnings.

Net Pension Liability. The net pension liability related to the Employee's Plan was measured as of September 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2017.

The components of the net pension liability at September 30, 2018 were as follows:

Components of Net Pension Liability

Total pension liability	$556,402,274
Plan fiduciary net position	(432,508,135)
City's net pension liability	$123,894,139
Plan fiduciary net position as a percentage of the total pension liability	77.73%

Significant Actuarial Assumptions. The total pension liability as of September 30, 2017 was determined based on a roll-forward of entry age normal liabilities from the October 1, 2016 actuarial valuation to the pension plan's fiscal year end of September 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial Assumptions

Inflation	3.75%
Salary Increases	3.00% to 5.00% Service Based
Investment Rate of Return	8.00%, net of pension investment expenses

Mortality Rate:

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table projected generationally with Mortality Improvement Scale BB..

Long-term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

Development of Long Term Discount Rate for General Employees' Pension Plan

	[Inflation	Real Risk Free Return	Risk Premium	Total Expected Return	Policy Allocation	Policy Return
Domestic Equity	3.00%	2.00%	4.50%	9.50%	47.00%	7.50%
International Equity	3.00	2.00	5.50	10.50	28.00	8.50
Domestic Bonds	3.00	2.00	0.50	5.50	0.00	0.00
International Bonds	3.00	2.00	1.50	6.50	0.00	0.00
Broad Market Fixed Income					8.00	2.50
Real Estate	3.00	2.00	2.50	7.50	12.00	4.50
Alternatives	3.00	2.00	3.50	7.50	5.00	7.00
US Treasuries	3.00	0.00	0.00	3.00	0.00	0.00
Cash	3.00	(2.00)	0.00	1.00]	0.00	0.00
Total					100.00	30.00

Discount Rate:

The discount rates used to measure the total pension liability were 8.00% as of September 30, 2018. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rates less the member contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 10/01/2017	$537,712,710	$357,298,271	$142,049,149
Changes for the year:			
Service cost	8,196,544	-	8,355,553
Interest	42,877,827	-	39,789,214
Differences between expected and actual experience	(5,088,593)	-	7,646,058
Changes to assumptions	5,721,214	-	-
Contributions – Buy Back	89,300	-	21,043,627
Benefit payments, including refunds and DROP payouts	(33,106,728)	14,654,934	(14,654,934)
Contributions – Employer	-	4,829,122	(4,829,122)
Contributions – employee	-	58,605,302	(58,605,302)
Net investment income	-	(38,469,162)	-
Administrative expense	-	(604,905)	604,905
Net changes	18,689,564	39,015,291	(650,001)
Balances at 09/30/2018	$556,402,274	$396,313,562	$141,399,148

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following presents the net pension liability, calculated using the discount rate of 8.0%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (7.0%) or 1 percentage-point higher (9.0%) than the current rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Net pension liability	$186,848,559	$123,894,139	$71,089,691

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Employees' Plan financial report.

Pension expense and deferred outflows of resources and deferred inflows of resources. For the year ended September 30, 2018, the City recognized pension expense for the Employees' Plan of $20,343,413. At September 30, 2018, the City reported deferred outflows of resources related to the Employees' Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$5,598,683	$4,028,469
Changes to assumptions	24,099,243	-
Changes between projected and actual investment	-	30,795,642
Total	$29,697,926	$34,824,111

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Employees' Plan will be recognized in pension expense as follows:

Fiscal Year	Net Deferred Outflows/(Inflows) of Resources
2019	4,462,439
2020	(2,015,017)
2021	(4,149,860)
2022	(3,423,747)
2023	
Thereafter	-

Consolidated Plan

The Consolidated Plan is a contributory defined benefit single-employer pension plan that covers City sworn police officers and firefighters. The Plan is established under City of Gainesville Code of Ordinances, Article 7, Chapter 2, Division 8. It complies with the provisions of Chapter 112, Part VII, Florida Statutes; Chapter 22D-1 of the Florida Administrative Code; Chapters 175 and 185, Florida Statutes; and Article X, Section 14 of the Florida Constitution, governing the establishment, operation and administration of plans.

The basis of accounting for the Consolidated Plan is accrual. Benefits and refunds of the defined benefit pension plan are recognized when due and payable in accordance with the terms of the plan. The costs of administering the plan, like other plan costs, are captured within the plan itself and financed through contribution and investment income, as appropriate.

The City of Gainesville issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to City of Gainesville, Finance Department, P.O. Box 490, Gainesville, Florida 32627 or by calling (352) 334-5054.

Benefits Provided for Police Officers. The Consolidated Plan provides retirement, disability and death benefits. Retirement benefits for employees are calculated as a fixed percent (often referred to as "the multiplier") of the employee's final average earnings (FAE) times the employee's years of service. For Police Officers, the final average monthly earnings (FAME) is the average of pensionable earnings during the 36 to 48 month period (depending on date of hire) that produces the highest earnings. For Police Officers, the benefit multiplier is 2.5% for credited service before 10/01/2005, 2.625% for credited service from 10/01/2005 to 07/01/2013 and 2.5% for credited service on and after 07/01/2013.

Retirement eligibility for Police Officers is tiered based on date of hire as follows:

Employees are eligible for normal retirement:

- If the date of hire occurred prior to 07/01/2013, after accruing 20 years of pension service credit, regardless of age or after accruing 10 years of pension service credit and reaching age 55 while still employed, or attaining a combination of credited service and age that equals seventy (Rule of Seventy).
- If the date of hire was on or after 07/01/2013, after accruing 25 years of pension service credit, regardless of age or after accruing 10 years of pension service credit and reaching age 55 while still employed, or attaining a combination of credited service and age that equals seventy.

Employees are eligible for early retirement:

- After accruing 10 years of pension service credit and reaching age 50 while still employed.
- Under the early retirement option, the benefit is reduced 3% for each year by which the retirement date is less than the date the employee would reach age 55.

Employees may choose to receive a refund on contributions to the plan or to receive a deferred vested benefit if they are terminated after accruing 10 years of pension service credit but prior to eligibility for regular retirement. Those employees will be eligible to receive a benefit starting at age 55 with no reduction or at age 50 with the early retirement penalty above.

A 1-2% cost of living adjustment (COLA) is applied to retirement benefits each October 1st if the retiree has reached eligibility for COLA prior to that date. Eligibility for COLA is determined as follows:

- If the retiree was eligible for retirement on or before 07/01/2013 and had at least 25 years of credited service upon retirement, 2% COLA begins after reaching age 55.
- If the retiree was eligible for retirement on or before 07/01/2013 had 20 years of credited service upon retirement, 2% COLA begins after reaching age 62.
- If the retiree was eligible for retirement after 07/01/2013 and had 25 years of credited service upon retirement 1% COLA begins after reaching age 55 and the COLA increases to 2% after reaching age 62.
- If the retiree retired under the Rule of Seventy with less than 20 years of credited service upon retirement, COLA begins after age 62. Effective July 1, 2013, Police Officers retiring under the Rule of Seventy are ineligible for COLA.

Benefits Provided for Firefighters. The Consolidated Plan provides retirement, disability and death benefits. Retirement benefits for employees are calculated as a fixed percent (often referred to as "the multiplier") of the employee's final average earnings (FAE) times the employee's years of service. For Firefighters, the final average monthly earnings (FAME) is the average of pensionable earnings during the 36 month period that produces the highest earnings. For Firefighters, the benefit multiplier is 2.5% for credited service before 10/01/2005, 2.625% for credited service from 10/01/2005 to 12/31/2013 and 2.5% for credited service on and after 01/01/2014.

For service earned prior to 01/01/2014, the lesser number of unused sick leave credits earned on or before 12/31/2013 or the unused sick leave bank credits available at the time of retirement may be

credited towards the employee's years of service for that calculation. For service earned on or after 01/01/2014, no additional months of service will be credited for unused sick leave credits.

Retirement eligibility for Firefighters is as follows:

Employees are eligible for normal retirement:

- If the date of hire occurred prior to 01/01/2014, after accruing 20 years of pension service credit, regardless of age or after accruing 10 years of pension service credit and reaching age 55 while still employed, or attaining a combination of credited service and age that equals seventy (Rule of Seventy).
- If the date of hire was on or after 01/01/2014, after accruing 25 years of pension service credit, regardless of age or after accruing 10 years of pension service credit and reaching age 55 while still employed, or attaining a combination of credited service and age that equals seventy.

Employees are eligible for early retirement:

- After accruing 10 years of pension service credit and reaching age 50 while still employed.
- Under the early retirement option, the benefit is reduced 3% for each year by which the retirement date is less than the date the employee would reach age 55.

Employees may choose to receive a refund on contributions to the plan or to receive a deferred vested benefit if they are terminated after accruing 10 years of pension service credit but prior to eligibility for regular retirement. Those employees will be eligible to receive a benefit starting at age 55 with no reduction or at age 50 with the early retirement penalty above.

A 2% cost of living adjustment (COLA) is applied to retirement benefits each October 1st if the retiree has reached eligibility for COLA prior to that date. Eligibility for COLA is determined as follows:

- If the retiree had at least 25 years of credited service upon retirement, COLA begins after reaching age 55.
- If the retiree had 20 years of credited service upon retirement, COLA begins after reaching age 62.
- If the retiree retired under the Rule of Seventy with less than 20 years of credited service upon retirement, COLA begins after age 62.

Benefits Provided to Both Police Officers and Firefighters. Employees are eligible to participate in the deferred retirement option plan (DROP) when they have completed 25 years of credited service and are still employed by the City (or meet the Rule of Seventy). Such employees retire from the Consolidated Plan but continue to work for the City. The retirement benefit is calculated as if the employee had terminated employment and is paid to a DROP account held within the pension plan until the employee actually leaves the employment of the City. While in DROP, these payments earn a guaranteed rate of annual interest, (5.5% for Firefighters and 4.5% for Police Officers) compounded monthly. Employees may continue in the DROP for a maximum of 5 years or until reaching 35 years of service, whichever occurs earlier. Upon actual separation from employment, the monthly retirement benefits begin being paid directly to the retiree and the retiree must take their DROP balance plus interest as a lump-sum cash

disbursement, roll into a retirement account or choose a combination of the two options. The Consolidated Plan also provides for a reverse DROP option.

Death benefits are paid as follows:

- If an active member retires after reaching normal retirement eligibility and had selected a tentative benefit option, benefit payments will be made to the beneficiary in accordance with the option selected.
- If an active member with less than ten years of service dies before reaching normal retirement eligibility, the death benefit is a refund to the beneficiary of 100% of the member contributions without interest.
- If an active member with at least ten years of service dies before reaching normal retirement eligibility, the beneficiary is entitled to the benefits otherwise payable to the employee at early or normal retirement age, based on the accrued benefit at the time of death.
- Continuation of retirement benefits after the death of a retiree receiving benefits is contingent on the payment option selected upon retirement. If the retiree has chosen a life annuity and dies prior to receiving benefits greater than the retiree's contributions to the plan, a lump sum equal to the difference is paid to the beneficiary on record.

Disability Benefits – The monthly benefit for a service-incurred disability is the greater of the employee's accrued benefit as of the date of disability or 42% of the FAME. The monthly benefit for a non-service-incurred disability is the greater of the accrued benefit as of the date of disability or 25% of the FAME. Payments continue until the death of the member or until the 120th payment, payable to the designated beneficiary if no option is elected. There is no minimum eligibility requirement if the injury or disease is service-incurred. If the injury or disease is not service-incurred, the employee must have at least five years of service to be eligible for disability benefits.

Employees covered by benefit terms. At September 30, 2018, the following employees were covered by the benefit terms:

Active employees	396
Inactive employees:	
Retirees and beneficiaries currently receiving benefits	447
Vested terminated members entitled to future benefits	20
Total	863

Contribution Requirements. The contribution requirements of plan members and the City are established and may be amended by City Ordinance approved by the City Commission in accordance with Part VII, Chapter 112, Florida Statutes.

The City is required to contribute at an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Firefighters contribute 9.0% of gross pay and Police Officers contribute 7.5% of gross pay. The City's contribution rate for fiscal year 2018 was 16.75% of covered payroll for police personnel and 21.45% for fire personnel. This rate was influenced by the

issuance of the Taxable Pension Obligation Bonds, Series 2003B. In addition, State contributions, which totaled $1,366,304, are also made to the plan on behalf of the City under Chapters 175/185, Florida Statutes. These State contributions are recorded as revenue and personnel expenditures in the City's General Fund before they are recorded as contributions in the Consolidated Pension Fund. Differences between the required contribution and actual contribution are due to actual payroll experiences varying from the estimated total payroll used in the generation of the actuarially required contribution rate. Administrative costs are financed through investment earnings.

Net Pension Liability. The net pension liability related to the Consolidated Plan was measured as of September 20, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation on a prior year valuation date.

The components of the net pension liability at September 30, 2018 were as follows:

Components of Net Pension Liability

Total pension liability	$285,979,686
Plan fiduciary net position	(253,221,825)
City's net pension liability	$32,757,861
Plan fiduciary net position as a percentage of the total pension liability	88.55%

Significant Actuarial Assumptions. The total pension liability as of September 30, 2017 was determined based on a roll-forward of entry age normal liabilities from the October 1, 2016 actuarial valuation, using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial Assumptions

Inflation	3.00%
Salary Increases	2.00-6.00% Service Based
Investment Rate of Return	8.00%, net of pension investment expenses

Mortality Rate:

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with Blue Collar adjustment based on Mortality Improvement Scale AA. 50% of deaths among active members are assumed to be service incurred, and 50% are assumed to be non-service incurred. Disabled mortality is based on the RP-2000 Disability Retiree Mortality Table.

Other Assumptions:

The actuarial assumptions used as of September 30, 2017 were based on the assumptions approved by the Board in conjunction with an experience study covering the 5 year period ending on September 30, 2010. Due to plan changes first valued in the October 1, 2012 actuarial valuation, changes to the assumed retirement rates and the valuation methodology for the assumed increase in benefit service for accumulated sick leave and accumulated vacation paid upon termination were made. Payroll

growth assumptions were updated in 2012 and investments were reviewed by the Board in February of 2015 based on an asset liability study reflecting the current investment policy.

Long-Term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined over a 30 year time horizon based on the allocation of assets as shown in the current investment policy using the expected geometric return, expected arithmetic return and the standard deviation arithmetic return. The analysis represented investment rates of return net of investment expenses. The return is expected to be above 8.75% for 60% of market simulations and below 8.75% for 40% of the market simulations.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

Development of Long Term Discount Rate – Arithmetic

	Inflation	Total Expected Return	Policy Allocation	30-Year Policy Return
US Large Cap	3.04%	11.56%	35.00%	4.05%
US Small Cap	3.04	13.70	20.00	2.74
Global Equity ex US	3.04	10.70	20.00	2.14
US Govt Credit	3.04	4.84	12.50	0.61
NCREIF	3.04	9.87	12.50	1.23
Total			100.00%	10.76%

Discount Rate:

The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rates less the member and State contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 10/01/2017	$277,576,074	$241,763,801	$35,812,273
Changes for the year:			
Service cost	3,682,078	-	3,682,078
Interest	21,993,597	-	21,993,597
Differences between expected and actual experience	(2,419,821)	-	(2,419,821)
Changes to assumptions	4,612,282	-	4,612,282
Benefit payments, including refunds and DROP payouts	(19,464,524)	(16,100,144)	-
Contributions - employer	-	4,507,892	(4,507,892)
Contributions - employee	-	1,963,471	(1,963,471)
Contributions – state	-	1,366,304	(1366,304)
Net investment income	-	24,056,126	(24,056,126)
Administrative expense	-	(699,346)	699,346
Net changes	8,403,612	11,729,923	(3,326,311)
Adjustment to beginning of year		(271,899)	271,899
Balances at 09/30/2017	$285,979,686	$253,221,825	$32,757,861

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following presents the net pension liability, calculated using the discount rate of 8.0%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (7.0%) or 1 percentage-point higher (9.0%) than the current rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Net pension liability	$66,361,485	$32,757,861	$4,917,902

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Consolidated Plan financial report.

Pension expense and deferred outflows of resources and deferred inflows of resources. For the year ended September 30, 2017, the City recognized pension expense for the Consolidated Plan of $3,133,105. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the Consolidated Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$1,439,353	$4,593,511
Changes in assumptions	6,851,349	-
Difference between projected and actual investment earnings	-	11,389,514
Total	$8,290,702	$15,983,025

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	
2019	$(395,418)
2020	(4,292,530)
2021	(2,790,582)
2022	(298,119)
2023	84,326
Thereafter	-

APPENDIX B

AUDITED FINANCIAL STATEMENTS

APPENDIX C

COPIES OF THE RESOLUTION AND SIXTEENTH SUPPLEMENTAL BOND RESOLUTION, SEVENTEENTH SUPPLEMENTAL BOND RESOLUTION AND TWENTY-FIFTH SUPPLEMENTAL BOND RESOLUTION

APPENDIX D

DEBT SERVICE REQUIREMENTS

DEBT SERVICE REQUIREMENTS ON OUTSTANDING BONDS (ACCRUAL BASIS)

Period Ending September 30,	Total Debt Service on Bonds Outstanding[1][2][3]
2018	$90,440,443.00
2019	95,349,504.00
2020	103,146,007.00
2021	100,596,387.00
2022	100,432,948.00
2023	100,249,962.00
2024	100,201,586.00
2025	98,936,260.00
2026	98,227,096.00
2027	99,112,299.00
2028	98,852,338.00
2029	97,866,877.00
2030	98,039,152.00
2031	97,926,427.00
2032	97,858,767.00
2033	99,177,509.00
2034	98,990,283.00
2035	98,818,025.00
2036	95,601,606.00
2037	95,090,351.00
2038	94,372,972.00
2039	93,624,017.00
2040	92,827,849.00
2041	58,068,472.50
2042	58,041,570.50
2043	40,711,912.50
2044	40,715,502.50
2045	38,027,337.50
2046	38,028,325.00
2047	38,027,775.00
	$2,557,359,560.50

[Footnotes appear on following pages]

(1) Excludes debt service on the CP Notes.

(2) Debt service on the Outstanding Bonds has been calculated based upon the following assumptions:

(a) Interest on the 2005 Series B Bonds has been calculated at the actual rates of interest borne by such Bonds. The amounts shown in this table do not take into account amounts payable by and to the City pursuant to the 2005 Series B Swap Transaction. For more information, see "THE SYSTEM – Management's Discussion of System Operations -- *Interest Rate Swap Transactions*" in the Reoffering Memorandum to which this APPENDIX D is attached. To the extent that the City makes or receives net payments under the 2005 Series B Swap Transaction during any fiscal year, net debt service on the 2005 Series B Bonds will be greater or less than the respective amount shown in this table for such fiscal year.

(b) Interest on the 2005 Series C Bonds has been calculated at an assumed rate of 3.20% per annum, the fixed rate payable by the City under the 2005 Series C Swap Transaction. For more information, see "THE SYSTEM – Management's Discussion of System Operations -- *Interest Rate Swap Transactions*" in the Reoffering Memorandum to which this APPENDIX D is attached. To the extent that amounts payable to the City under the 2005 Series C Swap Transaction during any fiscal year differ from interest payable on the 2005 Series C Bonds during such fiscal year, net debt service on the 2005 Series C Bonds will be greater or less than the respective amount shown in this table for such fiscal year.

(c) Interest on the 2006 Series A Bonds has been calculated at an assumed rate of 3.224% per annum, the fixed rate payable by the City under the 2006 Series A Swap Transaction. For more information, see "THE SYSTEM – Management's Discussion of System Operations -- *Interest Rate Swap Transactions*" in the Reoffering Memorandum to which this APPENDIX D is attached. To the extent that amounts payable to the City under the 2006 Series A Swap Transaction during any fiscal year differ from interest payable on the 2006 Series A Bonds during such fiscal year, net debt service on the 2006 Series A Bonds will be greater or less than the respective amount shown in this table for such fiscal year.

(d) Interest on the 2007 Series A Bonds has been calculated at an assumed rate of 3.944% per annum, the fixed rate payable by the City under the 2007 Series A Swap Transaction. For more information, see "THE SYSTEM – Management's Discussion of System Operations -- *Interest Rate Swap Transactions*" in the Reoffering Memorandum to which this APPENDIX D is attached. To the extent that amounts payable to the City under the 2007 Series A Swap Transaction during any fiscal year differ from interest payable on the 2007 Series A Bonds during such fiscal year, net debt service on the 2007 Series A Bonds will be greater or less than the respective amount shown in this table for such fiscal year.

(e) Interest on the 2008 Series B Bonds has been calculated at an assumed rate of 4.229% per annum, the fixed rate payable by the City under the 2008 Series B Swap Transactions. For more information, see "THE SYSTEM – Management's Discussion of System Operations -- *Interest Rate Swap Transactions*" in the Reoffering Memorandum to which this APPENDIX D is attached. To the extent that amounts payable to the City under the 2008 Series B Swap Transactions during any fiscal year differ from interest payable on the 2008 Series B Bonds during such fiscal year, net debt service on the 2008 Series B Bonds will be greater or less than the respective amount shown in this table for such fiscal year.

(f) Reflects total interest on the 2009 Series B Bonds and 2010 Series B Bonds, each of which the City has designated as "Build America Bonds" for purposes of the American Recovery

and Reinvestment Act of 2009, and is not net of the cash subsidy payments that the City expects to receive from the United States Treasury with respect to such Bonds. At the time of issuance of the 2009 Series B Bonds and 2010 Series B Bonds the subsidy payments on such Bonds was 35%.

(g) Pursuant to the Sequestration Transparency Act of 2012 (P.L. 112-155), as a consequence of the Joint Select Committee on Deficit Reduction's failure to propose, and Congress' failure to enact, a plan to reduce the federal deficit by $1.2 trillion (as required by the Budget Control Act of 2011 by January 2, 2013), the President of the United States, in his report to Congress of sequestration for fiscal year 2013, included in such sequestration the payments authorized for direct-pay bonds, such as the 2009 Series B Bonds and 2010 Series B Bonds, issued under the Recovery and Reinvestment Act of 2009. As a result of the sequestration payments to issuers of direct-pay bonds, such as the 2009 Series B Bonds and 2010 Series B Bonds, were subject to a reduction of 7.2% of the amount budgeted for such payment through September 30, 2014, a reduction of 7.3% through September 30, 2015, a reduction of 6.8% through September 30, 2016 and a reduction of 6.9% through September 30, 2017. No assurance can be given that legislative proposals may be introduced or enacted by Congress that would or might apply to, or have an adverse effect upon, the City's receipt of the subsidy payments.

(h) Interest on the 2012 Series B Bonds has been calculated at an assumed rate of approximately 3.25% per annum.

(3) Debt service on the 2017 Bonds has been calculated based upon the following assumptions:

(a) Interest on the 2017B Bonds has been calculated at an assumed rate of 2.55% per annum, an assumed fixed rate payable by the City under the 2017 Series B Swap Transaction. To the extent that amounts payable to the City under the 2017 Series B Swap Transaction during any fiscal year differ from interest payable on the 2017B Bonds during such fiscal year, net debt service on the 2017B Bonds will be greater or less than the respective amount shown in this table for such fiscal year.

(b) Interest on the 2017C Bonds has been calculated at an assumed rate of approximately 1.50% for the period November 7, 2017 through October 1, 2018, approximately 2.00% for the period October 1, 2018 through October 1, 2019, approximately 2.50% for the period October 1, 2019 through October 1, 2020 and approximately 2.75% for the period October 1, 2020 through October 1, 2047.

APPENDIX E-1

APPROVING OPINIONS OF ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX E-2

2020 NO ADVERSE EFFECT OPINIONS OF BOND COUNSEL