

RESOLUTION NO. \_\_\_\_\_  
PASSED \_\_\_\_\_, 2005

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF GAINESVILLE, FLORIDA, APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A CONFIRMATION WITH CITIBANK, N.A., NEW YORK PERTAINING TO AN INTEREST RATE SWAP TRANSACTION RELATING TO THE CITY'S TAXABLE PENSION OBLIGATION REVENUE BONDS, SERIES 2003A (EMPLOYEES' PLAN) AND TAXABLE PENSION OBLIGATION REVENUE BONDS, SERIES 2003B (CONSOLIDATED PLAN); DELEGATING TO THE INTERIM CITY MANAGER, THE ADMINISTRATIVE SERVICES DIRECTOR OR THE FINANCE DIRECTOR OF THE CITY THE AUTHORITY TO EXECUTE AND DELIVER SUCH CONFIRMATION AND RELATED DOCUMENTS ON BEHALF OF THE CITY UNDER CERTAIN DELEGATION PARAMETERS; PROVIDING CERTAIN OTHER DETAILS IN CONNECTION WITH SUCH TRANSACTION; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Gainesville, Florida (the "City") issued its Taxable Pension Obligation Revenue Bonds, Series 2003A (Employees' Plan) in the original aggregate principal amount of \$40,042,952.75 and its Taxable Pension Obligation Revenue Bonds, Series 2003B (Consolidated Plan) in the original aggregate principal amount of \$49,851,805.95 (collectively, the "Series 2003 Bonds") on March 20, 2003, pursuant to Resolution No. 020918 adopted by the City Commission of the City on February 24, 2003 ("Resolution No. 020918"), as supplemented by Resolution No. 020919 adopted by the City Commission of the City on February 24, 2003 ("Resolution No. 020919"), Resolution No. 020918 having been subsequently amended by Resolution No. 040032 adopted on June 14, 2004 ("Resolution No. 040032" and collectively with Resolution No. 020918 and Resolution No. 020919, the "Bond Resolution"); and

WHEREAS, the Series 2003 Bonds bear interest at fixed rates of interest and, in an effort to diversify its exposure under its various debt obligations and to achieve a better match between its funding obligations with respect to the City's Pension Benefit Plans and the debt service on the Series 2003 Bonds, the proceeds of which were used to partially fund those obligations, the City entered into an interest rate swap transaction with Citibank, N.A., New York (the "Swap Provider") pursuant to the terms of a Master Agreement dated as of July 6, 2004, and a related Schedule dated as of July 6, 2004 (collectively, with the 2005 Confirmation for the 2005 Swap Transaction, each as defined below, the "Master Agreement") and a related Confirmation dated July 1, 2004, pursuant to the terms of which the Swap Provider agreed to periodically pay the City a fixed rate of

interest and the City periodically agreed to pay the Swap Provider a floating rate of interest on a stated notional amount not exceeding the then outstanding principal amount or Compounded Amounts of the Series 2003 Bonds (the "Initial Swap Transaction"); and

WHEREAS, in September, 2004, because of then prevailing market conditions, the City determined that it would be financially advantageous to the City to terminate the Initial Swap Transaction and the City did so on such date; and

WHEREAS, the City now desires to enter into a new interest rate swap transaction with the Swap Provider under the terms of the Master Agreement and a new confirmation (the "2005 Confirmation") pursuant to which the Swap Provider will periodically pay to the City a fixed rate of interest and the City will periodically pay the Swap Provider a floating rate of interest on a stated notional amount not to exceed the outstanding principal amount or Compounded Amounts, as the case may be, of the Series 2003 Bonds (which notional amount under the Master Agreement will decrease over time in proportion to the regularly scheduled principal payments on the Series 2003 Bonds) (such transaction being referred to as the "2005 Swap Transaction") in order to again diversify the City's exposure under its various debt obligations and to achieve a better match between its funding obligations with respect to the City's Pension Benefit Plans and the debt service on the 2003 Bonds; and

WHEREAS, the City intends that the 2005 Swap Transaction, accomplished through the Master Agreement and the 2005 Confirmation, shall constitute a Qualified Hedge Agreement under the terms of the Bond Resolution; and

WHEREAS, the City wishes to delegate to the Interim City Manager, the Administrative Services Director or the Finance Director (each, a "City Authorized Representative") the authority to negotiate the terms of, and execute, the 2005 Confirmation documenting and evidencing the 2005 Swap Transaction, all subject to the delegation parameters hereinafter set forth, and to execute and deliver on behalf of the City related documents;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF GAINESVILLE, FLORIDA, AS FOLLOWS:

SECTION 1. AUTHORITY; DEFINITIONS. This Resolution is adopted pursuant to the provisions of Chapter 166, Florida Statutes, the City's Charter, the Bond Resolution and other applicable provisions of law (collectively, the "Act"). All terms used herein in capitalized form and not otherwise defined herein shall have the meanings ascribed thereto in the Bond Resolution.

## SECTION 2. FINDINGS.

A. It is hereby ascertained, determined and declared that it is in the public interest and in the best interest of the City to enter into the 2005 Swap Transaction and to execute and deliver the 2005 Confirmation, for overall debt and risk management purposes.

B. It is hereby ascertained, determined and declared that it is in the public interest and in the best interest of the City to enter into the 2005 Swap Transaction on a negotiated basis with the Swap Provider in light of current, and rapidly evolving, market conditions, to facilitate the timely execution of the 2005 Swap Transaction in response to those market conditions.

C. The City hereby finds that the Swap Provider has a rating on its long-term unsecured debt of "Aa1" by Moody's and "AA+" by Fitch, and that the Master Agreement (including the 2005 Confirmation) is intended to be, and upon the due execution and delivery of the 2005 Confirmation by each party thereto, shall constitute, a Qualified Hedge Agreement under the Bond Resolution.

D. The City hereby finds that each of the obligations of the City under the Master Agreement constituting Termination Payments (as defined below) shall be treated, and is hereby designated, as a subordinated obligation of the City under the Bond Resolution.

SECTION 3. DELEGATION AND PARAMETERS. Subject to the delegation parameters described below, the City hereby approves the 2005 Confirmation, in substantially the form attached hereto as Exhibit "A," which, in conjunction with the Master Agreement, will document and evidence the 2005 Swap Transaction with such changes, deletions, modifications, and completion of blanks therein as may be agreed to by a City Authorized Representative, after consultation with the City Attorney, and determines and declares that it is in the public interest of the City to enter into the 2005 Confirmation and the 2005 Swap Transaction, provided that all of the following parameters (sometimes referred to herein as the "Delegation Parameters") are adhered to prior to any such agreement:

A. The Swap Provider shall present written evidence satisfactory to a City Authorized Representative that the senior long-term unsecured debt rating of the Swap Provider is at least as high as the third highest long term rating category (without regard to gradations) by at least one nationally recognized securities rating agency.

B. The notional amount of the 2005 Swap Transaction shall not exceed the outstanding principal amount or Compounded Amounts, as the case may be, of the Series 2003 Bonds at the time of execution of such 2005 Swap Transaction, and shall reduce over time at least as quickly as the Series 2003 Bonds are scheduled to amortize.

C. The term of the 2005 Swap Transaction shall not exceed the remaining term of the Series 2003 Bonds at the time of execution of such 2005 Swap Transaction.

D. The fixed rate utilized to calculate the amount payable by the Swap Provider under the 2005 Swap Transaction shall not be less than 4.50%.

E. The floating rate utilized to calculate the amount payable by the City under the 2005 Swap Transaction shall be based on the London Inter-Bank Offered Rate (LIBOR).

F. The Swap Transaction shall be entered into, if at all, prior to October 1, 2005.

**SECTION 4. APPROVAL OF 2005 CONFIRMATION.** The City Commission hereby approves the 2005 Confirmation substantially in the form attached hereto as Exhibit "A." The Mayor or the Interim City Manager are hereby authorized to make such determinations and issue such certificates as may be required by Section 10.04 (and, to the extent required thereby, Sections 9.01 and 10.02) of the Bond Resolution, with respect to the Master Agreement. Upon compliance with the requirements of Section 10.04 (and, to the extent required thereby, Sections 9.01 and 10.02) of the Bond Resolution, and the satisfaction of the Delegation Parameters set forth in Section 4 above, the City Authorized Representative is hereby authorized and directed to execute and deliver, on behalf of the City, the 2005 Confirmation, in substantially the form attached hereto as Exhibit "A," subject to such changes, deletions, modifications and completion of blanks therein as the City's Authorized Representative executing the same shall approve, execution thereof to be conclusive evidence of such approval, and to take all actions in connection therewith as may be required to accomplish the purposes of this Resolution. Upon execution and delivery of the 2005 Confirmation, the Master Agreement (including the 2005 Confirmation) shall constitute a Qualified Hedge Agreement under the Bond Resolution, and the Qualified Hedge Payments of the City under the Master Agreement shall be secured forthwith with an irrevocable lien on the Pledged Revenues on a parity with debt service on the Bonds; provided that each of the obligations of the City under the Master Agreement constituting Termination Payments (as defined below) shall be treated, and is hereby designated, as a subordinated obligation of the City under the Bond Resolution.

Prior to execution and delivery of the 2005 Confirmation, the Finance Director of the City or his designee is hereby directed to notify Moody's and Fitch (who are the rating agencies that currently maintain a rating on the Bonds) of the City's intention to enter into the 2005 Swap Transaction and the 2005 Confirmation. After execution of the 2005 Swap Transaction evidenced by the Master Agreement and execution and delivery of the 2005 Confirmation, the Finance Director of the City or his designee is hereby authorized to take all actions

in administering the 2005 Swap Transaction as may be required by the terms of the Master Agreement.

**SECTION 5. ACKNOWLEDGEMENT; COVENANT TO BUDGET AND APPROPRIATE FOR TERMINATION PAYMENTS.**

A. The City hereby acknowledges and agrees that Paragraph (i) of the definition of the term "Bond Service Requirement" in Section 2.01 of the Bond Resolution, provides for Qualified Hedge Payments due to the Swap Provider to be taken into account as part of the overall Bond Service Requirement calculations, but only to the extent and in the manner provided therein.

B. Subject and subordinate to the requirements of Section 6.03 of the Bond Resolution, the City hereby reiterates its covenant and agreement, to the extent permitted by and in accordance with applicable law and budgetary processes, to prepare, approve and appropriate in its Annual Budget for each Fiscal Year, by amendment if necessary, Non-Ad Valorem Revenues of the City in an amount sufficient to pay all payment obligations incurred by the City under the Master Agreement, other than Qualified Hedge Payments, coming due in such Fiscal Year ("Termination Payments"). Such covenant and agreement on the part of the City to budget and appropriate sufficient amounts of Non-Ad Valorem Revenues shall be cumulative, and shall continue until such Non-Ad Valorem Revenues in amounts sufficient to make all Termination Payments as and when due, including any delinquent payments, shall have been budgeted, appropriated and actually paid; provided, however, that such covenant shall not constitute a lien or claim, either legal or equitable, on any of the City's Non-Ad Valorem Revenues or other revenues, nor shall it preclude the City from pledging in the future any of its Non-Ad Valorem Revenues or other revenues to other obligations. The City is prohibited by law from expending moneys not appropriated or in excess of its current budgeted revenues and surpluses. The obligation of the City to budget, appropriate and make payments hereunder from its Non-Ad Valorem Revenues in respect of Termination Payments is subject and subordinate to Section 6.03 of the Bond Resolution and to the availability of Non-Ad Valorem Revenues after satisfying funding requirements for the Bonds, Qualified Hedge Payments and other obligations having an express lien on or pledge of such revenues and after satisfying funding requirements for essential governmental services of the City. Notwithstanding the foregoing or anything in this Resolution to the contrary, the City has not covenanted to maintain any service or program now provided or maintained by the City which generates Non-Ad Valorem Revenues.

**SECTION 6. TERMINATION OR REPLACEMENT.** After implementation of the 2005 Swap Transaction, the Finance Director is authorized to take all actions in administering the 2005 Swap Transaction as the Finance Director determines to be in the best interest of the City, after consultation with its financial advisor, if any, and the City Attorney, including termination, replacement or

renewal of the 2005 Swap Transaction, if in the judgment of the Finance Director, the delay inherent in seeking the City's approval of such action may be disadvantageous to the City.

SECTION 7. OTHER AND FURTHER ACTIONS. The City Authorized Representatives, the City Clerk, the City Attorney, and other officers, employees and agents of the City are authorized and directed to do all acts and things and to execute and deliver any and all documents and certificates which they deem necessary or advisable in order to effectuate the 2005 Swap Transaction contemplated by the Master Agreement and the 2005 Confirmation if all of the conditions set forth in Section 4 above have been satisfied. In the event that no City Authorized Representative is able to execute and deliver the 2005 Confirmation or any other documents contemplated by the Master Agreement or the 2005 Confirmation, such documents may be executed and delivered by the respective designee of such officers or any other duly authorized officer or official of the City.

SECTION 8. SEVERABILITY. In case any one or more of the provisions of this Resolution shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Resolution and such other provisions shall be construed and enforced as if such illegal or invalid provisions have not been contained herein.

SECTION 9. COPIES OF THIS RESOLUTION. Certified copies of this Resolution shall be provided to MBIA and S&P as provided in the Bond Resolution.

SECTION 10. EFFECTIVE DATE. This Resolution shall become effective immediately upon its adoption.

PASSED AND ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 2005.

CITY OF GAINESVILLE, FLORIDA

(SEAL)

ATTEST:

By: \_\_\_\_\_  
Mayor

By: \_\_\_\_\_  
Clerk of the Commission

APPROVED AS TO FORM AND  
LEGALITY:

By: \_\_\_\_\_  
City Attorney

# 2719426\_v2



EXHIBIT "A"

City of Gainesville  
200 E. University Avenue, Room 339  
Gainesville, Florida 32601  
Attention: Finance Director  
Facsimile No.: 352-334-3163  
Telephone No.: 352-334-5054

Taxpayer Identification No.: 5960000325

Reference No.: \_\_\_\_\_, 2005

TRANSACTION

Ladies and Gentlemen:

The purpose of this letter agreement (this "Confirmation") is to confirm the terms and conditions of the Transaction entered into between the City of Gainesville, Florida ("Party B") and Citibank, N.A., New York ("Party A") on the Trade Date referred to below (the "Transaction").

The definitions contained in the 2000 ISDA Definitions (the "2000 Definitions") and the 1992 ISDA U.S. Municipal Counterparty Definitions (the "1992 Muni Definitions"), each as amended and supplemented through the date of this Confirmation (as published by the International Swaps and Derivatives Association, Inc.) are incorporated into this Confirmation. In the event of any inconsistency between the 2000 Definitions and the 1992 Muni Definitions, the 1992 Muni Definitions will govern and in the event of any inconsistency between the 1992 Muni Definitions and this Confirmation, this Confirmation will govern.

1. This Confirmation supplements, forms a part of, and is subject to, the 1992 ISDA Master Agreement dated as of July 6, 2004, between Party B and Party A, including the Schedule thereto, as the same may be amended and supplemented from time to time (collectively, the "Master Agreement"). All provisions contained in the Master Agreement govern this Confirmation except as expressly modified below.

2. The Master Agreement, as supplemented by the terms of this Confirmation, the Definitions incorporated by reference herein and all other confirmations (including all documents incorporated by reference therein) hereinafter or heretofore entered into between the parties from time to time (to the extent they specify that they are subject to the Master Agreement) shall constitute a single agreement between the parties and shall survive termination of the Transaction set forth herein and in any other confirmation supplementing such Master Agreement, unless provided otherwise in any such confirmation.

3. The terms of the particular Transaction to which this Confirmation relates are as follows:

Notional Amount: [USD \_\_\_\_\_]  
Trade Date: \_\_\_\_\_, 2005  
Effective Date: \_\_\_\_\_, 2005



Termination Date: \_\_\_\_\_, 20\_\_\_\_, subject to adjustment in accordance with the Following Business Day Convention.

Business Days: New York

**FIXED AMOUNTS:**

Fixed Rate Payer: Party A

Fixed Rate Payer Payment Dates: Each \_\_\_\_\_ and \_\_\_\_\_ commencing \_\_\_\_\_, 2005, to and including the Termination Date, subject to adjustment in accordance with the Following Business Day Convention.

Fixed Rate Payer Period End Dates: Each \_\_\_\_\_ and \_\_\_\_\_ commencing \_\_\_\_\_, 2005, to and including the Termination Date, subject to adjustment in accordance with the Following Business Day Convention.

Fixed Rate: [\_\_\_\_\_]%

Fixed Rate Day Count Fraction: 30/360

**FLOATING AMOUNTS:**

Floating Rate Payer: Party B

Floating Rate Payer Payment Dates: Each \_\_\_\_\_ and \_\_\_\_\_ commencing \_\_\_\_\_, 2005, to and including the Termination Date, subject to adjustment in accordance with the Following Business Day Convention.

Floating Rate Payer Period End Dates: Each \_\_\_\_\_ and \_\_\_\_\_ commencing \_\_\_\_\_, 2005, to and including the Termination Date, subject to adjustment in accordance with the Following Business Day Convention.

Compounding: Inapplicable

Floating Rate Option: USD-LIBOR-BBA

Floating Rate Reset Dates:	The Effective Date and the first Business Day of each calendar month thereafter. As specified in the Definitions, the rate for each such Reset Date shall be the rate which is published two London Banking Days prior to such Reset Date.
Spread	None
Floating Rate Day Count Fraction:	Actual/360
Averaging:	Weighted
Designated Maturity:	[.....]

4. Account Details

Payments to Party A:	Citibank, N.A. New York ABA # 021000089 Account No.: 00167679 Financial Futures Reference: .....
Payments to Party B:	SunTrust Bank ABA#: 061000104 Account No.: 6050050005274 Reference: City of Gainesville Master Treasury Account

5. Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us.

Yours sincerely,  
CITIBANK, N.A., NEW YORK

By: \_\_\_\_\_  
Authorized Signatory  
Name:

Accepted and confirmed as  
of the date first written:

CITY OF GAINESVILLE, FLORIDA

By: \_\_\_\_\_  
Name:  
Title: