

August ____, 2014

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

RE: Commercial Paper Notes, Series D – Fee Letter

Ladies and Gentlemen:

This letter constitutes the Fee Letter referred to in that certain Credit Agreement, dated as of August 1, 2014 (as amended from time to time, the “Agreement”), by and between THE CITY OF GAINESVILLE, FLORIDA (the “City”) and STATE STREET BANK AND TRUST COMPANY (the “Bank”), which Agreement provides liquidity support for the above-referenced bonds (the “Bonds”). Terms used herein and not otherwise defined shall be given such meanings as are set forth in the Agreement.

The fees due and payable to the Bank are set forth herein.

1. From the Effective Date and thereafter, the City hereby agrees to pay to the Bank a nonrefundable commitment fee (the “Commitment Fee”) with respect to the Commitment of the Bank (without regard to whether any Loans remain outstanding) under the Agreement at the rate per annum set forth below (the “Commitment Fee Rate”) to but excluding the Maturity Date on the average daily amount of the Commitment during each period in respect of which payment is made. The applicable Commitment Fee Rate for any period shall be determined on the basis of the publicly announced long-term credit rating assigned to any Utilities System Revenue Bonds by any of S&P, Fitch or Moody’s (the “Credit Ratings”), without giving effect to any bond insurance policy or other credit enhancement securing such Utilities System Revenue Bonds:

<u>Credit Rating</u> (S&P/Fitch/Moody’s)	<u>Commitment Fee Rate</u>
AA-/AA-/Aa3 or better	0.33%
A+/A+/A1	0.38%
A/A/A2	0.48%
A-/A-/A3	0.63%
BBB+/BBB+/Baa1	0.78%
BBB/BBB/Baa2	0.93%

If the Credit Ratings assigned by S&P, Fitch and Moody's, respectively, appear in more than one rating category (i.e., a split rating), the Commitment Fee Rate will be based on the category that includes the lowest Credit Rating. References to ratings above are references to rating categories as presently determined by S&P, Fitch and Moody's, respectively, and in the event of adoption of any new or changed rating system by any such rating agency, each of the ratings from the rating agency in question referred to above shall be deemed to refer to the rating

category under the new rating system which most closely approximates the applicable rating category as currently in effect. Each change in the Commitment Fee Rate resulting from a change in the Credit Rating shall become effective on the date of announcement or publication by S&P, Fitch or Moody's of a change in such rating or, in the absence of such announcement or publication, on the effective date of such changed rating. In the event that the Credit Rating assigned by any of S&P, Fitch or Moody's falls below "BBB" or "Baa2", respectively, or has been suspended, withdrawn or otherwise is unavailable for any reason, the Commitment Fee then in effect will increase automatically, without notice, to 1.00% per annum and such increased Commitment Fee Rate shall be payable until no such Credit Rating remains below "BBB" or "Baa2", respectively, or is so suspended, withdrawn or unavailable, or the Agreement otherwise terminates. Upon the occurrence and during the continuance of an Event of Default under the Agreement, the Commitment Fee Rate then in effect will increase by an additional 1.00% per annum automatically and without notice to the City, commencing on the date such Event of Default occurs and such increased Commitment Fee Rate shall be payable until such Event of Default is cured (but solely to the extent curable under the Agreement) or is otherwise waived in writing by the Bank, or the Agreement otherwise terminates.

Such Commitment Fee shall be payable in immediately available funds quarterly in arrears, at or prior to 1:00 P.M. (New York City time), on each Quarterly Payment Date prior to the Maturity Date (each such payment to be computed on the basis of a year of 365 days and the actual number of days elapsed), in respect of the Available Commitment from time to time in effect, and on the Termination Date. If the Available Commitment is terminated in its entirety, all accrued Commitment Fees shall be payable on the effective date of such termination.

3. The City also hereby agrees to pay to the Bank, on each date that the Bank shall make a Loan to the City pursuant to the Agreement, a draw fee equal to \$200.00 per Loan.

4. The City also hereby agrees to pay to the Bank, (i) in connection with the written request by the City of any amendment, supplement, modification, consent or waiver to, or transfer of, the Agreement or any other Financing Documents which require the consent, waiver or other action of the Bank, and (ii) in connection with any extension of the Maturity Date, a non-refundable amendment fee of \$3,000.00, plus the reasonable fees of any legal counsel, together with reasonable expenses, retained by the Bank in connection therewith.

5. In the event that the Commitment of the Bank under the Agreement is terminated or otherwise permanently reduced by or on behalf of the City prior to February __, 2015, the City agrees to pay to the Bank on such termination date or reduction date, as applicable, in addition to all other obligations of the City that may be due and payable at such time, a termination fee equal to the Commitment Fee which would have been payable to the Bank from (and including) such termination date or reduction date through February __, 2015, calculated at the time of such termination on the basis of the then applicable Commitment (or, if as a result of a reduction of less than 100% of the Bank's Commitment, the reduced amount of such Commitment) and the then applicable Commitment Fee Rate. Notwithstanding the foregoing, such termination fee shall not be payable by the City to the Bank in the event that the termination of the Agreement in whole results from either of (i) (a) Moody's lowering or withdrawing the short-term rating on the Bank below "P-1", or (b) S&P lowering or withdrawing the short-term rating on the Bank below "A-1", or (ii) the Bank assesses increased costs against

the City pursuant to Section 8.01 of the Agreement and the substitute bank (or banks) with respect to the Bonds agrees not to assess such fee increase relating to such additional costs or does not otherwise include such costs in its calculation of fees or other amounts charged to the City, all as demonstrated in writing to the reasonable satisfaction of the Bank. Termination of the Agreement shall be effective upon payment of the foregoing termination or reduction fee, if applicable, and the payment in full of all obligations of the City owing to the Bank (including, without limitation, such increased costs in accordance with Section 8.01 of the Agreement) under the Agreement.

6. All fees described in paragraphs 1-5 shall be paid on the dates due, in immediately available funds, to the Bank. Fees paid shall not be refundable under any circumstances.

THIS LETTER SHALL BE DEEMED TO BE A CONTRACT UNDER, AND FOR ALL PURPOSES SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK; *PROVIDED* THAT THE OBLIGATIONS OF THE CITY HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF FLORIDA. This letter may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This letter shall become effective when each party hereto shall have received a counterpart hereof duly executed by the other party hereto. This letter may be amended only upon the written agreement of the City and the Bank.

[signature page immediately follows]

Very truly yours,

**STATE STREET BANK AND TRUST
COMPANY, as the Bank**

By _____
Name:
Title:

Agreed:

CITY OF GAINESVILLE, FLORIDA

By _____
Name:
Title:

Approved as to form and legality:

Utilities Attorney