

REMARKETING AGREEMENT

Between

CITY OF GAINESVILLE, FLORIDA

Issuer

and

BEAR, STEARNS & CO. INC.

Remarketing Agent

Dated as of March 1, 2007

Relating to

CITY OF GAINESVILLE, FLORIDA

\$139,505,000 Variable Rate Utilities System Revenue Bonds, 2007 Series A

This REMARKETING AGREEMENT, dated as of March 1, 2007 (the "Agreement"), between CITY OF GAINESVILLE, FLORIDA (the "Issuer") and BEAR, STEARNS & CO. INC. ("Bear Stearns" or the "Remarketing Agent").

WITNESSETH:

WHEREAS, the Issuer is issuing its \$139,505,000 aggregate principal amount of Variable Rate Utilities System Revenue Bonds, 2007 Series A (the "Bonds"), pursuant to the Utilities System Revenue Bond Resolution adopted by the Issuer on June 6, 1983, as heretofore amended, restated and supplemented (the "Bond Resolution"), including as supplemented by the Eighteenth Supplemental Utilities System Revenue Bond Resolution, adopted by the Issuer on February ___, 2007 (the "Supplemental Resolution" and, together with the Bond Resolution the "Resolution");

WHEREAS, the Bonds and the Resolution provide, among other things, that the owners of the Bonds (the "Owners"), may elect (or may be required) in certain instances to tender their Bonds for purchase upon the terms and conditions contained in the Bonds and the Resolution;

WHEREAS, the Resolution provides for the appointment of a Remarketing Agent to perform certain duties, including the use of its best efforts to remarket any Bonds tendered for purchase by the Owners and the setting of the interest rates on the Bonds; and

NOW, THEREFORE, for and in consideration of the mutual covenants made herein and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Definitions. Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Supplemental Resolution.

Section 2. Appointment of Remarketing Agent. Subject to the terms and conditions contained herein, the Issuer hereby appoints Bear Stearns as exclusive Remarketing Agent for the Bonds, and Bear Stearns hereby accepts such appointment.

Section 3. Conditions to Remarketing Agent's Obligations. The obligations of the Remarketing Agent under this Agreement have been undertaken in reliance upon, and shall be subject to, the due performance of the obligations and agreements hereunder to be performed by the Issuer and to the accuracy of and compliance with the representations, warranties, covenants and agreements of the Issuer contained herein, in each case on and as of the date of delivery of this Agreement and on and as of each date on which Bonds are to be remarketed pursuant to this Agreement. The obligations of the Remarketing Agent hereunder with respect to each date on which Bonds are subject to optional or mandatory tender are subject, in the discretion of the Remarketing Agent, to the following further conditions:

(a) The Resolution, the Liquidity Facility and all other documents and agreements referenced in the Resolution or the Official Statement of the Issuer dated February ___, 2007 relating to the Bonds (the "Official Statement") shall be in full force and

effect and shall not have been amended, modified or supplemented in any way which would materially and adversely affect the Bonds, except as may have been agreed to in writing by the Remarketing Agent, and there shall be in full force and effect additional resolutions, agreements, certificates and opinions which shall be reasonably satisfactory in form and substance to Bond Counsel.

(b) At or prior to the closing date (the “Closing Date”) under the Contract of Purchase, dated February ___, 2007, between us relating to the Bonds (the “Contract of Purchase”), the Remarketing Agent shall have received or waived receipt of all closing documents required by, and delivered pursuant to, the Contract of Purchase and all conditions precedent to the delivery of the Bonds shall have been satisfied or waived.

Section 4. Responsibilities of Remarketing Agent. Subject to the terms and conditions set forth in this Agreement, Bear Stearns agrees to perform the duties of Remarketing Agent set forth in the Supplemental Resolution. It is understood that in undertaking to perform such duties, and in the performance thereof, it is the intention of the parties that the Remarketing Agent will act solely as an agent and not as a principal except as expressly provided in Section 12 hereof.

(a) Determination of Interest Rates. The Remarketing Agent shall determine the interest rates on, and Interest Periods for, the Bonds in the manner and at the times specified therefor in the Supplemental Resolution.

(b) Remarketing of Tendered Bonds.

(i) The Remarketing Agent shall use its best efforts to remarket the applicable Bonds to be purchased as described in the Supplemental Resolution.

(ii) The Remarketing Agent:

(A) will suspend its remarketing efforts with respect to Bonds upon receipt of written notice of the termination or suspension of a Liquidity Facility relating to such Bonds; and

(B) may suspend its remarketing efforts with respect to the Bonds at any time by notifying the Issuer in writing of its election to do so, if after the date of this Agreement any one or more of the following occurs and is continuing as to Bonds:

(1) suspension or material limitation in trading in securities generally on the New York Stock Exchange;

(2) a general moratorium on commercial banking activities in New York is declared by either federal or New York State authorities or a material disruption in commercial banking or securities settlement or clearance services shall have occurred;

(3) there shall have occurred any new engagement in major

hostilities by the United States or any declaration of war by the United States or an escalation of any existing conflict or hostilities in which the United States is involved or there shall have occurred any other calamity or crisis in the United States or abroad relating to the effective operation of the government of, or financial community in, the United States, which, in the opinion of the Remarketing Agent, makes it impractical or inadvisable to proceed with the solicitation of offers to purchase Bonds;

(4) legislation shall be introduced by committee, by amendment or otherwise, in, or be enacted by, the House of Representatives or the Senate of the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the United States Securities and Exchange Commission (the "Commission") or other governmental agency having jurisdiction of the subject matter shall be made or proposed, to the effect that the offering or sale of obligations of the general character of the Bonds, as contemplated hereby, is or would be in violation of any provision of the Securities Act of 1933, as amended and as then in effect (the "Securities Act") or the Securities Exchange Act of 1934, as amended and as then in effect (the "Exchange Act") or with the purpose or effect of otherwise prohibiting the offering or sale of obligations of the general character of the Bonds, as contemplated hereby;

(5) any event shall occur or information shall become known, which, in the Remarketing Agent's reasonable opinion, makes untrue, incorrect or misleading in any material respect any statement or information contained in the disclosure documents provided to the Remarketing Agent in connection with the performance of its duties hereunder, whether provided pursuant to Section 6 hereof or otherwise, or causes such documents to contain an untrue, incorrect or misleading statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(6) any of the representations and warranties of the Issuer made hereunder shall not have been true and correct on the date made;

(7) the Issuer fails to observe any of the material covenants or agreements made herein;

(8) any of the rating agencies then rating the Bonds or the Bank shall downgrade the ratings assigned to either the Bonds or the Bank so that the Bonds are not "Eligible Securities" as defined under Rule 2a-7 of the Commission under the Investment Company Act of 1940, as amended; or

(9) an actual or imminent default or a moratorium in respect of

payment of any U.S. Treasury bills, bonds or notes the effect of which in the Remarketing Agent's judgment makes it impractical to market Bonds or to enforce contracts for the sale of such Bonds.

Section 5. Resignation and Removal of Remarketing Agent. The Remarketing Agent may at any time resign and be discharged of its duties and obligations hereunder upon providing the other Notice Parties with thirty (30) days' prior written notice. The Remarketing Agent may be removed at any time by a written notice filed by the Issuer with the Remarketing Agent and the other Notice Parties (i) generally, at least thirty (30) days prior to the effective date of such removal or (ii) in the event of a suspension of remarketing pursuant to Section 4(b)(ii) hereof, immediately upon appointment, and acceptance by, a successor Remarketing Agent, but in no event later than thirty (30) days after such suspension. No such resignation or removal shall be effective until a successor Remarketing Agent shall have been appointed and shall have accepted such appointment. Upon removal or resignation of the Remarketing Agent, the Issuer shall promptly cause the Trustee to give notice thereof by mail to all Owners and to any rating agency which has assigned a rating to the Bonds. Upon removal or resignation of the Remarketing Agent, the Remarketing Agent shall pay over, deliver and assign any moneys and Bonds held by it in such capacity, other than Bonds held for its own account, to its successor, and each party shall pay to the other any amounts owing at the time of termination.

Section 6. Disclosure Materials.

(a) General. If, as a result of a change in law or new interpretation of an existing law by a court or regulatory agency, it becomes necessary in the reasonable judgment of the Remarketing Agent to supplement or amend the Official Statement or to prepare a disclosure document in connection with the remarketing of Bonds, then the Issuer shall at its expense prepare such supplement, amendment or disclosure document (the "Disclosure Document").

(b) Compliance with Rule 15c2-12. In the event the Remarketing Agent is asked to remarket Bonds in connection with any remarketing that constitutes a "primary offering" within the meaning of the Rule:

(i) the Issuer will provide the Remarketing Agent with a reoffering statement or other disclosure document prepared in connection therewith (the "Reoffering Statement") which the Issuer deems final as of its date (exclusive of pricing and other sales information), prior to the date the Remarketing Agent bids for, offers or sells any Bonds;

(ii) the Issuer will provide the Remarketing Agent with such number of copies of any Reoffering Statement, as the Remarketing Agent may need to supply at least one copy thereof to each potential customer who requests it;

(iii) the Issuer shall provide the Remarketing Agent within seven (7) Business Days after the interest rate is determined or by the time "money confirmations" are to be sent to customers, whichever is earlier, with a number of copies of the final Reoffering Statement adequate to provide at least one copy of such final Reoffering Statement to any customer or any potential customer for a period commencing on the date such final Reoffering Statement is available and extending to the twenty-fifth day following the "end of the underwriting period" as

defined in the Rule (the “Underwriting Period”). During the Underwriting Period, the Issuer agrees to update, by written supplement or amendment or otherwise, the final Reoffering Statement such that at all times during such period the final Reoffering Statement will not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(iv) if at any time the Bonds shall cease to be exempt from the provisions of paragraph (b)(5) of the Rule, the Issuer will provide the Remarketing Agent with an executed continuing disclosure undertaking evidencing the Issuer’s intent to provide the information required to be provided by paragraph (b)(5) of the Rule, at the times required thereby.

Section 7. Fees and Expenses. For the Remarketing Agent’s services under this Agreement and the Resolution, the Issuer shall pay the Remarketing Agent directly, as compensation for its services hereunder, a fee equal to seven one-hundredths of one percent (.07%) per annum of the weighted average principal amount of the Bonds outstanding during each three-month period, or such other amount as may be agreed upon from time to time by the Issuer and the Remarketing Agent, payable quarterly in arrears on each January 1, April 1, July 1, and October 1, commencing April 1, 2007. The Remarketing Agent will not be entitled to compensation for any period after conversion of the interest rate on the Bonds to a Fixed Rate or Auction Rate (whichever is earlier) or the termination or suspension of the Liquidity Facility except for a pro rata portion of the fee in respect of the quarter in which such conversion or termination or suspension occurs. The Issuer shall have no responsibility, obligation or liability with respect to any payments hereunder. The parties anticipate that separate fee arrangements will be made for the remarketing of Bonds accruing interest at a Term Rate or at a Fixed Rate.

The Issuer will pay all expenses of delivering remarketed Bonds and reimburse the Remarketing Agent for all direct, out-of-pocket expenses incurred by it as Remarketing Agent, including reasonable counsel fees and disbursements.

Section 8. Representations, Warranties, Covenants and Agreements of the Remarketing Agent. The Remarketing Agent, by its acceptance hereof, represents, warrants and covenants and agrees with the Issuer as follows:

(a) the Remarketing Agent is a member of the National Association of Securities Dealers, Inc., having a capitalization of at least \$50,000,000 and otherwise meets the requirements for the Remarketing Agent set forth in the Resolution;

(b) the Remarketing Agent has been duly incorporated, is validly existing and is in good standing under the laws of the state of its incorporation, and is authorized by law to perform all the duties and obligations imposed upon it as Remarketing Agent by this Agreement and the Resolution;

(c) the Remarketing Agent has full power and authority to take all actions required or permitted to be taken by the Remarketing Agent by or under, and to perform and observe the covenants and agreements on its part contained in, this Agreement and the Resolution; and

(d) to keep such books and records regarding its remarketing of Bonds (or beneficial ownership interests therein) and determinations of interest rates and interest periods on the Bonds as provided in the Resolution as shall be consistent with prudent industry practice and to make such books and records available for inspection by the other Notice Parties at all reasonable times.

Section 9. Representations, Warranties, Covenants and Agreements of the Issuer. The Issuer, by its acceptance hereof, represents, warrants, covenants, and agrees with the Remarketing Agent that:

(a) the representations, warranties and agreements of the Issuer set forth in the Contract of Purchase are hereby incorporated herein as if made on the date hereof; and

(b) it will promptly notify the Remarketing Agent of any fact or circumstance which may constitute, or with passage of time will constitute, an Event of Default under the Resolution.

Section 10. Term of Agreement. This Agreement shall become effective on the date hereof and shall continue in full force and effect until the payment in full of the Bonds or the earlier conversion of all Bonds to the Auction Mode and/or the Fixed Mode, subject to the right of termination as provided herein.

Section 11. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

Section 12. Dealing in Bonds by the Remarketing Agent. The Remarketing Agent, in its individual capacity, either as principal or agent, may in good faith buy, sell, own, hold and deal in any of the Bonds, including, without limitation, any Bonds offered and sold by the Remarketing Agent pursuant to this Agreement, and may join in any action which any Owner may be entitled to take with like effect as if it did not act in any capacity hereunder. The Remarketing Agent, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer and may act as depositary, trustee, or agent for any committee or body of Owners or owners of other obligations of the Issuer as freely as if it did not act in any capacity hereunder.

Section 13. Intention of Parties. It is the express intention of the parties hereto that any purchase, sale or transfer of any Bonds, as herein provided, shall not constitute or be construed to be the extinguishment of any Bonds or the indebtedness represented thereby or the reissuance of any Bonds or the refunding of any indebtedness represented thereby.

Section 14. Miscellaneous. (a) All notices, requests and other communications shall be in electronic, telephonic or written form (including telecopier) and shall be given to the party to whom addressed, at its address or telephone or telecopier number set forth below, or such other address or telephone or telecopier number 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 telecopy, when such communication is transmitted

to the address specified below and the appropriate answerback is received, (iii) if given by mail, 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:

The Remarketing Agent:

Bear, Stearns & Co. Inc.
383 Madison Avenue
New York, New York 10179
Attention: Kyle Pulling
Telephone:(212) 272-4930
Fax: (212) 272-5948

The Issuer:

City of Gainesville, Florida
301 S.E. Fourth Avenue
Gainesville, Florida 32601
Attention: Utility Chief Financial Officer
Telephone: (352) 393-1312
Fax: (352) 334-2774

The Remarketing Agent and Issuer may, by notice given under this Agreement, designate other addresses to which subsequent notices, requests, reports or other communications shall be directed.

(b) This Agreement shall inure to the benefit of and be binding only upon the parties hereto and their respective successors and assigns. The terms “successors” and “assigns” shall not include any purchaser of any of the Bonds merely because of such purchase. Neither the Bank nor any Owner or other third party shall have any rights or privileges hereunder.

(c) All of the representations and warranties of the Issuer and the Remarketing Agent in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of the Remarketing Agent or the Issuer, (ii) the offering and sale of and any payment for any Bonds hereunder or (iii) termination or cancellation of this Agreement.

(d) This Agreement and each provision hereof may be amended, changed, waived, discharged or terminated only by an instrument in writing signed by the parties hereto.

(e) Nothing herein shall be construed to make any party an employee of the other or to establish any fiduciary relationship between the parties except as expressly provided herein.

(f) If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable for any reason, such circumstances shall not have the effect of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatsoever.

(g) This Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

[Signature Page of this Agreement Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

CITY OF GAINESVILLE, FLORIDA

By: _____
General Manager for Utilities

Approved as to Form and Legality:

By: _____
Utilities Attorney

BEAR, STEARNS & CO. INC.

By: _____
Name:
Title:

[Signature Page of Remarketing Agreement]