

**STANDBY BOND PURCHASE AGREEMENT  
RELATING TO  
VARIABLE RATE UTILITIES SYSTEM  
REVENUE BONDS, 2006 SERIES A**

**dated as of**

**July 1, 2006**

**between**

**CITY OF GAINESVILLE, FLORIDA**

**and**

**SUNTRUST BANK**

**City of Gainesville, Florida  
Variable Rate Utilities System  
Revenue Bonds, 2006 Series A**

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RELATING TO  
VARIABLE RATE UTILITIES SYSTEM  
REVENUE BONDS, 2006 SERIES A**

**STANDBY BOND PURCHASE AGREEMENT RELATING TO VARIABLE RATE UTILITIES SYSTEM REVENUE BONDS, 2006 SERIES A**, dated as of July 1, 2006, between **THE CITY OF GAINESVILLE, FLORIDA** (the "City") and **SUNTRUST BANK** (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 authorized the issuance of its Variable Rate Utilities System Revenue Bonds, 2006 Series A in an aggregate principal amount of \$53,305,000 (the "Bonds") in order to provide funds to refund certain of the City's outstanding Utilities System Revenue Bonds; and

**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;

**NOW, THEREFORE**, 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:

"Agreement" shall mean this Standby Bond Purchase Agreement Relating to Variable Rate Utilities System Revenue Bonds, 2006 Series A, as the same may be amended or supplemented from time to time.

"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.

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

"Authorized Officers" shall mean, with respect to the City, any of the following: Mayor, General Manager for Utilities, Utility Chief Financial Officer, Assistant General Manager for Customer and Administrative Services of the System and 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" shall mean: (a) prior to the termination of the Available Commitment pursuant to the provisions of Section 2.4(a), 7.1(b) or 7.1(c) hereof, an amount equal to the Commitment, as such is reduced and increased from time to time; and (b) upon and after a termination of the Available Commitment pursuant to the provisions of Section 2.4(a), 7.1(b) or 7.1(c) hereof, an amount equal to zero.

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

"Bank Rate" shall mean, with respect to any Bank Bond (a) for the period from and including the date on which such Bank Bond is purchased hereunder to and including the ninetieth (90th) day thereafter, an interest rate per annum equal to the Base Rate, (b) for the period from and including the ninety-first (91st) day following the date on which such Bank Bond is purchased hereunder to and including the one hundred eightieth (180th) day thereafter, an interest rate per annum equal to the Base Rate plus one percent (1%) and (c) thereafter, an interest rate per annum equal to the Base Rate plus two percent (2%).

"Bank's Lending Office" shall mean the office of the Bank specified in Section 8.4 hereof or any different office for which the Bank has furnished notice thereof to the City and the Tender Agent pursuant to Section 8.4 hereof.

"Base Rate" means, for any day, a rate per annum equal to the higher of (i) the Prime Rate for such day and (ii) the sum of one-half of one percent (0.50%) plus the Federal Funds Rate for such day.

"Bond Rate" shall have the meaning assigned to the term "2006 Series A Bond Rate" in the Supplemental Resolution.

"Bond Resolution" shall mean the resolution entitled "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 Supplemental Resolution and as further amended and supplemented from time to time in accordance with the terms thereof and hereof.

“Business Day” shall have the meaning assigned thereto in the Supplemental Resolution.

“Commitment” shall mean, initially, \$53,935,897.53, which amount represents the principal amount of the Bonds plus 36 days’ interest thereon, computed at a rate per annum of twelve percent (12%) and on the basis of a 365-day year. The Commitment shall be automatically reduced (subject to automatic increase as described below) upon the purchase of Bank Bonds by the Bank (or its nominee), by an amount equal to the sum of (x) the principal amount of such Bonds so purchased, and (y) if such Bonds so purchased are subject to the Daily Mode or the Weekly Mode, 36 days’ interest on such Bonds, computed at a rate per annum of twelve percent (12%) and on the basis of a 365-day year. In addition, effective as of the date on which the Bank receives notice from the Tender Agent (substantially in the form of the certificate attached hereto as Exhibit B) to the effect that the Bonds referred to therein no longer remain Outstanding under the Bond Resolution, the Commitment shall be irrevocably reduced by an amount equal to the sum of (x) the principal amount of the Bonds referred to in such notice which, as of the date of receipt of such notice by the Bank, are not Bank Bonds, and (y) if the Bonds referred to in such notice are subject to the Daily Mode or the Weekly Mode, 36 days’ interest on such Bonds (other than Bank Bonds), computed at a rate per annum of twelve percent (12%) and on the basis of a 365-day year. The Commitment shall be automatically increased, effective (A) upon the release of any Bank Bonds 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, as provided in Section 2.3(a) hereof, or (B) in the event that the Remarketing Agent locates a purchaser for any Bank Bond and the Bank elects not to sell such Bond as provided in Section 2.3(b) hereof, upon receipt by the City, the Tender Agent and the Remarketing Agent of the written notice of the Bank provided for in said Section 2.3(b), in either such case, by an amount equal to the sum of (x) the principal amount of Bonds so released or not sold, and (y) if the Bonds so released or not sold are subject to the Daily Mode or the Weekly Mode, 36 days’ interest on such Bonds, computed at a rate per annum of twelve percent (12%) and on the basis of a 365-day year; *provided, however*, that no such increase shall result in the Commitment being in excess of \$53,935,897.53. The Commitment may also be increased, by an appropriate amendment to this Agreement consented to in writing by the Bank, which consent shall be given or withheld by the Bank in its sole discretion, to reflect the conversion to the Daily Mode or the Weekly Mode of the Bonds theretofore subject to the Term Mode or the Flexible Mode. Any such increase described in the previous sentence shall be in an amount equal to 36 days’ interest on the Bonds (other than Bank Bonds), computed at a rate per annum of twelve percent (12%) and on the basis of a 365-day year. In the event that the Bank shall receive notice from the Tender Agent (substantially in the form of the certificate attached hereto as Exhibit C) that the Bonds shall have been converted from the Daily Mode or the Weekly Mode to the Term Mode or the Flexible Mode, the Commitment shall be automatically and permanently reduced by an amount equal to 36 days’ interest on the Bonds (other than Bank Bonds), computed at a rate per annum of twelve percent (12%) and on the basis of a 365-day year.

“Commitment Fee Rate” shall mean a rate of 12.25 basis points (*i.e.*, 0.1225%) per annum as calculated under Section 2.2(e) of this Agreement; *provided, however*, that in the event

that the long-term rating on the City's unenhanced Utilities System Revenue Bonds shall be downgraded by any one or more of the Rating Agencies, each such downgrade (which shall include the addition of a "minus" to any such rating or the removal of a "plus" from any such rating) shall result in a four basis point (*i.e.*, 0.04%) increase in the Commitment Fee Rate. In determining any such increase in the Commitment Fee Rate, the Bank shall be entitled to use the Rating Agency with the greatest incremental downgrade of its rating on the City's unenhanced Utilities System Revenue Bonds.

"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.

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

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

"Differential Interest Amount" shall mean, for any period and with respect to any Bank Bond, the difference (if positive) between (i) the amount of interest accrued on such Bank Bond during such period at the Bank Rate or Rates in effect during such period and (ii) 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 (or, in the event that the Bonds (other than Bank Bonds) shall be subject to the Flexible Mode, at the average of the respective Flexible Rates in effect on all Bonds (other than Bank Bonds) during such period).

"Effective Date" shall mean the date on which the conditions precedent to the effectiveness of this Agreement set forth in Section 3.1 hereof shall be satisfied.

"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 defined as such in Section 7.1(a) hereof.

"Federal Funds Rate" shall mean a fluctuating interest rate per annum equal, for any day, to the weighted average of the rates on overnight Federal funds transactions with member banks of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of Atlanta or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Bank from three (3) Federal funds brokers of recognized standing selected by the Bank, adjusted daily with each change in the Federal Funds Rate.

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

"Fitch" shall mean Fitch, Inc. d/b/a Fitch Ratings and its successors and assigns, and if such corporation (i) shall be dissolved or liquidated or (ii) shall no longer perform the functions of a securities rating agency or (iii) 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.

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

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

"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.

"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 and (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.

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

"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.

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

"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.

"Moody's" shall mean Moody's Investors Service, Inc. and its successors and assigns, and if such corporation (i) shall be dissolved or liquidated or (ii) shall no longer perform the functions of a securities rating agency or (iii) 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.

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

"Official Statement" shall mean the Official Statement of the City, dated June \_\_, 2006, relating to the Bonds.

"Participant" shall mean each bank purchasing a participation from the Bank pursuant to a Participation Agreement and each Subparticipant.

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

"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" shall mean the rate of interest publicly announced from time to time by SunTrust Bank in Atlanta, Georgia as its prime rate. It is a rate set by SunTrust Bank based upon various factors including SunTrust Bank's costs and desired return, general economic conditions, and other factors, and is used as a reference point for pricing some loans. SunTrust Bank may price loans at, above or below the Prime Rate. Any change in the Prime Rate shall take effect on the day specified in the public announcement of such change.

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

"Purchase Period" shall mean the period commencing on July 6, 2006 and ending on the close of business at the Bank's Lending Office on the earliest of (i) the Termination Date and (ii) the date on which the Available Commitment is terminated pursuant to Section 7.1(b) or 7.1(c) 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.

**“Quarterly Payment Date”** shall mean the last Business Day of each March, June, September and December.

**“Rating Agencies”** shall mean Fitch, Moody’s and S&P.

**“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 “2006 Series A 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.

**“Requirement 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, a division of The McGraw-Hill Companies, Inc., and its successors and assigns, and if such division (i) shall be dissolved or liquidated or (ii) shall no longer perform the functions of a securities rating agency or (iii) 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.

**“Standby Bank Account”** shall have the meaning assigned to the term “2006 Series A Bond Liquidity Proceeds Account” in the Supplemental Resolution.

**“Stated Termination Date”** shall have the meaning set forth in Section 2.4(a) hereof.

**“Subparticipant”** shall mean each bank which purchases from a Participant (other than a Subparticipant) a participation in such Participant’s interests in its Participation Agreement pursuant to a Subparticipation Agreement.

**“Subparticipation Agreement”** shall mean each agreement between a bank which has purchased a participation pursuant to a Participation Agreement and any Subparticipant, pursuant to which such Subparticipant shall purchase from such bank a participation in such bank’s interests in its Participation Agreement.



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

“Supplemental Resolution” shall mean the resolution entitled “Seventeenth Supplemental Utilities System Revenue Bond Resolution”, adopted by the City on June 12, 2006, 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.

“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 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; *provided, however*, that Bank Bonds and Bonds registered in the name of or held for the benefit of the City shall not be considered to be Tendered Bonds hereunder.

“Term Mode” shall have the meaning assigned thereto in the Supplemental Resolution.

“Termination Date” shall have the meaning set forth in Section 2.4(a) hereof.

“Utilities System Revenue Bonds” shall mean any Bonds issued pursuant to (and as defined in) the Bond Resolution.

“Weekly Mode” 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 Tendered 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 Tendered Bonds. The Bank shall not be obligated hereunder to purchase Tendered Bonds on any Purchase

Date to the extent the aggregate Purchase Price of such Tendered Bonds exceeds the Available Commitment as of such Purchase Date.

**(b) Bonds Purchased Constitute Bank Bonds.** The City and the Bank agree (i) that any Bonds purchased as described in the foregoing paragraph 2.1(a) (A) shall be and constitute Bank Bonds for all purposes of this Agreement, and shall be subject to all of the provisions hereof applicable thereto and (B) shall be and constitute "2006 Series A 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 Commitment and shall result in a corresponding reduction in the Available Commitment. If the Bonds are in book-entry-only form with The Depository Trust Company ("DTC"), Bank Bonds shall be held by the Tender Agent in its participant account with DTC 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 (each, a "Notice of Bank Purchase") by telecopier 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 all of the conditions precedent specified in Section 3.2 hereof to the Bank's obligation to purchase Tendered Bonds subject to purchase on a given Purchase Date, the Bank shall, by not later than 2:30 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 Tendered Bonds, as set forth in the Notice of Bank Purchase given the Bank described in paragraph 2.2(a) hereof, in immediately available funds. All funds made available by the Bank hereunder for the purchase of Tendered 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 (x) to credit the Standby Bank Account with funds made available to the Tender Agent by the Bank pursuant to this paragraph or (y) to purchase Tendered Bonds with such funds pursuant to this Section and the Supplemental Resolution.

**(c) Purchase of Bonds.** Promptly after 2:30 P.M. (New York City time) on each Purchase Date, 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 Tendered 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, Tendered 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 registered under a book-entry-only system with the 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 at the 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 Tendered 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 Sections 8-313 and 8-320 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 Tendered 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 Tendered 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 Tendered 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 6:00 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 6:00 P.M. (New York City time) on such date, the City shall pay the Bank interest for each day until such funds are returned at a rate equal to the Bank's cost of funds for one night overdrafts in New York, New York. For purposes of computing such interest, if such funds are returned after 6:00 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 to the Bank a commitment fee computed from July 6, 2006 at a per annum rate equal to the Commitment Fee Rate of the average of the Available Commitment as of the close of business on each day from and including July 6, 2006 to but excluding the Termination Date, which fee shall be calculated on the basis of actual days elapsed and a year of 365 days, and shall be payable in arrears, quarterly at or prior to 1:00 P.M. (New York City time) on each Quarterly Payment Date during the period from and including July 6, 2006 to but excluding the Termination Date and on the Termination Date. In addition, the City hereby agrees to pay to the Bank an advance fee of \$250.00 with respect to each advance under this Agreement, which fee shall be payable on the first Business Day of the calendar month next succeeding the calendar month during which such advance was made.

(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 Trust National Association, ABA #: 091000022, DDA #: [180121167365], for credit to A/C: [791773000], Re: [City of Gainesville Series A Liquidity Account], accompanied by instructions directing the deposit of such funds into the account designated "2006 Series A Bond Liquidity Proceeds Account"; *provided, however*, that 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, provided that the Bank shall have first consented in writing to such other payment procedure, which consent shall not be unreasonably withheld 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) **Payments on Bank Bonds.** Principal of and interest on Bank Bonds shall be payable in the manner provided in the Bond Resolution, including the Supplemental Resolution. 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.

(h) **Additional Payments.** If after the Effective Date (1) the introduction of or any change in or in the interpretation of any law or regulation, (2) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law) or (3) the introduction of any applicable law, rule, regulation or guideline regarding capital adequacy, or any change therein or any change in the interpretation or administration thereof by any central bank or governmental authority charged with the interpretation or administration thereof or compliance by the Bank or any Participant (or any corporation controlling any thereof), with any request, guideline or directive regarding capital adequacy (whether or not having the force of law) of any such central bank or other authority, shall either (x) impose, modify or deem applicable any reserve, special deposit or similar requirement against commitments to advance funds by the Bank similar to the commitments made by the Bank hereunder, or commitments to advance funds by any Participant in connection with the commitments made by such Participant under its Participation Agreement or Subparticipation Agreement (as the case may be) or (y) impose on the Bank or any Participant any other condition relating, directly or indirectly, to this Agreement, and the result of any event referred to in (x) or (y) above shall be to (A) increase the cost to the Bank of maintaining the Commitment hereunder, or to increase the cost to any Participant of maintaining its commitment under its Participation Agreement or Subparticipation Agreement (as the case may be) or (B) reduce any amount or the effective return on capital (taking into consideration the Bank's (or its parent's) or, if applicable, the Participant's (or its parent's) policies with respect to capital adequacy) received or receivable by the Bank hereunder or by a Participant under its Participation Agreement or Subparticipation Agreement (as the case may be), then the City shall, upon written notice from the Bank (which notice shall set forth the matters described below), pay to the Bank, for the account of the Bank or such Participant, as the case may be, from time to time as specified by the Bank, such additional amounts as reasonably shall be demanded by the

Bank as sufficient to compensate the Bank or such Participant, as the case may be, for such increased cost or reduced yield or return, as the case may be, together with interest at the Base Rate (as in effect from time to time) on amounts required to be paid under this Section 2.2(h) from the day that is three (3) days after receipt by the City of such notice until payment in full thereof, such amounts to be payable on demand; *provided, however*, that, in the event and to the extent an increased cost or reduced yield or return, as the case may be, is imposed on any Participant by an event referred to in (1), (2) or (3) above with respect to any jurisdiction other than the United States or the State of Florida, then no payment shall be required to be made by the City for such Participant under this Section 2.2(h) to the extent such payment exceeds the amount that would have been payable pursuant to this Section 2.2(h) to the Bank had such participation not been sold by the Bank to such Participant under its Participation Agreement or Subparticipation Agreement (as the case may be); *provided, further, however*, that in no event shall the City be required to pay any increased costs or with respect to any reduced yield or return, as the case may be, for a Participant which shall have either executed and delivered its Participation Agreement or Subparticipation Agreement (as the case may be) through an office located outside the United States or committed to advance funds from an office located outside the United States. Any notice relating to increased costs or reduced yield or return given the City by the Bank pursuant to this Section 2.2(h) shall state whether the Bank or a Participant has become subject to such increase in costs or reduction in yield or return, as the case may be, and, if a Participant, the name of the Participant, and such notice shall specify in reasonable detail (i) the circumstances giving rise to such increase in costs or reduction in yield or return, as the case may be, (ii) the date of the event giving rise to such increase or reduction, as the case may be, and (iii) the amount of the increase or reduction, as the case may be, and the method of calculating the increase or reduction, as the case may be, along with substantiation of such calculation. In addition, if the increase in costs or reduction in yield or return is with respect to a Participant, such notice shall further specify in reasonable detail (A) the laws under which such Participant is organized and existing, (B) if such Participant executed and delivered its Participation Agreement or Subparticipation Agreement (as the case may be) and purchased its participation thereunder through a branch or agency of such Participant licensed to conduct business under the banking laws of a particular State of the United States, the name of that State, (C) the amount of the fees payable to and retained by such Participant under its Participation Agreement or Subparticipation Agreement (as the case may be), (D) the method of calculating such fees along with substantiation of such calculation and (E) the percentage by which such Participant's costs have increased over the amount of such fees or by which such Participant's yield or return has been reduced from such fees, as the case may be. Such a notice of the Bank prepared in accordance with the foregoing shall be conclusive, absent manifest error, as to the amount required to be paid by the City hereunder. Notwithstanding anything in this Section 2.2(h) to the contrary, in no event shall the nondeductibility of carrying costs for indebtedness, the interest on which is excluded from gross income for Federal income tax purposes, be considered an increase in cost or reduction in yield or return subject to reimbursement hereunder. For purposes of determining whether any event specified in this paragraph 2.2(h) shall have resulted in a reduced yield or return for the Bank or any Participant, the effect of such event on the Bank or such Participant and on any corporation controlling either thereof shall be taken into account, but without duplication. The Bank or such Participant shall use its best efforts to notify the City of any event that will entitle it to any compensation pursuant to this Section 2.2(h) as

promptly as practicable after it becomes aware thereof and determines to demand such compensation, and such Participant shall use its best efforts to designate a different lending office if such designation will avoid the need for, or reduce the amount of, such compensation and will not otherwise be disadvantageous to it.

**Section 2.3. Sale of Bonds Owned by the Bank.** (a) In the event the Bank (or a nominee designated by the Bank as described in Section 2.2(c) hereof) shall purchase Bonds hereunder, the City agrees to cause the Remarketing Agent, pursuant to the Remarketing Agreement and paragraph 1 of Section 5.01 of the Supplemental Resolution, to use its best efforts to sell, in the secondary market, the Bank Bonds held by the Bank (or such 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 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 (or its nominee) pursuant to Section 2.2(c) hereof, if later) and ending on the day prior to the date of such delivery, the Bank 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 registered under a book-entry-only system with the 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 registered under a book-entry-only system with the 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 3:00 P.M. (New York City time) on the date of such election, an amount equal to the Differential Interest Amount 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 (or its nominee) 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 the ratings applicable to Bonds that are not Bank Bonds shall not apply to such 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.

#### **Section 2.4. Term of Agreement; Right of the City to Terminate Upon Certain Events.**

(a) **Term of Agreement.** 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 at the Bank's Lending Office on the earliest of: (i) the Stated Termination Date (as defined below); (ii) the date of receipt by the Bank of notice from the Tender Agent to the effect that a Substitute Liquidity Facility in full and complete substitution for this Agreement has been issued and has been in effect for at least one Business Day, which notice shall be substantially in the form of the certificate attached hereto as Exhibit D; (iii) the date of receipt by the Bank of notice from the Tender Agent to the effect that the Bonds (other than Bank Bonds) have been converted to the

Auction Mode or the Fixed Mode at least one Business Day prior to the date of such notice, which notice shall be substantially in the form of the certificate attached hereto as Exhibit E; (iv) the date of receipt by the Bank of notice from the Tender Agent to the effect that no Bonds remain Outstanding under the Bond Resolution, which notice shall be substantially in the form of the certificate attached hereto as Exhibit F; (v) the date this Agreement is terminated pursuant to Section 2.4(b) hereof; and (vi) the date this Agreement is terminated pursuant to Section 7.1(b) or 7.1(c) hereof; *provided, however*, that upon the occurrence of an event described in (V) the foregoing clause (i), (W) the foregoing clause (ii), but only to the extent that such substitution results in the Bonds becoming subject to mandatory tender for purchase pursuant to Section 3.06(c)(ii) of the Supplemental Resolution, (X) the foregoing clause (iii), (Y) the foregoing clause (v), but only to the extent that substitution of a Substitute Liquidity Facility for this Agreement as provided in said Section 2.4(b) results in the Bonds becoming subject to mandatory tender for purchase pursuant to Section 3.06(c)(ii) of the Supplemental Resolution or (Z) the foregoing clause (vi), but only to the extent that such termination of this Agreement occurs pursuant to Section 7.1(c) hereof, no such termination of this Agreement and the Available Commitment shall occur until such time as the Bank shall have honored in full its obligation to purchase all Tendered Bonds to be purchased as a result of the occurrence of such event. The "Stated Termination Date" shall initially be July 5, 2013, provided that such date shall be subject to extension from time to time, for an additional one-year period, upon the written request of the City and the written consent of the Bank in its sole discretion. Not less than ninety (90) days prior to July 5, 2009 and not less than ninety (90) days prior to each anniversary of the Effective Date thereafter, 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 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.

In the event that the termination date of this Agreement as specified in this Section shall be scheduled to occur on a date which is not a Business Day or on a date on which the Bank's Lending Office is not open for business (whether or not a Business Day), this Agreement shall terminate at the close of business at the Bank's Lending Office on the Business Day next preceding the scheduled date of termination. The date on which this Agreement shall terminate pursuant to this Section 2.4(a) is referred to herein as the "Termination Date".

All amounts owed by the City under this Agreement shall be due and payable on the Termination Date. 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.



**(b) City's Right to Terminate.** To the extent permitted by the Supplemental Resolution, this Agreement and the Available Commitment may be terminated by the City at any time by written notice from the City to the Bank if:

(i) the Bank fails to purchase Bonds when obligated to do so in accordance with the provisions of this Agreement;

(ii) a proceeding is instituted in a court having jurisdiction in the premises seeking an order for relief, rehabilitation, reorganization, conservation, liquidation or dissolution in respect of the Bank or for any substantial part of its property under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or for the appointment of a receiver, liquidator, assignee, custodian, trustee or sequestrator (or other similar official) and such proceeding is not terminated for a period of 60 consecutive days or such court enters an order granting the relief sought in such proceeding or the Bank shall institute or take any corporate action for the purpose of instituting any such proceeding; or the Bank shall become insolvent or unable to pay its debts as they mature, shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee or sequestrator (or other similar official) of the Bank or for any substantial part of its property, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action in furtherance of any of the foregoing;

(iii) the short-term rating of the Bank is withdrawn or reduced below "A-1" by S&P or "P-1" by Moody's and the City elects to replace this Agreement with a Substitute Liquidity Facility from a provider with a higher rating than the Bank; or

(iv) the City for any other reason elects to replace this Agreement with a Substitute Liquidity Facility.

The effective date of a termination on account of an event described in clause (i), (ii), (iii) or (iv) above shall be the effective date of a Substitute Liquidity Facility; *provided, however,* that to the extent that substitution of a Substitute Liquidity Facility for this Agreement results in the Bonds becoming subject to mandatory tender for purchase pursuant to Section 3.06(c)(ii) of the Supplemental Resolution, such termination of this Agreement and the Available Commitment shall not occur until such time as the Bank shall have honored in full its obligation to purchase all Tendered Bonds to be purchased as a result of the occurrence of such substitution. All amounts owed by the City under this Agreement shall be due and payable on the effective date of any such termination. The City agrees to send to the Tender Agent and the Remarketing Agent a copy of any termination notice given by the City to the Bank pursuant to this Section 2.4(b) promptly after delivery of such notice to the Bank.

If the City terminates this Agreement and the Available Commitment prior to the first anniversary of the Effective Date for any reason other than (i), (ii) or (iii) above, the City

shall pay the Bank an amount equal to the difference between (1) the commitment fee referred to in Section 2.2(e) hereof due to the first anniversary of the Effective Date and (2) the amount of such commitment fee received by the Bank prior to the date of such termination.

**Section 2.5. Substitution of Substitute Liquidity Facility for this Agreement.** The City may at any time and at its option provide a Substitute Liquidity Facility in substitution for this Agreement with respect to the Bonds; *provided, however*, that no such substitution shall replace this Agreement unless the City or the bank or institution issuing such Substitute Liquidity Facility shall have purchased or caused the purchase of any Bank Bonds held by the Bank as of the close of business on the date of such substitution at a price equal to the principal amount thereof plus interest accrued thereon at the applicable rates then in effect thereon. In addition, on the date of such substitution, the City shall pay any and all other amounts accrued hereunder, whether or not then due and payable. The City also may provide a Substitute Liquidity Facility in substitution for this Agreement upon such other terms and conditions as shall have been consented to in writing by the Bank. Notwithstanding any such substitution, 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 2.6. 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.

### 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 documents, all in form and substance reasonably satisfactory to the Bank:

- (a) 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 is true and correct and (ii) no Default or Event of Default has occurred and is continuing;
- (b) a certificate of the Clerk of the Commission of the City certifying the names and the signatures of each of the "Authorized Officers" as of the Effective Date;
- (c) an opinion of the Office of the City Attorney of the City, substantially as set forth in Exhibit G hereto;
- (d) an opinion of Orrick, Herrington & Sutcliffe LLP, bond counsel, substantially as set forth in Exhibit H hereto;
- (e) a copy of each Resolution (each as in effect on the Effective Date), together with a certificate of the Clerk of the Commission of the City, dated the Effective Date,

certifying that each Resolution 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 of either Resolution, except as set forth therein;

(f) 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;

(g) 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;

(h) written evidence from Moody's and S&P that the Bonds are rated "Aa2"/"VMIG 1" and "AA"/"A-1+", respectively;

(i) a copy of the Official Statement, together with any supplements or amendments thereto prepared on or prior to the Effective Date; and

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

**Section 3.2. Conditions to Purchase of Bonds.** The obligation of the Bank to purchase any Tendered Bonds hereunder shall be subject, in the case of each purchase, to the satisfaction of the following conditions:

(a) receipt by the Bank of a Notice of Bank Purchase as provided in Section 2.2(a) hereof;

(b) as of the Purchase Date relating to such purchase, the Available Commitment shall not be less than the Purchase Price of the Tendered Bonds to be purchased by the Bank; *provided, however*, that in the event that the Bank elects to terminate the Available Commitment as provided in Section 7.1(c) hereof, the condition set forth in this clause (b) shall not be a condition to the Bank's obligation to purchase all Tendered Bonds on the Purchase Date that occurs as a result of such election, as provided in such Section 7.1(c); and

(c) the fact that none of the Events of Default set forth in Section 7.1(a)(iv), 7.1(a)(vi), 7.1(a)(vii), 7.1(a)(ix) or 7.1(a)(x) hereof shall have theretofore occurred and, in the case of any event or condition described in Section 7.1(a)(iv) or 7.1(a)(x) hereof, be continuing.

## 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 as to the representation contained in Section 4.12 below, as of each Purchase Date:

**Section 4.1. Financial Condition.** The balance sheet of Gainesville Regional Utilities at September 30, 2005, and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended, reported on by Ernst & Young LLP, 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, 2005 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. 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 Requirement of Law or any Contractual Obligation of the City.

**Section 4.6. No Material Litigation.** 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 by or against the City or against any of its properties or revenues (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 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.** The City does not maintain any employee benefit plan that is subject to Title I or Title IV of ERISA.

**Section 4.12. Official Statement.** The Official Statement does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or

necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

## 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 Sections 707 through 717 of the Bond Resolution (as the same may be amended from time to time after the date of this Agreement) 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 any such Article or Section of the Bond Resolution shall be deemed to be a reference to the Bank.

**Section 5.2. Financial and Other Information.** The City shall furnish to the Bank, (a) within 180 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 unqualified opinion of an independent certified public accounting firm of recognized standing stating that they have been prepared in accordance with GAAP consistently applied, together with 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; (b) within 60 days after the close of the first three quarters of each fiscal year of the City, a balance sheet of Gainesville Regional Utilities as at the end of such quarter, and the related statements of revenues, expenses and changes in net assets and cash flows for the three months then ended, together with 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; and (c) 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:

(a) of the occurrence of any Default;

(b) of any (i) default or event of default under any Contractual Obligation of or relating to the System or (ii) litigation, investigation or proceeding which may exist at any time between the City and any Governmental Authority, which in either case would have a material adverse effect on the business, operations, properties or financial or other condition of the System;

(c) of any litigation or proceeding affecting the System in which the amount involved is \$25,000,000 or more and not covered by insurance or in which injunctive or similar relief is sought; and

(d) of any change in the ratings on the Utilities System Revenue Bonds assigned by Moody's or S&P.

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

**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 subsection 3.1(e); *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 will have as long as any Bank Bonds are outstanding or other amounts are owing to the Bank hereunder, 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.

## ARTICLE VI

### REPRESENTATIONS AND WARRANTIES OF THE BANK

To induce the City to enter into this Agreement, the Bank makes the representations and warranties to the City set forth in this Article VI on and as of the date hereof.

**Section 6.1. Existence and Standing.** The Bank is a banking corporation duly organized and validly existing under the laws of the State of Georgia and has all requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder.

**Section 6.2. Authorization and Validity.** All approvals, authorizations or consents required by law for the execution and delivery by the Bank of this Agreement have been obtained, and this Agreement constitutes the legal, valid and binding obligation of the Bank, enforceable in accordance with its terms, except to the extent that the enforceability hereof may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and except to the extent that the obligations of the Bank under this Agreement are subject to the application of general principles of equity including but not limited to the right of specific performance.

**Section 6.3. Compliance with Laws, Etc.** Neither the execution and delivery by the Bank of this Agreement, the consummation of the transactions herein contemplated nor compliance with the provisions hereof will violate any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Bank, or the Bank's organic instruments or charter under the laws of the State of Georgia.

**Section 6.4. Litigation.** To the knowledge of the Bank, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or threatened against the Bank (a) wherein an unfavorable decision, ruling or finding would materially adversely affect the validity of this Agreement, or any agreement or instrument to which the Bank is a party and which is used or contemplated for use in the consummation of the transactions contemplated by this Agreement; or (b) which in any material way contests the existence or organization of the Bank or the powers of the Bank to enter into and perform its obligations under this Agreement.

## ARTICLE VII

### DEFAULTS AND REMEDIES

**Section 7.1. Events of Default and Remedies.** (a) Each of the following events shall constitute an "Event of Default" under this Agreement:

- (i) the City shall fail to pay when due any fees or any other amount payable hereunder;
- (ii) the City shall fail to observe or perform any covenant or agreement contained in this Agreement (other than that covered by clause (i) above) or in any Financing Document for 45 days after written notice thereof has been given to the City by the Bank;
- (iii) any representation, warranty, certification or statement made by the City (or incorporated by reference) in this Agreement 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);



(iv) the City shall fail to make any payment in respect of any Utilities System Revenue Bonds (including any Bank Bonds) when due or within any applicable grace period;

(v) any event or condition shall occur which (A) results in the acceleration of the maturity of any Utilities System Revenue Bond or any of the City's other Indebtedness relating to the System or (B) enables (or, with the giving of notice or lapse of time or both, would enable) the holder of such Utilities System Revenue Bond or Indebtedness or any Person acting on such holder's behalf to accelerate the maturity thereof;

(vi) the City shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any action to authorize any of the foregoing;

(vii) an involuntary case or other proceeding shall be commenced against the City seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 90 days; or an order for relief shall be entered against the City under the Federal bankruptcy laws or applicable state law as now or hereafter in effect;

(viii) a judgment or order for the payment of money in excess of \$25,000,000 shall be rendered against the City with respect to the System and such judgment or order shall continue unsatisfied and unstayed for a period of 60 days;

(ix) any material provision of this Agreement or any Financing Document (including without limiting the generality of the foregoing, Section 5.01(1) of the Bond Resolution) shall at any time cease to be valid and binding on the City, or shall be declared to be null and void, in either such case, as a result of a final, non-appealable judgment of a court of competent jurisdiction, or the validity or enforceability thereof shall be contested by the City; or

(x) the long-term portion of the ratings of the Bonds (without taking into account third-party credit enhancement) are withdrawn or suspended or reduced below "Baa3" by Moody's and "BBB-" by S&P.

(b) Upon the occurrence and continuance of an Event of Default described in clause (iv), clause (vi), clause (vii), clause (ix) or clause (x) of paragraph (a) of this Section 7.1, without any notice to the City, the Remarketing Agent or the Tender Agent or any other act by the Bank, the Available Commitment shall thereupon terminate.

(c) Upon the occurrence and continuance of any Event of Default, the Bank may, at its option, elect to terminate the Available Commitment, by giving notice of its election to do so to the City, the Remarketing Agent and the Tender Agent; *provided, however*, that such termination shall not become effective unless, prior to the date of such termination, the Bank shall have purchased all Tendered Bonds, in accordance with the provisions of Article III of the Supplemental Resolution, on the Purchase Date that occurs on the fifteenth (15th) day (or, if such day shall not be a Business Day, the next preceding Business Day) following receipt of such notice from the Bank by the City, the Remarketing Agent and the Tender Agent, in which case, such termination shall become effective on the twentieth (20th) day (or, if such day shall not be a Business Day, the next preceding Business Day) following receipt of such notice from the Bank by the City, the Remarketing Agent and the Tender Agent.

(d) Upon the occurrence and continuance of any Event of Default, the Bank may, at its option, 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 waived by the City; *provided, however*, that in the case of any of the Events of Default specified in clause (iv), clause (vi), clause (vii), clause (ix) or clause (x) of paragraph (a) of this Section 7.1, 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 waived by the City.

(e) In addition, upon the occurrence and continuance of any Event of Default, the Bank shall be entitled to exercise any other remedies available to it at law or in equity, including, without limitation, the remedy of specific performance.

**Section 7.2. Waiver of Right of Set-off and Limitation on Bank Collateral.** (a) Subject to the provisions of paragraph (b) below, and subject to any Lien or claim having priority over the Bank's claims hereunder, upon the occurrence and during the continuance of any Event of Default, the Bank is hereby authorized at any time and from time to time, without notice to the City (any such notice being expressly waived by the City) and to the fullest extent permitted by law, to set off and apply 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 and attributable to the System against any and all of the obligations of City now or hereafter existing under this Agreement, irrespective of whether or not the Bank shall have made any demand hereunder.

(b) Anything in paragraph (a) above to the contrary notwithstanding but without modifying any other provision of this Agreement, the Bank waives any such right, and any other right which it may have at law or otherwise to set off and apply such deposits or indebtedness, during the pendency of any proceeding by or against the City seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property; *provided, however*, that such waiver shall terminate and be of no force and effect if (i) the exercise of any such right would not result in the Bank's being released, prevented or restrained from or delayed in fulfilling the Bank's obligations hereunder and (ii) the absence of such waiver would not result in the lowering or suspension by any nationally recognized rating agency of its rating of the Bonds.

(c) The Bank agrees to notify the City promptly after any such set-off and application; *provided, however*, that the failure to give such notice shall not affect the validity of such set-off and application. Subject to the provisions of paragraph (b) above, the rights of the Bank under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) which the Bank may have.

(d) The Bank hereby agrees that it will not at any time accept any collateral as security for the payment of the obligations of the City pursuant to this Agreement unless provision is made prior to or simultaneously with the taking of such collateral security by the Bank for an equal and ratable security interest in such collateral security to be granted to the owners from time to time of the Bonds or unless the acceptance of such collateral as security for the payment of the obligations of the City pursuant to this Agreement would not result in (i) the Bank being released, prevented or restrained from or delayed in fulfilling the Bank's obligations hereunder or (ii) the lowering or suspension by any nationally recognized rating agency of its rating of the Bonds.

**Section 7.3. 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 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 may be waived only in writing by the Bank and any such Event of 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 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 under any of the Financing Documents 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 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. The Bank may remedy any default by the City hereunder or with respect to any other person, firm or corporation in a reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by the City.

**Section 8.2. Survival of Representations and Warranties.** All agreements, 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 Section 8.3 hereof shall survive payment of any amounts payable hereunder and with respect to any Bank Bonds and the termination of this Agreement.

**Section 8.3. Expenses; Documentary Taxes; 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 and the Financing Documents, any waiver or consent hereunder or any amendment hereof or any Default or Event of Default or alleged Default or Event of Default hereunder; *provided, however*, that no such out-of-pocket expenses of the Bank shall be payable by the City in connection with the preparation and signing of this Agreement other than legal fees and disbursements of counsel for the Bank in an amount not to exceed \$2,500. To the fullest extent permitted by applicable law, the City shall indemnify the Bank against any transfer taxes, documentary taxes, assessments or charges made by any Governmental Authority by reason of the execution and delivery of this Agreement or the purchase of any Bank Bonds.

(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 or any Financing Document or any actual or proposed purchase of Bank Bonds hereunder; *provided, however*, that the Bank shall not have the right to be indemnified hereunder for its own negligence or willful misconduct as determined by a court of competent jurisdiction.

(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 any untrue statement or

alleged untrue statement of any material fact contained (or incorporated by reference) in the Official Statement 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 the light of the circumstances under which they are or were made, not misleading, 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.

**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 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:

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  
Telecopier: (352) 334-2277

If to the Bank:

SunTrust Bank  
76 South Laura Street  
Suite 20  
Jacksonville, Florida 32202  
Attention: Lisa C. Hayes  
Telephone: (904) 632-2599  
Telecopier: (904) 632-2780

If to the Tender Agent, to:

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

If to the Remarketing Agent, to:

Goldman, Sachs & Co.  
85 Broad Street  
New York, New York 10004  
Attention: Lisa Recupero  
Telephone: (212) 902-6373  
Telecopier: (212) 256-4105

All notices given by telephone, telecopier or other electronic means 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.** The Bank shall have the right at any time to sell, grant or transfer participations in all or part of this Agreement and the obligations of the City hereunder to any other bank or banks 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, any Financing Document and the City, without the consent of or notice to the City.

**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.** 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. 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 federal courts located in the State of Florida and agrees that any such suit, action or proceeding shall be had and maintained in such federal courts.

**Section 8.8. 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 8.9. 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 8.10. 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 8.11. Integration.** This Agreement constitutes the entire agreement and understanding between the parties hereto and, except with respect to the other documents and agreements referred to herein, supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

**Section 8.12. Conflict with Supplemental Resolution.** In the event of an express conflict between the words of this Agreement and the words of the Supplemental Resolution, the words of the Supplemental Resolution shall be controlling.

**Section 8.13. No Reduction in Payments.** All payments made by or on behalf of the City to the Bank hereunder or under any Financing Document shall be made free and clear of, and without reduction for or on account of, any present or future stamp or other taxes, levies, imposts, duties, charges, fees, deductions, withholdings, restrictions or conditions of any nature whatsoever now or hereafter imposed, levied, collected, withheld or assessed by any governmental or taxing authority of the United States, the State of Florida or any political subdivision of the State of Florida, excluding income and franchise taxes now or hereafter imposed on the Bank (such nonexcluded taxes being called "Taxes"). If any Taxes are required to be withheld from any amounts payable to the Bank hereunder, the amounts so payable to the Bank shall be increased to the extent necessary so that after the making of all required withholdings, the Bank receives an amount equal to the amount it would have received had no such withholdings been made. Upon request by the City, the Bank will provide the City with any documents required to be delivered by the Bank to enable the City to obtain a reduction of, or exemption from withholding of, any Tax. Whenever any Tax is payable by the City, as promptly as possible thereafter, the City shall send the Bank an original official receipt showing payment thereof.

**Section 8.14. Official Statement.** The City agrees that it will not, without the prior approval of the Bank (which approval shall not be unreasonably withheld), include in the Official Statement, any supplement to the Official Statement, any reoffering memorandum, reoffering circular or any other disclosure document for the Bonds any information describing the Bank.

**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 rate permitted by applicable law. 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 a maximum legal rate of interest, 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 legal rate of interest, the Bank shall instead receive interest at a rate equal to the maximum legal rate of interest 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.

**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 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) without the prior written consent of the City (which consent shall not be unreasonably withheld) and (B) 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, 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. For purposes of clause (ii)(A) of the proviso to the preceding sentence, the City and the Bank agree that it shall not be unreasonable for the City to withhold its consent to a proposed assignment by the Bank hereunder if the City determines that such assignment would not be in the best interests of the City or of the holders of the Bonds. In particular, but without limiting the generality of the foregoing, any such assignment shall be presumed conclusively to be not in the best interests of the City or the holders of the Bonds if (i) the City determines that the Bonds can be sold to investors at a lower rate of interest should such proposed assignment not occur, (ii) the City determines that such proposed assignment would violate any official policy of the City, whether or not such policy has been reduced to writing or has been expressed formally by the City, (iii) the proposed assignee and the City are involved in a dispute or a potential dispute which, in the sole judgment of the City, would make such assignment undesirable to the City or (iv) the proposed assignee has, in the sole judgment of the City, failed to perform satisfactorily in any prior business arrangement with the City.

(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 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 Bank, on its own behalf or on behalf of the Participants, and both of 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 8.17. Confidential Information.** The Bank agrees to take normal and reasonable precautions and exercise due care to maintain the confidentiality of all non-public information provided to it by the City in connection with this Agreement or any Financing Document and neither it nor any of its Affiliates shall use any such information for any purpose or in any manner other than pursuant to the terms contemplated by this Agreement, except to the extent such information (i) was or becomes generally available to the public other than as a result of a disclosure by the Bank, or (ii) was or becomes available on a non-confidential basis from a source other than the City, provided that such source is not bound by a confidentiality agreement with the City known to the Bank; provided that the Bank may disclose such information (A) at the request of any bank regulatory authority or in connection with an examination of the Bank by any such authority; (B) pursuant to subpoena or other court process; (C) when required to do so in accordance with the provisions of any applicable law; and (D) to the Bank's independent auditors and other professional advisors, provided that any such auditor or advisor agrees to keep such information confidential to the same extent required of the Bank hereunder. Notwithstanding the foregoing, the City authorizes the Bank to disclose to any Participant or assignee (each, a "Transferee") and any prospective Transferee such financial and other information in the Bank's possession concerning the City which has been delivered to the Bank pursuant to this Agreement or which has been delivered to the Bank by the City in connection with the Bank's credit evaluation of the City prior to entering into this Agreement; provided that such Transferee agrees in writing to the Bank to keep such information confidential to the same extent required of the Bank hereunder.

**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. Place and Manner of Payment.** (a) The City shall make or cause to be made each payment of principal of, and interest on, the Bank Bonds and of fees hereunder by 3:00 P.M. (New York City time) on the date when due, in Federal or other immediately available funds, to the Bank at its address specified in or pursuant to Section 8.4 hereof. Whenever any payment of principal of, or interest on, the Bank Bonds or of fees shall be due on a day which is not a Business Day, the date for payment thereof shall be extended to the next succeeding Business Day. If the date for any payment of principal is extended by operation of law or otherwise, interest thereon shall be payable for such extended time.

(b) If and to the extent permitted by applicable law, any amount owed hereunder that is not paid when due shall bear interest until paid at the Base Rate plus four percent (4.00%).

**Section 8.20. Continuing Obligations.** This Agreement is a continuing obligation of the City and shall, until the later of the Termination Date 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, (i) be binding upon the City, its successors and assigns and (ii) inure to the benefit of and be enforceable by the Bank and its successors, transferees and assigns.

**Section 8.21. Nature of Bank's Duties.** (a) Except to the extent otherwise provided in Section 2.2(f) hereof and this Section 8.21, 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 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 8.21, 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 8.21, 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 and, to the extent consequential damages would be an available remedy in the absence of any specific mention thereof in this Agreement, consequential 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 arising out of the Bank's negligence (as opposed to willful misconduct), except for claims that result from or arise out of claims asserted against the City by holders (past or present) from time to time of the Bonds. The events giving rise to liability of the Bank pursuant to the preceding sentence shall be limited to (A) the Bank's negligence or willful misconduct in determining whether documents presented under this Agreement comply with the terms hereof or (B) the Bank's 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. 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 8.22. Waiver of Jury Trial.** 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.

[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: \_\_\_\_\_  
Karen S. Johnson  
Interim General Manager for Utilities  
Date: July 6, 2006

Approved as to form and legality:

\_\_\_\_\_  
Utilities Attorney

**SUNTRUST BANK**

By: \_\_\_\_\_  
Name:  
Title:  
Date: July 6, 2006

## EXHIBIT A

### NOTICE OF BANK PURCHASE

SunTrust Bank  
76 South Laura Street  
Suite 20  
Jacksonville, Florida 32202  
Attention: Lisa C. Hayes

Re: *Standby Bond Purchase Agreement Relating to Variable Rate Utilities System Revenue Bonds, 2006 Series A, dated as of July 1, 2006, between the City of Gainesville, Florida and SunTrust Bank*

The undersigned, a duly authorized officer or agent of U.S. Bank Trust National Association (the "Tender Agent"), hereby certifies to SunTrust Bank (the "Bank"), with reference to the above-referenced Standby Bond Purchase Agreement (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. 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").
2. The total Purchase Price of such Bonds that the Remarketing Agent has not remarketed is \$\_\_\_\_\_, representing the aggregate principal amount of such Bonds [to be included only in the case of Bonds subject to the Daily Mode or the Weekly Mode: and accrued interest on such Bonds as of the Purchase Date, computed in accordance with the terms of the Bonds and the Bond Resolution, of \$\_\_\_\_\_].
3. 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 2:30 P.M. (New York City time) on the Purchase Date, in exchange for possession of such tendered or deemed tendered Bonds, which shall be delivered to you or upon your instructions, in the manner provided in Section 2.2(c) of the Standby Bond Purchase Agreement.
4. The wire instructions for the payment of such Purchase Price are as follows:  
[insert payment instructions].

IN WITNESS WHEREOF, the Tender Agent has executed and delivered this Certificate as  
of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

U.S. BANK TRUST NATIONAL ASSOCIATION,  
as Tender Agent

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

Title: \_\_\_\_\_

**EXHIBIT B**

**CERTIFICATE FOR REDUCTION**

SunTrust Bank  
76 South Laura Street  
Suite 20  
Jacksonville, Florida 32202  
Attention: Lisa C. Hayes

Re: *Standby Bond Purchase Agreement Relating to Variable Rate Utilities System Revenue Bonds, 2006 Series A, dated as of July 1, 2006, between the City of Gainesville, Florida and SunTrust Bank*

The undersigned, a duly authorized officer or agent of U.S. Bank Trust National Association (the "Tender Agent"), hereby certifies to SunTrust Bank (the "Bank"), with reference to the above-referenced Standby Bond Purchase Agreement (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. The Tender Agent is the Tender Agent under the Supplemental Resolution.

2. Effective on the date hereof, the Commitment shall be irrevocably reduced by \$ \_\_\_\_\_, as a result of \$ \_\_\_\_\_ of the Bonds (other than Bank Bonds) no longer remaining Outstanding under the Bond Resolution. [If any of the Bonds that are the subject of this certificate are currently subject to the Daily Mode or the Weekly Mode, the following shall be inserted: \$ \_\_\_\_\_ of the amount of such reduction represents the principal amount of such Bonds, and \$ \_\_\_\_\_ of such reduction represents 36 days' interest on such Bonds subject to a [Daily] [Weekly] Mode, computed at a rate per annum of twelve percent (12%) and on the basis of a 365-day year.]

IN WITNESS WHEREOF, the Tender Agent has executed and delivered this Certificate as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

U.S. BANK TRUST NATIONAL ASSOCIATION,  
as Tender Agent

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

Title: \_\_\_\_\_

**EXHIBIT C**

**CERTIFICATE FOR INTEREST REDUCTION**

SunTrust Bank  
76 South Laura Street  
Suite 20  
Jacksonville, Florida 32202  
Attention: Lisa C. Hayes

Re: *Standby Bond Purchase Agreement Relating to Variable Rate Utilities System Revenue Bonds, 2006 Series A, dated as of July 1, 2006, between the City of Gainesville, Florida and SunTrust Bank*

The undersigned, a duly authorized officer or agent of U.S. Bank Trust National Association (the "Tender Agent"), hereby certifies to SunTrust Bank (the "Bank"), with reference to the above-referenced Standby Bond Purchase Agreement (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) The Tender Agent is the Tender Agent under the Supplemental Resolution.

(2) Effective on the date hereof, the Commitment shall be automatically reduced by \$ \_\_\_\_\_ (representing 36 days' interest on the Bonds, computed at a rate per annum of twelve percent (12%) and on the basis of a 365-day year), as a result of the Bonds (other than Bank Bonds) having been converted from the [Daily] [Weekly] Mode to the [Term] [Flexible] Mode.

IN WITNESS WHEREOF, the Tender Agent has executed and delivered this Certificate as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

U.S. BANK TRUST NATIONAL ASSOCIATION,  
as Tender Agent

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

Title: \_\_\_\_\_



**EXHIBIT D**

**CERTIFICATE OF TERMINATION OF  
THE STANDBY BOND PURCHASE AGREEMENT  
AND SUBSTITUTION OF A SUBSTITUTE LIQUIDITY FACILITY**

SunTrust Bank  
76 South Laura Street  
Suite 20  
Jacksonville, Florida 32202  
Attention: Lisa C. Hayes

Re: *Standby Bond Purchase Agreement Relating to Variable Rate Utilities System  
Revenue Bonds, 2006 Series A, dated as of July 1, 2006, between the City of  
Gainesville, Florida and SunTrust Bank*

The undersigned duly authorized officer or agent of U.S. Bank Trust National Association, as Tender Agent (the "Tender Agent"), hereby certifies to SunTrust Bank (the "Bank") that all conditions precedent to the substitution of a Substitute Liquidity Facility for the above-mentioned Standby Bond Purchase Agreement have been satisfied under the Supplemental Resolution and that a Substitute Liquidity Facility has been issued and has been in effect for at least one Business Day, which Substitute Liquidity Facility was issued in full and complete substitution for the above-referenced Standby Bond Purchase Agreement.

Capitalized terms that are used herein and not otherwise defined herein shall have the meanings set forth in the above-referenced Standby Bond Purchase Agreement.

IN WITNESS WHEREOF, the Tender Agent has executed and delivered this Certificate as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

U.S. BANK TRUST NATIONAL ASSOCIATION,  
as Tender Agent

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

Title: \_\_\_\_\_

**EXHIBIT E**

**CERTIFICATE OF TERMINATION OF THE STANDBY  
BOND PURCHASE AGREEMENT BECAUSE OF  
CONVERSION TO [AUCTION] [FIXED] MODE**

SunTrust Bank  
76 South Laura Street  
Suite 20  
Jacksonville, Florida 32202  
Attention: Lisa C. Hayes

Re: *Standby Bond Purchase Agreement Relating to Variable Rate Utilities System  
Revenue Bonds, 2006 Series A, dated as of July 1, 2006, between the City of  
Gainesville, Florida and SunTrust Bank*

The undersigned duly authorized officer or agent of U.S. Bank Trust National Association (the "Tender Agent") hereby certifies to SunTrust Bank (the "Bank") that the Bonds (other than Bank Bonds) have been converted to the [Auction] [Fixed] Mode at least one Business Day prior to the date hereof.

Capitalized terms that are used herein and not otherwise defined herein shall have the meanings set forth in the above-referenced Standby Bond Purchase Agreement.

IN WITNESS WHEREOF, the Tender Agent has executed and delivered this Certificate as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

U.S. BANK TRUST NATIONAL ASSOCIATION,  
as Tender Agent

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

Title: \_\_\_\_\_

**EXHIBIT F**

**CERTIFICATE OF TERMINATION OF  
THE STANDBY BOND PURCHASE AGREEMENT  
BECAUSE NO BONDS REMAIN OUTSTANDING**

SunTrust Bank  
76 South Laura Street  
Suite 20  
Jacksonville, Florida 32202  
Attention: Lisa C. Hayes

Re: *Standby Bond Purchase Agreement Relating to Variable Rate Utilities System  
Revenue Bonds, 2006 Series A, dated as of July 1, 2006, between the City of  
Gainesville, Florida and SunTrust Bank*

The undersigned duly authorized officer or agent of U.S. Bank Trust National Association (the "Tender Agent") hereby certifies to SunTrust Bank (the "Bank") that, as of the date hereof, no Bonds remain Outstanding under and in accordance with the provisions of the Bond Resolution.

Capitalized terms that are used herein and not otherwise defined herein shall have the meanings set forth in the above-referenced Standby Bond Purchase Agreement.

IN WITNESS WHEREOF, the Tender Agent has executed and delivered this Certificate as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

U.S. BANK TRUST NATIONAL ASSOCIATION,  
as Tender Agent

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

Title: \_\_\_\_\_

## EXHIBIT G

[Form of Opinion of the Office of the City Attorney of the City]

[Effective Date]

SunTrust Bank  
76 South Laura Street  
Suite 20  
Jacksonville, Florida 32202

Ladies and Gentlemen:

We have acted as counsel to the City of Gainesville, Florida, a municipal corporation duly created, organized and existing under the laws of the State of Florida (the "City"), in connection with the execution and delivery of the Standby Bond Purchase Agreement Relating to Variable Rate Utilities System Revenue Bonds, 2006 Series A (the "Standby Bond Purchase Agreement"), dated as of July 1, 2006, between the City and SunTrust Bank. This opinion is being rendered to you at the request of the City pursuant to Section 3.1(c) of the Standby Bond Purchase 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 Standby Bond Purchase Agreement, (c) the Utilities System Revenue Bond Resolution of the City, adopted June 6, 1983, as amended, restated and supplemented to the date hereof (the "Bond Resolution"), including as supplemented by the Seventeenth Supplemental Utilities System Revenue Bond Resolution of the City adopted on June 12, 2006 (such Utilities System Revenue Bond Resolution, as so amended, restated and supplemented, being referred to herein as the "Bond Resolution"), (d) the Standby Bond Purchase Agreement, (e) the Remarketing Agreement, dated as of July 1, 2006, between the City and Goldman, Sachs & Co. and (f) the Tender Agency Agreement Relating to Variable Rate Utilities System Revenue Bonds, 2006 Series A, dated as of July 1, 2006, between the City and 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.

Capitalized terms not otherwise defined herein shall have the same meanings given to such terms in the Standby Bond Purchase 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 our knowledge (without independent investigation), 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, the Standby Bond Purchase Agreement 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 Standby Bond Purchase Agreement, the Bonds and the other Financing Documents, and has taken all necessary action to authorize the execution, delivery and performance of the Standby Bond Purchase 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 the Standby Bond Purchase Agreement, the Bonds or the other Financing Documents. The Standby Bond Purchase 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. The Standby Bond Purchase 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.

(3) The execution, delivery and performance of the Standby Bond Purchase Agreement, the Bonds and the other Financing Documents will not violate any constitutional provision or applicable 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 Requirement of Law or, to our knowledge, any Contractual Obligation of the City.

(4) 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 (a) with respect to the Standby Bond Purchase Agreement, the Bonds or any other Financing Document or any of the transactions contemplated thereby, 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 the Standby Bond Purchase 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; 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 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.

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.

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.

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 in any manner or for any purpose.

Yours truly,

OFFICE OF THE CITY ATTORNEY

By \_\_\_\_\_  
Raymond O. Manasco, Jr.  
Utilities Attorney

## EXHIBIT H

[Form of Opinion of Orrick, Herrington & Sutcliffe LLP,  
Bond Counsel]

[Effective Date]

SunTrust Bank  
76 South Laura Street  
Suite 20  
Jacksonville, Florida 32202

Ladies and Gentlemen:

We have acted as bond counsel to the City of Gainesville, Florida, a municipal corporation organized and existing under the laws of the State of Florida (the "City"), in connection with the execution and delivery of the Standby Bond Purchase Agreement Relating to Variable Rate Utilities System Revenue Bonds, 2006 Series A (the "Standby Bond Purchase Agreement"), dated as of July 1, 2006, between the City and SunTrust Bank. This opinion is being rendered to you at the request of the City pursuant to Section 3.1(d) of the Standby Bond Purchase Agreement. Unless otherwise defined herein, terms defined in the Standby Bond Purchase Agreement are used herein as therein defined.

We have delivered our final legal opinion as bond counsel concerning the validity of the Bonds and certain other matters, dated the date hereof and addressed to the City. You may rely on such opinion as though the same were addressed to you.

In such connection, we have reviewed the Standby Bond Purchase Agreement; the Utilities System Revenue Bond Resolution of the City, adopted June 6, 1983, as amended, restated and supplemented to the date hereof, including as supplemented by the Seventeenth Supplemental Utilities System Revenue Bond Resolution of the City, adopted June 12, 2006 (such Utilities System Revenue Bond Resolution, as so amended, restated and supplemented, being referred to herein as the "Bond Resolution"); the Remarketing Agreement, dated as of July 1, 2006, between the City and Goldman, Sachs & Co.; the Tender Agency Agreement Relating to Variable Rate Utilities System Revenue Bonds, 2006 Series A, dated as of July 1, 2006, between the City and U.S. Bank Trust National Association; an opinion of the Office of the City Attorney of the City; certificates of the City and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

Certain agreements, requirements and procedures contained or referred to in the Bond Resolution, the Standby Bond Purchase Agreement and other relevant documents may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based upon an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. We have assumed the genuineness of all documents and signatures (other than those of representatives of the City) presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the City. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the third paragraph hereof (except that we have not relied on any such legal conclusions that are to the same effect as the opinions set forth herein). Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolutions and the Standby Bond Purchase Agreement. We call attention to the fact that the rights and obligations under the Resolutions and the Standby Bond Purchase Agreement and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations of the State of Florida. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The City (a) is a municipal corporation duly organized and validly existing under the laws of the State of Florida and (b) has all requisite power and authority and the legal right to own and operate the System.

2. The City has all requisite power and authority and the legal right to adopt the Resolutions, and the Resolutions have been duly and lawfully adopted by the City, are in full force and effect, are valid and binding upon the City and are enforceable in accordance with their respective terms, and no other authorization for the Resolutions is required. The Bond Resolution creates the valid pledge which it purports to create of the Trust Estate.

3. The City has all requisite power and authority and the legal right to make, deliver and perform the Standby Bond Purchase Agreement, the Bonds and the other Financing Documents, and has taken all necessary action to authorize the execution, delivery and performance of the Standby Bond Purchase 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 the Standby Bond Purchase Agreement, the Bonds or the other Financing Documents. The Standby Bond Purchase 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 Standby Bond Purchase 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.

4. The execution, delivery and performance of the Standby Bond Purchase Agreement, the Bonds and the other Financing Documents will not violate any constitutional provision or applicable law of the State of Florida, the United States of America, or any department, division, agency or instrumentality of the United States, or any judgment or decree of any arbitrator, court or other Governmental Authority of which we have knowledge, or, to our knowledge, any other Requirement of Law or, to our knowledge, any Contractual Obligation of the System.

This letter is furnished by us as bond counsel. No attorney-client relationship has existed or exists between our firm and you in connection with the Standby Bond Purchase Agreement or by virtue of this letter. We disclaim any obligation to update this letter. This letter is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by any other party to whom it is not specifically addressed.

Very truly yours,

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