

RESOLUTION NO. 171090

A RESOLUTION COMPILING, CODIFYING, AMENDING AND RESTATING IN ITS ENTIRETY THE AMENDED AND RESTATED SUBORDINATED UTILITIES SYSTEM REVENUE BOND RESOLUTION DULY ADOPTED BY THE CITY OF GAINESVILLE, FLORIDA ON DECEMBER 8, 2003, AS SUCH RESOLUTION HAS BEEN HERETOFORE AMENDED AND SUPPLEMENTED; AND PROVIDING AN EFFECTIVE DATE.

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

SECTION 1. AUTHORITY OF THIS RESOLUTION. This Resolution is adopted pursuant to the provisions of the Charter of the City of Gainesville, Florida (the "City").

SECTION 2. FINDINGS. It is hereby found and determined that:

A. On June 6, 1983, the City adopted its Amended and Restated Utilities System Revenue Bond Resolution, as amended, supplemented and restated (the "Senior Bond Resolution"), and as prospectively amended by the amendments to the Senior Bond Resolution set forth in Resolution No. 170395 adopted by the City on September 21, 2017 and incorporating by reference the Second Amended and Restated Utilities System Revenue Bond Resolution (the "Springing Amendments").

B. On January 26, 1989, the City adopted its Subordinated Utilities System Revenue Bond Resolution, as amended and restated by the Amended and Restated Subordinated Utilities System Revenue Bond Resolution adopted by the City on December 8, 2003, as heretofore amended (collectively, the "Subordinate Resolution").

C. The City now desires to further amend the Subordinate Resolution as reflected in the marked copy of the Subordinate Resolution attached hereto as Exhibit "A."

D. Because of the number of amendments, for convenience of reference, the City deems it advisable to again compile, codify and restate the Subordinate Resolution and all amendments thereof.

E. Pursuant to the provisions of Section 10.03 and Article XI of the Subordinate Resolution, the Subordinate Resolution as amended and restated hereby shall become effective upon the City obtaining the consent in writing of the Holders of not less than a majority in principal amount of the Subordinated Bonds then Outstanding and to the extent required by the terms of any resolution or ordinance or contract or agreement applicable thereto, consent of any Credit Enhancers, liquidity providers or swap counterparties, and until such time, the

Subordinate Resolution shall remain in effect without the amendments reflected in Exhibit "A."

F. The City has previously authorized the issuance of its Variable Rate Utilities System Revenue Bonds, 2007 Series A (the "2007 Series A Bonds") pursuant to the Senior Bond Resolution, as supplemented by a resolution entitled "Eighteenth Supplemental Utilities System Revenue Bond Resolution", adopted by the City on February 26, 2007 (the "Eighteenth Supplemental Resolution").

G. The City, pursuant to Section 3.06(c)(vi) of the Eighteenth Supplemental Resolution is causing the 2007 Series A Bonds to become subject to mandatory tender in order to obtain majority consent to the Springing Amendments Resolution.

H. The 2007 Series A Bonds were issued as variable rate demand obligations, initially in the Weekly Mode (such term, and all other capitalized terms used herein without definition, having the respective meanings assigned thereto in the Subordinate Resolution or, if not defined therein, in the Eighteenth Supplemental Resolution), and are subject to mandatory and optional tender for purchase at certain times and under certain circumstances.

I. In order to provide liquidity support for the 2007 Series A Bonds, the City entered into a Standby Bond Purchase Agreement dated as of March 1, 2007 (as amended from time to time, the "Liquidity Facility") with State Street Bank and Trust Company (the "Bank").

J. The City, pursuant to Section 3.06(c)(vi) of the Eighteenth Supplemental Resolution is causing the 2007 Series A Bonds to become subject to mandatory tender in order to enable the Springing Amendments to the Senior Bond Resolution.

K. All capitalized terms not otherwise defined herein shall have such meanings as given in the Senior Bond Resolution and the Subordinate Resolution.

SECTION 3. RESTATED RESOLUTION. The Subordinate Resolution is hereby amended and restated in its entirety to read as set forth on Exhibit "A" hereto and incorporated by reference herein, such amendments to become effective only upon the City obtaining the consent in writing of the Holders of not less than a majority in principal amount of Subordinated Bonds then Outstanding, the consent of the Trustee and, to the extent required by the terms of any ordinances or resolutions or other contract or agreement applicable thereto, consent of any Credit Enhancers, liquidity providers or swap counterparties and the satisfaction of all conditions set forth in the Senior Bond Resolution and the Subordinate Resolution. All exhibits to the Subordinate Resolution remain unchanged.

SECTION 4. MANDATORY TENDER OF 2007 SERIES A BONDS. Subject to the provisions set forth herein, the General Manager, the Chief Financial Officer or such other Authorized Officer of the City, is hereby authorized and empowered to

execute and deliver or cause to be executed and delivered such other documents and opinions and to do all such acts and things as may be necessary or desirable in connection with authorizing the mandatory tender of the 2007 Series A Bonds in order to cause approval of the holders of such Bonds for the effectiveness of the Springing Amendments. The Springing Amendments shall become effective only upon the City obtaining the consent in writing of the Holders of not less than a majority in principal amount of Bonds then Outstanding, the consent of the Trustee and, to the extent required by the terms of any ordinances or resolutions or other contract or agreement applicable thereto, consent of any Credit Enhancers, liquidity providers or swap counterparties and the satisfaction of all conditions set forth in the Senior Bond Resolution. Upon the mandatory tender and remarketing thereof, by acceptance of a remarketed 2007 Series A Bonds, the holder thereof shall be deemed to have irrevocably consented in writing to the Springing Amendments.

The Authorized Officers are hereby authorized to approve and execute, on behalf of the City, the Reoffering Memorandum relating to the 2007 Series A Bonds, in substantially the form attached as Exhibit "B," and all future supplements and amendments thereto (collectively, the "Reoffering Memorandum"), with such changes, insertions, omissions and filling of blanks as the officer(s) signing the same may approve, such execution to be conclusive evidence of such approval. The distribution of the Reoffering Memorandum in connection with the remarketing of the 2007 Series A Bonds is hereby approved.

SECTION 5 AMENDMENTS TO LIQUIDITY FACILITIES. The Authorized Officers, collectively or individually, upon satisfaction of the conditions set forth herein, are hereby authorized to enter into amendments to the Credit Agreement dated as of August 1, 2014, as amended by the First Amendment to Credit Agreement dated as of June 12, 2017, and as further amended by the Second Amendment to Credit Agreement dated as of November 7, 2017, each between the City and State Street Bank and Trust Company and the Credit Agreement dated as of November 30, 2015 between the City and Bank of America, N.A, to modify the terms thereof in order to accommodate their reasonable requests for granting consent to the amendments to the Subordinate Resolution, provided, such amendments do not change the applicable fees and charges of such Credit Agreement. The Clerk of the Commission of the City is hereby authorized to cause the seal of the City to be affixed to any of the foregoing documents and to attest the same, to the extent required therein. Such officers are each hereby authorized to deliver such agreements on behalf of the City.


SECTION 6 FURTHER ACTIONS. Each Authorized Officer is hereby authorized and empowered to execute and deliver or cause to be executed and delivered such other documents and opinions and to do all such acts and things as may be necessary or desirable in connection with the adoption of this Resolution and carrying out the terms of the Bond Resolution.

SECTION 7 EFFECTIVE DATE. This Resolution shall take effect immediately upon its passage in the manner provided by law, and shall become effective in accordance with Section 3 and Section 4 hereof.

PASSED AND DULY ADOPTED this 17th day of May, 2018.

CITY OF GAINESVILLE, FLORIDA


(SEAL)

By 
Mayor

ATTESTED:

By 
for Clerk of the Commission

APPROVED AS TO FORM AND LEGALITY:

By  Sean McDermott 5/17/18
Office of the City Attorney

#56135845_v8
136433-8

EXHIBIT "A"

**SECOND AMENDED AND RESTATED SUBORDINATED
UTILITIES SYSTEM REVENUE BOND RESOLUTION**

CITY OF GAINESVILLE, FLORIDA

Subordinated Utilities System Revenue Bonds

**SECOND AMENDED AND RESTATED SUBORDINATED
UTILITIES SYSTEM REVENUE BOND RESOLUTION**

Adopted May 17, 2018

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**SECOND AMENDED AND RESTATED SUBORDINATED
UTILITIES SYSTEM REVENUE BOND RESOLUTION**

WHEREAS, on June 6, 1983, the City of Gainesville, Florida (the "City") adopted a resolution entitled "Utilities System Revenue Bond Resolution" (such resolution, as the same is amended from time to time, being referred to herein as the "Original Bond Resolution") for the purpose of authorizing the issuance of Bonds (as defined in the hereinafter defined Bond Resolution) from time to time to finance and refinance Costs of Acquisition and Construction of the System (as such terms are defined in the Bond Resolution); and

WHEREAS, on December 8, 2003, the City adopted a resolution, supplemental to and amendatory of the Original Bond Resolution, entitled "Amended and Restated Utilities System Revenue Bond Resolution," as amended, including, without limitation as prospectively amended by Resolution No. 170395 adopted by the City on September 21, 2017 and incorporating by reference the Second Amended and Restated Utilities System Revenue Bond Resolution (such resolution being referred to herein as the "Amended and Restated Bond Resolution" or the "Bond Resolution") for the purpose of amending and restating the Original Bond Resolution; and

WHEREAS, on January 26, 1989, the City adopted a resolution, supplemental to the Bond Resolution, entitled "Subordinated Utilities System Revenue Bond Resolution" (such resolution, as the same heretofore has been supplemented, being referred to herein as the "Subordinated Bond Resolution") for the purpose of authorizing the issuance of Subordinated Bonds (as defined in the hereinafter described Amended and Restated Subordinated Bond Resolution) from time to time to finance and refinance Costs of Acquisition and Construction of the System; and

WHEREAS, on January 30, 2003, the City adopted a resolution, supplemental to and amendatory of the Subordinated Bond Resolution, entitled "Amended and Restated Subordinated Utilities System Revenue Bond Resolution" (such resolution being referred to herein as the "Amended and Restated Subordinated Bond Resolution") for the purpose of amending and restating the Subordinated Bond Resolution; and

WHEREAS, Section 11.02 of the Amended and Restated Subordinated Bond Resolution provides that, except as otherwise provided therein, any modification or amendment of the Amended and Restated Subordinated Bond Resolution and of the rights and obligations of the City and of the holders of the Subordinated Bonds thereunder, in any particular, may be made by a Supplemental Subordinated Resolution (as defined in the Amended and Restated Subordinated Bond Resolution), with the written consent given as provided in Section 11.03 of the Amended and Restated Subordinated Bond Resolution of the holders of not less than a majority in principal amount of the Subordinated Bonds Outstanding (as defined in the Amended and Restated Subordinated Bond Resolution) at the time such consent is given; and

WHEREAS, in order to conform the provisions of the Amended and Restated Subordinated Bond Resolution to the provisions of the Original Bond Resolution, as amended and restated by the Amended and Restated Bond Resolution, and to make certain other changes thereto, the City desires to amend and restate the Amended and Restated Subordinated Bond Resolution in the manner set forth herein, which amendment and restatement the City hereby determines requires

the written consent of the holders of not less than a majority in principal amount of the Subordinated Bonds Outstanding as provided in said Section 11.02 of the Amended and Restated Subordinated Bond Resolution;

NOW, THEREFORE, BE IT RESOLVED by the City Commission of the City of Gainesville, Florida that in the event that written consents to the amendment and restatement of the Amended and Restated Subordinated Bond Resolution as provided herein of the holders of not less than a majority in principal amount of the Subordinated Bonds then Outstanding shall be filed with the City in the manner provided in Section 11.03 of the Amended and Restated Subordinated Bond Resolution, then on the date on which the conditions set forth in Section 11.03 of the Amended and Restated Subordinated Bond Resolution with respect thereto shall be satisfied (the "Effective Date"), the Amended and Restated Subordinated Bond Resolution shall be amended and restated to read in its entirety as set forth herein.

ARTICLE I DEFINITIONS AND STATUTORY AUTHORITY

SECTION 1.01. Supplemental Resolution. This Second Amended and Restated Subordinated Utilities System Revenue Bond Resolution is supplemental to the Bond Resolution.

SECTION 1.02. Definitions. Except as otherwise defined herein, all terms which are defined in Section 101 of the Resolution shall have the same meanings, respectively, herein as such terms are given in said Section 101. The terms defined in this Section (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this resolution shall have the respective meanings specified in this Section.

Accreted Value:

The term "Accreted Value" shall mean, as of any date of computation with respect to any Capital Appreciation Subordinated Bond, an amount equal to the principal amount of such Bond as stated on its original issuance date plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the Supplemental Subordinated Resolution authorizing such Capital Appreciation Subordinated Bond on which interest on such Bond is to be compounded (hereinafter, a "Periodic Compounding Date") next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Capital Appreciation Subordinated Bonds set forth in the Supplemental Subordinated Resolution authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Accreted Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the Supplemental Subordinated Resolution authorizing such Capital Appreciation Subordinated Bonds, Accreted Value accrues in equal daily amounts on the basis of a year consisting of twelve 30 day months.

Adjusted Aggregate Subordinated Debt Service:

The term "Adjusted Aggregate Subordinated Debt Service" for any period shall mean, as of any date of calculation, the Aggregate Subordinated Debt Service for such period except that (a) if any Refundable Subordinated Principal Installment for any Series of Subordinated Bonds is included in Aggregate Subordinated Debt Service for such period, Adjusted Aggregate Subordinated Debt Service shall mean Aggregate Subordinated Debt Service determined (i) in the case of Refundable Subordinated Principal Installments with respect to Subordinated Bonds other than Commercial Paper Notes and Medium-Term Notes, as if each such Refundable Subordinated Principal Installment had been payable, over a period extending from the due date of such Subordinated Principal Installment through the later of (x) the 30th anniversary of the issuance of such Series of Subordinated Bonds or (y) the 10th anniversary of the due date of such Refundable Subordinated Principal Installment, in installments which would have required equal annual payments of principal and interest over such period and (ii) in the case of Refundable Subordinated Principal Installments with respect to Commercial Paper Notes or Medium-Term Notes, in accordance with the then current Commercial Paper Payment Plan or Medium-Term Note Payment Plan, as applicable, with respect thereto and (b) the principal and interest portions of the Accreted Value of Capital Appreciation Subordinated Bonds or the Appreciated Value of Deferred Income Subordinated Bonds shall be included in the calculation of Adjusted Aggregate Subordinated Debt Service at the times and in the manner provided in paragraph 1 of Section 2.06 hereof. Interest deemed payable in accordance with the foregoing in any Fiscal Year after the actual due date of any Refundable Subordinated Principal Installment of any Series of Subordinated Bonds shall be calculated at such rate of interest as the City, or a banking or financial institution selected by the City, determines would be a reasonable estimate of the rate of interest that would be borne on Subordinated Bonds maturing at the times determined in accordance with the provisions of the preceding sentence.

Aggregate Subordinated Debt Service:

The term "Aggregate Subordinated Debt Service", for any period shall mean, as of any date of calculation, except as otherwise provided in the definition of Subordinated Debt Service, the sum of the amounts of Subordinated Debt Service for such period with respect to all Series of Subordinated Bonds; *provided, however*, that, except as otherwise provided herein, (a) for purposes of estimating Aggregate Subordinated Debt Service for any future period (X) any Variable Rate Subordinated Bonds, Commercial Paper Notes or Medium-Term Notes Outstanding during such period, the Subordinated Debt Service on which is not the subject of a Qualified Hedging Contract, shall be assumed to bear interest during such period at the greater of (1) the actual rate of interest then borne by such Variable Rate Subordinated Bonds, Commercial Paper Notes or Medium-Term Notes, as applicable or (2) the Certified Interest Rate applicable thereto and (Y) any Option Subordinated Bonds Outstanding during such period shall be assumed to mature on the stated maturity date thereof and (b) the principal and interest portions of the Accreted Value of Capital Appreciation Subordinated Bonds or the Appreciated Value of Deferred Income Subordinated Bonds shall be included in the calculation of Aggregate Subordinated Debt Service at the times and in the manner provided in paragraph 1 of Section 2.06 hereof.

Appreciated Value:

The term "Appreciated Value" shall mean, with respect to any Deferred Income Subordinated Bond, (i) as of any date of computation prior to the Current Interest Commencement Date with respect to such Deferred Income Subordinated Bond, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the Supplemental Subordinated Resolution authorizing such Deferred Income Subordinated Bond on which interest on such Bond is to be compounded (hereinafter, a "Periodic Compounding Date") next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Deferred Income Subordinated Bonds set forth in the Supplemental Subordinated Resolution authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Appreciated Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Appreciated Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the Supplemental Subordinated Resolution authorizing such Deferred Income Subordinated Bonds, Appreciated Value accrues in equal daily amounts on the basis of a year consisting of twelve 30 day months and (ii) as of any date of computation on and after the Current Interest Commencement Date, the Appreciated Value on the Current Interest Commencement Date.

Authenticating Agent:

The term "Authenticating Agent" shall mean an officer of the City, a transfer agent duly registered pursuant to the Securities Exchange Act of 1934, as amended, or a bank or trust company or national banking association at the time appointed by the Subordinated Bond Registrar as its agent to authenticate Commercial Paper Notes or Medium-Term Notes.

Bearer Commercial Paper Note:

The term "Bearer Commercial Paper Note" shall mean any Commercial Paper Note that, in accordance with the Supplemental Subordinated Resolution authorizing the Series of which such Commercial Paper Note is a part, is issued in bearer form, not registrable as to principal or face amount.

Book Entry Subordinated Bond:

The term "Book Entry Subordinated Bond" shall mean a Subordinated Bond authorized to be issued to, and issued to and, except as provided in paragraph 4 of Section 3.09, restricted to being registered in the name of, a Securities Depository for the participants in such Securities Depository or the beneficial owners of such Subordinated Bond.

Capital Appreciation Subordinated Bonds:

The term "Capital Appreciation Subordinated Bonds" shall mean any Subordinated Bonds issued under this Subordinated Resolution as to which interest is (i) compounded periodically on dates that are specified in the Supplemental Subordinated Resolution authorizing such Capital

Appreciation Subordinated Bonds and (ii) payable only at the maturity, earlier redemption or other payment thereof pursuant to this Subordinated Resolution or the Supplemental Subordinated Resolution authorizing such Capital Appreciation Subordinated Bonds. Capital Appreciation Subordinated Bonds are not Deferred Income Subordinated Bonds for purposes of this Resolution.

Certified Interest Rate:

The term "Certified Interest Rate" shall mean, with respect to Commercial Paper Notes, Medium-Term Notes or the Variable Rate Subordinated Bonds of a particular Series maturing on a particular date, the interest rate set forth in a certificate of an Authorized Officer of the City executed on or prior to the date of the initial issuance of such Commercial Paper Notes, Medium-Term Notes or Variable Rate Subordinated Bonds of such Series, as the case may be, which interest rate shall be (i) in the case of Variable Rate Subordinated Bonds, the rate of interest such Variable Rate Subordinated Bonds would bear (based on the Bond Buyer Revenue Bond Index if the interest on such Bonds is or is expected to be excludable from the gross income of the holder thereof for federal income tax purposes and if not, then such other comparable index reasonably selected by the City) if, assuming the same maturity date, terms and provisions (other than interest rate) as the proposed Variable Rate Subordinated Bonds of such maturity, and on the basis of the City's credit ratings with respect to the Subordinated Bonds (other than the credit enhanced rating on Subordinated Bonds for which Credit Enhancement is provided by a third party), such proposed Variable Rate Subordinated Bonds of such maturity were issued at a fixed interest rate or (ii) in the case of Commercial Paper Notes or Medium-Term Notes, the rate of interest such Commercial Paper Notes or Medium-Term Notes would bear (based on the Bond Buyer Revenue Bond Index) if such Notes were issued as Subordinated Bonds bearing a fixed interest rate and maturing as provided in the Commercial Paper Payment Plan or Medium Term Note Payment Plan, as applicable. If at such time of issuance of such Commercial Paper Notes, Medium-Term Notes or Variable Rate Subordinated Bonds of a particular Series, the Bond Buyer Revenue Bond Index is no longer published, the City shall use a comparable published index accepted by the municipal bond market. Such determinations shall be conclusive absent manifest error.

Commercial Paper Note:

The term "Commercial Paper Note" shall mean any Subordinated Bond which (a) has a maturity date which is not more than 397 days after the date of issuance thereof and (b) is designated as a Commercial Paper Note in the Supplemental Subordinated Resolution authorizing such Subordinated Bond, but shall not include any "Commercial Paper Note," as such term is defined in the Resolution.

Commercial Paper Payment Plan:

The term "Commercial Paper Payment Plan" shall mean, with respect to any Series of Commercial Paper Notes and as of any time, the then current Commercial Paper Payment Plan for such notes contained in a certificate of an Authorized Officer of the City delivered pursuant to Section 2.02 hereof and setting forth the sources of funds expected to be utilized by the City to pay the principal of and interest on such Commercial Paper Notes or any subsequent certificate of an Authorized Officer of the City thereafter executed to reflect changes, if any, in the expectations of the City with respect to the sources of funds to be utilized to pay principal of and interest on such Commercial Paper Notes; *provided, however*, that if any Commercial Paper Payment Plan

provides for the refunding of any Commercial Paper Note with proceeds of Debt Securities that the City intends to pay from Revenues, the principal of such Commercial Paper Note shall, for purposes of the Commercial Paper Payment Plan, be assumed to come due over a period commencing with the due date of the Commercial Paper Note and ending not later than the later of (x) the 30th anniversary of the first issuance of Commercial Paper Notes of such Series treating each original issuance tranche of a Commercial Paper Note as a Series, or (y) the 10th anniversary of the due date of the Commercial Paper Note to be refunded, in installments such that the principal and interest payable on such Commercial Paper Note in each Fiscal Year in such period will be equal to the principal and interest payable on such Commercial Paper Note in each other Fiscal Year in such period.

Credit Enhancement:

The term "Credit Enhancement" shall mean, with respect to the Bonds of a Series or a maturity within a Series, the Subordinated Bonds of a Series or a maturity within a Series, or the Parity Subordinated Indebtedness of an issue or a maturity within an issue, the issuance of an insurance policy, letter of credit, surety bond or any other similar obligation, whereby the issuer thereof becomes conditionally or unconditionally obligated to acquire or pay when due, to the extent not paid by the City or otherwise, such Subordinated Bonds or Parity Subordinated Indebtedness, as the case may be, or the principal of and/or interest thereon, which may include credit enhancement or liquidity enhancement.

Credit Enhancer:

The term "Credit Enhancer" shall mean any person or entity which, pursuant to a Supplemental Subordinated Resolution, is designated as a Credit Enhancer and which provides Credit Enhancement.

Current Interest Commencement Date:

The term "Current Interest Commencement Date" shall mean, with respect to any particular Deferred Income Subordinated Bonds, the date specified in the Supplemental Subordinated Resolution authorizing such Deferred Income Subordinated Bonds (which date must be prior to the maturity date for such Deferred Income Subordinated Bonds) after which interest accruing on such Deferred Income Subordinated Bonds shall be payable periodically on dates specified in such Supplemental Subordinated Resolution, with the first such payment date being the first such periodic date immediately succeeding such Current Interest Commencement Date.

Debt Securities:

The term "Debt Securities" shall mean the Bonds, the Subordinated Bonds and all Parity Subordinated Indebtedness.

Defaulted Subordinated Interest:

The term "Defaulted Subordinated Interest" shall have the meaning given to such term in Section 3.08.

Deferred Income Subordinated Bonds:

The term "Deferred Income Subordinated Bonds" shall mean any Subordinated Bonds issued under this Subordinated Resolution as to which interest accruing prior to the Current Interest Commencement Date is (i) compounded periodically on dates specified in the Supplemental Subordinated Resolution authorizing such Deferred Income Subordinated Bonds and (ii) payable only at the maturity, earlier redemption or other payment date thereof pursuant to this Subordinated Resolution or the Supplemental Subordinated Resolution authorizing such Deferred Income Subordinated Bonds. Deferred Income Subordinated Bonds are not Capital Appreciation Bonds for purposes of this Resolution.

Escrow Agent:

The term "Escrow Agent" shall mean, with respect to the refunding of any particular Debt Securities at any one time as a result of the issuance of Subordinated Bonds, the entity with which moneys or investments shall be deposited in trust for the holders of such Debt Securities to be refunded, and who shall agree, through an appropriate agreement with the City, to perform the duties of Escrow Agent with respect to such Debt Securities as provided in the Resolution, the Subordinated Resolution or the Supplemental Resolution, as the case may be, authorizing such Debt Securities.

Event of Default:

The term "Event of Default", when used with respect to the Subordinated Bonds, shall mean any event specified as such in Section 8.01 of the Resolution and any other event specified as such in Section 8.01 hereof.

Holder:

The term "Holder", when used with respect to Bonds, shall have the meaning given to the term "Bondholder" in the Resolution and, when used with respect to Subordinated Bonds, shall mean (i) any person who shall be the registered owner of any Subordinated Bond or Subordinated Bonds other than Bearer Commercial Paper Notes and (ii) any person who shall be the bearer of any Bearer Commercial Paper Note or Notes.

Maximum Aggregate Debt Service:

The term "Maximum Aggregate Debt Service" shall mean as of any particular date of calculation, the highest Adjusted Aggregate Debt Service, Adjusted Aggregate Subordinated Debt Service and/ or Parity Subordinated Indebtedness Debt Service, as applicable, in each case for the then current or any future Fiscal Year, as the case may be, with respect to the particular Series of Bonds, Subordinated Bonds or Parity Subordinated Indebtedness or all Bonds, Subordinated Bonds or Parity Subordinated Indebtedness, as the case may be.

Medium-Term Note:

The term "Medium-Term Note" shall mean any Subordinated Bond which (a) has a maturity date which is more than 365 days, but not more than 15 years, after the date of issuance thereof and (b) is designated as a Medium-Term Note in the Supplemental Subordinated

Resolution authorizing such Subordinated Bond, but shall not include any "Medium-Term Note," as such term is defined in the Resolution.

Medium-Term Note Payment Plan:

Medium-Term Note Payment Plan shall mean, with respect to any Series of Medium-Term Notes and as of any time, the then current Medium-Term Note Payment Plan for such notes contained in a certificate of an Authorized Officer of the City delivered on or prior to the date of the first issuance of such Medium-Term Notes and setting forth the sources of funds expected to be utilized by the City to pay the principal of and interest on such Medium-Term Notes or any subsequent certificate of an Authorized Officer of the City thereafter executed to reflect changes, if any, in the expectations of the City with respect to the sources of funds to be utilized to pay principal of and interest on such Medium-Term Notes; *provided, however*, that if any Medium-Term Note Payment Plan provides for the refunding of any Medium-Term Note with proceeds of Debt Securities that the City intends to pay from Revenues, the principal of such Medium-Term Note shall, for purposes of the Medium-Term Note Payment Plan, be assumed to come due over a period commencing with the due date of the Medium-Term Note and ending not later than the later of (x) the 30th anniversary of the first issuance of Medium-Term Notes of such Series or (y) the 10th anniversary of the due date of the Medium-Term Note to be refunded, in installments such that the principal and interest payable on such Medium-Term Note in each Fiscal Year in such period will be equal to the principal and interest payable on such Medium-Term Note in each other Fiscal Year in such period.

Option Subordinated Bonds:

The term "Option Subordinated Bonds" shall mean Subordinated Bonds which by their terms may be tendered by and at the option of the Holder thereof for payment prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the Holder thereof.

Original Subordinated Resolution:

The term "Original Subordinated Resolution" shall mean the Amended and Restated Subordinated Utilities System Revenue Bond Resolution adopted by the City on December 8, 2003, as amended and supplemented prior to the adoption of this Second Amended and Restated Subordinated Utilities System Revenue Bond Resolution.

Outstanding:

The term "Outstanding", when used with respect to Bonds, shall have the meaning given to such term in the Resolution and, when used with respect to Subordinated Bonds, shall mean, as of any particular time, all Subordinated Bonds theretofore or thereupon being authenticated and delivered under the Subordinated Resolution except:

(a) Subordinated Bonds (or portions of Subordinated Bonds) theretofore cancelled by the Subordinated Bond Registrar at or prior to such date;

(b) Subordinated Bonds (or portions of Subordinated Bonds) for the payment or redemption of which moneys, equal to the principal amount or Redemption Price

thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held in trust in accordance with Section 12.01 and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Subordinated Bonds (or portions of Subordinated Bonds) are to be redeemed, notice of such redemption shall have been given as provided in Article IV or in the Supplemental Subordinated Resolution authorizing the Series to which such Subordinated Bonds belong or provision shall have been made for the giving of such notice;

(c) Subordinated Bonds in lieu of or in substitution for which other Subordinated Bonds shall have been authenticated and delivered pursuant to the terms of Article III or Section 4.05 or Section 11.06 hereof and the Supplemental Subordinated Resolution authorizing the Series to which such Subordinated Bonds belong unless proof satisfactory to the City is presented that any such Subordinated Bonds are held by a bona fide purchaser in due course; and

(d) Subordinated Bonds (or portions of Subordinated Bonds) deemed to have been paid as provided in paragraph 2 of Section 12.01 hereof or in the Supplemental Subordinated Resolution authorizing the Series to which such Subordinated Bonds belong.

Parity Subordinated Indebtedness:

The term "Parity Subordinated Indebtedness" shall mean all Subordinated Indebtedness issued in accordance with the provisions of Section 512 of the Resolution, other than the Subordinated Bonds, that ranks on a parity with the Subordinated Bonds as to the pledge for the payment of which from the Subordinated Indebtedness Fund, including the funds, moneys and securities contained therein.

Parity Subordinated Indebtedness Debt Service:

The term "Parity Subordinated Indebtedness Debt Service" for any Fiscal Year shall mean, as of any date of calculation and with respect to all issues of Parity Subordinated Indebtedness, an amount equal to the sum of the principal and interest due in such Fiscal Year on the Parity Subordinated Indebtedness at the time outstanding; *provided, however*, that if any such Parity Subordinated Indebtedness shall be Refundable Parity Subordinated Indebtedness, then, for purposes of the computation of Parity Subordinated Indebtedness Debt Service, the principal and interest due in such Fiscal Year on such Refundable Parity Subordinated Indebtedness shall be determined in accordance with the then current Refundable Parity Subordinated Indebtedness Payment Plan therefor. Interest deemed payable in accordance with the foregoing in any Fiscal Year after the actual due date of any Refundable Parity Subordinated Indebtedness shall be calculated at such rate of interest as the City, or a banking or financial institution selected by the City, determines would be a reasonable estimate of the rate of interest that would be borne on Subordinated Bonds maturing at the times determined in accordance with the provisions of the Refundable Parity Subordinated Indebtedness Payment Plan relating to the refunding of such Refundable Parity Subordinated Indebtedness. If any Parity Subordinated Indebtedness shall bear interest at a variable rate (including, for this purpose, Parity Subordinated Indebtedness issued in the form of commercial paper notes or medium-term notes), for purposes of the calculation of Parity Subordinated Indebtedness Debt Service, such Parity Subordinated Indebtedness shall be

deemed to bear interest at a rate determined in the same manner as is set forth in the definition of "Certified Interest Rate" herein.

Qualified Hedging Contract:

The term "Qualified Hedging Contract", when used in this Subordinated Resolution, shall have the meaning assigned thereto in Section 101 of the Resolution, except that clause (iii) thereof shall read as follows: "(iii) which has been designated in a certificate of an Authorized Officer of the City filed with the records of the City as a Qualified Hedging Contract (which certificate shall specify, in the case of a Qualified Hedging Contract that is entered into in connection with any Subordinated Bonds, the Subordinated Bonds with respect to which such Qualified Hedging Contract is entered into)."

Qualified Hedging Contract Provider:

The term "Qualified Hedging Contract Provider", when used in this Subordinated Resolution, shall have the meaning assigned thereto in Section 101 of the Resolution, except that the references therein to the "Bonds" shall be deemed to be references to the Subordinated Bonds.

Redemption Price:

The term "Redemption Price", when used with respect to any Subordinated Bond, shall mean the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to such Subordinated Bond or the Supplemental Subordinated Resolution authorizing such Subordinated Bond.

Refundable Parity Subordinated Indebtedness:

The term "Refundable Parity Subordinated Indebtedness" shall mean any issue of Parity Subordinated Indebtedness in the form of commercial paper notes, medium-term notes or other obligations which the City intends to pay with moneys which are not Revenues,

Refundable Parity Subordinated Indebtedness Payment Plan:

The term "Refundable Parity Subordinated Indebtedness Payment Plan" shall mean, with respect to any issue of Refundable Parity Subordinated Indebtedness and as of any time, the then current Refundable Parity Subordinated Indebtedness Payment Plan for such Refundable Parity Subordinated Indebtedness contained in a certificate of an Authorized Officer of the City setting forth the sources of funds expected to be utilized by the City to pay the principal of and interest on such Refundable Parity Subordinated Indebtedness; *provided, however*, that if any Refundable Parity Subordinated Indebtedness Payment Plan provides for the refunding of any Refundable Parity Subordinated Indebtedness with proceeds of Debt Securities that the City intends to pay from Revenues, the principal of such Refundable Parity Subordinated Indebtedness shall, for purposes of the Refundable Parity Subordinated Indebtedness Payment Plan, be assumed to come due over a period commencing with the due date of such Refundable Parity Subordinated Indebtedness and ending not later than the later of (x) the 30th anniversary of the first issuance of Refundable Parity Subordinated Indebtedness of such issue or (y) the 10th anniversary of the due date of the Refundable Parity Subordinated Indebtedness to be refunded, in installments such that the principal and interest payable on such Refundable Parity Subordinated Indebtedness in each

Fiscal Year in such period will be equal to the principal and interest payable on such Refundable Parity Subordinated Indebtedness in each other Fiscal Year in such period.

Refundable Subordinated Principal Installment:

The term "Refundable Subordinated Principal Installment" shall mean any Subordinated Principal Installment which the City intends to pay with moneys which are not Revenues; *provided, however*, that (i) in the case of Subordinated Bonds other than Commercial Paper Notes or Medium-Term Notes, such intent shall have been expressed in the Supplemental Subordinated Resolution authorizing the Subordinated Bonds of the Series of which such Subordinated Bonds are a part, (ii) in the case of Commercial Paper Notes, such intent shall be expressed in the then current Commercial Paper Payment Plan for such Commercial Paper Notes and (iii) in the case of Medium-Term Notes, such intent shall be expressed in the then current Medium-Term Note Payment Plan for such Medium-Term Notes; and *provided, further*, that any such Subordinated Principal Installment, other than Subordinated Principal Installments for Commercial Paper Notes and Medium-Term Notes, shall be a Refundable Subordinated Principal Installment only through the penultimate day of the month preceding the month in which such Subordinated Principal Installment comes due or such earlier time as the City no longer intends to pay such Subordinated Principal Installment with moneys which are not Revenues and with respect to Subordinated Bonds that are Commercial Paper Notes or Medium-Term Notes, any Commercial Paper Note or Medium-Term Note shall cease to be a Refundable Subordinated Principal Installment at such time, if any, as shall be provided in the Commercial Paper Payment Plan or Medium-Term Note Payment Plan, as the case may be, applicable thereto.

Refunding Subordinated Bonds:

The term "Refunding Subordinated Bonds" shall mean all Subordinated Bonds issued pursuant to Section 2.04, whether issued in one or more Series, and any Subordinated Bonds thereafter authenticated and delivered in lieu of or in substitution for such Subordinated Bonds pursuant to Article III or Section 4.05 or Section 11.06 hereof and the Supplemental Subordinated Resolution authorizing such Refunding Subordinated Bonds.

Regular Record Date:

The term "Regular Record Date", when used with respect to the Subordinated Bonds, shall have the meaning given to such term in Section 3.08.

Resolution:

The term "Resolution" or "Bond Resolution" shall mean the Second Amended and Restated Utilities System Revenue Bond Resolution, as amended or supplemented by Supplemental Resolutions in accordance with the provisions thereof.

Securities Depository:

The term "Securities Depository" shall mean, with respect to a Book Entry Subordinated Bond, the Depository Trust Company or the person, firm, association or corporation specified in the Supplemental Subordinated Resolution authorizing the Subordinated Bonds of the Series of which such Book Entry Subordinated Bond is a part to serve as the securities depository for such

Book Entry Subordinated Bond, or its nominee, and its successor or successors and any other person, firm, association or corporation which may at any time be substituted in its place pursuant to the Subordinated Resolution or such Supplemental Subordinated Resolution.

Series:

The term "Series", when used with respect to the Subordinated Bonds, shall mean all of the Subordinated Bonds identified pursuant to the Supplemental Subordinated Resolution authorizing such Subordinated Bonds as a separate Series of Subordinated Bonds, or any Subordinated Bonds thereafter authenticated and delivered in lieu of or in substitution for such Subordinated Bonds pursuant to Article III or Section 4.05 or Section 11.06 hereof and the Supplemental Subordinated Resolution authorizing such Subordinated Bonds, regardless of variations in maturity, interest rate, Sinking Fund Installments, or other provisions.

Sinking Fund Installment:

The term "Sinking Fund Installment", when used with respect to the Subordinated Bonds, shall mean an amount so designated which is established pursuant to the Supplemental Subordinated Resolution authorizing the Series of Subordinated Bonds to which such Sinking Fund Installment relates.

Special Record Date:

The term "Special Record Date", when used with respect to the Subordinated Bonds, shall have the meaning given to such term in Section 3.08.

Special Subordinated Bonds:

The term "Special Subordinated Bonds" shall mean all Subordinated Bonds issued pursuant to Section 2.05, whether issued in one or more Series, and any Subordinated Bonds thereafter authenticated and delivered in lieu of or in substitution for such Subordinated Bonds pursuant to Article III or Section 4.05 or Section 11.06 hereof and the Supplemental Subordinated Resolution authorizing such Special Subordinated Bonds.

Subordinated Bond Construction Account:

The term "Subordinated Bond Construction Account" shall mean a Subordinated Bond Construction Account which may be established in accordance with Section 5.03 hereof.

Subordinated Bond Fiduciary or Fiduciaries:

The terms "Subordinated Bond Fiduciary" or "Subordinated Bond Fiduciaries" shall mean the Trustee, the Subordinated Bond Registrar, the Subordinated Bond Paying Agents, any Escrow Agent in respect of the refunding of Subordinated Bonds, the Authenticating Agent and the Depositories at which any Subordinated Bond Construction Account and any Subordinated Bond Payment Account are held, or any or all of them, as may be appropriate.

Subordinated Bond Paying Agent:

The term "Subordinated Bond Paying Agent" shall mean an officer of the City, a transfer agent duly registered pursuant to the Securities Exchange Act of 1934, as amended, or any bank or trust company organized under the laws of any state of the United States or any national banking association designated as Subordinated Bond Paying Agent for the Subordinated Bonds of any Series, and its successor or successors hereafter appointed in the manner provided in the Subordinated Resolution.

Subordinated Bond Payment Account:

The term "Subordinated Bond Payment Account" shall mean, with respect to any Series of Subordinated Bonds for which a Subordinated Bond Payment Account is established pursuant to a Supplemental Subordinated Resolution, the Subordinated Bond Payment Account so established.

Subordinated Bond Registrar:

The term "Subordinated Bond Registrar" shall mean the officer of the City, such transfer agent duly registered pursuant to the Securities Exchange Act of 1934, as amended, or such bank or trust company organized under the laws of any state or national banking association, located within or without the State of Florida, qualified to act in the capacity of Subordinated Bond Registrar as set forth in Section 7.03 appointed by the City to perform the duties of Subordinated Bond Registrar enumerated in such Section.

Subordinated Bonds:

The term "Subordinated Bonds" shall mean any bonds, notes or other evidences of indebtedness, as the case may be, authenticated and delivered under and Outstanding pursuant to the Subordinated Resolution, which shall constitute "Subordinated Indebtedness", and shall not constitute "Bonds", for purposes of the Resolution.

Subordinated Debt Service:

The term "Subordinated Debt Service" for any period shall mean, as of any date of calculation and with respect to any Series of Subordinated Bonds, an amount equal to the sum of (i) interest accruing during such period on the Subordinated Bonds of such Series, except to the extent that such interest is to be paid from the proceeds of Debt Securities or other Subordinated Indebtedness, and/or earnings thereon and (ii) that portion of each Subordinated Principal Installment for such Series which would accrue during such period if such Subordinated Principal Installment were deemed to accrue daily in equal amounts from the next preceding Subordinated Principal Installment due date for such Series (or, (x) in the case of Subordinated Bonds other than Special Subordinated Bonds, if (1) there shall be no such preceding Subordinated Principal Installment due date or (2) such preceding Subordinated Principal Installment due date is more than one year prior to the due date of such Subordinated Principal Installment, then, from a date one year preceding the due date of such Subordinated Principal Installment or from the date of issuance of the Subordinated Bonds of such Series, whichever date is later, and (y) in the case of Special Subordinated Bonds, in accordance with the terms thereof and the Supplemental Subordinated Resolution authorizing such Special Subordinated Bonds), except to the extent that such Subordinated Principal Installment is paid or to be paid from the proceeds of Debt Securities

or other Subordinated Indebtedness, and/or earnings thereon. Such interest and Subordinated Principal Installments for such Series shall be calculated on the assumption that (x) no Subordinated Bonds (except for Option Subordinated Bonds actually tendered for payment prior to the stated maturity thereof and paid, or to be paid, from Revenues) of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Subordinated Principal Installment on the due date thereof, (y) the principal amount of Option Subordinated Bonds tendered for payment before the stated maturity thereof, and paid, or to be paid, from Revenues, shall be deemed to accrue on the date required to be paid pursuant to such tender and (z) the principal and interest portions of the Accreted Value of Capital Appreciation Subordinated Bonds or the Appreciated Value of Deferred Income Subordinated Bonds shall be included in the calculation of Subordinated Debt Service at the times and in the manner provided in paragraph 1 of Section 2.06 hereof. If the City has, in connection with any Series of Subordinated Bonds, entered into a Qualified Hedging Contract which provides that, in respect of a notional amount equal to or less than the Outstanding principal amount of such Subordinated Bonds, the City is to pay to a Qualified Hedging Contract Provider an amount determined based upon a variable rate of interest and the Qualified Hedging Contract Provider is to pay to the City an amount determined based upon a fixed rate of interest equal to the rate or rates at which such Bonds bear interest, it will be assumed that such Subordinated Bonds or portion thereof equal to such notional amounts bear interest at the variable rate of interest to be paid by the City under the Qualified Hedging Contract. If the City has in connection with any Variable Rate Subordinated Bonds, Commercial Paper Notes or Medium-Term Notes entered into a Qualified Hedging Contract which provides that, in respect of a notional amount equal to or less than the Outstanding principal amount of the Variable Rate Subordinated Bonds, Commercial Paper Notes or Medium-Term Notes, the City is to pay to a Qualified Hedging Contract Provider an amount determined based upon a fixed rate of interest and the Qualified Hedging Contract Provider is to pay to the City an amount determined based upon a variable rate of interest equal or comparable to the rate at which such Variable Rate Subordinated Bonds, Commercial Paper Notes or Medium-Term Notes bear interest, it will be assumed that such Variable Rate Subordinated Bonds, Commercial Paper Notes or Medium-Term Notes or portions thereof equal to such notional amount, bear interest at the fixed rate of interest to be paid by the City under the Qualified Hedging Contract.

Subordinated Indebtedness:

The term "Subordinated Indebtedness" shall have the meaning assigned thereto in the Resolution.

Subordinated Indebtedness Fund:

The term "Subordinated Indebtedness Fund" shall mean the Subordinated Indebtedness Fund established in Section 502 of the Resolution.

Subordinated Principal Installment:

The term "Subordinated Principal Installment" shall mean, as of any date of calculation and with respect to any Series, so long as any Subordinated Bonds thereof are Outstanding, (i) the principal amount of Subordinated Bonds (including the principal amount of any Option Subordinated Bonds tendered for payment prior to the stated maturity thereof and paid, or to be paid, from Revenues) of such Series due (or so tendered for payment and paid, or to be so paid)

on a certain future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance (determined as provided in Section 5.06) of any Sinking Fund Installments due on a certain future date for Subordinated Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments, or (iii) if such future dates coincide as to different Subordinated Bonds of such Series, the sum of such principal amount of Subordinated Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date plus such applicable redemption premiums, if any.

Subordinated Resolution:

The term "Subordinated Resolution" shall mean the Amended and Restated Subordinated Bond Resolution as heretofore supplemented, as amended and restated by this Second Amended and Restated Subordinated Utilities System Revenue Bond Resolution and as from time to time further amended or supplemented by Supplemental Subordinated Resolutions in accordance with the terms of the Resolution and the terms hereof. This Second Amended and Restated Subordinated Utilities System Revenue Bond Resolution shall constitute a "Supplemental Resolution" within the meaning of the Resolution and a "Supplemental Subordinated Resolution" within the meaning of the Original Subordinated Resolution.

Supplemental Subordinated Resolution:

The term "Supplemental Subordinated Resolution" shall mean any resolution supplemental to this Subordinated Resolution adopted by the City in accordance with Article X of the Resolution and Article X hereof.

Variable Rate Debt Security:

The term "Variable Rate Debt Security" shall mean any Debt Security not bearing interest throughout its term at a specified rate or specified rates determined at the time of initial issuance of such Debt Security.

Variable Rate Subordinated Bond:

The term "Variable Rate Subordinated Bond" shall mean any Subordinated Bond not bearing interest throughout its term at a specified rate or specified rates determined at the time of initial issuance of such Subordinated Bond.

Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, corporations, districts, agencies and bodies.

All references in the Subordinated Resolution to Articles, Sections, and other subdivisions are to the corresponding Articles, Sections or subdivisions of the Subordinated Resolution, and the words herein, hereof, hereunder and other words of similar import refer to the Subordinated Resolution as a whole and not to any particular Article, Section or subdivision of the Subordinated Resolution. The headings or titles of the several Articles and Sections of the Subordinated Resolution, and any Table of Contents appended to copies of the Subordinated Resolution, shall

be solely for convenience of reference and shall not affect the meaning, construction or effect of the Subordinated Resolution.

SECTION 1.03. Authority for this Second Amended and Restated Subordinated Utilities System Revenue Bond Resolution. This Second Amended and Restated Subordinated Utilities System Revenue Bond Resolution is adopted (i) pursuant to the provisions of the Act, (ii) in accordance with paragraph 7 of Section 1001 of the Resolution and (iii) in accordance with Section 11.03 of the Original Subordinated Resolution.

SECTION 1.04. Resolution to Constitute Contract. In consideration of the purchase and acceptance of any and all of the Subordinated Bonds authorized to be issued hereunder by those who shall hold the same from time to time, the Subordinated Resolution shall be deemed to be and shall constitute a contract between the City and the Holders from time to time of the Subordinated Bonds; and the security interest granted and the pledge and assignment made in the Subordinated Resolution and the covenants and agreements therein set forth to be performed on behalf of the City shall, except as expressly set forth in the Subordinated Resolution or in a Supplemental Subordinated Resolution, be for the equal benefit, protection and security of the Holders of any and all of the Subordinated Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Subordinated Bonds over any other thereof except as expressly provided in or permitted by the Subordinated Resolution.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF SUBORDINATED BONDS

SECTION 2.01. Authorization of Subordinated Bonds. 1. There is hereby authorized Subordinated Bonds under the Subordinated Resolution which shall be issued from time to time in one or more Series. The Subordinated Bonds of each Series may be issued at one time or from time to time in such manner as shall be determined by the City in the Supplemental Subordinated Resolution authorizing the Subordinated Bonds of such Series. Subject to compliance with applicable law and conditions specified in the Resolution for the issuance of Subordinated Indebtedness, the aggregate principal amount of the Subordinated Bonds which may be executed, authenticated and delivered under the Subordinated Resolution is not limited except as may hereafter be provided in the Subordinated Resolution or as may be limited by law. The Subordinated Bonds shall constitute "Subordinated Indebtedness", and shall not constitute "Bonds", for purposes of the Resolution.

2. Nothing in the Subordinated Resolution shall be deemed to preclude or restrict the consolidation into a single Series for purposes of issuance and sale of Subordinated Bonds otherwise permitted by the Subordinated Resolution to be issued at the same time in two or more separate Series, provided that solely for the purpose of satisfying the requirements of Section 2.02, Section 2.03, Section 2.04 or Section 2.05, as the case may be, the Subordinated Bonds otherwise permitted by the Subordinated Resolution to be issued as a separate Series shall be considered separately as if such Subordinated Bonds were to be issued as a separate Series. In the event that separate Series are combined for purposes of issuance and sale, they may be issued under a single Supplemental Subordinated Resolution notwithstanding any other provision of the Subordinated Resolution.

SECTION 2.02. General Provisions for Issuance of Subordinated Bonds. When authorized by a Supplemental Subordinated Resolution, the City shall execute Subordinated Bonds of a Series for issuance under the Subordinated Resolution from time to time and deliver such Subordinated Bonds to the Subordinated Bond Registrar or the Authenticating Agent for completion, authentication and delivery. The Subordinated Bond Registrar or its agent or the Authenticating Agent, as appropriate, shall authenticate and deliver such Subordinated Bonds to the City or upon its order, but only upon satisfaction by the City, on or prior to the date of the issuance of the first Subordinated Bonds of such Series to be issued, of the conditions specified in Article X of the Resolution, in Article X of the Subordinated Resolution and in the Supplemental Subordinated Resolution authorizing such Subordinated Bonds and upon satisfaction by the City of the following conditions:

(1) Adoption of a Supplemental Subordinated Resolution authorizing such Series of Subordinated Bonds, which Supplemental Subordinated Resolution shall specify such terms and conditions relating to the Subordinated Bonds of such Series, and such other matters relative thereto, as the City may determine;

(2) Receipt of an Opinion of Counsel of recognized standing in the field of law relating to municipal bonds to the effect that (i) the City has the right and power under the Act as amended to the date of such Opinion to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the City, is in full force and effect and is valid and binding upon the City in accordance with its terms, and no other authorization for the Resolution is required; (ii) the Subordinated Resolution creates the valid pledge which it purports to create of the Subordinated Indebtedness Fund and investments, if any, thereof, and if a Subordinated Bond Construction Account and/or a Subordinated Bond Payment Account shall be established for, and pledged to, the Subordinated Bonds of such Series, of such Subordinated Bond Construction Account and/or such Subordinated Bond Payment Account, in the manner provided in the Subordinated Resolution, in each case, subject to the application thereof for the purposes and on the conditions permitted by the Resolution and the Subordinated Resolution and subject to (A) the pledge thereof created under the Resolution as security for the Bonds, (B) any pledge thereof created as security for any Parity Hedging Contract Obligations and (C) any pledge thereof created as security for Parity Subordinated Indebtedness; and (iii) the Subordinated Bonds of such Series are (or, if less than all of the Subordinated Bonds of such Series are to be issued on the date of first issuance of such Bonds, that the Subordinated Bonds of such Series not to be so issued on such date, when duly executed, authenticated and delivered, will be) valid and binding obligations of the City as provided in the Subordinated Resolution, and entitled to the benefits of the Subordinated Resolution and of the Act as amended to the date of such Opinion, and such Subordinated Bonds have been duly and validly authorized and have been (or, when duly executed, authenticated and delivered, will be) issued in accordance with law, including the Act as amended to the date of such Opinion, and in accordance with the Subordinated Resolution, and setting forth such other matters as may be specified in the Supplemental Subordinated Resolution authorizing the Subordinated Bonds of such Series. Such opinion may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally and may state that no opinion is being rendered as to the availability of any particular remedy. No opinion need be expressed as to the priority of the pledge and assignment created by the Subordinated Resolution over the rights of other persons in the

Subordinated Indebtedness Fund and, if applicable, the Subordinated Bond Construction Account and/or the Subordinated Bond Payment Account established for the Subordinated Bonds of such Series, and investments, if any, thereof and such other customarily accepted exceptions and reliance provisions. The opinion may be limited to this Subordinated Resolution, as amended, and the Supplemental Resolution applicable to the proposed Subordinated Bonds;

(3) Except in the case of any Series of Refunding Bonds, an Authorized Officer of the City shall execute a certificate stating that either (a) no Event of Default has occurred and is continuing under the Resolution or the Subordinated Resolution or (b) the application of the proceeds of the sale of such Series of Subordinated Bonds as required by the Supplemental Subordinated Resolution authorizing such Series will cure any such Event of Default;

(4) Except in the case of any Series of Refunding Subordinated Bonds and any Series of Special Subordinated Bonds, there shall have been obtained and filed with the Trustee a certificate signed by an Authorized Officer of the City, pursuant to which he or she shall state and certify the following:

(a) The amount of Revenues, as determined under standard auditing procedures but adjusted as hereinafter provided (the "Adjusted Gross Revenues"), for, at the option of the City, any twelve (12) consecutive months out of the twenty-four (24) consecutive months immediately preceding the date of issue of the proposed additional Subordinated Bonds or the most recently completed audited Fiscal Year (the "Audit Period") and amount of the Operation and Maintenance Expenses for the Audit Period, as determined under standard auditing procedures but adjusted as hereinafter provided (the "Adjusted Operation and Maintenance Expenses").

(b) In determining the amount of Adjusted Gross Revenues for the Audit Period, such Authorized Officer of the City may take into account the amount by which Revenues would have increased if or as a result of: (i) the number of customers served by the System during the Audit Period had included the number of new customers of the System attributable to a privately owned or publicly owned existing electric system, water system, wastewater system, natural gas system, telecommunications system or other utility system to be acquired with the proceeds of such additional Subordinated Bonds, had the acquisition occurred at the beginning of the Audit Period, (ii) the number of customers served by the System during the Audit Period had included the average number of new customers of the System that by ordinance, agreement, law or regulation will be required to connect to the System during the first full Fiscal Year following the Fiscal Year in which such proposed additional Bonds are issued, which amount may be based on projections of an Independent Consultant (the "Applicable Bond Year"), or the first full Fiscal Year after completion of such project if the such project will not be completed prior to the commencement of the applicable Fiscal Year, (iii) any changes in the rate schedules for customers and users of the System which the City shall then have in effect, or has enacted by ordinance or resolution on or before the date of such certificate and which the City has covenanted to put into effect during

the Applicable Bond Year, had such rate changes been effective on the first day of the Audit Period, and (iv) the amount required to be paid by a public body on an annual basis in connection with a contract with a duration at least equal to the term of the proposed additional Subordinated Bonds, pursuant to which contract the City shall agree to furnish water or electric power, or to furnish services for the collection, treatment or disposal of sewage or agreed to furnish other services in connection with any other utility system for such public body, as if such contract had been in effect on the first day of the Audit Period. If any adjustments permitted by clauses (i), (ii) or (iv) of the preceding sentence shall be made, in determining the amount of the Adjusted Operation and Maintenance Expenses, such Authorized Officer shall take into account the estimated amount by which the Operation and Maintenance Expenses for the Audit Period would have increased had the Project to be financed with the proceeds of such additional Subordinated Bonds been in operation from the beginning of the Audit Period, provided, however, it may take into account any adjustments necessary to reflect government ownership of any projects acquired from private owners. In projecting numbers of new customers for the purposes of clause (ii) of this paragraph, there shall be taken into account only dwellings, buildings or other structures in existence on the date of such projections.

(c) The amount of the Maximum Aggregate Debt Service for any Fiscal Year thereafter on account of (i) all Bonds then Outstanding under the Bond Resolution, (ii) all Subordinated Bonds then Outstanding under the Subordinated Resolution and the additional Subordinated Bonds proposed to be issued hereunder, and (iii) the Parity Subordinated Indebtedness Debt Service on all Parity Subordinated Indebtedness then outstanding.

(d) The amount, if any, required to be deposited from Revenues into the Debt Service Reserve Account pursuant to Section 505 of the Bond Resolution or into any subaccount therein in the Applicable Bond Year pursuant to the terms of a supplemental ordinance or resolution.

(e) Based upon the foregoing, the Authorized Officer is of the opinion that the Adjusted Gross Revenues for the Audit Period, less one hundred percent (100%) of the Adjusted Operation and Maintenance Expenses for the Audit Period, shall equal or exceed the sum of one hundred percent (100%) of the amount to be deposited to the Reserve Fund as described in paragraph (d) above and one hundred percent (100%) of the Maximum Aggregate Debt Service referred to in paragraph (c) above for the Applicable Bond Year.

(5) The City may deliver, in the case of each Series of Subordinated Bonds any portion of the proceeds of which is to be deposited in the Subordinated Indebtedness Fund or in the Subordinated Bond Payment Account, if any, established therefor for the payment of interest on Subordinated Bonds, an Authorized Officer of the City shall execute a certificate setting forth the then estimated application of such proceeds so deposited for the payment of interest on any particular Subordinated Bonds, whether or not such Subordinated Bonds are then Outstanding, or then being issued, or to be issued thereafter. Such certificate may be amended from time to time by a new certificate of an Authorized

Officer of the City and, in such event, the proceeds so deposited (or any remaining portion thereof) shall be applied as provided in such new certificate;

(6) In the case of a Series of Commercial Paper Notes, an Authorized Officer of the City shall execute a certificate setting forth the Commercial Paper Payment Plan with respect to such Commercial Paper Notes. Such certificate shall be amended from time to time by a new certificate of an Authorized Officer of the City to reflect changes, if any, in the expectations of the City with respect to the sources of funds to be utilized to pay principal of and interest on such Commercial Paper Notes;

(7) In the case of a Series of Medium-Term Notes, an Authorized Officer of the City shall execute a certificate setting forth the Medium-Term Note Payment Plan with respect to such Medium-Term Notes. Such certificate shall be amended from time to time by a new certificate of an Authorized Officer of the City to reflect changes, if any, in the expectations of the City with respect to the sources of funds to be utilized to pay principal of and interest on such Medium-Term Notes; and

(8) Such further documents, moneys and securities as are required by the provisions of Section 2.04 or Article X of the Subordinated Resolution or any Supplemental Subordinated Resolution adopted pursuant to said Article X.

SECTION 2.03. Subordinated Bonds Other than Refunding Subordinated Bonds and Special Subordinated Bonds.

1. One or more Series of Subordinated Bonds may be issued at any time for the purpose of paying all or a portion of the Cost of Acquisition and Construction of the System, except that any Series of Refunding Subordinated Bonds shall be issued pursuant to Section 2.04 hereof and any Series of Special Subordinated Bonds shall be issued pursuant to Section 2.05 hereof. Subordinated Bonds of each such Series shall be authenticated and delivered by the Subordinated Bond Registrar or its agent or the Authenticating Agent, as appropriate, only upon compliance by the City with the terms and conditions set forth in Section 2.02.

2. Proceeds, including accrued interest, of each Series of Subordinated Bonds authorized under this Section 2.03 shall be applied simultaneously with the delivery of such Subordinated Bonds as shall be provided in the Supplemental Subordinated Resolution authorizing such Series.

3. For all purposes under this Resolution, upon the effective date of a new line of credit (whether structured as a draw down loan or a revolving line of credit) the City may assume either (1) that the full amount available thereunder has been drawn on such date of issuance and thereafter, no additional Indebtedness shall be deemed to arise when any funding occurs under any such indebtedness (a "Full Draw LOC") or (2) alternatively may assume that the amount of each draw may be treated as a separate Bond issue under this Resolution on each date on which a draw is made under such line of credit (a "Partial Draw LOC"). If the City executes a Full Draw LOC and designates it as a Medium-Term Note or Parity Subordinated Indebtedness which is designated as medium-term notes, the entire amount may be assumed drawn on the effective date on the date of the first draw thereunder and the repayment schedule shall be assumed to be as set forth in the Medium-Term Note Payment Plan or the medium-term note payment plan of Parity Subordinated Indebtedness which is designated as medium-term notes. If the City executes a Partial Draw LOC and designates it as a Medium-Term Note or Parity Subordinated Indebtedness which is designated

as medium-term notes, only the amount drawn on any particular date shall be taken into account and the repayment schedule shall be set forth in the Medium-Term Note Payment Plan or the medium-term note payment plan of Parity Subordinated Indebtedness which is designated as medium-term notes, taking into account the current amount to be draw and all previous amounts drawn and outstanding thereunder. The Certified Interest Rate may be set on the first draw under either a Full Draw LOC or a Partial Draw LOC, and may be adjusted, in the discretion of the City upon future draws of a Partial Draw LOC.

SECTION 2.04. Refunding Subordinated Bonds. 1. One or more Series of Refunding Subordinated Bonds may be issued at any time to refund any Outstanding Bonds, any Outstanding Subordinated Bonds or any outstanding Parity Subordinated Indebtedness. Refunding Subordinated Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make the deposits required by the provisions of the Supplemental Subordinated Resolution authorizing such Refunding Subordinated Bonds.

2. Refunding Subordinated Bonds of each Series shall be authenticated and delivered by the Subordinated Bond Registrar or its agent or the Authenticating Agent, as appropriate, only upon satisfaction of the following conditions, in addition to the conditions set forth in Section 2.02 hereof:

(a) The City shall provide instructions (which may be revocable) to the Escrow Agent, satisfactory to it, to give due notice of redemption, if applicable, of all the Bonds, Subordinated Bonds or Parity Subordinated Indebtedness, as the case may be, to be refunded on a redemption date or dates specified in such instructions;

(b) If the Bonds, Subordinated Bonds or Parity Subordinated Indebtedness, as the case may be, to be refunded do not mature, are not by their terms subject to redemption or, under the plan of refunding applicable thereto, are not to be redeemed, in each case, within the next succeeding 60 days, the City shall provide instructions to the Escrow Agent, satisfactory to it, to give due notice of defeasance in the manner provided for in (a) the Resolution, (b) the Subordinated Resolution and the Supplemental Subordinated Resolution authorizing such Subordinated Bonds or (c) the Supplemental Resolution authorizing such Parity Subordinated Indebtedness, as applicable; and

(c) The City shall provide either (i) moneys (including moneys withdrawn and deposited pursuant to paragraph 4 of Section 507 and paragraph 4 of Section 508 of the Resolution, or any applicable provisions of the Supplemental Subordinated Resolution or Supplemental Resolution authorizing the Subordinated Bonds or Parity Subordinated Indebtedness, if any, to be refunded, as applicable) in an amount sufficient to effect payment at the applicable redemption price of the Bonds, Subordinated Bonds or Parity Subordinated Indebtedness, as the case may be, to be redeemed and of the principal amount of the Bonds, Subordinated Bonds or Parity Subordinated Indebtedness, as the case may be, not to be redeemed, together with accrued interest on such Bonds, Subordinated Bonds or Parity Subordinated Indebtedness, as the case may be, to the redemption date or maturity date, as applicable, which moneys shall be held by the Escrow Agent or one or more of the Paying Agents or Depositories in a separate account irrevocably in trust for and assigned to the respective holders of the Bonds, Subordinated Bonds or Parity Subordinated

Indebtedness, as the case may be, to be refunded, or (ii) investment securities in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications and any moneys, as shall be necessary to comply with the provisions relating to defeasance contained in (a) the Resolution, (b) the Subordinated Resolution and the Supplemental Subordinated Resolution authorizing such Subordinated Bonds to be refunded or (c) the Supplemental Resolution authorizing such Parity Subordinated Indebtedness to be refunded, as applicable, which investment securities and moneys shall be held in trust and used only as provided in said provisions.

3. The proceeds, including accrued interest, of the Refunding Subordinated Bonds of each Series shall be applied simultaneously with the delivery of such Subordinated Bonds to the refunding purposes thereof in the manner provided in the Supplemental Subordinated Resolution authorizing such Series of Refunding Subordinated Bonds.

SECTION 2.05. Special Subordinated Bonds. One or more Series of Special Subordinated Bonds may be issued concurrently with the issuance of the Subordinated Bonds of a Series authorized pursuant to the provisions of Section 2.03 or 2.04 hereof, the Bonds of a Series or the Parity Subordinated Indebtedness of an issue, in any case, for which Credit Enhancement is being provided with respect to such bonds or indebtedness (or a maturity or maturities thereof) by a third party. Such Special Subordinated Bonds shall be issued for the purpose of evidencing the City's obligation to repay any advances or loans made to, or on behalf of, the City in connection with such Credit Enhancement; *provided, however*, that the stated maximum principal amount of any such Series of Special Subordinated Bonds shall not exceed the aggregate principal amount of the Bonds, Subordinated Bonds or Parity Subordinated Indebtedness with respect to which such Credit Enhancement is being provided, and such number of days' interest thereon as the City shall determine prior to the issuance thereof, but not in excess of 365 days' interest thereon, computed at the maximum interest rate applicable thereto and other amounts owing thereunder.

SECTION 2.06. Special Provisions Relating to Capital Appreciation Subordinated Bonds, Deferred Income Subordinated Bonds and Special Subordinated Bonds. 1. The principal and interest portions of the Accreted Value of Capital Appreciation Subordinated Bonds or the Appreciated Value of Deferred Income Subordinated Bonds becoming due at maturity or by virtue of a Sinking Fund Installment shall be included in the calculations of accrued and unpaid and accruing interest or Subordinated Principal Installments made under the definitions of Subordinated Debt Service, Aggregate Subordinated Debt Service and Adjusted Aggregate Subordinated Debt Service only from and after the date (the "Calculation Date") which is one year prior to the date on which such Accreted Value or Appreciated Value, as the case may be, becomes so due, and the principal and interest portions of such Accreted Value or Appreciated Value shall be deemed to accrue in equal daily installments from the Calculation Date to such due date.

2. For the purposes of (i) receiving payment of the redemption price if a Capital Appreciation Subordinated Bond is redeemed prior to maturity, or (ii) receiving payment of a Capital Appreciation Subordinated Bond if the principal of all Subordinated Bonds is declared immediately due and payable following an Event of Default, as provided in Section 8.01 of this Subordinated Resolution or (iii) computing the principal amount of Subordinated Bonds held by the Holder of a Capital Appreciation Subordinated Bond in giving to the City any notice, consent, request, or demand pursuant to this Subordinated Resolution for any purpose whatsoever, the

principal amount of a Capital Appreciation Subordinated Bond shall be deemed to be its then current Accreted Value.

3. For the purposes of (i) receiving payment of the redemption price if a Deferred Income Subordinated Bond is redeemed prior to maturity, or (ii) receiving payment of a Deferred Income Subordinated Bond if the principal of all Subordinated Bonds is declared immediately due and payable following an Event of Default, as provided in Section 8.01 of this Subordinated Resolution or (iii) computing the principal amount of Subordinated Bonds held by the Holder of a Deferred Income Subordinated Bond in giving to the City any notice, consent, request, or demand pursuant to this Subordinated Resolution for any purpose whatsoever, the principal amount of a Deferred Income Subordinated Bond shall be deemed to be its then current Appreciated Value.

4. Except as otherwise provided in a Supplemental Subordinated Resolution, for the purposes of (i) receiving payment of a Special Subordinated Bond, whether at maturity, upon redemption or if the principal of all Subordinated Bonds is deemed immediately due and payable following an Event of Default, as provided in Section 8.01 of this Subordinated Resolution or (ii) computing the principal amount of Subordinated Bonds held by the Holder of a Special Subordinated Bond in giving to the City any notice, consent, request, or demand pursuant to this Subordinated Resolution for any purpose whatsoever, the principal amount of a Special Subordinated Bond shall be deemed to be the actual principal amount that the City shall owe thereon, which shall equal the aggregate of the amounts advanced to, or on behalf of, the City in connection with the Subordinated Bonds of the Series or maturity, the Bonds of the Series or maturity or the Parity Subordinated Indebtedness of the issue or maturity for which such Special Subordinated Bond has been issued to evidence the City's obligation to repay any advances or loans made in respect of the Credit Enhancement provided for such bonds or indebtedness, less any prior repayments thereof.

SECTION 2.07. Estimates by the City. In estimating Net Revenues for each of the Fiscal Years covered by any certificate required to be delivered by it pursuant to clause (4) of Section 2.02 hereof, the City may base its estimate upon such factors as it shall consider reasonable.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF SUBORDINATED BONDS

SECTION 3.01. Medium of Payment; Form and Date; Letters and Numbers. 1. The Subordinated Bonds shall be payable, with respect to interest, principal and Redemption Price, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts or such other currency as may be specified in the Supplemental Subordinated Resolution authorizing such Series.

2. Unless otherwise provided in a Supplemental Subordinated Resolution, the Subordinated Bonds of each Series shall be issued in the form of fully registered Subordinated Bonds without coupons, in substantially the tenor of the form of such Subordinated Bonds set forth in the Supplemental Subordinated Resolution authorizing the Subordinated Bonds of such Series; *provided, however*, that Commercial Paper Notes may be issued in bearer form, not registrable as to principal or face amount.

3. Each Subordinated Bond shall be lettered and numbered as provided in the Supplemental Subordinated Resolution authorizing the Series of which such Subordinated Bond is a part and so as to be distinguished from every other Subordinated Bond.

4. The Subordinated Bonds of each Series shall be dated the date of their authentication, except as may be otherwise provided in the Supplemental Subordinated Resolution authorizing the Subordinated Bonds of such Series and shall bear interest as provided in the Supplemental Subordinated Resolution authorizing the Subordinated Bonds of such Series.

SECTION 3.02. Legends. The Subordinated Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of the Subordinated Resolution as may be necessary or desirable to comply with custom, the rules of any securities exchange or commission or brokerage board, or otherwise, as may be determined by the City prior to the authentication and delivery thereof.

SECTION 3.03. Execution and Authentication. 1. The Subordinated Bonds shall be executed in the name of the City by the manual or facsimile signature of its Mayor and the seal of the City (or a facsimile thereof), shall be impressed, imprinted, engraved or otherwise reproduced thereon and attested by the manual or facsimile signature of the Clerk of the Commission of the City. The Subordinated Bonds shall be approved as to form and legality by the City Attorney. In case any one or more of the officers who shall have signed or sealed any of the Subordinated Bonds shall cease to be such officer before the Subordinated Bonds so signed and sealed shall have been authenticated and delivered by the Subordinated Bond Registrar or its agent, such Subordinated Bonds may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed or sealed such Subordinated Bonds had not ceased to hold such offices. Any Subordinated Bond of a Series may be signed and sealed on behalf of the City by such persons as at the time of the execution of such Subordinated Bonds shall be duly authorized or hold the proper office in the City, although at the date borne by the Subordinated Bonds of such Series such persons may not have been so authorized or have held such office.

2. The Subordinated Bonds of each Series shall bear thereon a certificate of authentication, in the form set forth in the Supplemental Subordinated Resolution authorizing such Subordinated Bonds, executed manually by the Subordinated Bond Registrar or its agent. Only such Subordinated Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under the Subordinated Resolution and no Subordinated Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Subordinated Bond Registrar or its agent. Such certificate of the Subordinated Bond Registrar or its agent upon any Subordinated Bond executed on behalf of the City shall be conclusive evidence that the Subordinated Bond so authenticated has been duly authenticated and delivered under the Subordinated Resolution and that the Holder thereof is entitled to the benefits of the Subordinated Resolution.

SECTION 3.04. Interchangeability of Subordinated Bonds. Except as otherwise provided in a Supplemental Subordinated Resolution, the Subordinated Bonds, upon surrender thereof at the office of the Subordinated Bond Registrar with a written instrument of transfer satisfactory to the Subordinated Bond Registrar, duly executed by the Holder or such Holder's duly authorized attorney, may, upon payment by such Holder of any charges which the Subordinated Bond Registrar may make as provided in Section 3.06, be exchanged for an equal

aggregate principal amount of Subordinated Bonds of the same Series, maturity and interest rate of any other authorized denominations.

SECTION 3.05. Negotiability, Transfer and Registry. 1. Title to any Bearer Commercial Paper Note shall pass by delivery as a negotiable instrument payable to bearer.

2. Except as otherwise provided in a Supplemental Subordinated Resolution, each Subordinated Bond (other than Bearer Commercial Paper Notes) shall be transferable only upon the books of the City, which shall be kept for such purposes at the office of the Subordinated Bond Registrar, by the Holder thereof in person or by such Holder's attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Subordinated Bond Registrar duly executed by the Holder or such Holder's duly authorized attorney. Upon the transfer of any such Subordinated Bond the City shall issue in the name of the transferee a new Subordinated Bond or Subordinated Bonds of the same aggregate principal amount and Series, maturity and interest rate as the surrendered Subordinated Bond.

3. The City and each Subordinated Bond Fiduciary may deem and treat the bearer of any Bearer Commercial Paper Note as the absolute owner of such Bearer Commercial Paper Note, whether such Bearer Commercial Paper Note shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes, and all such payments so made to any such owner or upon such owner's order shall be valid and effectual to satisfy and discharge the liability upon such Bearer Commercial Paper Note to the extent of the sum or sums so paid, and neither the City nor any Subordinated Bond Fiduciary shall be affected by any notice to the contrary. The City agrees to indemnify and save each Subordinated Bond Fiduciary harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence under the Subordinated Resolution, in so treating such owner.

4. The City and each Subordinated Bond Fiduciary may deem and treat the person in whose name any Subordinated Bond shall be registered upon the books of the City as the absolute owner of such Subordinated Bond, whether such Subordinated Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of and interest on such Subordinated Bond and for all other purposes, and all such payments so made to any such Holder or upon such Holder's order shall be valid and effectual to satisfy and discharge the liability upon such Subordinated Bond to the extent of the sum or sums so paid, and neither the City nor any Subordinated Bond Fiduciary shall be affected by any notice to the contrary. The City agrees to indemnify and save the Trustee harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence under the Subordinated Resolution, in so treating such owner.

SECTION 3.06. Regulations With Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging or transferring Subordinated Bonds is exercised, the City shall execute and the Subordinated Bond Registrar or its agent shall authenticate and deliver Subordinated Bonds in accordance with the provisions of the Subordinated Resolution. All Subordinated Bonds surrendered in any such exchanges or transfers shall forthwith be delivered to the Subordinated Bond Registrar and cancelled or retained by the Subordinated Bond Registrar. For every such exchange or transfer of Subordinated Bonds, the City or the Subordinated Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge imposed in connection with said exchange or transfer by a governmental unit other than

the City. Unless otherwise provided in a Supplemental Subordinated Resolution authorizing a Series of Subordinated Bonds, neither the City nor the Subordinated Bond Registrar shall be required (a) to transfer or exchange Subordinated Bonds of any Series for the period next preceding any interest payment date for such Subordinated Bond beginning with the Regular Record Date for such interest payment date and ending on such interest payment date, or for the period next preceding any date for the proposed payment of Defaulted Subordinated Interest with respect to such Subordinated Bond beginning with the Special Record Date for the date of such proposed payment and ending on the date of such proposed payment, (b) to transfer or exchange Subordinated Bonds of any Series for a period beginning 15 days before the first publication or mailing of any notice of redemption and ending on the day of such publication or mailing; or (c) to transfer or exchange any Subordinated Bonds called for redemption.

SECTION 3.07. Subordinated Bonds Mutilated, Destroyed, Stolen or Lost. If any Subordinated Bond becomes mutilated or is lost, stolen or destroyed, the City shall execute and the Subordinated Bond Registrar or its agent shall authenticate and deliver a new Subordinated Bond of like Series, date of issue, maturity date, principal amount and interest rate per annum as the Subordinated Bond so mutilated, lost, stolen or destroyed, provided that (i) in the case of such mutilated Subordinated Bond, such Subordinated Bond is first surrendered to the City, (ii) in the case of any such lost, stolen or destroyed Subordinated Bond, there is first furnished evidence of such loss, theft or destruction satisfactory to the City together with indemnity satisfactory to the City, (iii) all other reasonable requirements of the City are complied with, and (iv) expenses in connection with such transaction are paid by the Holder. Any such Subordinated Bond surrendered for exchange shall be cancelled. Any such new Subordinated Bonds issued pursuant to this Section in substitution for Subordinated Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the City, whether or not the Subordinated Bonds so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Subordinated Bonds issued under the Subordinated Resolution in the funds, moneys and securities hereby pledged. If any such certificate lost, stolen or destroyed shall have matured or be about to mature, instead of issuing a new Subordinated Bond pursuant to this Section, the City may cause the same to be paid, upon being indemnified as aforesaid, without surrender thereof.

SECTION 3.08. Payment of Interest on Registered Subordinated Bonds; Interest Rights Reserved. Interest on any fully registered Subordinated Bond which is payable, and is punctually paid or duly provided for, on any interest payment date shall be paid to the person in whose name that Subordinated Bond is registered at the close of business on the date (hereinafter the "Regular Record Date") which is the 15th day of the calendar month next preceding such interest payment date, or such other date as may be provided in the Supplemental Subordinated Resolution authorizing such Subordinated Bond.

Any interest on any fully registered Subordinated Bond which is payable, but is not punctually paid or duly provided for, on any interest payment date (hereinafter "Defaulted Subordinated Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date by virtue of having been such owner; and such Defaulted Subordinated Interest shall be paid by the City to the persons in whose names the Subordinated Bonds are registered at the close of business on a date (hereinafter the "Special Record Date") for the payment of such Defaulted Subordinated Interest, which shall be fixed in the following manner. The City shall notify the Subordinated Bond Registrar in writing of the amount of Defaulted Subordinated

Interest proposed to be paid on each Subordinated Bond and the date of the proposed payment, and at the same time the City shall deposit with the Subordinated Bond Paying Agents an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Subordinated Interest or shall make arrangements satisfactory to the Subordinated Bond Paying Agents for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Subordinated Interest as in this Section provided. Thereupon the Subordinated Bond Registrar shall fix a Special Record Date for the payment of such Defaulted Subordinated Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Subordinated Bond Registrar of the notice of the proposed payment. The Subordinated Bond Registrar shall promptly notify the City of such Special Record Date and, in the name and at the expense of the City, shall cause notice of the proposed payment of such Defaulted Subordinated Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each Holder at such Holder's address as it appears in the books of the City kept at the office of the Subordinated Bond Registrar, not less than 10 days prior to such Special Record Date. The Subordinated Bond Registrar may, in its discretion, in the name and at the expense of the City, cause a similar notice to be published at least once in an Authorized Newspaper, but such publication shall not be a condition precedent to the establishment of such Special Record Date.

Subject to the foregoing provisions of this Section, each Subordinated Bond delivered under this Subordinated Resolution upon transfer of or in exchange for or in lieu of any other Subordinated Bond shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Subordinated Bond.

SECTION 3.09. Book Entry Subordinated Bonds. 1. Anything in the Subordinated Resolution to the contrary notwithstanding, if and to the extent provided in the Supplemental Subordinated Resolution authorizing the Subordinated Bonds of the Series of which such Subordinated Bond is a part, any Subordinated Bond may be authorized and issued as a Book Entry Subordinated Bond.

2. For all purposes of the Subordinated Resolution, the Holder of a Book Entry Subordinated Bond shall be the Securities Depository therefor and neither the City nor any Subordinated Bond Fiduciary shall have any responsibility or obligation to the beneficial owner of such Subordinated Bond or to any direct or indirect participant in such Securities Depository. Without limiting the generality of the foregoing, neither the City nor any Subordinated Bond Fiduciary shall have any responsibility or obligation to any such participant or to the beneficial owner of a Book Entry Subordinated Bond with respect to (i) the accuracy of the records of the Securities Depository or any participant with respect to any beneficial ownership interest in such Subordinated Bond, (ii) the delivery to any participant of the Securities Depository, the beneficial owner of such Subordinated Bond or any other person, other than the Securities Depository, of any notice with respect to such Subordinated Bond, including any notice of the redemption thereof, or (iii) the payment to any participant of the Securities Depository, the beneficial owner of such Subordinated Bond or any other person, other than the Securities Depository, of any amount with respect to the principal or Redemption Price of, or interest on, such Subordinated Bond. The City and the Subordinated Bond Fiduciaries may treat the Securities Depository therefor as, and deem such Securities Depository to be, the absolute owner of a Book Entry Subordinated Bond for all purposes whatsoever, including, but not limited to, (w) payment of the principal or Redemption Price of, and interest on, such Subordinated Bond, (x) giving notices of redemption and of other

matters with respect to such Subordinated Bond, (y) registering transfers with respect to such Subordinated Bond and (z) giving to the City any notice, consent, request or demand pursuant to the Subordinated Resolution for any purpose whatsoever. The Subordinated Bond Paying Agents shall pay the principal or Redemption Price of, and interest on, a Book Entry Subordinated Bond only to or upon the order of the Securities Depository therefor, and all such payments shall be valid and effective to satisfy fully and discharge the City's obligations with respect to such principal or Redemption Price, and interest, to the extent of the sum or sums so paid. Except as otherwise provided in subsection 4 of this Section 3.09 or in any Supplemental Subordinated Resolution authorizing a Book Entry Subordinated Bond, no person other than the Securities Depository shall receive a Subordinated Bond or other instrument evidencing the City's obligation to make payments of the principal or Redemption Price thereof, and interest thereon.

3. The City, in its sole discretion and without the consent of any other person, may, by notice to the Subordinated Bond Registrar and a Securities Depository, terminate the services of such Securities Depository with respect to the Book Entry Subordinated Bonds for which such Securities Depository serves as securities depository if the City determines that (i) the Securities Depository is unable to discharge its responsibilities with respect to such Subordinated Bond or (ii) a continuation of the requirement that all of the Subordinated Bonds issued as Book Entry Subordinated Bonds be registered in the registration books of the City in the name of the Securities Depository is not in the best interests of the beneficial owners of such Subordinated Bonds or of the City. Additional or other terms and provisions relating to the termination or resignation of a Securities Depository may be provided in the Supplemental Subordinated Resolution authorizing a Book Entry Subordinated Bond.

4. Upon the termination of the services of a Securities Depository with respect to a Book Entry Subordinated Bond pursuant to clause (ii) of the first sentence of subsection 3 of this Section 3.09, such Subordinated Bond no longer shall be restricted to being registered in the registration books kept by the Subordinated Bond Registrar in the name of a Securities Depository. Upon the termination of the services of a Securities Depository with respect to a Book Entry Subordinated Bond pursuant to clause (i) of the first sentence of subsection 3 of this Section 3.09, the City may within 90 days thereafter appoint a substitute securities depository which, in the opinion of the City, is willing and able to undertake the functions of Securities Depository under the Subordinated Resolution upon reasonable and customary terms. If no such successor can be found within such period, such Book Entry Subordinated Bond shall no longer be restricted to being registered in the registration books kept by the Subordinated Bond Registrar in the name of a Securities Depository. In the event that a Book Entry Subordinated Bond shall no longer be restricted to being registered in the registration books kept by the Subordinated Bond Registrar in the name of a Securities Depository, (a) the City shall execute and the Subordinated Bond Registrar shall authenticate and deliver, upon presentation and surrender of the Book Entry Subordinated Bond; Subordinated Bond certificates as requested by the Securities Depository so terminated of like Series, principal amount, maturity and interest rate, in authorized denominations, to the identifiable beneficial owners in replacement of such beneficial owners' beneficial ownership interests in such Book Entry Subordinated Bond and (b) the Subordinated Bond Registrar shall notify the Paying Agents that such Subordinated Bond is no longer restricted to being registered in the registration books kept by the Subordinated Bond Registrar in the name of a Securities Depository.

5. Anything in the Subordinated Resolution to the contrary notwithstanding, payment of the Redemption Price of a Book Entry Subordinated Bond, or portion thereof, called for redemption prior to maturity may be paid to the Securities Depository by check or draft mailed to the Securities Depository or by wire transfer. Anything in the Subordinated Resolution to the contrary notwithstanding, such Redemption Price may be paid without presentation and surrender to the Subordinated Bond Paying Agent of the Book Entry Subordinated Bond, or portion thereof, called for redemption; *provided, however*, that payment of (a) the principal payable at maturity of a Book Entry Subordinated Bond and (b) the Redemption Price of a Book Entry Subordinated Bond as to which the entire principal amount thereof has been called for redemption shall be payable only upon presentation and surrender of such Book Entry Subordinated Bond to the Subordinated Bond Paying Agent

Anything in the Subordinated Resolution to the contrary notwithstanding, upon any such payment to the Securities Depository without presentation and surrender, for all purposes of (i) the Book Entry Subordinated Bond as to which such payment has been made and (ii) the Subordinated Resolution, the unpaid principal amount of such Book Entry Subordinated Bond Outstanding shall be reduced automatically by the principal amount so paid. In such event, the Subordinated Bond Paying Agent shall notify forthwith the Subordinated Bond Registrar as to the particular Book Entry Subordinated Bond as to which such payment has been made, and the principal amount of such Subordinated Bond so paid, and the Subordinated Bond Registrar shall note such payment on the registration books of the City maintained by it, but failure to make any such notation shall not affect the automatic reduction of the principal amount of such Book Entry Subordinated Bond Outstanding as provided in this subsection.

6. For all purposes of the Subordinated Resolution authorizing or permitting the purchase of Subordinated Bonds, or portions thereof, by, or for the account of, the City for cancellation, and anything in the Subordinated Resolution to the contrary notwithstanding, a portion of a Book Entry Subordinated Bond may be deemed to have been purchased and cancelled without surrender thereof upon delivery to the Subordinated Bond Registrar of a certificate executed by the City and a participant of the Securities Depository therefor to the effect that a beneficial ownership interest in such Subordinated Bond, in the principal amount stated therein, has been purchased by, or for the account of, the City through the participant of the Securities Depository executing such certificate; *provided, however*, that any purchase for cancellation of the entire principal amount of a Book Entry Subordinated Bond shall be effective for purposes of the Subordinated Resolution only upon surrender of such Book Entry Subordinated Bond to the Subordinated Bond Registrar; and *provided, further*, that no portion of a Book Entry Subordinated Bond may be deemed to have been so purchased and cancelled without surrender thereof unless such Book Entry Subordinated Bond shall contain or have endorsed thereon the legend(s) referred to in subsection 5 of this Section 3.09. Anything in the Subordinated Resolution to the contrary notwithstanding, upon delivery of any such certificate to the Subordinated Bond Registrar, for all purposes of (i) the Book Entry Subordinated Bond to which such certificate relates and (ii) the Subordinated Resolution, the unpaid principal amount of such Book Entry Subordinated Bond Outstanding shall be reduced automatically by the principal amount so purchased. In such event, the Subordinated Bond Registrar shall note such reduction in principal amount of such Book Entry Subordinated Bond Outstanding on the registration books of the City maintained by it, but failure to make any such notation shall not affect the automatic reduction of the principal amount of such Book Entry Subordinated Bond Outstanding as provided in this subsection.

7. Anything in the Subordinated Resolution to the contrary notwithstanding, a Securities Depository may make a notation on a Book Entry Subordinated Bond (i) redeemed in part or (ii) purchased by, or for the account of, the City in part for cancellation, to reflect, for informational purposes only, the date of such redemption or purchase and the principal amount thereof redeemed or deemed cancelled, but failure to make any such notation shall not affect the automatic reduction of the principal amount of such Book Entry Subordinated Bond Outstanding as provided in subsection 5 or 6 of this Section 3.09, as the case may be.

8. Anything in the Subordinated Resolution to the contrary notwithstanding, in the case of a Book Entry Subordinated Bond, the City shall be authorized to redeem or purchase (by or for the account of the City), or issue Debt Securities to refund, less than all of the entire Outstanding principal amount thereof (in portions thereof of \$5,000 integral multiples thereof, or such other denominations as shall be specified in the Supplemental Subordinated Resolution authorizing such Book Entry Subordinated Bond), and in the event of such partial defeasance, redemption, purchase or refunding, the provisions of the Subordinated Resolution relating to the defeasance, redemption, purchase or refunding of a Subordinated Bond or Bonds shall be deemed to refer to the redemption, purchase or refunding of a portion of a Subordinated Bond.

ARTICLE IV REDEMPTION OF SUBORDINATED BONDS

SECTION 4.01. Privilege of Redemption and Redemption Price. Subordinated Bonds subject to redemption prior to maturity pursuant to their terms or the terms of the Supplemental Subordinated Resolution authorizing the Series of which such Subordinated Bonds are a part shall be redeemable, upon notice given as provided in this Article IV, at such times, at such Redemption Prices and upon such terms in addition to or different than the terms contained in this Article IV as may be specified in such Subordinated Bonds or in such Supplemental Subordinated Resolution.

SECTION 4.02. Redemption of Subordinated Bonds. In the case of any redemption of Subordinated Bonds, the City shall give written notice to the Subordinated Bond Registrar and the Subordinated Bond Paying Agents of the redemption date, of the Series, and of the principal amounts of the Subordinated Bonds of each maturity of such Series and of the Subordinated Bonds of each interest rate within a maturity to be redeemed (which Series, maturities, interest rates within a maturity and principal amounts thereof to be redeemed shall be determined by the City in its sole discretion, subject to any limitations with respect thereto contained in the Subordinated Resolution or any Supplemental Subordinated Resolution authorizing the Series of which such Subordinated Bonds are a part). Such notice shall be filed with the Subordinated Bond Registrar and the Subordinated Bond Paying Agents at least 40 days prior to the redemption date or such shorter period (a) as shall be specified in the Supplemental Subordinated Resolution authorizing the Series of Subordinated Bonds to be redeemed or (b) as shall be acceptable to the Subordinated Bond Registrar and the Subordinated Bond Paying Agents. In the event notice of redemption shall have been given as in Section 4.04 provided, and unless such notice shall have been revoked or cease to be in effect in accordance with the terms thereof, there shall be paid on or prior to the redemption date to the appropriate Subordinated Bond Paying Agents an amount which, in addition to other moneys, if any, available therefor held by such Subordinated Bond Paying Agents, will be sufficient to redeem on the redemption date at the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, all of the Subordinated Bonds to be redeemed.

SECTION 4.03. Selection of Subordinated Bonds to be Redeemed. Except as otherwise provided by Supplemental Resolution, if fewer than all of the Subordinated Bonds of like maturity or interest rate within a maturity of any Series shall be called for prior redemption, the particular Subordinated Bonds or portions of Subordinated Bonds to be redeemed shall be selected at random in such manner as the City in its discretion may deem fair and appropriate; *provided, however*, that for any Subordinated Bond of a denomination of more than the minimum denomination specified in the Supplemental Subordinated Resolution relating to such Series, the portion of such Subordinated Bond to be redeemed shall, unless otherwise specified in the Supplemental Subordinated Resolution relating to such Series be in a principal amount equal to such minimum denomination or an integral multiple thereof, and that, in selecting portions of such Subordinated Bonds for redemption, each such Subordinated Bond shall be treated as representing that number of Subordinated Bonds of such minimum denomination which is obtained by dividing the principal amount of such Subordinated Bond to be redeemed in part by the amount of such minimum denomination.

SECTION 4.04. Notice of Redemption. When any Subordinated Bonds shall become subject to redemption, the City shall give notice, or provide for the giving of notice, of the redemption of such Subordinated Bonds, which notice shall specify the Series and maturities and interest rates within maturities, if any, of the Subordinated Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if fewer than all of the Subordinated Bonds of any like Series and maturity and interest rate within maturities are to be redeemed, the letters and numbers or other distinguishing marks of such Subordinated Bonds so to be redeemed, and, in the case of Subordinated Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed and such notice may be conditioned upon the occurrence or non-occurrence of certain events. Such notice shall further state that on such date, unless such notice has been rescinded or has ceased to be in effect in accordance with the terms thereof, there shall become due and payable upon each Subordinated Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Subordinated Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be mailed by first class mail, postage prepaid, or electronically, by or on behalf of the City, not less than 20 nor more than 60 days before the redemption date, to the Holders of any Subordinated Bonds or portions of Subordinated Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry books or in such other manner and upon such terms as may be specified in the Supplemental Resolution authorizing the issuance of such Subordinated Bonds. Failure to give notice of redemption by mail, or any defect in such notice, to the Holder of any Subordinated Bond of any Series shall not affect the validity of the proceedings for the redemption of any other Subordinated Bonds of such Series. Notwithstanding the foregoing, a Supplemental Subordinated Resolution authorizing a Series of Subordinated Bonds may specify a different method for the giving of a notice of redemption, or a different time by which such notice shall be given.

SECTION 4.05. Payment of Redeemed Subordinated Bonds. Notice having been given in the manner provided in Section 4.04 or in the manner provided in the Supplemental Subordinated Resolution authorizing a Series of Subordinated Bonds, on the redemption date so designated, (a) unless such notice shall have been revoked or shall cease to be in effect in accordance with the terms thereof and (b) if there shall be sufficient moneys available therefor, then the Subordinated Bonds or portions thereof so called for redemption shall become due and

payable on the redemption date at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, if presentation and surrender shall be required hereby, upon presentation and surrender thereof at the office specified in such notice, such Subordinated Bonds, or portions thereof, shall be paid at the Redemption Price, plus interest accrued and unpaid to the redemption date. If there shall be called for redemption less than all of a Subordinated Bond, if presentation and surrender are required hereby, the City shall execute and the Subordinated Bond Registrar shall authenticate and the Subordinated Bond Paying Agent shall deliver, upon the surrender of such Subordinated Bond, without charge to the Holder thereof, for the unredeemed balance of the principal amount of the Subordinated Bond so surrendered, Subordinated Bonds of like Series, maturity and interest rate in any of the authorized denominations. If, on the redemption date, moneys for the redemption of all the Subordinated Bonds or portions thereof of any like Series, maturity and interest rate to be redeemed, together with interest to the redemption date, shall be held by the Subordinated Bond Paying Agents so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid and has not been rescinded or ceased to be in effect, then, from and after the redemption date interest on the Subordinated Bonds or portions thereof of such Series, maturity and interest rate so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the redemption date, such Subordinated Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

SECTION 4.06. Reserved.

SECTION 4.07. Cancellation and Destruction of Subordinated Bonds. Except as may be otherwise provided with respect to Option Subordinated Bonds in the Supplemental Subordinated Resolution providing for the issuance thereof, all Subordinated Bonds paid or redeemed, either at or before maturity, shall be delivered to the Subordinated Bond Registrar or its agent when such payment or redemption is made, and such Subordinated Bonds, together with all Subordinated Bonds purchased by the City, shall thereupon be promptly cancelled. Subordinated Bonds so cancelled may at any time be destroyed by the Subordinated Bond Registrar or its agent, who shall execute a certificate of destruction in duplicate by the signature of one of its authorized officers describing the Subordinated Bonds so destroyed, and one executed certificate shall be filed with the City and the other executed certificate shall be retained by the Subordinated Bond Registrar.

ARTICLE V

**SECURITY FOR THE SUBORDINATED BONDS AND
APPLICATION OF FUNDS AND ACCOUNTS**

SECTION 5.01. Sources of Payment and Security for the Subordinated Bonds. 1. The Subordinated Bonds shall be direct and special obligations of the City payable from and secured by amounts in the Subordinated Indebtedness Fund, subject, however, to (i) the security interest in and pledge and assignment of the Trust Estate created by the Resolution as security for the Bonds, (ii) any security interest in or pledge or assignment of the Trust Estate created as security for any Parity Hedging Contract Obligations and (iii) any security interest in or pledge or assignment of the Subordinated Indebtedness Fund created as security for any Parity Subordinated Indebtedness.

There is hereby pledged for the payment of the principal or sinking fund Redemption Price, if any, of, and interest on, the Subordinated Bonds in accordance with their terms and the

provisions of the Subordinated Resolution, for the benefit of the Holders of the Subordinated Bonds, the Subordinated Indebtedness Fund, including the funds, moneys and securities contained therein, subject only to the provisions of the Resolution and the Subordinated Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution and the Subordinated Resolution, *provided, however*, that (i) such pledge and assignment shall be on a parity with any pledge and assignment thereof created as security for any Parity Subordinated Indebtedness and (ii) such pledge and assignment shall be subordinate in all respects to (A) the pledge and assignment of the Trust Estate created by the Resolution as security for the Bonds and (B) any pledge and assignment of the Trust Estate created as security for any Parity Hedging Contract Obligations.

2. Amounts on deposit in any Subordinated Bond Construction Account or any Subordinated Bond Payment Account established with respect to a Series of Subordinated Bonds may, to the extent provided in the Supplemental Subordinated Resolution establishing such subaccount or authorizing such Series of Subordinated Bonds, be pledged as additional security for the payment of the principal or Redemption Price, if any, of, and interest on, the Subordinated Bonds of such Series, subject only to the provisions of such Supplemental Subordinated Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein.

3. The funds, moneys and securities pledged and assigned for the benefit of the Holders of the Subordinated Bonds pursuant to the Subordinated Resolution shall immediately be subject to the lien and charge of the Subordinated Resolution without any physical delivery thereof or further act, and the lien and charge of the Subordinated Resolution shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the City, irrespective of whether such parties have notice thereof.

4. The Subordinated Bonds shall not constitute a general indebtedness or a pledge of the full faith and credit of the City within the meaning of any constitutional or statutory provision or limitation of indebtedness. No Holder of the Subordinated Bonds shall ever have the right, directly or indirectly, to require or compel the exercise of the ad valorem taxing power of the City for the payment of the principal or Redemption Price, if any, of, and interest on, the Subordinated Bonds or the making of any payments hereunder. The Subordinated Bonds and the obligations evidenced thereby shall not constitute a lien on any property of or in the City, other than the Subordinated Indebtedness Fund, and, in the case of a Series of Subordinated Bonds for which a Subordinated Bond Construction Account and/or a Subordinated Bond Payment Account is established pursuant to a Supplemental Subordinated Resolution, to the extent provided in such Supplemental Subordinated Resolution, such Subordinated Bond Construction Account and/or such Subordinated Bond Payment Account.

SECTION 5.02. Subordinated Indebtedness Fund. 1. Subject to the provisions of paragraph 3 of Section 509 of the Resolution, amounts in the Subordinated Indebtedness Fund shall be applied to the payment of the principal or sinking fund Redemption Price, if any, of, and interest on, the Subordinated Bonds when due, as further provided in this Section 5.02, in each case on a parity with the payment of the principal or sinking fund redemption price, if any, of, and interest on, any Parity Subordinated Indebtedness.

2. Except to the extent that moneys are available in any Subordinated Bond Payment Account established with respect to a particular Series of the Subordinated Bonds (excluding, for

this purpose, amounts, if any, set aside in said Account for the payment of interest on the Subordinated Bonds of such Series on a future date), the City shall in writing or by telephone (promptly confirmed in writing), telex, telecopier or other telecommunications device, direct the Trustee to pay out of the Subordinated Indebtedness Fund, and upon such direction the Trustee shall pay, to the respective Subordinated Bond Paying Agents (i) on or before each interest payment date for such Series of the Subordinated Bonds the amount required for the interest payable on such date; (ii) on or before the due date for each Subordinated Principal Installment for such Series, the amount required for the Subordinated Principal Installment payable on such due date; and (iii) on or before any redemption date for the Subordinated Bonds of such Series, the amount required for the payment of interest on the Subordinated Bonds of such Series then to be redeemed. To the extent that moneys are available in any such Subordinated Bond Payment Account (except as aforesaid) on or before any such date to pay the interest or Subordinated Principal Installments payable on such date with respect to such Series, the City shall pay, or cause to be paid, to the Subordinated Bond Paying Agents on or before such date the moneys so available. Such amounts and moneys shall be applied by the Subordinated Bond Paying Agents on and after the due dates thereof. Except to the extent that moneys are available in any Subordinated Bond Payment Account established with respect to a particular Series of the Subordinated Bonds (excluding, for this purpose, amounts, if any, set aside in said Account for the payment of interest on the Subordinated Bonds of such Series on a future date), the City shall, in writing or by telephone (promptly confirmed in writing), telex, telecopier or other telecommunications device, direct the Trustee also to pay out of the Subordinated Indebtedness Fund, and upon such direction the Trustee also shall pay, the accrued interest included in the purchase price of Subordinated Bonds of such Series purchased for retirement. To the extent that moneys are available in any such Subordinated Bond Payment Account (except as aforesaid) on or before the date of such purchase to pay such accrued interest, the City shall pay, or cause to be paid, the moneys so available.

3. Amounts accumulated in the Subordinated Indebtedness Fund with respect to any Sinking Fund Installment (together with amounts accumulated therein with respect to interest on the Subordinated Bonds for which such Sinking Fund Installment was established) shall, if so directed by the City, be transferred by the Trustee to or upon the order of the City, on or prior to the 60th day preceding the due date of such Sinking Fund Installment, for application to (i) the purchase of Subordinated Bonds of the Series, maturity and interest rate within each maturity for which such Sinking Fund Installment was established, or (ii) the redemption at the applicable sinking fund Redemption Price of such Subordinated Bonds, if then redeemable by their terms. After the 60th day but on or prior to the 40th day preceding the due date of such Sinking Fund Installment, any amounts then on deposit in the Subordinated Indebtedness Fund (exclusive of amounts, if any, set aside in said Fund which were deposited therein from proceeds of Subordinated Bonds or other Debt Securities) shall, if so directed by the City, be transferred by the Trustee to or upon the order of the City, for application to the purchase of Subordinated Bonds of the Series, maturity and interest rate within each maturity for which such Sinking Fund Installment was established in an amount not exceeding that necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment. All purchases of any Subordinated Bonds pursuant to this paragraph 3 shall be made at prices not exceeding the applicable sinking fund Redemption Price of such Subordinated Bonds plus accrued interest, and such purchases shall be made by or at the direction of the City. The applicable sinking fund Redemption Price (or principal amount of maturing Subordinated Bonds) of any Subordinated Bonds so purchased or redeemed shall be deemed to constitute part of the Subordinated Indebtedness Fund until such Sinking Fund Installment date, for the purpose of calculating the amount of such Fund. As soon

as practicable after the 40th day preceding the due date of any such Sinking Fund Installment, the City shall proceed to call for redemption, by giving notice as provided in Section 4.04, on such due date Subordinated Bonds of the Series, maturity and interest rate within each maturity for which such Sinking Fund Installment was established (except in the case of Subordinated Bonds maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment after making allowance for any Subordinated Bonds purchased or redeemed which the City has determined to apply as a credit against such Sinking Fund Installment as provided in Section 5.06. Except to the extent that moneys are available in any Subordinated Bond Payment Account established with respect to a particular Series of the Subordinated Bonds (exclusive of amounts, if any, set aside in said Account for the payment of interest on the Subordinated Bonds of such Series on a future date), the City shall, in writing or by telephone (promptly confirmed in writing), telex, telecopier or other telecommunications device, direct the Trustee to pay out of the Subordinated Indebtedness Fund, and upon such direction the Trustee shall pay, to the appropriate Paying Agents, on or before such redemption date (or maturity date), the amount required for the redemption of the Subordinated Bonds of such Series so called for redemption (or for the payment of such Subordinated Bonds then maturing). To the extent that moneys are available in any such Subordinated Bond Payment Account (except as aforesaid) on or before such redemption date (or maturity date), the City shall pay, or cause to be paid, the moneys so available. Such amount and moneys shall be applied by such Subordinated Bond Paying Agents to such redemption (or payment). All expenses in connection with the purchase or redemption of Subordinated Bonds shall be paid by the City from the Revenue Fund.

4. Except as otherwise issued by Supplemental Resolution, the amount, if any, deposited in the Subordinated Indebtedness Fund from the proceeds of Subordinated Bonds shall be set aside in such Fund and may be applied to the payment of interest on Subordinated Bonds in accordance with certificates of the City executed pursuant to clause (5) of Section 2.02 or, in the event that the City shall modify or amend any such certificate by a subsequent certificate signed by an Authorized Officer of the City, then in accordance with the most recent such certificates or amended certificates.

SECTION 5.03. Subordinated Bond Construction Accounts. 1. The City may provide in a Supplemental Subordinated Resolution for the establishment of a Subordinated Bond Construction Account.

2. There shall be paid into any Subordinated Bond Construction Account the amounts required to be so paid by the provisions of any Supplemental Subordinated Resolution.

3. Amounts on deposit in any Subordinated Bond Construction Account shall be invested, withdrawn, used and applied by the City in the manner provided in the Supplemental Subordinated Resolution establishing such Account.

SECTION 5.04. Subordinated Bond Payment Accounts. 1. The City may provide in a Supplemental Subordinated Resolution for the establishment of a Subordinated Bond Payment Account for the benefit of the Holders of all or a specified portion of the Subordinated Bonds of such Series.

2. There shall be paid into any Subordinated Bond Payment Account the amounts required to be so paid by the provisions of any Supplemental Subordinated Resolution, including, without limitation, the proceeds of any Debt Securities.

3. Amounts on deposit in any Subordinated Bond Payment Account shall be invested, withdrawn, used and applied by the City in the manner provided in the Supplemental Subordinated Resolution establishing such Account.

SECTION 5.05. Additional Accounts. If and to the extent provided in a Supplemental Subordinated Resolution, the City may establish such additional accounts with respect to such Subordinated Bonds of one or more Series as shall be specified in such Supplemental Subordinated Resolution. If and to the extent provided in any such Supplemental Subordinated Resolution, amounts on deposit in any such account, including the investments, if any, thereof may be pledged and assigned for the payment of the principal or Redemption Price, if any, of, and interest on, any or all of such Subordinated Bonds. In such event, deposits to and withdrawals from any such account shall be governed by the provisions of such Supplemental Subordinated Resolution; *provided, however*, that in the event that any such Supplemental Subordinated Resolution shall provide for the deposit of Revenues into any such account, such deposit shall not be made in any month until after the application of Revenues as provided in subsection 2 of Section 505 of the Resolution shall have been made for such month; and *provided, further*, that if the amount on deposit in the Revenue Fund shall not be sufficient to make all such deposits so required to be made with respect to all such accounts in any month, then such amount on deposit in the Revenue Fund shall be applied ratably, in proportion to the amount necessary for deposit into each such account. Any Revenues so deposited into any such account shall be free and clear of any trust, lien or pledge securing the Bonds or otherwise existing under the Resolution.

SECTION 5.06. Credits Against Sinking Fund Installments. If at any time Subordinated Bonds of any Series or maturity for which Sinking Fund Installments shall have been established are purchased or redeemed other than pursuant to the provisions of paragraph 3 of Section 5.02 or deemed to have been paid pursuant to paragraph 2 of Section 12.01 and, with respect to such Subordinated Bonds which have been deemed paid, irrevocable instructions have been given to the Escrow Agent to redeem or purchase the same on or prior to the due date of the Sinking Fund Installment to be credited under this Section 5.06, the City may from time to time and at any time determine the portion, if any, of such Subordinated Bonds so purchased, redeemed or deemed to have been paid and not previously applied as a credit against any Sinking Fund Installment which are to be credited against future Sinking Fund Installments. Such determination shall include the amounts of such Subordinated Bonds to be applied as a credit against such Sinking Fund Installment or Installments and the particular Sinking Fund Installment or Installments against which such Subordinated Bonds are to be applied as a credit; *provided, however*, that none of such Subordinated Bonds may be applied as a credit against a Sinking Fund Installment to become due less than 45 days after such determination is made. All such Subordinated Bonds to be applied as a credit shall be surrendered to the Subordinated Bond Registrar for cancellation on or prior to the due date of the Sinking Fund Installment against which they are being applied as a credit. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

ARTICLE VI
PAYMENTS INTO SUBORDINATED INDEBTEDNESS FUND FROM REVENUES

In accordance with the provisions of Section 505 of the Resolution, the City shall withdraw from the Revenue Fund and forward to the Trustee for deposit in the Subordinated Indebtedness Fund (a) in each month such amounts as shall be provided in the Annual Budget or otherwise determined by the City to be deposited in the Subordinated Indebtedness Fund for the payment of the principal or sinking fund redemption price, if any, of, interest on, and other amounts due with respect to Subordinated Bonds and other Subordinated Indebtedness on the next succeeding payment date with respect to such bonds and indebtedness and (b) in any event, on any date that any principal or sinking fund redemption price, if any, of, and interest on, any Subordinated Bonds or other Subordinated Indebtedness shall become due and payable, an amount which, together with (i) other amounts then on deposit in such Subordinated Indebtedness Fund, including the proceeds of the sale of Debt Securities (exclusive of amounts, if any, set aside in said Fund for the payment of interest on Subordinated Indebtedness on a future date or as a reserve for the payment of the principal or redemption price, if any, of, and interest on, Subordinated Indebtedness), (ii) in the case of Subordinated Bonds of any Series for which a Subordinated Bond Payment Account has been established, the amounts then on deposit in such Subordinated Bond Payment Account (exclusive of amounts, if any, set aside in said Account for the payment of interest on the Subordinated Bonds of such Series on a future date) and (iii) in the case of any other issue of Subordinated Indebtedness for which a separate fund or account has been established as a source of moneys for the payment of the Subordinated Indebtedness of such issue, the amounts available in such fund or account (exclusive of amounts, if any, set aside in said fund or account for the payment of interest on the Subordinated Indebtedness of such issue on a future date or as a reserve for the payment of the principal or redemption price, if any, of, and interest on, the Subordinated Indebtedness of such issue), will be sufficient and available to make such payment in full on such payment date. The Trustee shall have no responsibility for, and shall not be under any obligation to enforce, the agreements of the City contained in this Article VI.

ARTICLE VII
PARTICULAR COVENANTS OF THE CITY

The City covenants and agrees with the Holders of the Subordinated Bonds as follows:

SECTION 7.01. Payment of Subordinated Bonds. The City shall duly and punctually pay or cause to be paid, but solely from the sources specified in this Subordinated Resolution and any Supplemental Subordinated Resolution, the principal or Redemption Price of every Subordinated Bond and the interest thereon, at the dates and places and in the manner mentioned in the Subordinated Bonds, according to the true intent and meaning thereof. For the purpose of providing for the payment of the principal or sinking fund Redemption Price of the Outstanding Subordinated Bonds of each Series and the interest thereon on the date that the same shall become due and payable, the City, on or prior to such date, will, except to the extent that moneys are available therefor in the Subordinated Bond Payment Account, if any, established with respect to such Series (exclusive of amounts, if any, set aside in said Account for the payment of interest on the Subordinated Bonds of such Series on a future date), pay or cause to be paid to the Trustee for deposit in the Subordinated Indebtedness Fund an amount which, together with (i) other amounts then on deposit in such Subordinated Indebtedness Fund (exclusive of amounts, if any, set aside in said Fund for the payment of interest on Subordinated Indebtedness on a future date or as a

reserve for the payment of the principal or redemption price, if any, of, and interest on, Subordinated Indebtedness) and (ii) the moneys so available therefor in such Subordinated Bond Payment Account (except as aforesaid), will be sufficient and available to make such payment on such date. For the purpose of providing for the payment of the Redemption Price of the Outstanding Subordinated Bonds that shall have been called for redemption at the election of the City on the date that the same shall become due and payable, the City will, on or prior to such date, pay or cause to be paid to the Subordinated Bond Paying Agents therefor, from any moneys of the City legally available therefor, an amount which will be sufficient and available to make such payment.

SECTION 7.02. Reserved.

SECTION 7.03. Offices for Servicing Subordinated Bonds. Except as may be otherwise provided in any Supplemental Subordinated Resolution with respect to any Series of Subordinated Bonds, to the extent any Subordinated Bonds (other than Special Subordinated Bonds) Outstanding are not held in Book-Entry Form, the City shall at all times maintain one or more agencies where Subordinated Bonds may be presented for payment and shall at all times maintain one or more agencies where Subordinated Bonds may be presented for registration, transfer or exchange. The City shall at all times maintain one or more agencies where notices, demands and other documents may be served upon the City in respect of the Subordinated Bonds or of the Subordinated Resolution. The City hereby appoints the Subordinated Bond Registrar to maintain the agency for the registration, transfer or exchange of Subordinated Bonds, and for the service upon the City of such notices, demands and other documents, and the Subordinated Bond Registrar shall continuously maintain or make arrangements to provide such services. The City hereby appoints the Subordinated Bond Paying Agents in such cities as its respective agents to maintain such agencies for the payment or redemption of Subordinated Bonds.

SECTION 7.04. Further Assurance. At any and all times the City shall, as far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming all and singular the rights, moneys, securities and funds hereby pledged or assigned, or intended so to be, or which the City may become bound to pledge or assign.

SECTION 7.05. Power to Issue Subordinated Bonds and Pledge Subordinated Indebtedness Fund. The City is duly authorized under all applicable laws to create and issue the Subordinated Bonds, to adopt the Subordinated Resolution and to pledge and assign the moneys, securities and funds hereby pledged and assigned on a parity with any Parity Subordinated Indebtedness in the manner and to the extent provided in the Subordinated Resolution. Except with respect to the Bonds, any Parity Hedging Contract Obligations and any Parity Subordinated Indebtedness and except to the extent otherwise provided in the Subordinated Resolution, the moneys, securities and funds so pledged and assigned are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the security interest, pledge and assignment created by the Subordinated Resolution, and all corporate or other action on the part of the City to that end has been and will be duly and validly taken. The Subordinated Bonds and the provisions of the Resolution, including this Subordinated Resolution, are and will be the valid and legally enforceable obligations of the City in accordance with their terms and the terms of the Resolution, including this Subordinated Resolution. The City shall at

all times, to the extent permitted by law and, in the case of the Subordinated Indebtedness Fund, subject to (i) the lien thereon created by the Resolution as security for the Bonds, (ii) any lien thereon created as security for any Parity Hedging Contract Obligations and (iii) the rights of the holders of any Parity Subordinated Indebtedness outstanding from time to time under the Resolution, defend, preserve and protect the pledge of the moneys, securities and funds pledged and assigned hereby and all the rights of the Holders of the Subordinated Bonds hereunder, against all claims and demands of all persons whomsoever.

SECTION 7.06. Creation of Liens. The City shall not issue any bonds, notes, debentures, or other evidences of indebtedness of similar nature, other than the Bonds, any Parity Hedging Contract Obligations and the Subordinated Bonds, payable out of or secured by a security interest in or pledge or assignment of the Subordinated Indebtedness Fund, including the funds, moneys and securities contained therein; *provided, however*, that nothing contained in the Subordinated Resolution shall prevent the City from issuing, if and to the extent permitted by law and the Resolution, (i) Parity Subordinated Indebtedness, if and to the extent that, upon the original issuance of such Parity Subordinated Indebtedness, an Authorized Officer of the City shall execute certificates to the same effect as those set forth in clauses (3) and (4) of Section 2.02 hereof; provided that no such certificates shall be required in connection with any Subordinated Hedging Contract Obligations, or (ii) Subordinated Indebtedness that is expressly made subordinate in right of payment to the Subordinated Bonds and for which any pledge of such amounts in the Subordinated Indebtedness Fund as may from time to time be available therefor shall be, and shall be expressed to be, subordinate in all respects to the pledge and lien created under the Subordinated Resolution as security for the Subordinated Bonds.

SECTION 7.07. Performance of Covenants. The City agrees to comply with the provisions of paragraph 2 of Section 707 of the Resolution and Sections 706, 708, 709, 711, 712, 713, 714, 715, 716 and 717 of the Resolution, as the same may be amended from time to time pursuant to and in accordance with the provisions of the Resolution, until the Subordinated Bonds and interest thereon shall have been paid or provision for such payment shall have been made, except that (i) the references therein to Section 710 of the Resolution shall be deemed to be references to Section 7.08 hereof; (ii) the references therein to the Holders of the Bonds or the Bondholders shall be deemed to be references to the Holders of the Subordinated Bonds; (iii) the references therein to the rights or security of Bondholders under the Resolution shall be deemed to be references to the rights or security of the Holders of the Subordinated Bonds hereunder; (iv) for purposes of the reference to paragraph 5 of Section 503 of the Resolution in clause (4) of paragraph 2 of Section 707 of the Resolution, the reference to the Holders of the Bonds in said paragraph 5 shall be deemed to be a reference to the Holders of the Subordinated Bonds; and (v) the references therein to the Resolution (other than the reference to paragraph 5 of Section 503 of the Resolution in clause (4) of paragraph 2 of Section 707 of the Resolution) shall be deemed to be references to this Subordinated Resolution.

SECTION 7.08. Rates, Fees and Charges. 1. The City shall at all times establish and collect rates, fees and charges for the use or the sale of the output, capacity or service of the System which, together with other available Revenues, are reasonably expected to yield Net Revenues which shall be at least equal to the sum of (a) the Aggregate Debt Service on the Outstanding Bonds for the forthcoming 12 month period, (b) the Aggregate Subordinated Debt Service on the Outstanding Subordinated Bonds for the forthcoming 12 month period and (c) the Parity Subordinated Indebtedness Debt Service on the outstanding Parity Subordinated Indebtedness for

the forthcoming 12 month period, and, in any event, as shall be required, together with other available funds, to pay or discharge all other indebtedness, charges and liens whatsoever payable out of Revenues under the Resolution and to comply with all covenants on the part of the City contained in the Resolution and the Subordinated Resolution; *provided, however*, that (i) any Principal Installment which is a Refundable Principal Installment may be excluded from Aggregate Debt Service for purposes of the foregoing but only to the extent that the City intends to pay such Principal Installment from sources other than Revenues, (ii) any Subordinated Principal Installment which is a Refundable Subordinated Principal Installment may be excluded from Aggregate Subordinated Debt Service for purposes of the foregoing but only to the extent that the City intends to pay such Subordinated Principal Installment from sources other than Revenues and (iii) the principal of any Refundable Parity Subordinated Indebtedness may be excluded from Parity Subordinated Indebtedness Debt Service for purposes of the foregoing but only to the extent that the City intends to pay such principal from sources other than Revenues. Promptly upon any material change in the circumstances which were contemplated at the time such rates, fees and charges were most recently reviewed, but not less frequently than once in each Fiscal Year, the City shall review the rates, fees and charges so established and shall promptly revise such rates, fees and charges as necessary to comply with the foregoing requirements, provided that such rates, fees and charges shall in any event produce moneys sufficient to enable the City to comply with all its covenants under the Resolution.

2. No free service or service otherwise than in accordance with the established rates, fees and charges shall be furnished by the System or as otherwise required by law, which rates, fees and charges shall not permit the granting of preferential rates, fees or charges among the users of the same class of customers; provided, however, the City may dispose without charge reclaimed water for irrigation or any other purpose if it is deemed by the City to be an efficient use of such reclaimed water. If and to whatever extent the City receives the services and facilities of the System, it shall pay for such services and facilities according to the City's established rate schedule, and the amounts so paid shall be included in the amount of Revenues.

SECTION 7.09. General. 1. The City shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the City under the provisions of the Act and the Subordinated Resolution.

2. Upon the date of authentication and delivery of any of the Subordinated Bonds, all conditions, acts and things required by law and this Subordinated Resolution to exist, to have happened and to have been performed precedent to and in the issuance of such Subordinated Bonds shall exist, have happened and have been performed and the issuance of such Subordinated Bonds shall comply in all respects with the applicable laws of the State of Florida.

3. Notwithstanding the provisions of paragraph 1 of Section 1201 of the Resolution, (i) the pledge of the Subordinated Indebtedness Fund, including the funds, moneys and securities contained therein, hereunder and the covenants, agreements and other obligations of the City to the Holders of the Subordinated Bonds, (ii) the Trustee's obligations with respect to the Subordinated Indebtedness Fund and (iii) all other provisions of the Resolution necessary or desirable to give effect to the foregoing shall remain in full force and effect so long as any Subordinated Bonds remain Outstanding.

**ARTICLE VIII
REMEDIES ON DEFAULT**

SECTION 8.01. Events of Default. If one or more of the following Events of Default shall happen:

(i) if default shall be made (a) in the due and punctual payment of the principal or Redemption Price of any Subordinated Bond (other than Special Subordinated Bonds) when and as the same shall become due and payable, whether at maturity or by call or proceedings for redemption, or otherwise, or (b) in the due and punctual payment of any amounts due on Special Subordinated Bonds (after the lapse of any notice requirements or grace periods, or both, as provided in the documentation pertaining thereto);

(ii) if default shall be made in the due and punctual payment of any installment of interest on any Subordinated Bond or the unsatisfied balance of any Sinking Fund Installment, when and as such interest installment or Sinking Fund Installment shall become due and payable;

(iii) the Revenues in any Fiscal Year shall be inadequate to comply with the requirements of Section 7.08 hereof, unless the City promptly takes remedial action to ensure compliance thereafter consistent with the determination of the Consulting Engineer rendered pursuant to paragraph 4 of Section 713 of the Resolution and Section 7.07 hereof;

(iv) if default shall be made by the City in the performance or observance of any other of the covenants, agreements or conditions on its part in the Subordinated Resolution or in the Subordinated Bonds contained, and such default shall continue for a period of 90 days after written notice specifying such default and requiring that it shall have been remedied and stating that such notice is a "Notice of Default" hereunder is given to the City by Holders of not less than 25% in principal amount of the Subordinated Bonds Outstanding; provided, however, the City shall not be deemed in default hereunder if such default can be cured within a reasonable time and if the City in good faith institutes applicable curative action within 90 days of such notice and thereafter diligently pursues such action until the default has been corrected;

(v) a court having jurisdiction in the premises shall enter a decree or order providing for relief in respect of the City in an involuntary case under any applicable bankruptcy, insolvency, reorganization or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the City or for any substantial part of its property, or ordering the winding up or liquidation of its affairs and such decree or order shall remain unstayed and in effect for a period of ninety (90) days;

(vi) the City shall commence a voluntary case under any applicable bankruptcy, insolvency, reorganization 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, trustee, custodian, sequestrator (or similar official) of the City or for any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall fail

generally to pay its debts as they become due or shall take any action in furtherance of the foregoing;

(vii) if an Event of Default shall have occurred pursuant to the provisions of the Resolution; or

(viii) if the City shall fail to pay, or to cause to be paid, when due, the principal or redemption price of, or interest on, any Parity Subordinated Indebtedness;

then, and in each and every such case, so long as such Event of Default shall not have been remedied, unless the principal of all the Subordinated Bonds shall have already become due and payable, the Holders of not less than 25% in principal amount of the Subordinated Bonds Outstanding (by notice in writing to the City) may declare the principal of all the Subordinated Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything in the Subordinated Resolution or in any of the Subordinated Bonds contained to the contrary notwithstanding. The right of the Holders of not less than 25% in principal amount of the Subordinated Bonds to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before the Subordinated Bonds shall have matured by their terms, all overdue installments of interest on the Subordinated Bonds, together with interest on such overdue installments of interest to the extent permitted by law and the reasonable and proper charges, expenses and liabilities of the Trustee, and the Co-Trustee, if any, and all other sums then payable by the City under the Subordinated Resolution (except the principal of, and interest accrued since the next preceding interest date on, the Subordinated Bonds due and payable solely by virtue of such declaration) shall either be paid by or for the account of the City or adequate provision shall be made for such payment, and all defaults under the Subordinated Bonds or under the Subordinated Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good or adequate provision shall be made therefor, then and in every such case the Holders of 25% in principal amount of the Subordinated Bonds Outstanding, by written notice to the City, may rescind such declaration and annul such default in its entirety, but no such rescission or annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

SECTION 8.02. Accounting and Examination of Records After Default. 1. The City covenants that if an Event of Default shall have happened and shall not have been remedied, the books of records and accounts of the City and all other records relating to the System shall at all times be subject to the inspection and use of the Holders of the Subordinated Bonds and of their agents and attorneys.

2. The City covenants that if an Event of Default shall happen and shall not have been remedied, the City, upon demand of the Holders of not less than 25% in principal amount of the Subordinated Bonds at the time Outstanding, will account, as if it were the trustee of an express trust, for all moneys, securities and funds pledged or held under the Resolution or the Subordinated Resolution as security for the Subordinated Bonds for such period as shall be stated in such demand.

SECTION 8.03. Application of Moneys after Default. 1. During the continuance of an Event of Default of which an officer of the Trustee in its Corporate Trust Department has

knowledge, the Trustee shall apply all moneys, securities and funds held or received by Trustee with respect to the Subordinated Indebtedness Fund as follows and in the following order:

(a) to the extent required thereby, to the purposes indicated in paragraph 2 of Section 803 of the Resolution; and

(b) to the payment of the interest and principal or redemption price then due on the Subordinated Bonds and the Parity Subordinated Indebtedness, as follows:

(i) unless the principal of all of the Subordinated Bonds and the Parity Subordinated Indebtedness shall have become or have been declared due and payable,

FIRST: **Interest** – To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, together with accrued and unpaid interest on the Subordinated Bonds and the Parity Subordinated Indebtedness theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

SECOND: **Principal or Redemption Price** – To the payment to the persons entitled thereto of the unpaid principal or redemption price of any Subordinated Bonds or Parity Subordinated Indebtedness which shall have become due, whether at maturity or by call for redemption or otherwise, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Subordinated Bonds and the Parity Subordinated Indebtedness due on any date, then to the payment thereof ratably, according to the amounts of principal or redemption price due on such date, to the persons entitled thereto, without any discrimination or preference.

(ii) if the principal of all of the Subordinated Bonds and the Parity Subordinated Indebtedness shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Subordinated Bonds and the Parity Subordinated Indebtedness without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Subordinated Bond or Parity Subordinated Indebtedness over any other Subordinated Bond or Parity Subordinated Indebtedness, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Subordinated Bonds and the Parity Subordinated Indebtedness.

2. If and whenever all overdue installments of interest on all Subordinated Bonds, together with the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums payable by the City under the Subordinated Resolution, including the principal and Redemption Price of and accrued unpaid interest on all Subordinated Bonds which shall then be payable, shall either be paid by or for the account of the City, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Subordinated Resolution or the

Subordinated Bonds shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall pay over to the City all moneys, securities and funds then remaining unexpended in the hands of the Trustee in the Subordinated Indebtedness Fund (except moneys, securities and funds deposited or pledged, or required by the terms of the Resolution, this Subordinated Resolution or any Supplemental Resolution securing Subordinated Indebtedness to be deposited or pledged with the Trustee), and thereupon the City and the Trustee shall be restored, respectively, to their former positions and rights under the Subordinated Resolution. No such payment over to the City by the Trustee nor such restoration of the City and the Trustee to their former positions and rights shall extend to or affect any subsequent default under the Subordinated Resolution or impair any right consequent thereon.

SECTION 8.04. Remedies Not Exclusive. No remedy by the terms of the Subordinated Resolution conferred upon or reserved to the Holders of the Subordinated Bonds is intended to be exclusive of any other remedy; but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Subordinated Resolution or existing at law, including under the Act, or in equity or by statute on or after the date of adoption of the Subordinated Resolution.

SECTION 8.05. Subordinated Bonds Held by City Not Entitled to Distribution. No Subordinated Bonds owned or held by, for the account of or for the benefit of the City shall be deemed entitled to share in any payment or distribution provided in this Article VIII, provided that the Subordinated Bond Paying Agents shall be protected in making any such payment or distribution unless they shall have actual knowledge that the Subordinated Bonds in respect of which such payment or distribution is made are so owned or held.

SECTION 8.06. Effect of Waiver and Other Circumstances. 1. No delay or omission of any Holder of the Subordinated Bonds to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default or be an acquiescence therein; and every power and remedy given by this Article to the Holders of the Subordinated Bonds may be exercised from time to time and as often as may be deemed expedient by the Holders of the Subordinated Bonds.

2. Prior to the declaration of maturity of the Subordinated Bonds as provided in Section 8.01, the Holders of not less than a majority in aggregate principal amount of the Subordinated Bonds at the time Outstanding, or their attorneys in fact duly authorized, may on behalf of the Holders of all of the Subordinated Bonds waive any past default under the Subordinated Resolution and its consequences, except a default in the payment of interest on or principal of or premium (if any) on any of the Subordinated Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 8.07. Notice of Default. 1. The City shall promptly mail written notice of the occurrence of any Event of Default to the Holders of Subordinated Bonds then Outstanding and to each Credit Enhancer, and, if Bearer Commercial Paper Notes shall be Outstanding, the City shall also publish such notice once a week for at least two successive weeks in an Authorized Newspaper.

2. Upon the occurrence of any Event of Default known to an officer of the Trustee in its Corporate Trust Department, the Trustee shall promptly notify the Subordinated Bond Registrar(s) of the occurrence of such Event of Default, and the Subordinated Bond Registrar(s) shall promptly mail notice of such Event of Default to the Holders of Subordinated Bonds then outstanding and to each Credit Enhancer, and, if Bearer Commercial Paper Notes shall be Outstanding, the Subordinated Bond Registrar(s) shall also publish such notice once a week for at least two successive weeks in an Authorized Newspaper.

ARTICLE IX CONCERNING THE SUBORDINATED BOND FIDUCIARIES

SECTION 9.01. Subordinated Bond Paying Agents; Appointment and Acceptance of Duties. 1. The City shall appoint one or more Subordinated Bond Paying Agents for the Subordinated Bonds of each Series, and may at any time or from time to time appoint one or more other Subordinated Bond Paying Agents having the qualifications set forth in Section 9.08 for a successor Paying Agent.

2. Each Subordinated Bond Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by the Subordinated Resolution by executing and delivering to the City a written acceptance thereof.

3. Unless otherwise provided in a Supplemental Subordinated Resolution, the offices of the Subordinated Bond Paying Agents are designated as the respective offices or agencies of the City for the payment of the interest on and principal or Redemption Price of the Subordinated Bonds.

SECTION 9.02. Responsibilities of Subordinated Bond Fiduciaries. The recitals herein and in the Subordinated Bonds contained shall be taken as the statements of the City, and no Subordinated Bond Fiduciary assumes any responsibility for the correctness of the same. No Subordinated Bond Fiduciary makes any representation as to the validity or sufficiency of the Subordinated Resolution or of any Subordinated Bonds issued thereunder or as to the security afforded by the Subordinated Resolution, and no Subordinated Bond Fiduciary shall incur any liability in respect thereof. The Subordinated Bond Registrar shall, however, be responsible for its representation contained in its certificate of authentication on the Subordinated Bonds. No Subordinated Bond Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid by such Subordinated Bond Fiduciary in accordance with the provisions of the Subordinated Resolution to or upon the order of the City or to any other Subordinated Bond Fiduciary. No Subordinated Bond Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect thereof, or to advance any of its own moneys, unless properly indemnified. No Subordinated Bond Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence, misconduct or default.

SECTION 9.03. Evidence on Which Subordinated Bond Fiduciaries May Act. 1. Each Subordinated Bond Fiduciary, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provision of the Subordinated Resolution, shall examine such instrument to determine whether it conforms to the requirements of the Subordinated Resolution and shall be protected in acting upon

any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Subordinated Bond Fiduciary may reasonably consult with counsel, who may or may not be of counsel to the City, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Subordinated Resolution in good faith and in accordance therewith.

2. Whenever any Subordinated Bond Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Subordinated Resolution, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer of the City, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of the Subordinated Resolution upon the faith thereof; but in its discretion the Subordinated Bond Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as may seem reasonable to it.

3. Except as otherwise expressly provided in the Subordinated Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the City to any Subordinated Bond Fiduciary shall be sufficiently executed when the same is executed in the name of the City by an Authorized Officer of the City.

SECTION 9.04. Compensation. Prior to its appointment, each Subordinated Bond Fiduciary shall file with the City a negotiated schedule of anticipated fees and charges for services to be performed pursuant to the Subordinated Resolution. The City shall pay to each Subordinated Bond Fiduciary from time to time pursuant to such schedule reasonable compensation for all services rendered under the Subordinated Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and other persons not regularly in its employ, incurred in and about the performance of its powers and duties under the Subordinated Resolution, and each Subordinated Bond Fiduciary shall have a lien therefor on any and all funds at any time held by it under the Subordinated Resolution.

SECTION 9.05. Certain Permitted Acts. Any Subordinated Bond Fiduciary may become the owner of any Subordinated Bonds, with the same rights it would have if it were not a Subordinated Bond Fiduciary. To the extent permitted by law, any Subordinated Bond Fiduciary may act as depositary for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Holders of the Subordinated Bonds or to effect or aid in any reorganization growing out of the enforcement of the Subordinated Bonds or the Subordinated Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Subordinated Bonds then Outstanding.

SECTION 9.06. Merger or Consolidation. Any company into which any Subordinated Bond Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Subordinated Bond Fiduciary may sell or transfer all or substantially all of its business, provided such company shall be qualified to perform all the duties imposed upon it by the Subordinated Resolution and shall be authorized by law to perform all such duties, shall be the successor to such Subordinated Bond Fiduciary without the execution or filing of any paper or the performance of any further act.

SECTION 9.07. Adoption of Authentication. In case any of the Subordinated Bonds contemplated to be issued under the Subordinated Resolution shall have been authenticated but not delivered, any successor Subordinated Bond Registrar may adopt the certificate of authentication of any predecessor Subordinated Bond Registrar so authenticating such Subordinated Bonds and deliver such Subordinated Bonds so authenticated; and in any case of the said Subordinated Bonds shall not have been authenticated, any successor Subordinated Bond Registrar may authenticate such Subordinated Bonds in the name of the predecessor Subordinated Bond Registrar, or in the name of the successor Subordinated Bond Registrar, and in all such cases such certificate shall have the full force which it is anywhere in said Subordinated Bonds or in the Subordinated Resolution provided that the certificate of the Subordinated Bond Registrar shall have.

SECTION 9.08. Resignation or Removal of Subordinated Bond Paying Agent and Appointment of Successor. 1. Any Subordinated Bond Paying Agent may at any time resign and be discharged of the duties and obligations created by the Subordinated Resolution by giving at least 60 days' written notice to the City, the Trustee, and the other Subordinated Bond Paying Agents. Any Subordinated Bond Paying Agent may be removed at any time by an instrument filed with such Subordinated Bond Paying Agent and the Trustee and signed by an Authorized Officer of the City. Any successor Subordinated Bond Paying Agent shall be appointed by the City and shall be an officer of the City, a transfer agent duly registered pursuant to the Securities Exchange Act of 1934, as amended, or a bank or trust company organized under the laws of any state of the United States or national banking association, having capital stock, surplus and undivided earnings aggregating at least \$50,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Subordinated Resolution.

2. In the event of the resignation or removal of any Subordinated Bond Paying Agent, such Subordinated Bond Paying Agent shall pay over, assign and deliver any moneys held by it as Subordinated Bond Paying Agent to its successor, or if there be no successor, to the City. In the event that for any reason there shall be a vacancy in the office of any Subordinated Bond Paying Agent, the City shall act as such Subordinated Bond Paying Agent.

SECTION 9.09. Subordinated Bond Registrar. Any Subordinated Bond Registrar may at any time resign and be discharged of the duties and obligations created by the Subordinated Resolution by giving at least 60 days' written notice to the City and the Trustee. The Subordinated Bond Registrar may be removed at any time by an instrument filed with such Subordinated Bond Registrar and the Trustee and signed by an Authorized Officer of the City, provided that a successor Subordinated Bond Registrar has been appointed by the City.

ARTICLE X SUPPLEMENTAL SUBORDINATED RESOLUTIONS

SECTION 10.01. Supplemental Subordinated Resolutions Effective Upon Filing With the Trustee. For any one or more of the following purposes and at any time or from time to time, a Supplemental Subordinated Resolution of the City supplemental to the Subordinated Resolution may be adopted, which, upon the filing with the Trustee and the Co-Trustee of a copy thereof certified by an Authorized Officer of the City, shall be fully effective in accordance with its terms:

(1) To close the Subordinated Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Subordinated Resolution on, the authentication and delivery of Subordinated Bonds or the issuance of other evidences of indebtedness;

(2) To add to the covenants and agreements of the City in the Subordinated Resolution, other covenants and agreements to be observed by the City which are not contrary to or inconsistent with the Subordinated Resolution as theretofore in effect;

(3) To add to the limitations and restrictions in the Subordinated Resolution, other limitations and restrictions to be observed by the City which are not contrary to or inconsistent with the Subordinated Resolution as theretofore in effect;

(4) To authorize Subordinated Bonds of a Series and, in connection therewith, specify and determine the matters and things referred to in Section 2.02, Section 2.03, Section 2.04 or Section 2.05, and also any other matters and things relative to such Subordinated Bonds which are not contrary to or inconsistent with the Subordinated Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Subordinated Bonds, or to reduce the authorized amount of the Subordinated Bonds of such Series by an amount not greater than the aggregate principal amount of the Subordinated Bonds of such Series that, at the time of such adoption, have not yet been issued;

(5) To provide for the issuance, execution, delivery, authentication, payment, registration, transfer and exchange of Subordinated Bonds in coupon form payable to bearer or in uncertificated form, and, in connection therewith, to specify and determine any matters and things relative thereto;

(6) To confirm, as further assurance, any security interest, pledge or assignment under, and the subjection to any security interest, pledge or assignment created or to be created by, the Subordinated Resolution, of any moneys, securities or funds; and

(7) To modify any of the provisions of the Subordinated Resolution in any other respect whatever, provided that (i) such modification shall be, and be expressed to be, effective only after all Subordinated Bonds of each Series Outstanding at the date of the adoption of such Supplemental Subordinated Resolution shall cease to be Outstanding, and (ii) such Supplemental Subordinated Resolution shall be specifically referred to in the text of all Subordinated Bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental Subordinated Resolution and of Subordinated Bonds issued in exchange therefor or in place thereof.

SECTION 10.02. Supplemental Subordinated Resolutions Effective Upon Delivery of Opinion of Counsel as to No Material Adverse Effect. For any one or more of the following purposes and at any time or from time to time, a Supplemental Subordinated Resolution supplemental to the Subordinated Resolution may be adopted, which, upon (i) delivery of an Opinion of Counsel to the effect that the provisions of such Supplemental Subordinated Resolution will not have a material adverse effect on the interests of the Holders of Outstanding Subordinated

Bonds (in rendering such opinion, such counsel may rely on such certifications of (a) any banking or financial institution familiar with the financial affairs of the City relating to the System, as to financial and economic matters, (b) the Consulting Engineer, as to matters within its field of expertise and (c) such other experts, as to matters within their fields of expertise, as it, in its reasonable judgment, determines necessary or appropriate), (ii) the filing with the Trustee and the Co-Trustee, if any, of a copy thereof certified by an Authorized Officer of the City and (iii) compliance with the provisions of Section 10.04, shall be fully effective in accordance with its terms:

(1) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Subordinated Resolution;

(2) To insert such provisions clarifying matters or questions arising under the Subordinated Resolution as are necessary or desirable and are not contrary to or inconsistent with the Subordinated Resolution as theretofore in effect; or

(3) To make any other modification or amendment of the Subordinated Resolution which such counsel shall in its reasonable judgment determine will not have a material adverse effect on the interests of the Holders of Outstanding Subordinated Bonds.

Notwithstanding any other provision of this Subordinated Resolution, in determining whether the interests of the Holders of Outstanding Subordinated Bonds are materially adversely affected, such counsel shall consider the effect on the Holders of any Subordinated Bonds for which Credit Enhancement has been provided without regard to such Credit Enhancement.

SECTION 10.03. Supplemental Subordinated Resolutions Effective With Consent of Holders of the Subordinated Bonds. At any time or from time to time, a Supplemental Subordinated Resolution supplemental to the Subordinated Resolution may be adopted subject to consent by Holders of the Subordinated Bonds in accordance with and subject to the provisions of Article XI, which Supplemental Subordinated Resolution, upon compliance with the provisions of said Article XI, shall become fully effective in accordance with its terms as provided in said Article XI.

Subordinated Bondholders shall be deemed to have provided consent pursuant to this Section 10.03 if the offering document for such Subordinated Bonds expressly describes the Supplemental Resolution and the amendments to this Subordinated Resolution contained therein and states by virtue of the Bondholders' purchase of such Subordinated Bonds, the Subordinated Bondholders are deemed to have notice of, and consented to, such Supplemental Resolution and amendments.

Notwithstanding any other provision of this Section 10.03, to the extent permitted by law, at the time of issuance or remarketing of Subordinated Bonds under this Resolution, a broker, dealer or municipal securities dealer, serving as underwriter or remarketing agent for such Subordinated Bonds, or as agent for or in lieu of Holders of the Subordinated Bonds, may provide consent to amendments to this Subordinated Resolution pursuant to this Section 10.03.

SECTION 10.04. General Provisions. 1. The Subordinated Resolution shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article X and Article XI.

2. Any Supplemental Subordinated Resolution referred to and permitted or authorized by Sections 10.01 or 10.02 may be adopted by the City without the consent of any of the Holders of the Subordinated Bonds, but shall become effective only on the conditions, to the extent and at the time provided in said Sections. The copy of every Supplemental Subordinated Resolution when filed with the Trustee shall be accompanied by an Opinion of Counsel stating that such Supplemental Subordinated Resolution has been duly and lawfully adopted in accordance with the provisions of the Subordinated Resolution, is authorized or permitted by the Subordinated Resolution, and is valid and binding upon the City and enforceable in accordance with its terms.

3. The Trustee is hereby authorized to accept the delivery of a certified copy of any Supplemental Subordinated Resolution referred to and permitted or authorized by Sections 10.01 or 10.02 and to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, shall be fully protected in relying on an Opinion of Counsel that such Supplemental Subordinated Resolution is authorized or permitted by the provisions of the Subordinated Resolution.

4. No Supplemental Subordinated Resolution shall change or modify any of the rights or obligations of any Subordinated Bond Fiduciary without its written assent thereto.

ARTICLE XI AMENDMENTS

SECTION 11.01. Mailing and Publication. 1. Any provision in this Article for the mailing of a notice or other paper to Holders of the Subordinated Bonds shall be fully complied with if it is mailed postage prepaid or provided electronically only (i) to each Holder of affected Subordinated Bonds then Outstanding at such Holder's address, if any, appearing upon the registry books of the City, (ii) to each Holder of any affected Bearer Commercial Paper Note who shall have filed with the City an address for notices, and (iii) to the Trustee.

2. Any provision in this Article for publication of a notice or other matter shall require the publication thereof only in an Authorized Newspaper.

SECTION 11.02. Powers of Amendment. Any modification or amendment of the Subordinated Resolution and of the rights and obligations of the City and of the Holders of the Subordinated Bonds thereunder, in any particular, may be made by a Supplemental Subordinated Resolution, with the written consent given as provided in Section 10.03 (i) of the Holders of not less than a majority in principal amount of the Subordinated Bonds Outstanding affected by the modification or amendment at the time such consent is given, and (ii) in case the modification or amendment changes the terms of any Sinking Fund Installment, of the Holders of not less than a majority in principal amount of the Subordinated Bonds of the particular Series and maturity entitled to such Sinking Fund Installment and Outstanding at the time such consent is given; *provided, however*, that if such modification or amendment will, by its terms, not take effect so long as any Subordinated Bonds of any specified like Series and maturity remain Outstanding the consent of the Holders of such Subordinated Bonds shall not be required and such Subordinated Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Subordinated Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Subordinated Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption

Price thereof or in the rate of interest thereon without the consent of the Holder of such Subordinated Bond, or shall reduce the percentages or otherwise affect the classes of Subordinated Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Subordinated Bond Fiduciary without its written assent thereto. For the purposes of this Section, a Series of Subordinated Bonds shall be deemed to be affected by a modification or amendment of the Subordinated Resolution if the same adversely affects or diminishes in any material respect the rights of the Holders of Subordinated Bonds of such Series. The City may in its discretion determine whether or not in accordance with the foregoing powers of amendment Subordinated Bonds of any particular Series or maturity or any particular Commercial Paper Notes or Medium-Term Notes would be materially adversely affected by any modification or amendment of the Subordinated Resolution and any such determination shall, absent manifest error, be binding and conclusive on the City and all Holders of Subordinated Bonds. For purposes of this Section, the Holders of any Subordinated Bonds may include the initial Holders thereof, regardless of whether such Subordinated Bonds are being held for resale and regardless of whether such Subordinated Bonds may thereafter have been transferred to subsequent owners. Subordinated Bonds as used in this Article XI shall not include Special Subordinated Bonds.

SECTION 11.03. Consent of Holders. The City may at any time adopt a Supplemental Subordinated Resolution making a modification or amendment permitted by the provisions of Section 11.02 to take effect when and as provided in this Section. A copy of such Supplemental Subordinated Resolution (or brief summary thereof or reference thereto), together with a request to affected Holders of the Subordinated Bonds for their consent thereto, shall be mailed by the City to affected Holders of the Subordinated Bonds (but failure of any affected Holder of a Subordinated Bond to receive such copy and request shall not affect the validity of the Supplemental Subordinated Resolution when consented to as in this Section provided); *provided, however,* that if any Bearer Commercial Paper Notes shall then be Outstanding, the City shall also publish such copy, summary or reference and such request for consent in an Authorized Newspaper at least once a week for two successive weeks. Such Supplemental Subordinated Resolution shall not be effective unless and until there shall have been filed with the Trustee (a) the written consents of Holders of the percentages of affected Outstanding Subordinated Bonds specified in Section 11.02 and (b) an Opinion of Counsel stating that such Supplemental Subordinated Resolution has been duly and lawfully adopted and filed by the City in accordance with the provisions of the Subordinated Resolution and the Resolution, is authorized or permitted by the Subordinated Resolution and the Resolution, and is valid and binding upon the City and enforceable in accordance with its terms. It shall not be necessary that the consents of Holders of Subordinated Bonds approve the particular form of wording of the proposed modification or amendment or of the proposed Supplemental Subordinated Resolution effecting such modification or amendment, but it shall be sufficient if such consents approve the substance of the proposed amendment or modification. Each such consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Subordinated Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 12.02. A certificate or certificates executed by an Authorized Officer of the City and filed with the Trustee and the Co-Trustee, if any, stating that such Officer has examined such proof and that such proof is sufficient in accordance with Section 12.02 shall be prima facie evidence that the consents have been given by the Holders of the Subordinated Bonds described in such certificate or certificates. Any such consent shall be irrevocable and binding upon the Holder of the affected Subordinated Bonds giving such consent and, anything in Section 12.02 to the contrary notwithstanding, upon any subsequent Holder of

such affected Subordinated Bonds and of any Subordinated Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof). At any time after the Holders of the required percentages of affected Subordinated Bonds shall have filed their consents to the Supplemental Subordinated Resolution, an Authorized Officer of the City may make and file with the Trustee and the Co-Trustee, if any, a written statement that the Holders of such required percentages of affected Subordinated Bonds have filed such consents. Such written statements shall be prima facie evidence that such consents have been so filed. A record, consisting of the certificates or statements required or permitted by this Section 11.03 to be made by the City, shall be proof of the matters therein stated. Such Supplemental Subordinated Resolution making such amendment or modification shall be deemed conclusively binding upon the City, the Subordinated Bond Fiduciaries and the Holders of all Subordinated Bonds immediately upon the filing with the Trustee of the proof of the mailing and, if so required, publication of such last mentioned notice.

SECTION 11.04. Modifications or Amendments by Unanimous Consent. The terms and provisions of the Subordinated Resolution and the rights and obligations of the City and of the Holders of the Subordinated Bonds thereunder may be modified or amended in any respect upon the adoption and filing by the City of a Supplemental Subordinated Resolution and the consent of the Holders of all of the affected Subordinated Bonds then Outstanding, such consent to be given as provided in Section 11.03 except that no notice to affected Holders by mailing or, if so provided, publication shall be required; *provided, however*, that no such modification or amendment shall change or modify any of the rights or obligations of any Subordinated Bond Fiduciary without the filing with the City and the Trustee of the written assent thereto of such Subordinated Bond Fiduciary in addition to the consent of the Holders of the Subordinated Bonds.

SECTION 11.05. Exclusion of Subordinated Bonds. Subordinated Bonds owned or held by or for the account of the City shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Subordinated Bonds provided for in this Article XI, and the City shall not be entitled with respect to such Subordinated Bonds to give any consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, the City shall furnish the Trustee a certificate of an Authorized Officer of the City, upon which the Trustee may rely, describing all Subordinated Bonds so to be excluded.

SECTION 11.06. Notation on Subordinated Bonds. Subordinated Bonds authenticated and delivered after the effective date of any action taken as in Article X or this Article XI provided may, if the City so determines, bear a notation by endorsement or otherwise in form approved by the City as to such action, and in that case upon demand of the Holder of any Subordinated Bond Outstanding at such effective date and presentation of such Holder's Subordinated Bond for the purpose at the office of the Subordinated Bond Registrar or upon any transfer or exchange of any Subordinated Bond Outstanding at such effective date, suitable notation shall be made on such Subordinated Bond or upon any Subordinated Bond issued upon any such transfer or exchange by the Subordinated Bond Registrar as to any such action. If the City shall so determine, new Subordinated Bonds so modified as in the opinion of the City to conform to such action shall be prepared, authenticated and delivered and upon demand of the Holder of any Subordinated Bond then Outstanding shall be exchanged, without cost to such Holder, for Subordinated Bonds of the same Series, maturity and interest rate then Outstanding, upon surrender of such Subordinated Bonds. Any action taken as in Article X or this Article XI provided shall be effective and binding upon all Holders of Subordinated Bonds notwithstanding that the notation is not endorsed on all Subordinated Bonds.

ARTICLE XII MISCELLANEOUS

SECTION 12.01. Defeasance. 1. If the City shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Subordinated Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Subordinated Resolution, then the pledge of moneys, securities and funds pledged under the Subordinated Resolution and all covenants, agreements and other obligations of the City to the Holders of the Subordinated Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

If the City shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of any Outstanding Subordinated Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Subordinated Resolution, such Subordinated Bonds shall cease to be entitled to any lien, benefit or security under the Subordinated Resolution, and all covenants, agreements and obligations of the City to the Holders of such Subordinated Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

2. Subordinated Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Subordinated Bond Paying Agents (through deposit by the City of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in paragraph 1 of this Section. In addition, any Outstanding Subordinated Bonds or portions thereof in authorized denominations shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in paragraph 1 of this Section if the City shall have satisfied all of the conditions precedent to such Subordinated Bonds being so deemed to have been paid set forth in the Supplemental Subordinated Resolution authorizing the Series of which such Subordinated Bonds are a part.

3. Anything in the Subordinated Resolution to the contrary notwithstanding, any moneys held by a Subordinated Bond Fiduciary in trust for the payment and discharge of any of the Subordinated Bonds which remain unclaimed for six years after the date when such Subordinated Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Subordinated Bond Fiduciary at such date, or for six years after the date of deposit of such moneys if deposited with the Subordinated Bond Fiduciary after the said date when such Subordinated Bonds become due and payable, shall, at the written request of the City, be repaid by the Subordinated Bond Fiduciary to the City, as its absolute property and free from trust, and the Subordinated Bond Fiduciary shall thereupon be released and discharged with respect thereto and the Holders of such Subordinated Bonds shall look only to the City for the payment of such Subordinated Bonds; *provided, however,* that before being required to make any such payment to the City, the Subordinated Bond Fiduciary shall, at the expense of the City, comply with any publication requirements required under Florida law as certified by the City.

SECTION 12.02. Evidence of Signatures of Holders and Ownership of Subordinated Bonds. 1. Any request, consent, revocation of consent or other instrument which the Subordinated Resolution may require or permit to be signed and executed by the Holders of the Subordinated

Bonds may be in one or more instruments of similar tenor and shall be signed or executed by such Holders in person or by their attorneys appointed in writing. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the holding by any person of the Subordinated Bonds, shall be sufficient for any purpose of the Subordinated Resolution (except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to the City, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(1) The fact and date of the execution by any Holder of the Subordinated Bonds or such Holder's attorney of such instruments may be proved by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the person signing such request or other instrument acknowledged to such officer the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate or affidavit shall also constitute sufficient proof of such officer's authority.

(2) The amount of Bearer Commercial Paper Notes held by any person executing any instrument as a Holder, the date of such person's holding such Bearer Commercial Paper Notes, and the numbers and other identification thereof, may be proved by a certificate, which need not be acknowledged or verified, in form satisfactory to the City, executed by the City or by a member of a financial firm or by an officer of a bank, trust company, insurance company, or financial corporation or other depository wherever situated, or by a registered representative of a securities firm or corporation which is a member of the National Association of Securities Dealers, Inc., showing at the date therein mentioned that such person exhibited to such member, officer or registered representative or had on deposit with such depository the Bearer Commercial Paper Notes described in such certificate. Such certificate may be given by a member of a financial firm or by an officer of any bank, trust company, insurance company or financial corporation or depository or by a registered representative of a securities firm or corporation which is a member of the National Association of Securities Dealers, Inc. with respect to Bearer Commercial Paper Notes owned by it. In addition to the foregoing provisions, the City may from time to time make such reasonable regulations as it may deem advisable permitting other proof of holding of Bearer Commercial Paper Notes.

2. The ownership of Subordinated Bonds (other than Bearer Commercial Paper Notes) and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books.

3. Any request or consent by the Holder of any Subordinated Bond shall bind all future Holders of such Subordinated Bond in respect of anything done or suffered to be done by the City or any Subordinated Bond Fiduciary in accordance therewith.

SECTION 12.03. Moneys Held for Particular Subordinated Bonds. The amounts held by any Subordinated Bond Fiduciary for the payment of the interest, principal or Redemption Price due on any date with respect to particular Subordinated Bonds shall, on and after such date and

pending such payment, be set aside on its books and held by it in trust for the Holders of the Subordinated Bonds entitled thereto.

SECTION 12.04. Preservation and Inspection of Documents. All documents received by any Subordinated Bond Fiduciary under the provisions of the Subordinated Resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of the City, any other Subordinated Bond Fiduciary and any Holder of the Subordinated Bonds and their agents and their representatives, any of whom may make copies thereof.

SECTION 12.05. Parties Interested Herein. Nothing in the Subordinated Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or corporation, other than the City, the Subordinated Bond Fiduciaries, the Holders of the Subordinated Bonds and any Credit Enhancer, any right, remedy or claim under or by reason of the Subordinated Resolution or any covenant, condition or stipulation thereof; and all the covenants, stipulations, promises and agreements in the Subordinated Resolution contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Subordinated Bond Fiduciaries, and the Holders of the Subordinated Bonds.

SECTION 12.06. No Recourse on Subordinated Bonds. No officer, agent or employee of the City shall be individually or personally liable for the payment of the principal or Redemption Price or interest on the Subordinated Bonds.

SECTION 12.07. Publication of Notice; Suspension of Publication. 1. Any publication to be made under the provisions of the Subordinated Resolution in successive weeks or on successive dates may be made in each instance upon any Business Day of the week and need not be made in the same Authorized Newspaper for any or all of the successive publications but may be made in different Authorized Newspapers.

2. If, because of the temporary or permanent suspension of the publication or general circulation of any of the Authorized Newspapers or for any other reason, it is impossible or impractical to publish any notice pursuant to the Subordinated Resolution in the manner herein provided, then such publication in lieu thereof shall constitute a sufficient publication of such notice.

SECTION 12.08. Action by the Credit Enhancer When Action by Bondholders Required. If not in default in respect of any of its obligations with respect to Credit Enhancement for the Subordinated Bonds of a Series, or a maturity within a Series, the Credit Enhancer for, and not the actual Holders of, the Subordinated Bonds of a Series, or a maturity within a Series, for which such Credit Enhancement is being provided, shall be deemed to be the Holder of Subordinated Bonds of any Series, or maturity within a Series, as to which it is the Credit Enhancer at all times for the purpose of (i) giving any approval or consent to the effectiveness of any Supplemental Subordinated Resolution or any amendment, change or modification of this Subordinated Resolution as specified in Sections 10.03, 11.02, 11.03 and 11.04 or any other provision hereof, which requires the written approval or consent of Holders; *provided, however*, that the provisions of this Section shall not apply to any change in the terms of redemption or maturity of the principal of any Outstanding Subordinated Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, or shall reduce the percentages or otherwise affect the classes of Subordinated

Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Subordinated Bond Fiduciary without its written assent thereto and (ii) giving any approval or consent, exercising any remedies or taking any other action in accordance with the provisions of Article VIII hereof.

SECTION 12.09. Severability of Invalid Provisions. If any one or more of the covenants or agreements provided in the Subordinated Resolution on the part of the City or any Subordinated Bond Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of the Subordinated Resolution.

SECTION 12.10. Holidays. Except as may be otherwise provided in a Supplemental Subordinated Resolution, if the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in the Subordinated Resolution, shall be a legal holiday or a day on which banking institutions in the cities in which are located the principal offices of the Trustee and the Subordinated Bond Paying Agents are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in the Subordinated Resolution, and no interest shall accrue for the period after such nominal date.

SECTION 12.11. Defeasance Depositories. Notwithstanding anything to the contrary herein, amounts required to be deposited with the Trustee for the defeasance of Subordinated Bonds may be deposited with a Depository who has agreed to hold such amounts in escrow for the benefit of such defeased Subordinated Bonds.

ARTICLE XIII EFFECTIVE DATE

SECTION 13.01. Effective Date. This Second Amended and Restated Subordinated Utilities System Revenue Bond Resolution shall become effective on the Effective Date, upon the satisfaction of the conditions to its effectiveness set forth in Article X of the Resolution and Articles X and XI of the Original Subordinated Resolution.

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EXHIBIT "B"

REOFFERING MEMORANDUM

1. This document is a summary of the reoffering of the securities of the Corporation. It is intended to provide information to the public and to the Commission regarding the reoffering of the securities of the Corporation.

2. The securities of the Corporation were first offered to the public in 1934. The offering was successful and the securities were sold at a price of \$100 per share. The securities were sold to the public through the efforts of the Corporation and its agents.

3. The securities of the Corporation were again offered to the public in 1935. The offering was successful and the securities were sold at a price of \$100 per share. The securities were sold to the public through the efforts of the Corporation and its agents.

4. The securities of the Corporation were again offered to the public in 1936. The offering was successful and the securities were sold at a price of \$100 per share. The securities were sold to the public through the efforts of the Corporation and its agents.

5. The securities of the Corporation were again offered to the public in 1937. The offering was successful and the securities were sold at a price of \$100 per share. The securities were sold to the public through the efforts of the Corporation and its agents.

6. The securities of the Corporation were again offered to the public in 1938. The offering was successful and the securities were sold at a price of \$100 per share. The securities were sold to the public through the efforts of the Corporation and its agents.

7. The securities of the Corporation were again offered to the public in 1939. The offering was successful and the securities were sold at a price of \$100 per share. The securities were sold to the public through the efforts of the Corporation and its agents.

8. The securities of the Corporation were again offered to the public in 1940. The offering was successful and the securities were sold at a price of \$100 per share. The securities were sold to the public through the efforts of the Corporation and its agents.

9. The securities of the Corporation were again offered to the public in 1941. The offering was successful and the securities were sold at a price of \$100 per share. The securities were sold to the public through the efforts of the Corporation and its agents.

REOFFERING MEMORANDUM DATED _____, 2018

REMARKETING: NOT NEW ISSUE - BOOK-ENTRY ONLY

On the date of issuance of the 2007 Series A Bonds described herein, Orrick, Herrington & Sutcliffe LLP, as Bond Counsel to the City (the "Initial Bond Counsel"), rendered an opinion that, based upon an analysis of then existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2007 Series A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. The Initial Bond Counsel was of the further opinion that interest on the 2007 Series A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although the Initial Bond Counsel observed that such interest is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income. The Initial Bond Counsel also was of the opinion that the 2007 Series A Bonds and the interest thereon are exempt from taxation under existing laws of the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, banks and savings associations. The Initial Bond Counsel expressed no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2007 Series A Bonds. On the date of the mandatory tender of the 2007 Series A Bonds referred to herein, Holland & Knight LLP, Lakeland, Florida, Bond Counsel to the City ("Bond Counsel") rendered an opinion to the effect that the mandatory tender will not, in and of itself, adversely affect the exclusion of interest on the 2007 Series A Bonds from gross income for purposes of federal tax taxation. Bond Counsel, however, is not rendering any opinion on the current tax status of the 2007 Series A Bonds. See "TAX MATTERS" herein.

\$139,505,000
City of Gainesville, Florida
Variable Rate
Utilities System Revenue Bonds,
2007 Series A
(CUSIP No. 362848 PQ0)



RATINGS: See "RATINGS" herein

Original Issue Date: March 1, 2007

Due: October 1, 2036

The purpose of this Reoffering Memorandum is to provide information in connection with the mandatory tender of \$139,505,000 in aggregate principal amount of Variable Rate Utilities System Revenue Bonds, 2007 Series A (the "2007 Series A Bonds") heretofore issued by the City of Gainesville, Florida (the "City").

The 2007 Series A Bonds are registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the 2007 Series A Bonds. Purchases of 2007 Series A Bonds may be made in book-entry form only, in the Authorized Denominations referred to herein. See "--Book-Entry Only System" herein. U.S. Bank National Association, New York, New York is Trustee, Paying Agent and Bond Registrar under the Resolution (as defined herein) and has been appointed by the City as the Tender Agent for 2007 Series A Bonds.