

RESOLUTION NO. 050128

A RESOLUTION OF THE CITY OF GAINESVILLE, FLORIDA, AMENDING RESOLUTION NO. 020919, SUPPLEMENTING RESOLUTION NO. 020918 AND PROVIDING FOR AND AUTHORIZING THE ISSUANCE OF THE CITY'S TAXABLE OTHER POST EMPLOYMENT BENEFITS OBLIGATION BONDS, SERIES 2005 (RETIREE HEALTH CARE PLAN) IN AN ORIGINAL AGGREGATE PRINCIPAL AMOUNT NOT EXCEEDING \$45,000,000 TO FUND THE UNFUNDED RETIREE HEALTH CARE OBLIGATIONS OF THE CITY; AUTHORIZING THE INTERIM CITY MANAGER, THE ADMINISTRATIVE SERVICES DIRECTOR OR THE FINANCE DIRECTOR TO AWARD THE SALE OF SUCH BONDS TO CITIGROUP GLOBAL MARKETS INC. IN ACCORDANCE WITH CERTAIN PARAMETERS SET FORTH HEREIN; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE CONTRACT; APPOINTING J.P. MORGAN TRUST COMPANY, N.A., AS PAYING AGENT AND REGISTRAR WITH RESPECT TO SUCH BONDS; APPROVING THE FORM AND AUTHORIZING THE CIRCULATION OF A PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FINAL OFFICIAL STATEMENT; AUTHORIZING THE INTERIM CITY MANAGER, THE ADMINISTRATIVE SERVICES DIRECTOR OR THE FINANCE DIRECTOR TO DEEM FINAL THE PRELIMINARY OFFICIAL STATEMENT; AUTHORIZING THE INTERIM CITY MANAGER, THE ADMINISTRATIVE SERVICES DIRECTOR OR THE FINANCE DIRECTOR TO ACCEPT THE TERMS OF A COMMITMENT FOR MUNICIPAL BOND INSURANCE FROM MBIA INSURANCE CORPORATION; APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF A CONTINUING DISCLOSURE CERTIFICATE; AUTHORIZING CERTAIN OFFICIALS OF THE CITY TO EXECUTE ANY DOCUMENTS AND TAKE ANY ACTIONS REQUIRED IN CONNECTION WITH THE ISSUANCE OF SAID BONDS; PROVIDING AN EFFECTIVE DATE FOR THIS RESOLUTION; AND PROVIDING CERTAIN OTHER DETAILS WITH RESPECT THERETO.

WHEREAS, the City of Gainesville, Florida (the "Issuer") issued its Taxable Pension Obligation Revenue Bonds, Series 2003A (Employee's Plan) in the initial aggregate principal amount of \$40,042,952.75 and its Taxable Pension Obligation Revenue Bonds, Series 2003B (Consolidated Plan) in the initial aggregate principal amount of \$49,851,805.95 (collectively, the "2003 Bonds"), pursuant to Resolution No. 020918 adopted by the Issuer on February 24, 2003, as supplemented by Resolution No. 020919, adopted by the Issuer on February 24,

2003 and as amended by Resolution No. 040032 adopted by the Issuer on June 14, 2004 (collectively, the "Bond Resolution");

WHEREAS, the Issuer has agreed to pay a portion of the health insurance premiums of certain retired employees (the "Retiree Health Care Plan") pursuant to the terms of Ordinance No. 4066, enacted by the Issuer on March 27, 1995 (the "Retiree Health Care Ordinance");

WHEREAS, the Issuer has determined to fully fund its actuarial accrued liability with respect to the Retiree Health Care Plan, determined in the report of Actuarial Concepts, Jacksonville, Florida, dated January 21, 2005 (the "2005 Health Care Obligation");

WHEREAS, Citigroup Global Markets Inc. (the "Underwriter") intends to submit an offer to purchase the 2005 Bonds by negotiated sale pursuant to the terms of a Purchase Contract between the Issuer and the Underwriter in substantially the form on file with the office of the Clerk of the Commission of the Issuer (the "Purchase Contract"); and

WHEREAS, the Issuer desires to approve the form of an official statement (the "Final Official Statement") in substantially the form of a draft of the Preliminary Official Statement (the "Preliminary Official Statement") on file with the office of the Clerk of the Commission of the Issuer in connection with the issuance and sale of the 2005 Bonds; and

WHEREAS, the Issuer desires to authorize the Interim City Manager, Administrative Services Director or Finance Director of the Issuer to deem the Preliminary Official Statement final on behalf of the Issuer for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 (the "Rule"); and

WHEREAS, because of the current conditions existing in the market for securities similar to the 2005 Bonds, the Issuer finds it appropriate to delegate to the Interim City Manager, the Administrative Services Director or the Finance Director of the Issuer the authority to accept the offer of the Underwriter to purchase the 2005 Bonds pursuant to the terms of the Purchase Contract if certain conditions set forth in this Resolution are met; and

WHEREAS, the Issuer desires to delegate to the Interim City Manager, the Administrative Services Director or the Finance Director of the Issuer the authority to approve the form of and accept, execute and deliver on behalf of the Issuer a commitment (the "Commitment") for the issuance of a policy of municipal bond insurance for the 2005 Bonds from MBIA Insurance Corporation (the "Insurer");

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

SECTION 1. Authority. This Resolution is adopted pursuant to Chapter 166, Florida Statutes, Chapter 159, Part VII, Florida Statutes, the Charter of the Issuer and other applicable provisions of law (collectively, the "Act"), Section 112.08, Florida Statutes and the Bond Resolution.

SECTION 2. Definitions. All terms used herein in capitalized form, unless otherwise defined herein, shall have the same meanings as ascribed to them in the Bond Resolution, unless the context otherwise requires. All terms used herein in capitalized form and defined in the preamble hereto shall have the meanings ascribed thereto in such preamble.

SECTION 3. Findings.

A. The Issuer has heretofore adopted the Bond Resolution pursuant to which the 2003 Bonds were issued and remain outstanding.

B. The Issuer has determined it has an unfunded actuarial accrued liability with respect to the Retiree Health Care Plan.

C. The issuance of the 2005 Bonds for the purpose of funding all or a portion of the 2005 Health Care Obligation of the Issuer will serve a public purpose and is in the best interest of the Issuer.

D. The Issuer is authorized and empowered by the Act to issue the 2005 Bonds and use the proceeds thereof, together with other funds of the Issuer, if any, to provide for the funding of the 2005 Health Care Obligation.

E. It is estimated that the Pledged Revenues will be sufficient to pay all the principal of, premium, if any, and interest on the 2005 Bonds herein authorized and on the 2003 Bonds, as the same become due and to make all deposits into the funds and accounts and other payments in connection therewith as required by the Bond Resolution and this Resolution.

F. The Issuer has the authority under the Bond Resolution to issue Additional Bonds payable on a parity with the Bonds outstanding thereunder from the Pledged Revenues.

G. The 2005 Bonds will constitute Additional Bonds within the meaning and contemplation of the Bond Resolution and will be payable from the Pledged Revenues on a parity with the 2003 Bonds, any Qualified Hedge Payments and any Additional Bonds which may be issued in the future. The 2005 Bonds will be issued only if the requirements for the issuance of Additional Bonds under the Bond Resolution are met.

H. The Pledged Revenues are not pledged or encumbered in any manner except to pay the principal of and interest on the 2003 Bonds and any other payments required in the Bond Resolution.

I. The Issuer is not in default in performing any of the covenants and obligations assumed by it under the Bond Resolution and all payments required under the Bond Resolution have been made, to the full extent required, into the accounts and funds established therein.

J. The Mayor or Interim City Manager prior to delivery of the 2005 Bonds will provide a certificate or certificates containing the certifications required by Sections 9.01 and 10.02 of the Bond Resolution, and the 2005 Bonds shall not be issued unless such certification is provided and the other requirements of Section 10.02 are complied with.

K. The Underwriter will, prior to acceptance by the Issuer of the offer of the Underwriter to purchase the 2005 Bonds, provide the Issuer with (i) a disclosure statement regarding the 2005 Bonds containing the information required by Section 218.385(6), Florida Statutes, and (ii) a Truth-In-Bonding Statement pursuant to Section 218.385(3), Florida Statutes (which Truth-In-Bonding Statement may be contained in the Purchase Contract or the disclosure statement), and no further disclosure is or shall be required by the Issuer.

L. Because of the characteristics of the 2005 Bonds, prevailing and anticipated market conditions and savings to be realized from the expeditious sale of the 2005 Bonds, and taking into account the advice of Public Financial Management, Inc., the Issuer's financial advisor (the "Financial Advisor"), it is in the best interest of the Issuer to accept the offer of the Underwriter to purchase the 2005 Bonds in an aggregate original principal amount not exceeding \$45,000,000 at a negotiated sale upon the terms and conditions outlined herein and in the Purchase Contract and as determined by the Interim City Manager, the Administrative Services Director or the Finance Director in accordance with the terms hereof.

M. It is in the best interest of the Issuer to accept the Commitment of the Insurer to issue a policy of municipal bond insurance insuring all of the 2005 Bonds (the "2005 Bond Insurance Policy") and the same shall constitute a Credit Facility under the terms of the Bond Resolution.

N. The expenditure of proceeds of the 2005 Bonds for the purpose of funding the 2005 Health Care Obligation is hereby deemed to be made for a public purpose and constitutes a "Project" under the Bond Resolution and a "project" within the meaning and contemplation of Section 166.101(8), Florida Statutes.

SECTION 4. Amendment of Resolution No. 020919. Resolution No. 020919, adopted by the Issuer on February 24, 2003, is hereby amended in the

following respect (such amendment having been consented to in writing by MBIA, as the Bond Insurer of the 2003 Bonds which are the only Bonds currently outstanding under the terms of the Bond Resolution);

A. Paragraph A of Section 11 is hereby amended in its entirety to read as follows:

A. MBIA shall be given written notice of, and the right to consent to, all amendments to the Bond Resolution. Copies of any amendments consented to by MBIA must be provided to S&P.

SECTION 5. Instrument to Constitute a Contract; Covenants in Bond Resolution Applicable. In consideration of the acceptance of the 2005 Bonds authorized to be issued hereunder by those who shall hold the same from time to time, the Bond Resolution, as supplemented by this Resolution, shall be deemed to be and shall constitute a contract between the Issuer and the Holders of the 2005 Bonds. All of the applicable covenants of the Bond Resolution shall apply to the 2005 Bonds as if the 2005 Bonds had been originally issued under the Bond Resolution. The covenants and agreements set forth herein and in the Bond Resolution to be performed by the Issuer shall be for the equal benefit, protection and security of the Holders of the 2005 Bonds, and the 2005 Bonds shall be of equal rank with all other Bonds issued under the Bond Resolution, without preference, priority or distinction over any other thereof.

SECTION 6. Authorization of Funding of 2005 Health Care Obligation. The funding of all or a portion of the 2005 Health Care Obligation from proceeds of the 2005 Bonds is hereby authorized.

SECTION 7. Authorization of 2005 Bonds; Delegation; Terms and Form of 2005 Bonds.

A. Subject and pursuant to the provisions hereof, the 2005 Bonds to be known as the "City of Gainesville, Florida Taxable Other Post Employment Benefits Obligation Bonds, Series 2005 (Retiree Health Care Plan)" are hereby authorized to be issued for the purpose of paying the 2005 Health Care Obligation and paying the costs of issuance of the 2005 Bonds. The specific principal amounts of the 2005 Bonds shall be determined as hereinafter provided.

B. The Interim City Manager, the Administrative Services Director or the Finance Director of the Issuer is hereby designated and authorized to award the sale to the Underwriter of the 2005 Bonds in an aggregate original principal amount not to exceed \$45,000,000 and to approve the terms thereof, including, without limitation, the date or dates thereof, the principal amount thereof, the interest rate or rates with respect thereto, the purchase price thereof, the maturity dates thereof and the redemption terms with respect thereto; provided, however, that in no event shall (i) the aggregate original principal amount of the 2005 Bonds

exceed \$45,000,000 (the "Maximum Principal Amount"), (ii) the purchase price of the 2005 Bonds be less than 99.35% of the original principal amount thereof (excluding original issue discount and original issue premium) (the "Minimum Purchase Price"), (iii) the true interest cost rate (the "TIC") of the 2005 Bonds exceed 6.5% (the "Maximum TIC"), (iv) the interest rate on the 2005 Bonds exceed the maximum rate permitted by law, (v) the final maturity of the 2005 Bonds occur after October 1, 2014 or (vi) the 2005 Bonds be subject to optional or mandatory redemption prior to their maturity.

C. The 2005 Bonds shall be dated such date, shall bear interest from such date, payable semiannually on the first day of April and the first day of October of each year, at such rates, and shall mature on October 1 of such year or years as shall be established by the Purchase Contract and approved by the Interim City Manager, the Administrative Services Director or the Finance Director as herein provided, execution of the Purchase Contract by any such officers on behalf of the Issuer to constitute conclusive evidence of approval of the terms set forth therein. The 2005 Bonds shall be issued as fully registered bonds in the denomination of \$5,000 each or any integral multiple thereof.

D. The 2005 Bonds shall be numbered consecutively from one upward preceded by the letter "R" prefixed to the number. Principal of and premium, if any, on the 2005 Bonds shall be payable upon presentation and surrender of the 2005 Bonds at the designated corporate trust office of the Paying Agent.

E. So long as any of the 2005 Bonds remain outstanding, the Issuer shall maintain and keep, at the office of the Registrar, books for the registration of the 2005 Bonds.

The Issuer and the Registrar may treat the registered owner of any 2005 Bond as the absolute owner thereof for all purposes, whether or not such 2005 Bond shall be overdue, and shall not be bound by any notice to the contrary. The person in whose name any 2005 Bond is registered may be deemed the owner thereof by the Issuer and the Registrar, and any notice to the contrary shall not be binding upon the Issuer or the Registrar.

F. Whenever any 2005 Bond shall be delivered to the Registrar for cancellation, upon payment of the principal amount thereof, or for replacement, transfer or exchange, such 2005 Bond shall, after cancellation, either be retained by the Registrar for a period of time specified in writing by the Issuer, or at the option of the Issuer, shall be destroyed or cancelled by the Registrar and counterparts of a certificate of destruction or cancellation evidencing such destruction or cancellation shall be furnished to the Issuer.

G. The 2005 Bonds shall be and have all the qualities and incidents of negotiable instruments under the laws of the State of Florida, and each successive Holder, in accepting any of the 2005 Bonds, shall be conclusively deemed to have agreed that such 2005 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the laws of the State of Florida.

H. The text of the 2005 Bonds shall be substantially in the form set forth in the Bond Resolution with such omissions, insertions and variations (including, without limitation, changes to reflect the name of the 2005 Bonds as may be necessary or desirable and authorized by this Resolution, or as may be approved by the Mayor or Mayor-Commissioner Pro Tempore (execution thereof manually or by facsimile to be conclusive evidence of such approval), including, without limitation, such changes as may be required for the issuance of uncertificated public obligations and for execution of the 2005 Bonds by an authenticating agent.

SECTION 8. Approval of Purchase Contract; Approval of Official Statement; Approval of Continuing Disclosure Certificate.

A. The form of the Purchase Contract presented by the Underwriter and on file with the office of the Clerk of the Commission is hereby approved, subject to such changes, insertions and omissions and such filling of blanks therein as may be approved and made in such Purchase Contract by the person executing the same on behalf of the Issuer, whether the Interim City Manager, the Administrative Services Director or the Finance Director of the Issuer, in a manner consistent with the provisions of this Resolution, such execution to be conclusive evidence of such approval. Upon receipt of a disclosure statement and a Truth-in-Bonding Statement from the Underwriter, the Interim City Manager, the Administrative Services Director or the Finance Director of the Issuer, with the advice of the Financial Advisor, is hereby authorized to accept the offer of the Underwriter to purchase the 2005 Bonds in the aggregate principal amount not exceeding the applicable Maximum Principal Amount, at a TIC not to exceed the Maximum TIC, at a purchase price of not less than the Minimum Purchase Price, plus accrued interest thereon, if any, to the date of delivery, with an interest rate no greater than the maximum rate permitted by law, and with the latest maturity date not later than October 1, 2014, upon the terms and conditions set forth in the Purchase Contract. The Interim City Manager, the Administrative Services Director or the Finance Director of the Issuer is hereby authorized to execute the Purchase Contract for and on behalf of the Issuer pursuant to the terms hereof and of the Purchase Contract. The City Attorney is hereby authorized to approve the form and legality of the Purchase Contract.

B. The Issuer hereby approves the form and content of the Official Statement which shall be in substantially the form of the draft Preliminary Official Statement on file with the office of the Clerk of the Commission, subject to such

changes, insertions and omissions and such filling of the blanks therein as shall be approved by the Interim City Manager or Finance Director of the City, who are hereby authorized to execute and deliver the Official Statement on behalf of the Issuer, execution thereof to be conclusive evidence of such approval and hereby authorizes and approves the Preliminary Official Statement, substantially in the form of the draft thereof on file with the office of the Clerk of the Commission, and the use and circulation thereof in the marketing of the 2005 Bonds.

C. In order to enable the Underwriter to comply with Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Rule"), in connection with the offering and sale of the 2005 Bonds, the Interim City Manager, the Administrative Services Director or the Finance Director of the Issuer is hereby authorized, on behalf of the Issuer, to deem the Preliminary Official Statement final as of its date, except for Permitted Omissions. As used herein, "Permitted Omissions" shall mean the offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, bond ratings, and other terms of the 2005 Bonds depending on such matters.

D. The Issuer hereby agrees, in accordance with the provisions of Rule 15c2-12 in effect from time to time and applicable to the 2005 Bonds (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, to enter into a continuing disclosure certificate substantially in the form on file with the office of the Clerk of the Commission (the "Continuing Disclosure Certificate"). The form of the Continuing Disclosure Certificate on file with the office of the Clerk of the Commission is hereby approved and the Mayor, the Mayor-Commissioner Pro Tempore, Administrative Services Director, Finance Director or Interim City Manager is hereby authorized to execute and deliver the Continuing Disclosure Certificate, subject to such amendments, modifications and filling of blanks therein as such officer executing such document shall approve, such execution to constitute conclusive evidence of such approval. Notwithstanding any other provision of this Resolution, failure of the Issuer to comply with such Continuing Disclosure Certificate shall not be considered an event of default under the Bond Resolution. However, the Continuing Disclosure Certificate shall be enforceable by the Bondholders of the 2005 Bonds in the event that the Issuer fails to cure a breach thereunder within a reasonable time after written notice from a Bondholder of a 2005 Bond to the Issuer that a breach exists. Any rights of the Bondholders of the 2005 Bonds to enforce the provisions of this Section shall be on behalf of all Bondholders of the 2005 Bonds and shall be limited to a right to obtain specific performance of the Issuer's obligations under the Continuing Disclosure Certificate.

SECTION 9. Appointment of Registrar and Paying Agent. J.P. Morgan Trust Company, N.A., is hereby appointed as Registrar and Paying Agent in connection with the 2005 Bonds and shall undertake the duties as such under the terms of the Bond Resolution, as supplemented hereby.



SECTION 10. Creation of Funds and Accounts. There are hereby created and established the "City of Gainesville Health Care Obligation Project Fund" (the "Project Fund") and two accounts therein, the "2005 Retiree Health Care Fund" and the "2005 Bonds Cost of Issuance Account."

SECTION 11. Application of 2005 Bond Proceeds; Reserve Requirement Designation. To the extent not otherwise provided by the Issuer by certificate of the Mayor, or in her absence or unavailability, the Mayor-Commissioner Pro Tempore, delivered at or prior to the issuance and delivery of the 2005 Bonds, the proceeds from the sale of the 2005 Bonds, including accrued interest, if any, shall be disposed of as follows:

(1) Accrued interest, if any, shall be deposited in the Sinking Fund in the Debt Service Fund created pursuant to the Bond Resolution and applied against interest next coming due on the 2005 Bonds.

(2) An amount not exceeding the 2005 Health Care Obligation shall be deposited into the 2005 Retiree Health Care Fund and then immediately transferred to the City of Gainesville Retiree Health Insurance Fund (as defined in the Retiree Health Care Ordinance) as an employer contribution.

(3) The balance of the proceeds of the 2005 Bonds shall be deposited into the 2005 Bonds Cost of Issuance Account and used to pay, when due, the costs of issuance of the 2005 Bonds, including without limitation the cost of a municipal bond insurance policy from the Insurer.

The Reserve Requirement for the 2005 Bonds shall be \$0 and the 2005 Bonds shall not be secured by any subaccount in the Reserve Account in the Debt Service Fund.

SECTION 12. Bond Insurance. It is hereby determined to be in the best interest of the Issuer to obtain a policy of municipal bond insurance with respect to the 2005 Bonds and the Interim City Manager, Administrative Services Director or Finance Director is hereby authorized to accept the terms of the Commitment from the Insurer and to execute and deliver the Commitment on behalf of the Issuer.

SECTION 13. Supplemental Covenants and Agreements. Unless the same shall conflict with the terms of the Bond Resolution, the Issuer covenants and agrees, so long as any 2005 Bonds remain outstanding or any amount shall be due and owing to MBIA in connection with the 2005 Bond Insurance Policy, so long as no event described in paragraph P below shall have occurred, as follows:

A. MBIA shall be given written notice of, and the right to consent to, all amendments to the Bond Resolution. Copies of any amendments consented to by MBIA must be provided to S&P.

B. MBIA shall be deemed the sole Bondholder of all 2005 Bonds insured by it for purposes of exercising all rights, remedies and privileges granted to such Bondholders including, without limitation, the giving of any consents. MBIA shall have the right to institute any suit, action or proceeding at law or in equity under the same terms as a Holder of 2005 Bonds insured by it.

C. Any notice that is required to be given to a Holder of the 2005 Bonds or to the Paying Agent pursuant to the Bond Resolution shall also be provided to MBIA. All notices required to be given to MBIA under the Bond Resolution shall be in writing and shall be sent by registered or certified mail addressed to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504, Attention: Surveillance.

D. In the event that, on the second Business Day, and again on the Business Day, prior to the payment date on the 2005 Bonds, the Paying Agent has not received sufficient moneys to pay all principal of and interest on the 2005 Bonds due on the second following or following, as the case may be, Business Day, the Paying Agent shall immediately notify MBIA or its designee on the same Business Day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

E. If the deficiency is made up in whole or in part prior to or on the payment date, the Paying Agent shall so notify MBIA or its designee.

F. In addition, if the Paying Agent has notice that any Bondholder has been required to disgorge payments of principal or interest on the 2005 Bonds to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Bondholder within the meaning of any applicable bankruptcy laws, then the Paying Agent shall notify MBIA or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

G. The Paying Agent is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Holders of the 2005 Bonds as follows:

1. If and to the extent there is deficiency in amounts required to pay interest on the 2005 Bonds, the Paying Agent shall (a) execute and deliver to U.S. Bank Trust National Association, or its successors under the 2005 Bond Insurance Policy (the "Insurance Paying Agent"), in form satisfactory to the Insurance Paying Agent, an instrument appointing MBIA as agent for such Holders in any legal

proceeding related to the payment of such interest and an assignment to MBIA of the claims for interest to which such deficiency relates and which are paid by MBIA, (b) receive as designee of the respective Holders (and not as Paying Agent) in accordance with the tenor of the 2005 Bond Insurance Policy payment from the Insurance Paying Agent with respect to the claims for interest so assigned, and (c) disburse the same to such respective Holders; and

2. If and to the extent of a deficiency in amounts required to pay principal of the 2005 Bonds, the Paying Agent shall (a) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument appointing MBIA as agent for such Holder in any legal proceeding relating to the payment of such principal and an assignment to MBIA of any of the 2005 Bonds surrendered to the Insurance Paying Agent of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Paying Agent and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is received), (b) receive as designee of the respective Holders (and not as Paying Agent) in accordance with the tenor of the 2005 Bond Insurance Policy payment therefor from the Insurance Paying Agent, and (c) disburse the same to such Holders.

H. Payments with respect to claims for interest on and principal of 2005 Bonds disbursed by the Paying Agent from proceeds of the 2005 Bond Insurance Policy shall not be considered to discharge the obligation of the Issuer with respect to such 2005 Bonds, and the Insurer shall become the owner of such unpaid 2005 Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

I. Irrespective of whether any such assignment is executed and delivered, the Issuer and the Paying Agent hereby agree for the benefit of the 2005 Bonds that:

1. They recognize that to the extent MBIA makes payments, directly or indirectly (as by paying through the Paying Agent), on account of principal of or interest on the 2005 Bonds, MBIA will be subrogated to the rights of such Holders to receive the amount of such principal and interest from the Issuer, with interest thereon as provided and solely from the sources stated in the Bond Resolution and the 2005 Bonds; and

2. They will accordingly pay to MBIA the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the 2005 Bond

Insurance Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in the Bond Resolution and the 2005 Bonds, but only from the sources and in the manner provided herein for the payment of principal of and interest on the 2005 Bonds to Holders, and will otherwise treat MBIA as the owner of such rights to the amount of such principal and interest.

J. In connection with the issuance of Additional Bonds, the Issuer shall deliver to MBIA a copy of the disclosure document, if any, circulated with respect to such Additional Bonds.

K. MBIA shall receive notice of the resignation or removal of the Paying Agent and the appointment of a successor thereto.

L. MBIA shall receive copies of all notices required to be delivered to Bondholders and, on an annual basis, copies of the Issuer's audited financial statements and Annual Budget.

M. The Issuer agrees to reimburse MBIA immediately and unconditionally upon demand, to the extent permitted by law, for all reasonable expenses, including attorneys' fees and expenses, incurred by MBIA in connection with (i) the enforcement by MBIA of the Issuer's obligations, or the preservation or defense of any rights of MBIA, under the Bond Resolution and any other document executed in connection with the issuance of the 2005 Bonds, and (ii) any consent, amendment, waiver or other action with respect to the Bond Resolution or any related document, whether or not granted or approved, together with interest on all such expenses from and including the date incurred to the date of payment at Citibank's prime rate plus 3% or the maximum interest rate permitted by law, whichever is less. In addition, MBIA reserves the right to charge a fee in connection with its review of any such consent, amendment or waiver, whether or not granted or approved.

N. The Issuer agrees not to use MBIA's name in any public document including, without limitation, a press release or presentation, announcement or forum without MBIA's prior consent; provided however, such prohibition on the use of MBIA's name shall not relate to the use of MBIA's standard approved form of disclosure in public documents issued in connection with the 2005 Bonds; and provided further such prohibition shall not apply to the use of MBIA's name in order to comply with public notice, public meeting or public reporting requirements.

O. The Issuer shall not enter into any agreement nor shall it consent to or participate in any arrangement pursuant to which 2005 Bonds are

tendered or purchased for any purpose other than the redemption and cancellation or legal defeasance of such 2005 Bonds without the prior written consent of MBIA.

P. In addition to the restrictions provided herein and in the Bond Resolution, MBIA shall not be entitled to any benefits of the Bond Resolution or this Resolution or any rights specifically granted to it thereunder or hereunder, including the right to consent to, approve or participate in any actions proposed to be taken by the Issuer, a 2005 Bondholder, or either of them if:

(a) MBIA shall be in default in the due and punctual performance of its payment obligations under the 2005 Bond Insurance Policy or if such policy for whatever reason is not then enforceable and in full force and effect; or

(b) MBIA shall apply for or consent to the appointment of a receiver, custodian, trustee or liquidator of MBIA or of all or a substantial part of its assets, or shall admit in writing its inability, or be generally unable, to pay its debts as such debts become due, or shall make a general assignment for the benefit of its creditors, or commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect) or shall file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, or shall fail to contest in a timely and appropriate manner, or acquiesce in writing to, any other petition filed against MBIA in any involuntary case under said Federal Bankruptcy Code, or shall take any other action for the purpose of effecting the foregoing; or

(c) A proceeding or case shall be commenced without the application or consent of MBIA, in any court of competent jurisdiction seeking the liquidation, reorganization, dissolution, winding up or composition or readjustment of debts of MBIA or the appointment of a trustee, receiver, custodian, liquidator, sequestrator (or other similar official) or the like, of MBIA or of all or a substantial part of its assets, or similar relief with respect to MBIA under any law relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, or for relief, rehabilitation, reorganization, conservation, liquidation or dissolution under the law of any state and such proceeding or case shall continue undismissed and an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed in effect for a period of one hundred twenty (120) days from the commencement of such proceedings or case, or any order for relief against MBIA shall be entered in an involuntary case under said Federal Bankruptcy Code; or

(d) MBIA shall no longer insure any of the 2005 Bonds.

SECTION 14. Authorizations.

A. The Interim City Manager, the Administrative Services Director or the Finance Director of the Issuer is hereby authorized, in accordance with the terms hereof, to execute on behalf of the Issuer, the Purchase Contract at the places provided therein. The Interim City Manager, the Finance Director or the Administrative Services Director of the Issuer is hereby authorized to deliver the Purchase Contract immediately following the execution thereof by the Underwriter.

B. The Mayor, or in her absence or unavailability, the Mayor-Commissioner Pro Tempore, and the Clerk or any Deputy Clerk of the Issuer or their duly authorized alternative officers are hereby authorized and directed on behalf of the Issuer to execute the 2005 Bonds (including any temporary bond or bonds) as provided in the Bond Resolution and this Resolution and any of such officers are hereby authorized and directed upon the execution of the 2005 Bonds in the form and manner set forth in the Bond Resolution as supplemented hereby to deliver the 2005 Bonds in the amounts authorized to be issued hereunder, to the Registrar for authentication and delivery to or upon the order of the Underwriter pursuant to the Purchase Contract, upon payment of the purchase price and upon compliance by the Underwriter with the terms of the Purchase Contract.

C. The Mayor, or in her absence or unavailability, the Mayor-Commissioner Pro Tempore, the Interim City Manager, the Administrative Services Director, or the Finance Director, the Clerk, any Deputy Clerk of the Issuer, and such other officers and employees of the Issuer as may be designated by the Mayor, or in her absence or unavailability the Mayor-Commissioner Pro Tempore, are each designated as agents of the Issuer in connection with the issuance and delivery of the 2005 Bonds and are authorized and empowered, collectively or individually, to take all action and steps and to execute all instruments, documents and contracts on behalf of the Issuer that are necessary or desirable in connection with the execution and delivery of the 2005 Bonds, and which are specifically authorized by or are not inconsistent with, the terms and provisions of this Resolution or any action relating to the 2005 Bonds heretofore taken by the Issuer. Such officers and those so designated are hereby charged with the responsibility for the issuance of the 2005 Bonds.

SECTION 15. Repeal of Inconsistent Resolutions. Except as supplemented and amended hereby, all provisions of the Bond Resolution remain in full force and effect. All other resolutions or parts of other resolutions in conflict herewith are hereby repealed.

SECTION 16. Severability. If any one or more of the covenants, agreements or provisions of this Resolution should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held

invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Resolution or of the 2005 Bonds issued hereunder.

SECTION 17. Copies of this Resolution. Certified copies of this Resolution shall be provided to MBIA and S&P as provided in the Bond Resolution.

SECTION 18. Effective Date. This Resolution shall take effect immediately upon its adoption in the manner provided by law.

PASSED AND ADOPTED IN PUBLIC SESSION OF THE CITY COMMISSION OF THE CITY OF GAINESVILLE, FLORIDA, THIS 27<sup>th</sup> DAY OF JUNE, 2005.

CITY COMMISSION OF THE CITY  
OF GAINESVILLE, FLORIDA

By: Regent Hamaha  
Mayor

ATTESTED:

By: [Signature]  
Clerk of the Commission

APPROVED AS TO FORM AND  
LEGALITY:

By: [Signature]  
City Attorney

JUN 27 2005

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