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**CITY OF FORT LAUDERDALE**

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**RESOLUTION NO. 03-29**

**Adopted on February 18, 2003**

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**Authorizing and Securing  
Water and Sewer Revenue Bonds**

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**RESOLUTION NO. 03-29**

**A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF FORT LAUDERDALE, FLORIDA AUTHORIZING THE ISSUANCE OF WATER AND SEWER REVENUE BONDS, SERIES 2003, OF THE CITY OF FORT LAUDERDALE, FLORIDA, IN SUCH AMOUNTS AS THE CITY SHALL HEREAFTER DETERMINE BY SERIES RESOLUTION, FOR THE PURPOSE OF PAYING A PORTION OF THE COST (AS DEFINED HEREIN) OF IMPROVEMENTS TO THE CITY'S WATER AND SEWER SYSTEM; PROVIDING FOR THE ISSUANCE OF ADDITIONAL WATER AND SEWER REVENUE BONDS TO PAY ALL OR PART OF THE COST OF ADDITIONAL IMPROVEMENTS TO THE CITY'S WATER AND SEWER SYSTEM AND FOR REFUNDING OUTSTANDING WATER AND SEWER REVENUE BONDS; PROVIDING FOR THE INCURRENCE OF OTHER TYPES OF UTILITY DEBT FOR THE PURPOSES OF THE WATER AND SEWER SYSTEM PAYABLE FROM THE NET REVENUES OF THE WATER AND SEWER SYSTEM; PROVIDING FOR THE PAYMENT OF SUCH BONDS, OTHER UTILITY DEBT AND THE INTEREST THEREON FROM NET REVENUES OF THE CITY'S WATER AND SEWER SYSTEM; SETTING FORTH THE RIGHTS AND REMEDIES OF THE HOLDERS OF SUCH BONDS AND OTHER UTILITY DEBT; PROVIDING A SEVERABILITY CLAUSE AND A CONFLICTS CLAUSE; PROVIDING FOR THE REPEAL OF RESOLUTION NO. 93-46; AND PROVIDING AN EFFECTIVE DATE.**

WHEREAS, the City of Fort Lauderdale, Florida (the "City") is a municipal corporation duly organized and operating under the Constitution and laws of the State of Florida (the "State"), including particularly Chapter 166, Florida Statutes, as amended, and the Charter of the City (collectively, the "Act"); and

WHEREAS, the City has the power and authority to acquire, own, maintain and operate on a revenue-producing basis water and sewage plants and systems and to issue revenue bonds payable from and secured by a pledge of the net revenues to be derived from the operation thereof; and

WHEREAS, the City currently owns and operates a water and sewer facility for public, domestic and commercial purposes in the City (the "Water and Sewer System"); and

WHEREAS, under the authority granted by the Act, the City is authorized to issue water and sewer revenue bonds to pay the cost of Improvements (hereinafter defined) to the Water and Sewer System and to pledge for the payment of such revenue bonds the net revenues derived from the operation of the Water and Sewer System (the "Net Revenues") and to the extent and in the manner hereinafter provided, the Impact Fees and Special Assessments (each as hereinafter defined); and

WHEREAS, the City has determined that it is in the best interests of the City to issue bonds to provide funds, together with other available funds, to pay the costs of certain Improvements to the Water and Sewer System consisting of the Project (hereinafter defined) that are necessary and desirable for the furtherance of the health, safety and welfare of the users of the Water and Sewer System; and

WHEREAS, the City has determined to issue its Water and Sewer Revenue Bonds, Series 2003 (the "Series 2003 Bonds") payable solely from and secured by a lien on and pledge of the Net Revenues of the Water and Sewer System, and to the extent and in the manner hereinafter provided, the Impact Fees and Special Assessments, in such amounts as the City shall hereafter determine by Series Resolution (hereinafter defined), for the purpose of paying a portion of the Cost (hereinafter defined) of the Project; and

WHEREAS, the City has determined to provide in this Resolution the authorization to issue hereafter other Water and Sewer Revenue Bonds and other forms of indebtedness of the City payable from the Net Revenues of the Water and Sewer System and, to the extent and in the manner hereinafter provided, the Impact Fees and Special Assessments, under this Resolution for the purpose of paying all or any part of the cost of any other improvements, renewals and replacements of the Water and Sewer System or any part thereof and such extensions and additions thereto as may be necessary or desirable, in the judgment of the City, to keep the same in proper condition for the safe, efficient and economic operation thereof or to refund or refinance all or a portion of the Bonds or any series thereof or other indebtedness of the City incurred with respect to the Water and Sewer System then outstanding, and to prescribe the terms and conditions under which such Bonds and other indebtedness may be authorized and issued;

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF FORT LAUDERDALE, FLORIDA:**

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS

Section 101. Meaning of Words and Terms ..... 1  
Section 102. Rules of Construction ..... 19  
Section 103. Resolution Constitutes Contract ..... 19

ARTICLE II

FORM, EXECUTION, DELIVERY AND REGISTRATION OF BONDS

Section 201. Issuance of Bonds ..... 20  
Section 202. Details of Bonds ..... 20  
Section 203. Execution and Form of Bonds ..... 23  
Section 204. Authentication of Bonds ..... 23  
Section 205. Exchange of Bonds ..... 23  
Section 206. Negotiability, Registration and Transfer of Bonds ..... 24  
Section 207. Ownership of Bonds ..... 24  
Section 208. Authorization of Series 2003 Bonds ..... 24  
Section 209. Additional Bonds ..... 27  
Section 210. Refunding Bonds ..... 30  
Section 211. State Revolving Fund Indebtedness ..... 33  
Section 212. Other Indebtedness ..... 33  
Section 213. Temporary Bonds ..... 35  
Section 214. Mutilated, Stolen, Destroyed or Lost Bonds ..... 36  
Section 215. Provisions with Respect to Book-Entry System ..... 36  
Section 216. Capital Appreciation Bonds; Capital Appreciation and Income Bonds ..... 36

ARTICLE III

REDEMPTION OF BONDS

Section 301. Redemption Generally ..... 37  
Section 302. Selection of Bonds for Redemption or Purchase ..... 37  
Section 303. Redemption Notice ..... 37  
Section 304. Partial Redemption of Bonds ..... 38  
Section 305. Effect of Calling for Redemption ..... 38  
Section 306. Cancellation of Bonds ..... 39  
Section 307. Bonds Called for Redemption Deemed Not Outstanding ..... 39

ARTICLE IV  
CONSTRUCTION ACCOUNT

Section 401.	Construction Account .....	41
Section 402.	Payments from Construction Account .....	41
Section 403.	Cost of Project and Improvements.....	42
Section 404.	Title to Properties Acquired.....	43
Section 405.	Disposition of Construction Account Balance.....	43

ARTICLE V  
REVENUES AND FUNDS

Section 501.	Water and Sewer Rates .....	45
Section 502.	Rate Covenant.....	45
Section 503.	Annual Budget .....	46
Section 504.	Enterprise Fund; Revenue Account .....	47
Section 505.	Sinking Fund Account and Other Accounts .....	47
Section 506.	Payment of Current Expenses.....	50
Section 507.	Application of Moneys in Bond Service Subaccount .....	50
Section 508.	Application of Moneys in Redemption Subaccount .....	51
Section 509.	Application of Moneys in Reserve Account .....	52
Section 510.	Application of Moneys in Rate Stabilization Account .....	53
Section 511.	Application of Moneys in Subordinated Indebtedness Account.....	54
Section 512.	Application of Moneys in Renewal, Replacement and Improvement Account.....	55
Section 513.	Application of Moneys in General Reserve Account .....	55
Section 514.	Application of Moneys in Sinking Fund Account .....	56
Section 515.	Impact Fee Account .....	56
Section 516.	Special Assessment Account .....	57
Section 517.	Money Held in Trust.....	57
Section 518.	Cancellation of Bonds.....	58

ARTICLE VI  
DEPOSITARIES OF MONEYS, SECURITY  
FOR DEPOSITS AND INVESTMENT OF FUNDS

Section 601.	Security for Deposits.....	59
Section 602.	Investment of Moneys.....	59
Section 603.	Valuation of Investment Obligations .....	61
Section 604.	Accounting for Funds and Accounts.....	61
Section 605.	Tax Covenants .....	62

ARTICLE VII  
PARTICULAR COVENANTS

Section 701.	Payment of Principal, Interest and Premium; Pledge of Net Revenues.....	63
Section 702.	Construction of Project and Improvements; Operation of Water and Sewer System .....	63
Section 703.	Employment of Consulting Engineers .....	64
Section 704.	Employment of Accountant .....	64
Section 705.	Insurance .....	65
Section 706.	Use of Revenues .....	66
Section 707.	Records, Accounts and Audits.....	66
Section 708.	Franchises .....	66
Section 709.	Supervisory Personnel .....	67
Section 710.	Separate System .....	67
Section 711.	No Free Service.....	67
Section 712.	Failure to Pay for Services.....	68
Section 713.	Enforcement of Collections .....	68
Section 714.	Sale or Other Disposition of the Water and Sewer System .....	68

ARTICLE VIII  
REMEDIES

Section 801.	Extension of Interest Payment .....	71
Section 802.	Events of Default .....	71
Section 803.	Acceleration of Maturities .....	72
Section 804.	Enforcement of Remedies.....	73
Section 805.	Pro Rata Application of Funds.....	74
Section 806.	Effect of Discontinuance of Proceedings.....	76
Section 807.	Restrictions on Individual Bondholder Actions.....	76
Section 808.	No Remedy Exclusive.....	76
Section 809.	Delay Not a Waiver .....	76
Section 810.	Right to Enforce Payment of Bonds .....	76

ARTICLE IX  
EXECUTION OF INSTRUMENTS BY BONDHOLDERS  
AND PROOF OF OWNERSHIP OF BONDS

Section 901.	Execution of Instruments by Bondholders and Proof of Ownership of Bonds.....	78
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ARTICLE X

SUPPLEMENTAL RESOLUTIONS

Section 1001. Supplemental Resolution without Bondholders Consent.....79  
Section 1002. Supplemental Resolution with Bondholders' Consent .....80  
Section 1003. Amendment with Consent of Credit Facility Provider in Lieu of Bondholders ....82  
Section 1004. Supplemental Resolutions Part of Resolution.....82

ARTICLE XI

DEFEASANCE

Section 1101. Cessation of Interests of Bondholders .....83

ARTICLE XII

MISCELLANEOUS PROVISIONS

Section 1201. Effect of Covenants.....86  
Section 1202. Manner of Giving Notice.....86  
Section 1203. Successorship of Bond Registrar .....86  
Section 1204. Successorship of City Officers.....87  
Section 1205. Substitute Publication .....87  
Section 1206. Inconsistent Resolutions .....87  
Section 1207. Further Acts .....87  
Section 1208. Headings Not Part of Resolution .....87  
Section 1209. Beneficiaries under Resolution .....88  
Section 1210. Effect of Partial Invalidity .....88  
Section 1211. Repeal of Resolution No. 93-46 .....88  
Section 1212. Resolution Effective.....88

**ARTICLE I**  
**DEFINITIONS**

**Section 101. Meaning of Words and Terms.** In addition to words and terms elsewhere defined in this Resolution, the following words and terms as used in this Resolution shall have the following meaning, unless some other meaning is plainly intended:

“Accountant” shall mean the independent certified public accountant or firm of independent certified public accountants which shall have a favorable reputation for skill and experience in accounting matters at the time and during the period employed by the City under the provisions of Section 704 of this Resolution to perform and carry out the duties imposed on the Accountant by this Resolution.

“Accreted Value” shall mean, as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Bond (the principal amount on the date of original issuance), plus the interest accrued on such Bond from the date of original issuance to the Interest Payment Date next preceding the date of computation or the date of computation if an Interest Payment Date, compounded periodically at the times provided for in the Series Resolution authorizing the issuance of such Bonds, and if such date of computation is not an Interest Payment Date, a portion of the difference between the Accreted Value as of the immediately preceding Interest Payment Date (or the date of original issuance if such date of computation is prior to the first Interest Payment Date) and the Accreted Value as of the immediately succeeding Interest Payment Date, calculated based on the assumption that Accreted Value accrues during any semi-annual period in equal daily amounts on the basis of a year of twelve 30-day months.

“Additional Bonds” shall mean the Bonds issued at any time under the provisions of Section 209 of this Resolution.

“Alternative Parity Debt” means indebtedness of the City (including the assumption of the debts of others) or borrowed money (including refunding or refinancing of then existing indebtedness and leases capitalized in accordance with generally accepted accounting principles) incurred in accordance with Section 212(f) of this Resolution.

“Amortization Requirements” shall mean the amounts required to be deposited in the Redemption Subaccount for any Series of Bonds for the purpose of redeeming prior to their maturity and paying at their maturity the Term Bonds of any Series, issued pursuant to this Resolution, the specific amounts and times of such deposits to be determined by the City Commission in a Series Resolution relating to such Series of Bonds.

“Annual Budget” shall mean the Annual Budget adopted pursuant to Section 503 of this Resolution.



“Appreciated Value” shall mean, (i) as of any date of computation with respect to any Capital Appreciation and Income Bond up to the Interest Commencement Date set forth in the Series Resolution for such Bond, an amount equal to the principal amount of such Bond (the principal amount on the date of original issuance) plus the interest accrued on such Bond from the date of original issuance of such Bond to the Interest Payment Date next preceding the date of computation or the date of computation if an Interest Payment Date, such increased value to accrue at the stated rate per annum of such Bond compounded on the Interest Payment Dates of such year, plus, if such date of computation shall not be an Interest Payment Date, a portion of the difference between the Appreciated Value as of the immediately preceding Interest Payment Date (or the date of original issuance if the date of computation is prior to the first Interest Payment Date succeeding the date of original issuance) and the Appreciated Value as of the immediately succeeding Interest Payment Date calculated based upon an assumption that Appreciated Value accrues during any semi-annual period in equal daily amounts on the basis of a year of twelve 30-day months and (ii) as of any date of computation on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date.

“Arbitrage Rebate Account” shall mean an account or accounts established by the City for the deposit of moneys necessary for payments required to be made to the United States of America in connection with any Series of Bonds or Utility Debt secured by a lien on Net Revenues subject to arbitrage rebate requirements under the Code. The moneys in such account or accounts shall be applied only for the purposes for which such account or accounts are established and shall not be subject to a lien or charge in favor of Holders of any Bonds or holders of any Utility Debt and shall not be pledged as security for the payment of any Bonds or Utility Debt.

“Bond Counsel” shall mean a law firm selected by the City of favorable reputation for skill in matters relating to the exclusion from gross income for federal income tax purposes of interest on municipal bonds.

“Bond Registrar” shall mean either the City or a bank or trust company, either within or without the State of Florida, designated as such by the City Commission in the Series Resolution relating to a Series of Bonds, which shall perform such functions as Bond Registrar and paying agent as are required by Article II of this Resolution.

“Bond Service Subaccount” shall mean the Bond Service Subaccount, a special subaccount within the Sinking Fund Account created and designated by Section 505 of this Resolution.

“Bondholders” or “Holders” shall mean the registered owners of the Bonds.

“Bonds” shall mean, collectively, the Bonds issued under the provisions of Article II of this Resolution.

“Capital Appreciation Bond” shall mean any Bond or Bonds of a Series issued under this Resolution as to which interest is compounded periodically on each of the applicable periodic dates designated for compounding in the Series Resolution for such Bonds and payable in an amount equal to the then current Accreted Value to the date of maturity or redemption prior to maturity as designated in such Series Resolution and which may be either Serial Bonds or Term Bonds.

“Capital Appreciation and Income Bonds” shall mean any Bond or Bonds of a Series issued under this Resolution as to which accruing interest is not payable prior to the Interest Commencement Date specified in the Series Resolution for such Bonds and the Appreciated Value for such Bonds is compounded periodically on certain dates designated in such Series Resolution prior to the Interest Commencement Date for such Capital Appreciation and Income Bonds and which may be either Series Bonds or Term Bonds.

“Capital Expenditures” shall mean all expenditures made for extensions, additions, improvements, renewals and replacements (other than ordinary maintenance and repairs) acquired, constructed or installed for the purpose of preserving, extending, increasing or improving the service rendered by the Water and Sewer System or for reducing the cost of operation, and shall include the cost of purchasing and installing such equipment and appurtenances as may be necessary to meet the demands upon the Water and Sewer System; Capital Expenditures shall also include the acquisition of such lands and rights-of-way and such engineering, legal and administrative expenses as may be required in connection with the foregoing.

“City” shall mean the City of Fort Lauderdale, Florida.

“City Attorney” shall mean the City Attorney of the City, his or her designated assistant or an attorney or firm of attorneys succeeding to his or her principal functions.

“City Clerk” shall mean the City Clerk of the City or his or her designee or the officer succeeding to his or her principal functions.

“City Commission” shall mean the City Commission of the City or any successor commission, council, board or body in which the general legislative power of the City shall be vested.

“City Engineer” shall mean the City Engineer of the City or his or her designee or the person succeeding to his or her principal functions.

“City Manager” shall mean the City Manager of the City or his or her designee or the officer succeeding to his or her principal functions.

“Code” shall mean the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated thereunder and under the Internal Revenue Code of 1954, as amended.

“Completion Date” shall mean the date of completion of the acquisition or construction of the Project or of any Improvements, as the case may be, as such date shall be certified pursuant to the requirements of Section 405 of this Resolution.

“Construction Account” shall mean the Water and Sewer System Construction Account, a special account created and designated by Section 401 of this Resolution.

“Consulting Engineers” shall mean one or more licensed professional engineers or firms of professional engineers at the time employed by the City under the provisions of Section 703 of this Resolution to perform and carry out the duties imposed on the Consulting Engineers by this Resolution.

“Convertible Bonds” shall mean Bonds issued under this Resolution which are convertible, at the option of the City, into a form of Bonds which are permitted by this Resolution other than the form of such Bonds at the time they were issued.

“Cost” as applied to the Project or any Improvements, shall embrace the costs of acquisition and construction and all obligations and expenses and all items of cost which are set forth in Section 403 of this Resolution.

“County” shall mean Broward County, Florida, a political subdivision of the State of Florida.

“Credit Facility” shall mean an irrevocable letter of credit, policy of municipal bond insurance, guaranty, purchase agreement, credit agreement, surety bond or similar facility in which the entity providing such facility irrevocably agrees to provide funds to make payment of the principal of and interest on Bonds or Utility Debt provided that such entity is at the time of providing such facility of sufficient credit quality to entitle debt backed by its Credit Facility to be rated in one of the two highest long-term rating categories (without regard to any gradations within such categories) by each of the Rating Agencies.

“Current Expenses” shall mean the City’s reasonable and necessary current expenses of maintenance, repair and operation of the Water and Sewer System and shall include, without limiting the generality of the foregoing, all ordinary and usual expenses of maintenance and repair, which may include expenses not annually recurring, all City administrative expenses, expenses relating to the operation of all or a part of the Water and Sewer System by another on behalf of the City and any reasonable payments to pension or retirement funds properly chargeable to the Water and Sewer System, insurance premiums, engineering expenses relating

to maintenance, repair and operation, fees and expenses of the Bond Registrar, legal and accounting expenses, any fees, fines, or penalties lawfully imposed on the Water and Sewer System, any taxes which may be lawfully imposed on the Water and Sewer System or its income or operations and reserves for such taxes, annual premiums for bond insurance, interest rate insurance or insurance assuring availability of the amounts required to be on deposit in the Reserve Account, annual fees for Credit Facilities or Liquidity Facilities, and any other expenses required to be paid by the City under the provisions of this Resolution or by law, including any amounts required from time to time to fund the Arbitrage Rebate Account, but shall not include any reserves for extraordinary maintenance or repair, or any allowance for depreciation, or any expenses associated with grant-funded expenditures, or any deposits or transfers to the credit of the Sinking Fund Account, the Reserve Account, the Rate Stabilization Account, the Subordinated Indebtedness Account, the Renewal, Replacement and Improvement Account, the General Reserve Account, the Impact Fee Account or the Special Assessment Account. In addition, for purposes of the calculations required by Sections 209 (c) and 502 hereof, "Current Expenses" shall not include any payments in lieu of taxes or any indirect administrative charges paid to the credit of the City's General Fund.

"Current Interest Bonds" shall mean Bonds the interest on which is payable to the Bondholder on the Interest Payment Dates with respect thereto and not only at the maturity thereof.

"Daily Newspaper" shall mean a newspaper published in the English language on at least three (3) business days in each calendar week.

"Defaulted Interest" shall have the meaning attributed to such term in Section 202 of this Resolution.

"Depositary" shall mean any bank or trust company duly authorized by law to engage in the banking business and designated by the Finance Director as a depositary of moneys under the provisions of this Resolution.

"Enterprise Fund" shall mean the Water and Sewer Enterprise Fund, a special fund created and designated by Section 504 of this Resolution.

"Finance Director" shall mean the Director of Finance of the City or his or her designee or the officer succeeding to his or her principal functions.

"Financial Statements" shall mean the audited financial statements of the City relating to the Water and Sewer System, prepared in accordance with generally accepted accounting principles applicable to water and sewer systems owned by cities, which in the case of the Water and Sewer System may be those provisions of the City's General Purpose Financial Statements relating to the Water and Sewer System.

"Fiscal Year" shall mean the period commencing on the first day of October and ending on the last day of September of the following year, as the same may be amended from time to time to conform to the fiscal year of the City.

"Fitch" shall mean Fitch Inc. a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City.

"General Reserve Account" shall mean the Water and Sewer General Reserve Account, a special account within the Enterprise Fund created and designated by Section 505 of this Resolution.

"Government Obligations" shall mean any of the obligations described in clauses (i), (ii) and (x) of the definition of "Investment Obligations" in this Article I.

"Impact Fee Account" shall mean the Impact Fee Account, a special account within the Enterprise Fund created and designated pursuant to Section 515 of this Resolution, the moneys in which shall be pledged and applied as set forth in Section 515 of this Resolution.

"Impact Fees" shall mean all nonrefundable (except at the option of the City) capital recovery charges, pollution control fees, capacity charges and other similar fees and charges separately imposed by the City as a nonuser capacity charge for the proportionate share of the cost of expanding, oversizing, separating or constructing Improvements to the Water and Sewer System and any investment earnings from the investment of funds on deposit in the Impact Fee Account, but excluding those charges imposed by the City on persons connecting to the Water and Sewer System for the cost of physically connecting thereto, including but not limited to the costs of excavation, plumbing, installation of meters and landscaping.

"Improvements" shall mean such improvements, renewals and replacements of the Water and Sewer System or any part thereof and such extensions and additions thereto as may be necessary or desirable, in the judgment of the City, to keep the same in proper condition for the safe, efficient and economic operation thereof and to integrate into the Water and Sewer System any unit or part thereof, and shall include such land, structures and facilities as may be authorized to be acquired or constructed by the City under the provisions of State law and such improvements, renewals and replacements of such land, structures and facilities and the Water and Sewer System and such extensions and additions thereto as may be necessary or desirable for continuous and efficient service to the public.

"Interest Commencement Date" shall mean, with respect to any Capital Appreciation and Income Bonds, the date specified in the Series Resolution for such Bonds or the resolution awarding the same (which date must be prior to the maturity date of such Bonds) after which

interest accruing on such Bonds shall be payable semi-annually with the first such payment date being the applicable Interest Payment Date immediately succeeding such Interest Commencement Date.

“Interest Payment Date” shall mean the dates for the payment of interest on a Series of Bonds as shall be established by the Series Resolution for such Series of Bonds.

“Interest Rate Swap” shall mean an agreement in writing by and between the City and another entity (the “Counterparty”) pursuant to which (i) the City agrees to pay to the Counterparty an amount, either at one time or periodically, which may, but is not required to, be determined by reference to the amount of interest payable on the debt of the Counterparty specified in such agreement in the period specified in such agreement and (ii) the Counterparty agrees to pay to the City an amount, either at one time or periodically, which may, but is not required to, be determined by reference to the amount of interest payable on all or a portion of a Series of Bonds or Utility Debt specified in such agreement in the period specified in such agreement. The written agreement specified in the preceding sentence shall provide (a) for either one-time payment by both parties or for periodic payments by both parties, but not one time payment by one party and periodic payments by the other party, (b) for immediate termination of such agreement for non-payment by the Counterparty and (c) for any payments of the City to be made only from the General Reserve Account.

“Interim Bonds or Notes” shall mean bonds or notes issued by the City with a final maturity not longer than 60 months (or longer period if then so permitted by the provisions of State law relating to the issuance of bond anticipation notes by municipalities) in anticipation of the refinancing thereof from all or a portion of the proceeds of a Series of Bonds issued under this Resolution or from all or a portion of the proceeds of State Revolving Fund Indebtedness.

“Investment Obligations” shall mean any of the following, to the extent that the same is legal for the investment of public funds under State law:

- (i) direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee (“Direct Obligations”) and evidences of ownership of proportionate interests in future interest or principal payments on Direct Obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on the underlying Direct Obligations, and which underlying Direct Obligations are not available to satisfy any claim of the custodian or any person claiming through the custodian or to whom the custodian may be obligated;

(ii) direct obligations and fully guaranteed certificates of beneficial interest of the Export Import Bank of the United States; senior debt obligations of the Federal Home Loan Banks; participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation ("FFLMCs"); debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities which are valued greater than par on the portion of unpaid principal) and senior debt obligations of the Federal National Mortgage Association ("FNMAs"); participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed participation certificates of the Government National Mortgage Association ("GNMAs"); guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration; debt obligations and letter of credit-backed issues of the Student Loan Marketing Association; local authority bonds of the U.S. Department of Housing & Urban Development; guaranteed Title XI financings of the U.S. Maritime Administration; obligations of the Rural Economic Community Development Administration; obligations of the Federal Financing Bank; and Resolution Funding Corporation ("REFCORP") securities;

(iii) direct obligations of any state of the United States of America or any subdivision or agency thereof whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by each of the Rating Agencies, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured, uninsured and unguaranteed debt is rated, at the time of purchase, Aaa/AAA by each of the Rating Agencies or whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by each of the Rating Agencies;

(iv) commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, "P-1" by Moody's and "A-1+" or better by Standard & Poor's;

(v) federal funds, unsecured certificates of deposit, time deposits or bankers acceptances (in each case having maturities of not more than 360 days) of any domestic bank including a branch office of a foreign bank which branch office is located in the United States, provided legal opinions are received to the effect that full and timely payment of such deposit or similar obligation is enforceable against the designated office or any branch of such bank, which, at the time of purchase, has a short-term "Bank Deposit" rating of "P-1" by Moody's and a "Short-Term CD" rating of "A-1" or better by Standard & Poor's;

(vi) deposits of any bank or savings and loan association which has combined capital, surplus and undivided profits of not less than \$3 million, provided such deposits

are continuously and fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation;

(vii) investments in money market funds rated in the highest rating category by each of the Rating Agencies;

(viii) units of participation in the Local Government Surplus Funds Trust Fund administered by the Florida State Board of Administration pursuant to Part IV, Chapter 218, Florida Statutes;

(ix) repurchase agreements collateralized by Direct Obligations, GNMA's, FNMA's or FFLMC's with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated "P-1" or "A3" or better by Moody's, and "A-1" or "A-" or better by Standard & Poor's, provided:

(a) a master repurchase agreement or specific written repurchase agreement governs the transaction; and

(b) the securities are held free and clear of any lien by the City or an independent third party acting solely as agent ("Agent") for the City, and such third party is (1) a Federal Reserve Bank or (2) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$25 million, and the City shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the City; and

(c) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of the City; and

(d) the repurchase agreement has a term of 180 days or less, and the City or the Agent will value the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation; and

(e) the fair market value of the securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 104% for Direct Obligations and GNMA's and at least equal to 105% for FNMA's and FFLMC's;



(x) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice:

(a) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or Standard & Poor's or any successors thereto; or

(b) (1) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (i) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (2) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate; and

(xi) guaranteed investment agreements collateralized by Direct Obligations, senior debt and/or mortgaged backed obligations of GNMA, FNMA or FHLMC, the fair market value of the securities in relation to the total principal deposited under the investment agreement is at least equal to 104% for Direct Obligations and GNMA's and at least equal to 105% for FNMA and FHLMC's and such collateral is held by a third party segregated and marked to market at least weekly, provided:

(a) for investment agreements having a term of six (6) months or less, with any registered broker/dealer subject to the Securities Investor Protection Corporation jurisdiction, rated at least "A3" by Moody's and "A-" by Standard & Poor's and such agreement is in repurchase format; or with a domestic bank insured by FDIC rated at least "A3" by Moody's and "A-" by Standard & Poor's; and

(b) for investment agreements having a term greater than six (6) months and less than seven (7) years, with any registered broker/dealer subject to the Securities Investor Protection Corporation jurisdiction, rated at least "A3" by Moody's and "A-" by Standard & Poor's and such agreement is in repurchase format; or with a domestic bank insured by FDIC rated at least "A2" by Moody's and "A" by Standard & Poor's; and

(c) for investment agreements having a term greater than seven (7) years, with any registered broker/dealer subject to the Securities Investor Protection Corporation jurisdiction, rated at least "Aa1" by Moody's and "AA+" by Standard & Poor's; or with a domestic bank insured by FDIC rated at least "Aa2" by Moody's and "AA" by Standard & Poor's.

"Liquidity Facility" shall mean a letter of credit, policy of municipal bond insurance, guaranty, purchase agreement, line of credit or similar facility in which the entity providing such facility agrees to provide funds to pay the purchase price of Optional Tender Bonds upon their tender by the Holders of Optional Tender Bonds provided that such entity is at the time of providing such facility of sufficient credit quality to entitle debt backed by its Liquidity Facility to be rated in the highest short-term rating category (without regard to any gradations within such categories) in which providers of similar facilities are then rated by each of the Rating Agencies.

"Maximum Principal and Interest Requirements" shall mean the maximum amount of Principal and Interest Requirements for any Fiscal Year.

"Mayor" shall mean the Mayor of the City, or in his or her absence, the Vice Mayor of the City, or the officer succeeding to his or her principal functions.

"Moody's Investors Service" or "Moody's" shall mean Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if for any reason such corporation shall no longer perform the functions of a securities rating agency, "Moody's Investors Services" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City.

"Net Revenues" for any particular period shall mean the amount of the excess of the Revenues for such period over the Current Expenses for such period.

"Optional Tender Bonds" shall mean the portion of a Series of Bonds issued under this Resolution, a feature of which is an option on the part of the Holders of such Bonds to tender such Bonds to the City, a trustee or other fiduciary for such Holders for payment prior to stated maturity.

"Outstanding" shall mean, when used with respect to the Bonds, all Bonds theretofore delivered except:

(a) Bonds paid, redeemed or delivered to or acquired by the City and cancelled; and

(b) Bonds deemed to have been paid in accordance with Section 307 or Section 1101 of this Resolution.

“Principal” or “principal” shall mean, (i) with respect to Current Interest Bonds, the stated principal amount thereof, (ii) with respect to Capital Appreciation Bonds, the Accreted Value thereof, as of any particular date of determination, and (iii) with respect to Capital Appreciation and Income Bonds, the Appreciated Value thereof, as of any particular date of determination.

“Principal and Interest Requirements” shall mean the respective amounts which are required in each Fiscal Year to provide:

(i) for paying the interest on all Bonds then Outstanding which is payable on each Interest Payment Date in such Fiscal Year, and

(ii) for paying the principal of all Serial Bonds then Outstanding which is payable upon the maturity of Serial Bonds in such Fiscal Year, and

(iii) the Amortization Requirements for the Term Bonds of such Series for such Fiscal Year.

In determining the amount of the Principal and Interest Requirements for any Fiscal Year, the following rules shall apply:

(a) with respect to Variable Rate Bonds, the interest rate shall be assumed to be the average rate of interest for all Variable Rate Bonds for the prior Fiscal Year or portion thereof or if there were no Variable Rate Bonds Outstanding during such prior Fiscal Year, then the initial rate of interest on such Variable Rate Bonds; “average rate” shall mean the rate determined by dividing the total annualized amount of interest paid on Variable Rate Bonds in any Fiscal Year or portion thereof by the average principal amount of Variable Rate Bonds Outstanding during such Fiscal Year or portion thereof;

(b) with respect to interim Bonds or Notes, interest only and not the principal shall be included in Principal and Interest Requirements if the Series of Bonds, all or a portion of the proceeds of which are expected to be used to refinance such Interim Bonds or Notes, have been duly authorized by the City; provided, however, none of the interest or principal on Interim Bonds or Notes shall be included in Principal and Interest Requirements if the City Commission shall determine in the resolution authorizing the issuance of such Interim Bonds or Notes that such Interim Bonds or Notes shall be Subordinated Indebtedness hereunder;

(c) with respect to Optional Tender Bonds, Principal and Interest Requirements shall not include the principal amount of such Optional Tender Bonds payable upon exercise by the holders thereof of the option to tender such Bonds for purchase to the extent and for so long as a Liquidity Facility or a Credit Facility shall be in full force and effect with respect to such Optional Tender Bonds but shall include the regularly scheduled principal payments on such Optional Tender Bonds, either upon payment at maturity or redemption in satisfaction of the Amortization Requirements for such Optional Tender Bonds; provided, however, that during any period of time after the issuer of the Liquidity Facility or the Credit Facility has advanced funds thereunder and before such amount is repaid, Principal and Interest Requirements shall include the principal amount so advanced and interest thereon, in accordance with the principal repayment schedule and interest rate or rates specified in the Liquidity Facility or the Credit Facility;

(d) with respect to Capital Appreciation Bonds, the principal and interest portions of the Accreted Value becoming due at maturity or by virtue of an Amortization Requirement shall be included in the calculations of accrued and unpaid interest and principal requirements;

(e) with respect to Capital Appreciation and Income Bonds, the principal and interest portions of the Appreciated Value becoming due at maturity or by virtue of an Amortization Requirement shall be included in the calculations of accrued and unpaid interest and principal requirements;

(f) if interest on a Series of Bonds is payable from the proceeds of such Bonds or from other amounts set aside irrevocably for such purpose at the time such Bonds are issued, interest on such Series of Bonds shall be included in Principal and Interest Requirements only in proportion to the amount of interest payable in the then current Fiscal Year from amounts other than amounts so funded to pay such interest;

(g) Principal and Interest Requirements shall not include the principal of, redemption premium, if any, and interest on Subordinated Indebtedness; and

(h) Principal and Interest Requirements shall not include the principal of, redemption premium, if any, and interest on bonds of the City issued for the purpose of financing the acquisition or construction of Separate Systems.

“Project” shall mean the Improvements described in Exhibit A hereto, as the same may be modified or supplemented from time to time by the City.

“Rate Consultant” shall mean a consultant or consulting firm or corporation at the time employed by the City under the provisions of Section 502 of this Resolution (which may be the

Consulting Engineers) to perform and carry out the duties imposed on the Rate Consultant by said Section 502.

“Rate Stabilization Account” shall mean the Water and Sewer Revenue Bonds Rate Stabilization Account, a special account within the Enterprise Fund created and designated by Section 505 of this Resolution.

“Rating Agencies” shall mean each of Moody’s Investors Service, Standard & Poor’s and Fitch, to the extent that Moody’s Investors Service, Standard & Poor’s and Fitch then have ratings issued and outstanding in respect of any Bonds.

“Redemption Subaccount” shall mean the Redemption Subaccount, a special subaccount within the Sinking Fund Account created and designated by Section 505 of this Resolution.

“Refunding Bonds” shall mean the Bonds issued at any time under the provisions of Section 210 of this Resolution.

“Regular Record Date” shall mean the 15th day (whether or not a business day) of the month preceding any Interest Payment Date; provided, however, that a different Regular Record Date may be provided for a Series of Bonds pursuant to the Series Resolution with respect to such Series.

“Renewal, Replacement and Improvement Account” shall mean the Water and Sewer Renewal, Replacement and Improvement Account, a special account within the Enterprise Fund created and designated by Section 505 of this Resolution.

“Renewal, Replacement and Improvement Account Requirement” shall mean an amount equal to (i) \$3,000,000; or (ii) such greater amount as may be annually recommended by the Consulting Engineer.

“Reserve Account” shall mean the Water and Sewer Revenue Bonds Reserve Account, a special account within the Enterprise Fund created and designated by Section 505 of this Resolution, including any subaccounts created therein and any separate Reserve Accounts created as permitted by Section 505 of this Resolution.

“Reserve Account Deposit Requirement” means the amount, if any, determined in each Series Resolution, required to be deposited monthly to the credit of the Reserve Account on account of such Series; provided, however,

- (i) the Reserve Account Deposit Requirement for any Series shall not be less than one-twelfth (1/12) of the Reserve Account Requirement for such Series in each month until the amount on deposit in the Reserve Account shall be equal to the Reserve Account Requirement for such Series; and

(ii) in the event any deficiency is created in the Reserve Account for any Series by a withdrawal or otherwise, the Reserve Account Deposit Requirement for such Series shall be increased, beginning in the month following the month in which such deficiency was created, by an amount at least equal to one-twelfth (1/12) of the amount of such deficiency or, in the case of a deficiency created by a withdrawal under a Reserve Account Insurance Policy or a Reserve Account Letter of Credit, the deficiency may be cured either by an increase in the Reserve Account Deposit Requirement as stated above or by the entity providing such facility restoring the withdrawn amount to the amount available under such facility.

“Reserve Account Insurance Policy” shall mean an insurance policy, surety bond or other acceptable evidence of insurance, if any, maintained by the City in lieu of or in partial substitution for cash or securities on deposit in the Reserve Account, provided that the entity providing such facility is, at the time of so providing, of sufficient credit quality to entitle debt backed by its facility to be rated in one of the two highest rating categories (without regard to any gradations within such categories) by each of the Rating Agencies.

“Reserve Account Letter of Credit” shall mean an irrevocable, transferable letter of credit, if any, maintained by the City in lieu of or in partial substitution for cash or securities on deposit in the Reserve Account, provided that the entity providing such facility is, at the time of so providing, of sufficient credit quality to entitle debt backed by its facility to be rated in one of the two highest rating categories (without regard to any gradations within such categories) by each of the Rating Agencies.

“Reserve Account Requirement” shall mean an amount equal to the lesser of (i) the Maximum Principal and Interest Requirements for all Outstanding Bonds, (ii) 125% of the average annual Principal and Interest Requirements for all Outstanding Bonds and (iii) 10% of the original proceeds (within the meaning of the Code) of all Series of Bonds Outstanding; provided that, if the Series Resolution corresponding to a Series of Bonds provides for the establishment of a separate subaccount in the Reserve Account to secure only such Series of Bonds (with such Series of Bonds having no claim on the other moneys deposited to the credit of the Reserve Account), the Reserve Account Requirement for such Series of Bonds shall be calculated as set forth in the corresponding Series Resolution. The City shall be permitted to provide all or a portion of the Reserve Account Requirement by the execution and delivery of a Reserve Account Insurance Policy or a Reserve Account Letter of Credit or other similar arrangement which, after its issuance and delivery, will permit the Bond Registrar to receive the full amount covered by such arrangement without further conditions, financial or otherwise.

“Revenue Account” shall mean the Water and Sewer Revenue Account, a special account within the Enterprise Fund created and designated by Section 504 of this Resolution.

“Revenues” shall mean all moneys received by the City in connection with or as a result of its ownership or operation (either by the City or on its behalf) of the Water and Sewer System, including the income derived by the City from the sale of water produced, treated or distributed by, or the collection, transmission, treatment or disposal of sewage by the Water and Sewer System, any proceeds of use and occupancy insurance on the Water and Sewer System or any part thereof and income from investments made under this Resolution; provided, however, Revenues shall not include grants, contributions or donations, investment income from investments of moneys on deposit in the Construction Account and the Impact Fee Account, proceeds of insurance (except use and occupancy insurance) and condemnation awards, moneys held in any Arbitrage Rebate Accounts created in connection with the issuance of any Series of Bonds, proceeds of sales of property constituting a part of the Water and Sewer System, Special Assessments, the proceeds of Bonds or other Utility Debt and Impact Fees.

“Separate System” shall mean water facilities, sewer facilities or water and sewer facilities, which are not, on the date of adoption of this Resolution, a part of the Water and Sewer System and which the City Commission shall determine by resolution to make a Separate System; provided, however, the City Commission shall not adopt a resolution designating facilities as a Separate System unless the requirements therefor as set forth in Section 710 of this Resolution are met at the time of such designation.

“Serial Bonds” shall mean the Bonds of a Series which shall be stated to mature in annual installments.

“Series” shall mean the Bonds delivered at any one time under the provisions of Sections 208, 209 and 210 of this Resolution.

“Series 2003 Bonds” shall mean the City of Fort Lauderdale, Florida Water and Sewer Revenue Bonds, Series 2003, to be issued under the provisions of Section 208 of this Resolution in an aggregate principal amount of not exceeding \$90,000,000, with the principal amount of such Series 2003 Bonds to be determined as provided in a Series Resolution relating to such Series 2003 Bonds.

“Series Resolution” means the resolution of the City Commission that is required by Article II of this Resolution to be adopted prior to the issuance of any Series of Bonds under this Resolution. Except to the extent already provided herein with respect to the Series 2003 Bonds, each Series Resolution shall (a) determine or provide for the determination of the details of the Bonds of such Series, including, among other things, the maximum principal amount of such Series, the date thereof, the method of payment of interest thereon, the maximum maturity thereof, the redemption provisions relating thereto, including the Amortization Requirements for the Term Bonds, if any, the Bond Registrar therefor, and whether the Bonds of such Series shall be issuable in book entry or certificated form, (b) define any Improvements to be financed with the proceeds of such Series, (c) provide for the application of the proceeds of the Bonds to which

such Series Resolution relates, (d) if permitted pursuant to Section 505 of this Resolution, create a separate Sinking Fund for such Series and determine the method of funding of the Sinking Fund for such Series, (e) establish the Reserve Account Requirement for such Series, and (f) set forth additional covenants and provisions with respect to any Series required in connection with the obtaining of a Credit Facility, a Reserve Account Insurance Policy or a Reserve Account Letter of Credit, including any special provisions designed to comply with repayment requirements under reimbursement or repayment agreements with the entities providing such credit enhancement facilities, and such other matters as the City Commission shall determine.

“Short-Term Indebtedness” means all indebtedness incurred or assumed by the City (excluding bond anticipation notes issued as Interim Bonds or Notes), with respect to the Water and Sewer System for any of the following:

- (i) Payments of principal and interest with respect to money borrowed for an original term, or renewable at the option of the City for a period from the date originally incurred, of one year or less;
- (ii) Payments under leases having an original term, or renewable at the option of the lessee for a period from the date originally incurred, of one year or less; and
- (iii) Payments under installment purchase contracts having an original term of one year or less.

“Sinking Fund Account” shall mean the Water and Sewer Revenue Bonds Sinking Fund Account, a special account within the Enterprise Fund created and designated by Section 505 of this Resolution.

“Special Assessment Account” shall mean the Special Assessment Account, a special account within the Enterprise Fund created and designated pursuant to Section 516 of this Resolution, the moneys in which shall be pledged and applied as set forth in Section 516 of this Resolution.

“Special Assessments” shall mean special or non-ad valorem assessments authorized to be levied and collected by the City under applicable law against parcels of real property to be benefitted by specific Improvements to the Water and Sewer System.

“Special Record Date” shall mean a date fixed by the Bond Registrar for the payment of Defaulted Interest pursuant to Section 202 of this Resolution.

“Standard & Poor’s” shall mean Standard & Poor’s Ratings Services, a Division of McGraw-Hill Corporation Investors Services, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation shall for



any reason no longer perform the functions of a securities rating agency, "Standard & Poor's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City.

"State Revolving Fund" shall mean the state revolving loan fund established by the State of Florida under the Federal Clean Water Act.

"State Revolving Fund Indebtedness" shall mean a loan of moneys from the State Revolving Fund to the City for the purpose of paying all or any part of the Cost of constructing or acquiring Improvements permitted to be financed with State Revolving Fund moneys under the Federal Clean Water Act.

"Subordinated Indebtedness" shall mean bonds, notes or other forms of indebtedness, the payment of the principal of or interest or redemption premium on which are payable solely from moneys which may from time to time be on deposit in the Subordinated Indebtedness Account under this Resolution and which is designated as Subordinated Indebtedness by the City Commission in the resolution authorizing the issuance of such Subordinated Indebtedness.

"Subordinated Indebtedness Account" shall mean the Water and Sewer Subordinated Indebtedness Account, a special account within the Enterprise Fund created and designated by Section 505 of this Resolution.

"Term Bonds" shall mean the Bonds of a Series so designated in the Series Resolution for such Bonds.

"Utility Debt" shall mean Alternative Parity Debt, Short Term Indebtedness, Subordinated Indebtedness, Interim Bonds or Notes, any State Revolving Fund Indebtedness and any other indebtedness issued or incurred by the City payable from Net Revenues other than Bonds issued under Article II of this Resolution.

"Variable Rate Bonds" shall mean any Bonds issued under this Resolution the interest rate on which is not established at the time of issuance at a single numerical fixed rate.

"Water and Sewer System" shall mean the combined water and sewer system for the supply, treatment, and distribution of water and for the collection, transmission, treatment and disposal of sewage, owned and/or operated by the City or on its behalf, together with the Project, any Improvements and any Separate Systems consolidated with the Water and Sewer System pursuant to Section 710 of this Resolution.

Section 102. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words "Bond", "owner", "Holder" and "persons shall

include the plural as well as the singular number, the word "person" shall mean any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof, and the word "Holder" or "Bondholders" when used herein with respect to Bonds issued hereunder shall mean the Holder or registered owner, as the case may be, of Bonds at the time issued and outstanding hereunder. The word "may" shall mean "may, but shall not be required to" and the word "including" shall mean "including, without limitation".

Section 103. Resolution Constitutes Contract. In consideration of the acceptance of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the City and the Bondholders. The covenants and agreements herein set forth to be performed by the City shall be for the equal benefit, protection and security of the Bondholders, and all Bonds shall be of equal rank and without preference, priority or distinction over any other thereof, except as expressly provided herein.

[END OF ARTICLE I]

## ARTICLE II

### FORM, EXECUTION, DELIVERY AND REGISTRATION OF BONDS

**Section 201. Issuance of Bonds.** For the purpose of providing funds for paying all or part of the cost of acquiring and constructing the Project, Bonds of the City may be issued under and secured by this Resolution subject to the conditions hereinafter provided in Section 208 of this Article. Bonds of the City may also be issued under and secured by this Resolution, subject to the conditions hereinafter provided in Sections 209 and 210 of this Article, for the purpose of paying the cost of Improvements and refunding all or any portion of the Bonds of one or more Series issued by the City under the provisions of this Resolution. The principal of and the interest on all such Bonds shall be payable solely from the special account hereinafter created and designated "Water and Sewer Revenue Bonds Sinking Fund Account" or other separate Sinking Fund Accounts created under the provisions of Section 505 of this Resolution, such Bonds shall be secured by a lien on and pledge of the Net Revenues, and all of the covenants, agreements and provisions of this Resolution shall be for the benefit and security of all and singular the present and future Holders of the Bonds so issued or to be issued, without preference, priority or distinction as to lien or otherwise, except as otherwise hereinafter provided, of any one Bond over any other Bond by reason of priority in the issue, sale or negotiation thereof, or otherwise.

**Section 202. Details of Bonds.** Unless two or more Series of Bonds are to be issued at one time, each Series of Bonds issued hereunder shall be created by a different Series Resolution. The Bonds of each Series issued under the provisions of this Article shall be designated "City of Fort Lauderdale, Florida Water and Sewer Revenue Bonds, Series \_\_\_\_", or such appropriate variation thereof as contained herein or in any Series Resolution in each case inserting an identifying Series year, and if more than one Series are expected to be issued in a single calendar year, inserting an identifying Series letter in addition to the year. Except as otherwise provided in the Series Resolution relating to a Series of Bonds, the Bonds of any Series are issuable in fully registered form without coupons in denominations (either with respect to original principal amount or principal amount payable at maturity) of \$5,000 or any whole multiple thereof. Bonds shall be numbered consecutively from R-1 upwards except as provided by the Series Resolution for a particular Series of Bonds. Bonds of each Series shall be dated, and shall bear interest until their payment at a rate or rates, including rates which may vary, not exceeding the maximum rate then permitted by law, such interest being payable and such Bonds being subject to redemption prior to their respective maturities, all as provided in the Series Resolution for such Series.

Unless otherwise provided in the Series Resolution pursuant to which each Series of Bonds is issued, each Bond shall bear interest from the Interest Payment Date next preceding the date on which it is authenticated unless it is (a) authenticated upon any Interest Payment Date in which event it shall bear interest from such Interest Payment Date or (b) authenticated before the

first Interest Payment Date, in which event it shall bear interest from its date; provided, however, that if at the time of authentication of any Bond interest is in default, such Bond shall bear interest from the date to which interest has been paid; except for (i) Capital Appreciation Bonds which shall bear interest as described under the defined term Accreted Value, payable only upon redemption, acceleration or maturity thereof and (ii) Capital Appreciation and Income Bonds which shall bear interest as described under the defined term Appreciated Value, payable on the amount due at maturity but only from and after the Interest Commencement Date.

Both the principal of and the interest on the Bonds shall be payable in any coin or currency of the United States of America (or other coin or currency provided for in the Series Resolution applicable to any Series) that is legal tender for the payment of public and private debts on the respective dates of payment thereof.

The principal of the Bonds shall be payable upon the presentation and surrender of such Bonds as the same shall become due at the designated office of the Bond Registrar.

Unless otherwise provided in the Series Resolution pursuant to which each Series of Bonds is issued, any interest on any Bond which is payable, and is punctually paid, or for which payment is duly provided, on any Interest Payment Date shall be paid to the person in whose name the Bond is registered in the registration books provided for in Section 206 of this Resolution (hereinafter, as used in this Section, the "Holder") at the close of business on the Regular Record Date. The Bond Registrar shall pay interest which is payable on the Bonds by check or draft mailed to the persons entitled thereto on the Interest Payment Date; provided, however, that, if so provided by Series Resolution, each Holder of Bonds aggregating not less than \$1,000,000 shall be entitled to the payment of such interest by wire transfer to a bank or other financial institution within the continental United States.

Unless otherwise provided in the Series Resolution pursuant to which each Series of Bonds is issued, any interest on any Bond which is payable, but is not punctually paid, or for which payment is not duly provided, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date solely by virtue of such Holder having been such Holder; and such Defaulted Interest may be paid by the City, at its election in each case, as provided in Subsection A or B below:

A. The City may elect to make payment of any Defaulted Interest on the Bonds of any Series to the persons in whose names such Bonds are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The City shall notify the Bond Registrar in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Bond Registrar to comply with the next sentence hereof), and at the same time the City shall deposit or cause to be deposited with the Bond Registrar an amount of money equal to the aggregate

amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Bond Registrar 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 Interest as provided in this Subsection. Thereupon the Bond Registrar shall fix a Special Record Date for the payment of such Defaulted 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 Bond Registrar of the notice of the proposed payment. The 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 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 registration books provided for in Section 206 of this Resolution not less than 10 days prior to such Special Record Date. The 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 a Daily Newspaper of general circulation published in the County, and in a Daily Newspaper of general circulation or in a financial journal published in the Borough of Manhattan, City and State of New York, but such publication shall not be a condition precedent to the establishment of such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names the Bonds of such Series are registered on such Special Record Date and shall no longer be payable pursuant to the following Subsection B. The Bond Registrar shall pay such Defaulted Interest which is payable on the Bonds pursuant to this clause A by check or draft mailed to the persons entitled thereto on the date fixed for the payment of such Defaulted Interest pursuant to this clause A; provided, however, the City Commission, pursuant to the Series Resolution for a Series, may provide for payment of such Defaulted Interest by the Bond Registrar by wire transfer.

B. The City may make payment of any Defaulted Interest on the Bonds of any Series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Bonds may be listed and upon such notice as may be required by such exchange, if, after notice given by the City to the Bond Registrar of the proposed payment pursuant to this Subsection, such payment shall be deemed practicable by the Bond Registrar.

Subject to the foregoing provisions of this section, each Bond delivered under this Resolution upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date, that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

**Section 203. Execution and Form of Bonds.** The Bonds shall be signed by or bear the facsimile signature of the Mayor and the City Manager and shall be signed by or bear the facsimile signature of the City Clerk and the official seal of the City or a facsimile thereof shall be impressed or imprinted on the Bonds; provided, however, that if required by State law at the time of such execution, the Bonds shall be manually executed by the Mayor and the City Manager. In case any officer whose signature or a facsimile of whose signature shall appear on any Bonds shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until such delivery and also any Bond may bear the facsimile signature of, or may be signed by, such persons as at the actual time of the execution of such Bond shall be the proper officers to execute such Bond although at the date of such Bond such persons may not have been such officers. The Bonds issued under the provisions of this Article, the certificate of authentication, the statement of validation, if any, the opinion certification and the form of assignment shall be, respectively, in the forms attached hereto as Exhibit B with such appropriate variations, omissions and insertions as may be required or permitted by this Resolution or the Series Resolution pursuant to which such Bonds are issued. All Bonds shall be endorsed thereon with such legends or text as may be necessary or appropriate to conform to the applicable rules and regulations of any governmental authority or any securities exchange on which such Bonds may be listed or to any requirements of law with respect thereto.

The forms of Bonds may be changed as specified in any Series Resolution to reflect appropriate provisions for different types of Bonds authorized under this Resolution, including, without limitation, provisions for Capital Appreciation Bonds, Capital Appreciation and Income Bonds, Interim Bonds, Variable Rate Bonds, Optional Tender Bonds and Convertible Bonds.

**Section 204. Authentication of Bonds.** Only such of the Bonds as shall have endorsed thereon a certificate of authentication substantially in the form set forth in Exhibit B attached hereto, duly executed by the Bond Registrar, shall be entitled to any benefit or security under this Resolution. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Bond Registrar, and such certificate of the Bond Registrar upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Resolution and the Series Resolution relating to such Bond. The certificate of authentication on any Bond shall be deemed to have been duly executed if signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time.

**Section 205. Exchange of Bonds.** Bonds, upon surrender thereof at the principal corporate trust office of the Bond Registrar, together with an assignment duly executed by the registered owner or such registered owner's attorney or legal representative in such form as shall be satisfactory to the Bond Registrar, may, at the option of the owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same Series and maturity, of any

denomination or denominations authorized by this Resolution or the Series Resolution relating to such Bonds and bearing interest at the same rate.

The City shall make provision for the exchange of Bonds at the principal corporate trust office of the Bond Registrar.

Section 206. Negotiability, Registration and Transfer of Bonds. The Bond Registrar shall keep books for the registration of and for the registration of transfer of Bonds as provided in this Resolution. The transfer of any Bond may be registered only upon the books kept by the Bond Registrar for the registration of and registration of transfer of Bonds upon surrender thereof to the Bond Registrar together with an assignment duly executed by the registered owner or such registered owner's attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer the City shall execute and the Bond Registrar shall authenticate and deliver in exchange for such Bond a new Bond or Bonds registered in the name of the transferee, of any denomination or denominations authorized by the Series Resolution relating to such Bonds.

In all cases in which Bonds shall be exchanged, the City shall execute and the Bond Registrar shall authenticate and deliver at the earliest practicable time Bonds in accordance with the provisions of this Resolution. All Bonds surrendered in any such exchange or registration of transfer shall forthwith be cancelled by the Bond Registrar. The City or the Bond Registrar may make a charge for every such exchange or registration of transfer of Bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge shall be made to any owner of Bonds for the privilege of exchanging or registering the transfer of Bonds under the provisions of this Resolution. Neither the City nor the Bond Registrar shall be required to make any such exchange or registration of transfer of Bonds during the fifteen (15) days immediately preceding the date of first publication or mailing of notice of such redemption, or after such Bond or any portion thereof has been selected for redemption.

Section 207. Ownership of Bonds. As to any Bond, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and the interest on any such Bond shall be paid only to or upon the order of the registered owner thereof or such registered owner's, legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond including the premium, if any, and interest thereon to the extent of the sum or sums so paid.

Section 208. Authorization of Series 2003 Bonds. There shall be initially issued at one time, under and secured by this Resolution, the Series 2003 Bonds as one Series of Bonds of the City, all as more specifically provided in this Section 208. The aggregate principal amount of the Series 2003 Bonds that may be issued hereunder shall not exceed \$90,000,000. The Series

2003 Bonds shall be designated as "City of Fort Lauderdale, Florida Water and Sewer Revenue Bonds, Series 2003".

The Series 2003 Bonds shall be issued for the purpose of providing funds, together with any other available funds, (a) for paying the Costs of the Project, (b) for making a deposit to the credit of a special subaccount or subaccounts in the Construction Account, in an amount to be determined pursuant to a Series Resolution adopted prior to the issuance of the Series 2003 Bonds, for the purpose of paying interest on the Series 2003 Bonds for the period of time specified in such Series Resolution, (c) for making a deposit to the Reserve Account or subaccount created therein, in an amount equal to the Reserve Account Requirement for the Series 2003 Bonds as provided pursuant to a Series Resolution adopted prior to the issuance of the Series 2003 Bonds and (d) for paying the costs of issuing the Series 2003 Bonds. The Series Resolution specified above may provide that the deposits to the Reserve Account shall not be made or that other arrangements shall be made for satisfying such obligations.

The Series 2003 Bonds shall be issued in such aggregate principal amount, shall be dated, shall be stated to mature (subject to the right of prior redemption as hereinafter set forth) on such date or dates, in such year or years, shall bear interest at such rate or rates, fixed or variable, payable on such dates, shall have such Credit Facility, shall have such Bond Registrar, the Term Bonds of such Series shall have such Amortization Requirements and may be made redeemable at such times and prices (subject to the provisions of Article III of this Resolution), may be in the form of Current Interest Bonds or Capital Appreciation Bonds or Capital Appreciation and Income Bonds or any combination thereof, all as may be provided by the Series Resolution.

The Series 2003 Bonds shall be executed substantially in the form and manner hereinabove set forth and shall be deposited with the Bond Registrar for authentication and delivery, but prior to or simultaneously with the delivery of the Series 2003 Bonds by the Bond Registrar there shall be filed with the City the following:

- (a) a copy, certified by the City Clerk, of this Resolution;
- (b) a copy, certified by the City Clerk, of the Series Resolution awarding or providing for the award of the Series 2003 Bonds, specifying the interest rates of the Series 2003 Bonds or providing for the determination of such interest rates and directing the delivery of such Series 2003 Bonds to or upon the order of the purchasers therein named upon payment of the purchase price thereof;
- (c) an opinion of the City Attorney that the issuance of said Series 2003 Bonds has been duly authorized and that all conditions precedent to the delivery of such Series 2003 Bonds have been fulfilled; and



(d) an opinion of Bond Counsel to the effect that the interest on the Series 2003 Bonds is excluded from gross income for federal income tax purposes.

When the documents mentioned in clauses (a) to (d), inclusive, of this Section shall have been filed with the City and when the Series 2003 Bonds shall have been executed by the City and authenticated by the Bond Registrar as required by this Resolution, the Bond Registrar shall deliver said Series 2003 Bonds at one time to or upon the order of the purchasers named in the Series Resolution mentioned in clause (b) of this Section, but only upon payment to the Finance Director of the purchase price of said Series 2003 Bonds. The Finance Director shall be entitled to rely upon such Series Resolution as to all matters stated therein.

The proceeds (including accrued interest and any premium) of said Series 2003 Bonds shall be applied by the Finance Director as follows:

(1) the amount received as accrued interest on the Series 2003 Bonds and any premium shall be deposited to the credit of the Bond Service Subaccount;

(2) an amount estimated by the Finance Director to be sufficient for the purpose of paying expenses of the issuance of the Series 2003 Bonds shall be credited to a separate special expense subaccount created within the Construction Account pursuant to Section 401 hereof and applied to the payment of the expenses of issuing the Series 2003 Bonds, including, but not limited to, financial advisory, accounting and legal fees, rating agency fees, printing costs and Bond Registrar's fees and expenses, bond insurance premiums, and any other miscellaneous expenses relating to the issuance of the Series 2003 Bonds;

(3) either the amount which will equal the Reserve Account Requirement on the Series 2003 Bonds shall be deposited to the credit of the Reserve Account or any subaccount created therein for the Series 2003 Bonds, or an amount equal to any required premium or fee as shall be necessary to acquire a Reserve Account Insurance Policy or Reserve Account Letter of Credit or other similar arrangement to insure that an amount equal to the Reserve Account Requirement will be unconditionally available to the City for the purposes of the Reserve Account will be paid to the entity providing such Reserve Account Insurance Policy or Reserve Account Letter of Credit or other similar arrangement; and

(4) the balance (including capitalized interest) shall be deposited to the credit of a special subaccount in the Construction Account established by Section 401 hereof and designated the Series 2003 Water and Sewer Project Construction Subaccount, for application to the payment of the Costs of the Project.

Section 209. Additional Bonds. In addition to the Series 2003 Bonds authorized under the provisions of Sections 208 of this Article, Additional Bonds of the City may be issued under and secured by this Resolution, on a parity as to the pledge of the Net Revenues of the Water and Sewer System with the Bonds theretofore issued under Sections 208, 209 and 210 of this Resolution and secured by this Resolution and then Outstanding, subject to the conditions hereinafter provided in this Section, from time to time for the purpose of paying all or any part of the Cost of constructing or acquiring any Improvements.

Before any Additional Bonds shall be issued under the provisions of this Section the City Commission shall adopt a Series Resolution authorizing the issuance of such Additional Bonds, fixing or providing for the fixing of the amount and the details thereof (including the Reserve Account Requirement therefor), and describing in brief and general terms the Improvements to be constructed or acquired. The Additional Bonds of each Series issued under the provisions of this Section shall be dated, shall be stated to mature (subject to the right of prior redemption as hereinafter set forth) on such date or dates, in such year or years not more than forty (40) years after the date of the Additional Bonds, shall bear interest at such rate or rates, fixed or variable, shall have such Optional Tender features and Credit Facilities, shall have such Bond Registrar, and any Term Bonds of such Series shall have such Amortization Requirements, and may be made redeemable at such times and prices (subject to the provisions of Article III of this Resolution), all as may be provided by the Series Resolution for such Additional Bonds. Except as to any differences in the maturities thereof or the rate or rates of interest or the provisions for redemption, such Additional Bonds shall be on a parity as to the pledge of Net Revenues of the Water and Sewer System with and shall be entitled to the same benefits and security under this Resolution as all other Bonds issued under Sections 208, 209 and 210 of this Resolution. Such Additional Bonds shall be executed in the form and manner hereinabove set forth, with such changes as may be necessary or appropriate to conform to the Series Resolution therefor, and shall be deposited with the Bond Registrar for authentication and delivery, but before such Additional Bonds shall be delivered by the Bond Registrar, there shall be filed with the City the following:

- (a) a copy, certified by the City Clerk, of the Series Resolution for such Series of Additional Bonds;
- (b) a copy, certified by the City Clerk, of the resolution, if other than the Series Resolution for such Series of Additional Bonds, adopted by the City Commission awarding such Additional Bonds, specifying or providing for the interest rate or rates for such Additional Bonds, or the initial interest rate if such Additional Bonds bear interest at a variable rate and directing the delivery of such Additional Bonds to or upon the order of the purchasers therein named upon payment of the purchase price thereof;
- (c) a certificate of the Finance Director, an Accountant or the Rate Consultant demonstrating that the percentage derived by dividing the Net Revenues for any period of

twelve consecutive months selected by the City out of the twenty-four months preceding the delivery of such certificate, by the Maximum Principal and Interest Requirements, including the Principal and Interest Requirements with respect to the Additional Bonds then to be delivered, for any future Fiscal Year is not less than one hundred twenty-five per centum (125%) (the period during which Net Revenues are determined for purposes of this clause (c) being referred to hereinafter as the "Measurement Period"); provided, however, that if either Impact Fees or Special Assessments are legally available for application with respect to such Additional Bonds under clause "FIRST" of Section 515 in the case of Impact Fees or clause "FIRST" of Section 516 in the case of Special Assessments, then, in addition to the foregoing, the certificate shall also demonstrate that the percentage derived by dividing the Net Revenues (taking into consideration the Impact Fees and/or the Special Assessments, as applicable) for the Measurement Period, by the Maximum Principal and Interest Requirements, including the Principal and Interest Requirements with respect to the Additional Bonds then to be delivered, for any future Fiscal Year shall not be less than one hundred thirty per centum (130%);

(d) an opinion of the City Attorney that the issuance of such Additional Bonds has been duly authorized and that all conditions precedent to the delivery of such Additional Bonds have been fulfilled; and

(e) a certificate of the Finance Director to the effect that no event of default, as defined in Section 802 of this Resolution, and no event which with the passage of time, the giving of notice or both would become an event of default has occurred within the twelve (12) consecutive calendar months prior to the date of such certificate and is continuing, or, if any such event or event of default has occurred and is continuing, that the issuance of such Series of Additional Bonds will cure the same.

In determining whether to execute and deliver the certificate mentioned in clause (c) of this Section 209, the following adjustments to Net Revenues may be made:

(1) If the City, prior to the issuance of the proposed Additional Bonds, shall have increased the rates, fees, rentals or other charges for the services of the Water and Sewer System, the Net Revenues for the Measurement Period shall be adjusted to show the Net Revenues which would have been derived from the Water and Sewer System in such Measurement Period as if such increased rates, fees, rentals or other charges for the services of the Water and Sewer System had been in effect during all of such Measurement Period.

(2) If the City shall have acquired or has contracted to acquire any privately or publicly owned existing water system or sewer system, then the Net Revenues derived from the Water and Sewer System during the Measurement Period shall be increased by addition to the Net Revenues for the Measurement Period of the net revenues which

would have been derived from said existing water system or sewer system as if such existing water system or sewer system had been a part of the Water and Sewer System during the Measurement Period. For the purposes of this paragraph, the net revenues derived from said existing water system or sewer system during the Measurement Period shall be adjusted by deducting the cost of operation and maintenance of said existing water system or sewer system from the gross revenues of said existing water system or sewer system in the same manner provided in this Resolution for the determination of Net Revenues.

(3) If the City, in connection with the issuance of Additional Bonds, shall enter into a contract (with a duration not less than the final maturity of such Additional Bonds) with any public or private entity whereby the City agrees to furnish services in connection with any water system or sewer system then the Net Revenues of the Water and Sewer System during the Measurement Period shall be increased by the least amount which said public or private entity shall guarantee to pay in any one year for the furnishing of said services by the City, after deducting therefrom the proportion of operating expenses and repair, renewal and replacement cost attributable in such year to such services. Such payments shall be deemed to be Net Revenues of the Water and Sewer System and pledged for the Bonds in the same manner as other Net Revenues of the Water and Sewer System.

(4) If the City covenants to levy Special Assessments or Impact Fees against improved property to be benefitted by the improvements (which levy will be done in accordance with State law), the cost of which shall be paid from the proceeds of the proposed Additional Bonds and if such Special Assessments or Impact Fees are legally available for application with respect to such Additional Bonds as permitted under clause "FIRST" of Section 515 in the case of Impact Fees or clause "FIRST" of Section 516 in the case of Special Assessments, then, as the case may be, the Net Revenues during the Measurement Period shall be increased by an amount equal to one hundred per centum (100%) of the amount which the Consulting Engineer estimates will be received in each year from the levy of said Impact Fees or said Special Assessments (without taking into account the possibility of prepayment of Special Assessments), within three years of the date of the sale of such Additional Bonds, said amount to be the total received from the installment payments on the Special Assessments or Impact Fees, as the case may be, plus, in the case of Special Assessments, any interest paid on the unpaid portion of the Special Assessments. The estimate of the Consulting Engineer shall be based upon the preliminary assessment roll filed with the City prior to the construction of such Improvements.

When the documents mentioned above in this Section shall have been filed with the City and when the Additional Bonds described in the resolutions mentioned in clauses (a) and (b) of this Section shall have been executed by the City and authenticated by the Bond Registrar as

required by this Resolution, the Bond Registrar shall deliver such Additional Bonds at one time to or upon the order of the purchasers named in the Series Resolution mentioned in said clause (b), but only upon payment to the Finance Director of the purchase price of such Additional Bonds. The Finance Director shall be entitled to rely upon such resolutions as to all matters stated therein.

The proceeds (excluding accrued interest and any premium) of such Additional Bonds shall be paid to the City for deposit with one or more Depositories to the credit of a special account in the Construction Fund appropriately designated and for application to the payment of the Cost (as defined in Section 403 of this Resolution) of such Improvements, including the amount, if any, determined by the City Commission to be deposited to the credit of the Reserve Account or such subaccount therein, for such Bonds. All of the provisions of Article IV of this Resolution which relate to the Project and the Construction Fund shall apply to such Improvements and such special account to the extent that such provisions may be applicable; provided, however, that there may be included in the cost of such improvements interest accruing on such Additional Bonds prior to and during construction of such Improvements if and to the extent provided in the Series Resolution with respect thereto. The amount received as accrued interest upon the original issuance and delivery of such Bonds and any premium on such Bonds shall be deposited to the credit of the Bond Service Subaccount for application to the first interest due on such Bonds.

Section 210. Refunding Bonds. Refunding Bonds may be issued under and secured by this Resolution, subject to the conditions hereinafter provided in this Section, from time to time for the purpose of providing funds for refunding all or any portion of the Outstanding Bonds of any one or more Series by payment at maturity or redemption at a selected redemption date or dates or combination of such payment at maturity and redemption, including the payment of any redemption premium thereon and any interest which will accrue on such Bonds to such maturity dates or selected redemption date or dates or combination of maturity and redemption dates and any expenses incurred or to be incurred in connection with such refunding.

Before any Series of Refunding Bonds shall be issued under the provisions of this Section the City Commission shall adopt a Series Resolution authorizing the issuance of such Refunding Bonds, fixing or providing for the fixing of the amount and details thereof, describing the Bonds to be refunded and setting forth the determination of the City Commission that such refunding is in the best interests of the City and the users of the Water and Sewer System and stating the reasons for such determination. Such Refunding Bonds shall be dated, shall be stated to mature (subject to the right of prior redemption as hereinafter set forth) on such date or dates, in such year or years not more than forty (40) years after the date of the Refunding Bonds, shall bear interest at such rate or rates, fixed or variable, shall have such Optional Tender features, shall have such Bond Registrar, and any Term Bonds of such Series shall have such Amortization Requirements and may be made redeemable at such times and prices (subject to the provisions of Article III of this Resolution), all as may be provided by the Series Resolution for such

Refunding Bonds. Except as to any differences in the maturities thereof or the rate or rates of interest or the provisions for redemption, such Refunding Bonds shall be on a parity as to the pledge of Net Revenues of the Water and Sewer System with and shall be entitled to the same benefits and security under this Resolution as all other Bonds issued under Sections 208, 209 and 210 of this Resolution. Such Refunding Bonds shall be executed substantially in the form and manner hereinabove set forth, with such changes as may be necessary or appropriate to conform to the provisions of the Series Resolution therefor, and shall be deposited with the Bond Registrar for authentication and delivery, but prior to or simultaneously with the delivery of such Refunding Bonds by the Bond Registrar, there shall be filed with the City the following:

(a) a copy, certified by the City Clerk; of the Series Resolution with respect to such Refunding Bonds;

(b) a copy, certified by the City Clerk, of the resolution, if other than the Series Resolution for such Series of Refunding Bonds, adopted by the City Commission, awarding such Refunding Bonds, specifying or providing for the interest rate or rates for such Refunding Bonds, or the initial rate if such Refunding Bonds bear interest at a variable rate, determining the disposition of the moneys on deposit in the Sinking Fund Account and any other funds and accounts on account of the Bonds to be refunded, and directing the delivery of such Refunding Bonds to or upon the order of the purchasers therein named upon payment of the purchase price thereof;

(c) an opinion of Bond Counsel to the effect that upon the issuance of such Refunding Bonds and the application of the proceeds thereof, the Bonds to be refunded will no longer be deemed to be Outstanding under this Resolution and that the issuance of the Refunding Bonds will not adversely affect the exclusion of interest on any Bonds then Outstanding from gross income for federal income tax purposes;

(d) an opinion of the City Attorney that the issuance of such Refunding Bonds has been duly authorized and that all conditions precedent to the delivery of such Refunding Bonds have been fulfilled;

(e) such documents as shall be required by the Finance Director to show that provision has been duly made in accordance with the provisions of this Resolution for the payment or redemption or combination of such payment and redemption of all of the Bonds to be refunded; and

(f) either (i) a certificate of the Finance Director that the issuance of the Refunding Bonds will result in a decrease in total Principal and Interest Requirements for all Bonds Outstanding (including the Refunding Bonds, but excluding the Bonds to be refunded), or (ii) the certificates required by clauses (c) and (e) of Section 209 of this Resolution.

When the documents mentioned above in this Section shall have been filed with the City Clerk and when the Refunding Bonds described in the resolutions mentioned in clauses (a) and (b) of this Section shall have been executed by the City and authenticated by the Bond Registrar as required by this Resolution, the Bond Registrar shall deliver such Refunding Bonds at one time to or upon the order of the purchasers named in the resolution mentioned in said clause (b), but only upon payment to the Finance Director of the purchase price of such Refunding Bonds. The Finance Director shall be entitled to rely upon such resolutions as to all matters stated therein.

Simultaneously with the delivery of such Refunding Bonds, the Finance Director shall withdraw, if so provided in the Series Resolution or the resolution mentioned in clause (b) of this Section 210, from the appropriate subaccounts of the Sinking Fund Account an amount equal to the amount on deposit therein on account of the principal of, redemption premium, if any, and the interest on the Bonds to be refunded and from the Reserve Account or any subaccount therein an amount equal to the amount on deposit therein on account of the Bonds to be refunded, and apply the amount so withdrawn in accordance with the Series Resolution or the resolution mentioned in clause (b) of this Section 210. The total amount so withdrawn, if so provided in the Series Resolution or the resolution mentioned in clause (b) of this Section 210, the proceeds of such Refunding Bonds (including accrued interest and any premium) and any other moneys provided for such purpose, shall be applied by the Finance Director as follows:

(1) the accrued interest received as part of the proceeds of such Refunding Bonds shall be deposited to the credit of a special subaccount in the Bond Service Subaccount for application to the first interest due on such Refunding Bonds;

(2) an amount which, together with any income which shall be derived from the investment of such amount pursuant to this clause (2) and any other available funds, shall be sufficient to pay the principal of and redemption premium, if any, and the interest on the Bonds to be refunded hereunder, either at maturity or a selected redemption date or dates or combination of such payment and redemption, shall be deposited by the Finance Director to the credit of a special account, appropriately designated, to be held in trust by an escrow agent, for the sole and exclusive purpose of paying such principal, redemption premium, if any, and interest on the Bonds to be refunded; and moneys held for the credit of such fund shall, as nearly as may be practicable and reasonable, be invested by such escrow agent at the direction of the Finance Director in Government Obligations which shall mature, or which shall be subject to redemption by the holder thereof at the option of such holder, not later than the respective dates when the moneys held for the credit of such fund will be required for the purposes intended;

(3) such amount shall be applied to, or set aside for, the payment of the expenses incident to such refunding as shall be specified in the Series Resolution relating to such Refunding Bonds; and

(4) any balance of such proceeds shall be deposited to the credit of the Revenue Account.

Section 211. State Revolving Fund Indebtedness. In addition to the Bonds authorized pursuant to the provisions of Section 208, 209 and 210 and to the extent permitted by the law of the United States and of the State of Florida from time to time in effect, the City may incur other forms of indebtedness related to the Water and Sewer System in connection with the State Revolving Fund as follows:

(a) The City may incur State Revolving Fund Indebtedness without limit as to amount so long as such debt constitutes Additional Bonds under Section 209 of this Resolution or Utility Debt under Section 212 of this Resolution.

(b) The City may issue Additional Bonds under and subject to the conditions contained in Section 209 for the purpose of refinancing any State Revolving Fund Indebtedness.

Section 212. Other Indebtedness. In addition to the Bonds authorized pursuant to the provisions of Section 208, 209 and 210 and State Revolving Fund Indebtedness authorized pursuant to the provisions of Section 211, and to the extent permitted by the law of the State of Florida from time to time in effect, the City may incur other forms of indebtedness related to the Water and Sewer System, as follows:

(a) The City may incur Short-Term Indebtedness, payable on a parity as to the pledge of Net Revenues of the Water and Sewer System with the Bonds, if immediately after incurrence of such Short-Term Indebtedness the outstanding principal amount of all Short-Term Indebtedness does not exceed ten per centum (10%) of the Net Revenues of the Water and Sewer System as shown on the Annual Budget for the current Fiscal Year.

(b) The City may incur Subordinated Indebtedness without limit as to amount.

(c) The City may issue Convertible Bonds, secured on a parity as to the pledge of Net Revenues of the Water and Sewer System with Bonds issued hereunder, provided that such Convertible Bonds are issued under Section 209 or 210 of this Resolution and such Convertible Bonds comply with the tests of such Sections based upon the form of such Convertible Bonds at the time of their issuance.

(d) The City may issue Optional Tender Bonds, secured on a parity as to the pledge of Net Revenues of the Water and Sewer System with Bonds issued hereunder, provided that such Optional Tender Bonds comply with the test for the issuance of Bonds contained in Section 209 or 210 of this Resolution, and so long as (i) such Bonds are the subject of a remarketing agreement between the City or the trustee for such holders and



an investment banking firm with experience in marketing securities on a national basis and (ii) there is in effect with respect to such Optional Tender Bonds a Credit Facility, then the provisions with respect to Optional Tender Bonds contained in the definition of Principal and Interest Requirements shall apply to such Optional Tender Bonds. In demonstrating compliance with the test for the issuance of Additional Bonds contained in Section 209 hereof, the principal requirements for Optional Tender Bonds shall include the regularly scheduled principal payments, either upon payment at maturity or redemption in satisfaction of the Amortization Requirements for such Bonds and shall not include the payment of the purchase price of such Bonds upon their tender for purchase.

(e) The City may issue Variable Rate Bonds upon compliance with the tests for the issuance of Bonds contained in Sections 209 or 210 of this Resolution using for the purpose of demonstrating compliance with such tests the interest rate assumption with respect to Variable Rate Bonds contained in the definition of Principal and Interest Requirements.

(f) The City may issue or incur Alternative Parity Debt secured on a parity as to the pledge of the Net Revenues of the Water and Sewer System with the Bonds issued hereunder if, but only if, the following conditions are complied with:

(1) The City must satisfy the requirements set forth in Section 209, 210 or 211(b) of this Resolution pertaining to the issuance of additional parity Bonds as though such requirements were expressly applicable to Alternative Parity Debt.

(2) The instrument evidencing such Alternative Parity Debt shall include a cross default provision with this Resolution to the effect that, prior to exercising any remedies upon a default by the City under such instrument, the holders of such Alternative Parity Debt or their representative shall cooperate with the Holders of Bonds Outstanding under this Resolution or their representative so that the interest of such holders and the Holders of Bonds issued under this Resolution shall be equally and ratably protected.

(3) The City shall duly authorize the issuance or incurrence of such Alternative Parity Debt.

Upon satisfaction of the foregoing conditions the Finance Director shall certify in writing that the proposed indebtedness satisfies the conditions set forth in this Resolution to be deemed Alternative Parity Debt, and, upon such certification, such indebtedness shall be so deemed. Upon the issuance of Alternative Parity Debt, notwithstanding the provisions of Section 505 hereof, Net Revenues may be applied (on a parity basis with the

application of such revenues under Section 505 hereof) as required under the ordinance or resolution authorizing the issuance of such Alternative Parity Debt.

The City shall take such actions (including amending or supplementing this Resolution and any other collateral agreement or document) and execute, deliver, file and record such instruments of security as may be necessary or appropriate to grant or to otherwise secure for the holders of the Alternative Parity Debt a lien on the Net Revenues of the Water and Sewer System on a parity with that of all other holders of Alternative Parity Debt and Holder of Bonds.

(g) The City may enter into Credit Facilities to the extent that the Series of Bonds or portion thereof which is supported by such Credit Facilities is incurred in compliance with the provisions of this Article II.

(h) Nothing in this Resolution shall prohibit the City from entering into Interest Rate Swaps.

Section 213. Temporary Bonds. Until the definitive Bonds of any Series are ready for delivery, there may be executed by the City and authenticated by the Bond Registrar, and the City may deliver, in lieu of definitive Bonds and subject to the same limitations and conditions except as to identifying numbers, temporary printed, engraved, lithographed or typewritten Bonds in the denomination of Five Thousand Dollars (\$5,000) or any whole multiple thereof, substantially of the tenor hereinabove set forth, in fully registered form without coupons, and with appropriate omissions, insertions and variations as may be required. The City shall cause the definitive Bonds to be prepared and to be executed, endorsed and delivered to the Bond Registrar, and the Bond Registrar upon presentation of any temporary Bond shall cancel the same and authenticate and deliver, in exchange therefor, at the place designated by the Holder, without expense to the Holder, a definitive Bond or Bonds of the same Series and in the same aggregate principal amount, maturing on the same date and bearing interest at the same rate as the temporary Bond surrendered. Until so exchanged, the temporary Bonds shall in all respects, including the privilege of registration and registration of transfer if so provided, be entitled to the same benefit of this Resolution as the definitive Bonds to be issued and authenticated hereunder, and interest on such temporary Bonds and notation of such payment shall be endorsed thereon.

Section 214. Mutilated, Stolen, Destroyed or Lost Bonds. In case any Bonds secured hereby shall become mutilated or be destroyed, lost or stolen, the City may cause to be executed, and the Bond Registrar may deliver, a new Bond of like date, number and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond destroyed, stolen or lost, upon the Holders paying the reasonable expenses and charges of the City and the Bond Registrar in connection therewith and, in the case of a Bond destroyed, stolen or lost, the Holders filing with the Bond Registrar evidence satisfactory to the

Bond Registrar that such Bond was destroyed, stolen or lost, and of his ownership thereof, and furnishing the City and the Bond Registrar with indemnity satisfactory to each of them.

Section 215. Provisions with Respect to Book-Entry System. The provisions of this Article contained in Sections 202 to 207, inclusive, may be changed or varied with respect to any Series of Bonds issued under this Article in any Series Resolution applicable to such Series of Bonds for the purposes of (1) complying with the requirements of any automated depository and clearinghouse for securities transactions and (2) effectuating any book-entry only registration and payment system.

Appropriate officers and officials of the City are hereby authorized to enter into agreements with The Depository Trust Company of New York and other depository trust companies, including but not limited to agreements necessary for wire transfers of interest and principal payments with respect to any Series of Bonds, utilization of electronic book entry data received from The Depository Trust Company of New York and other depository trust companies in place of actual delivery of Bonds and provision of notices with respect to Bonds registered by The Depository Trust Company of New York and other depository trust companies (or any of their designees identified to the City) by overnight delivery, courier service, telegram, telecopy or other similar means of communication.

Section 216. Capital Appreciation Bonds; Capital Appreciation and Income Bonds. For purposes of determining the principal amount of a Capital Appreciation Bond or a Capital Appreciation and Income Bond for redemption, acceleration or computation of the amount of Bonds held by the Holder thereof in giving to the City any notice, covenant, request or demand pursuant to this Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value and the principal amount of a Capital Appreciation and Income Bond shall be deemed to be its Appreciated Value.

[END OF ARTICLE II]

**ARTICLE III**  
**REDEMPTION OF BONDS**

Section 301. Redemption Generally. The Bonds of each Series issued under the provisions of this Resolution shall be subject to redemption, either in whole or in part and at such times and prices, as may be provided by the Series Resolution relating to such Series.

Section 302. Selection of Bonds for Redemption or Purchase. The City shall, in accordance with the terms and provisions of the Bonds and of this Resolution and the Series Resolution relating to any Bonds to be redeemed, select the Bonds or portions thereof to be purchased or redeemed. The City shall promptly notify in writing the Bond Registrar of the numbers of the Bonds so selected for redemption and in making such selection, each Bond of each Series of Bonds shall be treated as representing that number of Bonds of the lowest authorized denomination of that Series as is obtained by dividing the principal amount of such Bond by such denomination.

Section 303. Redemption Notice. At least thirty (30), but not more than sixty (60), days before the redemption date, a notice of any such redemption, either in whole or in part, signed by the Finance Director, (a) shall be filed with the Bond Registrar and (b) shall be mailed, first class mail, postage prepaid, to all registered owners of Bonds to be redeemed at their addresses as they appear on the registration books hereinabove provided for, but failure so to mail any such notice shall not affect the validity of the proceedings for such redemption. Each such notice shall specify the redemption date, the redemption price and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds of a Series are to be redeemed, the numbers or other distinguishing marks of such Bonds to be redeemed in part only, such notice shall also specify the respective portions thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each of the Bonds to be redeemed the redemption price or the specified portions thereof in the case of 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 on such Bonds or portions thereof so redeemed.

In addition to the foregoing notice, further notice of the matters set forth above in this Section 303 shall be given by the City as set out in this paragraph, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption shall be sent at least 30 days before the redemption date by registered or certified mail or overnight delivery service to one or more registered securities depositories then in existence which holds a substantial amount of such Bonds subject to redemption; and to at least one national information services that disseminate notices of redemption or obligations such as the Bonds.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear a description of the issue and maturity of the Bonds being redeemed with the proceeds of such check or other transfer.

In the case of an optional redemption, any notice of redemption may state that (1) it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Bond Registrar or an escrow agent no later than the redemption date or (2) the City retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described in this subsection. Any such notice of Conditional Redemption shall be captioned "Conditional Notice of Redemption." Any Conditional Redemption may be rescinded at any time prior to the redemption date if the Finance Director delivers a written direction to the Bond Registrar directing the Bond Registrar to rescind the redemption notice. The Bond Registrar shall give prompt notice of such rescission to the affected Bondholders. Any Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and neither the rescission nor the failure by the City to make such funds available shall constitute an Event of Default. The Bond Registrar shall give immediate notice to the securities information repositories and the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain Outstanding.

The provisions concerning the manner of giving notice of redemption may be changed or varied or supplemented in any Series Resolution applicable to any Series of Bonds issued under this Resolution for the purpose of complying with any governmental or industry standards from time to time in effect.

Section 304. Partial Redemption of Bonds. In the event that only part of the principal sum of any Bond shall be called for redemption or prepaid, payment of the amount to be redeemed or prepaid shall be made only upon surrender of such Bond to the Bond Registrar. Upon surrender of such Bond, the Bond Registrar shall execute and deliver to the registered owner thereof at the designated office of the Bond Registrar, new duly executed Bonds, of authorized principal sums equal in aggregate principal amount to, and of the same maturity and interest rate as, the unredeemed portion of the Bond surrendered.

Section 305. Effect of Calling for Redemption. On the date so designated for redemption, notice having been mailed and filed in the manner and under the conditions hereinabove provided, the Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds on such date, and, moneys for payment of the redemption price being held in separate accounts by the Bond Registrar or by a separate financial institution designated as escrow agent in trust for the Holders of the Bonds to be redeemed, all as provided in this Resolution, interest on the Bonds so called for redemption shall cease to accrue, such Bonds shall cease to be entitled to any lien, benefit or security under

this Resolution, and the Holders or registered owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and accrued interest thereon.

Section 306. Cancellation of Bonds. All Bonds paid, redeemed or purchased, either at or before maturity, shall be delivered to the Bond Registrar when such payment, redemption or purchase is made and such Bonds shall, except as provided by Section 304 hereof, thereupon be cancelled. The Bond Registrar shall certify to the City the details of all Bonds so cancelled. All Bonds cancelled under any of the provisions of this Resolution either shall be delivered to the City or destroyed by the Bond Registrar, as the City directs. Upon destruction of any Bonds, the Bond Registrar shall execute a certificate in duplicate, describing the Bonds so destroyed, and one executed certificate shall be filed with the City and the other executed certificate shall be retained by the Bond Registrar.

Section 307. Bonds Called for Redemption Deemed Not Outstanding. If (a) (1) Bonds shall have been duly called for redemption under the provisions of this Article or (2) irrevocable instructions have been given by the City to the Bond Registrar or to a bank, trust company or other appropriate fiduciary institution acting as escrow agent (the "escrow agent") to (i) call Bonds for redemption under the provisions of this Article, (ii) pay Bonds at their maturity or maturities or (iii) both call Bonds for redemption under the provisions of this Article and pay Bonds at their maturity or maturities in any combination (the Bonds described in clauses (a)(1) and (a)(2) are herein collectively called the "Bonds to be Paid"), and (b) cash or Sufficient Government Obligations (hereinafter defined) are held in separate accounts by the Bond Registrar or escrow agent solely for the holders of the Bonds to be Paid, then the Bonds to be Paid shall not be deemed to be Outstanding under the provisions of this Resolution and shall cease to be entitled to any benefit or security under this Resolution other than to receive payment of principal, redemption premium, if any, and interest from such moneys.

For purposes of this Section 307, "Sufficient Government Obligations" shall mean Government Obligations which are in such principal amounts, bear interest at such rate or rates and mature (without the option of prior redemption) on such date or dates so that the proceeds to be received upon payment of such Government Obligations at their maturity and the interest to be received thereon will provide sufficient amounts in cash on the dates required to pay the principal of and redemption premium, if any, and the interest on the Bonds to be Paid to the dates of their maturity or redemption.

[END OF ARTICLE III]

**ARTICLE IV**  
**CONSTRUCTION ACCOUNT**

Section 401. Construction Account. A special account to be maintained by a Depository is hereby created and designated "Water and Sewer Construction Account" (herein sometimes called the "Construction Account"). A special subaccount within the Construction Account is hereby created and designated "Series 2003 Water and Sewer Project Construction Subaccount" in which shall be deposited the amounts specified in the Series Resolution with respect to the Series 2003 Bonds issued pursuant to Section 208 of this Resolution, and a second special subaccount within the Construction Account is hereby created and designated "Series 2003 Cost of Issuance Subaccount" in which shall be deposited the amounts as provided in Section 208(2) hereof to pay expenses relating to the issuance of the Series 2003 Bonds.

The moneys in the Construction Account shall be held in trust and applied to the payment of a portion of the Costs of the Project and if Additional Bonds are issued under Section 209 of this Resolution to the Costs of constructing or acquiring Improvements and, pending such application, shall be subject to a lien and charge in favor of the Holders of the Series of Bonds issued under this Resolution the proceeds of which were deposited to the credit of the Construction Account and for the further security of such Holders until paid out as herein provided.

For each Series of Additional Bonds issued pursuant to Section 209 of this Resolution for the purpose of payment of the Cost of Improvements, the City shall create one or more separate special subaccounts within the Construction Account, entitled "Series . . . Water and Sewer Project Construction Subaccount" to which shall be deposited the amounts provided from such Series of Additional Bonds for construction of Improvements and a second special subaccount within the Construction Account, entitled "Series . . . Cost of Issuance Subaccount" to which shall be deposited amounts to pay the expenses relating to the issuance of such Series of Additional Bonds.

Section 402. Payments from Construction Account. Payment of the Cost of the Project and any Improvements shall be made from the special subaccounts within the Construction Account as herein provided. All such payments shall be subject to the provisions and restrictions set forth in this Article and the City covenants that it will not cause or permit to be paid from the Construction Account any sums except in accordance with such provisions and restrictions. Moneys in the Construction Account shall be disbursed by check, voucher, order, draft, certificate or warrant signed by any one or more officers or employees of the City having such duties under City rules and regulations or designated by resolution of the City Commission from time to time, for such purpose or if the City shall so elect, by wire transfer. Amounts deposited in the Construction Account or a subaccount thereof for the payment of capitalized interest on a Series of Bonds shall be withdrawn therefrom and deposited in the corresponding

Bond Service Subaccount no later than the second Business Day immediately preceding the Interest Payment Date on which such capitalized interest is to be paid.

Section 403. Cost of Project and Improvements. For the purposes of this Article, the Cost of the Project and any Improvements to be constructed or acquired shall include, without intending thereby to limit or to restrict or to extend any proper definition of such Cost under the provisions of this Resolution, the following:

(a) obligations incurred for labor and materials and to contractors, builders and materialmen in connection with the construction of enlargements, improvements and extensions, for machinery and equipment, for demolition and removal of debris and other materials and for the restoration of property damaged or destroyed in connection with such construction;

(b) interest accruing upon any Bonds or upon any other Utility Debt of the City incurred to finance the Project or Improvements prior to the commencement of and during construction or for any additional period as may be authorized by law if so provided, and subject to any limitation, in the Series Resolution providing for the issuance of such Bonds;

(c) the cost of acquiring any privately owned waterworks or sewage system now serving any portion of the City and territory adjacent thereto, or any part of such system, either within or without or partly within or partly without the corporate limits of the City;

(d) the cost of acquiring by purchase, if such purchase shall be deemed expedient, and the amount of any award or final judgment in any proceeding to acquire by condemnation, such land, property rights, right-of-way, franchises, easements, and other interests in lands as may be deemed necessary or convenient in connection with such construction or with the operation of the Water and Sewer System, and the amount of any damages incident thereto;

(e) expenses of administration properly chargeable to such construction or acquisition, legal, architectural and engineering expenses and fees, costs of audits and of preparing and issuing the Bonds, fees and expenses of consultants, financing charges, taxes or other governmental charges lawfully assessed during construction, premiums on insurance in connection with construction, deposits to the Reserve Account, premiums for bond insurance, interest rate insurance or insurance assuring availability of the amounts required to be on deposit in the Reserve Account, initial set up fees and annual fees for letters of credit, lines of credit, standby bond purchase agreements or other similar credit enhancement or liquidity enhancement devices and tender agent fees and fees payable for remarketing Bonds during the period of construction of the Project or



any Improvements for which Bonds supported by such devices were issued and all other items of expense not elsewhere in this Section specified, incident to the financing, construction or acquisition of the Project and any Improvements and the placing of the same in operation; and

(f) any obligation or expense heretofore or hereafter incurred by the City for any of the foregoing purposes, including the cost of materials, supplies or equipment furnished by the City in connection with the construction of the Project and any Improvements and paid for by the City out of funds other than moneys in the Construction Account.

Section 404. Title to Properties Acquired. The City further covenants that the Project and any Improvements will be constructed on or under land which is owned or can be acquired by the City in fee simple or over or under which the City shall acquire or can acquire either by long term lease or by easements for the purposes of the Water and Sewer System, free from all liens, encumbrances and defects of title which would effectively prohibit the City from utilizing such lands or properties for the purposes intended or which have been adequately guarded against by a bond or other form of indemnity, or lands, including public streets and highways, the right to use and occupy which for such purposes shall be vested in the City by law or by valid rights of way, easements, franchises, licenses or agreements.

Section 405. Disposition of Construction Account Balance. When the construction of the Project or any Improvements for which a Series of Additional Bonds were issued shall have been completed (which fact shall be evidenced to the Finance Director by a certificate stating the date of such completion, approved by the City Engineer), the balance in the special account or subaccounts of the Construction Account not reserved by the City for the payment of any remaining part of the Cost of the Project or such Improvements or expenses related to the issuance of such Bonds shall be transferred by the Finance Director, in the discretion of the City, to the credit of the Renewal, Replacement and Improvement Account or to the credit of the Sinking Fund Account for the payment of principal of the Bonds of such Series or retained in the Construction Account and used to pay the Cost of a different Improvement or Improvements which have been approved by the City Commission or applied to redeem Bonds in a manner permitted under this Resolution and the applicable Series Resolution. Before undertaking any such transfer, the Finance Director shall procure an opinion of Bond Counsel to the effect that the proposed transfer will not adversely affect the exclusion of interest on any Bonds from gross income for federal income tax purposes.

[END OF ARTICLE IV]

**ARTICLE V**  
**REVENUES AND FUNDS**

Section 501. Water and Sewer Rates. The City covenants that the schedules of rates for water and sewer service by the Water and Sewer System will not be less than the rates required to enable the City to comply with the requirements of Section 502 hereof. So long as the City is in compliance with the requirements of Section 502 hereof, the City from time to time may revise the rates for water and sewer service by the Water and Sewer System.

Section 502. Rate Covenant. The City further covenants that it will fix, charge and collect reasonable rates and charges for the use of the services and facilities furnished by the Water and Sewer System and that from time to time, and as often as it shall appear necessary, it will adjust such rates and charges by increasing or decreasing the same or any selected categories of rates and charges so that the Net Revenues received in each Fiscal Year (excluding from the computation of Current Expenses for any Fiscal Year any amount received from any source other than Revenues and applied to the payment of Current Expenses in such Fiscal Year) will be sufficient to provide an amount in such Fiscal Year at least equal to one hundred twenty-five per centum (125%) of the Principal and Interest Requirements for such Fiscal Year on account of the Bonds then Outstanding and one hundred per centum (100%) of all amounts required to be deposited to the Accounts pursuant to clauses (c), (d), (e) and (f) of Section 505 of this Resolution for such Fiscal Year; provided, however, that if either Impact Fees or Special Assessments are legally available for application with respect to any Series of Additional Bonds under clause "FIRST" of Section 515 in the case of Impact Fees or clause "FIRST" of Section 516 in the case of Special Assessments, then, in addition to the foregoing, the City further covenants that the Net Revenues received in each Fiscal Year, together with the Impact Fees and/or the Special Assessments, as applicable, will be sufficient to provide an amount in such Fiscal Year at least equal to one hundred thirty per centum (130%) of the Principal and Interest Requirements for such Fiscal Year on account of the Bonds then Outstanding.

If the City covenants to levy Special Assessments or Impact Fees against improved property to be benefitted by the Improvements (which levy will be done in accordance with State law), the cost of which shall be paid from the proceeds of the proposed Additional Bonds and if such Special Assessments or Impact Fees are legally available for application with respect to such Additional Bonds as permitted under clause "FIRST" of Section 515 in the case of Impact Fees or clause "FIRST" of Section 516 in the case of Special Assessments, then, as the case may be, Net Revenues for purposes of this Section 502 shall be increased by an amount equal to one hundred per centum (100%) of the amount which the Consulting Engineer estimates will be received in each year from the levy of said Impact Fees or Special Assessments, as applicable (without taking into account the possibility of prepayment of Special Assessments), said amount to be the total received from the installment payments on the Special Assessments or Impact Fees, as the case may be, plus, in the case of Special Assessments, any interest paid on the

unpaid portion of the Special Assessments. The estimate of the Consulting Engineer shall be based upon the preliminary assessment roll filed with the City prior to the construction of such Improvements.

If in any Fiscal Year the Net Revenues shall be less than the amount required under the preceding paragraphs of this Section, within 30 days after the December 31 immediately succeeding such Fiscal Year, the City shall employ a Rate Consultant to review and analyze the financial status of the Water and Sewer System, to inspect the Water and Sewer System and to submit, within 60 days thereafter, a written report to the City recommending revisions of the rates, fees and charges of the Water and Sewer System and the methods of operation of the Water and Sewer System that will result in producing the amount so required in the following Fiscal Year. Promptly upon its receipt of such recommendations, the City shall transmit copies thereof to the City Manager and the Finance Director and shall revise its rates, fees and charges, or alter its methods of operation and take such other action as shall conform with such recommendations.

If the City shall fail to comply with the recommendations of the Rate Consultant, the registered owners of not less than ten per centum (10%) in principal amount of all Bonds then outstanding may institute and prosecute an action or proceeding in any court or before any board or commission having jurisdiction to compel the City to comply with the recommendations and the requirements of the preceding paragraph of this Section. So long as the issuer of a Credit Facility shall not be in default in its payment obligations under such Credit Facility, such issuer shall be deemed to be the holder of all Bonds so insured for purposes of this paragraph.

If the City shall comply with all recommendations of the Rate Consultant in respect to its rates, fees, charges and methods of operation, the failure of Net Revenues to meet the requirements in the first paragraph of this Section shall not constitute an Event of Default so long as the Revenues, together with available moneys in the Funds and Accounts created in Article V of this Resolution, are sufficient to pay in cash the Current Expenses and to pay the Principal and Interest Requirements on all Outstanding Bonds and other Utility Debt for such Fiscal Year.

Section 503. Annual Budget. The City covenants that not later than forty-five (45) days before the end of each Fiscal Year it will prepare a preliminary budget covering Revenues, Current Expenses, Capital Expenditures and all deposits to Funds and Accounts required by Section 505 of this Resolution for the ensuing Fiscal Year. Copies of each such preliminary budget shall be filed with the Finance Director.

The City further covenants that on or before the first day of each Fiscal Year it will finally adopt the budget covering the above items for such Fiscal Year (herein sometimes called the "Annual Budget"). Copies of the Annual Budget shall be filed with the Finance Director and mailed by the City to all Bondholders who shall have filed their names and addresses with the Finance Director for such purpose.

If for any reason the City shall not have adopted the Annual Budget before the first day of any Fiscal Year, the Annual Budget for the preceding Fiscal Year shall, until the adoption of the Annual Budget, be deemed to be in force and shall be treated as the Annual Budget under the provisions of this Article.

The City may at any time adopt an amended or supplemental Annual Budget for the remainder of the then current Fiscal Year and the Annual Budget so amended or supplemented shall be treated as the Annual Budget under the provisions of this Article. There shall be no limitation on the nature or amount covered by any such amendment to the Annual Budget.

The City further covenants that the amount expended for Current Expenses in any Fiscal Year will not exceed the reasonable and necessary amount therefor, and that it will not expend any amount for maintenance, repair and operation of the Water and Sewer System in excess of the total amount provided for Current Expenses in the Annual Budget. Nothing in this Section contained shall limit the amount which the City may expend for Current Expenses in any Fiscal Year provided any amounts expended therefor in excess of the total amount provided in the Annual Budget shall be received by the City from some source other than the Revenues of the Water and Sewer System.

Section 504. Enterprise Fund; Revenue Account. A special fund is hereby created and designated the "Water and Sewer Enterprise Fund" (herein called the "Enterprise Fund"). A special account is hereby created within the Enterprise Fund and designated "Water and Sewer Revenue Account" (herein called the "Revenue Account"). Except as provided in Article VI of this Resolution with respect to investment income on certain Funds and Accounts, the City covenants that all Revenues will be collected by the City and deposited as received with a Depository or Depositories to the credit of the Revenue Account. All moneys in the Enterprise Fund and the Accounts and Subaccounts therein shall be held by the City in trust and applied as provided in this Article.

Section 505. Sinking Fund Account and Other Accounts. A special account is hereby created within the Enterprise Fund and designated "Water and Sewer Revenue Bonds Sinking Fund Account" (herein called the "Sinking Fund Account"). There are hereby created in the Sinking Fund Account two separate subaccounts designated "Bond Service Subaccount" and "Redemption Subaccount". Five additional special accounts are hereby created within the Enterprise Fund and designated "Water and Sewer Revenue Bonds Reserve Account" (herein called the "Reserve Account"), "Water and Sewer Rate Stabilization Account" (hereinafter called the "Rate Stabilization Account"), "Water and Sewer Subordinated Indebtedness Account" (herein called the "Subordinated Indebtedness Account"), "Water and Sewer Renewal, Replacement and Improvement Account" (herein called the "Renewal, Replacement and Improvement Account"), and "Water and Sewer General Reserve Account" (herein called the "General Reserve Account").

If required by the terms of any Series of Additional Bonds issued pursuant to Sections 209 or 211(b) of this Resolution or any series of Refunding Bonds issued pursuant to Section 210 of this Resolution, the City hereby covenants to establish and maintain, pursuant to the resolution awarding such Additional Bonds and Refunding Bonds to the original purchasers thereof, a separate Sinking Fund Account to provide for the payment of the principal of, redemption premium, if any, and interest on such Series of Bonds or to provide within the Sinking Fund Account and the subaccounts therein separate subaccounts as required by the terms of such Bonds. To the extent required in the applicable Series Resolution, the City hereby covenants to establish and maintain, pursuant to the Series Resolution for each Series of Additional Bonds, a separate subaccount in the Reserve Account to be maintained solely for the benefit of the Holders of such Series of Bonds; otherwise, all Bonds Outstanding shall be secured by amounts on deposit to the credit of the Reserve Account (except for amounts to the credit of any subaccount established solely for the benefit of a particular Series of Bonds) or unless the Series Resolution for a particular Series of Bonds expressly provides that such Series of Bonds is not to be secured by the Reserve Account or any subaccount therein. If any separate Sinking Fund Accounts or separate subaccounts within the Sinking Fund Account or the subaccounts therein or if any separate reserve accounts are created pursuant to this paragraph, such Sinking Fund Accounts, separate subaccounts or separate reserve accounts shall be funded in the manner and at the times required by such award resolution or Series Resolution, as the case may be, and shall be held by the Finance Director separate and apart from the Sinking Fund Accounts or the Reserve Account or other separate reserve accounts with respect to any other Series of Bonds issued under this Resolution, and shall be held solely for the benefit and security of the Series of Bonds with respect to which such separate Sinking Fund Account, separate subaccounts or separate reserve accounts were created. Each such separate Sinking Fund Account or separate subaccounts with respect to a Series shall be designated "Series \_\_\_\_ Sinking Fund Account" or "Series \_\_\_\_ Subaccount," as the case may be, and each such separate reserve account shall be designated "Series \_\_\_\_ Reserve Account" (inserting an identifying Series year, and if more than one Series is to be issued in a single calendar year, an identifying Series letter).

The moneys in each of said Funds and Accounts shall be held in trust and applied as hereinafter provided with regard to each such Fund and Account and, pending such application, shall be subject to a lien and charge in favor of the Holders of the Bonds issued and Outstanding under this Resolution and for the further security of such Holders until paid out or transferred as herein provided.

The City shall, on or before the 20th day of the month next succeeding the month in which Bonds are issued under the provisions of Section 208 of this Resolution and not later than the 20th day of each month thereafter, withdraw the balance remaining in the Revenue Account, less an amount (to be held for the payment of Current Expenses) equal to the amount shown by the Annual Budget to be necessary for Current Expenses during the next ensuing two (2) months, and deposit the sum so withdrawn to the credit of the following Accounts or Subaccounts in the following order:

(a) To the credit of the Bond Service Subaccount of the Sinking Fund Account, an amount equal to one-sixth (1/6) of the amount of interest payable on the Bonds of each Series on the next succeeding Interest Payment Date and an amount equal to one-twelfth (1/12) or, if principal is payable semiannually, one-sixth (1/6) of the next maturing installment of principal on all Serial Bonds then Outstanding; provided, however, that in each month intervening between the date of delivery of Bonds pursuant to Sections 208, 209, 210 or 211(b) of this Resolution (beginning with the month following the month in which such delivery takes place) and the next succeeding Interest Payment Date and the next succeeding principal payment date, respectively, the amount specified in this subparagraph shall be that amount which when multiplied by the number of deposits to the credit of the Bond Service Subaccount required to be made during such respective periods as provided above will equal the amounts required (in addition to any amounts received as accrued interest or capitalized interest from the proceeds of such Bonds) for such next succeeding interest payment and next maturing installment of principal, respectively.

(b) To the credit of the Redemption Subaccount of the Sinking Fund Account, an amount equal to one-twelfth (1/12) or, if any Bonds are required to be retired semi-annually in satisfaction of the Amortization Requirements therefor, one sixth (1/6) of the principal amount of Term Bonds of each Series then Outstanding required to be retired, in satisfaction of the Amortization Requirements, if any, for such Fiscal Year.

(c) To the credit of the Reserve Account, such amount, if any, of any balance remaining after making the deposits under clauses (a) and (b) above (or the entire balance if less than the required amount) as may be required to make the amount deposited to the credit of the Reserve Account in such month equal to the Reserve Account Deposit Requirement for such month.

(d) To the credit of the Rate Stabilization Account such amounts as shall be determined from time to time by the City Commission for crediting thereto.

(e) To the credit of the Subordinated Indebtedness Account, an amount, if any, of any balance remaining after making the deposits under clauses (a), (b), (c) and (d) above (or the entire balance if less than the required amount) equal to the sum of one-twelfth (1/12) of the principal of, redemption premium, if any, and interest coming due on any Subordinated Indebtedness during the next succeeding twelve month period and the amount, if any, required to be deposited in any special reserve subaccount established within the Subordinated Indebtedness Account as provided in Section 511 hereof.

(f) To the credit of the Renewal, Replacement and Improvement Account, such amount, if any, of any balance remaining after making the deposits under clauses (a), (b), (c), (d) and (e) above (or the entire balance if less than the required amount) as

may be required to make the amount deposited in such month to the credit of the Renewal, Replacement and Improvement Account equal to one-twelfth (1/12) of the difference between any lesser amount on deposit therein and the Renewal, Replacement and Improvement Account Requirement for such Fiscal Year.

(g) To the credit of the General Reserve Account, the balance, if any, remaining after making the deposits under clauses (a), (b), (c), (d), (e) and (f) above.

The amount of the Impact Fees shall be deposited as received directly to the credit of the Impact Fee Account and applied as set forth in Section 515 of this Resolution.

If the amount deposited in any month to the credit of any of the Accounts or Subaccounts shall be less than the amount required to be deposited under the foregoing provisions of this Section, the requirement therefor shall nevertheless be cumulative and the amount of any deficiency in any month shall be added to the amount otherwise required to be deposited in each month thereafter until such time as all such deficiencies have been made up.

Section 506. Payment of Current Expenses. The Current Expenses shall be paid from the Revenue Account as the same become due and payable. Payments from the Revenue Account shall be made in accordance with procedures established by the City from time to time, the Annual Budget and the covenants in Section 503 of this Article.

Section 507. Application of Moneys in Bond Service Subaccount. The City shall on the business day immediately preceding each Interest Payment Date withdraw from the Bond Service Subaccount and deposit in trust with the Bond Registrar to enable the Bond Registrar to remit by mail to each registered owner of Bonds the amount required for paying the interest on such Bonds as such interest becomes due and payable. The Bond Registrar shall be permitted to transfer by wire to owners of at least \$1,000,000 principal amount of the Bonds the amounts required for paying the interest on such Bonds as such interest becomes due and payable, as more specifically set forth in the corresponding Series Resolution. The City shall on the business day immediately preceding a date on which principal is due on Serial Bonds withdraw from the Bond Service Subaccount and deposit in trust with the Bond Registrar the amounts required for paying the principal of all Serial Bonds as such principal becomes due and payable. The City, in its discretion, may make the deposits required in this Section with the Bond Registrar by wire transfer.

Section 508. Application of Moneys in Redemption Subaccount. Moneys held for the credit of the Redemption Subaccount shall be applied to the retirement of the Bonds issued under the provisions of this Resolution as follows:

(a) Subject to the provisions of paragraph (c) of this Section, the City shall endeavor to purchase any Bonds secured hereby and then Outstanding, whether or not

such Bonds shall then be subject to redemption, on the most advantageous terms obtainable with reasonable diligence. The City shall pay the interest accrued on such Bonds to date of settlement therefor from the Bond Service Subaccount and the purchase price from the Redemption Subaccount, but no such purchase shall be made by the City within the period of forty-five (45) days next preceding any Interest Payment Date on which such Bonds are subject to call for redemption under the provisions of this Resolution, except from moneys other than moneys set aside or deposited for the redemption of Bonds.

(b) Subject to the provisions of Article III of this Resolution and paragraph (c) of this Section, the City may call for redemption on each Interest Payment Date on which Bonds are subject to redemption such amount of such Bonds as, with the redemption premium, if any, will exhaust the moneys which will be held for the credit of the Redemption Subaccount on said Interest Payment Date as nearly as may be; provided, however, that not less than Fifty Thousand Dollars (\$50,000) principal amount of Bonds shall be called for redemption at any one time unless a lesser amount shall be required to satisfy the Amortization Requirement for any Fiscal Year. Such redemption shall be made pursuant to the provisions of Article III of this Resolution. The City shall during the period of five (5) business days prior to the Redemption Date withdraw from the Bond Service Subaccount and the Redemption Subaccount and set aside in separate accounts or deposit with the Bond Registrar the respective amounts required for paying the interest on, and the principal of and redemption premium, if any, the Bonds so called for redemption.

(c) Moneys held in the Redemption Subaccount shall be applied by the City each Fiscal Year to the retirement of Bonds of each Series then Outstanding in the following order:

First: the Term Bonds of each such Series to the extent of the Amortization Requirements, if any, for such Fiscal Year for such Term Bonds, plus the applicable redemption premium, if any, and any deficiency in any preceding Fiscal Years in the purchase or redemption of such Term Bonds under the provisions of this subdivision and, if the amount available in such Fiscal Year shall not be sufficient therefor, then in proportion to the Amortization Requirements, if any, for such Fiscal Year for the Term Bonds of each such Series then Outstanding, plus the applicable redemption premium, if any, and any such deficiency;

Second: Term Bonds of each Series, if any, in proportion (as nearly as practicable) to the aggregate principal amount of the Bonds of each such Series originally issued; and



Third: after the retirement of all Term Bonds, if any, Serial Bonds issued under the provisions of this Resolution in such order as the City shall select and, to the extent that Serial Bonds of different Series mature on the same date, in proportion (as nearly as practicable) to the principal amount of Bonds of each Series maturing on such date.

Upon the retirement of any Bonds by purchase or redemption there shall be filed with the Finance Director a statement briefly describing such Bonds and setting forth the date of their purchase or redemption, the amount of the purchase price or the redemption price of such Bonds and the amount paid as interest thereon. The expenses in connection with the purchase or redemption of any Bonds shall be paid by the City from the General Reserve Account.

Section 509. Application of Moneys in Reserve Account. The Reserve Account shall be held for the benefit of all Bonds Outstanding except that: (i) the Series Resolution for a particular Series of Bonds may provide that such Series of Bonds is not to be secured by the Reserve Account and, in such event, such Series of Bonds shall not be secured by the Reserve Account and the moneys held for the credit of the Reserve Account shall not be applied for the benefit of such Series of Bonds, and (ii) the Series Resolution for one or more particular Series of Bonds may establish a separate subaccount within the Reserve Account for such particular Series of Bonds and, in such event, such Series of Bonds shall be secured only by the moneys held for the credit of such subaccount and by no other amounts held for the credit of the Reserve Account, and the Bonds Outstanding of any other Series shall have no claim whatsoever on the moneys held for the credit of such separate subaccount in the Reserve Account. Moneys held for the credit of the Reserve Account shall first be used for the purpose of paying the interest on and the principal of the Bonds which are secured by the Reserve Account whenever and to the extent that the moneys held for the credit of the Bond Service Subaccount shall be insufficient for such purpose and thereafter for the purpose of making deposits to the credit of the Redemption Subaccount in respect of such Bonds pursuant to the requirements of clause (b) of Section 505 of this Resolution whenever and to the extent that withdrawals from the Revenue Account are insufficient for such purposes; provided, however, that moneys held for the credit of a separate subaccount in the Reserve Account shall be applied to the foregoing purposes and in the foregoing manner, but only for the benefit of the Series of Bonds for which such separate subaccount was established. If at any time the moneys held for the credit of the Reserve Account shall exceed the Reserve Account Requirement, such excess shall be withdrawn and deposited to the credit of the Revenue Account; provided, however, the City Commission, pursuant to the Series Resolution or the resolution awarding any Series of Bonds hereunder to the original purchasers thereof, may provide for a different disposition of any such excesses which relate to such Series of Bonds.

Notwithstanding the foregoing, in lieu of the required deposit into the Reserve Account (or any subaccount therein), the City may, with the consent of any applicable issuer of a Credit Facility or Liquidity Facility then in effect, cause to be deposited into such Reserve Account (or

the applicable subaccount therein) a Reserve Account Insurance Policy or Reserve Account Letter of Credit for the benefit of the Holders of the Bonds either in substitution for the full amount then on deposit therein, or in an amount equal to the difference between the amount required to be deposited in such Reserve Account (or the applicable subaccount therein) and the sum, if any, then on deposit in such Reserve Account (or the applicable subaccount therein), which Reserve Account Insurance Policy or Reserve Account Letter of Credit shall be payable (upon the giving of notice as required thereunder) on any Interest Payment Date on which a deficiency exists for the Bonds or the Series of Bonds for which such Reserve Account Insurance Policy or Reserve Account Letter of Credit was issued, which cannot be cured by moneys in any other Fund, Account or Subaccount held pursuant to this Resolution and available for such purpose. If any such Reserve Account Insurance Policy or Reserve Account Letter of Credit is substituted for moneys on deposit in the Reserve Account (or the applicable subaccount therein), the excess moneys in the Reserve Account (or the applicable subaccount therein) shall be applied to satisfy any such deficiency in any of the Funds, Accounts or Subaccounts under this Resolution, and any remaining balance shall be deemed surplus, shall be released from the lien of this Resolution and may be used by the City for any lawful purpose. If a disbursement is made from a Reserve Account Insurance Policy or Reserve Account Letter of Credit, the City shall be obligated to either reinstate the maximum limits of such Reserve Account Insurance Policy or Reserve Account Letter of Credit immediately following such disbursement or to deposit into the Reserve Account (or the applicable subaccount therein), as provided in Section 505 (c), funds in the amount of the disbursement made under such Reserve Account Insurance Policy or Reserve Account Letter of Credit.

In the event that all or a portion of the Reserve Account Requirement for any Series shall be provided by a Reserve Account Insurance Policy or Reserve Account Letter of Credit, the City shall do all things necessary to receive in a timely fashion from the provider of such Reserve Account Insurance Policy or Reserve Account Letter of Credit amounts required to be expended pursuant to this Section.

Section 510. Application of Moneys in Rate Stabilization Account. Moneys held for the credit of the Rate Stabilization Account shall be disbursed, upon the written direction of the Finance Director, for transfer to the Revenue Account, at such times and in such amounts as the Finance Director shall determine, and may be used to pay Current Expenses and for the following additional purposes. If at any time the moneys held for the credit of the Bond Service Subaccount and the Reserve Account shall be insufficient for the purpose of paying the interest on and the principal of the Bonds as such interest and principal become due and payable, then the City shall withdraw from any moneys held for the credit of the Rate Stabilization Account and deposit to the credit of the Bond Service Subaccount an amount sufficient to make up any such deficiency. If at any time the Net Revenues and the moneys held for the credit of the Reserve Account shall be insufficient for making the deposits to the credit of the Redemption Subaccount required by clause (b) of Section 505 of this Article, then the City shall withdraw from any moneys held for the credit of the Rate Stabilization Account and deposit to the credit of the

Redemption Subaccount an amount sufficient to make up any such deficiency; provided, however, that no such transfer shall be made unless the moneys then held for the credit of the Bond Service Subaccount are at least equal to the maximum requirement therefor under clause (a) of said Section 505.

Section 511. Application of Moneys in Subordinated Indebtedness Account. The City shall on the business day immediately preceding the date on which any payment in respect of principal of, redemption premium, if any, or interest on any Subordinated Indebtedness shall become due withdraw from the Subordinated Indebtedness Account and deposit in trust with the paying agent for such Subordinated Indebtedness to enable such paying agent to pay to the holders of such Subordinated Indebtedness the amount required to pay such principal, redemption premium or interest becoming due and payable, all as provided in the ordinance, resolution or other instrument pursuant to which such Subordinated Indebtedness has been incurred (the "Subordinated Indebtedness Instrument").

The City may, pursuant to the Subordinated Indebtedness Instrument relating to any Subordinated Indebtedness, establish within the Subordinated Indebtedness Account a special reserve subaccount for such Subordinated Indebtedness. Moneys deposited to the credit of the Subordinated Indebtedness Account with respect to any reserve subaccount deposit requirement established in a Subordinated Indebtedness Instrument shall be deposited in said subaccount and held as a reserve for the corresponding Subordinated Indebtedness, as shall be more fully set forth in such Subordinated Indebtedness Instrument.

If at any time the moneys held for the credit of the Bond Service Subaccount and the Reserve Account shall be insufficient for the purpose of paying the interest on and the principal of the Bonds as such interest and principal become due and payable, then the City shall withdraw from any moneys held for the credit of the Subordinated Indebtedness Account and deposit to the credit of the Bond Service Subaccount an amount sufficient to make up any such deficiency.

Section 512. Application of Moneys in Renewal, Replacement and Improvement Account. Except as hereinafter provided in this Section, or except in case of an emergency caused by some extraordinary occurrence, so characterized in a certificate signed by the Finance Director, and an insufficiency of moneys held for the credit of the Revenue Account to meet such emergency, moneys held for the credit of the Renewal, Replacement and Improvement Account shall be disbursed, subject to the provisions of the third paragraph of this Section 512, only for the purpose of paying the costs of unusual or extraordinary maintenance or repairs, the cost of renewals and replacements, the cost of acquiring, installing or replacing equipment, the cost of Improvements and engineering expenses related to the foregoing and the cost of providing a local share of moneys required to entitle the City to receive Federal or State grants or to participate in Federal or State assistance programs related to the Water and Sewer System.

Payments from the Renewal, Replacement and Improvement Account, except the withdrawal which the City is authorized to make as hereinafter provided in this Section, shall be made in accordance with the provisions of Section 402 of this Resolution for payments from the Construction Account to the extent that such provisions may be applicable.

If at any time the moneys held for the credit of the Bond Service Subaccount and the Reserve Account shall be insufficient for the purpose of paying the interest on and the principal of the Bonds as such interest and principal become due and payable, then the City shall withdraw from any moneys held for the credit of the Renewal, Replacement and Improvement Account and deposit to the credit of the Bond Service Subaccount an amount sufficient to make up any such deficiency. If at any time the Net Revenues and the moneys held for the credit of the Reserve Account shall be insufficient for making the deposits to the credit of the Redemption Subaccount required by clause (b) of Section 505 of this Article, then the City shall withdraw from any moneys held for the credit of the Renewal, Replacement and Improvement Account and deposit to the credit of the Redemption Subaccount an amount sufficient to make up any such deficiency; provided, however, that no such transfer shall be made unless the moneys then held for the credit of the Bond Service Subaccount are at least equal to the maximum requirement therefor under clause (a) of said Section 505. Any moneys so withdrawn from the Renewal, Replacement and Improvement Account and deposited to the credit of the Bond Service Subaccount or the Redemption Subaccount shall be restored from available moneys in the Revenue Account, subject to the same conditions as are prescribed for deposits to the credit of the Renewal, Replacement and Improvement Account under the provisions of Section 505 of this Article.

Section 513. Application of Moneys in General Reserve Account. Moneys held for the credit of the General Reserve Account may at the election of the City be applied:

- (a) to pay the Cost of Improvements,
- (b) to purchase or redeem Bonds,
- (c) to make up deficiencies in any of the Accounts and Funds created by this Resolution,
- (d) to pay the Cost of any item qualifying as an authorized expenditure from the Renewal, Replacement and Improvement Account,
- (e) to make payments required under Interest Rate Swap agreements, and
- (f) for any other lawful purpose of the City.

Section 514. Application of Moneys in Sinking Fund Account. Subject to the terms and conditions set forth in this Resolution, moneys held for the credit of the Sinking Fund Account shall be held in trust and disbursed for (a) the payment of interest on the Bonds issued under the provisions of Sections 208, 209, 210 and 211(b) of this Resolution as such interest becomes due and payable, or (b) the payment of the principal of such Bonds at their maturities, or (c) the payment of the purchase or redemption price of such Bonds before their maturity and such moneys are hereby pledged to and charged with the payments mentioned in this Section.

Section 515. Impact Fee Account. A special account is hereby created within the Enterprise Fund and designated "Water and Sewer Impact Fee Account" (herein called the "Impact Fee Account"). To the extent required by law and imposed by the City pursuant to Series Resolution to secure a Series of Bonds hereunder, for so long as there are any Bonds Outstanding which are secured by such Impact Fees, there shall be deposited into the Impact Fee Account all Impact Fees, if any, charged and collected by the City. The moneys, if any, on deposit in the Impact Fee Account, together with investment earnings thereon, shall be used by the City, to the extent permitted by State law, in the following manner and order of priority:

FIRST, for deposit into the Bond Service Subaccount and the Redemption Subaccount of the Sinking Fund Account, as needed, in order to make payments of principal of, redemption premium, if any, and interest on the Series of Bonds issued to finance the Costs of Improvements in respect of which the Impact Fees have been imposed; and

SECOND, to pay the Costs of expanding, oversizing, separating or constructing Improvements in respect of which the Impact Fees have been imposed.

Moneys on deposit in the Impact Fee Account may also be pledged to the payment of principal of, redemption premium, if any, and interest on Subordinated Indebtedness but only to the extent permitted by law and only on a basis of such pledge being subordinate and junior to the pledge made to secure any Series of Bonds.

Section 516. Special Assessment Account. A special account is hereby created within the Enterprise Fund and designated "Water and Sewer Special Assessment Account" (herein called the "Special Assessment Account"). To the extent required by law and levied by the City and pledged pursuant to Series Resolution to secure a Series of Bonds hereunder, for so long as there are any Bonds Outstanding which are secured by such Special Assessments, there shall be deposited into the Special Assessment Account all Special Assessments, if any, levied and collected by or on behalf of the City and pledged with respect to a Series of Bonds. The moneys, if any, on deposit in the Special Assessment Account, together with investment earnings thereon, shall be used by the City, to the extent permitted by State law, in the following manner and order of priority:

FIRST, for deposit into the Bond Service Subaccount and the Redemption Subaccount of the Sinking Fund Account, as needed, in order to make payments of principal of, redemption premium, if any, and interest on the Series of Bonds issued to finance the Costs of Improvements in respect of which the Special Assessments have been levied; and

SECOND, to pay the Costs of Improvements in respect of which the Special Assessments have been levied.

Moneys on deposit in the Special Assessment Account may also be pledged to the payment of principal of, redemption premium, if any, and interest on Subordinated Indebtedness but only to the extent permitted by law and only on a basis of such pledge being subordinate and junior to the pledge made to secure any Series of Bonds.

Section 517. Money Held in Trust. All moneys which the City shall have withdrawn from the Sinking Fund Account or shall have received from any other source and deposited with the Bond Registrar, for the purpose of paying any of the Bonds hereby secured, either at the maturity thereof or upon call for redemption, or for the purpose of paying any interest on any of the Bonds hereby secured, shall be held in trust for the respective Holders of such Bonds. But any moneys which shall be so set aside or deposited and which shall remain unclaimed by the Holders of such Bonds for the period of four (4) years after the date on which such Bonds or the interest thereon shall have become due and payable shall upon request in writing be paid to the City or to such officer, board or body as may then be entitled by law to receive the same, and thereafter the Holders of such Bonds shall look only to the City or to such officer, board or body, as the case may be, for the payment and then only to the extent of the amounts so received without any interest thereon, and the Bond Registrar shall have no responsibility with respect to such moneys.

Section 518. Cancellation of Bonds. All Bonds, paid, redeemed or purchased either at or before maturity shall be cancelled upon the payment, redemption or purchase of such Bonds and shall be delivered to the Bond Registrar when such payment, redemption or purchase is made. All Bonds cancelled under any of the provisions of this Resolution shall be destroyed by the Bond Registrar, which shall execute a certificate in duplicate describing the Bonds so destroyed, and one executed certificate shall be filed with the Finance Director and the other executed certificate shall be retained by the Bond Registrar.

[END OF ARTICLE V]

**ARTICLE VI**  
**DEPOSITARIES OF MONEYS, SECURITY**  
**FOR DEPOSITS AND INVESTMENT OF FUNDS**

Section 601. Security for Deposits. All moneys received by the City under the provisions of this Resolution shall be held either in accordance herewith or shall be deposited with a Depository or Depositaries, shall be held in trust, shall be applied only in accordance with the provisions of this Resolution and shall not be subject to lien or attachment by any creditor of the City.

All moneys held by the City or deposited with any Depository hereunder in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other Federal agency shall be continuously secured for the benefit of the City and the Holders of the Bonds, either (a) by lodging with a bank or trust company approved by the City as custodian, or, if then permitted by law, by setting aside under control of the trust department of the bank holding such deposit as collateral security, Government Obligations, or, with the approval of the City, other marketable securities eligible as security for the deposit of trust funds under applicable regulations of the Comptroller of the Currency of the United States or applicable State of Florida laws or regulations, having a market value (exclusive of accrued interest) not less than the amount of such deposit, or, if the furnishing of security as provided in (a) of this Section is not permitted by applicable law, (b) in such other manner as may then be required or permitted by applicable State of Florida or Federal law or regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds; provided, however, that it shall not be necessary for the Bond Registrar to give security for the deposits of any moneys with them for the payment of the principal of or the redemption premium or the interest on any Bonds issued hereunder, or for the City to give security for any moneys which shall be represented by obligations purchased under the provisions of this Article as an investment of such moneys.

All moneys held by the City and deposited with each Depository shall be credited to the particular Fund or Account to which such moneys belong.

Section 602. Investment of Moneys. Moneys held for the credit of the Construction Account, the Revenue Account, the Sinking Fund Account, the Bond Service Subaccount, the Redemption Subaccount, the Reserve Account, the Rate Stabilization Account, the Renewal, Replacement and Improvement Account, the General Reserve Account, the Impact Fee Account and the Special Assessment Account shall, as nearly as may be practicable, be continuously invested and reinvested in Investment Obligations which shall mature, or which shall be subject to redemption by the holder thereof at the option of such holder, not later than the respective dates when moneys held for the credit of said Funds, Accounts and Subaccounts will be required for the purposes intended; provided, however, that amounts on deposit in the Reserve Account or

subaccount therein shall be invested in Investment Obligations which mature not later than the final maturity date of the Bonds Outstanding to which such account or subaccount relates.

Investment Obligations so purchased as an investment of moneys in any such Fund or Account shall be deemed at all times to be part of such Fund or Account. The interest accruing thereon and any profit realized from such investment shall be credited to such Fund or Account and any loss resulting from such investment shall be charged to such Fund or Account.

Investment earnings on moneys on deposit to the credit of the following Funds and Accounts shall be applied as follows:

(a) Investment earnings on moneys on deposit to the credit of the Bond Service Subaccount and the Redemption Subaccount may, at the option of the City, be retained in said Accounts if the amounts are required for paying interest on the Bonds on the next Interest Payment Date and principal of Serial Bonds or the Amortization Requirements for Term Bonds when due, and to the extent that earnings are so retained, the City shall receive a credit against the amounts required to be deposited to said Accounts pursuant to Section 505 of this Resolution or the City may withdraw such earnings and deposit them to the credit of the Revenue Account.

(b) Investment earnings on money on deposit in a subaccount of the Reserve Account or the Reserve Account shall be retained in said Account or subaccount at any time that the amounts on deposit to the credit of said Account or subaccount are less than the Reserve Account Requirement for the Bonds or for the Series of Bonds for which such subaccount was created, as applicable, or if moneys on deposit therein are sufficient for such purpose, then such earnings shall be withdrawn and deposited to the credit of the Revenue Account.

(c) Investment earnings on moneys on deposit to the credit of the Rate Stabilization Account and the Renewal, Replacement and Improvement Account may, at the option of the City, be retained in said Account or withdrawn and deposited to the credit of the Revenue Account.

(d) Investment earnings on moneys on deposit to the credit of the General Reserve Account may, at the option of the City be retained in said Account or withdrawn and deposited to the credit of the Revenue Account.

(e) Investment earnings on moneys held for the credit of the Subordinated Indebtedness Account for the purpose of payment of the principal of, redemption premium, if any and interest on Subordinated Indebtedness shall be applied in accordance with the corresponding Subordinated Indebtedness Instrument.



(f) Investment earnings on moneys on deposit to the credit of the Construction Account may, at the option of the City, be retained in said Account or, if deemed to be surplus to the requirements of the Construction Account, withdrawn and deposited to the credit of the Revenue Account. Anything in this clause (f) to the contrary notwithstanding, no transfer of investment earnings to the Revenue Account as permitted herein shall affect the definition of Revenues contained in this Resolution.

(g) Investment earnings on moneys on deposit to the credit of the Impact Fee Account and the Special Assessment Account shall be retained therein until applied pursuant to Section 515 and Section 516, respectively, of this Resolution.

The City shall sell or present for payment or redemption any Investment Obligations so acquired whenever it shall be necessary so to do in order to provide moneys to meet any payment from such Fund or Account. Neither the City nor any agent thereof shall be liable or responsible for any loss resulting from any investment.

Section 603. Valuation of Investment Obligations. In computing the amount in any Fund or Account created pursuant to the provisions of this Resolution, obligations purchased as an investment of moneys therein shall be valued at par if purchased at the lower of (i) par or at amortized value if purchased at other than par, or (ii) market value, plus, in each case, accrued interest. Amortized value, when used with respect to an obligation purchased at a premium above or a discount below par, means the value as of any given time obtained by dividing the total premium or discount at which such obligation was purchased by the number of days remaining to maturity on such obligation at the date of such purchase and by multiplying the amount thus calculated by the number of days having passed since such purchase; and (1) in the case of an obligation purchased at a premium by deducting the product thus obtained from the purchase price, and (2) in the case of an obligation purchased at a discount by adding the product thus obtained to the purchase price. Valuation on any particular date shall include the amount of interest then earned or accrued to such date or any moneys or investments in such Fund or Account. The computation of the amount on deposit in or credited to the Funds and Accounts created under this Resolution and the valuation of the investments of such amount shall be performed by the City on the last day of each Fiscal Year, and such computation and valuation shall not be required to be performed at other times.

Section 604. Accounting for Funds and Accounts. For the purposes of this Resolution, each Fund and Account created hereunder shall be a series of self-balancing accounts within the book of accounts of the Water and Sewer System and shall connote a segregation of accounts, which will support special purpose disclosure reports, not to be construed as a separate set of books of accounts.

For the purpose of investing or reinvesting, the City may commingle moneys in the Funds and Accounts created and established hereunder in order to achieve greater investment

income; provided that the City shall separately account for the amounts so commingled. The amounts required to be accounted for in each of the Funds and Accounts designated herein may be deposited in a single bank account for the Water and Sewer System provided that adequate accounting procedures are maintained to reflect and control the restricted allocations of the amounts on deposit therein for the various purposes of such Funds and Accounts as herein provided. The designation and establishment of funds and accounts in and by this Resolution shall not be construed to require the establishment of any completely independent funds and accounts but rather is intended solely to constitute an allocation of certain revenues and assets of the Water and Sewer System for certain purposes and to establish such certain priorities for application of certain revenues and assets as herein provided.

Section 605. Tax Covenants. The City covenants to the Holders of Bonds that it will not make or direct the making of any investment or other use of the proceeds of any Series of Bonds issued hereunder which would cause such Bonds to be "private activity bonds" as that term is defined in Section 141 of the Code, "arbitrage bonds" as that term is defined in Section 148 of the Code or "hedge bonds" as that term is defined in Section 149(g)(3) of the Code, and that it will comply with all the requirements of such Code sections and related regulations throughout the term of such Bonds. The City also covenants that it will not take or fail to take any action that would adversely affect the exclusion from gross income of interest on any Series of Bonds to the extent that such Bonds were initially issued as Bonds the interest on which is to be excluded from the gross income of the Holders thereof for Federal income tax purposes. The City shall not direct the making of any investment inconsistent with the foregoing covenants.

The City covenants and agrees that so long as any Bonds remain outstanding, it shall comply with the requirements of the Code, including any arbitrage rebate covenants contained in any rebate instructions or agreement entered into by and between the City and any Depository in connection with the issuance of any Series of Bonds, except to the extent to so comply would not, in the opinion of counsel of recognized standing in the field of law relating to municipal bonds, result in the interest payable on such Bonds being included in gross income for Federal income tax purposes to the Holders thereof under the Code. Notwithstanding anything to the contrary contained herein or otherwise, the City shall not be required to comply with the covenants herein contained to the extent that interest on any Bonds issued hereunder shall be intended by the City, on the date of issuance of such Bonds, to be included in gross income for Federal income tax purposes to the Holders thereof under the Code.

[END OF ARTICLE VI]

**ARTICLE VII**  
**PARTICULAR COVENANTS**

Section 701. Payment of Principal, Interest and Premium; Pledge of Net Revenues. The City covenants that it will promptly pay the principal of and the interest on each and every Bond and all other Utility Debt issued under the provisions of this Resolution at the places, on the dates and in the manner specified herein and in said Bonds or Utility Debt, and any premium required for the retirement of said Bonds and Utility Debt by purchase or redemption, according to the true intent and meaning thereof. Such principal, interest and premium will be payable solely from and secured by a lien on and pledge of the Net Revenues and, to the extent provided herein, from Impact Fees and Special Assessments, and said Net Revenues, Impact Fees and Special Assessments are hereby pledged to the payment thereof in the manner and to the extent hereinabove particularly specified.

Bonds and other Utility Debt issued under the provisions of this Resolution shall not be deemed to constitute a debt of the City, Broward County, Florida, the State of Florida or any political subdivision thereof or a pledge of the faith and credit of the City, Broward County, Florida, the State of Florida or any political subdivision thereof, but such Bonds and other Utility Debt shall be payable solely from the Funds and Accounts provided therefor from Net Revenues and, to the extent provided herein, from Impact Fees and Special Assessments and the Bonds and other Utility Debt shall not directly or indirectly or contingently obligate the City, Broward County, Florida, the State of Florida or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor, nor shall any such Bonds and other Utility Debt constitute a charge, lien or encumbrance, legal or equitable, upon any property of the City, Broward County, Florida, the State of Florida or any political subdivision thereof.

Section 702. Construction of Project and Improvements; Operation of Water and Sewer System. The City further covenants that it will construct the Project and all Improvements for the construction or acquisition of which Bonds or other Utility Debt shall be issued under the provisions of this Resolution, or for which moneys repayable from the proceeds of Bonds or other Utility Debt issued under the provisions of this Resolution shall have been advanced to the City, in accordance with the plans theretofore approved by the Consulting Engineers and that upon the completion of the Project and such Improvements it will operate and maintain the same as a part of the Water and Sewer System. The City further covenants that any contract with any person for the construction of all or a portion of the Project or any Improvements shall provide for such performance and payment bonds or security in lieu thereof and for such retainages as shall be in compliance with the laws of the State of Florida and the normally established practices of the City from time to time in effect.

The City further covenants that it will establish and enforce reasonable rules and regulations governing the use of the Water and Sewer System and the operations thereof, that all

compensation, salaries, fees and wages paid by it in connection with the maintenance, repair and operation of the Water and Sewer System will be reasonable, that it will operate the Water and Sewer System in an efficient and economical manner, that it will at all times maintain the Water and Sewer System or any part thereof in good repair and in sound operating condition and will make all necessary repairs, renewals and replacements, that it will duly observe and comply with all valid requirements of any municipal or governmental authority relative to the Water and Sewer System, that it will not create or suffer to be created any lien or charge upon the Water and Sewer System or any part thereof or upon the Net Revenues ranking equally with or prior to the Bonds, and that, out of the Net Revenues, it will pay or cause to be discharged, within sixty (60) days after the same shall accrue, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the Water and Sewer System or any part thereof or upon the Revenues; provided, however, that nothing contained in this Section shall require the City to pay or cause to be discharged, or make provision for, any such lien or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

Section 703. Employment of Consulting Engineers. The City covenants and agrees that so long as any Bonds are Outstanding under this Resolution, it will employ an independent engineer or engineering firm or corporation having a favorable reputation for skill and experience in the construction and operation of waterworks and sewer systems. Except for any fees and expenses incurred under the provisions of Section 403 of this Resolution, the cost of employing Consulting Engineers shall be treated as a part of the cost of operation and maintenance of the Water and Sewer System.

Upon the request of the City not less than bi-annually, it shall be the duty of the Consulting Engineers to prepare and file with the City a report setting forth such advice and recommendations as they may deem desirable in respect of the Water and Sewer System.

The City further covenants that the Consulting Engineers shall at all times have free access to all properties of the Water and Sewer System and every part thereof for the purposes of inspection and examination and that its books, records and accounts may be examined by the Consulting Engineers at all reasonable times.

Section 704. Employment of Accountant. The City covenants and agrees that it will for the purpose of performing and carrying out the duties imposed on the Accountant by this Resolution employ an independent certified public accountant or firm of independent certified public accountants of suitable experience and responsibility, having a favorable reputation for skill and experience in the auditing of water and sewer utility systems.

Section 705. Insurance. The City covenants that it will at all times carry insurance, in a responsible insurance company or companies authorized and qualified under the laws of the State of Florida to assume the risk thereof, covering such properties belonging to the Water and

Sewer System as are customarily insured, and against loss or damage from such causes as are customarily insured against by companies engaged in similar business.

All such policies shall be for the benefit of the City, shall be made payable to the City and shall be deposited with the City, and the City shall have the sole right to receive the proceeds of such policies and to collection and receipt for claims thereunder. The proceeds of any and all such insurance shall be deposited in the name of the City in a Depository.

The City covenants that, immediately after any loss or damage to any properties of the Water and Sewer System resulting from any cause, whether or not such loss or damage shall be covered by insurance, it will cause its engineers to prepare plans and specifications for repairing, replacing or reconstructing (either in accordance with the original or a different design) the damaged or destroyed property, and that it will forthwith commence and diligently prosecute the repair, replacement or reconstruction of the damaged or destroyed property unless it shall determine that the repair, replacement or reconstruction of such property is not essential to the efficient or economic operation of the Water and Sewer System. In the event that the City shall determine that the repair or replacement of such damaged or destroyed property is not essential to the efficient or economic operation of the Water and Sewer System, the proceeds of such insurance received by the City, at the option of the City, shall be deposited to the credit of either the Redemption Subaccount or the Renewal, Replacement and Improvement Account.

The proceeds of all insurance referred to in this Section shall be available for and shall, to the extent necessary, be applied to the repair, replacement or reconstruction of the damaged or destroyed property, and shall be paid out in the manner hereinabove provided for payments from the Construction Account. If such proceeds are more than sufficient for such purpose, the balance remaining shall be deposited to the credit of the Renewal, Replacement and Improvement Account. If such proceeds shall be insufficient for such purpose, the deficiency may be supplied out of any moneys in the Renewal, Replacement and Improvement Account or the General Reserve Account.

All insurance policies shall be open to the inspection of the Bondholders and their representatives at all reasonable times. The Finance Director is hereby authorized in the name of the City to demand, collect, sue and receive the insurance money which may become due and payable under any policies payable to it. Any appraisalment or adjustment of any loss or damage and any settlement or payment of indemnity therefor which may be agreed upon between the City and any insurer shall be evidenced to the Finance Director by a certificate signed by the officer or officers of the City responsible for managing the Water and Sewer System.

Notwithstanding the foregoing provisions of this Section, the City may institute self-insurance programs with regard to such risks as shall be consistent with the practices of municipally owned utilities operating in a manner similar to the Water and Sewer System.

**Section 706. Use of Revenues.** The City covenants and agrees that, so long as any of the Bonds secured hereby shall be outstanding, none of the Revenues will be used for any purpose other than as provided in this Resolution, and that no contract or contracts will be entered into or any action taken by which the rights of Holders of the Bonds might be impaired or diminished.

**Section 707. Records, Accounts and Audits.** The City covenants that it will keep the funds and accounts of the Water and Sewer System separate from all other funds and accounts of the City or any of its departments, and that it will keep accurate records and accounts of all items of costs and of all expenditures relating to the Water and Sewer System and of the Revenues collected and the application of such Revenues, and of the number of users of the Water and Sewer System in each classification. Such records and accounts shall be open to the inspection of all interested persons.

The City further covenants that within six months after the close of each Fiscal Year it will cause an audit to be made of its books and accounts pertaining to the Water and Sewer System by the Accountant. Within a reasonable time thereafter reports of each audit shall be filed with the City Commission and the Finance Director, and copies of such report shall be mailed to any Bondholder who shall have filed his name and address with the Finance Director for such purpose. Such audit reports shall be open to the inspection of all interested persons.

The City further covenants that it will cause any additional reports or audits relating to the Water and Sewer System to be made as required by law or by any applicable rules or regulations of any governmental authority or of any securities exchange on which the Bonds may be listed or traded. Such reports or audits may be extracted from the portions of the Financial Statements relating to the Water and Sewer System. The cost of such audits shall be treated as a part of the cost of operation.

**Section 708. Franchises.** Except as provided in Section 710 hereof and to the extent permitted by law, the City will not grant a franchise to any person for the operation of a water and sewer system or a water system or a sewer system which would be in competition with the Water and Sewer System so long as any Bonds are Outstanding under this Resolution. Nothing in this Section 708 or elsewhere contained in this Resolution shall prevent the City from granting a franchise to any person for the operation of a water and/or sewer system for any area within the City currently not served by the Water and Sewer System.

**Section 709. Supervisory Personnel.** The City in operating the Water and Sewer System will employ or designate one or more of its qualified employees as manager who has demonstrated ability and experience in operating similar facilities, and will require all employees who may have possession of money derived from the operation of the Water and Sewer System to be covered by a fidelity bond, written by a responsible indemnity company in amounts fully adequate to protect the City from loss.

Section 710. Separate System. The City Commission may by resolution determine to own and/or operate, either solely or jointly, Separate Systems or to cause Separate Systems to be operated on its behalf; provided, however, that prior to the adoption of any such resolution designating any facilities as a separate system, there shall be delivered to the City Manager a certificate of the Finance Director containing his determination that the ownership and operation of such Separate System will not have a material adverse impact on the Net Revenues of the Water and Sewer System and stating his reasons for such determination.

The City may incur Utility Debt to acquire or improve Separate Systems without compliance with any test or limit contained in the Resolution so long as such is payable solely from the revenues generated by such Separate System and the holders of such Utility Debt have no recourse and are in no way payable from the Revenues of the Water and Sewer System. The revenues, current expenses and debt service associated with such Separate System and any Utility Debt of the City incurred therefor shall not be included in Revenues, Current Expenses and Principal and Interest Requirements, each as defined in this Resolution.

Any such Separate System may be consolidated with the Water and Sewer System upon demonstration of compliance with the tests for the incurrence of Additional Bonds contained in clause (c) of Section 209 of this Resolution. In determining compliance with the test mentioned above, the revenues and current expenses of the Water and Sewer System and the debt service on any Utility Debt payable from revenues of such Separate Systems shall be included in Principal and Interest Requirements. Prior to any such consolidation, compliance with the tests set forth in clause (c) of Section 209 shall be demonstrated regardless of whether there shall be any Utility Debt outstanding with respect to such Separate System.

Section 711. No Free Service. To the extent permitted by law, the City will not render or cause to be rendered any free services of any nature by the facilities of the Water and Sewer System nor will any preferential rates be established for users of the same class, except that the City including its departments, agencies and instrumentalities, may avail itself of the facilities of the Water and Sewer System free of rates, fees or charges applicable to other customers receiving like services.

Section 712. Failure to Pay for Services. To the extent permitted by law, upon failure of any user to pay for water services rendered, the City shall shut off the connection of such user to the Water and Sewer System in accordance with applicable City ordinances and resolutions, but no later than sixty (60) days. This covenant shall not, however, prevent the City from causing any connection to be shut off sooner if permitted by law.

Section 713. Enforcement of Collections. The City will diligently enforce and collect the rates, fees and other charges for the services of the Water and Sewer System; will take all steps, actions and proceedings for the enforcement and collection of such rates, fees and charges as shall become delinquent to the full extent permitted or authorized by law; and will maintain

accurate records with respect thereto. All such rates, fees, charges and revenues herein pledged shall, as collected, be held in trust to be applied as provided in this Resolution and not otherwise.

Section 714. Sale or Other Disposition of the Water and Sewer System. Except as provided in this Section, the City shall not sell or otherwise dispose of all or any part of the Water and Sewer System.

(a) To the extent permitted by law, the City, without restriction, may in any Fiscal Year sell, lease or otherwise dispose of assets forming a part of the Water and Sewer System, the aggregate value of which in each such Fiscal Year does not exceed the greater of \$1,000,000 or one half of one per centum (1/2 of 1%) of the book value of the net property, plant and equipment of the Water and Sewer System as shown on the audited financial statements of the Water and Sewer System for the latest Fiscal Year for which such audited statements are available. The proceeds of a sale pursuant to this clause (a) shall be: (i) deposited into the Bond Service Subaccount to be used for the purposes permitted under Section 507 of this Resolution; (ii) deposited into the Redemption Subaccount to be used for the purposes permitted under Section 508 of this Resolution; or (iii) applied in such manner as will result in the defeasance of Bonds pursuant to Section 1101 of this Resolution.

(b) To the extent permitted by law, the City may in any Fiscal Year sell, lease or otherwise dispose of assets forming a part of the Water and Sewer System in excess of the amount set forth in clause (a) of this Section, if, before any such transfer, there is delivered to the City Manager a report of the Consulting Engineer or Rate Consultant demonstrating that the sale, lease or other disposition of such property will not have an adverse impact on the Net Revenues, the Special Assessments or the Impact Fees and stating his reasons therefor. In determining whether to render such report, the Consulting Engineer shall consider the usefulness of the assets to be disposed of to the operations of the Water and Sewer System, the uses to be made of any proceeds of a sale and the rental income to be received with respect to any lease thereof. The proceeds of a sale pursuant to this clause (b) shall be: (i) deposited into the Bond Service Subaccount to be used for the purposes permitted under Section 507 of this Resolution; (ii) deposited into the Redemption Subaccount to be used for the purposes permitted under Section 508 of this Resolution; or (iii) applied in such manner as will result in the defeasance of Bonds pursuant to Section 1101 of this Resolution.

(c) To the extent permitted by law, the City may in any Fiscal Year sell, lease or otherwise dispose of any assets forming a part of the Water and Sewer System without regard to the limitations and conditions in paragraphs (a) and (b) above if the City Commission by resolution declares that such assets are not needed or serve no useful purpose in connection with the maintenance and operation of the Water and Sewer System. The proceeds of a sale pursuant to this clause (c) shall be: (i) deposited into the



Bond Service Subaccount to be used for the purposes permitted under Section 507 of this Resolution; (ii) deposited into the Redemption Subaccount to be used for the purposes permitted under Section 508 of this Resolution; or (iii) applied in such manner as will result in the defeasance of Bonds pursuant to Section 1101 of this Resolution.

(d) To the extent permitted by law, the City may sell, lease or otherwise dispose of the assets of the entire Water and Sewer System, if, upon the application of the proceeds of any such sale as hereinafter required, there shall be no Bonds deemed to be Outstanding under the provisions of this Resolution and the City shall have paid or made full provision for the payment of all other obligations of the City payable from the Revenues of the Water and Sewer System, including but not limited to, Current Expenses then due and payable or to become due and payable, and all other Utility Debt payable in any way from the Revenues of the Water and Sewer System and all fees then due and owing or to become due in the future with respect to Credit Facilities. The proceeds of any sale, lease or other disposition permitted by this clause (d) shall be applied first to the payment or provision for payment of the obligations, including the Bonds, set forth above, and only after all such obligations shall have been paid or full provision for their payment been made, shall the City apply any of such proceeds to any other lawful purpose of the City.

No sale or any other disposition of assets of the Water and Sewer System shall be consummated nor shall the proceeds of any such sale be applied unless prior to such consummation or application, there shall be delivered an opinion of Bond Counsel to the effect that such sale and the application of the proceeds as required herein will have no adverse impact on the exclusion of interest on any of the Bonds or other Utility Debt from gross income for Federal income purposes (except that such opinion shall not be required with respect to any Bonds issued with the intention that the interest thereon be included in gross income for Federal income tax purposes to the Holders thereof under the Code).

[END OF ARTICLE VII]

**ARTICLE VIII**  
**REMEDIES**

Section 801. Extension of Interest Payment. In case the time for the payment of any interest on any Bond shall be extended, whether or not such extension be by or with the consent of the City, such interest so extended shall not be entitled, in case of default hereunder, to the benefit or security of this Resolution except subject to the prior payment in full of the principal of all Bonds then Outstanding and all interest the time for the payment of which shall not have been extended.

Section 802. Events of Default. Each of the following events is hereby declared an "Event of Default":

(a) payment of the principal and of the redemption premium, if any, of any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) payment of any installment of interest on any of the Bonds shall not be made when the same shall become due and payable; or

(c) the City shall for any reason be rendered incapable of fulfilling its obligations hereunder; or

(d) final judgment for the payment of money shall be rendered against the City as a result of the ownership, control or operation of the Water and Sewer System and any such judgment shall not be discharged within sixty (60) days from the entry thereof or an appeal shall not be taken therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, in such manner as to stay the execution of or levy under such judgment, order, decree or process or the enforcement thereof; or

(e) the City admits in writing its inability to pay its debts generally as they become due, or files a petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of a receiver or trustee for itself or for the whole or any part of the Water and Sewer System or a receiver or trustee for such purpose is appointed without the consent of the City; or

(f) the City is adjudged insolvent by a court of competent jurisdiction, or is adjudged a bankrupt on a petition in bankruptcy filed against the City, or an order, judgment or decree is entered by a court of competent jurisdiction appointing, without the consent of the City, a receiver or trustee of the City or of the whole or any part of its

property and any of the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within ninety (90) days from the date of entry thereof; or

(g) the City shall file a petition or answer seeking reorganization or any arrangement under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof; or

(h) under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the City or of the whole or any substantial part of its property, and such custody or control shall not be terminated within ninety (90) days from the date of assumption of such custody or control; or

(i) the City shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Resolution or in the Series Resolution on the part of the City to be performed and such default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the City by the holders of not less than ten per centum (10%) in aggregate principal amount of the Bonds then Outstanding; provided, however, if the default specified in this clause (i) shall be of a type which cannot be remedied within thirty (30) days, its shall not constitute an event of default if the City shall begin to remedy such default within such thirty-day period and shall diligently pursue such remedy.

Section 803. Acceleration of Maturities. Upon the happening and continuance of any Event of Default specified in clauses (a) through (i) of Section 802 of this Article, then and in every such case the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding may, by a notice in writing to the City, declare the principal of all of the Bonds then Outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Bonds or in this Resolution to the contrary notwithstanding; provided, however, that if at any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment of decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Resolution, moneys shall have accumulated in the Sinking Fund Account sufficient to pay the principal of all matured Bonds and all arrears of interest, if any, upon all Bonds then Outstanding (except the principal of any Bonds not then due except by virtue of such declaration and the interest accrued on such Bonds since the last Interest Payment Date), and all amounts then payable by the City hereunder shall have been paid or a sum sufficient to pay the same have been deposited with the Bond Registrar, and every other default in the observance or performance of any covenant, condition, agreement or provision contained in the Bonds or in this Resolution (other than a default in the payment of the principal of such Bonds then due only

because of a declaration under this Section) shall have been remedied, then and in every such case the Holders of not less than a majority in aggregate principal amount of the Bonds not then due except by virtue of such declaration and then Outstanding may, by written notice to the City, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

**Section 804. Enforcement of Remedies.** Upon the happening and continuance of any Event of Default then and in every such case the Holders of not less than ten per centum (10%) in aggregate principal amount of the Bonds then Outstanding hereunder may proceed to protect and enforce the rights of the Bondholders under state law, or under this Resolution by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as such Bondholder shall deem most effectual to protect and enforce such rights. Such Holders of Bonds, or any trustee appointed to represent Bondholders as hereinafter provided, shall be entitled as of right to the appointment of a receiver of the Water and Sewer System in an appropriate judicial proceeding in a court of competent jurisdiction, whether or not such Holder or trustee is also seeking or shall have sought to enforce any other right or exercise any other remedy in connection with Bonds issued pursuant to this Resolution.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of the Water and Sewer System, and each and every part thereof, and shall hold, operate and maintain, manage and control the Water and Sewer System, and each and every part thereof, and in the name of the City shall exercise all the rights and powers of the City with respect to the Water and Sewer System as the City itself might do. Such receiver shall collect and receive all Revenues and maintain and operate the Water and Sewer System in the manner provided in this Resolution and comply under the jurisdiction of the court appointing such receiver, with all of the provisions of this Resolution.

Whenever all that is due upon the Bonds, and interest thereon, and under any covenants of this Resolution for the Funds and Accounts, and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the Revenues of the Water and Sewer System and the Special Assessments and the Impact Fees shall have been paid and made good, and all defaults under the provisions of this Resolution shall have been cured and made good, possession of the Water and Sewer System shall be surrendered to the City upon the entry of an order of the court to that effect. Upon any subsequent Event of Default, any Holder of Bonds issued pursuant to this Resolution or any trustee appointed for Bondholders as hereinafter provided, shall have the right to secure the further appointment of a receiver.

Such receiver shall in the performance of the powers hereinabove conferred upon him be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby and a successor

receiver appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the Water and Sewer System in the name of the City and for the joint protection and benefit of the City and the Holders of Bonds issued pursuant to this Resolution. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the Water and Sewer System, except as provided herein, but the authority of such receiver shall be limited to the possession, operation and maintenance of the Water and Sewer System for the sole purpose of the protection of both the City and the Bondholders.

The Holder or Holders of Bonds in an aggregate principal amount of more than fifty per centum (50%) of the Bonds then Outstanding may by a duly executed certificate in writing appoint a trustee for Holders of Bonds issued pursuant to this Resolution with authority to represent such Bondholders in any legal proceedings for the enforcement and protection of the rights of such Bondholders. Such certificate shall be executed by such Bondholders or their duly authorized attorneys or representatives, and shall be filed in the office of the City Clerk of the City.

Notwithstanding anything in this Resolution to the contrary, so long as the issuer of a Credit Facility shall not be in default in its payment obligations under such Credit Facility, such issuer shall be deemed to be the holder of all Bonds so insured for all purposes of this Article VIII.

Section 805. Pro Rata Application of Funds. Anything in this Resolution to the contrary notwithstanding, if at any time the moneys in the Sinking Fund Account shall not be sufficient to pay the principal of or the interest on the Bonds as the same become due and payable (either by their terms or by acceleration of maturities under the provisions of Section 803 of this Article), such moneys, together with any moneys then available for such purpose, whether through the exercise of the remedies provided for in this Article or otherwise, shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become due and payable or shall have been declared due and payable, all such moneys shall be applied:

First: to the payment of the persons entitled thereto of all installments of interest then due and payable, in the order in which such installments become due and payable, and, if the amount available shall not be sufficient to pay in full, any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or

preference except as to any difference in the respective rates of interest specified in the Bonds;

Second: to the payment of the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which sufficient moneys are held pursuant to the provisions of this Resolution), in the order of their due dates, with interest upon such Bonds at the respective rates specified therein from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full the principal of Bonds due on any particular date, together with such interest, then to the payment of such principal, ratably according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds; and

Third: to the payment of the interest on and the principal of the Bonds, to the purchase and retirement of Bonds and to the redemption of Bonds, all in accordance with the provisions of Article V of this Resolution.

(b) If the principal of all the Bonds shall have become due and payable or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, 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 Bond over any other Bond, 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 Bonds.

(c) If the principal of all the Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of Section 803 of this Article, then, subject to the provisions of paragraph (b) of this Section, in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys remaining in and thereafter accruing to the Sinking Fund Account shall be applied in accordance with the provisions of paragraph (a) of this Section.

The provisions of this Section are in all respects subject to the provisions of Section 801 of this Article.

Whenever moneys are to be applied by the City pursuant to the provisions of this Section, such moneys shall be applied by the City at such times, and from time to time, as the City in its sole discretion shall determine, having due regard to the amount of such moneys available for

application and the likelihood of additional moneys becoming available for such application in the future; the deposit of such moneys with the Bond Registrar, or otherwise setting aside such moneys, in trust for the proper purpose, shall constitute proper application by the City; and the City shall incur no liability whatsoever to any Bondholder or to any other person for any delay in applying any such funds, so long as the City acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Resolution as may be applicable at the time of application. Whenever the City shall exercise such discretion in applying such funds, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The City shall give such notice as it may deem appropriate and as otherwise required herein of the fixing of any such date, and shall not be required to make payment to the Holder of any unpaid Bond until such Bond shall be surrendered to it for appropriate endorsement.

Section 806. Effect of Discontinuance of Proceedings. In case any proceeding taken by any Bondholder on account of any default shall have been discontinued or abandoned for any reason, then and in every such case the City and the Bondholder shall be restored to their former positions and rights hereunder, respectively, and all rights and remedies of the Bondholders shall continue as though no such proceeding had been taken.

Section 807. Restrictions on Individual Bondholder Actions. No Holder or Holders of any of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Resolution, or to enforce any right hereunder except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained for the benefit of all Holders of such Bonds.

Section 808. No Remedy Exclusive. No remedy herein conferred upon the Bondholders is intended to be exclusive of any other remedy or remedies herein provided, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder.

Section 809. Delay Not a Waiver. No delay or omission of any Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Article to the Bondholder may be exercised from time to time and as often as may be deemed expedient.

Section 810. Right to Enforce Payment of Bonds. Nothing in this Article shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on his Bond, or the obligation of the City to pay the principal of and interest on each Bond to the Holder thereof at the time and place in said Bond expressed.

[END OF ARTICLE VIII]

**ARTICLE IX**  
**EXECUTION OF INSTRUMENTS BY BONDHOLDERS**  
**AND PROOF OF OWNERSHIP OF BONDS**

Section 901. Execution of Instruments by Bondholders and Proof of Ownership of Bonds. Any request, direction, consent or other instrument in writing required or permitted by this Resolution to be signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders or their attorneys or legal representatives. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Resolution and shall be conclusive in favor of the City with regard to any action taken by it under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the verification of any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before him, or by an affidavit of a witness to such execution. Where such execution is on behalf of a person other than an individual such verification or affidavit shall also constitute sufficient proof of the authority of the signer thereof.

(b) The fact of the ownership of Bonds shall be proved by the registration books required to be maintained pursuant to Article II of this Resolution.

Nothing contained in this Article shall be construed as limiting the City to such proof, it being intended that the City may accept any other evidence of the matters herein stated which it may deem sufficient. Any request or consent of the Holder of any Bond shall bind every future Holder of the same Bond in respect of anything done by the City in pursuance of such request or consent.

Notwithstanding any of the foregoing provisions of this Section, the City shall not be required to recognize any person as a Holder of any Bond or to take any action at his request unless such Bond shall be deposited with it.

[END OF ARTICLE IX]



**ARTICLE X**  
**SUPPLEMENTAL RESOLUTIONS**

**Section 1001. Supplemental Resolution without Bondholders Consent.** The City Commission may, from time to time and at any time adopt such resolutions supplemental hereto as shall not be inconsistent with the terms and provisions hereof (which supplemental resolution shall thereafter form a part hereof):

(a) to cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in this Resolution or in any supplemental resolution, or

(b) to grant to or confer upon the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders, or

(c) to add to the conditions, limitations and restrictions on the issuance of Bonds under the provisions of this Resolution other conditions, limitations and restrictions thereafter to be observed, or

(d) to add to the covenants and agreements of the City in this Resolution other covenants and agreements thereafter to be observed by the City or to surrender any right or power herein reserved to or conferred upon the City, or

(e) to permit the issuance of Bonds in coupon form, if as a condition precedent to the adoption of such supplemental resolution, there shall be delivered to the City an opinion of Bond Counsel to the effect that the issuance of Bonds in coupon or bearer form are then permitted by law to be issued and that the interest on such Bonds would be exempt from Federal income taxation, or

(f) to permit the City to issue Bonds the interest on which is not exempt from Federal income taxation, or

(g) to qualify the Bonds or any of them for registration under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or

(h) to qualify this Resolution as an "indenture" under the Trust Indenture Act of 1939, as amended, or

(i) to create additional Sinking Fund Accounts for Series of Additional Bonds as permitted by Section 505 hereof, or

(j) to permit Bonds to be issued in denominations smaller than \$5,000, or

(k) to comply with requirements of entities providing Credit Facilities, Reserve Account Insurance Policies and Reserve Account Letters of Credit.

At least thirty (30) days prior to the adoption of any supplemental resolution for any of the purposes of this Section, the City shall cause a notice of the proposed adoption of such supplemental resolution to be published once in each week for two (2) successive weeks in a Daily Newspaper of general circulation published in the County, and in a Daily Newspaper of general circulation or a financial journal published in the Borough of Manhattan, City and State of New York. Such notice shall briefly set forth the nature of the proposed supplemental resolution and shall state that copies thereof are on file at the office of the City Clerk for inspection by all Bondholders.

Section 1002. Supplemental Resolution with Bondholders' Consent. Subject to the terms and provisions contained in this Section and Section 1003 hereof, and not otherwise, the Holders of not less than a majority in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, anything contained in this Resolution to the contrary notwithstanding, to consent to and approve the adoption of such resolution or resolutions supplemental hereto as shall be deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Resolution or in any supplemental resolution; provided, however, that nothing herein contained shall permit, or be construed as permitting, without the consent of the Holders of all of the Bonds Outstanding, (a) an extension of the maturity of the principal of or the interest on any Bond issued hereunder, or (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (c) the creation of a lien upon or a pledge of Revenues other than the lien and pledge created by this Resolution, or (d) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental resolution. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders of the adoption of any supplemental resolution as authorized in Section 1001 of this Article.

The consent of the Holders of any Series of Additional Bonds to be issued hereunder shall be deemed given if the underwriters or initial purchasers for resale consent in writing to such supplemental resolution and the nature of the amendment effected by such supplemental resolution is disclosed in the official statement or other offering document pursuant to which such Series of Additional Bonds is offered and sold to the public.

If at any time the City shall determine that it is necessary or desirable to adopt any supplemental resolution for any of the purposes of this Section, the City shall cause notice of the proposed adoption of such supplemental resolution to be published once in each week for two (2) successive weeks in a Daily Newspaper of general circulation published in the County, and in a Daily Newspaper of general circulation or a financial journal published in the Borough of

Manhattan, City and State of New York, and, on or before the date of the first publication of such notice, it shall also cause a similar notice to be mailed, postage prepaid, to all registered owners of Bonds then Outstanding at their addresses as they appear on the registration books. Such notice shall briefly set forth the nature of the proposed supplemental resolution and shall state that the copies thereof are on file at the office of the City Clerk for inspection by all Bondholders. The City shall not, however, be subject to any liability to any Bondholder by reason of its failure to cause the notice required by this Section to be mailed and any such failure shall not affect the validity of such supplemental resolution when consented to and approved as provided in this Section.

Whenever, at the time within one year after the date of the first publication of such notice, the City shall deliver to the Finance Director an instrument or instruments in writing purporting to be executed by the Holders of not less than a majority in aggregate principal amount of the Bonds then outstanding, which instrument or instruments shall refer to the proposed supplemental resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the City Commission may adopt such supplemental resolution in substantially such form, without liability or responsibility to any holder of any Bond, whether or not such Holder shall have consented thereto; provided, however, the City may adopt such supplemental resolution prior to the time such requisite consents are obtained, provided that such supplemental resolution shall not become effective prior to the time which the City has obtained the requisite consents.

If the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding at the time of the adoption or effective date of such supplemental resolution shall have consented to and approved the adoption or effectiveness thereof as herein provided, no Holder of any Bond shall have any right to object to the adoption or effectiveness of such supplemental resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption or effectiveness thereof, or to enjoin or restrain the City Commission from adopting the same, having the supplemental resolution take effect or from taking any action pursuant to the provisions thereof.

Upon the effective date of any supplemental resolution pursuant to the provisions of this Section, this Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Resolution of the City and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of this Resolution as so modified and amended.

Section 1003. Amendment with Consent of Credit Facility Provider in Lieu of Bondholders. If any Bonds Outstanding under this Resolution shall have, when issued, been secured by a Credit Facility to provide security for the payment of principal and interest when due, and if such Credit Facility is still in effect at the time of the proposed supplemental

resolution amending this Resolution and the issuer of such Credit Facility is not in default in its payment obligations under such Credit Facility, and if the credit of the Credit Facility provider is of sufficient quality to entitle debt backed by the Credit Facility to be rated in one of the two highest rating categories by a Rating Agency, the City may amend all or any part of this Resolution without the consent of any Holder of any Bond secured by such Credit Facility but with the written consent of the Credit Facility provider in lieu of the Holders of the Bonds secured by such Credit Facility (and the acknowledgement by that Credit Facility provider that the Credit Facility will remain in full force and effect). The consent and acknowledgment of the Credit Facility provider shall be filed with the Bond Registrar. The foregoing right of amendment, however, does not apply to any amendment with respect to the exclusion of interest on the Bonds from the gross income of their owners for purposes of Federal income taxation nor may any amendment deprive the owner of any Bond of the right to payment of the Bonds from the Net Revenues or to any amendment prohibited by clauses (a) through (e) of the first paragraph of Section 1002 of this Article without the consent of the Holders of all of the Bonds Outstanding (as provided for in Section 1002 hereof).

Section 1004. Supplemental Resolutions Part of Resolution. Any supplemental resolution adopted in accordance with the provisions of this Article and approved as to legality by the City Attorney shall thereafter form a part of this Resolution, and all of the terms and conditions contained in any such supplemental resolution as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Resolution for any and all purposes. In case of the adoption and approval of any supplemental resolution, express reference may be made thereof in the text of any Bonds issued thereafter, if deemed necessary or desirable by the City.

[END OF ARTICLE X]

**ARTICLE XI**  
**DEFEASANCE**

Section 1101. Cessation of Interests of Bondholders. If, when the Bonds (or any Series of Bonds or portion thereof) secured hereby (a) shall have become due and payable in accordance with their terms or (b) shall have been duly called for redemption or (c) irrevocable instructions to call the Bonds (or any Series of Bonds or portion thereof) for redemption or to pay such Bonds at their respective maturities or combination of such payment and redemption shall have been given by the City, the whole amount of the principal and the interest and premium, if any, so due and payable upon all of the Bonds (or any Series of Bonds or portion thereof) then Outstanding shall be paid or sufficient moneys, or Government Obligations the principal of and the interest (which with respect to any Variable Rate Bonds shall be assumed to be the maximum interest rate permitted under the documents governing such Variable Rate Bonds) on which when due will provide sufficient moneys (as evidenced by a verification report of an independent nationally recognized person or firm which has a favorable reputation for skill and experience to verify the sufficiency of such deposits), shall be held by the Bond Registrar or other bank, trust company or other appropriate financial institution, acting as escrow agent, for such purpose under the provisions of this Resolution, and provision shall also be made for paying all other sums payable hereunder by the City in connection with such Bonds, then and in that case the right, title and interest of the Holders of such Bonds secured hereby in the Net Revenues, Funds and Accounts mentioned in this Resolution shall thereupon cease, determine and become void, the City shall have no obligation with respect to such Bonds except for the payment of the principal of, redemption premium, if any, and interest thereon solely from the moneys or Government Obligations deposited pursuant to this Section, and the City Commission in such case, shall repeal and cancel this Resolution as to such Bonds and may apply any surplus in any subaccount in the Sinking Fund Account and all balances remaining in any other Funds or Accounts other than moneys held for the redemption or payment of Bonds or the interest thereon to any lawful purpose of the City as the City Commission shall determine; otherwise this Resolution shall be, continue and remain in full force and effect; provided, however, that in the event Government Obligations shall be deposited with and held by the Bond Registrar or other bank, trust company or other appropriate financial institution, acting as escrow agent, as hereinabove provided, and in addition to the requirements set forth in Article III of this Resolution, the City shall within thirty (30) days after such Government Obligations shall have been deposited with the Bond Registrar or other bank, trust company or other appropriate financial institution, acting as escrow agent, cause a notice to be published in a Daily Newspaper of general circulation published in the City, and in a Daily Newspaper of general circulation or a financial journal published in the Borough of Manhattan, City and State of New York, setting forth (a) the date, if any, designated for the redemption of the Bonds or if a portion of the Outstanding Bonds are not being redeemed prior to their maturities or mandatory redemption dates, a statement to the effect that such Bonds are being paid at maturity and any Term Bonds are being redeemed in amounts and at times which will satisfy the Amortization Requirements

therefor, (b) a description of the Government Obligations so held by the Bond Registrar or other bank, trust company or other appropriate financial institution, acting as escrow agent, and (c) that this Resolution has been repealed and cancelled in accordance with the provisions of this Section.

With respect to Variable Rate Bonds or Optional Tender Bonds, prior to the release of this Resolution, there shall be filed with the Finance Director, the following: (i) a resolution adopted by the City Commission determining (which determination may be based upon opinions of Bond Counsel or investment bankers) that the rights of the owners of such Variable Rate Bonds or Optional Tender Bonds to receive payment of interest at the Variable Rate as provided in the documents pursuant to which such Bonds were issued and the right to receive payment of the purchase price of such Bonds upon tender for purchase, as provided in the documents pursuant to which such Bonds were issued, either pursuant to a Credit Facility provided therefor or otherwise will not be materially adversely impaired by the release of this Resolution pursuant to this Article XI; (ii) a resolution, adopted by the City Commission, which may be the same resolution specified in clause (i) above, specifying the uses to which any Current Excess Interest Earnings (as hereinafter defined) may be applied, which may include the financing of Improvements or Capital Expenditures, as defined in this Resolution, for the Water and Sewer System or Current Expenses of the Water and Sewer System to the extent that expenditure of such sums for such purpose reduces the required Revenues, or, if the City no longer owns the Water and Sewer System, the capital expenditures for other lawful purposes of the City, in each event, such uses shall be for facilities the construction or acquisition of which would, but for the receipt of such Current Excess Interest Earnings, have been constructed or acquired using proceeds of unissued Bonds or other bonds of the City or paid from future revenues of the City; and (iii) there shall have been furnished to the City, as a condition of the release of this Resolution, an opinion of Bond Counsel to the effect that such release will not have an adverse effect on the Federal income tax exemption of interest on any of such Bonds as are then exempt from such taxation.

For the purposes of this Section, "Current Excess Interest Earnings" shall mean for each period for which interest is received by the escrow agent on the Government Obligations held in escrow for the Holders of the defeased Bonds, the excess, if any, of interest received on such Government Obligations over the amount of interest paid on the Variable Rate Bonds in such period. The agreement pursuant to which such Government Obligations are held by the escrow agent shall provide for withdrawal of such Current Excess Interest Earnings when received by the escrow agent and payment of such sums to the City for expenditure in the manner provided in the resolution mentioned in clause (ii) of the preceding paragraph.

All moneys and obligations held by the Bond Registrar or other bank, trust company or other appropriate financial institution, acting as escrow agent, pursuant to this Section shall be held in trust and the principal of and interest on said obligations when received, and said moneys,

applied to the payment, when due, of the principal of, and the interest and the premium, if any, on the Bonds payable therefrom.

[END OF ARTICLE XI]

**ARTICLE XII**  
**MISCELLANEOUS PROVISIONS**

Section 1201. Effect of Covenants. All covenants, stipulations, obligations and agreements of the City contained in this Resolution shall be deemed to be covenants, stipulations, obligations and agreements of the City and of the City Commission and of each department and agency of the City to the full extent authorized or permitted by law, and all such covenants, stipulations, obligations and agreements shall bind or inure to the benefit of the successor or successors thereof from time to time and any officer, board, body or commission to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

Except as otherwise provided in this Resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the City or upon the City Commission by the provisions of this Resolution shall be exercised or performed by the City Commission, or by such other officers, board, body or commission as may be required by law to exercise such powers or to perform such duties.

No covenant, stipulation, obligation or agreement herein contained shall be deemed to be a covenant, stipulation, obligation or agreement of any member, agent or employee of the City Commission in his individual capacity, and neither the members of the City Commission nor any official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 1202. Manner of Giving Notice. Any notice, demand, direction, request or other instrument authorized or required by this Resolution to be given to or filed with the City shall be deemed to have been sufficiently given or filed for all purposes of this Resolution if and when sent by registered mail, return receipt requested, to the City at:

City of Fort Lauderdale, Florida  
100 North Andrews Avenue  
Fort Lauderdale, Florida 33302  
Attention: Director of Finance

All documents received by the City and the City Commission under the provisions of this Resolution shall be retained in their possession, subject at all reasonable times to the inspection of the City, any Bondholder, and the agents and representatives thereof.

Section 1203. Successorship of Bond Registrar. To the extent that the Bond Registrar is other than the City, any bank or trust company with or into which the Bond Registrar may be merged or consolidated, or to which the assets and business of such Bond Registrar may be sold, shall be deemed the successor of such Bond Registrar for the purposes of this Resolution. If the



position of the Bond Registrar shall become vacant for any reason, the City Commission shall, within thirty (30) days thereafter, appoint a bank or trust company as the Bond Registrar to fill such vacancy. The City shall have the right at any time to remove the Bond Registrar and to appoint a successor Bond Registrar; provided, however, that no such removal and appointment shall cause a delay in the payment of principal of, redemption premium, if any, or interest on any Bond Outstanding under this Resolution.

Section 1204. Successorship of City Officers. In the event that the offices of Mayor, Finance Director, City Manager, City Clerk or City Attorney shall be abolished or any two or more of such offices shall be merged or consolidated, or in the event of a vacancy in any such office by reason of death, resignation, removal from office or otherwise, or in the event any such officer shall become incapable of performing the duties of his office by reason of sickness, absence from the City or otherwise, all powers conferred and all obligations and duties imposed upon such officer shall be performed by the officer succeeding to the principal functions thereof or by the officer upon whom such powers, obligations and duties shall be imposed by law.

Section 1205. Substitute Publication. If, because of the temporary or permanent suspension of publication of any Daily Newspaper or financial journal or for any other reason, the Finance Director or the City shall be unable to publish in a Daily Newspaper or financial journal any notice required to be published by any provision of this Resolution, the City shall give such notice in such other manner as in its judgment shall most effectively approximate such publication, and the giving of such notice in such manner, for all purposes of this Resolution shall be deemed to be in compliance with the requirement for the publication thereof.

Section 1206. Inconsistent Resolutions. All resolutions and parts thereof which are inconsistent with any of the provisions of this Resolution are hereby declared to be inapplicable to the provisions of this Resolution.

Section 1207. Further Acts. The officers and agents of the City are hereby authorized and directed to do all the acts and things required of them by the Bonds and this Resolution, for the full, punctual and complete performance of all of the terms, covenants, provisions and agreements contained in the Bonds and this Resolution.

Section 1208. Headings Not Part of Resolution. Any headings preceding the texts of the several Articles and Sections hereof and any table of contents, marginal notes or footnotes appended to copies hereof shall be solely for convenience of reference, and shall not constitute a part of this Resolution, nor shall they affect its meaning, construction or effect.

Section 1209. Beneficiaries under Resolution. Except as herein otherwise expressly provided, nothing in this Resolution, expressed or implied, is intended or shall be construed to confer upon any person, firm or corporation, other than the City, the Holders of the Bonds issued under and secured by this Resolution and the issuer of any Credit Facility or Liquidity Facility,

any right, remedy or claim, legal or equitable, under or by reason of the Resolution or any provisions hereof, this Resolution and all its provisions being intended to be and being for the sole and exclusive benefit of the City and the Holders from time to time of the Bonds issued hereunder and the issuer of any Credit Facility and Liquidity Facility.

Section 1210. Effect of Partial Invalidity. In case any one or more of the provisions of this Resolution or of any Bonds issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Resolution or of the Bonds, but this Resolution and the Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained therein. The Bonds are issued and this Resolution is adopted with the intent that the laws of the State of Florida shall govern their construction.

Section 1211. Repeal of Resolution No. 93-46. Resolution No. 93-46 of the City Commission adopted on March 15, 1993 is hereby repealed in its entirety and is of no further force or effect.

Section 1212. Resolution Effective. This Resolution shall be effective immediately upon its adoption.

ADOPTED this the 18<sup>th</sup> day of February, 2003.

  
\_\_\_\_\_  
Mayor  
JIM NAUGLE

ATTEST:

  
\_\_\_\_\_  
City Clerk  
LUCY KISELA

## EXHIBIT A

### THE PROJECT

The Project shall consist of Improvements to the City's Water System, including the construction of wellfield upgrades, construction of new membrane softening treatment facilities at the Peele-Dixie Water Treatment Plant and the Fiveash Water Treatment Plant, construction and reconstruction of Improvements to the Fiveash Water Treatment Plant, the construction of new pipelines and storage tanks for the water distribution system, the construction of new wells at the Prospect Wellfield and the rehabilitation of existing wells and generators at both the Prospect Wellfield and the Dixie Wellfield, the construction of new injection wells and pump stations at the Fiveash Water Treatment Plant; and Improvements to the City's Sewer System, including the acquisition and construction of extensions to the sewer collection system into previously unsewered areas, modifications, repairs and improvements to the existing sewer collection system, the construction, reconstruction and Improvements to the sewer transmission system, consisting of the replacement of pumps and the construction of a force main along Davie Boulevard, and the construction of Improvements to the Regional Wastewater Treatment Plant.

EXHIBIT B  
FORM OF BOND

No. R-\_\_

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF FLORIDA  
CITY OF FORT LAUDERDALE  
WATER AND SEWER REVENUE BOND  
SERIES \_\_\_\_\_

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Date of Original Issuance</u>	<u>CUSIP</u>
_____, 1, _____	_____ %	_____, _____	_____

Registered Holder:

Principal Amount:

The City of Fort Lauderdale (herein called the "City"), a municipal corporation in Broward County, Florida, duly organized and operating under the Constitution and laws of the State of Florida, is justly indebted and for value received hereby promises to pay to the registered holder shown above or to the registered assigns or legal representative thereof on the date specified above (or earlier as hereinafter referred to), upon the presentation and surrender hereof, at the office of the Director of Finance of the City as registrar for the Bonds (the "Bond Registrar"), the principal sum shown above, and to pay to the registered owner hereof, by check or draft mailed to the registered owner at such registered owner's address as it appears on the bond registration books of the City, or by wire transfer to the registered owner of at least \$1,000,000 principal amount of the Bonds, interest on such principal sum from the date hereof or from the March 1 or September 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a March 1 or September 1 to which interest shall have been paid, in which case from such date, such interest to the maturity hereof being payable on March 1 and September 1 in each year, commencing \_\_\_\_\_ 1, \_\_\_\_\_, at the rate per annum specified above, until payment of such principal sum. The interest so payable and punctually paid, or duly provided for, on any interest payment date will be paid to the person in whose name this bond is registered at the close of business on the Regular Record Date for such

interest, which shall be the 15<sup>th</sup> day (whether or not a business day) of the calendar month next preceding such interest payment date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered holder on such Regular Record Date, and may be paid to the person in whose name this bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Bond Registrar, notice whereof being given to the holders not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Bonds of this series may be listed and upon such notice as may be required by such exchange, or as more fully provided in the Resolution under which this Bond is issued hereinafter mentioned or by wire transfer as mentioned above. Such payment of interest shall be by check mailed to the holder at such holder's address as it appears on the bond registration books maintained by the Bond Registrar. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

This bond shall not be deemed to constitute an indebtedness of the City, Broward County, Florida, the State of Florida or any political subdivision thereof within the meaning of any constitutional or statutory provision or limitation and the City, Broward County, Florida, the State of Florida or any political subdivision thereof is not obligated to pay the principal of, the premium, if any, or the interest on this bond except for the City's obligation to pay the same from the special fund hereinafter mentioned, and the faith and credit of the City, Broward County, Florida, the State of Florida or any political subdivision thereof are not pledged to the payment of the principal of, the premium, if any, or the interest on this bond. The issuance of this bond shall not directly, indirectly or contingently obligate the City, Broward County, Florida, the State of Florida or any political subdivision thereof to levy or to pledge any taxes whatever therefor or to make any appropriation for the payment of the principal of, the premium, if any, or the interest on this bond except as provided in the hereinafter described Resolution.

This bond is one of a series of bonds designated "Water and Sewer Revenue Bonds, Series \_\_\_\_\_" and issued by the City for the purpose of providing funds, with any other available funds, to (i) finance the construction and acquisition of certain improvements to the City's Water and Sewer System (as defined in the Resolution), (ii) fund a deposit to the Reserve Account established under the Resolution or pay the costs of a Reserve Account Insurance Policy, and (iii) pay the costs of issuance of the bonds. This bond is issued under and pursuant to Resolution No. 03-\_\_, adopted by the City Commission of the City (the "City Commission") on February 18, 2003 (the "Bond Resolution") and Resolution No. 03-\_\_, adopted by the City Commission in furtherance of the Bond Resolution on February 18, 2003 (the "Series Resolution" and, together with the Bond Resolution, the "Resolution").

The bonds of this series consist of bonds maturing on September 1 and March 1, of the years \_\_\_\_ to \_\_\_\_, inclusive, and \_\_\_\_\_ 1, \_\_\_\_.

The bonds maturing prior to March 1, \_\_\_\_ are not subject to redemption prior to maturity. The bonds of this series at the time outstanding which mature on and after September 1, \_\_\_\_ may be redeemed prior to their respective maturities, at the option of the City, from any moneys that may be made available for such purpose, either in whole, on any date not earlier than March 1, \_\_\_\_, or in part, in any order of maturity selected by the City and by lot within a maturity, on the first Business Day of any calendar month not earlier than March 1, \_\_\_\_, at the following redemption dates and at the following redemption prices (expressed as percentages of principal amount to be redeemed) plus accrued interest to the redemption date as follows:

<u>Redemption Period (inclusive)</u>	<u>Redemption Price</u>
September 1, ____ to August 31, ____	____%
September 1, ____ and thereafter	____

If less than all of the bonds of any one maturity shall be called for redemption, the particular bonds to be redeemed shall be selected by lot as provided in the Resolution.

At least thirty (30), but not more than sixty (60) days before the redemption date of any bonds to be redeemed, whether such redemption be in whole or in part, the City shall cause a notice of such redemption to be filed with the Bond Registrar, mailed, first class postage prepaid, to all registered owners of bonds to be redeemed in whole or in part at their last addresses appearing upon the registration books of the City. The failure to mail such notice shall not affect the validity of such redemption. Such further notice of redemption shall be given as provided in the Resolution. On the date fixed for redemption, notice having been given as aforesaid, the bonds or portions thereof so called for redemption shall be due and payable at the redemption price provided for the redemption of such bonds or portion thereof and, if moneys for payment of such redemption price and the accrued interest are held by the Bond Registrar or any appropriate fiduciary institution acting as escrow agent, as provided in the Resolution, interest on the bonds or the portions thereof so called for redemption shall cease to accrue. If a portion of this bond shall be called for redemption a new bond or bonds in principal amount equal to the unredeemed portion hereof will be issued to the registered owners hereof or his legal representative upon the surrender hereof.

The holder of this bond shall have no right to enforce the provisions of the Resolution, or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Resolution, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Resolution.

Modifications or alterations of the Resolution or of any resolution supplemental thereto may be made only to the extent and in the circumstances permitted by the Resolution.

The bonds are issuable as fully registered bonds in the denomination of \$5,000 or any whole multiple thereof. At the designated office of the Bond Registrar, in the manner and

subject to certain conditions provided in the Resolution, bonds of this series may be exchanged for an equal aggregate principal amount of bonds of the same maturity, or authorized denomination and bearing interest at the same rate.

The Bond Registrar is required to keep at its designated office the books of the City for the registration of and for the registration of transfers of bonds. The transfer of this bond may be registered only upon such books and as otherwise provided in the Resolution upon the surrender hereof to the Bond Registrar together with an assignment fully executed by the registered owner hereof or such registered owner's attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer, the Bond Registrar shall deliver in exchange for this bond a new bond or bonds, registered in the name of the transferee, of authorized denominations, and in aggregate principal amount equal to the unredeemed principal amount of this bond, of the same maturity and bearing interest at the same rate.

The Bond Registrar shall not be required to exchange or register any transfer of this bond during the 15 days immediately preceding the date of mailing of a notice of redemption or after this bond or any portion thereof has been selected for redemption.

This bond is issued and the Resolution was adopted under and pursuant to the City Charter of the City and the laws of the State of Florida. The Resolution provides for the creation of a special account designated "Water and Sewer Revenue Bonds Sinking Fund Account", which fund is pledged to and charged with the payment of the principal of, premium, if any, and the interest on all bonds issued and outstanding under the Resolution, and the City has covenanted in the Resolution to deposit to the credit of said special fund a sufficient amount of the Net Revenues (as defined in the Resolution) of the City's Water and Sewer System to provide for the payment of the principal of, premium, if any, and interest on the bonds issued under the provisions of the Resolution as the same shall become due and to create a reserve for such purpose.

All acts, conditions and things required by the Constitution and laws of the State of Florida and the ordinances and resolutions of the City to happen, exist and be performed precedent to and in the issuance of this bond have happened, exist and have been performed as so required.

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Resolution until this bond shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, said City of Fort Lauderdale, by resolution duly adopted by its City Commission, has caused this bond to bear the signature of its Mayor and its City Manager and to bear the signature of its Clerk and the official seal of the City to be imprinted hereon.

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Mayor

---

City Manager

[SEAL]

ATTEST:

---

City Clerk



**CERTIFICATE OF AUTHENTICATION**

This bond is one of the bonds of the series designated herein and issued under the provisions of the Resolution.

**CITY OF FORT LAUDERDALE, FLORIDA  
as Bond Registrar**

By: \_\_\_\_\_  
Director of Finance

Date of authentication: \_\_\_\_\_

**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_

\_\_\_\_\_  
(please print or typewrite name and address of transferee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ Attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

\_\_\_\_\_  
Dated: \_\_\_\_\_

\_\_\_\_\_  
**NOTICE:** The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

\_\_\_\_\_  
**NOTICE:** Signatures must be guaranteed by a member firm or the New York Stock Exchange or a commercial bank or a trust company.

**FORM OF ABBREVIATIONS FOR BONDS**

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common	UNIF GIFT MIN ACT - _____	Custodian _____
TEN ENT - as tenants by the entireties	(Cust)	(Minor)
JT TEN - as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act _____	(State)

Additional abbreviations may also be used though not in the above list.