

**SEMINOLE COUNTY GOVERNMENT
AGENDA MEMORANDUM**

SUBJECT: Water and Sewer Revenue Refunding Bonds, Series 2005 Status Update and Discussion of Municipal Market Data (MMD) Rate Lock Option

DEPARTMENT: Fiscal Services **DIVISION:** Administration

AUTHORIZED BY: Lisa H. Spriggs **CONTACT:** Lisa H. Spriggs **EXT.** 7172

Agenda Date <u>2/22/05</u> Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Work Session <input type="checkbox"/> Briefing <input type="checkbox"/>
Public Hearing – 1:30 <input type="checkbox"/> Public Hearing – 7:00 <input type="checkbox"/>

MOTION/RECOMMENDATION:

Update and discussion on Water & Sewer Revenue Refunding Bonds, Series 2005, and Municipal Market Data (MMD) Rate Lock proposal by Bank of America, Senior Manager.

BACKGROUND:

On January 25, 2005, the Board authorized staff to proceed with the refunding of the callable portion of the County's Series 1999, Water & Sewer Revenue Bonds with the selection of Bank of America as Senior Manager. The analysis prepared by the County's Financial Advisor dated January 24, 2005, indicated a net present value savings of \$1.7m or 4.125% savings as a percentage of refunded bonds. The market has continued to move in our favor with market conditions as of February 14, 2005, yielding a net present value savings of \$2.1m or 5.322% savings as a percentage of refunded bonds.

The issuance of the Water & Sewer Revenue Refunding Bonds, Series 2005, is market sensitive and subject to interest rate fluctuations until the pricing date. Bank of America has brought forth a "MMD (Municipal Market Data) Rate Lock" proposal for the County's consideration. The MMD Rate Lock is designed to hedge or reduce interest rate risk while preparing a refunding issue for market. By using the rate lock product, the County has the potential to achieve a reasonable savings threshold and hedge future interest rate movements between now and pricing.

Attached:
MMD Rate Lock Discussion prepared by Bank of America
Applicable Resolution prepared by Bond Counsel

Reviewed by:
Co Atty: _____
DFS: _____
Other: _____
DCM: _____
CM: _____
File No. <u>RFS02</u>

MMD Rate Lock Discussion
Water and Sewer Revenue Refunding Bonds, Series 2005



February 15, 2005

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Overview and Objective of Presentation

- The following presentation discusses a technique to hedge movements in interest rates for Seminole County (the “County”) to take advantage of potential present value savings associated with the proposed refunding of the outstanding Water and Sewer Revenue Bonds, Series 1999.
- The County plans to sell approximately \$40.33 million of fixed rate refunding bonds to affect a refunding of the Series 1999 bonds. The anticipated pricing date is March 15, 2005.
 - Each basis point (0.01%) move in interest rates on the proposed issue is equal to approximately \$56,000 in interest expense or \$40,700 on a present value basis.
- The present value savings demonstrated as of February 14, 2005 was approximately \$2,160,301 or 5.321% of the refunded par of \$40,595,000.
- To protect the 3% savings threshold of present value refunding savings and minimize the impact of a potential increase in rates, issuers have turned to anticipatory hedging structures such as MMD Rate Locks.
- With the use of a MMD Rate Lock, the County can effectively lock in interest rates today to hedge the proposed refunding issue, which is not scheduled to be issued until a future date.
- The County can enter into the MMD rate lock for a **premium of 11 basis points (0.11%) or approximately \$447,700** to hedge the interest rate risk associated with the refunding bonds anticipated to be sold on March 15, 2005 and meet or exceed the 3% savings threshold

Municipal Market Data "MMD"

- Municipal Market Data "MMD" is the benchmark yield curve for municipal bonds, the "AAA" MMD curve will be used to settle the MMD Rate Lock.
- The County's bonds will trade based on a credit spread to MMD. The spread is a representation of the bond investor's appetite for the credit structure of the bonds. The proposed structures do not hedge the credit spread.

	DATA-LINE MENU	Historical "AAA" Spots	HISTORICAL PAGE	
	PREVIOUS PAGE	"AAA" % Treas	NEXT PAGE	

"AAA" Municipal Yields Data-Line page 4

["AAA" Municipal Yields as of 02/14/2005]

Year	Yield	Basis Change	Price Change	Year	Yield	Basis Change	Price Change
1) .. 2006	2.220	-	0.00	16) .. 2021	3.810	1	-1.19
2) .. 2007	2.370	-	0.00	17) .. 2022	3.860	-	0.00
3) .. 2008	2.490	-	0.00	18) .. 2023	3.920	-	0.00
4) .. 2009	2.630	1	-0.38	19) .. 2024	3.980	-	0.00
5) .. 2010	2.780	1	-0.46	20) .. 2025	4.040	-	0.00
6) .. 2011	2.940	1	-0.55	21) .. 2026	4.100	-	0.00
7) .. 2012	3.070	1	-0.63	22) .. 2027	4.160	-	0.00
8) .. 2013	3.200	1	-0.70	23) .. 2028	4.210	-	0.00
9) .. 2014	3.300	1	-0.77	24) .. 2029	4.260	-	0.00
10) .. 2015	3.400	1	-0.84	25) .. 2030	4.290	-	0.00
11) .. 2016	3.480	1	-0.91	26) .. 2031	4.310	-	0.00
12) .. 2017	3.560	1	-0.97	27) .. 2032	4.320	-	0.00
13) .. 2018	3.630	1	-1.03	28) .. 2033	4.330	-	0.00
14) .. 2019	3.690	1	-1.09	29) .. 2034	4.330	-	0.00
15) .. 2020	3.750	1	-1.14	30) .. 2035	4.330	-	0.00

MMD Rate Lock Overview

Structure

- MMD is used as a proxy for the general levels of tax-exempt rates
- Issuer agrees to lock-in the forward rates on a specific settlement day and principal amount
- The MMD rate lock is settled for its cash value on the settlement date. The settlement amount is based on the difference between the prevailing cash market bonds and the initial locked-in rate.
- Ideal structure for Issuers who want to lock in the municipal bond market to protect refunding savings for three to six months.

Benefits

- Issuer knows at execution the exact “cost” of the hedge
- No direct up-front cost
- Lock period is stipulated by the Issuer
- Ability to reduce interest rate exposure while preparing a bond offering for market
- If the prevailing market yield is higher than the locked level, the Issuer receives a cash settlement representing the present value of the yield differential

Considerations

- Although the rate lock protects the Issuer from movements in future rates, it does not protect against changes in credit spreads
- If the prevailing market rates are below the locked level, the Issuer pays a cash settlement payment to Bank of America representing the present value of the yield differential
- If for some unforeseen reason the financing does not occur, the Issuer still has the contractual obligations associated with the MMD Rate Lock

Hedging Strategy and Settlement Procedures

Mechanics

- MMD Rate Locks are created by entering into a “short” market position with an average life and Present Value of 1 basis point (PV 01) equal to the underlying anticipated bond financing (or a portion of the proposed bond offering).
 - At pricing/settlement, if the prevailing yield is
 - higher than the locked-in yield, the County receives a cash settlement representing the present value of the yield differential and the County would issue its refunding bonds at the higher prevailing market rates.
 - lower than the locked-in yield, the County pays a cash settlement representing the present value of the yield differential and the County would issue its refunding bonds at the lower prevailing market rates.
 - Upon execution, settlement will occur on the settlement date, regardless of the issuance of the refunding bonds.

Mechanics of Settlement of a MMD Rate Lock

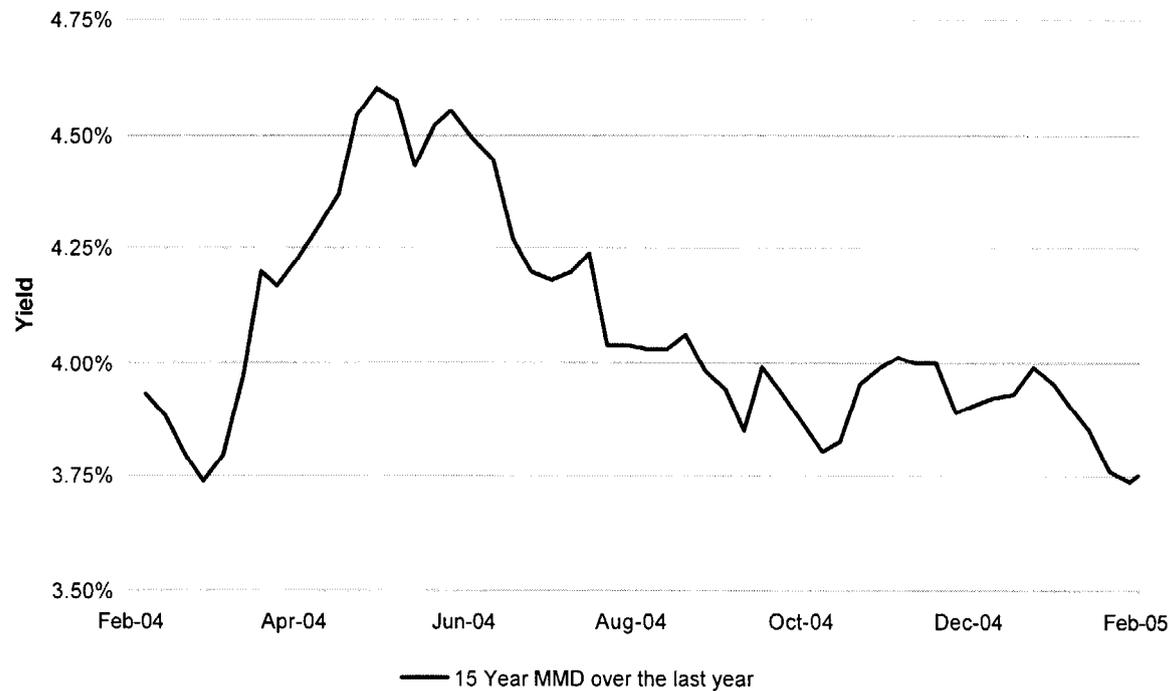
$$\text{Settlement} = (\text{Locked Yield} - \text{Settlement Yield}) \times \text{PV 01 of hedge}$$

Points on the Curve Nemours is Sensitive to Rate Movements	A		C	B	
	<u>"AAA" MMD On Execution</u>	<u>"AAA" MMD plus Premium</u>	<u>Dollar Value of a Basis Point Per Bucket</u>	<u>"AAA" MMD On Settlement</u>	<u>Settlement</u>
 10 y	3.400%	3.510%	2,727	TBD	A - B * C
 12 y	3.560%	4.670%	11,809	TBD	A - B * C
 15 y	3.750%	3.860%	19,658	TBD	A - B * C
 20 y	4.040%	4.150%	5,010	TBD	A - B * C

Assumes settlement on March 15, 2005
Pricing as of February 15, 2005
For illustrative purposes, subject to market

Current Interest Rate Market - 15 Year MMD "AAA" Index

The "AAA" MMD Index is a proxy for a 15 year tenor of generic "AAA" municipal bonds. The chart below demonstrates rates since February of 2004. As shown, rates have ranged between 4.60% and 3.74% demonstrating an 83 basis point range. Today, the index is near its low for the past year at 3.74%.



Source: TM3 February 15, 2005

MMD Rate Lock - Advantages and Disadvantages

Advantages

- Effectively hedges the cash municipal bond market
- Termination or unwind settlement is clearly defined in the contract
- Can be documented under an industry standard long-form ISDA agreement

Disadvantages

- Does not hedge the actual market's appetite for the County's credit quality
- Forward premium is relatively high for periods in excess of one year
- Relatively illiquid
- Issuance Risk

Legal Entity and Credit Rating

Bank of America N.A. - is the firm's legal counterparty in a swap transaction. The Bank is one of the largest market-makers of risk management products in the world. The Global Derivatives department at Bank of America includes over 860 trading, distribution, structuring, research, and professional staff located in Charlotte, Chicago, Dallas, Hong Kong, Houston, London, Madrid, New York, San Francisco, Seattle, Sydney, Tokyo and Toronto. Our department is committed to fast, efficient pricing and execution for any structure in most currencies. *Bank of America provides products, services, and solutions to help clients meet their risk management, hedging and exposure mitigation needs, taking into account their tax and accounting issues, overall financing goals, and use of other Bank products and services. The bank offers the principal products currently available in the global derivative markets, either on a stand-alone basis, or in conjunction with other Bank products, for use by both asset and liability managers.*

Credit Ratings - *The Bank of America, N.A. short-term and long-term senior debt ratings are the highest among all of the major Banks. They are as follows: Moody's Short-Term "P-1" and Long Term "Aa1", Standards & Poor's Short-Term "A-1+" and Long Term "AA" and Fitch Short-Term "F-1+" and Long Term "AA-".* Our firm's credit rating outlook is stable by all three major rating agencies. Upon request, we will provide rating agency reports and the most recent audited financials of our Corporation, both of which are public information.

BEST OVERALL PROVIDER OF DERIVATIVES

Overall	
1st	Bank of America
2nd	JP Morgan
3rd	Citibank
Under \$1Bln	
Over \$1Bln	
1st	Bank of America
2nd	JP Morgan
3rd	Citibank & Wachovia

Source: *Treasury and Risk Management*, January 2005 Issue

Moody's		Standard & Poor's		Fitch	
LT/ST	Outlook	LT/ST	Outlook	LT/ST	Outlook
Aa1/P-1	Stable	AA/A-1+	Stable	AA-/F1+	Stable

Disclaimer

Each prospective counterparty should conduct a thorough and independent review (either itself or with such advisers as it deems appropriate) of the legal, tax and accounting aspects of any proposed transaction in light of its particular circumstances. Although the information set forth herein is indicative of the terms, as of the specified date, under which Bank of America believes a transaction might be structured, no assurance can be given that such a transaction will in fact be executed. Information contained in this presentation has been obtained from sources believed to be reliable, but its accuracy or completeness is not guaranteed by Bank of America. This presentation is for informational purposes only and is intended solely for your use. It does not constitute an offer to buy or sell or a solicitation of an offer to buy or sell a security or any financial instrument, or to execute a derivative transaction, of the type generally described herein. The information contained herein, and any other communications or information provided by Bank of America, are not intended to be, and shall not be regarded or construed as, recommendations for transactions or investment advice, and Bank of America shall not be relied upon for the same without a specific, written agreement between us.

RESOLUTION NO. 05-R-

A RESOLUTION AUTHORIZING THE CHAIRMAN, VICE-CHAIRMAN, COUNTY MANAGER, BOND COUNSEL AND FINANCIAL ADVISOR FOR THE COUNTY TO NEGOTIATE A MMD INTEREST RATE LOCK WITH BANK OF AMERICA, N.A. IN CONNECTION WITH THE REFUNDING OF A PORTION OF THE COUNTY'S WATER AND SEWER REVENUE BONDS, SERIES 1999; PROVIDING GENERAL AUTHORITY AND AN EFFECTIVE DATE.

BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF SEMINOLE COUNTY, FLORIDA:

SECTION 1. FINDINGS. It is hereby found and determined that:

(A) On December 15, 1992 the Board of County Commissioners of Seminole County, Florida (the "Board"), as the governing body of Seminole County, Florida (the "County"), duly adopted a Water and Sewer Revenue Bond Resolution (as heretofore supplemented and amended, and particularly as heretofore supplemented by Resolution No. 92-R-328 of the County adopted on December 15, 1992 and as supplemented and amended by Resolution No. 99-R-88 of the County adopted on June 22, 1999, the "Master Resolution"), for the purposes described therein, authorizing, among other things, the issuance of \$79,185,000 aggregate principal amount of Water and Sewer Revenue Refunding and Improvement Bonds, Series 1992, dated December 1, 1992.

(B) On July 15, 1999 the County, pursuant to the terms of the Master Resolution, issued \$43,435,000 initial aggregate principal amount of Water and Sewer Revenue Bonds, Series 1999 (the "Series 1999 Bonds"), \$42,210,000 of which are presently outstanding.

(C) The Master Resolution provides for the issuance of Additional Bonds payable on a parity with the Series 1992 Bonds and the Series 1999 Bonds in order to, among other things, refund Outstanding Bonds and refinance the costs of Projects upon meeting the requirements set forth in the Master Resolution.

(D) It is in the best interest of the County to refund all or a portion of the Series 1999 Bonds maturing on and after October 1, 2010 (herein collectively referred to as the "Refunded Bonds") for debt service savings, the exact Series 1999 Bonds to be refunded to be determined by the Chairman or Vice-Chairman or their designee(s) upon the advise

of the County's financial advisor in accordance with the terms of a Supplemental Resolution to be adopted by the Board in connection with the issuance of the Series 2005 Bonds (defined below).

(E) In order to provide for funds sufficient to refund the Refunded Bonds, fund the Reserve Account, and pay costs associated therewith, the County deems it desirable and in its best interests to issue its Water and Sewer Revenue Refunding Bonds, Series 2005 (the "Series 2005 Bonds") as provided in the Master Resolution.

(F) Due to the present volatility in the market for tax-exempt obligations and the desire of the County to secure its ability to refund the Refunded Bonds at favorable rates, it is in the best interest of the County to secure such rates pursuant to a MMD Interest Rate Lock with Bank of America, N.A. (including all schedules and confirmations related thereto, the "Interest Rate Lock").

SECTION 2. DEFINITIONS. When used in this Resolution, the terms defined in the Master Resolution shall have the meanings therein stated, except as such definitions shall be hereinafter amended.

SECTION 3. AUTHORITY FOR THIS RESOLUTION. This Resolution is enacted pursuant to the provisions of the Master Resolution and the Act.

SECTION 4. AUTHORIZATION OF REFUNDING AND EXECUTION AND DELIVERY OF INTEREST RATE LOCK. The refunding of the Refunded Bonds in the manner provided in the Master Resolution and by Supplemental Resolution to be adopted by the Board prior to the issuance of the Series 2005 Bonds is hereby preliminarily authorized and approved. The exact Series 1999 Bonds to be refunded will be determined in accordance with the terms of the Supplemental Resolution. In connection therewith, the County hereby authorizes and directs the Chairman, Vice-Chairman, County Manager, County Attorney and the County's Bond Counsel and Financial Advisor to negotiate the terms of the Interest Rate Lock. The Interest Rate Lock shall be substantially in the form attached hereto as Exhibit A, with such changes, amendments, modifications, omissions and additions as may be approved by the Chairman, Vice-Chairman or County Manager their execution and delivery of the Interest Rate Lock being conclusive evidence of approval of such changes. All of the provisions of the Interest Rate Lock when executed and delivered by the County as authorized herein and when duly authorized, executed and delivered by Bank of America, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

SECTION 5. GENERAL AUTHORITY. The members of the Board of County Commissioners, the Clerk, the County Manager, the Finance Director, the County

Attorney, Bond Counsel and the County's financial advisor and the officers, attorneys and other agents or employees of the County are hereby authorized to do all acts and things required of them by this Resolution or the Master Resolution or the Interest Rate Lock or desirable or consistent with the requirements hereof or the Master Resolution or the Interest Rate Lock for the full punctual and complete performance of all the terms, covenants and agreements contained in this Resolution, including the execution of any documents or instruments relating to the Interest Rate Lock.

SECTION 6. SEVERABILITY AND INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Interest Rate Lock.

SECTION 7. EFFECTIVE DATE. This Resolution shall become effective immediately upon its adoption.

This Resolution duly adopted this 22nd day of February, 2005.

**BOARD OF COUNTY COMMISSIONERS
SEMINOLE COUNTY, FLORIDA**

(SEAL)

By: _____
Chairman

ATTEST:

County Clerk

EXHIBIT A

FORM OF INTEREST RATE LOCK

RESOLUTION NO. 05-R-

A RESOLUTION SUPPLEMENTING IN CERTAIN RESPECTS THE WATER AND SEWER REVENUE BOND RESOLUTION NO. 92-R-327 OF THE BOARD OF COUNTY COMMISSIONERS OF SEMINOLE COUNTY, FLORIDA, ADOPTED ON DECEMBER 15, 1992, AND ENTITLED: "A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF SEMINOLE COUNTY, FLORIDA AUTHORIZING THE REFUNDING OF THE COUNTY'S OUTSTANDING WATER AND SEWER REVENUE BONDS, SERIES 1985, WATER AND SEWER REVENUE BONDS, SERIES 1987 AND WATER AND SEWER REVENUE BONDS, SERIES 1989; AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN CAPITAL IMPROVEMENTS FOR OR ADDITIONS TO THE COUNTY'S WATER AND SEWER UTILITY SYSTEM; AUTHORIZING THE ISSUANCE BY SEMINOLE COUNTY, FLORIDA OF NOT EXCEEDING \$79,185,000 IN THE AGGREGATE PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE REFUNDING AND IMPROVEMENT BONDS, SERIES 1992 IN ORDER TO PROVIDE FUNDS SUFFICIENT, TOGETHER WITH OTHER AVAILABLE SUMS, TO REFUND THE OUTSTANDING SERIES 1985 BONDS, SERIES 1987 BONDS AND SERIES 1989 BONDS AND FINANCE THE COSTS OF ACQUISITION OF CONSTRUCTION OF SUCH CAPITAL IMPROVEMENTS; PLEDGING THE NET REVENUES, CONNECTION FEES, IF ANY, AND OTHER MONEYS, IF ANY, TO SECURE PAYMENT OF THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON SAID BONDS AS WELL AS ANY OTHER BONDS ISSUED PURSUANT TO THIS RESOLUTION; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SAID BONDS; PROVIDING FOR THE ISSUANCE OF ADDITIONAL BONDS, MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; AND PROVIDING FOR AN EFFECTIVE DATE FOR THIS RESOLUTION," AS HERETOFORE SUPPLEMENTED PURSUANT TO

RESOLUTION NO. 92-R-328 ADOPTED BY THE BOARD OF COUNTY COMMISSIONERS ON DECEMBER 15, 1992 AND AS HERETOFORE SUPPLEMENTED AND AMENDED BY RESOLUTION NO. 99-R-88 ADOPTED BY THE BOARD OF COUNTY COMMISSIONERS ON JUNE 22, 1999; AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$45,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE REFUNDING BONDS, SERIES 2005 FOR THE PRINCIPAL PURPOSE OF PROVIDING FUNDS SUFFICIENT TO REFUND A PORTION OF THE COUNTY'S OUTSTANDING WATER AND SEWER REVENUE BONDS, SERIES 1999, AS MORE PARTICULARLY DESCRIBED HEREIN; DELEGATING CERTAIN AUTHORITY TO THE CHAIRMAN OR VICE-CHAIRMAN AND THEIR DESIGNEE(S) TO AWARD SAID BONDS PURSUANT TO A NEGOTIATED SALE; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT WITH RESPECT THERETO; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT AND APPOINTING AN ESCROW AGENT IN ORDER TO FACILITATE SUCH REFUNDING; APPOINTING THE PAYING AGENT AND REGISTRAR FOR SAID BONDS; AUTHORIZING THE USE OF A PRELIMINARY OFFICIAL STATEMENT AND THE EXECUTION AND DELIVERY OF A FINAL OFFICIAL STATEMENT WITH RESPECT THERETO; AUTHORIZING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE CERTIFICATE; CONDITIONALLY ACCEPTING THE COMMITMENT OF _____ TO ISSUE ITS MUNICIPAL BOND INSURANCE POLICY INSURING THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS, WHEN DUE; MAKING CERTAIN REPRESENTATIONS AND COVENANTS IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS; AND PROVIDING FOR AN EFFECTIVE DATE FOR THIS RESOLUTION.

BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF SEMINOLE COUNTY, FLORIDA:

SECTION 1.FINDINGS. It is hereby found and determined that:

(A) On December 15, 1992 the Board of County Commissioners of Seminole County, Florida (the "Issuer"), duly adopted a Water and Sewer Revenue Bond Resolution (as heretofore supplemented and amended, and particularly as heretofore supplemented by Resolution No. 92-R-328 of the Issuer adopted on December 15, 1992 and as supplemented and amended by Resolution No. 99-R-88 of the Issuer adopted on June 22, 1999, the "Master Resolution"), the title of which resolution is quoted in the title of this Supplemental Resolution for the purposes described therein, authorizing, among other things, the issuance of \$79,185,000 aggregate principal amount of Water and Sewer Revenue Refunding and Improvement Bonds, Series 1992, dated December 1, 1992, \$_____ of which are presently outstanding (the "Series 1992 Bonds"). The Series 1992 Bonds were issued on January 13, 1993.

(B) On July 15, 1999 the Issuer, pursuant to the terms of the Master Resolution, issued \$43,435,000 initial aggregate principal amount of Water and Sewer Revenue Bonds, Series 1999 (the "Series 1999 Bonds"), \$42,210,000 of which are presently outstanding.

(C) The Master Resolution provides for the issuance of Additional Bonds payable on a parity with the Series 1992 Bonds and the Series 1999 Bonds, in order to, among other things, to refund Outstanding Bonds and refinance the costs of Projects upon meeting the requirements set forth herein and in the Master Resolution.

(D) It is in the best interest of the Issuer to refund all or a portion of the Series 1999 Bonds maturing on and after October 1, 2010 (herein collectively referred to as the "Refunded Bonds") for debt service savings, the exact Series 1999 Bonds to be refunded to be determined by the Chairman or Vice-Chairman or their designee(s) upon the advise of the Issuer's financial advisor in accordance with the terms of this Supplemental Resolution.

(E) In order to provide for funds sufficient to refund the Refunded Bonds, fund the Reserve Account, and pay costs associated therewith, the Issuer deems it desirable and in its best interests to issue its Water and Sewer Revenue Refunding Bonds, Series 2005 (the "Series 2005 Bonds") as herein and in the Master Resolution provided.

(F) The covenants, pledges and conditions in the Master Resolution shall be applicable to the Series 2005 Bonds herein authorized and said Series 2005 Bonds shall

be on a parity with and rank equally as to lien on and source and security for payment from the Pledged Funds and in all other aspects with the Series 1992 Bonds and the Series 1999 Bonds not constituting Refunded Bonds (herein referred to as the "Outstanding Series 1999 Bonds"), except to the extent otherwise provided herein or in the Master Resolution. The Issuer is not in default in performing any of the covenants, agreements or obligations under the Master Resolution and all payments required by the Master Resolution to be made to the funds and accounts established by the Master Resolution have been made to the full extent required.

(G) The principal of and interest on the Series 2005 Bonds and all required sinking fund, reserve and other payments shall be limited obligations of the Issuer, payable solely from the Pledged Funds in the manner provided in the Master Resolution. The Series 2005 Bonds shall not constitute a general obligation, or a pledge of the faith, credit or taxing power of the Issuer, the State of Florida, or any political subdivision or agency thereof, within the meaning of any constitutional or statutory limitations. Neither the State of Florida, nor any political subdivision or agency thereof, including the Issuer, shall be obligated (1) to exercise its ad valorem taxing power in any form on any real or personal property of or in the Issuer to pay the principal of the Series 2005 Bonds, the interest thereon, or other costs incidental thereto, or (2) to pay the same from any other funds of the Issuer except from the Pledged Funds in the manner provided herein and in the Master Resolution.

(H) Due to the potential volatility of the market for tax-exempt obligations such as the Series 2005 Bonds and the complexity of the transactions relating to such Series 2005 Bonds and the refunding of the Refunded Bonds, it is in the best interest of the Issuer to sell the Series 2005 Bonds by a delegated, negotiated sale, allowing the Issuer to enter the market at the most advantageous time, rather than at a specified advertised date, thereby permitting the Issuer to obtain the best possible price and interest rate for the Series 2005 Bonds.

(I) The Issuer anticipates receiving a favorable offer to purchase the Series 2005 Bonds from _____, _____ and _____ (collectively, the "Underwriters"), all within the parameters set forth herein.

(J) Inasmuch as the Issuer desires to sell the Series 2005 Bonds at the most advantageous time and not wait for a regularly scheduled meeting, so long as the herein described parameters are met, the Issuer hereby determines to delegate the award and sale of the Series 2005 Bonds to the Chairman of the Board and, in his absence or unavailability, to the Vice-Chairman of the Board and their designee(s).

(K) The Master Resolution provides that Additional Bonds such as the Series 2005 Bonds shall mature on such dates and in such amounts, shall bear such rates of interest, shall be payable in such places and shall be subject to such redemption provisions as shall be determined by Supplemental Resolution adopted by the Issuer; and it is now appropriate that the Issuer determine such terms and details through a delegated negotiated sale in accordance with the parameters set forth herein.

SECTION 2. DEFINITIONS. When used in this supplemental resolution, the terms defined in the Master Resolution shall have the meanings therein stated, except as such definitions shall be hereinafter amended.

SECTION 3. AUTHORITY FOR THIS SUPPLEMENTAL RESOLUTION. This Supplemental Resolution is enacted pursuant to the provisions of the Master Resolution and the Act. This Supplemental Resolution and the Master Resolution are herein collectively referred to as the "Resolution."

SECTION 4. AUTHORIZATION AND DESCRIPTION OF SERIES 2005 BONDS. The Issuer hereby determines to issue a Series of Additional Bonds in the aggregate principal amount of not to exceed \$45,000,000 to be known as "Seminole County, Florida Water and Sewer Revenue Refunding Bonds, Series 2005" for the principal purpose of refunding the Refunded Bonds, funding the Reserve Account and paying costs associated with the issuance of the Series 2005 Bonds, all in accordance with Sections 2.01 and 6.02 of the Master Resolution. The exact initial aggregate principal amount of Series 2005 Bonds to be issued shall be determined by the Chairman, Vice-Chairman or their designee(s) in accordance with Section 5 hereof, provided such initial aggregate principal amount does not exceed \$45,000,000. Said Series 2005 Bonds shall be dated as of their date of issue (or such other later date as may be set forth in the Purchase Agreement referenced in Section 5 hereof), shall be issued in the form of fully registered Bonds in the denomination of \$5,000 or any integral multiple thereof, shall be numbered consecutively from one upward in order of maturity preceded by the letter "R," shall be substantially in the form of Exhibit A hereto, shall bear interest from their dated date, payable semi-annually, on October 1 and April 1 of each year (the "Interest Dates"), commencing on April 1, 2005 or October 1, 2005, as set forth in the Purchase Agreement.

Subject to the provisions of Section 6 hereof, interest on the Series 2005 Bonds shall be payable by check or draft of the Registrar and Paying Agent, made payable to and mailed to the Holder in whose name such Bond shall be registered at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding the Interest Date, or at the prior written request and expense of a Holder of \$1,000,000 or more aggregate principal amount of Series 2005 Bonds, by bank wire transfer to the account of such Holder designated in such writing.

SECTION 5. CONDITIONS TO ACCEPTANCE OF PURCHASE AGREEMENT. The Chairman, or in his absence or unavailability, the Vice-Chairman, shall not execute and deliver a Bond Purchase Agreement among the Issuer and the Underwriters (the "Purchase Agreement") until such time as all of the following conditions have been satisfied:

(A) Receipt by the Chairman of a written offer to purchase the Series 2005 Bonds by the Underwriters substantially in the form of the Purchase Agreement attached hereto as Exhibit B, said offer to provide for, among other things, (i) not exceeding \$45,000,000 initial aggregate principal amount of Series 2005 Bonds, (ii) an underwriting discount (including management fee and all expenses) not in excess of _____% of the par amount of the Series 2005 Bonds, (iii) a net present value savings on the par amount of the Refunded Bonds of not less than three percent (3%), and (iv) the maturities of the Series 2005 Bonds, with the final maturity being not later than October 1, 2022.

(B) With respect to any redemption terms for the Series 2005 Bonds, the first call date may be no later than eleven years from the date of issuance and no call premium may exceed 1% of the par amount of that portion of the Series 2005 Bonds to be redeemed; provided, however, that the Issuer may issue noncallable Series 2005 Bonds in the event the Underwriters and the Issuer's financial advisor advise the Issuer that it is in its best interest to issue noncallable Series 2005 Bonds. Term Bonds may be established with such Amortization Installments as the Chairman deems appropriate.

(C) Receipt by the Chairman of a disclosure statement and a truth-in-bonding statement of the Underwriters complying with Section 218.385, Florida Statutes.

(D) Receipt by the Chairman of the recommendation of the County's financial advisor to offer the Series 2005 Bonds with or without the Bond Insurance Policy and the Reserve Account Insurance Policy referred to in Section 12 hereof.

Upon satisfaction of all of the requirements set for this in this Section 5, the Chairman is authorized to execute and deliver the Purchase Agreement containing terms complying with the provisions of this Section 5 and the Series 2005 Bonds shall be sold to the Underwriters pursuant to the provisions of such Purchase Agreement.

SECTION 6. FULL BOOK-ENTRY. Notwithstanding the provisions set forth in Section 2.08 of the Master Resolution, the Series 2005 Bonds shall be initially issued in the form of a separate single certificated fully registered Bond for each of the maturities of the Series 2005 Bonds. Upon initial issuance, the ownership of each such Bond shall be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Except as provided in Section 2.08 of the Master Resolution, all of the Outstanding Series 2005

Bonds shall be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC. As long as the Series 2005 Bonds shall be registered in the name of Cede & Co., all payments of principal on the Series 2005 Bonds shall be made by the Paying Agent by check or draft or by bank wire transfer to Cede & Co., as Holder of the Series 2005 Bonds, upon presentation of the Series 2005 Bonds to be paid, to the Paying Agent.

With respect to the Series 2005 Bonds registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC; the Issuer, the Registrar and the Paying Agent shall have no responsibility or obligation to any direct or indirect participant in the DTC book-entry program (the "Participants"). Without limiting the immediately preceding sentence, the Issuer, the Registrar and the Paying Agent shall have no responsibility or obligation with respect to (A) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest on the Series 2005 Bonds, (B) the delivery to any Participant or any other Person other than a Bondholder, as shown in the registration books kept by the Registrar, of any notice with respect to the Series 2005 Bonds, including any notice of redemption, or (C) the payment to any Participant or any other Person, other than a Bondholder, as shown in the registration books kept by the Registrar, of any amount with respect to principal of, redemption premium, if any, or interest on the Series 2005 Bonds. The Issuer, the Registrar and the Paying Agent may treat and consider the Person in whose name each Bond is registered in the registration books kept by the Registrar as the Holder and absolute owner of such Bond for the purpose of payment of principal, redemption premium, if any, and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, redemption premium, if any, and interest on the Series 2005 Bonds only to or upon the order of the respective Holders, as shown in the registration books kept by the Registrar, or their respective attorneys duly authorized in writing, as provided herein and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal, redemption premium, if any, and interest on the Series 2005 Bonds to the extent of the sum or sums so paid. No Person other than a Holder, as shown in the registration books kept by the Registrar, shall receive a certificated Bond evidencing the obligation of the Issuer to make payments of principal, redemption premium, if any, and interest pursuant to the provisions of the Resolution. Upon delivery by DTC to the Issuer of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to transfers during the 15 days next preceding an Interest Date or mailing of notice of redemption, the words "Cede & Co." in this Supplemental Resolution shall refer to such new nominee of DTC; and upon receipt

of such notice, the Issuer shall promptly deliver a copy of the same to the Registrar and the Paying Agent.

Upon (A) receipt by the Issuer of written notice from DTC (i) to the effect that a continuation of the requirement that all of the Outstanding Series 2005 Bonds be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, is not in the best interest of the beneficial owners of the Series 2005 Bonds or (ii) to the effect that DTC is unable or unwilling to discharge its responsibilities and no substitute depository willing to undertake the functions of DTC hereunder can be found which is willing and able to undertake such functions upon reasonable and customary terms, or (B) determination by the Issuer that such book-entry only system is burdensome to the Issuer, the Series 2005 Bonds shall no longer be restricted to being registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names Holders shall designate, in accordance with the provisions of this Resolution. In such event, the Issuer shall issue, and the Registrar shall authenticate, transfer and exchange the Series 2005 Bonds of like principal amount and maturity, in denominations of \$5,000 or any integral multiple thereof to the Holders thereof. The foregoing notwithstanding, until such time as participation in the book-entry only system is discontinued, the provisions set forth in the Blanket Issuer Letter of Representations executed by the Issuer and delivered to DTC in order to induce DTC to act as securities depository for the Series 2005 Bonds shall apply to the payment of principal of and interest on the Series 2005 Bonds.

SECTION 7. REDEMPTION PROVISIONS. Any callable Series 2005 Bonds may be redeemed prior to their respective maturities from any moneys legally available therefor, upon notice as provided in the Master Resolution, upon the terms and provisions set forth in the Purchase Agreement approved by the Chairman in accordance with the terms of Section 5 hereof.

SECTION 8. PRELIMINARY OFFICIAL STATEMENT. Subject in all respects with the satisfaction of the conditions set forth in Section 5 hereof, the Issuer hereby authorizes the distribution and use of the Preliminary Official Statement in substantially the form attached hereto as Exhibit C in connection with offering the Series 2005 Bonds for sale. If between the date hereof and the mailing of the Preliminary Official Statement, it is necessary to make insertions, modifications or changes in the Preliminary Official Statement, the Chairman, the Vice-Chairman and their designee(s) are hereby authorized to approve such insertions, changes and modifications. The Chairman, the Vice-Chairman and their designee(s) are hereby authorized to deem the Preliminary Official Statement "final" within the meaning of Rule 15c2-12(b) under the Securities Exchange Act of 1934 in the form as mailed. Execution of a certificate by the Chairman, the Vice-Chairman, the County Manager or their designee(s) deeming the

Preliminary Official Statement "final" as described above shall be conclusive evidence of the approval of any insertions, changes or modifications.

SECTION 9. OFFICIAL STATEMENT; CONTINUING DISCLOSURE CERTIFICATE. (a) Subject in all respects with the satisfaction of the conditions set forth in Section 5 hereof, the Official Statement, dated the date of the Purchase Agreement, which shall be in substantially the form of the Preliminary Official Statement, be and the same hereby is approved with respect to the information therein contained. The Chairman is hereby authorized and directed to execute and deliver said Official Statement in the name and on behalf of the Issuer, and thereupon to cause such Official Statement to be delivered to the Underwriters with such changes, amendments, modifications, omissions and additions as may be approved by the Chairman. Said Official Statement, including any such changes, amendments, modifications, omissions and additions as approved by the Chairman and the information contained therein are hereby authorized to be used in connection with the sale of the Series 2005 Bonds to the public. Execution by the Chairman of the Official Statement shall be deemed to be conclusive evidence of approval of such changes.

(b) In order to enable the Underwriters to comply with the provisions of SEC Rule 15c2-12 relating to secondary market disclosure, the Chairman is hereby authorized and directed to execute and deliver the Continuing Disclosure Certificate in the name and on behalf of the Issuer substantially in the form attached hereto as Exhibit D with such changes, amendments, omissions and additions as shall be approved by the Chairman, his execution and delivery thereof being conclusive evidence of such approval.

SECTION 10. APPOINTMENT OF PAYING AGENT AND REGISTRAR. _____, whose principal office is in _____, Florida, is hereby designated Registrar and Paying Agent for the Series 2005 Bonds. The Chairman and the County Clerk are hereby authorized to enter into any agreement which may be necessary to effect the transactions contemplated by this Section 10.

SECTION 11. AUTHORIZATION OF REFUNDING AND EXECUTION AND DELIVERY OF ESCROW DEPOSIT AGREEMENT; APPOINTMENT OF ESCROW AGENT. The refunding of the Refunded Bonds in the manner set forth herein, in the Purchase Agreement and in the hereinafter defined Escrow Deposit Agreement is hereby authorized and approved. The exact Series 1999 Bonds to be refunded will be determined by the Chairman, the Vice-Chairman or their designee(s) upon the advise of the Issuer's financial advisor in accordance with the parameters set forth in Section 5 of this Supplemental Resolution. In connection therewith, the Issuer hereby authorizes and directs the Chairman and the County Clerk to execute an escrow deposit agreement (the "Escrow Deposit Agreement) and to deliver the Escrow Deposit Agreement, substantially in the form attached hereto as Exhibit F, to

_____, _____, Florida, which is hereby appointed as escrow agent thereunder (the "Escrow Agent"). All of the provisions of the Escrow Deposit Agreement when executed and delivered by the Issuer as authorized herein and when duly authorized, executed and delivered by the Escrow Agent, shall be deemed to be a part of this Supplemental Resolution as fully and to the same extent as if incorporated verbatim herein, and the Escrow Deposit Agreement shall be in substantially the form of the Escrow Deposit Agreement attached hereto as Exhibit F with such changes, amendments, modifications, omissions and additions, including the date of such Escrow Deposit Agreement, as may be approved by said Chairman and the County Clerk. Execution by the Chairman and the County Clerk of the Escrow Deposit Agreement shall be deemed to be conclusive evidence of approval of such changes. The Chairman, County Clerk, the Finance Director, the County Manager, Counsel to the Issuer, Bond Counsel, the Issuer's financial advisor and the Escrow Agent are hereby authorized and directed to execute and file all documents necessary to purchase or subscribe to the Escrow Securities (as defined in the Escrow Deposit Agreement) on behalf of the Issuer from the Series 2005 Bond proceeds deposited for such purpose.

SECTION 12. MUNICIPAL BOND INSURANCE; RESERVE ACCOUNT INSURANCE POLICY; RESERVE ACCOUNT FOR SERIES 2005 BONDS.

(A) The Issuer has received a commitment for municipal bond insurance from _____ ("_____") to issue its financial guaranty insurance policy (the "Bond Insurance Policy") insuring the scheduled payment of principal of and interest on the Series 2005 Bonds, when due. Subject to the Issuer's financial advisor advising the Chairman, Vice-Chairman or their designee(s) to approve the sale of the Series 2005 Bonds with municipal bond insurance pursuant to Section 5(D) hereof, the Issuer hereby accepts said commitment and authorizes the Chairman, Vice-Chairman or their designee(s) to execute and deliver any documents which may be necessary to evidence the same. Upon issuance by _____ of the Bond Insurance Policy in accordance with the terms hereof, _____, or any successor thereto or assignee thereof, shall be deemed to be an "Insurer" for all purposes of the Resolution in connection with the Series 2005 Bonds. Notwithstanding the foregoing, the Chairman, Vice-Chairman or their designee(s) shall approve the issuance of the Bond Insurance Policy only if the Chairman, Vice-Chairman or their designee(s) receive the recommendation of the Issuer's financial advisor that the issuance of the Bond Insurance Policy will result in a lower overall interest cost to the Issuer than would otherwise result from the issuance of the Series 2005 Bonds without the Bond Insurance Policy.

(B) Subject to the Issuer's financial advisor advising the Chairman, Vice-Chairman or their designee(s) to approve the sale of the Series 2005 Bonds with a Reserve Account Insurance Policy pursuant to Section 5(D) hereof, there is hereby established within the Reserve Account a separate subaccount entitled "Seminole County,

Florida Water and Sewer Revenue Refunding Bonds, Series 2005 Reserve Account Subaccount" (the "Series 2005 Reserve Account Subaccount"). The Issuer shall hold the Series 2005 Reserve Account Subaccount as a separate trust account solely for the benefit and securing only the payment of debt service on the Series 2005 Bonds in accordance with Section 4.05(B)(4) of the Master Resolution. Subject to the Issuer's financial advisor advising the Chairman, Vice-Chairman or their designee(s) to approve the sale of the Series 2005 Bonds with a Reserve Account Insurance Policy pursuant to Section 5(D) hereof, the Issuer shall deposit in the Series 2005 Reserve Account Subaccount a Reserve Account Insurance Policy purchased from _____. The Chairman, Vice-Chairman or their designee(s) are hereby authorized and directed to execute and deliver in the name and on behalf of the Issuer an Insurance Agreement substantially in the form attached hereto as Exhibit E in order to cause _____ to issue such Reserve Account Insurance Policy. The provisions of such Financial Guaranty Agreement, when executed and delivered, shall be incorporated herein and in the Master Resolution by reference.

(C) The Reserve Account Insurance Policy, if any, which shall be on deposit in the Series 2005 Reserve Account Subaccount upon delivery of the Series 2005 Bonds shall be in an amount equal to the Reserve Account Requirement for the Series 2005 Bonds.

(D) In the event the Issuer's financial advisor advises the Chairman, Vice-Chairman or their designee(s) not to offer the Series 2005 Bonds with a Reserve Account Insurance Policy (or in the event _____ will not deliver said Policy without the issuance of its Bond Insurance Policy), the Reserve Account established under the Master Resolution for the Series 1992 Bonds and the Series 1999 Bonds shall also secure the Series 2005 Bonds on a parity basis and shall be funded as required by the Master Resolution.

SECTION 13. PROVISIONS RELATING TO BOND INSURANCE POLICY. The following provisions relating to the _____ Bond Insurance Policy and certain other provisions of the Master Resolution shall apply to the Series 2005 Bonds so long as such Bond Insurance Policy is in full force and effect and any Series 2005 Bonds shall remain outstanding, and the following provisions shall govern, notwithstanding anything to the contrary in the Master Resolution:

[TO COME]

SECTION 14. GENERAL AUTHORITY. The members of the Board of County Commissioners, the Clerk, the County Manager, the Finance Director, the County

Attorney, Bond Counsel and the Issuer's financial advisor and the officers, attorneys and other agents or employees of the Issuer are hereby authorized to do all acts and things required of them by this supplemental resolution or the Master Resolution, the Purchase Agreement or the Escrow Deposit Agreement or desirable or consistent with the requirements hereof or the Master Resolution, the Purchase Agreement or the Escrow Deposit Agreement for the full punctual and complete performance of all the terms, covenants and agreements contained in the Series 2005 Bonds or this supplemental resolution, including the execution of any documents or instruments relating to insuring payment of the Series 2005 Bonds or to the Official Statement, and the adoption of any supplement or amendment to the Master Resolution necessary or convenient to accomplish any of the foregoing, and each member, employee, attorney and officer of the Issuer or the Board of County Commissioners, the Clerk, the Finance Director, the County Manager, the County Attorney, Bond Counsel and the Issuer's financial advisor are hereby authorized and directed to execute and deliver any and all papers and instruments and to be and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated hereunder or under the Purchase Agreement.

Any reference herein to the "Chairman" shall include the Vice Chairman and any reference herein to the "Clerk" or "County Clerk" shall include any designated Deputy Clerk.

SECTION 15. SEVERABILITY AND INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Series 2005 Bonds.

SECTION 16. MASTER RESOLUTION TO CONTINUE IN FORCE. Except as herein expressly provided, the Master Resolution and all the terms and provisions thereof are and shall remain in full force and effect. Such Master Resolution may be amended by the Issuer in accordance with the terms hereof and in such manner as it deems appropriate prior to the delivery of the Series 2005 Bonds.

SECTION 17. EFFECTIVE DATE. This Supplemental Resolution shall become effective immediately upon its adoption.

This Resolution duly adopted this 22nd day of February, 2005.

**BOARD OF COUNTY COMMISSIONERS
SEMINOLE COUNTY, FLORIDA**

(SEAL)

By: _____
Chairman

ATTEST:

County Clerk

EXHIBIT A

[FORM OF SERIES 2005 BOND]

No. R-

\$

**UNITED STATES OF AMERICA
STATE OF FLORIDA
SEMINOLE COUNTY
WATER AND SEWER REVENUE REFUNDING BOND,
SERIES 2005**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
----------------------	----------------------	-----------------------------------	--------------

Registered Holder:

Principal Amount:

KNOW ALL MEN BY THESE PRESENTS, that Seminole County, Florida, a political subdivision of the State of Florida (the "Issuer"), for value received, hereby promises to pay, solely from the Pledged Funds hereinafter described, to the Registered Holder identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest on such Principal Amount from the Date of Original Issue identified above or from the most recent interest payment date to which interest has been paid at the Interest Rate per annum identified above on _____ and _____ of each year commencing _____ until such Principal Amount shall have been paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be or become applicable hereto.

Such Principal Amount and interest and the premium, if any, on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts. Such Principal Amount and the premium, if any, on this Bond, are payable at the designated corporate trust office of _____, _____, Florida, as Paying Agent. Payment of each installment of interest shall be made to the person in whose name this Bond shall be registered on the registration books of the Issuer maintained by _____, _____, Florida, as Registrar, at the close of business on the date which shall be the fifteenth day (whether or not a business day) next preceding each interest payment date and shall be paid by a check of such Paying Agent mailed to such Registered Holder at the address appearing on such registration books or, at the prior written request and expense of such Registered Holder, by bank wire transfer for the account of such Holder.

This Bond is one of an authorized issue of Bonds in the aggregate principal amount of \$ _____ (the "Bonds") of like date, tenor and effect, except as to maturity date, interest rate, denomination and number, issued to refund a portion of the Issuer's Outstanding Water and Sewer Revenue Bonds, Series 1999 and refinance certain capital improvements to the Issuer's water and sewer system, under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly Chapter 125, Florida Statutes, Chapter 153, Florida Statutes, and other applicable provisions of law (the "Act"), and a resolution duly adopted by the Board of County Commissioners of the Issuer, on December 15, 1992 as amended and supplemented and particularly as supplemented pursuant to a Supplemental Resolution adopted on February 22, 2005 (collectively, the "Resolution"), and is subject to all the terms and conditions of the Resolution.

This Bond and the interest hereon are payable solely from and secured by a lien upon and a pledge of (1) the Net Revenues (as defined in the Resolution) to be derived from the operation of the Issuer's water and sewer system (the "System"), (2) the Connection Fees (as defined in the Resolution), and (3) until applied in accordance with the provisions of the Resolution, all moneys, including investments thereof, in the funds and accounts established by the Resolution, except (A) as for the Rebate Fund, (B) to the extent moneys therein shall be required to pay the Operating Expenses (as defined in the Resolution) and (C) to the extent moneys on deposit in a subaccount of the Reserve Account established by the Resolution shall be pledged solely for the payment of the Series of Bonds for which it was established in accordance with the provisions of the Resolution, subject in each case to the application thereof for the purposes and on the conditions permitted by the Resolution (collectively, the "Pledged Funds"), in each case on a parity with all other Bonds Outstanding under the Resolution. It is expressly agreed by the Registered Holder of this Bond that the full faith and credit of the Issuer are not pledged to the payment of the principal of, premium, if any, and interest on this Bond and

that such Holder shall never have the right to require or compel the exercise of any taxing power of the Issuer to the payment of such principal, premium, if any, and interest. This Bond and the obligation evidenced hereby shall not constitute a lien upon the System or any other property of the Issuer, but shall constitute a lien only on, and shall be payable solely from, the Pledged Funds in accordance with the terms of the Resolution.

Neither the members of the Board of County Commissioners of the Issuer nor any person executing this Bond shall be liable personally hereon or be subject to any personal liability or accountability by reason of the issuance hereof.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE SIDE HEREOF AND SUCH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH ON THE FRONT SIDE HEREOF.

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Registrar.

IN WITNESS WHEREOF, the Board of County Commissioners of Seminole County has issued this Bond and has caused the same to be executed by the manual or facsimile signature of the Chairman, and by the manual or facsimile signature of the Clerk of the Circuit Court and ex-officio Clerk of the Board of County Commissioners of Seminole County, Florida, and its corporate seal or a facsimile thereof to be affixed or reproduced hereon, all as of the Date of Original Issue.

SEMINOLE COUNTY, FLORIDA

(SEAL)

Chairman of the Board of County
Commissioners of Seminole County, Florida

County Clerk

(Provisions on Reverse Side of Bond)

The Issuer has established a book-entry system of registration for the Bonds. Except as specifically provided otherwise in the Resolution, an agent will hold this Bond on behalf of the beneficial owner hereof. By acceptance of a confirmation of purchase, delivery or transfer, the beneficial owner of this Bond shall be deemed to have agreed to such arrangement.

This Bond is transferable in accordance with the terms of the Resolution only upon the books of the Issuer kept for that purpose at the designated corporate trust office of the Registrar by the Registered Holder hereof in person or by his attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Holder or his attorney duly authorized in writing, and thereupon a new Bond or Bonds in the same aggregate principal amount shall be issued to the transferee in exchange therefor, and upon the payment of the charges, if any, therein prescribed. The Bonds are issuable in the form of fully registered Bonds in the denomination of \$5,000 and any integral multiple thereof, not exceeding the aggregate principal amount of the Bonds. The Issuer, the Registrar and any Paying Agent may treat the Registered Holder of this Bond as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and shall not be affected by any notice to the contrary. The Issuer shall not be obligated to make any exchange or transfer of the Bonds during the fifteen (15) days next preceding an interest payment date or, in the case of any proposed redemption of the Bonds, then, for the Bonds subject to such redemption, during the fifteen (15) days next preceding the date of the first mailing of notice of such redemption.

(INSERT REDEMPTION PROVISIONS)

Redemption of this Bond under the preceding paragraphs shall be made as provided in the Resolution upon notice given by first class mail sent at least thirty (30) days prior to the redemption date to the Registered Holder hereof at the address shown on the registration books maintained by the Registrar; provided, however, that failure to mail notice to the Registered Holder hereof, or any defect therein, shall not affect the validity of the proceedings for redemption of other Bonds as to which no such failure or defect has occurred. In the event that less than the full principal amount hereof shall have been called for redemption, the Registered Holder hereof shall surrender this Bond in exchange for one or more Bonds in an aggregate principal amount equal to the unredeemed portion of principal, as provided in the Resolution.

Reference to the Resolution and any and all resolutions supplemental thereto and modifications and amendments thereof and to the Act is made for a description of the pledge and covenants securing this Bond, the nature, manner and extent of enforcement of such pledge and covenants, and the rights, duties, immunities and obligations of the Issuer.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond, exist, have happened and have been performed, in regular and due form and time as required by the laws and Constitution of the State of Florida applicable thereto, and that the issuance of the Bonds does not violate any constitutional or statutory limitations or provisions.

Unless this certificate is presented by an authorized representative of The Depository Trust Company to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by the authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

Insert Social Security or Other Identifying Number of Assignee

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____, as attorneys to register the transfer of the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature guaranteed:

NOTICE: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

NOTICE: The signature to this assignment must correspond with the name of the Registered Holder as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or other identifying number of such assignee must be supplied.

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

TEN ENT -- as tenants by the entireties

JT TEN -- as joint tenants with right of
survivorship and not as tenants
in common

UNIF TRANS MIN ACT - _____
(Cust.)

Custodian for _____

under Uniform Transfers to Minors Act of _____
(State)

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

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the Issue described in the within-mentioned Resolution.

DATE OF AUTHENTICATION:

_____,
Registrar

By: _____
Authorized Officer

EXHIBIT B

FORM OF PURCHASE AGREEMENT

EXHIBIT C

FORM OF PRELIMINARY OFFICIAL STATEMENT

EXHIBIT D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

EXHIBIT E

FORM OF INSURANCE AGREEMENT

EXHIBIT F

FORM OF ESCROW DEPOSIT AGREEMENT