

**SEMINOLE COUNTY GOVERNMENT  
AGENDA MEMORANDUM**

**SUBJECT:** Water and Sewer Revenue Bonds, Series 2006: Approval of Resolutions

**DEPARTMENT:** Fiscal Services      **DIVISION:** Resource Management

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

<b>Agenda Date</b> <u>11/7/06</u> <b>Regular</b> <input type="checkbox"/> <b>Consent</b> <input checked="" type="checkbox"/> <b>Work Session</b> <input type="checkbox"/> <b>Briefing</b> <input type="checkbox"/>
<b>Public Hearing – 1:30</b> <input type="checkbox"/> <b>Public Hearing – 7:00</b> <input type="checkbox"/>

**MOTION/RECOMMENDATION:**

Approve the “Amended and Restated Master Water and Sewer Revenue Bond Resolution “ and the “Supplemental Resolution” authorizing the issuance of the Water and Sewer Revenue Bonds, Series 2006.

**BACKGROUND:**

On July 18, 2006, the Board was presented with the Environmental Services Department’s Water, Sewer and Reclaimed Water five-year Capital Improvement Program (CIP). At that meeting the Board gave conceptual approval through consensus to move forward with the funding of the Water & Sewer CIP with partial funding from the issuance of Water & Sewer Revenue Bonds.

County staff has coordinated execution with the County’s Financial Advisor as well as Bond Counsel and Disclosure Counsel on the financing. The issuance combines the funding needs of the initial two years of the program (approximately \$160 Million) into a single issue using wrap around financing to provide level debt service through 2036.

Attached for Board consideration and approval are two resolutions:

“Amended and Restated Master Water and Sewer Revenue Bond Resolution” amending the Original Resolution to:

- provide for certain Hedge Agreements; and
- consolidate all the Bond provisions related to System debt in one master document.

“Supplemental Resolution” authorizing the:

- issuance of the Series 2006 bonds
- delegation of certain authority to the Chairman, Vice-Chairman, County Manager and their designees to award the bonds pursuant to a negotiated sale;
- execution of a bond purchase agreement;
- use of a Preliminary Official Statement; and
- execution and delivery of a final Official Statement.

<b>Reviewed by:</b>
Co Atty: _____
DFS: _____
Other: _____
DCM: _____
CM: <u>  <i>OC</i>  </u>
File No. <u>  <i>CFSRM</i>  </u>

**RESOLUTION NO. 06-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, AS HERETOFORE AMENDED AND SUPPLEMENTED: AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$170,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE BONDS, SERIES 2006 FOR THE PRINCIPAL PURPOSE OF PROVIDING FUNDS TO PAY THE COST OF ACQUISITION, CONSTRUCTION AND EQUIPPING OF CERTAIN CAPITAL IMPROVEMENTS TO THE COUNTY'S WATER AND SEWER UTILITY SYSTEM MORE PARTICULARLY DESCRIBED HEREIN; DELEGATING CERTAIN AUTHORITY TO THE CHAIRMAN, VICE-CHAIRMAN, COUNTY MANAGER AND THEIR DESIGNEES TO AWARD SAID BONDS PURSUANT TO A NEGOTIATED SALE; AUTHORIZING THE EXECUTION OF A BOND PURCHASE AGREEMENT WITH RESPECT THERETO; APPOINTING THE PAYING AGENT AND REGISTRAR FOR SAID BONDS; AUTHORIZING THE USE OF A PRELIMINARY OFFICIAL STATEMENT WITH RESPECT THERETO; AUTHORIZING THE EXECUTION AND DELIVERY OF A FINAL OFFICIAL STATEMENT AND A CONTINUING DISCLOSURE CERTIFICATE; CONDITIONALLY ACCEPTING THE COMMITMENT OF FINANCIAL GUARANTY INSURANCE COMPANY TO ISSUE ITS MUNICIPAL BOND INSURANCE POLICY INSURING THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS, WHEN DUE AND ITS DEBT SERVICE RESERVE SURETY BOND; 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 Water and Sewer Revenue Bond Resolution No. 92-R-327 (as heretofore and hereafter supplemented, amended and restated, 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.

(B) The Master Resolution provides for the issuance of Additional Bonds payable on a parity with all other Bonds issued and Outstanding under the Master Resolution, in order to, among other things, finance the costs of Additional Projects upon meeting the requirements set forth in the Master Resolution.

(C) There is hereby authorized the acquisition, construction and equipping of certain capital improvements more particularly described in Exhibit A hereto (the "Series 2006 Project") which Series 2006 Project constitutes an Additional Project within the meaning of the Master Resolution.

(D) In order to provide for funds sufficient to pay the costs of the Series 2006 Project, 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 Bonds, Series 2006 (the "Series 2006 Bonds") as herein and in the Master Resolution provided.

(E) The covenants, pledges and conditions in the Master Resolution shall be applicable to the Series 2006 Bonds herein authorized and said Series 2006 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 all other Outstanding 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.

(F) The principal of and interest on the Series 2006 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 herein and in the Master Resolution. The Series 2006 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 2006 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.

(G) Due to the potential volatility of the market for tax-exempt obligations such as the Series 2006 Bonds and the complexity of the transactions relating to the issuance of the Series 2006 Bonds, it is in the best interest of the Issuer to sell the Series 2006 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 2006 Bonds.

(H) The Issuer anticipates receiving a favorable offer to purchase the Series 2006 Bonds from Citigroup Global Markets, Inc., RBC Dain Rauscher Inc. and Banc of America Securities LLC (collectively, the "Underwriters"), all within the parameters set forth herein.

(I) Inasmuch as the Issuer desires to sell the Series 2006 Bonds at the most advantageous time and not wait for a scheduled meeting of the Board of County Commissioners of Seminole County, Florida (the "Board"), so long as the herein described parameters are met, the Issuer hereby determines to delegate the award and sale of the Series 2006 Bonds to the Chairman of the Board and, in his absence or unavailability, to the Vice-Chairman of the Board, the County Manager and their designees (each, an "Authorized Issuer Officer").

(J) The Master Resolution provides that Additional Bonds such as the Series 2006 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 respective meanings therein stated, except as otherwise expressly provided herein.

**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 2006 BONDS; APPLICATION OF PROCEEDS OF SERIES 2006 BONDS.** (A) The Issuer hereby determines to issue a Series of Additional Bonds in the aggregate principal amount of not to exceed \$170,000,000 to be known as "Seminole County, Florida Water and Sewer Revenue Bonds, Series 2006" for the principal purpose of financing the costs of the Series 2006 Project, all in accordance with Sections 2.01 and 6.02 of the Master Resolution. The exact initial aggregate principal amount of Series 2006 Bonds to be issued shall be determined in accordance with Section 5 hereof, provided such initial

aggregate principal amount does not exceed \$170,000,000. Said Series 2006 Bonds shall be dated as of their date of delivery (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 B hereto, and 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, 2007.

(B) The proceeds derived from the sale of the Series 2006 Bonds, including any accrued interest or premium, shall, simultaneously with the delivery of the Series 2006 Bonds to the purchaser or purchasers thereof, be applied as follows:

(1) Accrued interest, if any, and the proceeds of the Series 2006 Bonds representing capitalized interest, if any, shall be deposited in the Interest Account and shall be used only for the purpose of paying the interest coming due on the Series 2006 Bonds.

(2) A sufficient amount of Series 2006 Bond proceeds shall be deposited in the Reserve Account (or used to purchase a Reserve Account Insurance Policy) which, together with any other moneys and securities on deposit therein and any Reserve Account Insurance Policy and/or Reserve Account Letter of Credit deposited therein, shall equal the Reserve Account Requirement applicable thereto.

(3) A sufficient amount of the Series 2006 Bond proceeds shall be applied to the payment of the premiums of any Bond Insurance Policy applicable to the Series 2006 Bonds and to the payment of costs and expenses relating to the issuance of the Series 2006 Bonds. Such amount may, at the option of the Issuer, be deposited in and disbursed from the Construction Fund.

(4) The balance, if any, of the Series 2006 Bond proceeds shall be deposited in the Series 2006 Account of the Construction Fund, which is hereby established.

Subject to the provisions of Section 6 hereof, interest on the Series 2006 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 2006 Bonds, by bank wire transfer to the account of such Holder designated in such writing.

**SECTION 5. CONDITIONS TO ACCEPTANCE OF PURCHASE AGREEMENT.** The Authorized Issuer Officers 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 an Authorized Issuer Officer of a written offer to purchase the Series 2006 Bonds by the Underwriters substantially in the form of the Purchase Agreement attached hereto as Exhibit C, said offer to provide for, among other things, (i) not exceeding \$170,000,000 initial aggregate principal amount of Series 2006 Bonds, (ii) an underwriting discount (including management fee and all expenses) not in excess of .55% of the par amount of the Series 2006 Bonds, (iii) a true interest cost of not more than 5.0% per annum, and (iv) the maturities of the Series 2006 Bonds, with the final maturity being not later than October 1, 2036.

(B) With respect to any redemption terms for the Series 2006 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 2006 Bonds to be redeemed; provided, however, that the Issuer may issue noncallable Series 2006 Bonds in the event the Underwriters and the Issuer's financial advisor, Stifel, Nicolaus & Company, Inc. (the "Financial Advisor") advise the Issuer that it is in its best interest to issue noncallable Series 2006 Bonds. Term Bonds may be established with such Amortization Installments as provided in the Purchase Agreement.

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

(D) Receipt by an Authorized Issuer Officer of the written recommendation of the Financial Advisor to offer the Series 2006 Bonds with or without the Bond Insurance Policy and the Reserve Account Insurance Policy referred to in Section 11 hereof.

Upon satisfaction of all of the requirements set for this in this Section 5, each Authorized Issuer Officer is authorized to execute and deliver the Purchase Agreement containing terms complying with the provisions of this Section 5 and the Series 2006 Bonds shall be sold to the Underwriters pursuant to the provisions of such Purchase Agreement. The execution and delivery of the Purchase Agreement by an Authorized Issuer Officer shall be deemed to be conclusive evidence of the approval of all of the terms thereof in accordance with the terms of this Section 5.

**SECTION 6. FULL BOOK-ENTRY.** Notwithstanding the provisions set forth in Section 2.08 of the Master Resolution, the Series 2006 Bonds shall be initially issued in the form of a separate single certificated fully registered Bond for each of the maturities of the Series 2006 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"). All of the Outstanding Series 2006 Bonds shall initially 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 2006 Bonds shall be registered in the name of Cede & Co., all payments of principal on the Series 2006 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 2006 Bonds, upon presentation of the Series 2006 Bonds to be paid, to the Paying Agent.

With respect to the Series 2006 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 2006 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 2006 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 2006 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 2006 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 2006 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 2006 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 2006 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 2006 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 2006 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 2006 Bonds shall apply to the payment of principal of and interest on the Series 2006 Bonds.

**SECTION 7. REDEMPTION PROVISIONS.** Any callable Series 2006 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.

**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 D in connection with offering the Series 2006 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, each Authorized Issuer Officer is hereby authorized to approve such insertions, changes and modifications. Each Authorized Issuer Officer is 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 an Authorized Issuer Officer 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. Each Authorized Issuer Officer 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 an Authorized Issuer Officer. Said Official Statement, including any such changes, amendments, modifications, omissions and additions as approved by an Authorized Issuer Officer and the information contained therein are hereby authorized to be used in connection with the sale of the Series 2006 Bonds to the public. Execution by an Authorized Issuer Officer 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, each Authorized Issuer Officer 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 E with such changes, amendments, omissions and additions as shall be approved by an Authorized Issuer Officer, his/her execution and delivery thereof being conclusive evidence of such approval.

**SECTION 10. APPOINTMENT OF PAYING AGENT AND REGISTRAR.** Commerce Bank, National Association, whose principal office is in Jacksonville, Florida, is hereby designated Registrar and Paying Agent for the Series 2006 Bonds. The Chairman and the Clerk are hereby authorized to enter into any agreement which may be necessary to effect the transactions contemplated by this Section 10.

**SECTION 11 MUNICIPAL BOND INSURANCE; RESERVE ACCOUNT INSURANCE POLICY; RESERVE ACCOUNT FOR SERIES 2006 BONDS.** (A) The Issuer has received a commitment for municipal bond insurance from Financial Guaranty Insurance Company, a New York stock insurance company, and any successor thereto ("Financial Guaranty") to issue its municipal bond insurance policy (the "Bond Insurance Policy") insuring the scheduled payment of principal of and interest on the Series 2006 Bonds, when due. Subject to the Financial Advisor advising the Authorized Issuer Officers to approve the sale of the Series 2006 Bonds with municipal bond insurance pursuant to Section 5(D) hereof, the Issuer hereby accepts said commitment and authorizes each Authorized Issuer Officer to execute and deliver any documents which may be necessary to evidence the same. Upon issuance by Financial Guaranty of the Bond Insurance Policy in accordance with the terms hereof, Financial Guaranty, 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 2006 Bonds. Notwithstanding the foregoing, an Authorized Issuer Officer shall approve the issuance of the Bond Insurance Policy only if an Authorized Issuer Officer receives the

recommendation of the 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 2006 Bonds without the Bond Insurance Policy.

(B) Subject to the Financial Advisor advising an Authorized Issuer Officer to approve the sale of the Series 2006 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 Bonds, Series 2006 Reserve Account Subaccount" (the "Series 2006 Reserve Account Subaccount"). The Issuer shall hold the Series 2006 Reserve Account Subaccount as a separate trust account solely for the benefit and securing only the payment of debt service on the Series 2006 Bonds in accordance with Section 4.05(B)(4) of the Master Resolution. Subject to the Financial Advisor advising an Authorized Issuer Officer to approve the sale of the Series 2006 Bonds with a Reserve Account Insurance Policy pursuant to Section 5(D) hereof, the Issuer shall deposit in the Series 2006 Reserve Account Subaccount a Reserve Account Insurance Policy purchased from Financial Guaranty. Each Authorized Issuer Officer is hereby authorized and directed to execute and deliver in the name and on behalf of the Issuer a Debt Service Reserve Fund Policy Agreement substantially in the form attached hereto as Exhibit F in order to cause Financial Guaranty to issue such Reserve Account Insurance Policy. The provisions of such Insurance Agreement, when executed and delivered, shall be incorporated herein and in the Master Resolution by reference.

(C) The Reserve Account Insurance Policy which shall be on deposit in the Series 2006 Reserve Account Subaccount upon delivery of the Series 2006 Bonds shall be in an amount equal to the Reserve Account Requirement for the Series 2006 Bonds.

(D) In the event the Financial Advisor advises an Authorized Issuer Officer not to offer the Series 2006 Bonds with a Reserve Account Insurance Policy (or in the event Financial Guaranty will not deliver said Policy without the issuance of its Bond Insurance Policy), the Reserve Account established under the Master Resolution for the Issuer's Outstanding Series 1992 Bonds, Series 1999 Bonds and Series 2005 Bonds shall also secure the Series 2006 Bonds on a parity basis and shall be funded as required by the Master Resolution.

**SECTION 12. PROVISIONS RELATING TO BOND INSURANCE POLICY.** The following provisions relating to the Financial Guaranty Bond Insurance Policy and certain other provisions of the Master Resolution shall apply to the Series 2006 Bonds so long as such Bond Insurance Policy is in full force and effect and any Series 2006 Bonds shall remain outstanding, and the following provisions shall govern, notwithstanding anything to the contrary in the Master Resolution:

(1) Information Provided to Financial Guaranty. Financial Guaranty shall be provided with the following information: (a) the Issuer's Annual Budget for each Fiscal

Year and audited financial statements, as soon as the same become available and, within 180 days after the end of each of the Issuer's Fiscal Years, a statement of the amount on deposit in the Series 2006 Reserve Account Subaccount as of the last valuation and, to the extent such amount is not presented in the audited financial statements, a statement of the amount of the Net Revenues and Connection Fee in each such Fiscal Year; (b) notice of any draw upon or deficiency due to market fluctuation in the amount, if any, on deposit in the Series 2006 Reserve Account Subaccount; (c) notice of the redemption, other than mandatory sinking fund redemption, or of any advance refunding, of any of the Series 2006 Bonds, including the principal amount, maturities and CUSIP numbers thereof; (d) notice of any downgrading by any rating agency of the Issuer's underlying public rating or any Additional Bonds to "non-investment grade"; (e) notice in the event the Issuer fails to meet the rate covenant set forth in Section 5.04 of the Master Resolution; (f) notice of any material event pursuant to Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended; (g) notice of the resignation or removal of the Paying Agent or Registrar and appointment of its successor(s) thereto; and (h) such additional information as Financial Guaranty may reasonably request from time to time.

(2) Payment Procedure Pursuant to Bond Insurance Policy. (a) If, on the third day preceding any Interest Date for the Series 2006 Bonds there is not on deposit sufficient moneys available to pay all principal of and interest on the Series 2006 Bonds due on such Date, the Paying Agent, upon notification by the Issuer as hereinafter described, shall immediately notify Financial Guaranty and U.S. Bank Trust National Association, New York, New York or its successor as its Fiscal Agent (the "Fiscal Agent") of the amount of such deficiency. The Issuer shall notify the Paying Agent by the third day prior to an Interest Date if it will not have sufficient moneys to transfer to the Paying Agent to pay the principal of and interest on the Series 2006 Bonds on such Date. If, by said Interest Date, the Issuer has not provided the amount of such deficiency, the Registrar shall simultaneously make available to Financial Guaranty and to the Fiscal Agent the registration books for the Series 2006 Bonds maintained by the Registrar. In addition:

(i) The Registrar shall provide Financial Guaranty with a list of the Series 2006 Bondholders entitled to receive principal or interest payments from Financial Guaranty under the terms of the Bond Insurance Policy and shall make arrangements for Financial Guaranty and its Fiscal Agent (A) to mail checks or drafts to Series 2006 Bondholders entitled to receive full or partial interest payments from Financial Guaranty and (B) to pay principal of the Series 2006 Bonds surrendered to the Fiscal Agent by the Series 2006 Bondholders entitled to receive full or partial principal payments from Financial Guaranty; and

(ii) The Registrar shall, at the time it makes the registration books available to Financial Guaranty pursuant to (i) above, notify the Series 2006 Bondholders entitled to receive the payment of principal of or interest on the

Series 2006 Bonds from Financial Guaranty (A) as to the fact of such entitlement, (B) that Financial Guaranty will remit to them all or part of the interest payments coming due, subject to the terms of the Bond Insurance Policy, (C) that, except as provided in paragraph (b) below, in the event that any Series 2006 Bondholder is entitled to receive full payment of principal from Financial Guaranty, such Series 2006 Bondholder must tender his or her Series 2006 Bond with the instrument of transfer in the form provided on the Series 2006 Bond executed in the name of Financial Guaranty, and (D) that, except as provided in paragraph (b) below, in the event that such Series 2006 Bondholder is entitled to receive partial payment of principal from Financial Guaranty, such Series 2006 Bondholder must tender his or her Series 2006 Bond for payment first to the Paying Agent, which shall note on such Series 2006 Bond the portion of principal paid by the Paying Agent, and then, with the form of assignment executed in the name of Financial Guaranty, to the Fiscal Agent, which will then pay the unpaid portion of principal to the Series 2006 Bondholder subject to the terms of the Bond Insurance Policy.

(b) In the event that the Paying Agent has notice that any payment of principal of or interest on a Series 2006 Bond has been recovered from a Series 2006 Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Paying Agent shall, at the time it provides notice to Financial Guaranty, notify all Series 2006 Bondholders that in the event that any Series 2006 Bondholder's payment is so recovered, such Series 2006 Bondholder will be entitled to payment from Financial Guaranty to the extent of such recovery, and the Paying Agent shall furnish to Financial Guaranty its records evidencing the payments of principal of and interest on the Series 2006 Bonds which have been made by the Paying Agent and subsequently recovered from Series 2006 Bondholders, and the dates on which such payments were made.

(c) Financial Guaranty shall, to the extent it makes payment of principal of or interest on the Series 2006 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy and, to evidence such subrogation, (i) in the case of subrogation as to claims for past due interest, the Paying Agent shall note Financial Guaranty's rights as subrogee on the registration books maintained by the Registrar upon receipt from Financial Guaranty of proof of the payment of interest thereon to the Series 2006 Bondholders of such Series 2006 Bonds and (ii) in the case of subrogation as to claims for past due principal, the Registrar shall note Financial Guaranty's rights as subrogee on the registration books for the Series 2006 Bonds maintained by the Registrar upon receipt of proof of the payment of principal thereof to the Series 2006 Bondholders of such Series 2006 Bonds. Notwithstanding anything in the Resolution or the Series 2006 Bonds to the contrary, the Paying Agent shall make payment of such past due interest and past due principal directly to Financial Guaranty to the extent that Financial Guaranty is a subrogee with respect thereto.

(d) The notice address for Financial Guaranty and the Fiscal Agent shall be:

Financial Guaranty Insurance Company  
125 Park Avenue  
New York, New York 10017  
Attention: Risk Management

U.S. Bank Trust National Association  
100 Wall Street, 19<sup>th</sup> Floor  
New York, New York 10005  
Attention: Corporate Trust Department

(3) Supplemental Resolutions. Supplemental Resolutions adopted in accordance with the provisions of Sections 8.01(J), 8.02 or 8.03 of the Master Resolution shall require the written consent of Financial Guaranty. Financial Guaranty shall be provided with a full transcript of all proceedings relating to the execution of any such Supplemental Resolution. Any rating agency rating the Series 2006 Bonds shall receive notice of any such Supplemental Resolution and a copy thereof at least 15 days prior to such Supplemental Resolution's adoption.

(4) Defeasance. In the event of an advance refunding of the Series 2006 Bonds, the Issuer shall cause to be delivered a verification report of a firm of independent nationally recognized certified public accountants. Only cash, direct non-callable 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, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, Refcorp interest strips, CATS, TIGRS, STRPS, or defeased municipal bonds rated AAA by S&P or Aaa by Moody's (or any combination of the foregoing) shall be used to effect defeasance of the Series 2006 Bonds unless Financial Guaranty otherwise approves. If a forward supply contract is employed in connection with such advance refunding, (a) such verification report shall expressly state that the adequacy of the escrow to accomplish the advance refunding relies solely on the initial escrowed investments and the maturing principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract, and (b) the applicable escrow agreement shall provide that in the event of any discrepancy or difference between the terms of the forward supply contract and the escrow agreement, the terms of the escrow agreement shall be controlling.

(5) Additional Provisions. (a) Financial Guaranty shall be a party in interest and a party entitled to (i) notify the Issuer or the Paying Agent of the occurrence of an Event of Default (the Issuer and the Paying Agent shall be required to accept notice of default from Financial Guaranty), (ii) request the Issuer or the Paying Agent to intervene in judicial proceedings that affect the Series 2006 Bonds or the security therefor; and (iii)

control all defaults and remedies with respect to the Series 2006 Bonds; (b) no notice of optional redemption for any Series 2006 Bonds, other than a notice relating to Series 2006 Bonds which are to be redeemed from proceeds of a refunding bond issue or amounts provided by Financial Guaranty in its discretion, may be given unless (i) such notice explicitly states that the proposed redemption is conditioned on there being on deposit moneys sufficient to pay the applicable Redemption Prices thereon on the date set for redemption or (ii) the Issuer and/or Paying Agent shall have on deposit moneys sufficient to pay the applicable Redemption Prices thereon; (c) no resignation of the Paying Agent or Registrar shall become effective until a successor has been appointed and accepted its duties; (d) Financial Guaranty must consent to (i) any Reserve Account Insurance Policy issued by a provider which at the time of issuance is not rated "AAA" by S&P or "Aaa" by Moody's or (ii) any Reserve Account Letter of Credit issued by a provider which at the time of issuance is not rated at least "AA" by S&P, in each case with respect to the Series 2006 Reserve Account Subaccount; (e) the Issuer agrees to comply with all requirements of Financial Guaranty in the event it procures a Reserve Account Letter of Credit or liquidity facility for the Series 2006 Reserve Account Subaccount; (f) the Paying Agent and the Issuer shall provide Financial Guaranty with notice of any payment default immediately and any other default known to the Paying Agent or the Issuer within thirty (30) days of the Paying Agent's or Issuer's knowledge thereof; and (g) no Additional Bonds may be issued without the written consent of Financial Guaranty in the event any amounts are due and owing to Financial Guaranty with respect to the Reserve Account Insurance Policy relating to the Series 2006 Bonds.

(6) Reimbursement of Expenses. The Issuer shall pay or reimburse Financial Guaranty for any and all charges, fees, costs, and expenses that Financial Guaranty may reasonably pay or incur in connection with the following: (a) the administration, enforcement, defense, or preservation of any rights or security hereunder or under any other transaction document; (b) the pursuit of any remedies hereunder, under any other transaction document, or otherwise afforded by law or equity, (c) any amendment, waiver, or other action with respect to or related to the Resolution or any other transaction document whether or not executed or completed; (d) the violation by the Issuer of any law, rule, or regulation or any judgment, order or decree applicable to it; (e) any advances or payments made by Financial Guaranty to cure defaults of the Issuer under the transaction documents; or (f) any litigation or other dispute in connection with the Resolution, any other transaction document, or the transactions contemplated hereby or thereby, other than amounts resulting from the failure of Financial Guaranty to honor its payment obligations under the Bond Insurance Policy. Financial Guaranty reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver, or consent proposed in respect of the Resolution or any other transaction document. The obligations of the Issuer to Financial Guaranty shall survive discharge and termination of the Resolution.

**SECTION 13. GENERAL AUTHORITY.** The members of the Board of County Commissioners, the Clerk, the County Manager, the County Attorney, Bond Counsel, Disclosure 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 or the Purchase Agreement or desirable or consistent with the requirements hereof or the Master Resolution or the Purchase Agreement for the full punctual and complete performance of all the terms, covenants and agreements contained in the Series 2006 Bonds or this supplemental resolution, including the execution of any documents or instruments relating to insuring payment of the Series 2006 Bonds or to the Official Statement, and each member, employee, attorney and officer of the Issuer or the Board of County Commissioners, the Clerk, the County Manager, the County Attorney, Bond Counsel, Disclosure 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" shall include any designated Deputy Clerk.

**SECTION 14. 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 2006 Bonds.

**SECTION 15. 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 thereof and in such manner as it deems appropriate prior to the delivery of the Series 2006 Bonds.

**SECTION 16. EFFECTIVE DATE.** This Supplemental Resolution shall become effective immediately upon its adoption.

This Resolution duly adopted this 7th day of November, 2006.

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

(SEAL)

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

ATTEST:

\_\_\_\_\_  
Clerk

## EXHIBIT A

### DESCRIPTION OF SERIES 2006 PROJECT

The Series 2006 Project includes, but is not limited to, the acquisition, construction, installation and equipping of capital improvements to the County's water and sewer system (the "Capital Improvement Plan").

The feasibility of the Capital Improvement Portion was reviewed and recommended by CH2M HILL, Orlando, Florida, the Program Manager for the County, in conjunction with County staff, in order to meet the objectives of the Seminole County Water Quality Master Plan, 2006, and Seminole County Sanitary Sewer and Reclaimed Water Facilities Plan, 2006, and the provisions for the consolidation of Saint John River Management District Consumptive Use Permits, for the next 20 years. Generally the needed improvements include (a) potable water treatment plant hydraulic capacity and water quality, and new potable water distribution systems ("potable water system"), (b) sanitary sewer treatment plant hydraulic capacity and wastewater quality, and new sanitary sewer collection systems ("sanitary sewer system"), and (c) reclaimed water plant hydraulic capacity and new reclaimed water distribution systems ("reclaimed water system").

The potable water treatment plant hydraulic capacity and water quality improvements include treatment process upgrades/equipment installation, such as aeration for sulfide removal or ozonation. Additional water distribution system improvements will be identified to lower system detention time and improve system pressures at various plants, and also well improvements will be made to meet water quality objectives, and new high service pumps, storage tanks capacity increases and emergency generators will be added to maintain hydraulic production capacity. The potable water distribution system improvements include the three phases of large diameter main transmission line construction in the south-east quadrant of the County and various small to medium diameter transmission line construction through-out the County to meet hydraulic demand, relocation of potable water lines due to roadway improvements and improvements to the overall hydraulic capacity with the addition of interconnecting pipe segments.

The sanitary sewer collection system improvements include extension and oversizing of gravity sewers/force mains to meet hydraulic demand, relocation of sanitary sewer lines due to roadway improvements and improvements to the overall hydraulic capacity with the addition of interconnecting pipe segments. The treatment improvements for the Greenwood Lakes WRF include aeration improvements and system upgrades. The Yankee Lake WRF will undergo an initial re-rating with minor

modifications during the first two years to be followed by a full expansion and improvement in the final three years of Program.

A new 10 MGD surface water treatment facility located at Yankee Lake to address regional water supply is being designed and constructed, new high service pumps, storage tanks capacity increases and emergency generators are being constructed to meet hydraulic production capacity. The reclaimed water distribution system improvements include extension and oversizing of main transmission lines to meet hydraulic demand, five phases of new distribution networks to service the north-west quadrant of the County, relocation of existing reclaimed water lines due to roadway improvements and improvements to the overall hydraulic capacity and operability with the addition of interconnecting pipe segments.

**EXHIBIT B**

[FORM OF SERIES 2006 BOND]

No. R-

\$

**UNITED STATES OF AMERICA  
STATE OF FLORIDA  
SEMINOLE COUNTY  
WATER AND SEWER REVENUE BOND,  
SERIES 2006**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>Initial 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 April 1 and October 1 of each year commencing April 1, 2007 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 Commerce Bank, National Association, Jacksonville, 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 Commerce Bank, National Association, Jacksonville, 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 finance 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 Resolution No. 92-R-327 duly adopted by the Board of County Commissioners of the Issuer, on December 15, 1992 as amended, supplemented and restated and particularly as supplemented pursuant to a Supplemental Resolution adopted on November 7, 2006 (collectively, the "Resolution"), and is subject to all the terms and conditions of the Resolution. [Add Amended and Restated Master if approved.]

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"), 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.

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.

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.

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 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)

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

---

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

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 C**

**FORM OF PURCHASE AGREEMENT**

**EXHIBIT D**

**FORM OF PRELIMINARY OFFICIAL STATEMENT**

**EXHIBIT E**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

**EXHIBIT F**

**FORM OF RESERVE ACCOUNT SURETY  
BOND INSURANCE AGREEMENT**

**SEMINOLE COUNTY, FLORIDA**

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**AMENDED AND RESTATED MASTER  
WATER AND SEWER REVENUE BOND RESOLUTION**

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**ADOPTED NOVEMBER \_\_, 2006**

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**RESOLUTION 06-R-\_\_\_**

AMENDED AND RESTATED MASTER WATER AND SEWER BOND RESOLUTION AMENDING AND RESTATING IN ITS ENTIRETY RESOLUTION NO. 92-R-327 ADOPTED BY THE BOARD 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 AMENDED AND SUPPLEMENTED BY RESOLUTION NO. 99-R-88 ADOPTED BY THE BOARD ON JUNE 22, 1999 AND RESOLUTION NO. 05-R-36 ADOPTED BY THE BOARD

ON FEBRUARY 22, 2005; PROVIDING FOR AN EFFECTIVE DATE FOR THIS RESOLUTION.

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

**SECTION A. AUTHORITY FOR THIS RESOLUTION.** This Amended and Restated Master Water and Sewer Bond Resolution is adopted pursuant to the provisions of the Seminole County, Florida Charter, Chapter 125, Florida Statutes, Chapter 153, Florida Statutes, and other applicable provisions of law and Section 8.02 of Issuer's Resolution No. 92-R-327 adopted by the Board of County Commissioners of the Issuer (the "Board") on December 15, 1992 (the "1992 Resolution").

**SECTION B. FINDINGS.** It is hereby found and determined that:

(1) On December 15, 1992 the Board adopted the 1992 Resolution (as defined in Section 1 above), the title of which is set forth in the title of this Resolution, for the purpose of facilitating the issuance of Bonds secured by the Pledged Funds (as such terms are defined in the 1992 Resolution).

(2) The Issuer (i) has, pursuant to Resolution Nos. 99-R-88 and 05-R-36 adopted by the Board on June 22, 1999 and February 22, 2005, respectively, heretofore supplemented and amended the 1992 Resolution in connection with the Series 1999 and Series 2005 Bonds issued thereunder, (ii) is, pursuant to Resolution No. 06-R-\_\_\_, supplementing the 1992 Resolution in connection with the issuance of Series 2006 Bonds thereunder (as so amended and supplemented as described in clauses (i) and (ii) above, the "Original Resolution").

(3) Upon the advice of the Issuer's financial advisor and bond counsel and the County Attorney, it is necessary and desirable to amend the Original Resolution to (i) provide for the execution and delivery of certain Hedge Agreements, the repayment of Hedge Payments and the receipt of Hedge Receipts related thereto (as such terms are defined in Article I of this Resolution) in connection with the issuance of Bonds or the management of System (defined herein) debt and (ii) consolidate all of the Bond provisions related to System debt in one master document.

**SECTION C. AMENDED AND RESTATED MASTER WATER AND SEWER REVENUE BOND RESOLUTION.** The Original Resolution is hereby amended and restated in its entirety, effective as of the effective date set forth in Section F below, to read as follows:

## ARTICLE I

### GENERAL

**SECTION 1.01. DEFINITIONS.** When used in this Resolution, the following terms shall have the following meanings, unless the context clearly otherwise requires:

**"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 Capital Appreciation Bond (the principal amount at its initial offering) plus the interest accrued on such Capital Appreciation Bond from the date of delivery to the original purchasers thereof to the Interest Date next preceding the date of computation or the date of computation if an Interest Date, such interest to accrue at a rate not exceeding the legal rate, compounded semiannually, plus, with respect to matters related to the payment upon redemption or acceleration of the Capital Appreciation Bonds, if such date of computation shall not be an Interest Date, a portion of the difference between the Accreted Value as of the immediately preceding Interest Date and the Accreted Value as of the immediately succeeding Interest Date, calculated based on the assumption that Accreted Value accrues during any semiannual period in equal daily amounts on the basis of a 360day year.

**"Act"** shall mean Chapter 125, Florida Statutes, as amended, Chapter 153, Florida Statutes, as amended, and other applicable provisions of law.

**"Additional Bonds"** shall mean the obligations issued at any time under the provisions of Section 6.02 hereof on a parity with the Series 1992 Bonds.

**"Additional Project"** shall mean any structure, property or facility for public use which the Issuer from time to time may determine to construct or acquire as part of the System, together with all equipment, structures and other facilities necessary or appropriate in connection therewith which are financed in whole or in part with the indebtedness secured by this Resolution. This term is to be broadly construed as including any lawful undertaking which will accrue to the benefit of the System, including joint ventures and acquisition of partial interests or contractual rights, and including modification, disposal, replacement or cancellation of a Project previously authorized, should such modification, disposal or cancellation be permitted under this Resolution.

**"Annual Audit"** shall mean the annual audit prepared pursuant to the requirements of Section 5.06 hereof.

**"Annual Budget"** shall mean the annual budget prepared pursuant to the requirements of Section 5.03 hereof.

**"Annual Debt Service"** shall mean, at any time, the aggregate amount in the then current Fiscal Year of (1) interest required to be paid on the Outstanding Bonds during such Fiscal Year, except to the extent that such interest is to be paid from deposits in the Interest Account made from Bond proceeds, (2) principal of Outstanding Serial Bonds maturing in such Fiscal Year, and (3) the Sinking Fund Installments herein designated with respect to such Fiscal Year. For purposes of this definition, (A) all amounts payable on a Capital Appreciation Bond shall be considered a principal payment due in the year it becomes due, (B) if the Bonds have 25% or more of the aggregate principal amount coming due in any one year, Annual Debt Service shall be determined on the Bonds during such period of time as if the principal of and interest on such Bonds were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of 25 years, (C) with respect to debt service on any Bonds which are subject to a Qualified Hedge Agreement, interest on such Bonds during the term of such Qualified Hedge Agreement shall be deemed to be the Hedge Payments coming due during such period of time, and (D) the amount on deposit in the Reserve Account (or any subaccount thereof) on any date of calculation of Annual Debt Service shall be deducted from the amount of principal due at the final maturity of the Bonds which are secured by such Reserve Account (or subaccount thereof) and in each preceding year until such amount is exhausted.

**"Authorized Investments"** shall mean any of the following, if and to the extent that the same are at the time legal for investment of funds of the Issuer:

(1) Direct obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of Treasury, CATS and TGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America;

(2) Bonds, debentures, notes or obligations or evidences of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself), including:

- U.S. Export-Import Bank (Eximbank)  
Direct obligations or fully guaranteed certificates of beneficial ownership
- Farmers Home Administration (FHA)  
Certificates of beneficial ownership
- Federal Financing Bank
- Federal Housing Administration Debentures (FHA)
- General Services Administration

Participation certificates

- Government National Mortgage Association (GNMA or "Ginnie Mae")  
GNMA - guaranteed mortgage-backed bonds  
GNMA - guaranteed pass-through obligations  
(not acceptable for certain cash-flow sensitive issues.)
- U.S. Maritime Administration  
Guaranteed Title XI financing
- U.S. Department of Housing and Urban Development (HUD)  
Project Notes  
Local Authority Bonds  
New Communities Debentures - U.S. government guaranteed debentures  
U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

(3) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

- Federal Home Loan Bank System  
Senior debt obligations
- Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")  
Participation Certificates  
Senior debt obligations
- Federal National Mortgage Association (FNMA or "Fannie Mae")  
Mortgage-backed securities and senior debt obligations
- Student Loan Marketing Association (SLMA or "Sallie Mae")  
Senior debt obligations
- Resolution Funding Corp. (REFCORP) obligations
- Farm Credit System  
Consolidated systemwide bonds and notes

(4) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by Standard & Poor's Corporation of AAAM-G; AAAM; or AAM.

(5) Certificates of deposit secured at all times by collateral described in (1) and (2) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.

(6) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC or FSLIC.

(7) Commercial paper rated, at the time of purchase, "Prime - 1" by Moody's Investors Service and "A-1" or better by Standard & Poor's Corporation.

(8) Bonds or notes issued by any state or municipality which are rated by Moody's Investors Service and Standard & Poor's Corporation in one of the two highest rating categories assigned by such agencies.

(9) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A3" or better by Moody's Investors Service and "A-1" or "A" or better by Standard & Poor's Corporation.

(10) Repurchase agreements provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date.

(11) Repurchase Agreements must satisfy the following criteria:

(A) Repos must be between the municipal entity and a dealer bank or securities firm;

(i) Primary dealers on the Federal Reserve reporting dealer list which are rated A or better by Standard & Poor's Corporation and Moody's Investors Service, or

(ii) Banks rated "A" or above by Standard & Poor's Corporation and Moody's Investors Service.

(12) Units of participation in the Local Government Surplus Funds Trust Fund established pursuant to Part IV, Chapter 218, Florida Statutes, or any similar common trust fund which is established pursuant to law as a legal depository of public moneys;

(13) certificates of deposit or time or demand deposits with a "qualified public depository" (as defined in Section 280.02(12), Florida Statutes) secured in the manner required by Chapter 280, Florida Statutes; and

(14) Any other investments (including, without limitation, investment contracts and GICs) approved in writing by the Insurers and the Credit Banks.

**"Authorized Issuer Officer"** shall mean the County Manager (or his designee), and when used in reference to any act or document, also means any other person authorized by resolution of the Issuer to perform such act or sign such document.

**"Bond Counsel"** shall mean Nabors, Giblin & Nickerson, P.A. or any other attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

**"Bondholder"** or **"Holder"** or **"holder"** or any similar term, when used with reference to a Bond or Bonds, shall mean any person who shall be the registered owner of any Outstanding Bond or Bonds as provided in the registration books of the Issuer.

**"Bond Insurance Policy"** shall mean, with respect to (i) the Series 1992 Bonds, the Series 1992 Bond Insurance Policy, and (ii) the Series 2006 Bonds, the Series 2006 Bond Insurance Policy. With respect to any other Series of Bonds, "Bond Insurance Policy" shall mean the municipal bond new issue insurance policy or policies issued by an Insurer guaranteeing the payment of the principal of and interest on any portion of such Series of Bonds.

**"Bonds"** shall mean the Series 1992 Bonds, the Series 1999 Bonds, the Series 2005 Bonds and the Series 2006 Bonds, together with any Additional Bonds issued pursuant to this Resolution and any Subordinated Indebtedness which accedes to the status of Bonds pursuant to Section 6.04 hereof.

**"Capital Appreciation Bonds"** shall mean those Bonds so designated by Supplemental Resolution of the Issuer, which may be either Serial Bonds or Term Bonds and which shall bear interest payable at maturity or redemption. In the case of Capital Appreciation Bonds that are convertible to Bonds with interest payable prior to maturity or redemption of such Bonds, such Bonds shall be considered Capital Appreciation Bonds only during the period of time prior to such conversion.

**"Chairman"** shall mean the Chairman of the Board of County Commissioners of Seminole County, Florida and such other person as may be duly authorized to act on his or her behalf.

**"Clerk"** shall mean the Clerk of the Board of County Commissioners of Seminole County, Florida and such other person as may be duly authorized to act on his or her behalf.

**"Code"** shall mean the Internal Revenue Code of 1986, as amended, and the regulations and rules thereunder in effect or proposed.

**"Connection Fees"** shall mean the Sewer Connection Fees and the Water Connection Fees.

**"Construction Fund"** shall mean the fund established pursuant to Section 4.03 hereof.

**"Consulting Engineers"** shall mean any engineering firm of reputation for skill and experience with respect to the construction and operation of facilities similar to the System, which is duly licensed under the laws of the State of Florida and designated by the Issuer to perform the duties of the Consulting Engineers under the provisions hereof.

**"Cost"**, when used in connection with a Project, shall mean (1) the Issuer's cost of physical construction; (2) costs of acquisition by or for the Issuer of such Project; (3) costs of land and interests therein and the cost of the Issuer incidental to such acquisition; (4) the cost of any indemnity and surety bonds and premiums for insurance during construction; (5) all interest due to be paid on the Bonds and other obligations relating to the System during the period of acquisition and construction of such Project and for such period subsequent to completion as the Issuer shall determine; (6) engineering, legal and other consultant fees and expenses; (7) costs and expenses of the financing, including audits, fees and expenses of any Paying Agent, Registrar or depository, Credit Bank or Insurer; (8) amounts, if any, required by this Resolution to be paid into the Interest Account upon the issuance of any Series of Bonds; (9) payments, when due (whether at the maturity of principal or the due date of interest or upon redemption) on any interim or temporary indebtedness of the Issuer (other than the Bonds) incurred for a Project for the System; (10) costs of machinery, equipment and supplies and reserves required by the Issuer for the commencement of operation of such Project; and (11) any other costs properly attributable to such construction or acquisition, as determined by generally accepted accounting principles applicable to public utility systems similar to the System, and shall include reimbursement to the Issuer for any such items of Cost heretofore paid by the Issuer prior to the issuance of the Bonds. Any Supplemental Resolution may provide for additional items to be included in the aforesaid Costs.

**"Counterparty"** shall mean the entity entering into a Hedge Agreement with the Issuer. Counterparty would also include any guarantor of such entity's obligations under such Hedge Agreement.

**"Credit Bank"** shall mean as to any particular Series of Bonds, the Person (other than an Insurer) providing a letter of credit, a line of credit or other credit or liquidity facility, as designated in the Supplemental Resolution providing for the issuance of such Bonds.

**"Credit Facility"** shall mean as to any particular Series of Bonds, a letter of credit, a line of credit or other credit or legal liquidity facility (other than an insurance policy issued by an Insurer), as approved in the Supplemental Resolution providing for the issuance of such Bonds.

**"Federal Securities"** shall mean obligations described in paragraphs (A) and (B) of the definition of "Authorized Investments." Federal Securities shall also include Treasury Receipts, CATS, STRPS, Refcorp interest strips and TIGRS; provided such obligations do not permit redemption prior to maturity at the option of the obligor.

**"Fiscal Year"** shall mean the period commencing on October 1 of each year and continuing through the next succeeding September 30, or such other period as may be prescribed by law.

**"Fitch"** shall mean Fitch Investors Services, and any assigns or successors thereto.

**"Governing Body"** shall mean the Board of County Commissioners of Seminole County, Florida or its successor in function.

**"Government Grant,"** when used with respect to the System, shall mean any sum of money heretofore or hereafter received by the Issuer from the United States of America or any agency thereof or from the State of Florida or any agency or political subdivision thereof as or on account of a grant or contribution, not repayable by the Issuer, for or with respect to (1) the construction, acquisition or other development of an addition, extension or improvement to any part of the System or any costs of any such construction, acquisition or development, or (2) the financing of any such construction, acquisition, development or costs.

**"Gross Revenues"** shall mean all income and moneys received by the Issuer from the rates, fees, rentals, charges and other income to be made and collected by the Issuer for the use of the products, services and facilities provided or to be provided by the System, or otherwise received by the Issuer or accruing to the Issuer in the management and operation of the System, calculated in accordance with generally accepted accounting methods employed in the operation of public utility systems similar to the System, including, without limiting the generality of the foregoing, (1) moneys deposited from the Rate Stabilization Fund into the Revenue Fund in accordance with the terms hereof, provided any moneys transferred from the Rate Stabilization Fund into the Revenue Fund within 90 days following the end of a Fiscal Year may be designated by the Issuer as Gross Revenues of such prior Fiscal Year and provided further that for the purpose of meeting the rate covenant set forth in Section 5.04 hereof, amounts deposited from the Rate Stabilization Fund into the Revenue Fund shall only be credited for the purpose of complying with clause (B) of the first paragraph of said Section 5.04 and the Issuer shall always maintain Net Revenues (without taking into consideration any transfers from the

Rate Stabilization Fund into the Revenue Fund) in each Fiscal Year equal to the amount set forth in clause (A) of said Section 5.04, (2) proceeds from use and occupancy insurance on the System, (3) and all earnings and income derived from the investment of moneys under the provisions of this Resolution other than earnings derived from investment of amounts in the Construction Fund. "Gross Revenues" shall not include (A) Government Grants, (B) Water Connection Fees, (C) Sewer Connection Fees, (D) Special Assessments (unless otherwise pledged pursuant to Supplemental Resolution), (E) proceeds of Bonds or other Issuer debt, and (F) moneys deposited to the Rate Stabilization Fund from the Utility Reserve Fund, including any moneys transferred from the Utility Reserve Fund to the Rate Stabilization Fund within 90 days following the end of a Fiscal Year which the Issuer determines not to be Gross Revenues of such prior Fiscal Year.

**"Hedge Agreement"** shall mean an agreement in writing between the Issuer and a Counterparty pursuant to which (1) the Issuer 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 (which may be at a fixed or variable rate) payable on debt (or a notional amount) of the Counterparty specified in such agreement for the period specified in such agreement and (2) the Counterparty agrees to pay to the Issuer an amount, either at one time or periodically, which may, but is not required to, be determined by reference to the amount of interest (which may be at a fixed or variable rate) payable on debt (or a notional amount) specified in such agreement during the period specified in such agreement.

**"Hedge Payments"** shall mean any amounts payable by the Issuer on the debt or the related notional amount under a Qualified Hedge Agreement; excluding, however, any payments due as a penalty or by virtue of termination of a Qualified Hedge Agreement or any obligation of the Issuer to provide collateral.

**"Hedge Receipts"** shall mean any amounts receivable by the Issuer on the debt or the related notional amount under a Qualified Hedge Agreement.

**"Initial Project"** shall mean the acquisition, construction, renovation, reconstruction, expansion or improvement of certain improvements, additions and facilities to or for the System more particularly described in Exhibit A attached hereto and made a part hereof, including, without limitation, all property rights, easements, appurtenances, rights-of-way, franchises and equipment relating thereto and deemed necessary or convenient for the acquisition, construction, renovation, reconstruction or operation thereof, with such changes, deletions, additions or modifications to the enumerated improvements, equipment and facilities, or such other improvements, equipment or facilities as may hereafter be approved by the Issuer in accordance with the Act.

**"Insurer"** shall mean, with respect to (i) the Series 1992 Bonds, MBIA, and (ii) the Series 2006 Bonds, \_\_\_\_\_. With respect to any other insured Series of Bonds, "Insurer" shall mean such Person as shall guarantee the payment of principal of and interest on such Series of Bonds, when due.

**"Interest Account"** shall mean the separate account in the Sinking Fund established pursuant to Section 4.04(C) hereof.

**"Interest Date"** or **"interest payment date"** shall be such date or dates as shall be provided by Supplemental Resolution of the Issuer.

**"Investment Earnings"** shall mean all income and earnings derived from the investment of moneys in the funds and accounts established hereunder, other than the Rebate Fund.

**"Issuer"** shall mean the County, and also includes any authority or other governmental entity to which may hereafter be transferred some or all of the powers and responsibilities of the Issuer with respect to the ownership, financing, operation, enlargement, improvement and maintenance of the System.

**"Maximum Annual Debt Service"** shall mean the largest aggregate amount in any Fiscal Year, excluding all Fiscal Years which shall have ended prior to the Fiscal Year in which the Maximum Annual Debt Service shall at any time be computed, of the Annual Debt Service.

**"Maximum Interest Rate"** shall mean, with respect to any particular Variable Rate Bonds, a numerical rate of interest, which shall be set forth in the Supplemental Resolution of the Issuer delineating the details of such Bonds, that shall be the maximum rate of interest such Bonds may at any particular time bear.

**"MBIA"** shall mean MBIA Insurance Corporation, its successors and assigns.

**"Moody's"** shall mean Moody's Investors Service, and any assigns and successors thereto.

**"Net Revenues"** shall mean Gross Revenues less Operating Expenses.

**"Operating Expenses"** shall mean the Issuer's expenses for operation, maintenance, repairs and replacements with respect to the System and shall include, without limiting the generality of the foregoing, administration expenses, payments for the purchase of materials essential to or used in the operation of the System including bulk purchases of water or sewage services, fees for management of the System or any portion thereof, any insurance and surety bond fees or premiums, the fees to the provider of a Reserve Account Insurance Policy or Reserve Account Letter of Credit (but excluding any expenses or reimbursement obligations for draws made thereunder),

accounting, legal and engineering expenses, ordinary and current rentals of equipment or other property, refunds of moneys lawfully due to others, payments to others for disposal of sewage or other wastes, payments to pension, retirement, health and hospitalization funds, and any other expenses required to be paid for or with respect to proper operation or maintenance of the System, including appropriate reserves therefor, all to the extent properly attributable to the System in accordance with generally accepted accounting principles applicable to public utility systems similar to the System, and disbursements for the expenses, liabilities and compensation of any Paying Agent or Registrar under this Resolution, but does not include any costs or expenses in respect of original construction or improvement other than expenditures necessary to prevent an interruption of service or of Gross Revenues or minor capital expenditures necessary for the proper and economical operation or maintenance of the System, or any provision for interest, depreciation, amortization or similar charges.

**"Operation and Maintenance Fund"** shall mean the fund created pursuant to Section 4.04(B) hereof.

**"Outstanding,"** when used with reference to Bonds and as of any particular date, shall describe all Bonds theretofore and thereupon being authenticated and delivered except, (1) any Bond in lieu of which other Bond or Bonds have been issued under agreement to replace lost, mutilated or destroyed Bonds, (2) any Bond surrendered by the Holder thereof in exchange for other Bond or Bonds under Sections 2.06 and 2.08 hereof, (3) Bonds deemed to have been paid pursuant to Section 9.01 hereof and (4) Bonds cancelled after purchase in the open market or because of payment at or redemption prior to maturity.

**"Paying Agent"** shall mean any paying agent for Bonds appointed by or pursuant to this Resolution and its successor or assigns, and any other Person which may at any time be substituted in its place pursuant to this Resolution.

**"Person"** shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization, governmental entity or other legal entity.

**"Pledged Funds"** shall mean, (1) the Net Revenues, (2) the Connection Fees, and (3) until applied in accordance with the provisions of this Resolution, all moneys, including investments thereof, in the funds and accounts established hereunder, except (A) as for the Rebate Fund, (B) to the extent moneys therein shall be required to pay the Operating Expenses of the System in accordance with the terms hereof, and (C) to the extent moneys on deposit in a subaccount of the Reserve Account shall be pledged solely for the payment of the Series of Bonds for which it was established in accordance with the provisions hereof. If provided for by Supplemental Resolution of the Issuer for a particular Series or all Series of Bonds, "Pledged Funds" may also include Special

Assessment Proceeds and any other moneys specified therein. Such additional revenues shall be pledged in the sole discretion of the Issuer.

**"Prerefunded Obligations"** shall mean 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 (1) which are (A) not callable prior to maturity or (B) as to which irrevocable instructions have been given to the fiduciary for such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (2) which are fully secured as to principal, redemption premium, if any, and interest by a fund held by a fiduciary consisting only of cash or Federal Securities, secured in the manner set forth in Section 9.01 hereof, which fund may be applied only to the payment of such principal of, redemption premium, if any, and interest 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 the case may be, (3) as to which the principal of and interest on the Federal Securities, which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay principal of, redemption premium, if any, and interest on the bonds or other obligations on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in clause (1) above and are not available to satisfy any other claims, including those against the fiduciary holding the same, and (4) which are rated in the highest rating category of one of the Rating Agencies.

**"Principal Account"** shall mean the separate account in the Sinking Fund established pursuant to Section 4.04(C) hereof.

**"Project"** shall mean, collectively, the Initial Project, the Series 1999 Project, the Series 2006 Project and any Additional Project.

**"Qualified Hedge Agreement"** shall mean a Hedge Agreement with respect to which the Issuer has received written notice from at least two of Moody's Investors Service, Fitch Ratings or Standard & Poor's Ratings Services that the rating of the Counterparty is not less than "A" (without regard to gradation) on the date such Hedge Agreement is executed and delivered.

**"Rate Consultant"** shall mean any accountant, engineer or consultant or firm of accountants, engineers or consultants chosen by the Issuer with reputation for skill and experience in reviewing and recommending rates for utility systems similar to the System.

**"Rate Stabilization Fund"** shall mean the separate fund established pursuant to Section 4.04 (J) hereof.

**"Rating Agencies"** means Fitch, Moody's and Standard & Poor's Corporation.

**"Rebate Fund"** shall mean the Rebate Fund established pursuant to Section 4.04(I) hereof.

**"Redemption Price"** shall mean, with respect to any Bond or portion thereof, the principal amount or portion thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or this Resolution.

**"Refunded Obligations"** shall mean, collectively, the Issuer's outstanding Water and Sewer Revenue Bonds, Series 1985, Series 1987 and Series 1989.

**"Refunded Resolutions"** shall mean, collectively, the resolutions authorizing the issuance of the Refunded Obligations including, as applicable, Issuer Resolution No. 85-R-300, adopted on December 24, 1985 and Issuer Resolution No. 87-R-117, adopted on April 14, 1987, as each have been supplemented and amended.

**"Refunding Securities"** shall mean the Federal Securities and the Prerefunded Obligations.

**"Registrar"** shall mean any registrar for the Bonds appointed by or pursuant to this Resolution and its successors and assigns, and any other Person which may at any time be substituted in its place pursuant to this Resolution.

**"Renewal and Replacement Fund"** shall mean the fund created pursuant to Section 4.04(G) hereof.

**"Renewal and Replacement Fund Requirement"** shall mean, on the date of calculation, an amount of money equal to the lesser of (1) five percent (5%) of the Gross Revenues received by the Issuer in the immediately preceding Fiscal Year, or (2) \$500,000, or such other amount as may be certified to the Issuer by the Consulting Engineers as an amount appropriate for the purposes of this Resolution.

**"Reserve Account"** shall mean the separate account in the Sinking Fund established pursuant to Section 4.04(C) hereof.

**"Reserve Account Insurance Policy"** shall mean the insurance policy deposited in the Reserve Account in lieu of or in partial substitution for cash on deposit therein pursuant to Section 4.05(B)(4).

**"Reserve Account Letter of Credit"** shall mean a letter of credit or line of credit or other credit facility (other than a Reserve Account Insurance Policy) deposited in the Reserve Account in lieu of or in partial substitution for cash on deposit therein pursuant to Section 4.05(B)(4) hereof.

**"Reserve Account Requirement"** shall mean, as of any date of calculation, an amount equal to the lesser of (A) Maximum Annual Debt Service for all Outstanding

Bonds, (B) 125% of the average annual debt service for all Outstanding Bonds, or (C) such other amount, if any, as shall be provided by Supplemental Resolution of the Issuer and approved by Bond Counsel as being the maximum amount which may be funded from proceeds of the Bonds or other sources without (1) being subject to yield restriction or (2) causing the Bonds to be deemed "arbitrage bonds" within the meaning of the Code. In computing the Reserve Account Requirement in respect of any Series of Bonds that constitute Variable Rate Bonds, the interest rate on such Bonds shall be assumed to be the Maximum Interest Rate applicable thereto.

**"Resolution"** shall mean this Resolution, as the same may from time to time be amended, modified or supplemented by Supplemental Resolution.

**"Revenue Fund"** shall mean the fund created pursuant to Section 4.04(A) hereof.

**"Serial Bonds"** shall mean all of the Bonds other than the Term Bonds.

**"Series"** shall mean all the Bonds delivered on original issuance in a simultaneous transaction and identified pursuant to Sections 2.01 and 2.02 hereof or a Supplemental Resolution authorizing the issuance by the Issuer of such Bonds as a separate Series, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

**"Series 1992 Bond Insurance Policy"** means the municipal bond insurance policy issued by MBIA guaranteeing the scheduled payment of principal of and interest on the Series 1992 Bonds.

**"Series 1992 Bonds"** shall mean the Issuer's Water and Sewer Revenue Refunding Bonds, Series 1992 authorized pursuant to Section 2.02 hereof.

**"Series 1999 Bonds"** shall mean the Issuer's Water and Sewer Revenue Bonds, Series 1999 authorized pursuant to the provisions hereof and of Resolution 99-R-88 adopted by the Issuer on June 22, 1999.

**"Series 1999 Project"** shall mean the acquisition, construction, renovation, reconstruction, expansion or improvement of certain improvements, additions and facilities to or for the System more particularly described in Exhibit B attached hereto and made a part hereof, including, without limitation, all property rights, easements, appurtenances, rights-of-way, franchises and equipment relating thereto and deemed necessary or convenient for the acquisition, construction, renovation, reconstruction or operation thereof, with such changes, deletions, additions or modifications to the enumerated improvements, equipment and facilities, or such other improvements, equipment or facilities as may hereafter be approved by the Issuer in accordance with the Act.

**"Series 2005 Bonds"** shall mean the Issuer's Water and Sewer Revenue Refunding Bonds, Series 2005 authorized pursuant to the provisions hereof and of Resolution 05-R-36 adopted by the Issuer on February 22, 2005.

**"Series 2006 Bond Insurance Policy"** means the municipal bond insurance policy issued by \_\_\_\_\_ guaranteeing the scheduled payment of principal of and interest on the Series 2006 Bonds.

**"Series 2006 Bonds"** shall mean the Issuer's Water and Sewer Revenue Bonds, Series 2006 authorized pursuant to the provisions hereof and of Resolution 06-R-\_\_\_\_ adopted by the Issuer on November \_\_\_\_, 2006.

**"Series 2006 Project"** shall mean the acquisition, construction, renovation, reconstruction, expansion or improvement of certain improvements, additions and facilities to or for the System more particularly described in Exhibit C attached hereto and made a part hereof, including, without limitation, all property rights, easements, appurtenances, rights-of-way, franchises and equipment relating thereto and deemed necessary or convenient for the acquisition, construction, renovation, reconstruction or operation thereof, with such changes, deletions, additions or modifications to the enumerated improvements, equipment and facilities, or such other improvements, equipment or facilities as may hereafter be approved by the Issuer in accordance with the Act.

**"Sewer Connection Fees"** shall mean the fees and charges, if any, which relate to acquiring, constructing, equipping or expanding the capacity of the sewer facilities of the System, and levied for the purpose of paying or reimbursing the equitable share of the capital cost relating to such acquisition, construction, expansion or equipping of excess and unused capacity of the System or expansion thereof in order to serve new users of the sewer facilities of the System, to the extent the same are lawfully levied, collected and pledged.

**"Sewer Connection Fees Fund"** shall mean the fund created pursuant to Section 4.04(E) hereof.

**"Sinking Fund"** shall mean the fund established pursuant to Section 4.04(C) hereof.

**"Sinking Fund Installment"** shall mean an amount designated as such by Supplemental Resolution of the Issuer and established with respect to the Term Bonds.

**"Special Assessments"** means any and all assessments against property benefited by the System or any part thereof, but special assessments shall be subject to the provisions and lien and pledge of this Resolution only if and to the extent provision for

inclusion as part of the Pledged Funds has been made by Supplemental Resolution to be adopted by the Issuer.

**"Special Assessments Fund"** shall mean the fund created pursuant to Section 4.04(F) hereof.

**"Special Assessments Proceeds"** means the proceeds of Special Assessments pledged hereunder (principal and interest), whether paid at one time or in installments from time to time.

**"State"** shall mean the State of Florida.

**"Standard and Poor's Corporation"** shall mean Standard and Poor's Corporation, and any assigns and successors thereto.

**"Subordinated Indebtedness"** shall mean that indebtedness of the Issuer, subordinate and junior to the Bonds, including, without limitation, the Series 1985 Bonds and any indebtedness issued in accordance with the provisions of Section 6.01 hereof.

**"Supplemental Resolution"** shall mean any resolution of the Issuer amending or supplementing this Resolution enacted and becoming effective in accordance with the terms of Sections 8.01, 8.02 and 8.03 hereof.

**"System"** shall mean any and all water production, transmission, treatment and distribution facilities and sewage collection, transmission, treatment and disposal facilities now owned and operated or hereafter owned and operated by the Issuer, which System shall also include any and all improvements, extensions and additions thereto hereafter constructed or acquired either from the proceeds of Bonds or from any other sources, together with all property, real or personal, tangible or intangible, now or hereafter owned or used in connection therewith, including all contractual rights, rights to capacity and obligations or undertakings associated therewith. "System" shall also include any stormwater utility, effluent reuse facilities or any other utility facilities if and to the extent the Issuer determines by Supplemental Resolution to include such utility or facilities within the System as described herein.

**"Taxable Bonds"** means any Bond which states, in the body thereof, that the interest income thereon is includible in the gross income of the Holder thereof for Federal income taxation purposes or that such interest is subject to Federal income taxation.

**"Term Bonds"** shall mean those Bonds which shall be designated as Term Bonds hereby or by Supplemental Resolution of the Issuer.

**"Term Bonds Redemption Account"** shall mean the separate account in the Sinking Fund established pursuant to Section 4.04(C) hereof.

**"Utility Reserve Fund"** shall mean the fund created pursuant to Section 4.04(H) hereof.

**"Variable Rate Bonds"** shall mean Bonds issued with a variable, adjustable, convertible or other similar rate which is not fixed in percentage for the entire term thereof at the date of issue.

**"Water Connection Fees"** shall mean the fees and charges, if any, which relate to acquiring, constructing, equipping or expanding the capacity of the water facilities of the System, and levied for the purpose of paying or reimbursing the equitable share of the capital cost relating to such acquisition, construction, expansion or equipping of excess and unused capacity of the System or expansion thereof in order to serve new users of the water facilities of the System, to the extent the same are lawfully levied, collected and pledged.

**"Water Connection Fees Fund"** shall mean the fund created pursuant to Section 4.04(D) hereof.

The terms "herein," "hereunder," "hereby," "hereto," "hereof," and any similar terms, shall refer to this Resolution; the term "heretofore" shall mean before the date of adoption of this Resolution; and the term "hereafter" shall mean after the date of adoption of this Resolution.

Words importing the masculine gender include every other gender.

Words importing the singular number include the plural number, and vice versa.

**SECTION 1.02. AUTHORITY FOR RESOLUTION.** This Resolution is adopted pursuant to the provisions of the Act. The Issuer has ascertained and hereby determined that adoption of this Resolution is necessary to carry out the powers, purposes and duties expressly provided in the Act, that each and every matter and thing as to which provision is made herein is necessary in order to carry out and effectuate the purposes of the Issuer in accordance with the Act and to carry out and effectuate the plan and purpose of the Act, and that the powers of the Issuer herein exercised are in each case exercised in accordance with the provisions of the Act and in furtherance of the purposes of the Issuer.

**SECTION 1.03. RESOLUTION TO CONSTITUTE CONTRACT.** In consideration of the purchase and acceptance of any or all of the Bonds by those who shall hold the same from time to time, the provisions of this Resolution shall be a part of the contract of the Issuer with the Holders of the Bonds, and shall be deemed to be and shall constitute a contract between the Issuer, the Holders from time to time of the Bonds and any Insurer or Credit Bank. The pledge made in the Resolution and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be for the equal benefit, protection and security of the Holders of any and all of said

Bonds and any Insurer or Credit Bank, but only in accordance with the terms hereof. All of the Bonds, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or pursuant to this Resolution.

**SECTION 1.04. FINDINGS.** It is hereby ascertained, determined and declared:

(A) That the Issuer now owns, operates and maintains water and sewer facilities for the supply and distribution of water for domestic, commercial and industrial use and for the collection, treatment and disposal of sewage.

(B) That the Issuer has heretofore issued and has now outstanding and unpaid a portion of the Refunded Obligations.

(C) That the Pledged Funds are not pledged or encumbered in any manner except for the payment of principal of and interest on the Refunded Obligations.

(D) That in order to achieve debt service savings and to consolidate all of its long-term debt for the System under one set of financing documents, it is deemed to be in the best interests of the citizens of the Issuer that the Refunded Obligations be refunded at this time.

(E) That there is hereby authorized the payment and refunding of the Refunded Obligations all in the manner as provided by this Resolution and the Refunded Resolutions.

(F) That the Initial Project shall be financed by the proceeds of Bonds issued pursuant to this Resolution.

(G) That the estimated Gross Revenues to be derived in each year hereafter from the operation of the System will be sufficient to pay all the Operating Expenses, the principal of and interest on the Bonds to be issued pursuant to this Resolution, as the same become due, and all other payments provided for in this Resolution.

(H) That the principal of and interest on the Bonds to be issued pursuant to this Resolution, and all other payments provided for in this Resolution will be paid solely from the Pledged Funds in accordance with the terms hereof and any moneys received for such purpose from any Credit Bank or Insurers; and neither the ad valorem taxing power of the Issuer, the State of Florida or any political subdivision or agency thereof will never be necessary or authorized to pay the principal of and interest on the Bonds to be issued pursuant to this Resolution, or to make any other payments provided for in this Resolution, and the Bonds shall not constitute a lien upon the System or upon any other property whatsoever of or in the Issuer.

**SECTION 1.05. AUTHORIZATION OF REFUNDING AND INITIAL PROJECT.** The Issuer does hereby authorize (1) the refunding of the Refunded Obligations in accordance with the terms hereof and of the Refunded Resolutions and (2) the acquisition and construction of the Initial Project.

## ARTICLE II

### AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

**SECTION 2.01. AUTHORIZATION OF BONDS.** This Resolution creates an issue of Bonds of the Issuer to be designated as "Seminole County, Florida Water and Sewer Revenue Bonds" which may be issued in one or more Series as hereinafter provided. The aggregate principal amount of the Bonds which may be executed and delivered under this Resolution is not limited except as is or may hereafter be provided in this Resolution or as limited by the Act or by law.

The Bonds may, if and when authorized by the Issuer pursuant to this Resolution, be issued in one or more Series, with such further appropriate particular designations added to or incorporated in such title for the Bonds of any particular Series as the Issuer may determine and as may be necessary to distinguish such Bonds from the Bonds of any other Series. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

The Bonds shall be issued for such purpose or purposes; shall bear interest at such rate or rates not exceeding the maximum rate permitted by law; and shall be payable in lawful money of the United States of America on such dates; all as determined by Supplemental Resolution of the Issuer in accordance with the Act.

The Bonds shall be issued in such denominations and such form, whether coupon or registered; shall be dated such date; shall bear such numbers; shall be payable at such place or places; shall contain such redemption provisions; shall have such Paying Agents and Registrars; shall mature in such years and amounts; and the proceeds shall be used in such manner; all as determined by Supplemental Resolution of the Issuer. The Issuer may issue Bonds which may be secured by a Credit Facility or by a Bond Insurance Policy of an Insurer all as shall be determined by Supplemental Resolution of the Issuer.

**SECTION 2.02. AUTHORIZATION AND DESCRIPTION OF SERIES 1992 BONDS, SERIES 1999 BONDS, SERIES 2005 BONDS AND SERIES 2006 BONDS.** (A) A Series of Bonds entitled to the benefit, protection and security of this Resolution were authorized in the aggregate principal amount of not exceeding \$79,185,000 for the principal purposes of refunding of the Refunded Obligations and paying certain costs of issuance incurred with respect to the Series 1992 Bonds. Such Series of Bonds were designated as, and were distinguished from the Bonds of all other Series by the title, "Seminole County, Florida Water and Sewer Revenue Refunding and Improvement Bonds, Series 1992."

The Series 1992 Bonds were dated June 15, 1999; were issued as fully registered Bonds; were numbered consecutively from one upward in order of maturity preceded by the letter "R"; in such denominations and bearing interest at such rates not exceeding the maximum rate permitted by law, payable in such manner and on such dates; consisted of such amounts of Serial Bonds, Term Bonds, Variable Rate Bonds and Capital Appreciation Bonds maturing in such years and amounts not exceeding such period as permitted by the Act at the time of issuance; payable in such place or places; having such Paying Agents and Registrars; and containing such redemption provisions; all as the Issuer provided by Supplemental Resolution.

The principal of or Redemption Price, if applicable, on the Series 1992 Bonds are payable upon presentation and surrender of the Series 1992 Bonds at the designated office of the Paying Agent. Interest payable on any Series 1992 Bond on any Interest Date will be paid by check or draft of the Paying Agent 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 such Interest Date, or, at the prior written request and expense of such Holder, by bank wire transfer for the account of such Holder. All payments of principal of or Redemption Price, if applicable, and interest on the Series 1992 Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

(B) The Series 1999 Bonds were authorized for issuance by the Issuer pursuant to Resolution No. 99-R-88 adopted on June 22, 1999 pursuant to the terms thereof (which are incorporated herein by reference) and Sections 2.01 and 6.02 of this Resolution.

(C) The Series 2005 Bonds were authorized for issuance by the Issuer pursuant to Resolution No. 05-R-36 adopted on February 22, 2005 (the terms of which are incorporated herein by reference) and Sections 2.01 and 6.02 of this Resolution.

(D) The Series 2006 Bonds were authorized for issuance by the Issuer pursuant to Resolution No. 06-R-\_\_\_ adopted on November \_\_\_, 2006 (the terms of which are incorporated herein by reference) and Sections 2.01 and 6.02 of this Resolution.

**SECTION 2.03. APPLICATION OF SERIES 1992, SERIES 1999, SERIES 2005 AND SERIES 2006 BOND PROCEEDS.** (A) The proceeds derived from the sale of the Series 1992 Bonds, including accrued interest and premium, were, simultaneously with the delivery of the Series 1992 Bonds to the purchaser or purchasers thereof, applied by the Issuer as follows:

(1) Accrued interest and proceeds of the Series 1992 Bonds representing capitalized interest, if any, was deposited in the Interest Account and used only for the purpose of paying the interest becomes due on the Series 1992 Bonds.

(2) A sufficient amount of Series 1992 Bond proceeds was deposited in the Reserve Account which, together with any other moneys and securities on deposit therein and any Reserve Account Insurance Policy and/or Reserve Account Letter of Credit obtained in accordance with Section 4.05(B)(4) hereof, equaled the Reserve Account Requirement for the Series 1992 Bonds.

(3) An amount of Series 1992 Bond proceeds sufficient to refund the Refunded Obligations were applied to the prepayment and redemption of the Refunded Obligations, or the reimbursement of the Issuer for the payment of such Refunded Obligations.

(4) A sufficient amount of the Series 1992 Bond proceeds were applied to the payment of the premium of the Series 1992 Bond Insurance Policy and to the payment of costs and expenses related to the issuance of the Series 1992 Bonds.

(5) The balance, if any, of the Series 1992 Bond proceeds were deposited in the Series 1992 Account of the Construction Fund.

(B) The proceeds derived from the sale of the Series 1999 Bonds, including accrued interest and premium, were, simultaneously with the delivery of the Series 1999 Bonds to the purchaser or purchasers thereof, applied by the Issuer as follows:

(1) Accrued interest was deposited in the Interest Account.

(2) A sufficient amount of Series 1999 Bond proceeds was deposited in the Reserve Account so that the amount on deposit therein equaled the Reserve Account Requirement for all Outstanding Bonds.

(3) The remainder of the Series 1999 Bond proceeds were deposited in the Series 1999 Account of the Construction Fund and applied to pay the Cost of the Series 1999 Project and the costs and expenses related to the issuance of the Series 1999 Bonds.

(C) The proceeds derived from the sale of the Series 2005 Bonds, including premium, were, simultaneously with the delivery of the Series 2005 Bonds to the purchaser or purchasers thereof, applied by the Issuer as follows:

(1) An amount of Series 2005 Bond proceeds, together with other available funds, were deposited in escrow to defease and redeem the Series 1999 Bonds maturing in the years 2010 through 2022.

(2) The remainder of the Series 2005 Bond proceeds were applied to pay the costs and expenses related to the issuance of the Series 2005 Bonds.

(D) The proceeds derived from the sale of the Series 2006 Bonds are being applied in accordance with the provisions of Resolution 06-R-\_\_\_ adopted by the Issuer on November \_\_\_, 2006.

**SECTION 2.04. EXECUTION OF BONDS.** The Bonds shall be executed in the name of the Issuer with the manual or facsimile signature of the Chairman and the official seal of the Issuer shall be imprinted thereon, attested and countersigned with the manual or facsimile signature of the Clerk. In case any one or more of the officers who shall have signed or sealed any of the Bonds or whose facsimile signature shall appear thereon shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person who at the actual time of the execution of such Bond shall hold the proper office of the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized. The Issuer may adopt and use for such purposes the facsimile signatures of any such persons who shall have held such offices at any time after the date of the adoption of this Resolution, notwithstanding that either or both shall have ceased to hold such office at the time the Bonds shall be actually sold and delivered.

**SECTION 2.05. AUTHENTICATION.** No Bond of any Series shall be secured hereunder or entitled to the benefit hereof or shall be valid or obligatory for any purpose unless there shall be manually endorsed on such Bond a certificate of authentication by the Registrar or such other entity as may be approved by the Issuer for such purpose. Such certificate on any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Resolution. The form of such certificate shall be substantially in the form provided in Section 2.10 hereof.

**SECTION 2.06. TEMPORARY BONDS.** Until the definitive Bonds of any Series are prepared, the Issuer may execute, in the same manner as is provided in Section 2.04, and deliver, upon authentication by the Registrar pursuant to Section 2.05 hereof, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, except as to the denominations thereof, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in denominations authorized by the Issuer by subsequent resolution and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Issuer, at his own expense, shall prepare and execute definitive Bonds, which shall be authenticated by the Registrar. Upon the surrender of such temporary Bonds for exchange, the Registrar, without charge to the Holder thereof, shall deliver in exchange therefor definitive Bonds, of the same aggregate principal amount and Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as

definitive Bonds issued pursuant to this Resolution. All temporary Bonds surrendered in exchange for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith cancelled by the Registrar.

**SECTION 2.07. BONDS MUTILATED, DESTROYED, STOLEN OR LOST.** In case any Bond shall become mutilated, or be destroyed, stolen or lost, the Issuer may, in its discretion, issue and deliver, and the Registrar shall authenticate, a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder furnishing the Issuer and the Registrar proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer and the Registrar may incur. All Bonds so surrendered shall be cancelled by the Registrar. If any of the Bonds shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same or cause the Bond to be paid, upon being indemnified as aforesaid, and if such Bonds be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Bonds issued pursuant to this Section 2.07 shall constitute original, additional contractual obligations on the part of the Issuer whether or not the lost, stolen or destroyed Bond be at any time found by anyone, and such duplicate Bond shall be entitled to equal and proportionate benefits and rights as to lien on the Pledged Funds to the same extent as all other Bonds issued hereunder.

**SECTION 2.08. INTERCHANGEABILITY, NEGOTIABILITY AND TRANSFER.** Bonds, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of registered Bonds of the same Series and maturity of any other authorized denominations.

The Bonds issued under this Resolution shall be and have all the qualities and incidents of negotiable instruments under the law merchant and the Uniform Commercial Code of the State of Florida, subject to the provisions for registration and transfer contained in this Resolution and in the Bonds. So long as any of the Bonds shall remain Outstanding, the Issuer shall maintain and keep, at the office of the Registrar, books for the registration and transfer of the Bonds.

Each Bond shall be transferable only upon the books of the Issuer, at the office of the Registrar, under such reasonable regulations as the Issuer may prescribe, by the Holder thereof in person or by his attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed and guaranteed by the Holder or his duly authorized attorney. Upon the transfer

of any such Bond, the Issuer shall issue, and cause to be authenticated, in the name of the transferee a new Bond or Bonds of the same aggregate principal amount and Series and maturity as the surrendered Bond. The Issuer, the Registrar and any Paying Agent or fiduciary of the Issuer may deem and treat the Person in whose name any Outstanding Bond shall be registered upon the books of the Issuer as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if applicable, and interest on such Bond and for all other purposes, and all such payments so made to any such Holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid and neither the Issuer nor the Registrar nor any Paying Agent or other fiduciary of the Issuer shall be affected by any notice to the contrary.

The Registrar, in any case where it is not also the Paying Agent in respect to any Series of Bonds, forthwith (A) following the fifteenth day prior to an interest payment date for such Series; (B) following the fifteenth day next preceding the date of first mailing of notice of redemption of any Bonds of such Series; and (C) at any other time as reasonably requested by the Paying Agent of such Series, shall certify and furnish to such Paying Agent the names, addresses and holdings of Bondholders and any other relevant information reflected in the registration books. Any Paying Agent of any fully registered Bond shall effect payment of interest on such Bonds by mailing a check to the Holder entitled thereto or may, in lieu thereof, upon the request and at the expense of such Holder, transmit such payment by bank wire transfer for the account of such Holder.

In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Issuer shall execute and deliver Bonds and the Registrar shall authenticate such Bonds in accordance with the provisions of this Resolution. Execution of Bonds by the Chairman and Clerk for purposes of exchanging, replacing or transferring Bonds may occur at the time of the original delivery of the Series of which such Bonds are a part. All Bonds surrendered in any such exchanges or transfers shall be held by the Registrar in safekeeping until directed by the Issuer to be cancelled by the Registrar. For every such exchange or transfer of Bonds, the Issuer or the Registrar may make a charge sufficient to reimburse it for any tax, fee, expense or other governmental charge required to be paid with respect to such exchange or transfer. The Issuer and the Registrar shall not be obligated to make any such exchange or transfer of Bonds of any Series during the fifteen (15) days next preceding an Interest Date on the Bonds of such Series (other than Capital Appreciation Bonds and Variable Rate Bonds), or, in the case of any proposed redemption of Bonds of such Series, then, for the Bonds subject to redemption, during the fifteen (15) days next preceding the date of the first mailing of notice of such redemption and continuing until such redemption date.

The Issuer may elect to issue any Bonds as uncertificated registered public obligations (not represented by instruments), commonly known as book-entry

obligations, provided it shall establish a system of registration therefor by Supplemental Resolution.

**SECTION 2.09. COUPON BONDS.** The Issuer, at its discretion, may by Supplemental Resolution authorize the issuance of coupon Bonds, registrable as to principal only or as to both principal and interest. Such Supplemental Resolution shall provide for the negotiability, transfer, interchangeability, denominations and form of such Bonds and coupons appertaining thereto.

**SECTION 2.10. FORM OF BONDS.** The text of the Bonds, except as otherwise provided pursuant to Section 2.09 hereof and except for Capital Appreciation Bonds and Variable Rate Bonds, the form of which shall be provided by Supplemental Resolution of the Issuer, shall be in substantially the following form with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman or the Clerk prior to the issuance thereof (which necessity and/or desirability and approval shall be presumed by such officer's execution of the Bonds and the Issuer's delivery of the Bonds to the purchaser or purchasers thereof):

No. R-

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

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

Interest <u>Rate</u>	Maturity <u>Date</u>	Date of <u>Original Issue</u>	<u>CUSIP</u>
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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 \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, 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 \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, 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 finance \_\_\_\_\_, in and for the Issuer, 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 \_\_\_\_\_, 1992 as amended and supplemented (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"). 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 is one of a series of Bonds which were validated by judgment of the Circuit Court of the Eighteenth Judicial Circuit of Florida in and for Seminole County, Florida, rendered on \_\_\_\_\_, \_\_\_\_\_.]

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 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)

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

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

(Provisions on Reverse Side of Bond)

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.

**ASSIGNMENT**

**FOR VALUE RECEIVED**, the undersigned sells, assigns and transfers to \_\_\_\_\_

\_\_\_\_\_  
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

## ARTICLE III

### REDEMPTION OF BONDS

**SECTION 3.01. PRIVILEGE OF REDEMPTION.** The terms of this Article III shall apply to redemption of Bonds other than Capital Appreciation Bonds or Variable Rate Bonds. The terms and provisions relating to redemption of Capital Appreciation Bonds and Variable Rate Bonds shall be provided by Supplemental Resolution.

**SECTION 3.02. SELECTION OF BONDS TO BE REDEEMED.** The Bonds shall be redeemed only in the principal amount of \$5,000 each and integral multiples thereof. The Issuer shall, at least forty-five (45) days prior to the redemption date (unless a shorter time period shall be satisfactory to the Registrar) notify the Registrar of such redemption date and of the principal amount of Bonds to be redeemed. For purposes of any redemption of less than all of the Outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected not more than forty-five (45) days prior to the redemption date by the Registrar from the Outstanding Bonds of the maturity or maturities designated by the Issuer by such method as the Registrar shall deem fair and appropriate and which may provide for the selection for redemption of Bonds or portions of Bonds in principal amounts of \$5,000 and integral multiples thereof.

If less than all of the Outstanding Bonds of a single maturity are to be redeemed, the Registrar shall promptly notify the Issuer and Paying Agent (if the Registrar is not the Paying Agent for such Bonds) in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

**SECTION 3.03. NOTICE OF REDEMPTION.** Notice of such redemption, which shall specify the Bond or Bonds (or portions thereof) to be redeemed and the date and place for redemption, shall be given by the Registrar on behalf of the Issuer, and (A) shall be filed with the Paying Agents of such Bonds and (B) shall be mailed first class, postage prepaid, at least thirty (30) days and not more than forty-five (45) days prior to the redemption date to all Holders of Bonds to be redeemed at their addresses as they appear on the registration books kept by the Registrar as of the date of mailing of such notice. Failure to mail notice to the Holders of the Bonds to be redeemed, or any defect therein, shall not affect the proceedings for redemption of Bonds as to which no such failure or defect has occurred.

Each notice of redemption shall state: (1) the CUSIP numbers of all Bonds being redeemed, (2) the original issue date of such Bonds, (3) the maturity date and rate of interest borne by each Bond being redeemed, (4) the redemption date, (5) the Redemption Price, (6) the date on which such notice is mailed, (7) if less than all Outstanding Bonds

are to be redeemed, the certificate number (and, in the case of a partial redemption of any Bond, the principal amount) of each Bond to be redeemed, (8) that on such redemption date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable, and (9) that the Bonds to be redeemed, whether as a whole or in part, are to be surrendered for payment of the Redemption Price at the principal office of the Registrar at an address specified.

Within 60 days of the date of redemption, the Registrar shall give a second notice of redemption by mailing another copy of the redemption notice to the registered Owners of Bonds called for redemption but which have not been presented for payment within thirty (30) days after the date set for redemption.

In addition to the mailing of the notice described above, each notice of redemption and payment of the redemption price shall meet the following requirement; provided, however, the failure to provide such further notice of redemption or to comply with the terms of this paragraph shall not in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above:

Each further notice of redemption shall be sent by certified mail or overnight delivery service or telecopy to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds (such depositories now being The Depository Trust Company, New York, New York, Midwest Securities Trust Company, Chicago, Illinois and Philadelphia Depository Trust Company, Philadelphia, Pennsylvania) and to four or more national information services which disseminate notices of prepayment or redemption of obligations such as the Bonds (such information services now being Financial Information, Inc.'s "Daily Called Bond Service," "Jersey City, New Jersey, Kenny Information Services "Called Bond Service," New York, New York, Moody's "Municipal and Government," New York, New York and Standard & Poor's "Called Bond Record," New York, New York).

**SECTION 3.04. REDEMPTION OF PORTIONS OF BONDS.** Any Bond which is to be redeemed only in part shall be surrendered at any place of payment specified in the notice of redemption (with due endorsement by, or written instrument of transfer in form satisfactory to the Registrar duly executed by, the Holder thereof or his attorney duly authorized in writing) and the Issuer shall execute and the Registrar shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds, of any authorized denomination, as requested by such Holder in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bonds so surrendered.

**SECTION 3.05. PAYMENT OF REDEEMED BONDS.** Notice of redemption having been given substantially as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar and/or Paying Agent at the appropriate Redemption Price, plus accrued interest. All Bonds which have been redeemed shall be cancelled and destroyed by the Registrar and shall not be reissued.

## ARTICLE IV

### SECURITY, SPECIAL FUNDS AND APPLICATION THEREOF

**SECTION 4.01. BONDS NOT TO BE INDEBTEDNESS OF ISSUER.** The Bonds shall not be or constitute general obligations or indebtedness of the Issuer as "bonds" within the meaning of any constitutional or statutory provision, but shall be special obligations of the Issuer, payable solely from and secured by a lien upon and pledge of the Pledged Funds, in the manner and to the extent provided in this Resolution and any moneys payable pursuant to any Credit Facility or Bond Insurance Policy. No Holder of any Bond shall ever have the right to compel the exercise of any ad valorem taxing power to pay such Bond, or be entitled to payment of such Bond from any moneys of the Issuer or the County except from the Pledged Funds in the manner and to the extent provided herein.

**SECTION 4.02. SECURITY FOR BONDS.** The payment of the principal of or Redemption Price, if applicable, and interest on the Bonds shall be secured forthwith equally and ratably by a pledge of and lien upon the Pledged Funds; provided, however, a Series of Bonds may be further secured by a Credit Facility or Bond Insurance Policy of an Insurer in addition to the security provided herein; and provided further that a Series of Bonds may be secured independently of any other Series of Bonds by the establishment of a separate subaccount in the Reserve Account for such Series of Bonds. The Issuer does hereby irrevocably pledge the Pledged Funds to the payment of the principal of or Redemption Price, if applicable, and interest on the Bonds in accordance with the provisions hereof. In addition, the Issuer does hereby irrevocably pledge and grant a lien upon the Pledged Funds to the payment of any amounts owing to an issuer of a reserve account insurance policy, surety bond or letter of credit in accordance with the provisions hereof; provided, however, such pledge and lien shall be junior and subordinate in all respects to the pledge and lien upon such Pledged Funds granted hereby to the Bondholders. Except as otherwise provided by Supplemental Resolution or by the terms of a Qualified Hedge Agreement, the obligation of the Issuer to make Hedge Payments to a Counterparty pursuant to such Qualified Hedge Agreement shall be on parity with the Bonds as to lien on and pledge of the Pledged Funds in accordance with the terms hereof (any other payments related to a Qualified Hedge Agreement, including fees, penalties and termination payments and the obligation of the Issuer to collateralize, shall be Subordinated Indebtedness of the Issuer). The Pledged Funds shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Issuer.

**SECTION 4.03. CONSTRUCTION FUND.** The Issuer covenants and agrees to establish, a special fund in a bank, trust company or such other entity in the State, which is eligible under the laws of the State to be a depository for county funds, to be

known as the "Water and Sewer System Construction Fund," which shall be used only for payment of the Cost of the Project. Moneys in the Construction Fund, until applied in payment of any item of the Cost of a Project in the manner hereinafter provided, shall be subject to a lien and charge in favor of the Holders of the Bonds and for the further security of such Holders.

There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of this Resolution, and there may be paid into the Construction Fund, at the option of the Issuer, any moneys received for or in connection with a Project by the Issuer from any other source.

The Issuer shall establish within the Construction Fund a separate account for each Project, the Cost of which is to be paid in whole or in part out of the Construction Fund, including, without limitation, a Series 1992 Account for the Initial Project.

The proceeds of insurance maintained pursuant to this Resolution against physical loss of or damage to a Project, or of contractors' performance bonds with respect thereto pertaining to the period of construction thereof, shall be deposited into the appropriate account of the Construction Fund.

Any moneys received by the Issuer from the State or from the United States of America or any agencies thereof for the purpose of financing part of the Cost of a Project shall be deposited into the appropriate account of the Construction Fund and used in the same manner as other Bond proceeds are used therein; provided that separate accounts or subaccounts may be established in the Construction Fund for moneys received pursuant to the provisions of this paragraph whenever required by Federal or State law.

The Issuer covenants that the acquisition, construction and installation of each Project will be completed without delay and in accordance with sound engineering practices. The Issuer shall make disbursements or payments from the Construction Fund to pay the Cost of a Project upon the filing with the Clerk of certificates and/or documents signed by an Authorized Issuer Officer, stating with respect to each disbursement or payment to be made: (A) the item number of the payment, (B) the name and address of the Person to whom payment is due, (C) the amount to be paid, (D) the Construction Fund account from which payment is to be made, (E) the purpose, by general classification, for which payment is to be made, and (F) that (i) each obligation, item of cost or expense mentioned therein has been properly incurred, is in payment of a part of the Cost of a Project and is a proper charge against the account of the Construction Fund from which payment is to be made and has not been the basis of any previous disbursement or payment, or (ii) each obligation, item of cost or expense mentioned therein has been paid by the Issuer, is a reimbursement of a part of the Cost of a Project, is a proper charge against the account of the Construction Fund from which payment is to be made, has not been theretofore reimbursed to the Issuer or otherwise been the basis of any previous disbursement or payment and the Issuer is entitled to

reimbursement thereof. The Clerk shall retain all such certificates and/or documents of the Authorized Issuer Officers for three (3) years after the dates of audits related to same.

Notwithstanding any of the other provisions of this Section 4.03, to the extent that other moneys are not available therefor, amounts in the Construction Fund shall be applied to the payment of principal and interest on Bonds when due.

The date of completion of the acquisition and construction of a Project shall be determined by an Authorized Issuer Officer which shall certify such fact in writing to the Governing Body. An Authorized Issuer Officer may perform such tests relating to a Project as they deem necessary in order to make such certification. Promptly after the date of the completion of a Project, and after paying or making provision for the payment of all unpaid items of the Cost of such Project, the Issuer shall deposit in the following order of priority any balance of moneys remaining in the Construction Fund in (1) another account of the Construction Fund for which an Authorized Issuer Officer has stated that there are insufficient moneys present to pay the Cost of the related Project, (2) the Reserve Account, to the extent of a deficiency therein, and (3) such other fund or account established hereunder as shall be determined by the Governing Body, provided the Issuer has received an Opinion of Bond Counsel to the effect that such transfer shall not adversely affect the exclusion, if any, of interest on the Bonds from gross income for purposes of Federal income taxation.

**SECTION 4.04. CREATION OF FUNDS AND ACCOUNTS.** The Issuer covenants and agrees to establish with a bank, trust company or such other entity in the State, which is eligible under the laws of the State to be a depository for county funds the following funds and accounts:

(A) The "Seminole County, Florida Water and Sewer System Revenue Fund."

(B) The "Seminole County, Florida Water and Sewer System Operation and Maintenance Fund."

(C) The "Seminole County, Florida Water and Sewer System Sinking Fund." The Issuer shall maintain four separate accounts in the Sinking Fund: the "Interest Account," the "Principal Account," the "Term Bonds Redemption Account" and the "Reserve Account."

(D) The "Seminole County, Florida Water and Sewer System Water Connection Fees Fund."

(E) The "Seminole County, Florida Water and Sewer System Sewer Connection Fees Fund."

(F) The "Seminole County, Florida Water and Sewer System Special Assessments Fund."

(G) The "Seminole County, Florida Water and Sewer System Renewal and Replacement Fund."

(H) The "Seminole County, Florida Water and Sewer System Utility Reserve Fund."

(I) The "Seminole County, Florida Water and Sewer System Rebate Fund."

(J) The "Seminole County, Florida Water and Sewer System Rate Stabilization Fund".

Moneys in the aforementioned funds and accounts (except for moneys in the Rebate Fund), until applied in accordance with the provisions hereof, shall be subject to a lien and charge in favor of the Holders of the Bonds and for the further security of such Holders.

The Issuer shall at any time and from time to time appoint one or more depositaries to hold, for the benefit of the Bondholders, any one or more of the funds and accounts established hereby. Such depositary or depositaries shall perform at the direction of the Issuer the duties of the Issuer in depositing, transferring and disbursing moneys to and from each of such funds or accounts as herein set forth, and all records of such depositary in performing such duties shall be open at all reasonable times to inspection by the Issuer and its agents and employees. Any such depositary shall be a bank or trust company duly authorized to exercise corporate trust powers and subject to examination by federal or state authority, of good standing, and be qualified under applicable State law.

**SECTION 4.05. DISPOSITION OF GOVERNMENT GRANTS, REVENUES AND SPECIAL ASSESSMENTS.**

(A) (1) In the event the Issuer receives a Government Grant, the use and withdrawal of moneys from such Government Grant shall be governed by the terms of the Government Grant and applicable law.

(2) Into the Revenue Fund, the Issuer shall deposit promptly, as received, all Gross Revenues (other than Special Assessments).

Operation and Maintenance Fund. Moneys in Revenue Fund shall first be used each month to deposit in the Operation and Maintenance Fund such sums as are necessary to pay Operating Expenses for the ensuing month; provided the Issuer may transfer moneys from the Revenue Fund to the Operation and Maintenance Fund at any time to pay Operating Expenses to the extent there is a deficiency in the Operation and Maintenance Fund for such purpose. Amounts in the Operation and Maintenance Fund shall be paid out from time to time by the Issuer for reasonable and necessary Operating Expenses; provided, however, that

no such payment shall be made unless the provisions of Section 5.03 hereof in regard to the current Annual Budget are complied with.

(3) Into the Special Assessments Fund, the Issuer shall deposit promptly, as received, all Special Assessment Proceeds.

Redemptions from Special Assessments. In the event the Issuer by Supplemental Resolution provides for all or a portion of any special assessments to the payment of all or a portion of a particular Series of Bonds, the Issuer may establish separate accounts or subaccounts for the deposit of the corresponding Special Assessments Proceeds if necessary to provide for the earlier redemption of such Bonds from such Special Assessments Proceeds.

(B) All moneys at any time on deposit in the Special Assessments Fund and any deposits remaining in the Revenue Fund after the aforementioned transferrals to the Operation and Maintenance Fund shall be disposed of by the Issuer on or before the twenty-fifth (25th) day of each month, commencing in the month immediately following the delivery of any of the Bonds to the purchasers thereof, or such later date as hereinafter provided, first from the Special Assessments Fund and then from the Revenue Fund in the following manner and in the following order of priority:

(1) Interest Account. The Issuer shall deposit or credit to the Interest Account the sum which, together with the balance in said Account, shall equal the interest on all Bonds Outstanding (except as to Capital Appreciation Bonds) accrued and unpaid and to accrue to the end of the then current calendar month. All Hedge Receipts shall be deposited directly to the Interest Account upon receipt. With respect to interest on Bonds which are subject to a Hedge Payment, interest on such Bonds during the term of the Qualified Hedge Agreement shall be deemed to be the corresponding Hedge Payments. Moneys in the Interest Account shall be applied by the Issuer for (a) deposit with the Paying Agents to pay the interest on the Bonds on or prior to the date the same shall become due, and (b) Hedge Payments. The Issuer shall adjust the amount of the deposit to the Interest Account not later than a month immediately preceding any Interest Date so as to provide sufficient moneys in the Interest Account to pay the interest on the Bonds coming due on such Interest Date. Except as otherwise provided by Supplemental Resolution or by the terms of the Qualified Hedge Agreement, with respect to debt service on any Bonds which are subject to a Qualified Hedge Agreement, any Hedge Payments due to the Qualified Hedge Agreement Counterparty relating to such Bonds shall be paid to the Qualified Hedge Agreement Counterparty on a parity basis with the aforesaid required payments into the Interest Account. No further deposit need be made to the Interest Account when the moneys therein are equal to (i) the interest coming due on the Outstanding Bonds on the next succeeding Interest Date, and (ii) Hedge Payments coming due on the next payment date.

(2) Principal Account. Commencing in the month which is one year prior to the first principal due date, the Issuer shall next deposit into the Principal Account the sum which, together with the balance in said Account, shall equal the principal amounts on all Bonds Outstanding due and unpaid and that portion of the principal next due which would have accrued on such Bonds during the then current calendar month if such principal amounts were deemed to accrue monthly (assuming that a year consists of twelve (12) equivalent calendar months having thirty (30) days each) in equal amounts from the next preceding principal payment due date, or, if there be no such preceding payment due date from a date one year preceding the due date of such principal amount. Moneys in the Principal Account shall be applied by the Issuer for deposit with the Paying Agents to pay the principal of the Bonds on or prior to the date the same shall mature, and for no other purpose. Serial Capital Appreciation Bonds shall be payable from the Principal Account in the years in which such Bonds mature and monthly payments into the Principal Account on account of such Bonds shall commence in the month of the respective Bond Years in which such Bonds mature. The Issuer shall adjust the amount of the deposit to the Principal Account not later than the month immediately preceding any principal payment date so as to provide sufficient moneys in the Principal Account to pay the principal on Bonds becoming due on such principal payment date. No further deposit need be made to the Principal Account when the moneys therein are equal to the principal coming due on the Outstanding Bonds on the next succeeding principal payment date.

(3) Term Bonds Redemption Account. Commencing in the month which is one year prior to the first Sinking Fund Installment due date, there shall be deposited to the Term Bonds Redemption Account the sum which, together with the balance in such Account, shall equal the Sinking Fund Installments on all Bonds Outstanding due and unpaid and that portion of the Sinking Fund Installments of all Bonds Outstanding next due which would have accrued on such Bonds during the then current calendar month if such Sinking Fund Installments were deemed to accrue monthly (assuming that a year consists of twelve (12) equivalent calendar months having thirty (30) days each) in equal amounts from the next preceding Sinking Fund Installment due date, or, if there is no such preceding Sinking Fund Installment due date, from a date one year preceding the due date of such Sinking Fund Installment. Moneys in the Term Bonds Redemption Account shall be used to purchase or redeem Term Bonds in the manner herein provided, and for no other purpose. The Issuer shall adjust the amount of the deposit to the Term Bonds Redemption Account on the month immediately preceding any Sinking Fund Installment Date so as to provide sufficient moneys in the Term Bonds Redemption Account to pay the Sinking Fund Installments becoming due on such date. Payments to the Term Bonds Redemption Account shall be on parity with payments to the Principal Account.

Amounts accumulated in the Term Bonds Redemption Account with respect to any Sinking Fund Installment (together with amounts accumulated in the Interest Account with respect to interest, if any, on the Term Bonds for which such Sinking Fund Installment was established) may be applied by the Issuer, on or prior to the sixtieth (60th) day preceding the due date of such Sinking Fund Installment, (a) to the purchase of Term Bonds of the Series and maturity for which such Sinking Fund Installment was established, or (b) to the redemption at the applicable Redemption Prices of such Term Bonds, if then redeemable by their terms. The applicable Redemption Price (or principal amount of maturing Term Bonds) of any Term Bonds so purchased or redeemed shall be deemed to constitute part of the Term Bonds Redemption Account until such Sinking Fund Installment date, for the purposes of calculating the amount of such Account. As soon as practicable after the 60th day preceding the due date of any such Sinking Fund Installment, the Issuer shall proceed to call for redemption on such due date, by causing notice to be given as provided in Section 3.03 hereof, Term Bonds of the Series and maturity for which such Sinking Fund Installment was established (except in the case of Term Bonds maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment. The Issuer shall pay out of the Term Bonds Redemption Account and the Interest Account to the appropriate Paying Agents, on or before the day preceding such redemption date (or maturity date), the amount required for the redemption (or for the payment of such Term Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment). All expenses in connection with the purchase or redemption of Term Bonds shall be paid by the Issuer from the Operation and Maintenance Fund.

(4) Reserve Account. There shall be deposited to the Reserve Account an amount which shall not be less than one twelfth (1/12) of the amount which would enable the Issuer to restore the funds on deposit in the Reserve Account to an amount equal to the Reserve Account Requirement applicable thereto in one (1) year from the date of any shortfall. On or prior to each principal payment date and Interest Date for the Bonds, moneys in the Reserve Account shall be applied by the Issuer to the payment of the principal of or Redemption Price, if applicable, and interest on the Bonds to the extent moneys in the Interest Account, the Principal Account and the Bond Amortization Account shall be insufficient for such purpose, but only to the extent the moneys transferred from the Utility Reserve Fund or Renewal and Replacement Fund for such purposes pursuant to Sections 4.05(B)(8) and 4.05(B)(5) hereof, respectively, shall be inadequate to fully provide for such insufficiency. Whenever there shall be surplus moneys in the Reserve Account by reason of a decrease in the Reserve Account Requirement, such surplus moneys shall be deposited by the Issuer first, into the Renewal and Replacement Fund to the extent necessary to cause the amounts in such Fund to

equal the Renewal and Replacement Fund Requirement, and second, into the Utility Reserve Fund. The Issuer shall inform each Insurer and Credit Bank of any draw upon the Reserve Account for purposes of paying the principal of and interest on the Bonds.

Upon the issuance of any Series of Bonds under the terms, limitations and conditions as herein provided, the Issuer shall, on the date of delivery of such Series of Bonds, fund the Reserve Account in an amount at least equal to the Reserve Account Requirement. Such required amount may be paid in full or in part from the proceeds of such Series of Bonds or may be accumulated in equal monthly payments to the Reserve Account over a period of months from the date of issuance of such Series of Bonds, which shall not exceed the greater of (a) thirty-six (36) months, or (b) the number of months for which interest on such Series of Bonds has been capitalized, as determined by Supplemental Resolution. In the event moneys in the Reserve Account are accumulated as provided above, (i) the amount in said Reserve Account on the date of delivery of the Additional Bonds shall not be less than the Reserve Account Requirement on all Bonds Outstanding (excluding the Additional Bonds) on such date, and (ii) the incremental difference between the Reserve Account Requirement on all Bonds Outstanding (excluding the Additional Bonds) on the date of delivery of the Additional Bonds and the Reserve Account Requirement on all such Bonds and the Additional Bonds shall be fifty percent (50%) funded upon delivery of the Additional Bonds.

Notwithstanding the foregoing provisions, but subject to the provisions of Section 5.21 hereof, in lieu of the required deposits into the Reserve Account, the Issuer may cause to be deposited into the Reserve Account a Reserve Account Insurance Policy and/or Reserve Account Letter of Credit for the benefit of the Bondholders in an amount equal to the difference between the Reserve Account Requirement applicable thereto and the sums then on deposit in the Reserve Account, if any. The Issuer may also substitute a Reserve Account Insurance Policy and/or Reserve Account Letter of Credit for cash on deposit in the Reserve Account upon compliance with the terms of this Section 4.05(A)(4). Such Reserve Account Insurance Policy and/or Reserve Account Letter of Credit shall be payable to the Paying Agent (upon the giving of notice as required thereunder) on any principal payment date or Interest Date on which a deficiency exists which cannot be cured by moneys in any other fund or account held pursuant to this Resolution and available for such purpose. The issuer providing such Reserve Account Insurance Policy and/or Reserve Account Letter of Credit shall either be (a) an insurer (i) whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in one of the two highest rating categories (without regard to gradations, such as "plus" or "minus" of such categories) by a Rating Agency, or

(ii) who holds the highest policyholder rating accorded insurers by A.M. Best & Company, or any comparable service, or (b) a commercial bank, insurance company or other financial institution the obligations payable or guaranteed by which have been assigned a rating by a Rating Agency in one of the two highest rating categories (without regard to gradations, such as "plus" or "minus" of such categories).

In the event the Reserve Account contains both a Reserve Account Insurance Policy or Reserve Account Letter of Credit and cash and separate subaccounts have not been established in the Reserve Account, the cash shall be drawn down completely prior to any draw on the Reserve Account Insurance Policy or Reserve Account Letter of Credit. In the event more than one Reserve Account Insurance Policy or Reserve Account Letter of Credit is on deposit in the Reserve Account, amounts required to be drawn thereon shall be done on a pro-rata basis. The Issuer agrees to pay all amounts owing in regard to any Reserve Account Insurance Policy or Reserve Account Letter of Credit from the Pledged Funds. Pledged Funds shall be applied in accordance with this Section 4.05(A)(4), first, to reimburse the issuer of the Reserve Account Insurance Policy or Reserve Account Letter of Credit for amounts advanced under such instruments, second, replenish any cash deficiencies in the Reserve Account, and third, to pay the issuer of the Reserve Account Insurance Policy or Reserve Account Letter of Credit interest on amounts advanced under such instruments. This Resolution shall not be discharged or defeased while any obligations are owing in regard to a Reserve Account Insurance Policy or Reserve Account Letter of Credit on deposit in the Reserve Account. The Issuer agrees not to optionally redeem or refund Bonds unless all amounts owing in regard to a Reserve Account Insurance Policy or Reserve Account Letter of Credit on deposit in the Reserve Account have been paid in full.

If two (2) days prior to an interest payment or redemption date or such other period of time as shall be established pursuant to Supplemental Resolution, the Issuer shall determine that a deficiency exists in the amount of moneys available to pay in accordance with the terms hereof interest and/or principal due on the Bonds on such date, the Issuer shall immediately notify (a) the issuer of the applicable Reserve Account Insurance Policy and/or the issuer of the Reserve Account Letter of Credit and submit a demand for payment pursuant to the provisions of such Reserve Account Insurance Policy and/or Reserve Account Letter of Credit, (b) the Paying Agent, and (c) the Insurer, if any, of the amount of such deficiency and the date on which such payment is due, and shall take all action to cause such Issuer or Insurer to provide moneys sufficient to pay all amounts due on such interest payment date.

The Issuer may evidence its obligation to reimburse the issuer of any Reserve Account Letter of Credit or Reserve Account Insurance Policy by executing and delivering to such issuer a promissory note therefor; provided, however, any such note (a) shall not be a general obligation of the Issuer the payment of which is secured by the full faith and credit or taxing power of the Issuer, and (b) shall be payable solely from the Pledged Funds in the manner provided herein.

To the extent the Issuer causes to be deposited into the Reserve Account, a Reserve Account Insurance Policy and/or a Reserve Account Letter of Credit for a term of years shorter than the life of the Series of Bonds so insured or secured, then the Reserve Account Insurance Policy and/or the Reserve Account Letter of Credit shall provide, among other things, that the issuer thereof shall provide the Issuer with notice as of each anniversary of the date of the issuance of the Reserve Account Insurance Policy and/or the Reserve Account Letter of Credit of the intention of the issuer thereof to either (a) extend the term of the Reserve Account Insurance Policy and/or the Reserve Account Letter of Credit beyond the expiration dates thereof, or (b) terminate the Reserve Account Insurance Policy and/or the Reserve Account Letter of Credit on the initial expiration dates thereof or such other future date as the issuer thereof shall have established. If the issuer of the Reserve Account Insurance Policy and/or the Reserve Account Letter of Credit notifies the Issuer pursuant to clause (b) of the immediately preceding sentence or if the Issuer terminates the Reserve Account Letter of Credit and/or Reserve Account Insurance Policy, then the Issuer shall deposit into the Reserve Account, on or prior to the end of the first full calendar month following the date on which such notice is received by the Issuer, such sums as shall be sufficient to pay an amount equal to a fraction, the numerator of which is one (1) and the denominator of which is equal to the number of months remaining in the term of the Reserve Account Insurance Policy and/or the Reserve Account Letter of credit of the Reserve Account Requirement on the date such notice was received (the maximum amount available, assuming full reimbursement by the Issuer, under the Reserve Account Letter of Credit and/or the Reserve Account Insurance Policy to be reduced annually by an amount equal to the deposit to the Reserve Account during the previous twelve (12) month period) until amounts on deposit in the Reserve Account, as a result of the aforementioned deposits, and no later than upon the expiration of such Reserve Account Insurance Policy and/or such Reserve Account Letter of Credit, shall be equal to the Reserve Account Requirement applicable thereto.

If any Reserve Account Letter of Credit or Reserve Account Insurance Policy shall terminate prior to the stated expiration date thereof, the Issuer agrees that it shall fund the Reserve Account over a period not to exceed sixty (60) months during which it shall make consecutive equal monthly payments in order

that the amount on deposit in the Reserve Account shall equal the Reserve Account Requirement; provided, the Issuer may obtain a new Reserve Account Letter of Credit or a new Reserve Account Insurance Policy in lieu of making the payments required by this paragraph.

Whenever the amount of cash or securities in the Reserve Account, together with the other amounts in the Debt Service Fund, are sufficient to fully pay all Outstanding Bonds in accordance with their terms (including principal or applicable Redemption Price and interest thereon), the funds on deposit in the Reserve Account may be transferred to the other Accounts of the Debt Service Fund for the payment of the Bonds.

The Issuer may also establish a separate subaccount in the Reserve Account for any Series of Bonds and provide a pledge of such subaccount to the payment of such Series of Bonds apart from the pledge provided herein. To the extent a Series of Bonds is secured separately by a subaccount of the Reserve Account, the Holders of such Bonds shall not be secured by any other moneys in the Reserve Account. Moneys in a separate subaccount of the Reserve Account shall be maintained at the Reserve Account Requirement applicable to such Series of Bonds secured by the subaccount unless otherwise provided by Supplemental Resolution. Moneys shall be deposited to separate subaccounts in the Reserve Account on a pro-rata basis. In the event the Issuer shall maintain a Reserve Account Insurance Policy or Reserve Account Letter of Credit and moneys in such subaccount, the moneys shall be used prior to making any disbursements under such Reserve Account Insurance policy or Reserve Account Letter of Credit.

(5) Renewal and Replacement Fund. There shall be deposited to the Renewal and Replacement Fund such sums as shall be sufficient to pay one-twelfth (1/12) of five percent (5%) of the Gross Revenues derived from the System during the preceding Fiscal Year until the amount accumulated in such Fund is equal to the Renewal and Replacement Fund Requirement; provided, however, that (a) such Renewal and Replacement Fund Requirement may be increased or decreased as the Consulting Engineers shall certify to the Issuer is necessary for the purposes of the Renewal and Replacement Fund, and (b) in the event that the Consulting Engineers shall certify that the Renewal and Replacement Fund Requirement is excessive for the purposes of the Renewal and Replacement Fund such excess amount as may be on deposit therein may be transferred by the Issuer from the Renewal and Replacement Fund for deposit into the Utility Reserve Fund. The moneys in the Renewal and Replacement Fund shall be applied by the Issuer for the purpose of paying the cost of major extensions, improvements or additions to, or the replacement or renewal of capital assets of, the System, or extraordinary repairs of the System; provided, however, that on or prior to each principal and interest payment date for the Bonds (in no

event earlier than the twenty-fifth (25th) day of the month next preceding such payment date), moneys in the Renewal and Replacement Fund shall be applied for the payment into the Interest Account, the Principal Account, and the Term Bonds Redemption Account when the moneys therein are insufficient to pay the principal of and interest on the Bonds coming due, but only to the extent moneys transferred from the Utility Reserve Fund for such purpose pursuant to Sections 4.05(B)(8) hereof, together with moneys available in the Reserve Account for such purpose pursuant to Section 4.05(B)(4) hereof, shall be inadequate to fully provide for such insufficiency. Moneys in the Renewal and Replacement Fund may also be transferred to the Operation and Maintenance Fund to fund Operating Expenses to the extent Gross Revenues shall be insufficient for such purpose; provided, however, such transfer shall be treated as an interfund loan and shall be repaid from Gross Revenues as described in this Section 4.05(B)(5) within one year from the date of such transfer.

(6) Subordinated Indebtedness. Gross Revenues shall next be applied by the Issuer for the payment of any accrued debt service on Subordinated Indebtedness incurred by the Issuer in connection with the System and in accordance with the proceedings authorizing such Subordinated Indebtedness.

(7) Sinking Fund. There shall be deposited to the Interest Account, the Principal Account and the Term Bonds Redemption Account, in that order, sufficient moneys such that the amounts on deposit therein shall equal, respectively, the interest, principal and Sinking Fund Installment next coming due on the Bonds Outstanding; provided, however, no deposit need be made to the Principal Account or Term Bonds Redemption Account until a date one year preceding the due date of such principal amount or Sinking Fund Installment.

(8) Utility Reserve Fund. The balance of any Gross Revenues remaining in said Revenue Fund shall be deposited in the Utility Reserve Fund and applied to the payments on or prior to each principal and interest payment date for the Bonds (in no event earlier than the twenty-fifth (25th) day of the month next preceding such payment date), into the Interest Account, the Principal Account and the Term Bonds Redemption Account when the moneys therein shall be insufficient to pay the principal of and the interest on the Bonds coming due. Moneys not required to meet such a deficiency shall be deposited to the Water Connection Fees Fund and Sewer Connection Fees Fund to make up any withdrawal from such Funds pursuant to Sections 4.06(A) and 4.07(A) hereof, respectively (to the extent required by such Sections), then to the Reserve Account to make up any deficiency therein. Thereafter, moneys in the Utility Reserve Fund may be applied for any lawful purpose, including, but not limited to, purchase or redemption of Bonds, payment of Subordinated Indebtedness, deposit to the Rate Stabilization Fund, and improvements, renewals and replacements to

the System; provided, however, that none of such revenues shall ever be used for the purposes provided in this paragraph (8) unless all payments required in paragraphs (1) through (6) above of this Section 4.05(B), including any deficiencies for prior payments, have been made in full to the date of such use.

(C) Whenever moneys on deposit in the Reserve Account, together with the other amounts in the Sinking Fund, are sufficient to fully pay all Outstanding Bonds in accordance with their terms (including principal or applicable Redemption Price and interest thereon), no further deposits to the Sinking Fund need be made. If on any payment date the Gross Revenues are insufficient to deposit the required amount in any of the funds or accounts or for any of the purposes provided above, the deficiency shall be made up on the subsequent payment dates.

The Issuer, in its discretion, may use moneys in the Principal Account and the Interest Account to purchase or redeem Bonds coming due on the next principal payment date, provided such purchase or redemption does not adversely affect the Issuer's ability to pay the principal or interest coming due on such principal payment date on the Bonds not so purchased or redeemed.

(D) In the event the Issuer shall issue a Series of Bonds secured by a Credit Facility, the Issuer may establish separate subaccounts in the Interest Account, the Principal Account and the Term Bonds Redemption Account to provide for payment of the principal of and interest on such Series; provided payment from the Pledged Funds of one Series of Bonds shall not have preference over payment of any other Series of Bonds. The Issuer may also deposit moneys in such subaccounts at such other times and in such other amounts from those provided in Section 4.05(B) as shall be necessary to pay the principal of and interest on such Bonds as the same shall become due, all as provided by the Supplemental Resolution authorizing such Bonds.

In the case of Bonds secured by a Credit Facility, amounts on deposit in the Sinking Fund may be applied as provided in the applicable Supplemental Resolution to reimburse the Credit Bank for amounts drawn under such Credit Facility to pay the principal of, premium, if any, and interest on such Bonds or to pay the purchase price of any such Bonds which are tendered by the holders thereof for payment; provided such Credit Facility shall have no priority over Bondholders or an Insurer to amounts on deposit in the Sinking Fund.

**SECTION 4.06. WATER CONNECTION FEES FUND.** The Issuer shall deposit into the Water Connection Fees Fund all Water Connection Fees as received, together with moneys transferred to such Fund pursuant to Section 4.05(B)(8) and such Water Connection Fees shall be accumulated in the Water Connection Fees Fund and applied by the Issuer in the following manner and order of priority:

(A) For the payments on or prior to each principal and interest payment date (in no event earlier than the twenty-fifth (25th) day of the month next preceding such payment date) into the Interest Account, the Principal Account and the Term Bonds Redemption Account, when the moneys therein are insufficient to pay the principal of and interest on the Bonds coming due, but only to the extent moneys transferred from the Utility Reserve Fund and the Renewal and Replacement Fund for such purpose pursuant to Sections 4.05(B)(8) and 4.05(B)(5), respectively, hereof, together with moneys available in the Reserve Account for such purpose pursuant to Section 4.05(B)(4) hereof, shall be inadequate to fully provide for such insufficiency; provided moneys shall be transferred to the aforementioned Accounts from the Water Connection Fees Fund and the Sewer Connection Fees Fund on a pro-rata basis or such other basis as the Issuer deems appropriate in relation to the amount of moneys in each Fund at the time of transfer. Any moneys transferred to the aforementioned Accounts described above shall be treated as an interfund loan and shall be repaid, together with reasonable interest thereon, from Gross Revenues as described in Section 4.05(B)(8) hereof, on or prior to the date such amounts are needed for the purposes described in Sections 4.06(B) and (C) hereof, but in no event later than one year from the date of such transfer, unless the Issuer shall determine that such transfer constitutes a lawful use of such Water Connection Fees.

(B) To the extent permitted by law, to pay or reimburse the capital cost of acquiring and/or constructing such improvements or additions to the water facilities of the System for which the Water Connection Fees were imposed in accordance with requisitions for disbursement of moneys provided by the Issuer.

(C) To be used for any other lawful purpose relating to the System.

**SECTION 4.07. SEWER CONNECTION FEES FUND.** The Issuer shall deposit into the Sewer Connection Fees Fund all Sewer Connection Fees as received, together with moneys transferred to such Fund pursuant to Section 4.05(B)(8) hereof and such Sewer Connection Fees Fund shall be accumulated in the Sewer Connection Fees Fund and applied by the Issuer in the following manner and order of priority:

(A) For the payments on or prior to each principal and interest payment date (in no event earlier than the twenty-fifth (25th) day of the month next preceding such payment date) into the Interest Account, the Principal Account and the Term Bonds Redemption Account, when the moneys therein are insufficient to pay the principal of and interest on the Bonds coming due, but only to the extent moneys transferred from the Utility Reserve Fund and the Renewal and Replacement Fund for such purpose pursuant to Sections 4.05(B)(8) and 4.05(B)(5), respectively, hereof, together with moneys available in the Reserve Account for such purpose pursuant to Section 4.05(B)(4) hereof, shall be inadequate to fully provide for such insufficiency; provided moneys shall be transferred to the aforementioned Accounts from the Sewer Connection Fees Fund and the Water Connection Fees Fund on a pro-rata basis or such other basis as the Issuer deems appropriate in relation to the amount of moneys in each Fund at the time of

transfer. Any moneys transferred to the aforementioned Accounts described above shall be repaid from Gross Revenues as described in Section 4.05(B)(8) hereof on or prior to the date such amounts are needed for the purposes described in Sections 4.07(B) and (C) hereof, but in no event later than one year from the date of such transfer, unless the Issuer shall determine that such transfer constitutes a lawful use of such Sewer Connection Fees.

(B) To the extent permitted by law, to pay or reimburse the capital cost of acquiring and/or constructing such improvements or additions to the sewer facilities of the System for which the Sewer Connection Fees were imposed in accordance with the requisitions for disbursement of moneys provided by the Issuer.

(C) To be used for any other lawful purpose relating to the System.

**SECTION 4.08. REBATE FUND.** Amounts on deposit in the Rebate Fund shall be held in trust by the Issuer and used solely to make required rebates to the United States (except to the extent the same may be transferred to the Revenue Fund) and the Bondholders shall have no right to have the same applied for debt service on the Bonds. For any Series of Bonds for which the rebate requirements of Section 148(f) of the Code are applicable, the Issuer agrees to undertake all actions required of it in its arbitrage certificate relating to such Series of Bonds, including, but not limited to:

(A) making a determination in accordance with the Code of the amount required to be deposited in the Rebate Fund;

(B) depositing the amount determined in clause (A) above into the Rebate Fund;

(C) paying on the dates and in the manner required by the Code to the United States Treasury from the Rebate Fund and any other legally available moneys of the Issuer such amounts as shall be required by the Code to be rebated to the United States Treasury; and

(D) keeping such records of the determinations made pursuant to this Section 4.08 as shall be required by the Code, as well as evidence of the fair market value of any investments purchased with proceeds of the Bonds.

The provisions of the above-described arbitrage certificates may be amended without the consent of any Holder, Credit Bank or Insurer from time to time as shall be necessary, in the opinion of Bond Counsel, to comply with the provisions of the Code.

**SECTION 4.09. INVESTMENTS.** Moneys on deposit in the Construction Fund, the Sinking Fund, the Water Connection Fees Fund, the Sewer Connection Fees Fund, the Operation and Maintenance Fund, the Special Assessments Fund, the Rate Stabilization Fund, the Utility Reserve Fund and the Renewal and Replacement Fund shall be continuously secured in the manner by which the deposit of public funds are

authorized to be secured by the laws of the State. Moneys on deposit in the Construction Fund, the Revenue Fund, Operation and Maintenance Fund, the Special Assessments Fund, the Principal Account, the Interest Account, the Term Bonds Redemption Account, the Renewal and Replacement Fund, the Water Connection Fees Fund, the Sewer Connection Fees Fund, the Rate Stabilization Fund and the Utility Reserve Fund shall be invested and reinvested by the Issuer in Authorized Investments, maturing not later than the dates on which such moneys will be needed for the purposes of such fund or account. All investments shall be valued at cost.

Notwithstanding any other provision hereof, all amounts on deposit in the Construction Fund or Interest Account representing accrued and capitalized interest shall be held by the Issuer, shall be pledged solely to the payment of interest on the corresponding Series of Bonds and, unless otherwise provided by Supplemental Resolution, shall be invested only in Federal Securities maturing in such times and in such amounts as are necessary to pay the interest to which they are pledged.

Any and all income received from the investment of moneys in each separate account of the Construction Fund, the Interest Account, the Principal Account, the Term Bonds Redemption Account, the Rate Stabilization Fund, the Utility Reserve Fund, the Renewal and Replacement Fund (to the extent such income and the other amounts in such Fund do not exceed the Renewal and Replacement Fund Requirement), the Water Connection Fees Fund, the Sewer Connection Fees Fund, the Rate Stabilization Fund, the Utility Reserve Fund and the Reserve Account (to the extent such income and the other amounts in the Reserve Account does not exceed the Reserve Account Requirement), shall be retained in such respective Fund or Account.

Any and all income received from the investment of moneys in the Renewal and Replacement Fund (only to the extent such income and the other amounts in such Fund exceed the Renewal and Replacement Fund Requirement) and the Reserve Account (only to the extent such income and the other amounts in the Reserve Account exceed the Reserve Account Requirement), shall be deposited upon receipt thereof in the Revenue Fund. Any and all income received from the investment of moneys in the Special Assessments Fund shall be deposited upon receipt thereof into the Interest Account.

Nothing in this Resolution shall prevent any Authorized Investments acquired as investments of or security for funds held under this Resolution from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

**SECTION 4.10. SEPARATE ACCOUNTS.** The moneys required to be accounted for in each of the foregoing funds, accounts and subaccounts established herein may be deposited in a single bank account, and funds allocated to the various funds, accounts and subaccounts established herein may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and

control the restricted allocation of the moneys on deposit therein and such investments for the various purposes of such funds, accounts and subaccounts as herein provided.

The designation and establishment of the various funds, accounts and subaccounts in and by this Resolution shall not be construed to require the establishment of any completely independent, self-balancing funds as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenues for certain purposes and to establish certain priorities for application of such revenues as herein provided.

**SECTION 4.11 PAYMENT UNDER THE SERIES 1992 BOND INSURANCE POLICY.** The following provisions shall apply to payments under the Bond Insurance Policy for the Series 1992 Bonds:

1. In the event that, on the second business day, and again on the business day prior to the payment date on the Series 1992 Bonds, the Issuer does not have sufficient moneys to transfer to the Paying Agent to pay all principal of and interest on the Series 1992 Bonds due on the second business day or following business day, as the case may be, the Issuer or the Paying Agent shall immediately notify MBIA or its designee on the same business day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

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

3. In addition, if the Issuer or the Paying Agent has notice that any Bondholder has been required to disgorge payments of principal or interest on the Series 1992 Bonds to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes a voidable preference to such Bondholder within the meaning of any applicable bankruptcy laws, then they shall notify MBIA or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

4. The Paying Agent is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for the Series 1992 Bondholders as follows:

A. If and to the extent there is a deficiency in amounts required to pay interest on the Series 1992 Bonds, the Paying Agent shall (i) execute and deliver to Citibank, N.A., or its successors under the Bond Insurance Policy for the Series 1992 Bonds (the "Insurance Paying Agent"), in form satisfactory to the Insurance Paying Agent, an instrument appointing MBIA as agent for such Series 1992 Bondholders in any legal proceeding related to the payment of such interest and an assignment to MBIA of the claims for interest to which such deficiency relates and which are paid by MBIA, (ii) receive as designee of the respective Series 1992

Bondholders (and not as Paying Agent) in accordance with the tenor of such Bond Insurance Policy payment from the Insurance Paying Agent with respect to the claims for interest so assigned, and (iii) disburse the same to such respective Series 1992 Bondholders; and

B. If and to the extent of a deficiency in amounts required to pay principal of the Series 1992 Bonds, the Paying Agent shall (i) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument appointing MBIA as agent for such Series 1992 Bondholder in any legal proceeding relating to the payment of such principal and an assignment to the Insurer of any of the Series 1992 Bonds surrendered to the Insurance Paying Agent of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Paying Agent and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is received), (ii) receive as designee of the respective Series 1992 Bondholders (and not as Paying Agent) in accordance with the tenor of the Bond Insurance Policy payment therefor from the Insurance Paying Agent, and (iii) disburse the same to such Series 1992 Bondholders.

5. Payments with respect to claims for interest on and principal of Series 1992 Bonds disbursed by the Paying Agent from proceeds of the Bond Insurance Policy shall not be considered to discharge the obligation of the Issuer with respect to such Series 1992 Bonds, and MBIA shall become the owner of such unpaid Series 1992 Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

6. Irrespective of whether any such assignment is executed and delivered, the Issuer and the Paying Agent agree for the benefit of MBIA that:

A. They recognize that to the extent MBIA makes payments, directly or indirectly (as by paying through the Paying Agent), on account of principal of or interest on the Series 1992 Bonds, MBIA will be subrogated to the rights of such Series 1992 Bondholders to receive the amount of such principal and interest from the Issuer, with interest thereon as provided and solely from the sources stated in this Resolution and the Series 1992 Bonds; and

B. They will accordingly pay to MBIA the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Bond Insurance Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in this Resolution and the Series 1992 Bonds, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Series 1992 Bonds to Series 1992 Bondholders, and will otherwise treat MBIA as the owner of such rights to the amount of such principal and interest.

**SECTION 4.12. RATE STABILIZATION FUND.** The Issuer may transfer into the Rate Stabilization Fund such moneys which are on deposit in the Utility Reserve Fund as it deems appropriate. The Issuer may transfer such amounts of moneys from the Rate Stabilization Fund to the Revenue Fund as it deems appropriate; provided, however, that on or prior to each principal and interest payment date for the Bonds (in no event earlier than the twenty-fifth (25th) day of the month next preceding such payment date), moneys in the Rate Stabilization Fund shall be applied for the payment into the Interest Account, the Principal Account and the Term Bonds Redemption Account when the moneys therein are insufficient to pay the principal of and interest on the Bonds coming due, but only to the extent moneys transferred from the Utility Reserve Fund for such purposes pursuant to Section 4.05(B)(8) hereof, together with moneys available in the Reserve Account for such purpose pursuant to Section 4.05(B)(4) hereof, shall be inadequate to fully provide for such insufficiency.

## ARTICLE V

### COVENANTS

**SECTION 5.01. GENERAL.** The Issuer hereby makes the following covenants, in addition to all other covenants in this Resolution, with each and every successive Holder of any of the Bonds so long as any of said Bonds remain Outstanding.

**SECTION 5.02. OPERATION AND MAINTENANCE.** The Issuer will maintain or cause to be maintained the System and all portions thereof in good condition and will operate or cause to be operated the same in an efficient and economical manner, making or causing to be made such expenditures for equipment and for renewals, repairs and replacements as may be proper for the economical operation and maintenance thereof. The Issuer may contract with a responsible Person which has experience in the operation of utility systems similar to the System for the operation and maintenance of the System.

**SECTION 5.03. ANNUAL BUDGET.** The Issuer shall annually prepare and adopt, prior to the beginning of each Fiscal Year, an Annual Budget in accordance with applicable law. No expenditure for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amount provided therefor in the Annual Budget, (A) without a written finding and recommendation by an Authorized Issuer Officer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures, and (B) until the Governing Body shall have approved such finding and recommendation by resolution. No such increased expenditures in excess of twenty percent (20%) of the amounts provided therefor in the Annual Budget shall in any event be made except upon the further certification of the Consulting Engineers that such increased expenditures are reasonable and necessary to the continued operation of the System.

If for any reason the Issuer shall not have adopted the Annual Budget before the first day of any Fiscal Year, other than the first Fiscal Year, the preliminary budget for such year, if it be approved by the Consulting Engineers, or otherwise the Annual Budget for the preceding Fiscal Year, shall be deemed to be in effect for such Fiscal Year until the Annual Budget for such Fiscal Year is adopted.

The Issuer may at any time adopt an amended Annual Budget for the then current Fiscal Year, but no such amended Annual Budget shall supersede any prior budget until it shall be approved by the Consulting Engineers as reasonable and necessary.

The Issuer shall mail copies of such Annual Budgets and amended Annual Budgets and all resolutions authorizing increased expenditures for operation and maintenance to any Credit Bank or Insurer of Bonds who shall file his address with the

Clerk and request in writing that copies of all such Annual Budgets and resolutions be furnished to him and shall make available all such Annual Budgets and resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder or Holders of Bonds or to anyone acting for and on behalf of such Holder or Holders.

**SECTION 5.04 RATES.** The Issuer shall fix, establish and maintain such rates, fees, charges and collect such fees, rates or other charges for the product, services and facilities of its System, and revise the same from time to time, whenever necessary, as will always provide in each Fiscal Year, (A) Net Revenues, and Special Assessment Proceeds adequate at all times to pay in each Fiscal Year at least one hundred ten percent (110%) of (i) the Annual Debt Service on all Outstanding Bonds becoming due in such Fiscal Year and any amounts required by the terms hereof to be deposited in the Reserve Account or with any issuer of a Reserve Account Letter of Credit or Reserve Account Insurance Policy and (ii) the amounts required by Sections 4.06(A) and 4.07(A) hereof to be repaid to the Water Connection Fees Fund and Sewer Connection Fees Fund, respectively, in such Fiscal Year, and (B) Net Revenues, Special Assessment Proceeds, Water Connection Fees and Sewer Connection Fees in each Fiscal Year adequate to pay at least one hundred twenty-five (125%) of the Annual Debt Service on all Outstanding Bonds becoming due in such Fiscal Year. Such rates, fees or other charges shall not be so reduced so as to be insufficient to provide adequate Net Revenues, Water Connection Fees, Sewer Connection Fees and Special Assessment Proceeds for the purposes provided therefor by this Resolution.

If, in any Fiscal Year, the Issuer shall fail to comply with the requirements contained in this Section 5.04, it shall cause the Rate Consultant to review its rates, fees, charges, income, Gross Revenues, Operating Expenses and methods of operation and to make written recommendations as to the methods by which the Issuer may promptly seek to comply with the requirements set forth in this Section 5.04. The Issuer shall forthwith commence to implement such recommendations to the extent required so as to cause it to thereafter comply with said requirements.

**SECTION 5.05. BOOKS AND RECORDS.** The Issuer shall keep books, records and accounts of the revenues and operations of the System, which shall be kept separate and apart from all other books, records and accounts of the Issuer, and the Holders of any Bonds Outstanding or the duly authorized representatives thereof shall have the right at all reasonable times to inspect all books, records and accounts of the Issuer relating thereto.

**SECTION 5.06. ANNUAL AUDIT.** The Issuer shall, immediately after the close of each Fiscal Year, cause the books, records and accounts relating to the System to be properly audited by a recognized independent firm of certified public accountants, and shall require such accountants to complete their report of such Annual Audit in accordance with applicable law. Such Annual Audits shall contain, but not be limited to,

a balance sheet, an income statement, a statement of changes in financial position, statement of changes in retained earnings, a statement of the number and classification of users and services of the System and rates associated with such services, a statement of insurance coverage, and any other statements as required by law or accounting convention, and a certificate by such accountants disclosing any material default on the part of the Issuer of any covenant or agreement herein. Each Annual Audit shall be in conformity with generally accepted accounting principles. A copy of each Annual Audit shall regularly be furnished to any Credit Bank or Insurer and to any Holder of a Bond who shall have furnished his address to the Clerk and requested in writing that the same be furnished to him.

**SECTION 5.07. NO MORTGAGE OR SALE OF THE SYSTEM.** The Issuer irrevocably covenants, binds and obligates itself not to sell, lease, encumber or in any manner dispose of the System as a whole or any substantial part thereof (except as provided below) until all of the Bonds and all interest thereon shall have been paid in full or provision for payment has been made in accordance with Section 9.01 hereof.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System in the following manner, if any one of the following conditions exist: (A) such property is not necessary for the operation of the System, (B) such property is not useful in the operation of the System, (C) such property is not profitable in the operation of the System, or (D) in the case of a lease of such property, will be advantageous to the System and will not materially adversely affect the security for the Bondholders.

Prior to any such sale, lease or other disposition of said property: (1) if the amount to be received therefor is not in excess of one-half (1/2) of one percent (1%) of the book value of the gross plant of the System at original cost, an Authorized Issuer Officer shall make a finding in writing determining that one or more of the conditions for sale, lease or disposition of property provided for in the second paragraph of this Section 5.07 have been met; or (2) if the amount to be received from such sale, lease or other disposition of said property shall be in excess of one-half (1/2) of one percent (1%) of the book value of the gross plant of the System at original cost, (a) an Authorized Issuer Officer and the Consulting Engineers shall each first make a finding in writing determining that one or more of the conditions for sale, lease or other disposition of property provided for in the second paragraph of this Section 5.07 have been met, (b) the Governing Body shall, by resolution, duly adopt, approve and concur in the finding of the an Authorized Issuer Officer and the Consulting Engineers, and (c) the Issuer shall obtain an opinion of Bond Counsel to the effect that such sale, lease or other disposition is not in violation of the Act and will not adversely affect the federal tax exempt status of interest on the Bonds (other than Taxable Bonds).

The proceeds from such sale or other disposition shall be deposited, first, into the Renewal and Replacement Fund to the extent necessary to make the amount therein equal to the Renewal and Replacement Fund Requirement, and, second, into the Utility Reserve Fund. Proceeds from any such lease shall constitute Gross Revenues and shall be deposited in the Revenue Fund.

The transfer of the System as a whole from the control of the Governing Body to some other board or authority which may hereafter be created for such purpose and which constitutes a governmental entity, interest on obligations issued by which are excluded from gross income for purposes of Federal income taxation, shall not be deemed prohibited by this Section 5.07 and such successor board or authority shall fall within the definition of "Issuer" in Section 1.01 hereof.

Notwithstanding the foregoing provisions of this Section 5.07, the Issuer shall have the authority to sell for fair and reasonable consideration any land comprising a part of the System which is no longer necessary or useful in the operation of the System and the proceeds derived from the sale of such land shall be disposed of in accordance with the provisions of the fourth paragraph of this Section 5.07.

The Issuer may make contracts or grant licenses for the operation of, or grant easements or other rights with respect to, any part of the System if such contract, license, easement or right does not, in the opinion of the Consulting Engineers, as evidenced by a certificate to that effect filed with the Issuer, impede or restrict the operation by the Issuer of the System, but any payments to the Issuer under or in connection with any such contract, license, easement or right in respect of the System or any part thereof shall constitute Gross Revenues and shall be deposited in the Revenue Fund.

**SECTION 5.08. INSURANCE.** The Issuer will carry such insurance as is ordinarily carried by private or public corporations owning and operating utilities similar to the System with a reputable insurance carrier or carriers, including public and product liability insurance in such amounts as the Issuer shall determine to be sufficient and such other insurance against loss or damage by fire, explosion (including underground explosion), hurricane, tornado or other hazards and risks, and said property loss or damage insurance shall at all times be in an amount or amounts equal to the fair appraisal value of the buildings, properties, furniture, fixtures and equipment of the System, or such other amount or amounts as the Consulting Engineers shall approve as sufficient.

The Issuer may establish certain minimum levels of insurance for which the Issuer may self-insure. Such minimum levels of insurance shall be in amounts as recommended in writing by an insurance consultant who has a favorable reputation and experience and is qualified to survey risks and to recommend insurance coverage for Persons engaged in operations similar to the System.

The Issuer shall, immediately upon receipt, deposit the proceeds from property loss and casualty insurance to the credit of the Revenue Fund. The proceeds from property loss and casualty insurance shall be applied as follows: (A) if such proceeds, together with other available funds of the Issuer, are sufficient to repair or replace the damaged portion of the System, such proceeds and other available funds shall be deposited to the credit of the Renewal and Replacement Fund and, together with any other available funds of the Issuer, applied to such repair or replacement; or (B) if such proceeds, together with other available funds of the Issuer, are not sufficient to repair or replace the damaged portion of the System or if the Issuer makes a determination in accordance with Section 5.07 hereof that such portion of the System is no longer necessary or useful in the operation of the System, such proceeds shall (1) if such proceeds equal or exceed \$50,000, (a) be applied to the redemption or purchase of Bonds or (b) be deposited in irrevocable trust for the payment of Bonds in the manner set forth in Section 9.01, provided the Issuer has received an opinion of Bond Counsel to the effect that such deposit shall not adversely affect the exclusion, if any, from gross income of interest on the Bonds for purposes of federal income taxation, or (2) if such proceeds are less than \$50,000, remain deposited in the Revenue Fund.

**SECTION 5.09. NO FREE SERVICE.** The Issuer will not render, or cause to be rendered, any free services of any nature by its System or any part thereof, including reservation of capacity, nor will any preferential rates be established for users of the same class.

**SECTION 5.10. NO IMPAIRMENT OF RIGHTS.** The Issuer will not enter into any contract or contracts, nor take any action, the results of which might impair the rights of the Holders of the Bonds and will not permit the operation of any competing water or sewer service facilities in the County; provided, however, the Issuer reserves the right to permit the ownership and operation of water or sewer service facilities or both by itself or by others in any territory which is not in any service area now or hereafter served by the System.

**SECTION 5.11. COMPULSORY WATER AND SEWER CONNECTIONS.** In order better to secure the prompt payment of principal and interest on the Bonds, as well as for the purpose of protecting the health and welfare of the inhabitants of the County, and acting under authority of the general laws of Florida, the Issuer, to the extent permitted by law, will require (A) every owner of each lot which is contiguous to any street or public way containing a sewer line forming a part of the sewer facilities of the System and upon which lot a building shall subsequently be constructed for residential, commercial or industrial use, to connect such building to such sewer facilities and to cease to use any other method for the disposal of sewage waste or other polluting matter, and (B) every owner of each lot in the Issuer which is contiguous to any street or public way containing a water line forming a part of the water facilities of the System and upon which lot a building shall subsequently be constructed for residential,

commercial or industrial use, to connect such building to such water facilities within a reasonable period of time; provided, however, the Issuer may create exceptions from the above-described compulsory connection policy for owners of parcels of land of five acres or more and for situations involving hardship on the part of the property owner.

**SECTION 5.12. ENFORCEMENT OF CHARGES.** The Issuer shall compel the prompt payment of rates, fees and charges imposed in connection with the System, and to that end will vigorously enforce all of the provisions of any ordinance or resolution of the Issuer having to do with sewer and water connections and charges, and all of the rights and remedies permitted the Issuer under law, including the requirement for the making of a reasonable deposit by each user, the requirement for disconnection of all premises delinquent in the payment, and the securing of injunction against the disposition of sewage or industrial waste into the sewer facilities of the System by any premises delinquent in the payment of such charges.

**SECTION 5.13. UNIT WATER AND SEWER BILLS.** In every instance in which a building or structure on a lot is connected to the sewer facilities of the System, which building or structure is also connected to the water facilities of the System and receives water therefrom, the Issuer shall submit to the owner or occupant of such lot a single bill for both water and sewer service and shall refuse to accept payment for either the water charge alone or sewer charge alone without payment of the other.

**SECTION 5.14. COVENANTS WITH CREDIT BANKS AND INSURERS.** The Issuer may make such covenants as it may in its sole discretion determine to be appropriate with any Insurer, Credit Bank or other financial institution that shall agree to insure or to provide for Bonds of any one or more Series credit or liquidity support that shall enhance the security or the value of such Bonds. Such covenants may be set forth in the applicable Supplemental Resolution and shall be binding on the Issuer, the Registrar, the Paying Agent and all the Holders of Bonds the same as if such covenants were set forth in full in this Resolution.

**SECTION 5.15. COLLECTION OF SPECIAL ASSESSMENTS.** The Issuer shall proceed diligently to perform legally and effectively all steps required in the imposition and collection of the Special Assessments. The Issuer shall diligently proceed to collect such Special Assessments and shall exercise all legally available remedies now or hereafter available under State law, including foreclosure, to enforce such collections.

**SECTION 5.16. REASSESSMENTS.** If any Special Assessment shall be either in whole or in part annulled, vacated or set aside by the judgment of any court, or if the Governing Body shall be satisfied that any such Special Assessment is so irregular or defective that the same cannot be enforced or collected, or if the Governing Body shall have omitted to make such Special Assessment when it might have done so, the Governing Body shall take all necessary steps to cause a new Special Assessment to be made for the whole or any part of said improvement or against any property benefited by

said improvement, and in case such second Special Assessment shall be annulled, said Governing Body shall obtain and make other Special Assessments until a valid Special Assessment shall be made.

**SECTION 5.17. COLLECTION OF CONNECTION FEES.** The Issuer shall proceed diligently to perform legally and effectively all steps required in the imposition and collection of the Connection Fees. Upon the due date of any such Connection Fees, if and only to the extent such Connection Fees are levied by the Issuer.

**SECTION 5.18. CONSULTING ENGINEERS.** The Issuer shall at all times employ Consulting Engineers, whose duties shall be to make any certificates and perform any other acts required or permitted of the Consulting Engineers under this Resolution, and also to review the construction and operation of the System, to make an inspection of the System at least once a year, and, not more than one hundred twenty (120) days prior to the end of each Fiscal Year, to submit to the Issuer a report with recommendations as to the proper maintenance, repair and operation of the System during the ensuing Fiscal Year, including recommendations for expansion and additions to the System to meet anticipated service demands, and an estimate of the amount of money necessary for such purposes. Copies of such reports, recommendations and estimates made as hereinabove provided shall be filed with the Issuer for inspection by Bondholders, if such inspection is requested.

**SECTION 5.19. FEDERAL INCOME TAXATION COVENANTS; TAXABLE BONDS.** The Issuer covenants with the Holders of each Series of Bonds (other than Taxable Bonds) that it shall not use the proceeds of such Series of Bonds in any manner which would cause the interest on such Series of Bonds to be or become included in gross income for purpose of Federal income taxation to the extent not theretofore included.

The Issuer covenants with the Holders of each Series of Bonds (other than Taxable Bonds) that neither the Issuer nor any Person under its control or direction will make any use of the proceeds of such Series of Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause such Series of Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and neither the Issuer nor any other Person shall do any act or fail to do any act which would cause the interest on such Series of Bonds to become subject to inclusion within gross income for purposes of federal income taxation.

The Issuer hereby covenants with the Holders of each Series of Bonds (other than Taxable Bonds) that it will comply with all provisions of the Code necessary to maintain the exclusion from gross income of interest on the Bonds for purposes of Federal income taxation, including, in particular, the payment of any amount required to be rebated to the U.S. Treasury pursuant to the Code.

The Issuer may, if it so elects, issue one or more Series of Taxable Bonds the interest on which is (or may be) includible in the gross income of the Holder thereof for federal income taxation purposes, so long as each Bond of such Series states in the body thereof that interest payable thereon is (or may be) subject to federal income taxation and provided that the issuance thereof will not cause interest on any other Bonds theretofore issued hereunder to be or become subject to Federal income taxation. The covenants set forth in this Section 5.19 shall not apply to any Taxable Bonds.

**SECTION 5.20. NOTICES.** (a) Copies of any amendments made hereto which are consented to by an Insurer or Credit Bank shall be sent to Standard & Poor's Corporation.

(b) Each Insurer and Credit Bank shall receive notice of the resignation or removal of the Paying Agent and the appointment of a successor thereto.

(c) Any notice that is required to be given to a Bondholder or to the Paying Agent pursuant hereto shall also be provided to the Insurer or Credit Bank for such Series of Bonds.

(d) All notices required to be given to MBIA hereunder shall be in writing and shall be addressed to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504, Attention: Surveillance.

(e) All notices to be given to Financial Guaranty hereunder shall be in writing and shall be addressed to 125 Park Avenue, New York, New York, 10017, Attention: Risk Management.

**SECTION 5.21. ADDITIONAL COVENANTS RELATED TO SERIES 1992 BOND INSURANCE POLICY.** So long as the Series 1992 Bond Insurance Policy is in effect, the Issuer covenants as follows:

(a) That it will not, without the prior written consent of MBIA, (i) issue any Variable Rate Bonds or (ii) deposit a Reserve Account Letter of Credit or Reserve Account Insurance Policy in the Reserve Account in lieu of or in substitution for cash or investment securities on deposit therein.

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

(c) MBIA shall receive, on an annual basis, copies of the Issuer's audited financial statements and Annual Budget.

**SECTION 5.22. ADDITIONAL COVENANTS RELATED TO SERIES 2006 BOND INSURANCE POLICY.** The following provisions relating to the Financial

Guaranty Bond Insurance Policy and certain other provisions of the Master Resolution shall apply to the Series 2006 Bonds so long as such Bond Insurance Policy is in full force and effect and any Series 2006 Bonds shall remain outstanding, and the following provisions shall govern, notwithstanding anything to the contrary in the Master Resolution:

(1) Information Provided to Financial Guaranty. Financial Guaranty shall be provided with the following information: (a) the Issuer's Annual Budget for each Fiscal Year and audited financial statements, as soon as the same become available and, within 180 days after the end of each of the Issuer's Fiscal Years, a statement of the amount on deposit in the Series 2006 Reserve Account Subaccount as of the last valuation and, to the extent such amount is not presented in the audited financial statements, a statement of the amount of the Net Revenues and Connection Fee in each such Fiscal Year; (b) notice of any draw upon or deficiency due to market fluctuation in the amount, if any, on deposit in the Series 2006 Reserve Account Subaccount; (c) notice of the redemption, other than mandatory sinking fund redemption, or of any advance refunding, of any of the Series 2006 Bonds, including the principal amount, maturities and CUSIP numbers thereof; (d) notice of any downgrading by any rating agency of the Issuer's underlying public rating or any Additional Bonds to "non-investment grade"; (e) notice in the event the Issuer fails to meet the rate covenant set forth in Section 5.04 of the Master Resolution; (f) notice of any material event pursuant to Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended; (g) notice of the resignation or removal of the Paying Agent or Registrar and appointment of its successor(s) thereto; and (h) such additional information as Financial Guaranty may reasonably request from time to time.

(2) Payment Procedure Pursuant to Bond Insurance Policy. (a) If, on the third day preceding any Interest Date for the Series 2006 Bonds there is not on deposit sufficient moneys available to pay all principal of and interest on the Series 2006 Bonds due on such Date, the Paying Agent, upon notification by the Issuer as hereinafter described, shall immediately notify Financial Guaranty and U.S. Bank Trust National Association, New York, New York or its successor as its Fiscal Agent (the "Fiscal Agent") of the amount of such deficiency. The Issuer shall notify the Paying Agent by the third day prior to an Interest Date if it will not have sufficient moneys to transfer to the Paying Agent to pay the principal of and interest on the Series 2006 Bonds on such Date. If, by said Interest Date, the Issuer has not provided the amount of such deficiency, the Registrar shall simultaneously make available to Financial Guaranty and to the Fiscal Agent the registration books for the Series 2006 Bonds maintained by the Registrar. In addition:

(i) The Registrar shall provide Financial Guaranty with a list of the Series 2006 Bondholders entitled to receive principal or interest payments from Financial Guaranty under the terms of the Bond Insurance Policy and shall make arrangements for Financial Guaranty and its Fiscal Agent (A) to mail checks or

drafts to Series 2006 Bondholders entitled to receive full or partial interest payments from Financial Guaranty and (B) to pay principal of the Series 2006 Bonds surrendered to the Fiscal Agent by the Series 2006 Bondholders entitled to receive full or partial principal payments from Financial Guaranty; and

(ii) The Registrar shall, at the time it makes the registration books available to Financial Guaranty pursuant to (i) above, notify the Series 2006 Bondholders entitled to receive the payment of principal of or interest on the Series 2006 Bonds from Financial Guaranty (A) as to the fact of such entitlement, (B) that Financial Guaranty will remit to them all or part of the interest payments coming due, subject to the terms of the Bond Insurance Policy, (C) that, except as provided in paragraph (b) below, in the event that any Series 2006 Bondholder is entitled to receive full payment of principal from Financial Guaranty, such Series 2006 Bondholder must tender his or her Series 2006 Bond with the instrument of transfer in the form provided on the Series 2006 Bond executed in the name of Financial Guaranty, and (D) that, except as provided in paragraph (b) below, in the event that such Series 2006 Bondholder is entitled to receive partial payment of principal from Financial Guaranty, such Series 2006 Bondholder must tender his or her Series 2006 Bond for payment first to the Paying Agent, which shall note on such Series 2006 Bond the portion of principal paid by the Paying Agent, and then, with the form of assignment executed in the name of Financial Guaranty, to the Fiscal Agent, which will then pay the unpaid portion of principal to the Series 2006 Bondholder subject to the terms of the Bond Insurance Policy.

(b) In the event that the Paying Agent has notice that any payment of principal of or interest on a Series 2006 Bond has been recovered from a Series 2006 Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Paying Agent shall, at the time it provides notice to Financial Guaranty, notify all Series 2006 Bondholders that in the event that any Series 2006 Bondholder's payment is so recovered, such Series 2006 Bondholder will be entitled to payment from Financial Guaranty to the extent of such recovery, and the Paying Agent shall furnish to Financial Guaranty its records evidencing the payments of principal of and interest on the Series 2006 Bonds which have been made by the Paying Agent and subsequently recovered from Series 2006 Bondholders, and the dates on which such payments were made.

(c) Financial Guaranty shall, to the extent it makes payment of principal of or interest on the Series 2006 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy and, to evidence such subrogation, (i) in the case of subrogation as to claims for past due interest, the Paying Agent shall note Financial Guaranty's rights as subrogee on the registration books maintained by the Registrar upon receipt from Financial Guaranty of proof of the payment of interest thereon to the Series 2006 Bondholders of such Series 2006 Bonds

and (ii) in the case of subrogation as to claims for past due principal, the Registrar shall note Financial Guaranty's rights as subrogee on the registration books for the Series 2006 Bonds maintained by the Registrar upon receipt of proof of the payment of principal thereof to the Series 2006 Bondholders of such Series 2006 Bonds. Notwithstanding anything in the Resolution or the Series 2006 Bonds to the contrary, the Paying Agent shall make payment of such past due interest and past due principal directly to Financial Guaranty to the extent that Financial Guaranty is a subrogee with respect thereto.

(d) The notice address for Financial Guaranty and the Fiscal Agent shall be:

Financial Guaranty Insurance Company  
125 Park Avenue  
New York, New York 10017  
Attention: Risk Management

U.S. Bank Trust National Association  
100 Wall Street, 19<sup>th</sup> Floor  
New York, New York 10005  
Attention: Corporate Trust Department

(3) Supplemental Resolutions. Supplemental Resolutions adopted in accordance with the provisions of Sections 8.01(J), 8.02 or 8.03 of the Master Resolution shall require the written consent of Financial Guaranty. Financial Guaranty shall be provided with a full transcript of all proceedings relating to the execution of any such Supplemental Resolution. Any rating agency rating the Series 2006 Bonds shall receive notice of any such Supplemental Resolution and a copy thereof at least 15 days prior to such Supplemental Resolution's adoption.

(4) Defeasance. In the event of an advance refunding of the Series 2006 Bonds, the Issuer shall cause to be delivered a verification report of a firm of independent nationally recognized certified public accountants. Only cash, direct non-callable 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, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, Refcorp interest strips, CATS, TIGRS, STRPS, or defeased municipal bonds rated AAA by S&P or Aaa by Moody's (or any combination of the foregoing) shall be used to effect defeasance of the Series 2006 Bonds unless Financial Guaranty otherwise approves. If a forward supply contract is employed in connection with such advance refunding, (a) such verification report shall expressly state that the adequacy of the escrow to accomplish the advance refunding relies solely on the initial escrowed investments and the maturing principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract, and (b) the applicable escrow agreement shall provide that in the event of any

discrepancy or difference between the terms of the forward supply contract and the escrow agreement, the terms of the escrow agreement shall be controlling.

(5) Additional Provisions. (a) Financial Guaranty shall be a party in interest and a party entitled to (i) notify the Issuer or the Paying Agent of the occurrence of an Event of Default (the Issuer and the Paying Agent shall be required to accept notice of default from Financial Guaranty), (ii) request the Issuer or the Paying Agent to intervene in judicial proceedings that affect the Series 2006 Bonds or the security therefor; and (iii) control all defaults and remedies with respect to the Series 2006 Bonds; (b) no notice of optional redemption for any Series 2006 Bonds, other than a notice relating to Series 2006 Bonds which are to be redeemed from proceeds of a refunding bond issue or amounts provided by Financial Guaranty in its discretion, may be given unless (i) such notice explicitly states that the proposed redemption is conditioned on there being on deposit moneys sufficient to pay the applicable Redemption Prices thereon on the date set for redemption or (ii) the Issuer and/or Paying Agent shall have on deposit moneys sufficient to pay the applicable Redemption Prices thereon; (c) no resignation of the Paying Agent or Registrar shall become effective until a successor has been appointed and accepted its duties; (d) Financial Guaranty must consent to (i) any Reserve Account Insurance Policy issued by a provider which at the time of issuance is not rated "AAA" by S&P or "Aaa" by Moody's or (ii) any Reserve Account Letter of Credit issued by a provider which at the time of issuance is not rated at least "AA" by S&P, in each case with respect to the Series 2006 Reserve Account Subaccount; (e) the Issuer agrees to comply with all requirements of Financial Guaranty in the event it procures a Reserve Account Letter of Credit or liquidity facility for the Series 2006 Reserve Account Subaccount; (f) the Paying Agent and the Issuer shall provide Financial Guaranty with notice of any payment default immediately and any other default known to the Paying Agent or the Issuer within thirty (30) days of the Paying Agent's or Issuer's knowledge thereof; and (g) no Additional Bonds may be issued without the written consent of Financial Guaranty in the event any amounts are due and owing to Financial Guaranty with respect to the Reserve Account Insurance Policy relating to the Series 2006 Bonds.

(6) Reimbursement of Expenses. The Issuer shall pay or reimburse Financial Guaranty for any and all charges, fees, costs, and expenses that Financial Guaranty may reasonably pay or incur in connection with the following: (a) the administration, enforcement, defense, or preservation of any rights or security hereunder or under any other transaction document; (b) the pursuit of any remedies hereunder, under any other transaction document, or otherwise afforded by law or equity, (c) any amendment, waiver, or other action with respect to or related to the Resolution or any other transaction document whether or not executed or completed; (d) the violation by the Issuer of any law, rule, or regulation or any judgment, order or decree applicable to it; (e) any advances or payments made by Financial Guaranty to cure defaults of the Issuer under the transaction documents; or (f) any litigation or other dispute in connection with the Resolution, any other transaction document, or the transactions contemplated hereby

or thereby, other than amounts resulting from the failure of Financial Guaranty to honor its payment obligations under the Bond Insurance Policy. Financial Guaranty reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver, or consent proposed in respect of the Resolution or any other transaction document. The obligations of the Issuer to Financial Guaranty shall survive discharge and termination of the Resolution.

## ARTICLE VI

### SUBORDINATED INDEBTEDNESS AND ADDITIONAL BONDS

**SECTION 6.01. SUBORDINATED INDEBTEDNESS.** The Issuer will not issue any other obligations, except under the conditions and in the manner provided herein, payable from the Pledged Funds or the Gross Revenues or voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge having priority to or being on a parity with the lien thereon in favor of the Bonds and the interest thereon. The Issuer may at any time or from time to time issue evidences of indebtedness payable in whole or in part out of Pledged Funds and which may be secured by a pledge of Pledged Funds; provided, however, that such pledge shall be, and shall be expressed to be, subordinated in all respects to the pledge of the Pledged Funds created by this Resolution and provided further that the issuance of such Subordinated Indebtedness shall be subject to any provisions contained in financing documents securing Outstanding Subordinated Indebtedness to the extent such provisions impact on the ability of the Issuer to issue Subordinated Indebtedness. The Issuer shall have the right to covenant with the holders from time to time of any Subordinated Indebtedness to add to the conditions, limitations and restrictions under which any Additional Bonds may be issued under the provisions of Section 6.02 hereof. The Issuer agrees to pay promptly any Subordinated Indebtedness as the same shall become due.

**SECTION 6.02. ISSUANCE OF ADDITIONAL BONDS.** No Additional Bonds, payable on a parity with the Bonds then Outstanding pursuant to this Resolution, shall be issued except upon the conditions and in the manner herein provided. The Issuer may issue one or more Series of Additional Bonds for any one or more of the following purposes: (i) financing the Cost of a Project, or the completion thereof, or (ii) refunding any or all Outstanding Bonds, any Subordinated Indebtedness or other Outstanding obligations of the Issuer.

No such Additional Bonds shall be issued unless the following conditions and, if applicable, the provisions of Section 5.21 hereof, are complied with:

(A) Except in the case of Additional Bonds issued for the purpose of refunding Outstanding Bonds, the Issuer shall certify that it is current in all deposits into the various funds and accounts established hereby and all payments theretofore required to have been deposited or made by it under the provisions of this Resolution and have complied with the covenants and agreements of this Resolution.

(B) An Authorized Issuer Officer or his/her designee or an independent certified public accountant or the Rate Consultant shall certify to the Issuer that the amount of the Net Revenues and Special Assessments Proceeds during the immediate preceding Fiscal Year or any twelve (12) consecutive months selected by the Issuer of the

twenty-four (24) months immediately preceding the issuance of said Additional Bonds, adjusted as hereinafter provided, will (a) be equal to at least one hundred ten percent (110%) of the Maximum Annual Debt Service of the Outstanding Bonds and the Additional Bonds then proposed to be issued, and (b) when added to the Connection Fees, adjusted as hereinafter provided, received by the Issuer during such 12-month period, be equal to at least one hundred twenty-five percent (125%) of the Maximum Annual Debt Service of the Outstanding Bonds and the Additional Bonds then proposed to be issued.

(C) For the purpose of determining the Maximum Annual Debt Service under this Section 6.02, the interest rate on additional parity Variable Rate Bonds then proposed to be issued shall be deemed to be the Maximum Interest Rate.

(D) For the purpose of determining the Maximum Annual Debt Service under this Section 6.02, the interest rate on Outstanding Variable Rate Bonds shall be deemed to be the greater of (1) one hundred twenty-five percent (125%) of the effective interest on the Outstanding Variable Rate Bonds on the first business day of the month next preceding the date that the Supplemental Resolution authorizing the issuance of the Additional Bonds is adopted, or (2) one hundred twenty-five percent (125%) of the average interest rates on the Outstanding Variable Rate Bonds for the preceding twelve (12) month period (or such shorter period of time such Bonds were Outstanding), which ends on the first business day of the month next preceding the date that the Supplemental Resolution authorizing the issuance of Additional Bonds is adopted.

(E) For the purpose of this Section 6.02, the phrase "immediately preceding Fiscal Year or the twelve (12) consecutive months of the eighteen (18) months immediately preceding the issuance of said Additional Bonds" shall be sometimes referred to as "twelve (12) consecutive months."

(F) The Net Revenues, the Connection Fees and the Special Assessment Proceeds calculated pursuant to the foregoing Section 6.02(B) may be adjusted upon the written advice of the Rate Consultant, at the option of the Issuer, as follows:

(1) If the Issuer, prior to the issuance of the proposed Additional Bonds, shall have increased the rates, fees or other charges for the product, services or facilities of the System, the Net Revenues and the Connection Fees for the twelve (12) consecutive months immediately preceding the issuance of said Additional Bonds shall be adjusted to show the Net Revenues and the Connection Fees which would have been derived from the System in such twelve (12) consecutive months as if such increased rates, fees or other charges for the product, services or facilities of the System had been in effect during all of such twelve (12) consecutive months.

(2) If the Issuer shall have acquired or has contracted to acquire any privately or publicly owned existing water and/or sewer system, the cost of which shall be paid from all or part of the proceeds of the issuance of the proposed Additional Bonds, then the Net Revenues derived from the System during the twelve (12) consecutive months immediately preceding the issuance of said Additional Bonds shall be increased by adding to the Net Revenues for said twelve (12) consecutive months the Net Revenues which would have been derived from said existing water and/or sewer system as if such existing water and/or sewer system had been a part of the System during such twelve (12) consecutive months. For the purposes of this paragraph, the Net Revenues derived from said existing water and/or sewer system during such twelve (12) consecutive months shall be adjusted to determine such Net Revenues by deducting the cost of operation and maintenance of said existing water and/or sewer system from the gross revenues of said system. Such Net Revenues shall take into account any increase in rates imposed on customers of such water and/or sewer system on or prior to the acquisition thereof by the Issuer.

(3) If the Issuer, 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 Issuer agrees to furnish services in connection with any water and/or sewer system, then the Net Revenues of the System during the twelve (12) consecutive months immediately preceding the issuance of said Additional Bonds 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 Issuer, after deducting therefrom the proportion of operating expenses and repair, renewal and replacement cost attributable in such year to such services.

(4) If the Issuer covenants to levy Special Assessments against property to be benefited by the improvements, the cost of which shall be paid from the proceeds of the proposed Additional Bonds, then the Special Assessment Proceeds derived from the System during the twelve (12) consecutive months shall be increased by an amount equal to the least amount which the Rate Consultant estimates will be received in any one year subsequent to completion of such improvements from the levy of said Special Assessments, said amount to be the total received, assuming no prepayments, from the installment payments on the Special Assessments plus the interest paid on the unpaid portion of the Special Assessments. The estimate of the Rate Consultant shall be based upon the preliminary assessment roll filed with the Issuer prior to the construction of such improvements.

(5) In the event the Issuer shall be constructing or acquiring additions, extensions or improvements to the System from the proceeds of such Additional

Bonds and shall have established fees, rates or charges to be charged and collected from users of such facilities when service is rendered, such Net Revenues and Connection Fees may be adjusted by adding thereto one hundred percent (100%) of the Net Revenues and Connection Fees estimated by the Rate Consultant to be derived during the first twelve (12) months of operation after completion of the construction or acquisition of said additions, extensions and improvements from the customers of the facilities to be financed by Additional Bonds together with other funds on hand or lawfully obtained for such purpose.

(G) Additional Bonds shall be deemed to have been issued pursuant to this Resolution the same as the Outstanding Bonds, and all of the other covenants and other provisions of this Resolution (except as to details of such Additional Bonds inconsistent therewith) shall be for the equal benefit, protection and security of the Holders of all Bonds issued pursuant to this Resolution. Except as provided in Sections 4.02 and 4.05 hereof, all Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Pledged Funds and their sources and security for payment therefrom without preference of any Bonds over any other.

(H) In the event any Additional Bonds are issued for the purpose of refunding any Bonds then Outstanding, the conditions of Section 6.02(B) shall not apply, provided that the issuance of such Additional Bonds shall result in a reduction of the aggregate debt service. The conditions of Section 6.02(B) shall apply to Additional Bonds issued to refund Subordinated Indebtedness and to Additional Bonds issued for refunding purposes which cannot meet the conditions of this paragraph.

(I) If at any time the Issuer shall enter into an agreement or contract for an ownership interest in any public or privately owned water and/or sewer system or for the reservation of capacity therein whereby the Issuer has agreed as part of the cost thereof to pay part of the debt service on the obligations of such public or privately owned water and/or sewer system issued in connection therewith, such payments to be made by the Issuer shall be junior, inferior and subordinate in all respects to the Bonds issued hereunder, unless such obligations (when treated as Additional Bonds) shall meet the conditions of Section 6.02(B), in which case such obligations shall rank on parity as to lien on the Pledged Funds with the Bonds.

(J) In addition to all of the other requirements specified in this 6.02, the Issuer must comply with any applicable provisions of any financing documents related to Outstanding Subordinated Indebtedness to the extent such provisions impact on the ability of the Issuer to issue Additional Bonds.

**SECTION 6.03. BOND ANTICIPATION NOTES.** The Issuer may issue notes in anticipation of the issuance of Bonds which shall have such terms and details and be secured in such manner, not inconsistent with this Resolution, as shall be provided by Supplemental Resolution of the Issuer.

**SECTION 6.04. ACCESSION OF SUBORDINATED INDEBTEDNESS TO PARITY STATUS WITH BONDS.** The Issuer may provide for the accession of Subordinated Indebtedness to the status of complete parity with the Bonds, if (A) the Issuer shall meet all the requirements imposed upon the issuance of Additional Bonds by Sections 6.02(A) and (B) hereof, assuming for purposes of said requirements, that such Subordinated Indebtedness shall be Additional Bonds, (B) the facilities financed by such Subordinated Indebtedness shall be, or become part of, the System, and (C) the Reserve Account, upon such accession, which shall contain an amount equal to the Reserve Account Requirement in accordance with Section 4.05(B)(4) hereof. If the aforementioned conditions are satisfied, the Subordinated Indebtedness shall be deemed to have been issued pursuant to this Resolution the same as the Outstanding Bonds, and such Subordinated Indebtedness shall be considered Bonds for all purposes provided in this Resolution.

## ARTICLE VII

### DEFAULTS AND REMEDIES

**SECTION 7.01. EVENTS OF DEFAULT.** The following events shall each constitute an "Event of Default":

(A) Default shall be made in the payment of the principal of Sinking Fund Installment, redemption premium or interest on any Bond or Subordinated Indebtedness when due. In determining whether a payment default has occurred, no effect shall be given to payment made under a Bond Insurance Policy.

(B) There shall occur the dissolution or liquidation of the Issuer, or the filing by the Issuer of a voluntary petition in bankruptcy, or the commission by the Issuer of any act of bankruptcy, or adjudication of the Issuer as a bankrupt, or assignment by the Issuer for the benefit of its creditors, or appointment of a receiver for the Issuer, or the entry by the Issuer into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Issuer in any proceeding for its reorganization instituted under the provisions of the Federal Bankruptcy Act, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter enacted.

(C) The Issuer 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 on the part of the Issuer to be performed, and such default shall continue for a period of thirty (30) days after written notice of such default shall have been received from the Holders of not less than twenty-five percent (25%) of the aggregate principal amount of Bonds Outstanding or the Insurer of such amount of Bonds. Notwithstanding the foregoing, the Issuer shall not be deemed to be in default hereunder if such default can be cured within a reasonable period of time and if the Issuer in good faith institutes appropriate curative action and diligently pursues such action until default has been corrected.

**SECTION 7.02. REMEDIES.** Any Holder of Bonds issued under the provisions of this Resolution or any trustee or receiver acting for such Bondholders may either at law or in equity, by suit, action, mandamus or other proceedings in any court of competent jurisdiction, protect and enforce any and all rights under the Laws of the State of Florida, or granted and contained in this Resolution, and may enforce and compel the performance of all duties required by this Resolution or by any applicable statutes to be performed by the Issuer or by any officer thereof; provided, however, that no Holder, trustee or receiver shall have the right to declare the Bonds immediately due and payable.

The Holder or Holders of Bonds in an aggregate principal amount of not less than twenty-five percent (25%) 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 and such certificate shall be executed by such Bondholders or their duly authorized attorneys or representatives, and shall be filed in the office of the Clerk. Notice of such appointment, together with evidence of the requisite signatures of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds Outstanding and the trust instrument under which the trustee shall have agreed to serve shall be filed with the Issuer and the trustee and notice of such appointment shall be given to all Holders of Bonds in the same manner as notices of redemption are given hereunder. After the appointment of the first trustee hereunder, no further trustees may be appointed; however, the Holders of a majority in aggregate principal amount of all the Bonds then Outstanding may remove the trustee initially appointed and appoint a successor and subsequent successors at any time.

**SECTION 7.03. DIRECTIONS TO TRUSTEE AS TO REMEDIAL PROCEEDINGS.** The Holders of a majority in principal amount of the Bonds then Outstanding (or any Insurer insuring any then Outstanding Bonds) have the right, by an instrument or concurrent instruments in writing executed and delivered to the trustee, to direct the method and place of conducting all remedial proceedings to be taken by the trustee hereunder with respect to the Series of Bonds owned by such Holders or insured by such Insurer, provided that such direction shall not be otherwise than in accordance with law or the provisions hereof, and that the trustee shall have the right to decline to follow any direction which in the opinion of the trustee would be unjustly prejudicial to Holders of Bonds not parties to such direction.

**SECTION 7.04. REMEDIES CUMULATIVE.** No remedy herein conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

**SECTION 7.05. WAIVER OF DEFAULT.** 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 Section 7.02 to the Bondholders may be exercised from time to time, and as often as may be deemed expedient.

**SECTION 7.06. APPLICATION OF MONEYS AFTER DEFAULT.** If an Event of Default shall happen and shall not have been remedied, the Issuer or a trustee or receiver appointed for the purpose shall apply all Pledged Funds (except as for amounts

in the subaccounts of the Reserve Account which shall be applied to the payment of the Series of Bonds for which they were established) as follows and in the following order:

A. To the payment of the reasonable and proper charges, expenses and liabilities of the trustee or receiver and Registrar hereunder;

B. To the payment of the amounts required for reasonable and necessary Operating Expenses, and for the reasonable renewals, repairs and replacements of the System necessary to prevent loss of Gross Revenues, as certified by the Consulting Engineer;

C. To the payment of the interest and principal or Redemption Price, if applicable, then due on the Bonds, as follows:

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

FIRST: to the payment to the Persons entitled thereto of all installments of interest then due, in the order of the maturity of such installments, 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;

SECOND: to the payment to the Persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due at maturity or upon mandatory redemption prior to maturity (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of Section 9.01 of this Resolution), in the order of their due dates, with interest upon such Bonds from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and 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; and

THIRD: to the payment of the Redemption Price of any Bonds called for optional redemption pursuant to the provisions of this Resolution.

(2) If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, with interest thereon as aforesaid, 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.

**SECTION 7.07. CONTROL BY INSURER.** Upon the occurrence and continuance of an Event of Default, an Insurer, if such Insurer shall have honored all of its commitments under its Bond Insurance Policy, shall be entitled to direct and control the enforcement of all right and remedies with respect to the Bonds it shall insure, including any waiver of an Event of Default. The Issuer shall provide each Insurer immediate notice of any Event of Default described in Section 7.01(A) hereof and notice of any other Event of Default occurring hereunder within 30 days of the occurrence thereof.

## ARTICLE VIII

### SUPPLEMENTAL RESOLUTIONS

**SECTION 8.01. SUPPLEMENTAL RESOLUTION WITHOUT BONDHOLDERS' CONSENT.** The Issuer, from time to time and at any time, may adopt such Supplemental Resolutions without the consent of the Bondholders (which Supplemental Resolution shall thereafter form a part hereof) for any of the following purposes:

(A) To cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in this Resolution or to clarify any matters or questions arising hereunder.

(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.

(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.

(D) To add to the covenants and agreements of the Issuer in this Resolution other covenants and agreements thereafter to be observed by the Issuer or to surrender any right or power herein reserved to or conferred upon the Issuer.

(E) To specify and determine the matters and things referred to in Sections 2.01, 2.02 or 2.09 hereof, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with this Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first delivery of such Bonds.

(F) To authorize Additional Projects or to change or modify the description of any Project; provided any material change or modification of the Initial Project must be approved in writing by BIG.

(G) To specify and determine matters necessary or desirable for the issuance of Variable Rate Bonds or Capital Appreciation Bonds.

(H) To provide for the establishment of a separate subaccount or subaccounts in the Reserve Account which shall independently secure one or more Series of Bonds.

(I) To revise the procedures provided in Section 4.05(B)(4) hereof pursuant to which moneys are drawn on a Reserve Account Insurance Policy or Reserve Account

Letter of Credit and moneys are reimbursed to the provider of such Policy or Letter of Credit.

(J) To make any other change that, in the opinion of the Issuer, would not materially adversely affect the security for the Bonds. In making such determination, the Issuer shall not take into consideration any Bond Insurance Policy.

**SECTION 8.02. SUPPLEMENTAL RESOLUTION WITH BONDHOLDERS' AND INSURER'S CONSENT.** Subject to the terms and provisions contained in this Section 8.02 and Section 8.01 hereof, the Holder or 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 Supplemental Resolution or Resolutions hereto as shall be deemed necessary or desirable by the Issuer for the purpose of supplementing, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Resolution; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series or maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section 8.02. Any Supplemental Resolution which is adopted in accordance with the provisions of this Section 8.02 shall also require the written consent of the Insurer of any Bonds which are Outstanding at the time such Supplemental Resolution shall take effect. No Supplemental Resolution may be approved or adopted which shall permit or require (A) an extension of the maturity of the principal of or the payment of the interest on any Bond issued hereunder, (B) reduction in the principal amount of any Bond or the Redemption Price or the rate of interest thereon, (C) the creation by the Pledged Funds of a lien upon or a pledge of other than the lien and pledge created by this Resolution or otherwise permitted hereby, (D) a preference or priority of any Bond or Bonds over any other Bond or Bonds (except as to the establishment of separate subaccounts in the Reserve Account provided in Section 4.05(B)(4) hereof), 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 or the Insurer of the adoption of any Supplemental Resolution as authorized in Section 8.01 hereof.

If at any time the Issuer shall determine that it is necessary or desirable to adopt any Supplemental Resolution pursuant to this Section 8.02, the Clerk shall cause the Registrar to give notice of the proposed adoption of such Supplemental Resolution and the form of consent to such adoption to be mailed, postage prepaid, to all Bondholders 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 copies thereof are on file at the offices of the Clerk and the Registrar for inspection by all

Bondholders. The Issuer shall not, however, be subject to any liability to any Bondholder by reason of its failure to cause the notice required by this Section 8.02 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 8.02.

Whenever the Issuer shall deliver to the Clerk 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 Issuer 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.

If the Holders of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the adoption of such Supplemental Resolution shall have consented to and approved the adoption thereof as herein provided, no Holder of any Bond shall have any right to object to the adoption 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 thereof, or to enjoin or restrain the Issuer from adopting the same or from taking any action pursuant to the provisions thereof.

Upon the adoption of any Supplemental Resolution pursuant to the provisions of this Section 8.02, 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 Issuer 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 8.03. AMENDMENT WITH CONSENT OF INSURER ONLY.**

If all of the Bonds Outstanding hereunder are insured as to payment of principal and interest by an Insurer or Insurers, the Issuer may enact one or more Supplemental Resolutions amending all or any part of Articles I, II, III, IV, V, VI and VII hereof with the written consent of said Insurer or Insurers and the acknowledgment by said Insurer or Insurers that its insurance or guaranty policy will remain in full force and effect if the Insurer is not in default under its Bond Insurance Policies. The consent of the Holders of any Bonds shall not be necessary. The foregoing right of amendment, however, does not apply to any amendment to Section 5.19 hereof with respect to the exclusion, if applicable, of interest on said Bonds from gross income for purposes of Federal income taxation nor may any such amendment deprive the Holders of any Bond of right to payment of the Bonds from, and their lien on, the Pledged Funds.

Prior to adoption of any amendment made pursuant to this Section 8.03, notice of such amendment shall be delivered to the Rating Agencies rating the Bonds. Upon filing with the Clerk of evidence of such consent of the Insurer or Insurers as aforesaid, the Issuer may adopt such Supplemental Resolution. After the adoption by the Issuer of such Supplemental Resolution, notice thereof shall be mailed in the same manner as notice of an amendment under Section 8.02 hereof.

## ARTICLE IX

### MISCELLANEOUS

**SECTION 9.01. DEFEASANCE.** If the Issuer shall pay or cause to be paid or there shall otherwise be paid to the Holders of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution and if the Issuer shall pay all amounts owing to any provider of a Reserve Account Letter of Credit or Reserve Account Insurance Policy, then the pledge of the Pledged Funds, and all covenants, agreements and other obligations of the Issuer to the Bondholders, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Paying Agents shall pay over or deliver to the Issuer all money or securities held by them pursuant to the Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Any Bonds or interest installments appertaining thereto, whether at or prior to the maturity or redemption date of such Bonds, shall be deemed to have been paid within the meaning of this Section 9.01 if (A) in case any such Bonds are to be redeemed prior to the maturity thereof, there shall have been taken all action necessary to call such Bonds for redemption and notice of such redemption shall have been duly given or provision shall have been made for the giving of such notice, and (B) there shall have been deposited in irrevocable trust with a banking institution or trust company by or on behalf of the Issuer either moneys in an amount which shall be sufficient, or Refunding Securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with such bank or trust company at the same time shall be sufficient (as verified by an independent certified public accountant), to pay the principal of or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be. Except as hereafter provided, neither the Refunding Securities nor any moneys so deposited with such bank or trust company nor any moneys received by such bank or trust company on account of principal of or Redemption Price, if applicable, or interest on said Refunding Securities shall be withdrawn or used for any purpose other than, and all such moneys shall be held in trust for and be applied to, the payment, when due, of the principal of or Redemption Price, if applicable, of the Bonds for the payment or redemption of which they were deposited and the interest accruing thereon to the date of maturity or redemption; provided, however, the Issuer may substitute new Refunding Securities and moneys for the deposited Refunding Securities and moneys if the new Refunding Securities and moneys are sufficient to pay the principal of or Redemption Price, if applicable, and interest on the refunded Bonds.

For purposes of determining whether Variable Rate Bonds shall be deemed to have been paid prior to the maturity or the redemption date thereof, as the case may be,

by the deposit of moneys, or specified Refunding Securities and moneys, if any, in accordance with this Section 9.01, the interest to come due on such Variable Rate Bonds on or prior to the maturity or redemption date thereof, as the case may be, shall be calculated at the Maximum Interest Rate; provided, however, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than the Maximum Interest Rate for any period, the total amount of moneys and specified Refunding Securities on deposit for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited on such date in respect of such Variable Rate Bonds is in order to satisfy this Section 9.01, such excess shall be paid to the Issuer free and clear of any trust, lien, pledge or assignment securing the Bonds or otherwise existing under this Resolution.

In the event the Bonds for which moneys are to be deposited for the payment thereof in accordance with this Section 9.01 are not by their terms subject to redemption within the next succeeding sixty (60) days, the Issuer shall cause the Registrar to mail a notice to the Holders of such Bonds that the deposit required by this Section 9.01 of moneys or Refunding Securities has been made and said Bonds are deemed to be paid in accordance with the provisions of this Section 9.01 and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of or Redemption Price, if applicable, and interest on said Bonds.

Nothing herein shall be deemed to require the Issuer to call any of the Outstanding Bonds for redemption prior to maturity pursuant to any applicable optional redemption provisions, or to impair the discretion of the Issuer in determining whether to exercise any such option for early redemption.

In the event that the principal of or Redemption Price, if applicable, and interest due on the Bonds shall be paid by an Insurer or Insurers, such Bonds shall remain Outstanding, shall not be defeased and shall not be considered paid by the Issuer, and the pledge of the Pledged Funds and all covenants, agreements and other obligations of the Issuer to the Bondholders shall continue to exist and such Insurer or Insurers shall be subrogated to the rights of such Bondholders.

**SECTION 9.02. CAPITAL APPRECIATION BONDS.** For the purposes of (A) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, or (B) receiving payment of a Capital Appreciation Bond if the principal of all Bonds becomes due and payable under the provisions of this Resolution, or (C) computing the amount of Bonds held by the Holder of a Capital Appreciation Bond in giving to the Issuer or any trustee or receiver appointed to represent the Bondholders any notice, consent, 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.

**SECTION 9.03. SALE OF BONDS.** The Bonds shall be issued and sold at public or private sale at one time or in installments from time to time and at such price or prices as shall be consistent with the provisions of the Act, the requirements of this Resolution and other applicable provisions of law.

**SECTION 9.04. SEVERABILITY OF INVALID PROVISIONS.** If any one or more of the covenants, agreements or provisions of this Resolution 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 and provisions of this Resolution and shall in no way affect the validity of any of the other covenants, agreements or provisions hereof or of the Bonds issued hereunder.

**SECTION 9.05. VALIDATION AUTHORIZED.** To the extent deemed necessary by Bond Counsel or desirable by Counsel for the Issuer, the Attorney for the Issuer is authorized to institute appropriate proceedings for validation of the Bonds herein authorized pursuant to Chapter 75, Florida Statutes.

**SECTION 9.06. REPEAL OF INCONSISTENT RESOLUTIONS.** All ordinances, resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict.

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**SECTION D. SEVERABILITY OF INVALID PROVISIONS.** If any one or more of the provisions herein contained shall be held 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 provisions shall be null and void and shall be deemed separate from the remaining provisions and shall in no way affect the validity of any other provisions hereof.

**SECTION E. REPEALING CLAUSE.** All resolutions, ordinances, or parts thereof in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

**SECTION F. EFFECTIVE DATE.** This Amended and Restated Master Water and Sewer Revenue Bond Resolution shall take effect upon satisfaction of all of (i) consent of MBIA Insurance Corporation, the Insurer of the Series 1992 Bonds, and (ii) the issuance of the Series 2006 Bonds.

BOARD OF COUNTY COMMISSIONERS  
OF SEMINOLE COUNTY, FLORIDA

(SEAL)

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Chairman

ATTEST:

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County Clerk

## EXHIBIT A

### DESCRIPTION OF INITIAL PROJECT

The Initial project includes costs associated with the acquisition, construction and equipping of capital improvements to or for the System and for System expansion and improvement. These improvements, acquisitions and expansions include, but are not limited to, the following:

1. Water Plant Improvements. (Est. \$8,325,000)

The projects included in this program contemplate the expansion and/or refurbishment of several water plants owned by the County. It also provides for the purchase of further capacity from neighboring utilities. Additional capacity to be provided amounts to approximately 3.2 mgd.

2. Wastewater Improvements. (Est. \$1,135,000)

These projects include consolidation of County wastewater to be treated at the Greenwood Lakes WWTP, the Yankee Lake WWTP and the Iron Bridge WPCF.

3. Transmission and Collection. (Est. \$2,360,000)

Most of the expenditure (\$1.8 million) is directed to water and sewer line relocations required because of major road improvements. The remaining moneys (\$580,000) are to be used for line over-sizing, new line installation and system engineering services.

## **EXHIBIT B**

### **DESCRIPTION OF SERIES 1999 PROJECT**

The Series 1999 Project includes, but is not limited to, the acquisition, construction, installation and equipping of the following improvements to the County's water and sewer system: the Consumers Water Treatment Plant Expansion; Water Main installations on Grant Line Road; Lake Emma Road Water Installation; NW Distribution - Lake Mary Interconnect; NW Distribution - Five Points Interconnect; NW Distribution - Heathrow WTP; NW Distribution - Markham Road; NW Distribution - Greenwood Lake/Country Club Interconnect; SC Distribution - Deer Run; SC Distribution - Bear Gully Road; Lockwood Road Water Installation; Lynwood Water Treatment Plant improvements; development of regional water supply source; System collection/transmission and pumping system rehabilitation; and facility relocations and modifications.

## EXHIBIT C

### DESCRIPTION OF SERIES 2006 PROJECT

The Series 2006 Project includes, but is not limited to, the acquisition, construction, installation and equipping of capital improvements to the County's water and sewer system (the "Capital Improvement Plan").

The feasibility of the Capital Improvement Portion was reviewed and recommended by CH2M HILL, Orlando, Florida, the Program Manager for the County, in conjunction with County staff, in order to meet the objectives of the Seminole County Water Quality Master Plan, 2006, and Seminole County Sanitary Sewer and Reclaimed Water Facilities Plan, 2006, and the provisions for the consolidation of Saint John River Management District Consumptive Use Permits, for the next 20 years. Generally the needed improvements include (a) potable water treatment plant hydraulic capacity and water quality, and new potable water distribution systems ("potable water system"), (b) sanitary sewer treatment plant hydraulic capacity and wastewater quality, and new sanitary sewer collection systems ("sanitary sewer system"), and (c) reclaimed water plant hydraulic capacity and new reclaimed water distribution systems ("reclaimed water system").

The potable water treatment plant hydraulic capacity and water quality improvements include treatment process upgrades/equipment installation, such as aeration for sulfide removal or ozonation. Additional water distribution system improvements will be identified to lower system detention time and improve system pressures at various plants, and also well improvements will be made to meet water quality objectives, and new high service pumps, storage tanks capacity increases and emergency generators will be added to maintain hydraulic production capacity. The potable water distribution system improvements include the three phases of large diameter main transmission line construction in the south-east quadrant of the County and various small to medium diameter transmission line construction through-out the County to meet hydraulic demand, relocation of potable water lines due to roadway improvements and improvements to the overall hydraulic capacity with the addition of interconnecting pipe segments.

The sanitary sewer collection system improvements include extension and oversizing of gravity sewers/force mains to meet hydraulic demand, relocation of sanitary sewer lines due to roadway improvements and improvements to the overall hydraulic capacity with the addition of interconnecting pipe segments. The treatment improvements for the Greenwood Lakes WRF include aeration improvements and system upgrades. The Yankee Lake WRF will undergo an initial re-rating with minor modifications during the first two years to be followed by a full expansion and improvement in the final three years of Program.

A new 10 MGD surface water treatment facility located at Yankee Lake to address regional water supply is being designed and constructed, new high service pumps, storage tanks capacity increases and emergency generators are being constructed to meet hydraulic production capacity. The reclaimed water distribution system improvements include extension and oversizing of main transmission lines to meet hydraulic demand, five phases of new distribution networks to service the north-west quadrant of the County, relocation of existing reclaimed water lines due to roadway improvements and improvements to the overall hydraulic capacity and operability with the addition of interconnecting pipe segments.