
CITY OF GAINESVILLE, FLORIDA

\$70,000,000

Utilities System Commercial Paper Notes, Series C

SECOND SUPPLEMENTAL SUBORDINATED UTILITIES SYSTEM
REVENUE BOND RESOLUTION

Adopted October 5, 1992.

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**SECOND SUPPLEMENTAL SUBORDINATED UTILITIES SYSTEM
REVENUE BOND RESOLUTION**

Be It Resolved by the City Commission of the City of Gainesville, Florida that:

ARTICLE I

DEFINITIONS AND AUTHORITY

SECTION 101. Supplemental Subordinated Resolution. This Second Supplemental Subordinated Utilities System Revenue Bond Resolution is supplemental to, and is adopted in accordance with Article X of, the Subordinated Utilities System Revenue Bond Resolution (the "Subordinated Resolution") adopted by the City on January 26, 1989.

SECTION 102. Definitions. 1. Except as provided by this Second Supplemental Subordinated Utilities System Revenue Bond Resolution, all terms which are defined in Section 101 of the Utilities System Revenue Bond Resolution adopted by the City on June 6, 1983, as amended and supplemented (the "Resolution") and in Section 1.02 of the Subordinated Resolution shall have the same meanings, respectively, herein as such terms are given in said Section 101 of the Resolution and in said Section 1.02 of the Subordinated Resolution.

2. In this Second Supplemental Subordinated Utilities System Revenue Bond Resolution:

Agent:

The term "Agent" shall mean the Agent for the Banks under the Credit Agreement.

Banks:

The term "Banks" shall mean Bank of America National Trust and Savings Association, a national banking association and Sun Bank, National Association, a national banking association, and their respective successors and assigns under the Credit Agreement and any other bank(s) with which the City may enter into a liquidity support agreement similar to the Credit Agreement from time to time.

Credit Agreement:

The term "Credit Agreement" shall mean the Initial Credit Agreement, or such other credit agreement which the City determines to be in replacement thereof or supplemental thereto as may be

entered into by the City from time to time with one or more banks each having a capital surplus and undivided profits of not less than \$150,000,000.

Dealer:

The term "Dealer" shall mean the dealer designated pursuant to the Dealer Agreement and any other person with which the City may enter into a dealer agreement from time to time.

Dealer Agreement:

The term "Dealer Agreement" shall mean the Initial Dealer Agreement or such other dealer agreement which the City determines to be in replacement thereof.

Designee:

The term "Designee" shall mean an officer or employee of the City authorized by written instrument of an Authorized Officer of the City to give Requests on behalf of such Authorized Officer in accordance with Section 204 hereof and to take such other actions hereunder and under the Issuing and Paying Agency Agreement as are permitted to be taken hereunder or thereunder by Designees.

Effective Date:

The term "Effective Date" shall have the meaning given to such term in the Initial Credit Agreement.

Initial Credit Agreement:

The term "Initial Credit Agreement" shall mean the Credit Agreement, dated as of October 1, 1992, among the City, Bank of America National Trust and Savings Association and Sun Bank, National Association and Bank of America National Trust and Savings Association, as the Agent, as amended from time to time.

Initial Dealer Agreement:

The term "Initial Dealer Agreement" shall mean the Dealer Agreement, dated as of October 1, 1992, between the City and Goldman, Sachs & Co., as amended from time to time.

Initial Issuing and Paying Agency Agreement:

The term "Initial Issuing and Paying Agency Agreement" shall mean the Issuing and Paying Agency Agreement, dated as of October 1, 1992, between the City and Bankers Trust Company, as amended from time to time.

Issuing Agent:

The term "Issuing Agent" shall mean the Subordinated Bond Paying Agent and Subordinated Bond Registrar for the Series C Commercial Paper Notes appointed pursuant to Section 206 hereof.

Issuing and Paying Agency Agreement:

The term "Issuing and Paying Agency Agreement" shall mean the Initial Issuing and Paying Agency Agreement, or such other agreement as may be entered into by the City from time to time which the City determines to be in replacement thereof.

Outstanding:

The term "Outstanding", when used with respect to the Series C Commercial Paper Notes or the Series A Bank Bonds, shall have the meaning given to such term in the Subordinated Resolution and, when used with respect to the Series B Notes, shall have the meaning given to such term in the Subordinated Indebtedness Resolution No. 2.

Related Agreements:

The term "Related Agreements" shall mean the Dealer Agreement, the Issuing and Paying Agency Agreement, and the Credit Agreement.

Request:

The term "Request" shall mean a request made, or instructions given, by telephone or electronic transmission by, or in writing from, an Authorized Officer of the City (or a Designee thereof) pursuant to Section 204 hereof.

Second Supplemental Subordinated Resolution:

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

Series A Bank Bonds:

The term "Series A Bank Bonds" shall mean the Utilities System Subordinated Bank Bonds, Series A of the City authorized to

be issued pursuant to Article III of this Second Supplemental Subordinated Resolution.

Series B Notes:

The term "Series B Notes" shall mean the Utilities System Commercial Paper Notes, Series B of the City from time to time Outstanding under the Subordinated Indebtedness Resolution No. 2.

Series C Commercial Paper Notes:

The term "Series C Commercial Paper Notes" shall mean the Utilities System Commercial Paper Notes, Series C of the City authorized to be issued and sold pursuant to Article II of this Second Supplemental Subordinated Resolution, which are hereby designated as Commercial Paper Notes for all purposes of the Subordinated Resolution.

Series C CP Note Payment Account:

The term "Series C CP Note Payment Account" shall mean the account by that name that is established in Section 401 of this Second Supplemental Subordinated Resolution, which account shall constitute a "Subordinated Bond Payment Account" for purposes of the Subordinated Resolution.

Subordinated Indebtedness Resolution No. 2:

The term "Subordinated Indebtedness Resolution No. 2" shall mean the Utilities System Subordinated Indebtedness Resolution No. 2 adopted by the City on October 12, 1987, authorizing the Series B Notes.

Termination Date:

The term "Termination Date" shall have the meaning given to such term in the Credit Agreement.

SECTION 103. Authority for this Second Supplemental Subordinated Resolution. This Second Supplemental Subordinated Resolution is adopted (i) pursuant to the provisions of the Act, (ii) in accordance with paragraph 7 of Section 1001 of the Resolution and (iii) in accordance with Article II and Article X of the Subordinated Resolution.

ARTICLE II

AUTHORIZATION OF SERIES C COMMERCIAL PAPER NOTES

SECTION 201. Principal Amount and Designation of Series.

Pursuant to the provisions of the Resolution and the Subordinated Resolution, a Series of Subordinated Bonds is hereby authorized in a maximum aggregate principal amount outstanding at any one time of up to \$70,000,000; provided, however, that the aggregate principal amount of such Subordinated Bonds, the aggregate principal amount of Series B Notes and the aggregate principal amount of Series A Bank Bonds permitted to be Outstanding at any time shall not exceed \$70,000,000. Such Subordinated Bonds shall constitute Bearer Commercial Paper Notes for purposes of the Subordinated Resolution, and shall be designated as, and shall be distinguished from the Subordinated Bonds of all other Series by the title, "Utilities System Commercial Paper Notes, Series C". A Series C Commercial Paper Note, Series B Note or all or a portion of the principal amount of a Series A Bank Bond shall not be deemed Outstanding for purposes of this Section 201 to the extent the proceeds of other Series C Commercial Paper Notes or borrowings under the Credit Agreement are to be applied toward the payment thereof.

SECTION 202. Purpose.

The Series C Commercial Paper Notes may be issued during the period commencing on the Effective Date and ending on October 5, 2022 (or, if such day is not a Business Day (as defined in the Credit Agreement), the next preceding Business Day), for purposes of (i) paying the principal of, and interest on, maturing Series B Notes, (ii) repaying amounts owed under the Series B Bank Notes and (iii) paying the principal of, and interest on, maturing Series C Commercial Paper Notes and borrowings under the Credit Agreement.

From and after the Effective Date, on each date on which a Series B Note Outstanding on such Effective Date shall mature (each such date being referred to herein as a "Maturity Date"), the City (a) (i) shall issue a Series C Commercial Paper Note or Notes in accordance with the provisions of this Second Supplemental Subordinated Resolution or (ii) shall borrow under the Credit Agreement (as defined in the Subordinated Indebtedness Resolution No. 2), or both, in an aggregate amount sufficient, together with any moneys on deposit in the Subordinated Indebtedness Fund and the CP Note Payment Account (as defined in the Subordinated Indebtedness Resolution No. 2) established with respect to the Series B Notes and available for such purpose, to pay the principal of, and interest on, the Series B Notes due on such Maturity Date; or (b) in lieu of, or in combination with, the foregoing, may apply any other moneys of the City lawfully available for such purpose to pay the principal of, and interest on, the Series B Notes due on such Maturity Date.

SECTION 203. Denominations, Dated Date, Redemption and Conditions for Issuance of Series C Commercial Paper Notes.

1. The Series C Commercial Paper Notes herein authorized shall be in such denomination or denominations of \$100,000 or any larger integral multiples of \$1,000, shall bear such number or numbers, such date or dates of issue and maturity and such rate or rates of interest, as shall be specified in a Request given or delivered to the Issuing Agent pursuant to Section 204 hereof.

2. The Series C Commercial Paper Notes shall be dated the date of their issuance, shall bear interest from their date and shall be issued in bearer form, without coupons. Interest on the Series C Commercial Paper Notes shall be payable on their respective maturity dates. Unless the City shall otherwise direct, the Series C Commercial Paper Notes shall be consecutively numbered.

3. The Series C Commercial Paper Notes shall not be subject to redemption prior to maturity.

4. The Series C Commercial Paper Notes shall otherwise have such terms and conditions as shall be set forth in a Request to be given or delivered pursuant to Section 204 hereof in connection with the issuance of the Series C Commercial Paper Notes; provided, however, that unless the City shall adopt an appropriate supplement to this Second Supplemental Subordinated Resolution amending the following parameters, each Series C Commercial Paper Note:

(i) shall bear interest at an annual rate (calculated on the basis of a 365 day year and on a basis of actual days elapsed) not in excess of an interest rate of 15% per annum,

(ii) shall mature not more than 270 days after the date of issuance thereof, and in no event later than the earlier to occur of (a) the Termination Date or (b) October 5, 2022 (or, if such day is not a Business Day (as defined in the Credit Agreement), the next preceding Business Day), and

(iii) shall have a purchase price of not less than 100% of the principal amount thereof less the fee of the Dealer which shall not exceed the fee in the Dealer Agreement then in effect.

5. No Series C Commercial Paper Note shall be issued pursuant to this Second Supplemental Subordinated Resolution unless, at the time of such issuance, (i) the Series C Commercial Paper Notes shall have been assigned commercial paper ratings of no lower than A-2 by Standard & Poor's Corporation or P-2 by Moody's

Investors Service or an equivalent rating by another nationally recognized rating agency, (ii) the aggregate principal amount of all Series C Commercial Paper Notes then Outstanding, the aggregate principal amount of all Series B Notes then Outstanding and the aggregate principal amount then Outstanding of all Series A Bank Bonds, after giving effect to (a) the issuance of Series C Commercial Paper Notes and borrowings under the Credit Agreement on such date and (b) the application of the proceeds thereof, is equal to or less than \$70,000,000, (iii) the aggregate principal amount of all Series C Commercial Paper Notes Outstanding after giving effect to (a) the issuance of Series C Commercial Paper Notes and borrowings under the Credit Agreement on such date and (b) the application of the proceeds thereof, will be equal to or less than the aggregate unused available amount of the Banks' commitments under the Credit Agreement, (iv) in the case of Series C Commercial Paper Notes being issued on any date on or prior to October 20, 1992 for the purpose of paying the principal of, and interest on, maturing Series B Notes, the City shall have, or shall have caused to be, deposited with the Paying Agent under the Subordinated Indebtedness Resolution No. 2 an amount which, together with all or a portion of the proceeds of the Series C Commercial Paper Notes being issued on such date and to be applied thereto, shall equal the principal of, and interest on, the Series B Note(s) maturing on such date and (v) in the case of Series C Commercial Paper Notes being issued on any date on or prior to October 20, 1992 for the purpose of repaying amounts owed under the Series B Bank Notes, the City is transferring, or is causing to be transferred, to (or on behalf of) the holders of the Series B Bank Notes an amount which, together with all or a portion of the proceeds of the Series C Commercial Paper Notes being issued on such date and to be applied thereto, shall equal the amounts owed under the Series B Bank Notes on such date. A Series C Commercial Paper Note, a Series B Note or all or a portion of the principal amount of a Series A Bank Bond shall not be deemed Outstanding for purposes of this paragraph 5 to the extent the proceeds of other Series C Commercial Paper Notes or borrowings under the Credit Agreement are to be applied toward the payment thereof.

6. Notwithstanding anything to the contrary contained herein, and unless otherwise permitted by the Credit Agreement, no Series C Commercial Paper Notes shall be authenticated, issued or delivered from and after (a) the receipt by the City and the Issuing Agent of instructions from the Agent, given in accordance with the Credit Agreement, not to issue, authenticate or deliver Series C Commercial Paper Notes or (b) the occurrence of any event or condition which terminates the Banks' commitments to make loans under the Credit Agreement for the purpose of paying the principal of Series C Commercial Paper Notes.

SECTION 204. Delivery of Series C Commercial Paper Notes. 1. Prior to the delivery by the Issuing Agent of any Series C Commercial Paper Notes under this Second Supplemental Subordinated Resolution, there shall be given or delivered, via telephone, telex or any other communication medium available to the City, or, if available, a time-sharing terminal, to the Issuing Agent a Request of the City instructing the Issuing Agent to authenticate and deliver such Series C Commercial Paper Notes to the purchaser or purchasers therein specified, which Request shall and approve on behalf of the City the issuance of such Series C Commercial Paper Notes and shall contain instructions (or shall approve such instructions theretofore given by the Dealer) with respect to:

(i) the aggregate principal amount of Series C Commercial Paper Notes then to be issued and the denominations in which they are to be issued,

(ii) the rate of interest with respect to each Series C Commercial Paper Note,

(iii) the date of each Series C Commercial Paper Note and the maturity date thereof, and

(iv) the purchase price of each Series C Commercial Paper Note which will be 100% of the principal amount of each Series C Commercial Paper Note less the fee of the Dealer.

2. All oral Requests or Requests given by electronic transmission (other than by a time-sharing terminal) given as herein provided shall be confirmed in writing by an Authorized Officer of the City (or a Designee thereof) as promptly as practicable thereafter. Any Request given by a time-sharing terminal shall be given by an Authorized Officer of the City (or a Designee thereof) and need not be confirmed in writing, and the giving of such Request by a time-sharing terminal shall be deemed to be a representation and warranty by the City as to the matters stated in paragraph 2 of the form of written Request set forth below. Written Requests and written confirmations of oral or electronically transmitted Requests shall be in substantially the following form:

City of Gainesville, Florida
Request Pursuant to Section 204 of the
Second Supplemental Subordinated Utilities
System Revenue Bond Resolution
adopted October 5, 1992

No. _____

1. The City of Gainesville, Florida, a municipal corporation organized and existing under the laws of the State of Florida (the "City"), hereby [instructs] [confirms that it has today instructed] Bankers Trust Company, New York, New York, as Subordinated Bond Paying Agent and Subordinated Bond Registrar (the "Agent") under its Second Supplemental Subordinated Utilities System Revenue Bond Resolution adopted on October 5, 1992 (the "Second Supplemental Subordinated Resolution"), to authenticate and deliver to Goldman, Sachs & Co. the Utilities System Commercial Paper Notes, Series C described in Schedule A hereto (the "Series C Commercial Paper Notes") bearing such dates and in such amounts, at such interest rates and maturing on such dates as are set forth in Schedule A attached hereto.

2. The City hereby represents and warrants that no Event of Default exists under the Resolution, the Subordinated Resolution or any Related Agreement (as specified in such documents), that no event has occurred which, with the passage of time, the giving of notice, or both, would become such an Event of Default, that the City has performed all of the covenants and agreements that it is required to have performed under the Second Supplemental Subordinated Resolution, the Subordinated Resolution, the Resolution and the Related Agreements, that the City has not received No-Issuance Instructions (as defined in the Credit Agreement) that have not been revoked by the Agent under the Credit Agreement (or, if any such Instructions have been received by the City and have not been revoked, that the issuance of the Series C Commercial Paper Notes is permitted under the Credit Agreement), that the issuance and delivery of the Series C Commercial Paper Notes have been duly authorized by the City, [to be included in any Request delivered on or prior to October 20, 1992 in connection with the issuance of Series C Commercial Paper Notes being issued for the purpose of paying the principal of, and interest on, maturing Series B Notes: that the City has, or has caused to be, deposited with the Paying Agent under the Subordinated Indebtedness Resolution No. 2 an amount which, together with all or a portion of the proceeds of the Series C Commercial Paper Notes being issued on the date hereof and to be applied thereto, equals the principal of, and interest on, the Series B Note(s) maturing on the date hereof,] [to be included in any Request delivered on or prior to October 20, 1992 in connection with the issuance of Series C Commercial Paper Notes being issued for the purpose of repaying amounts owed under the Series B Bank Bonds: that the City is transferring, or is

causing to be transferred, on the date hereof to (or on behalf of) the holders of the Series B Bank Notes an amount which, together with all or a portion of the proceeds of the Series C Commercial Notes being issued on the date hereof and to be applied thereto, equals the amounts owed under the Series B Bank Notes on the date hereof] and that, immediately after the issuance and delivery of such Series C Commercial Paper Notes and giving effect to any immediate application of the proceeds thereof to the payment of Series C Commercial Paper Notes, Series B Notes or borrowings under the Credit Agreement, the principal amount of Series C Commercial Paper Notes Outstanding under the Second Supplemental Subordinated Resolution and Series B Notes Outstanding under the Subordinated Indebtedness Resolution No. 2 will be as indicated opposite Item 1 on Schedule A and the aggregate available commitments under the Credit Agreement at such time will be as indicated opposite Item 2 on Schedule A.

3. Unless otherwise defined herein, the terms used in this Request have the respective meanings given to such terms in the Second Supplemental Subordinated Resolution.

IN WITNESS WHEREOF the undersigned has hereunto set his/her hand this ____ day of _____, ____.

CITY OF GAINESVILLE, FLORIDA

By _____
Title:

SCHEDULE A

TERMS OF SERIES C COMMERCIAL PAPER NOTES

<u>Note</u> <u>Number</u>	<u>Principal</u> <u>Amount</u>	<u>Date of</u> <u>Issuance</u>	<u>Interest</u> <u>Rate</u>	<u>Interest</u> <u>Amount</u>	<u>Maturity</u> <u>Date</u>	<u>Dealer</u> <u>Fee</u>
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<u>Item No.</u>	<u>Descriptions</u>	<u>Amount</u>
1	Principal Amount of Series C Commercial Paper Notes Outstanding under the Second Supplemental Subordinated Resolution and Series B Notes Outstanding under the Subordinated Indebtedness Resolution No. 2	
2	Available Commitments under the Credit Agreement	

SECTION 205. Form of Series C Commercial Paper Notes.

The Series C Commercial Paper Notes issued under this Second Supplemental Subordinated Resolution shall be substantially in the form set forth in Article VII hereof with such appropriate variations, omissions and insertions as are permitted or required by this Second Supplemental Subordinated Resolution.

SECTION 206. Subordinated Bond Paying Agent and Subordinated Bond Registrar for the Series C Commercial Paper Notes. Bankers Trust Company is hereby appointed by the City as the initial Subordinated Bond Paying Agent and Subordinated Bond Registrar for the Series C Commercial Paper Notes. Acceptance by the Issuing Agent of its appointment shall be evidenced by the execution and delivery of the Initial Issuing and Paying Agency Agreement.

SECTION 207. Use of Series C Commercial Paper Note Proceeds. Except as provided in the following two sentences, all Series C Commercial Paper Note proceeds shall be credited by the Issuing Agent to the Series C CP Note Payment Account and applied to the payment of principal of, and interest on, maturing Series C Commercial Paper Notes and, upon instructions of the City, to the payment of principal of, and interest on, the Series A Bank Bonds. On any date on which Series C Commercial Paper Notes are being issued to pay the principal of, and interest on, Series B Note(s) maturing on such date, all or a portion of the proceeds thereof, in an amount which, together with other moneys held by the Paying Agent under the Subordinated Indebtedness Resolution No. 2, shall equal the principal of, and interest on, the Series B Note(s) maturing on such date, shall be transferred to the Paying Agent under the Subordinated Indebtedness Resolution No. 2, for deposit in the CP Note Payment Account (as defined in the Subordinated Indebtedness Resolution No. 2). On any date on which Series C Commercial Paper Notes are being issued to repay amounts owed under the Series B Bank Notes, all or a portion of the proceeds thereof, in an amount which, together with other moneys being transferred on such date by or at the direction of the City to (or on behalf of) the holders of the Series B Bank Notes, shall equal the amounts owed under the Series B Bank Notes on such date, shall be transferred to (or on behalf of) the holders of the Series B Bank Notes. Until so applied all proceeds of the Series C Commercial Paper Notes shall be held in cash and shall not be invested.

ARTICLE III

AUTHORIZATION OF SERIES A BANK BONDS

SECTION 301. Principal Amount and Designation of Series.

Pursuant to the provisions of the Resolution and the Subordinated Resolution, a Series of Special Subordinated Bonds is hereby authorized in a maximum aggregate principal amount Outstanding at any one time of up to \$70,000,000; provided, however, that the aggregate principal amount of such Special Subordinated Bonds, the aggregate principal amount of Series C Commercial Paper Notes and the aggregate principal amount of Series B Notes permitted to be Outstanding at any time shall not exceed \$70,000,000. Such Special Subordinated Bonds shall constitute Option Subordinated Bonds for purposes of the Subordinated Resolution, and shall be designated as, and shall be distinguished from the Subordinated Bonds of all other Series by the title, "Utilities System Subordinated Bank Bonds, Series A". All or a portion of the principal amount of a Series A Bank Bond, a Series C Commercial Paper Note or a Series B Note shall not be deemed Outstanding for purposes of this Section 301 to the extent the proceeds of borrowings under the Credit Agreement or other Series C Commercial Paper Notes are to be applied toward the payment thereof.

SECTION 302. Purpose. The Series A Bank Bonds are authorized for the purpose of evidencing the City's obligation to repay amounts borrowed under the Credit Agreement.

SECTION 303. Execution and Delivery of Series A Bank Bonds, Dates and Denominations. On or prior to the Effective Date, the City shall execute, authenticate and deliver to the Agent, for the account of the Banks, Series A Bank Bonds as hereinafter in this Section provided. The Series A Bank Bonds shall be in fully registered form, without coupons, and shall be dated the date of their execution and delivery. Except as provided in Section 307, and except as otherwise may be provided in the Credit Agreement, a single, separate Series A Bank Bond shall be issued on behalf of each Bank, registered in the name of such Bank. Each Series A Bank Bond shall have a stated maximum principal amount equal to the commitment under the Credit Agreement for the Bank in whose name such Series A Bank Bond is registered; provided, however, that the aggregate of the stated maximum principal amounts of all Series A Bank Bonds to be Outstanding at any time shall not exceed the aggregate principal amount of the Series C Commercial Paper Notes authorized pursuant to Section 201 (\$70,000,000).

SECTION 304. Outstanding Principal Amounts of Series A Bank Bonds, Interest on Series A Bank Bonds, Payment of Series A Bank Bonds and Optional Tender for Payment. 1. The principal amount Outstanding with respect to any Series A Bank Bond at any time shall equal the amount borrowed by the City under the Credit

Agreement from the Bank in whose name such Series A Bank Bond shall be registered, less any prior repayments thereof.

2. Each Series A Bank Bond shall bear interest during the same periods and at the same rates as are applicable to the loans evidenced by such Series A Bank Bond made by a Bank under and pursuant to the Credit Agreement, determined as provided in the Credit Agreement.

3. The principal of the Series A Bank Bonds, and interest thereon, shall be payable (and prepayable) at the same times and in the same amounts as are applicable to the respective loans evidenced by such Series A Bank Bonds made by the Banks under and pursuant to the Credit Agreement, determined as provided in the Credit Agreement.

4. Upon the occurrence of any Tender Event (as defined in the Credit Agreement), the Agent may, and, if requested by the Required Banks (as defined in the Credit Agreement), shall, by notice to the City, tender the Series A Bank Bonds for payment by the City prior to the due date of the Outstanding principal amount thereof, whereupon the City shall be obligated to pay the Outstanding principal amount of each Series A Bank Bond (together with accrued interest thereon) without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the City; provided that upon the occurrence of any of the Tender Events specified in clause (f) or (g) of Section 7.01 of the Initial Credit Agreement (or, to the extent provided in any other Credit Agreement, upon the occurrence of any particular Tender Events specified therein), without any notice to the City or any other act by the Agent or the Banks, the Series A Bank Bonds immediately shall be deemed to be tendered for payment to the City and the City shall be obligated immediately to pay the Outstanding principal amount of the Series A Bank Bonds (together with accrued interest thereon) without presentment, demand, protest or notice of any kind, all of which are hereby waived by the City. The Series A Bank Bonds immediately shall be due and payable upon their becoming subject to payment by the City pursuant to this Section.

SECTION 305. Form of Series A Bank Bonds and Schedule of Loans and Repayments, Completion of Such Schedule. 1. The Series A Bank Bonds issued under this Second Supplemental Subordinated Resolution, including the schedule of loans and repayments attached thereto, shall be substantially in the form set forth in Article VIII hereof with such appropriate variations, omissions and insertions as are permitted or required by this Second Supplemental Subordinated Resolution or the Credit Agreement.

2. The Holder of each Series A Bank Bond is authorized to record on the schedule of loans and repayments attached to such Series A Bank Bond, or a continuation thereof, each loan made by such Holder to the City, the respective dates, amounts, types and

maturities thereof and all repayments of the principal thereof and, prior to any transfer thereof, appropriate notations to evidence the foregoing information shall be endorsed by such Holder on such schedule, or a continuation thereof; provided, however, that the failure of such Holder to make any such recordation or endorsement shall not affect the obligations of the City under such Series A Bank Bond or under the Credit Agreement.

SECTION 306. Principal Installments of Series A Bank Bonds to Constitute Refundable Principal Installments. In accordance with the provisions of the Subordinated Resolution, it is hereby declared to be the intent of the City that the Principal Installment of each Series A Bank Bond Outstanding from time to time shall be and constitute a Refundable Principal Installment; provided, however, that on each Quarterly Payment Date (as defined in the Credit Agreement), commencing with the second (2nd) Quarterly Payment Date to occur after the date of the making of a Term Loan under (and as defined in) the Credit Agreement, the City intends to pay from Revenues the portion of the principal amount of each Series A Bank Bond Outstanding on such Date that is equal to the portion of the Loan evidenced thereby that, pursuant to the Credit Agreement, is due and payable on such date; and provided, further, that upon any tender or deemed tender of a Bank Bond for payment by the City at the option of the Holder thereof, in accordance with paragraph 4 of Section 304, the principal amount of such Series A Bank Bond Outstanding shall thereupon cease to be a Refundable Principal Installment.

SECTION 307. Limitations on Transfer and Exchange of Series A Bank Bonds. 1. Except as hereinafter provided in this Section, and notwithstanding anything to the contrary contained in the Subordinated Resolution, the Series A Bank Bonds shall not be transferable by the Holders thereof.

2. Notwithstanding the provisions of paragraph 1 of this Section, if and to the extent provided in the Credit Agreement, any Holder of a Series A Bank Bond may, by notice in writing to the City, request that its loans of a particular type be evidenced by a separate Series A Bank Bond in an amount equal to the aggregate unpaid principal amount of such loans. Upon receipt of any such request, and upon presentation and surrender by such Holder of its Series A Bank Bond, the City shall execute and deliver to such Holder, in substitution for the Series A Bank Bond so surrendered, separate Series A Bank Bonds in respective principal amounts equal to the aggregate unpaid principal amounts of the loans of each such particular type.

3. Notwithstanding the provisions of paragraph 1 of this Section, any Holder of a Series A Bank Bond may assign its rights with respect to such Series A Bank Bond and its commitment under the Credit Agreement in accordance with the provisions of the Credit Agreement. Upon such assignment, and upon presentation and

surrender of such Series A Bank Bond, the City shall execute and deliver to the appropriate person(s), in substitution for the Series A Bank Bonds so surrendered, one or more Series A Bank Bonds in an aggregate principal amount equal to the principal amount of the Series A Bank Bond so surrendered, so as to give effect to such assignment.

SECTION 308. Subordinated Bond Paying Agent and Subordinated Bond Registrar for the Series A Bank Bonds. The City shall serve as the initial Subordinated Bond Paying Agent and Subordinated Bond Registrar for the Series A Bank Bonds.

ARTICLE IV

SECURITY FOR SERIES C COMMERCIAL PAPER NOTES AND SERIES A BANK BONDS; AND APPLICATION OF ACCOUNTS

SECTION 401. Establishment of Series C CP Note Payment Account, Deposits Thereto and Application Thereof. 1. There is hereby established a Series C CP Note Payment Account, which shall be held by the Subordinated Bond Paying Agent for the Series C Commercial Paper Notes.

2. Amounts on deposit in the Series C CP Payment Account are hereby pledged as additional security for the payment of the principal of, and interest on, the Series C Commercial Paper Notes, subject only to the provisions of this Second Supplemental Subordinated Resolution permitting the application thereof for the purposes and on the terms and conditions set forth herein.

3. Amounts on deposit in the Series C CP Note Payment Account shall be applied to the payment of the principal of, and interest on, the Series C Commercial Paper Notes and the Series A Bank Bonds.

SECTION 402. Application of Moneys in Subordinated Indebtedness Fund. 1. Subject to the provisions of Section 5.02 of the Subordinated Resolution, amounts in the Subordinated Indebtedness Fund shall be applied to the payment of the principal of, and interest on, the Series C Commercial Paper Notes and the Series A Bank Bonds when due, as further provided in this Section 402.

2. To the extent moneys are not available by 3:00 p.m. on any date in the Series C CP Note Payment Account from the proceeds of Series C Commercial Paper Notes, borrowings under the Credit Agreement or other lawful sources to pay the full principal of, and interest on, Series C Commercial Paper Notes maturing on such date, then the City shall, by telephone, telex, telecopier or other telecommunications device, direct the Trustee to pay out of the Subordinated Indebtedness Fund, and upon such direction the

Trustee shall pay, to the Issuing Agent for deposit in the Series C CP Note Payment Account, the amount of such difference. Such direction shall promptly be confirmed in writing by an Authorized Officer of the City (or a Designee thereof).

3. To the extent moneys are not available on any date in the Series C CP Note Payment Account from the proceeds of Series C Commercial Paper Notes or other lawful sources to pay the full principal of, or interest on, the Series A Bank Bonds due on such date, then the City shall, by telephone, telex, telecopier or other telecommunications device, direct the Trustee to pay out of the Subordinated Indebtedness Fund, and upon such direction the Trustee shall pay, to the Holders of such Series A Bank Bonds the amount of such difference. Such direction shall promptly be confirmed in writing by an Authorized Officer of the City (or a Designee thereof). In making the payments provided for in this paragraph 3, the Trustee may rely upon written statements from the Agent as to the principal of, or interest on, the Series A Bank Bonds. Payments in respect of the Series A Bank Bonds shall be made to the Agent for distribution to the Holders of the Series A Bank Bonds.

ARTICLE V

REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF THE CITY

The City hereby represents, warrants and agrees with the Holders of the Series C Commercial Paper Notes and, in the case of Section 506 hereof, with the Holders of the Series A Bank Bonds, as follows:

SECTION 501. Payment of Series C Commercial Paper Notes.

The City shall duly and punctually pay or cause to be paid, but solely from the sources specified in this Second Supplemental Subordinated Resolution, the principal and interest on each of the Series C Commercial Paper Notes at the dates and places and in the manner mentioned in the Series C Commercial Paper Notes, according to the true intent and meaning thereof. For the purpose of providing for the payment of the principal and interest on Outstanding Series C Commercial Paper Notes on the date that the same shall become due and payable, the City, on or prior to such date, will pay or cause to be paid to the Trustee for deposit in the Subordinated Indebtedness Fund an amount which, together with other amounts then on deposit in such Subordinated Indebtedness Fund or on deposit in the Series C CP Note Payment Account, will be sufficient and available to make such payment on such date.

SECTION 502. Office for Servicing Series C Commercial Paper Notes. The City shall at all times maintain an agency in New York, New York where Series C Commercial Paper Notes may be presented for payment. The City shall at all times maintain an agency in New York, New York where notices, demands and other documents may be served upon the City in respect of the Series C Commercial Paper Notes or of this Second Supplemental Subordinated Resolution. The City hereby appoints the Issuing Agent to maintain such agencies and the Issuing Agent shall continuously maintain or make arrangements to provide such services.

SECTION 503. Further Assurance. At any and all times the City shall, as far as it may be authorized by law, comply with any reasonable request of the Trustee or the Co-Trustee, if any, to pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming all and singular the rights, moneys, securities and funds hereby pledged or assigned, or intended so to be, or which the City may become bound to pledge or assign.

SECTION 504. Power to Pledge Series C CP Note Payment Account. The City is duly authorized under all applicable laws to pledge and assign amounts held in the Series C CP Note Payment Account. The moneys, securities and funds so pledged and assigned are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and assignment created by this Second Supplemental Subordinated Resolution, and all action on the part of the City to that end has been and will be duly and validly taken. The City shall at all times, to the extent permitted by law, defend, preserve and protect the pledge and assignment of the moneys, securities and funds pledged and assigned hereby and all the rights of the Holders of the Series C Commercial Paper Notes hereunder, against all claims and demands of all persons whomsoever.

SECTION 505. Tax Covenant Relating to Series C Commercial Paper Notes. 1. In order to maintain the exclusion from gross income for Federal income tax purposes of interest on the Series C Commercial Paper Notes, and for no other purpose, the City covenants to comply with each applicable requirement of the Internal Revenue Code of 1986, as amended (the "Code") necessary to maintain such exclusion. In furtherance of the covenant contained in the preceding sentence, the City agrees to comply with the provisions of the Tax Certificate as to Arbitrage and the Provisions of Section 103(a) of the Internal Revenue Code of 1986 (the "Tax Certificate") to be executed by the City on or before the Effective Date, as such Tax Certificate may be amended from time to time, as a source of guidance for achieving compliance with the Code.

2. On or before the Effective Date, the City shall furnish the Tax Certificate to the effect that, on the basis of the facts, estimates and circumstances in existence on the date of delivery of the Tax Certificate, it is not expected that the proceeds of the Series C Commercial Paper Notes will be used in a manner that would cause such Series C Commercial Paper Notes to be "arbitrage bonds" within the meaning of the applicable provisions of the Code and Treasury Regulations, and such Certificate shall set forth such facts and circumstances which may be in brief and summary terms, and shall state that to the best of the knowledge and belief of the City, there are no other facts or circumstances that would materially change the expectations expressed in such Certificate.

3. Notwithstanding any other provisions of this Second Supplemental Subordinated Resolution or the Subordinated Resolution to the contrary, so long as necessary in order to maintain the exclusion from gross income under Section 103(a) of the Code of interest on the Series C Commercial Paper Notes, the covenants contained in this Section shall survive the payment of the Series C Commercial Paper Notes and the interest thereon, including any payment or defeasance thereof pursuant to Article VI of this Second Supplemental Subordinated Resolution or Section 12.01 of the Subordinated Resolution.

4. Notwithstanding any other provision of this Second Supplemental Subordinated Resolution or the Subordinated Resolution to the contrary, (a) upon the City's failure to observe or refusal to comply with the above covenants in this Section 505, the Holders of the Series C Commercial Paper Notes shall be entitled to the rights and remedies provided to Holders under the Subordinated Resolution and this Second Supplemental Subordinated Resolution, other than the right (which is hereby abrogated solely in regard to the City's failure to observe or refusal to comply with the above covenants of this Section) to declare the principal of all Subordinated Bonds then outstanding, and the interest accrued thereon, to be due and payable and (b) the Holders of the Subordinated Bonds of any Series other than the Series C Commercial Paper Notes shall not be entitled to exercise any right or remedy provided to Holders under the Subordinated Resolution based upon the City's failure to observe, or refusal to comply with, the above covenants in this Section.

SECTION 506. Tax Covenant Relating to Series A Bank Bonds. 1. In order to maintain the exclusion from gross income for Federal income tax purposes of interest on the Series A Bank Bonds, and for no other purpose, the City covenants to comply with each applicable requirement of the Code. In furtherance of the covenant contained in the preceding sentence, the City agrees to comply with the provisions of the Tax Certificate, as such Tax Certificate may be amended from time to time, as a source of guidance for achieving compliance with the Code.

2. The Tax Certificate shall state to the effect that, on the basis of the facts, estimates and circumstances in existence on the date of delivery of the Tax Certificate, it is not expected that the proceeds of the Series A Bank Bonds will be used in a manner that would cause such Series A Bank Bonds to be "arbitrage bonds" within the meaning of the applicable provisions of the Code and Treasury Regulations, and such Certificate shall set forth such facts and circumstances which may be in brief and summary terms, and shall state that to the best of the knowledge and belief of the City, there are no other facts or circumstances that would materially change the expectations expressed in such Certificate.

3. Notwithstanding any other provisions of this Second Supplemental Subordinated Resolution or the Subordinated Resolution to the contrary, so long as necessary in order to maintain the exclusion from gross income under Section 103(a) of the Code of interest on the Series A Bank Bonds, the covenants contained in this Section shall survive the payment of the Series A Bank Bonds and the interest thereon, including any payment or defeasance thereof pursuant to this Second Supplemental Subordinated Resolution or Section 12.01 of the Subordinated Resolution.

4. Notwithstanding any other provision of this Second Supplemental Subordinated Resolution or the Subordinated Resolution to the contrary, (a) upon the City's failure to observe or refusal to comply with the above covenants in this Section 506, the Holders of the Series A Bank Bonds shall be entitled to the rights and remedies provided to Holders under the Subordinated Resolution and this Second Supplemental Subordinated Resolution, other than the right (which is hereby abrogated solely in regard to the City's failure to observe or refusal to comply with the above covenants of this Section) to declare the principal of all Subordinated Bonds then outstanding, and the interest accrued thereon, to be due and payable and (b) the Holders of the Subordinated Bonds of any Series other than the Series A Bank Bonds shall not be entitled to exercise any right or remedy provided to Holders under the Subordinated Resolution based upon the City's failure to observe, or refusal to comply with, the above covenants in this Section.

SECTION 507. Maintenance of Outstanding Commitment. 1. The City covenants and warrants that it will at all times maintain an available commitment under the Credit Agreement equal to the principal of the Outstanding Series C Commercial Paper Notes.

2. The City covenants that it will not substitute another liquidity support agreement for the Credit Agreement then in effect, nor will it permit or allow any Bank to assign all or any part of its obligation to make loans under the Credit Agreement unless, in any such case, prior to such substitution or assignment, as the case may be, the City shall have received written evidence from each rating agency then rating the Series C Commercial Paper Notes to the effect that such substitution or assignment, as the

case may be, will not, by itself, result in a reduction or withdrawal of such rating agency's ratings of the Series C Commercial Paper Notes from those which then prevail.

SECTION 508. Issuance of Series B Notes. From and after the Effective Date, no Series B Notes shall be issued pursuant to the Subordinated Indebtedness Resolution No. 2.

ARTICLE VI

DEFEASANCE OF SERIES C COMMERCIAL PAPER NOTES

SECTION 601. Defeasance of Series C Commercial Paper Notes. All or any portion of the Series C Commercial Paper Notes shall be deemed to have been paid within the meaning and with the effect expressed in paragraph 1 of Section 12.01 of the Subordinated Resolution if there shall have been deposited with the Escrow Agent therefor either monies in an amount which shall be sufficient, or Investment Securities of the type enumerated in subsection (i) of the definition of Investment Securities in the Resolution the principal of and the interest on which when due will provide monies which, together with the monies, if any, deposited with the Escrow Agent at the same time, shall be sufficient to pay when due the principal of and interest due on said Series C Commercial Paper Notes on the maturity date thereof.

ARTICLE VII

FORM OF SERIES C COMMERCIAL PAPER NOTES

SECTION 701. Form of Series C Commercial Paper Notes. The form of the Series C Commercial Paper Notes shall be of substantially the following tenor with such variations, omissions and insertions as are required or permitted by this Second Supplemental Subordinated Resolution:

[SERIES C COMMERCIAL PAPER NOTE FORM]

UNITED STATES OF AMERICA
STATE OF FLORIDA
CITY OF GAINESVILLE, FLORIDA
UTILITIES SYSTEM COMMERCIAL PAPER
NOTES, SERIES C

	<u>Issue</u> <u>Date</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Interest</u> <u>Amount</u>
Note Number	_____	\$ _____	_____ %	\$ _____

On _____, for value received, the CITY OF GAINESVILLE, FLORIDA (the "City") promises to pay to the Bearer the sum of _____ U.S. Dollars payable at the offices of Bankers Trust Company, New York, New York.

Interest has been computed on the basis of actual days elapsed and on the basis of a 365 day year. No interest will accrue after maturity.

This Note is one of the notes of the City known as Utilities System Commercial Paper Notes, Series C (the "Notes"), authorized for issuance, from time to time, pursuant to a resolution of the City adopted on January 26, 1989 entitled "Subordinated Utilities System Revenue Bond Resolution", as amended and supplemented (the "Subordinated Resolution"), and a supplemental resolution adopted by the City on October 5, 1992 entitled "Second Supplemental Subordinated Utilities System Revenue Bond Resolution", authorizing the Notes up to but not exceeding \$70,000,000 in aggregate principal amount at any one time outstanding, or such lesser amount as may be permitted to be issued and outstanding thereunder (the "Second Supplemental Subordinated Resolution") and pursuant to the authority of and in full compliance with the Constitution and Statutes of the State of Florida, including particularly Chapter 90-394, Laws of Florida, 1990, as amended and supplemented, and other applicable provisions of law, to pay the principal of, and interest on, the Notes and the City's outstanding Utilities System Commercial Paper Notes, Series B (the "Series B Notes") and to make payments with respect to outstanding borrowings under the Credit Agreement dated as of October 1, 1992 among the City, Bank of America National Trust and Savings Association and Sun Bank, National Association and Bank of America National Trust and Savings Association, as the Agent, or such other credit agreement as is permitted by the Second Supplemental Subordinated Resolution (the "Credit Agreement"). The Subordinated Resolution is supplemental to the Utilities System Revenue Bond Resolution adopted by the City on June 6, 1983, as

amended and supplemented from time to time (the "Resolution"). Reference is made to the Resolution and the Subordinated Resolution for a description of the rights, limitations on rights, obligations and duties thereunder of the City and the Holders of the Notes. Capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Subordinated Resolution.

This Note is a direct and special obligation of the City payable from and secured by amounts in the Series C CP Note Payment Account and amounts in the Subordinated Indebtedness Fund, subject, however, in the case of amounts held in the Subordinated Indebtedness Fund, to (i) the pledge and assignment of the Trust Estate (as defined in the Resolution) created by the Resolution as security for the Bonds and (ii) the pledge and assignment of the Subordinated Indebtedness Fund created by (a) the Subordinated Resolution as security for the Subordinated Bonds and (b) any Supplemental Resolution (as defined in the Resolution) as security for any Parity Subordinated Indebtedness. This Note and the Series of which it is one and the Series A Bank Bonds constitute Subordinated Bonds for all purposes of the Subordinated Resolution. In accordance with the provisions of the Resolution and the Subordinated Resolution, the City reserves the right to issue additional Subordinated Bonds and Parity Subordinated Indebtedness payable from and secured, on a parity with the Notes, by a pledge of amounts in the Subordinated Indebtedness Fund.

As security for the payment of the principal of, and interest on, the Notes, in accordance with their terms and the provisions of the Subordinated Resolution, the City has pledged and assigned the Series C CP Note Payment Account and the Subordinated Indebtedness Fund, including the moneys and securities contained therein, for the benefit of the Holders of the Notes, subject only to the provisions of the Resolution and the Subordinated Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution and the Subordinated Resolution; provided, however, that in the case of the Subordinated Indebtedness Fund, (i) such pledge and assignment is on a parity with the pledge and assignment thereof created as security for the Subordinated Bonds and any Parity Subordinated Indebtedness and (ii) such pledge and assignment is subordinate in all respects to the pledge and assignment of the Trust Estate created by the Resolution as security for the Bonds. The Subordinated Indebtedness Fund is also pledged and assigned to the payment of the principal of, and interest on, the City's outstanding Subordinated Bonds, and may be pledged and assigned to the payment of any Parity Subordinated Indebtedness on a parity basis with the Notes.

This Note does not constitute a general indebtedness or a pledge of the full faith and credit of the City within the meaning of any constitutional or statutory provision or limitation of indebtedness. No Holder of this Note shall ever have the right,

directly or indirectly, to require or compel the exercise of the ad valorem taxing power of the City for the payment of the principal of, and interest on, the Notes or the making of any payments under the Subordinated Resolution. This Note and the obligations evidenced hereby do not constitute a lien on any property of or in the City, other than the Series C CP Note Payment Account and the Subordinated Indebtedness Fund as provided in the Subordinated Resolution.

The payment of principal of, and interest on, this Note shall be subject to acceleration upon the occurrence of an Event of Default as provided in the Subordinated Resolution.

To the extent and in the manner permitted by the terms of the Subordinated Resolution, the provisions of the Subordinated Resolution may be modified or amended by the City.

This Note shall not be entitled to any benefit under the Subordinated Resolution, or be valid or become obligatory for any purpose until this Note shall have been authenticated by the manual signature of an authorized officer of the Issuing Agent.

IN WITNESS WHEREOF, the City of Gainesville, Florida has issued this Note and caused the same to be signed in its name and on its behalf by the manual or facsimile signature of its Mayor-Commissioner, and its corporate seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved or otherwise reproduced and attested by the manual or facsimile signature of the Clerk of the Commission.

(SEAL)

CITY OF GAINESVILLE, FLORIDA

Attested:

Mayor-Commissioner

Clerk of the Commission

Approved as to Form and
Legality:

City Attorney

Countersigned for
Authentication only:

BANKERS TRUST COMPANY,
Issuing Agent

By _____
Authorized Officer

ARTICLE VIII

FORM OF SERIES A BANK BONDS

SECTION 801. Form of Series A Bank Bonds. The form of the Series A Bank Bonds shall be of substantially the following tenor with such variations, omissions and insertions as are required or permitted by this Second Supplemental Subordinated Resolution:

[SERIES A BANK BOND FORM]

UNITED STATES OF AMERICA
STATE OF FLORIDA
CITY OF GAINESVILLE, FLORIDA
UTILITIES SYSTEM SUBORDINATED BANK BOND, SERIES A

No. _____

Gainesville, Florida

For value received, the CITY OF GAINESVILLE, FLORIDA (the "City") promises to pay to the order of

(the "Bank"), the lesser of (a) _____ DOLLARS (\$_____) and (b) the unpaid principal amount of each Loan (as defined in the Credit Agreement referred to below) made by the Bank to the City pursuant to the Credit Agreement (a) in the case of each Revolving Credit Loan (as defined in the Credit Agreement), on the earlier of (i) the Termination Date (as defined in the Credit Agreement) and (ii) the date of the making of a Term Loan (as defined in the Credit Agreement) and (b) in the case of a Term Loan, at the times and in the amounts set forth in the Credit Agreement. The City promises to pay interest on the unpaid principal amount of each such Loan on the dates and at the rate or rates provided for in the Credit Agreement. All such payments of principal and interest shall be made in lawful money of the United States in Federal or other immediately available funds at the office of the Agent (as defined in the Credit Agreement).

All Loans made by the Bank, the respective types thereof and all repayments of the principal thereof shall be recorded by the Bank and, prior to any transfer hereof, appropriate notations to evidence the foregoing information with respect to each such Loan then outstanding shall be endorsed by the Bank on the schedule attached hereto, or on a continuation of such schedule attached to and made a part hereof; provided, however, that the failure of the Bank to make any such recordation or endorsement shall not affect

the obligations of the City hereunder or under the Credit Agreement.

This Bond (a) is one of the bonds of the City known as Utilities System Subordinated Bank Bonds, Series A (the "Bank Bonds"), issued pursuant to a resolution of the City adopted on January 26, 1989 entitled "Subordinated Utilities System Revenue Bond Resolution", as amended and supplemented (the "Subordinated Resolution"), and a supplemental resolution adopted by the City on October 5, 1992 entitled "Second Supplemental Subordinated Utilities System Revenue Bond Resolution", as amended and supplemented, authorizing the Bank Bonds up to but not exceeding \$70,000,000 in aggregate principal amount at any one time outstanding, or such lesser amount as may be permitted to be issued and outstanding thereunder (the "Second Supplemental Subordinated Resolution"), and (b) is one of the Bank Bonds referred to in the Credit Agreement dated as of October 1, 1992 among the City, the Banks from time to time parties thereto and Bank of America National Trust and Savings Association, as Agent (as the same may be amended from time to time, the "Credit Agreement"). This Bond also constitutes an Option Subordinated Bond for purposes of the Subordinated Resolution. This Bond is issued pursuant to the authority of and in full compliance with the Constitution and Statutes of the State of Florida, including particularly Chapter 90-394, Laws of Florida, 1990, as amended and supplemented, and other applicable provisions of law, to evidence the City's obligation to repay the Loans. The Subordinated Resolution is supplemental to the Utilities System Revenue Bond Resolution adopted by the City on June 6, 1983, as amended and supplemented from time to time (the "Resolution"). Reference is made to the Resolution, the Subordinated Resolution and the Credit Agreement for a description of the rights, limitations on rights, obligations and duties thereunder of the City and the Holders of the Bank Bonds. Capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Subordinated Resolution.

This Bond is a direct and special obligation of the City payable from amounts in the Series C CP Note Payment Account and amounts in the Subordinated Indebtedness Fund, subject, however, in the case of amounts held in the Subordinated Indebtedness Fund, to (i) the pledge and assignment of the Trust Estate (as defined in the Resolution) created by the Resolution as security for the Bonds and (ii) the pledge and assignment of the Subordinated Indebtedness Fund created by (a) the Subordinated Resolution as security for the Subordinated Bonds and (b) any Supplemental Resolution (as defined in the Resolution) as security for any Parity Subordinated Indebtedness. This Bond and the Series of which it is one and the Series C Commercial Paper Notes constitute Subordinated Bonds for all purposes of the Subordinated Resolution. In accordance with the provisions of the Resolution and the Subordinated Resolution, the City reserves the right to issue additional Subordinated Bonds and Parity Subordinated Indebtedness payable from and secured, on

a parity with the Bank Bonds, by a pledge of amounts in the Subordinated Indebtedness Fund.

As security for the payment of the principal of, and interest on, the Bank Bonds, in accordance with their terms and the provisions of the Subordinated Resolution, the City has pledged and assigned the Subordinated Indebtedness Fund, including the moneys and securities contained therein, for the benefit of the Holders of the Bank Bonds, subject only to the provisions of the Resolution and the Subordinated Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution and the Subordinated Resolution; provided, however, that (i) such pledge and assignment is on parity with the pledge and assignment thereof created as security for the Subordinated Bonds and any Parity Subordinated Indebtedness and (ii) such pledge and assignment is subordinate in all respects to the pledge and assignment of the Trust Estate created by the Resolution as security for the Bonds. The Subordinated Indebtedness Fund is also pledged and assigned to the payment of the principal of, and interest on, the City's outstanding Subordinated Bonds, and may be pledged and assigned to the payment of any Parity Subordinated Indebtedness on a parity basis with the Bank Bonds.

This Bond does not constitute a general indebtedness or a pledge of the full faith and credit of the City within the meaning of any constitutional or statutory provision or limitation of indebtedness. No Holder of this Bond shall ever have the right, directly or indirectly, to require or compel the exercise of the ad valorem taxing power of the City for the payment of the principal of, and interest on, the Bank Bonds or the making of any payments under the Subordinated Resolution. This Bond and the obligations evidenced hereby do not constitute a lien on any property of or in the City, other than the Subordinated Indebtedness Fund as provided in the Subordinated Resolution.

Reference is made to the Subordinated Resolution and the Credit Agreement for provisions relating to the prepayment and tender (or deemed tender) for payment hereof and the acceleration of the maturity hereof.

This Bond is transferable only upon the terms and conditions, and subject to the limitations, set forth in the Second Supplemental Subordinated Resolution and the Credit Agreement.

To the extent and in the manner permitted by the terms of the Subordinated Resolution, the provisions of the Subordinated Resolution may be modified or amended by the City.

This Bond shall not be entitled to any benefit under the Subordinated Resolution or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the manual

signature of an authorized officer of the City, as Subordinated Bond Registrar for the Bank Bonds.

IN WITNESS WHEREOF, the City of Gainesville, Florida has issued this Bond and caused the same to be signed in its name and on its behalf by the manual or facsimile signature of its Mayor-Commissioner, and its corporate seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved or reproduced and attested by the manual or facsimile signature of the Clerk of the Commission.

(SEAL)

CITY OF GAINESVILLE, FLORIDA

Attested and Countersigned
for Authentication:

Mayor-Commissioner

Clerk of the Commission

Approved as to Form and
Legality:

City Attorney

UTILITIES SYSTEM SUBORDINATED BANK BOND, SERIES A (cont'd.)

LOANS AND PAYMENTS OF PRINCIPAL

[illegible]

ARTICLE IX

AMENDMENTS TO THIS SECOND SUPPLEMENTAL
SUBORDINATED RESOLUTION

SECTION 901. Amendments to this Second Supplemental Subordinated Resolution. This Second Supplemental Subordinated Resolution may be amended, at any time or from time to time, without the consent of the Holders of the Outstanding Series C Commercial Paper Notes or the Outstanding Series A Bank Bonds, for any of the following purposes: (a) to amend the parameters set forth in paragraph 4 of Section 204 hereof; (b) to provide for the issuance of the Series C Commercial Paper Notes in "book-entry" form through the facilities of a securities depository or in uncertificated form; and (c) to make any changes necessary to accommodate a substitute Credit Agreement, Dealer Agreement or Issuing and Paying Agency Agreement, in each case, that do not adversely affect the Holders of the Series C Commercial Paper Notes or the Series A Bank Bonds.

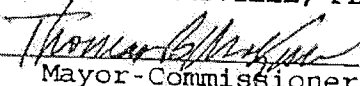
ARTICLE X

EFFECTIVE DATE

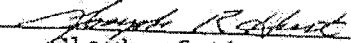
SECTION 1001. Effective Date. This Second Supplemental Subordinated Resolution shall be effective upon the delivery to the Trustee of a copy hereof certified by an Authorized Officer of the City.

Second Supplemental Subordinated Resolution approved and adopted October 5, 1992.


THE CITY OF GAINESVILLE, FLORIDA


Mayor-Commissioner
Thomas B. McKnew

ATTESTED:


Clerk of the Commission
Joseph R. Hurt

Approved as to Form
and Legality:


City Attorney