

R-76-99

CITY OF DELRAY BEACH, FLORIDA

REVENUE BONDS

BOND RESOLUTION

Adopted December 14, 1999

Res. No. 76-99

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RESOLUTION NO. R-76-99

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DELRAY BEACH, FLORIDA, AUTHORIZING THE ISSUANCE, FROM TIME TO TIME, OF REVENUE BONDS WITHOUT LIMIT AS TO PRINCIPAL AMOUNT EXCEPT AS PROVIDED IN THIS RESOLUTION FOR THE PURPOSE OF FINANCING AND REFINANCING CERTAIN CAPITAL PROJECTS; AND TO REIMBURSE THE CITY FOR PRIOR EXPENDITURES MADE IN CONNECTION WITH CERTAIN CAPITAL PROJECTS; PROVIDING, WHEN APPLICABLE, FOR THE UNDERTAKING BY THE CITY REQUIRED BY RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION; PROVIDING FOR THE TERMS AND PAYMENT OF SUCH BONDS; PROVIDING FOR THE RIGHTS, SECURITY AND REMEDIES OF THE OWNERS THEREOF; MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; PROVIDING FOR CERTAIN OTHER MATTERS IN CONNECTION THEREWITH; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of Delray Beach, Florida, a municipal corporation of the State of Florida (the "City") is authorized under Florida law to borrow money to finance and refinance various capital projects; and

WHEREAS, the City Commission of the City of Delray Beach, Florida, the governing body of the City (herein, the "Commission") hereby deems it necessary and in the best economic interest of the City to finance and refinance certain capital projects and to seek reimbursement, pursuant to the requirements of the Internal Revenue Code of 1986, as amended, for certain capital expenditures made to finance certain capital projects, by the issuance of revenue bonds (the "Bonds"), from time to time, pursuant to the terms and provisions of this Resolution; and

WHEREAS, effective July 3, 1995, Rule 15c2-12 of the Securities and Exchange Commission (herein, the "Rule") provides that it is unlawful for a broker dealer or municipal securities dealer to purchase or sell municipal securities, which includes certain of the Bonds proposed to be issued pursuant to the terms and provisions of this Resolution, unless the

issuer, which includes the City, has undertaken in a written agreement (herein, the "Undertaking") to provide to specified information repositories annual financial information and operating data relevant to the municipal securities and notice of certain specified material events; and

WHEREAS, the Commission hereby determines to provide its Undertaking with respect to such Bonds in this Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF DELRAY BEACH, FLORIDA, AS FOLLOWS:

ARTICLE I

DEFINITIONS, FINDINGS AND STATUTORY AUTHORITY

Section 1. DEFINITIONS. In addition to the terms heretofore defined in the recitals set forth above, the following terms shall have the following meanings:

"ACCREDITED VALUE" shall mean, as of any date of computation with respect to any Capital Appreciation Bond, the amount set forth as of such date in the supplemental resolution authorizing such Capital Appreciation Bond plus, with respect to matters related to the payment upon redemption or other payment of such Capital Appreciation Bond, if such date of computation shall not be an Interest Payment Date, a portion of the difference between the Accreted Value as of the immediately preceding Interest Payment Date (or the date of original issuance if the date of computation is prior to the first Interest Payment Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Interest Payment Date, calculated based on the assumption that Accreted Value accrues during any semiannual period in equal daily amounts on the basis of a year of twelve 30-day months.

"ACT" shall mean the Constitution of the State of Florida, Chapter 166, Florida Statutes, as amended and supplemented, the City Charter of the City, as amended and supplemented and other applicable provisions of law.

"APPRECIATED VALUE" shall mean, (i) as of any date of computation with respect to any Capital Appreciation and Income Bonds up to the Interest Commencement Date set forth in the resolution of the City providing for the issuance of such Bonds, the amount set forth as of such date in the supplemental resolution authorizing such Capital Appreciation and Income Bonds plus, if such date of computation shall not be an Interest Payment Date, a portion of the difference between the Appreciated Value as of the immediately preceding Interest Payment Date (or the date of original issuance if the date of computation is prior to the first Interest Payment Date succeeding the date of original issuance) and the Appreciated Value as of the

immediately succeeding Interest Payment Date calculated based upon an assumption that Appreciated Value accrues during any semiannual period in equal daily amounts on the basis of a year of twelve 30-day months and (ii) as of any date of computation on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date.

"BENEFICIAL OWNER" shall mean, except with respect to Section 4.I of Article III of this Resolution, during any period the Bonds are registered under the Book-Entry System, any purchaser of a Bond and others who acquire a beneficial ownership interest in a Bond held by the Securities Depository. In determining the Beneficial Owner of any Bond, the City, the Paying Agent, the Registrar and the Bond Insurer, if any, may rely exclusively upon written representations made, and information given to the City, the Paying Agent, the Registrar or the Bond Insurer, if any, by the Securities Depository or its Participants with respect to any Bond held by the Securities Depository in which a beneficial ownership interest is claimed. With respect to Replacement Bonds, the City, the Paying Agent, the Registrar and the Bond Insurer, if any, shall consider the owner of any such Replacement Bond as registered on the registration books of the City maintained by the Registrar to be the Beneficial Owner thereof.

"BENEFICIAL OWNER" shall mean, for purposes of Article III, Section 4.I of this Resolution only, any person which (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (ii) is treated as the owner of any Bonds for federal income tax purposes.

"BOND COUNSEL" shall mean a firm or firms of nationally recognized attorneys-at-law selected by the City and experienced in the financing and refinancing of capital projects for governmental units through the issuance of tax-exempt revenue bonds under the exemption provided under Section 103(a) of the Code.

"BOND INSURANCE POLICY" shall mean an insurance policy issued for the benefit of the Holders of any Bonds, pursuant to which the Bond Insurer shall be obligated to pay when due the principal of and interest on such Bonds to the extent of any deficiency in the amounts in the funds and accounts held under this Resolution, in the manner and in accordance with the terms provided in such Bond Insurance Policy.

"BOND INSURER" shall mean the issuer of a Bond Insurance Policy and its successors.

"BONDHOLDER," "HOLDER OF BONDS," "OWNER" OR "OWNERS" or any similar term, shall mean any person who shall be the registered owner of any Bond or Bonds Outstanding under the terms of this Resolution.

"BONDS" shall mean, except as otherwise provided in this Resolution, any bonds, notes or other evidences of indebtedness authorized to be issued pursuant to the terms and provisions of this Resolution.

"BOOK-ENTRY SYSTEM" shall mean the system under which the City may issue its Bonds and maintain the registration for such Bonds in book-entry form only.

"BUSINESS DAY" shall mean any day other than a Saturday, Sunday, legal holiday or a day on which banking institutions in the State of Florida are authorized by law to close.

"CAPITAL APPRECIATION BONDS" shall mean those Bonds issued under this Resolution as to which interest is compounded periodically on each of the applicable periodic dates designated for compounding and payable in an amount equal to the then current Accreted Value only at the maturity, earlier redemption or other payment date therefor, all as so designated by subsequent proceedings of the Commission relating to the issuance thereof, and which may be either Serial Bonds or Term Bonds.

"CAPITAL APPRECIATION AND INCOME BONDS" shall mean any Bonds issued under this Resolution as to which accruing interest is not paid prior to the Interest Commencement Date specified in the resolution authorizing such Bonds and the Appreciated Value for such

Bonds is compounded periodically on certain designated dates prior to the Interest Commencement Date for such series of Capital Appreciation and Income Bonds, all as so designated by subsequent proceedings of the Commission relating to the issuance thereof, and which may be either Serial Bonds or Term Bonds.

"CITY" shall mean the City of Delray Beach, Florida and its permitted successors and assigns.

"CLERK" shall mean the City Clerk, or such person who is authorized to act on behalf of the City Clerk.

"CODE" shall mean the Internal Revenue Code of 1986, as amended, and all subsequent tax legislation duly enacted by the Congress of the United States. Each reference to a section of the Code herein shall be deemed to include, if applicable, temporary or proposed regulations, revenue rulings and proclamations issued or amended with respect thereto.

"COMMISSION" shall mean the City Commission of the City of Delray Beach, Florida, serving as the governing body of the City.

"CREDIT FACILITY" shall mean a Bond Insurance Policy, a surety bond, a letter of credit, line of credit, guaranty or such other instrument that would enhance the credit of the Bonds. The term "Credit Facility" shall not mean a Reserve Account Credit Facility Substitute.

"CREDIT FACILITY ISSUER" shall mean a Bond Insurer or any other issuer of a Credit Facility, as applicable.

"DEBT SERVICE RESERVE REQUIREMENT" shall mean, to the extent applicable to a series of Bonds as determined by subsequent proceedings of the Commission, an amount equal to the lesser of (i) the maximum amount of principal of and interest on the Bonds becoming due in the current Fiscal Year or in any succeeding Fiscal Year, (ii) one hundred twenty-five percent (125%) of the average annual amount of principal of and interest on the Bonds becoming due in the current Fiscal Year or in any succeeding Fiscal Year or (iii) ten

percent (10%) of the proceeds of the Bonds (within the meaning of the Code) required to be maintained in the Reserve Account of the Debt Service Fund created and established under this Resolution. Such Debt Service Reserve Requirement may be satisfied, in whole or in part, by obtaining a Reserve Account Credit Facility Substitute with the requisite coverage.

"DEFEASANCE OBLIGATIONS" shall mean to the extent permitted by law and (other than with respect to the obligations described in clause (a) below) acceptable, at the time of defeasance, to the Credit Facility Issuer if the principal of and interest on the defeased Bonds is secured by a Credit Facility and such Credit Facility Issuer is not in default under such Credit Facility or, if not so secured by a Credit Facility, acceptable, at the time of defeasance, to the Rating Agencies or Agencies, if any, then rating the defeased Bonds:

- (a) U.S. Obligations, which are not redeemable prior to maturity;
- (b) 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 (i) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee or paying agent of 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, (ii) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (a) hereof which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this clause (b), as appropriate, and (iii) as to which the principal of and interest on the bonds and obligations of the character described in clause (a) hereof which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations

described in this clause (b) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this clause (b), as appropriate; and

(c) Evidences of ownership of proportionate interests in future interest and/or principal payments on obligations described in clause (a) held by a bank or trust company as custodian.

"FISCAL YEAR" shall mean that period commencing on October 1 and continuing to and including the next succeeding September 30, or such other annual period as may be prescribed by law as the fiscal year of the City.

"FITCH" shall mean Fitch IBCA, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "FITCH" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City.

"INTEREST COMMENCEMENT DATE" shall mean, with respect to any particular Capital Appreciation and Income Bond, the date specified in the resolution providing for the issuance of such Bonds (which date must be prior to the maturity date for such Bonds) after which interest accruing on such Bonds shall be payable semi-annually (or at such other times as the Commission shall determine by subsequent proceedings), with the first such payment date being the applicable Interest Payment Date immediately succeeding such Interest Commencement Date.

"INTEREST PAYMENT DATE" shall mean such dates of each Fiscal Year on which interest and/or principal are payable on the Bonds (other than Capital Appreciation Bonds and Capital Appreciation and Income Bonds prior to the applicable Interest Commencement Date) that are then Outstanding.

"MAXIMUM INTEREST RATE" shall mean, with respect to Variable Rate Bonds, issued pursuant to the terms and provisions of this Resolution, the maximum rate of interest such Bonds may bear at any particular time, which rate shall not exceed the rate of interest allowed under State law.

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

"NON-AD VALOREM REVENUES" shall mean all revenues of the City derived from any source whatever other than ad valorem taxation on real and personal property, which are legally available for payment of debt service by the City.

"NRMSIR" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The NRMSIRs currently approved by the Securities and Exchange Commission as of the date of adoption of this Resolution are as follows:

Bloomberg Municipal Repository
Post Office Box 840
Princeton, New Jersey 08542-0840
Internet address: MUNIS@bloomberg.doc
Telephone: (609) 279-3200
Fax: (609) 279-5962
Email: munis@bloomberg.com

Kenny Information Services
The Repository
65 Broadway, 16th Floor
New York, New York 10006
Attn: Kenny Repository Service
Telephone: (212) 770-4595
Fax: (212) 797-7994

Thomas NRMSIR
395 Hudson Street, 3rd Floor
New York, NY 10014
Attn.: Municipal Disclosure
Telephone: (800) 689-8466
Fax: (212) 989-2078
Email: Disclosure@muller.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Telephone: (201) 346-0701
Fax: (201) 947-0107
Email: NRMSIR@dpcdata.com

"OUTSTANDING" shall mean, when used with reference to the Bonds, as of any particular date, all Bonds theretofore, or thereupon being, authenticated and delivered by the Registrar under this Resolution, except (i) Bonds theretofore or thereupon canceled by the Registrar or surrendered to the Registrar for cancellation; (ii) Bonds with respect to which all liability of the City shall have been discharged in accordance with Article III, Section 4.H of this Resolution; (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Registrar pursuant to any provision of this Resolution; (iv) Bonds canceled after purchase in the open market or because of payment at redemption prior to maturity; and (v) Bonds held or purchased by the City, unless the City intends as evidenced by written communication to the Registrar that such Bonds shall remain Outstanding.

"PARTICIPANTS" shall mean brokers, dealers, banks and other financial institutions and other persons for whom, from time to time, the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository.

"PAYING AGENT" shall mean either the Finance Department of the City as determined by subsequent proceedings of the Commission to be applicable to a series of Bonds or any bank or trust company and any successor bank or trust company appointed by subsequent proceedings of the Commission to act as Paying Agent hereunder.

"PERMITTED INVESTMENTS" shall mean (i) U.S. Obligations and (ii) all other investments permitted under the laws of Florida and if required as a condition of obtaining a Credit Facility, acceptable to the Credit Facility Issuer.

"PLEGGED REVENUES" shall mean (i) the Non-Ad Valorem Revenues deposited in the Debt Service Fund created and established under this Resolution, (ii) investment income received from the investment of moneys in the Debt Service Fund and accounts established hereunder, other than the escrow deposit trust fund established under any escrow deposit agreement, and (iii) any other moneys deposited in the Debt Service Fund or received by the Paying Agent in connection with the repayment of the Bonds.

"PROJECTS" shall mean any capital project that the City is authorized to finance under Florida law. The term "Projects" also includes any prior capital expenditures made with respect to municipal capital projects that City seeks reimbursement for from the proceeds of a series of Bonds.

"RATING AGENCY" or "AGENCIES" shall mean Moody's, Fitch and/or S&P, and/or such other nationally recognized securities rating agency, whichever shall have a rating then in effect with respect to the Bonds.

"REGISTRAR" shall mean either the Finance Department of the City as determined by subsequent proceedings of the Commission to be applicable to a series of Bonds or any bank or trust company and any successor bank or trust company, appointed by subsequent proceedings of the Commission to act as Registrar hereunder.

"REPLACEMENT BONDS" shall mean certificated Bonds authenticated and delivered pursuant to Article II, Section 9 of this Resolution, when the City discontinues the Book-Entry System.

"RESERVE ACCOUNT CREDIT FACILITY SUBSTITUTE" shall mean any one of the facilities described in Section 4.D of Article III of this Resolution.

"RESOLUTION" shall mean this Resolution as the same may from time to time be amended and supplemented in accordance with the terms hereof.

"S&P" shall mean Standard & Poor's, a division of McGraw Hill, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City.

"SECURITIES DEPOSITORY" shall mean, with respect to the Bonds to be issued in book entry form, The Depository Trust Company and its successors and assigns, or a successor clearing agency designated pursuant to Article II hereof and its successors and assigns.

"SERIAL BONDS" shall mean the Bonds of an issue other than Term Bonds which shall be stated to mature annually.

"TAX CERTIFICATE" shall mean the certificate as to arbitrage and instructions as to compliance with the provisions of Section 103(a) of the Code, executed by the City on the date of initial issuance and delivery of each series of the Bonds, as such Tax Certificates may be amended from time to time, and which serves as a source of guidance for achieving compliance with the Code.

"TERM BONDS" shall mean the Bonds of an issue which shall be stated to mature on one date and for the amortization of that which mandatory payments are required to be made into the Debt Service Account.

"U.S. OBLIGATIONS" shall mean the direct obligations of, or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by, the United States of America, and, if determined by subsequent proceedings of the Commission,

certificates which evidence ownership of the right to the payment of the principal of, or interest on, such obligations.

"VARIABLE RATE BONDS" shall mean Bonds 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.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. The word "person" shall include corporations, associations, natural persons and public bodies unless the context shall otherwise indicate. Reference to a person other than a natural person shall include its successors.

Section 2. FINDINGS. It is hereby ascertained, determined and declared:

- A. That the recitals hereinbefore mentioned are hereby adopted.
- B. That the Commission deems it necessary, desirable and in the best interest of the citizens and residents of the City to issue the Bonds, from time to time, to provide for the financing and refinancing of all or a portion of the Projects and to provide the means of reimbursing the City for prior expenditures made for certain capital projects and to pay the costs of issuing the Bonds.
- C. That the principal of and interest on the Bonds to be issued pursuant to this Resolution, and all of the reserve, if any, and sinking fund payments provided for herein will be paid from the Non Ad Valorem Revenues, all as provided herein; and the ad valorem taxing power of the City 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 of the reserve, if any, or sinking fund payments provided for in this Resolution, and the Bonds issued pursuant to this Resolution shall not constitute a lien upon any of the Projects or upon any other property whatsoever of or in the City and shall not be an indebtedness of the City within the meaning of

any Constitutional, statutory or other limitation of Indebtedness, but shall be payable solely from the Non Ad Valorem Revenues.

D. That the Non Ad Valorem Revenues will be sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds to be issued pursuant to this Resolution, as the same becomes due and payable, and all sinking fund, reserve, if any, and other payments provided for in this Resolution.

E. That the Projects shall be financed in the manner provided in this Resolution.

F. That except as otherwise provided in this Resolution and any subsequent resolution with respect to a series of Bonds, the Bonds shall be on parity in all respects.

Section 3. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to the Act.

Section 4. RESOLUTION CONSTITUTES CONTRACT. In consideration of the acceptance of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the City and such Owners and the covenants and agreements herein set forth to be performed by said City shall be for the equal benefit, protection and security of the Owners of any and all of such Bonds all of which shall be of equal rank and without preference, priority, or distinction of any of the Bonds over any other thereof except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATIONS, TERMS, EXECUTION AND REGISTRATION OF BONDS

Section 1. AUTHORIZATION OF BONDS. Subject and pursuant to the provisions of this Resolution, obligations of the City to be known as "Revenue Bonds" with appropriate series designation and such other designations as the Commission deems appropriate, all as shall be determined by subsequent proceedings are hereby authorized to be issued from time to time. The Bonds shall be issued for the purposes described in Section 2 of Article I hereof and, if determined necessary by subsequent proceedings, to fund a Reserve Account, or in lieu thereof, pay the premium on a Reserve Account Credit Facility Substitute and pay the cost of issuing the Bonds, including the cost of a Credit Facility, if any.

Section 2. DESCRIPTION OF BONDS. The Bonds shall be issued in registered form, shall be in the denomination of not less than \$5,000 each, or any integral multiple thereof; provided, however, (i) if such Bonds are Capital Appreciation Bonds, then in \$5,000 maturity amounts or in \$5,000 multiples thereof, and (ii) if such Bonds are Capital Appreciation and Income Bonds, such Bonds may be issued in any denomination, as long as their Appreciated Value at maturity shall be \$5,000 or any integral multiple thereof; and the Bonds shall mature on such dates in such years and in such amounts, all as provided by subsequent proceedings of the Commission. Principal shall be payable at the designated office of the Paying Agent. The Bonds shall be numbered in such manner as may be prescribed by the Registrar. The Bonds shall bear interest at not exceeding the maximum rate or rates permitted by law, payable by check or draft made payable to the Holder of Bonds and mailed to the address of such Holder of Bonds, as such name and address as appear on the registration books of the City maintained by the Registrar on the fifteenth day of the calendar month preceding each Interest Payment Date or the fifteenth day prior to the date notice or redemption is given, whether or not such 15th day is a Saturday, Sunday or holiday (herein the "Record Date"); provided, however,

that payment of interest on the Bonds may, at the option of any Holder of Bonds in an aggregate principal amount of at least \$1,000,000, be transmitted by wire transfer to the Holder at the domestic bank account number on file with the Paying Agent as of the Record Date. The Bonds authenticated prior to the first Interest Payment Date shall be dated and bear interest from the date determined by subsequent proceedings of the Commission. Bonds authenticated subsequent to the first Interest Payment Date shall bear interest from the next preceding Interest Payment Date on which such interest has been paid, unless such Bond is registered on an Interest Payment Date or during the period between a Record Date and the next succeeding Interest Payment Date, then from such Interest Payment Date if interest is then paid, as the case may be; provided, however, that if and to the extent there is a default in the payment of the interest due on such Interest Payment Date, such defaulted interest shall be paid to the persons in whose name Bonds are registered on the registration books of the City maintained by the Registrar at the close of business on the fifteenth day prior to a subsequent Interest Payment Date established by notice mailed by the Registrar to the registered owner not less than the tenth day preceding such subsequent Interest Payment Date, such interest shall be payable not less frequently than semiannually on such dates determined by subsequent proceedings of the Commission, except that (i) interest on any Capital Appreciation Bonds shall be paid only at maturity or upon redemption prior to maturity in the amount determined by reference to the Accreted Value, and (ii) interest on a Capital Appreciation and Income Bond shall be payable upon redemption prior to maturity and semiannually on such dates determined by subsequent proceedings of the Commission, but only after the Interest Commencement Date.

The Bonds shall be payable, with respect to interest, principal and premium, if any, 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;

The Bonds issued hereunder may be Serial Bonds or Term Bonds and may be Variable Rate Bonds, and such Bonds issued hereunder may be Capital Appreciation Bonds and/or Capital Appreciation and Income Bonds as determined by subsequent proceedings of the Commission.

The payment of principal of and interest on the Bonds may, in addition to the Pledged Revenues, be secured by Bond Insurance or other Credit Facility all as shall be determined by subsequent proceedings of the Commission.

Section 3. REDEMPTION PROVISIONS. The Bonds may be subject to redemption prior to maturity at such times, at such redemption prices and upon such terms as shall be determined by subsequent proceedings of the Commission.

Section 4. EXECUTION OF BONDS. The Bonds shall be executed in the name of the City by the signature of the Mayor or Vice Mayor and its official seal shall be affixed thereto or imprinted or reproduced thereon and attested by the Clerk. The signatures of said Mayor or Vice Mayor and Clerk on the Bonds may be manual or facsimile signatures. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the City before the Bonds so signed and sealed shall 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 City by such person who at the actual time of the execution of such Bond shall hold the proper office, although at the date such Bonds shall be actually delivered such person may not hold office or may not be so authorized.

The Bonds shall bear thereon a certificate of authentication, in the form set forth in Section 8 hereof, executed manually by the Registrar. Only such Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under this Resolution and no Bond shall be valid or obligatory for any purpose until such certificate of authentication

shall have been duly executed by the Registrar. Such certificate of the Registrar upon any Bond executed on behalf of the City shall be conclusive evidence that the Bond has been so authenticated and that the Owner thereof is entitled to the benefits of this Resolution.

Section 5. NEGOTIABILITY, REGISTRATION AND CANCELLATION. Except as may be otherwise provided in subsequent proceedings of the Commission with respect to a series of Bonds, at the option of the registered owner thereof and upon surrender thereof at the designated office of the Registrar with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney and upon payment by such Owner of any charges which the Registrar may make as provided in this Section, the Bonds may be exchanged for Bonds of the same series and maturity of any other authorized denominations.

The Registrar shall keep books for the registration of Bonds and for the registration of transfers of Bonds. The Bonds shall be transferable by the Owner thereof in person or by his attorney duly authorized in writing only upon the books of the City kept by the Registrar and only upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the Owner or his duly authorized attorney. Upon the transfer of any such Bond, the City shall issue in the name of the transferee a new Bond or Bonds. The City is authorized to impose restrictions on transferability with respect to any series of Bonds.

The City, the Paying Agent and the Registrar shall deem and treat the person in whose name any Bond shall be registered upon the books kept by the Registrar 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 of and interest on such Bond as the same become due and for all other purposes. All such payments so made to any such Owner or upon his order shall be valid and effectual to satisfy and discharge the liability such Bond to the extent of the sum or

sums so paid, and neither the City, the Paying Agent nor the Registrar shall be affected by any notice to the contrary.

In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the City shall execute and the Registrar shall authenticate and deliver Bonds in accordance with the provisions of this Resolution. All Bonds surrendered in any such exchanges or transfers shall forthwith be delivered to the Registrar and canceled by the Registrar in the manner provided in this Section. There shall be no charge for any such exchange or transfer of Bonds, but the City or the Registrar may require the payment of a sum sufficient to pay any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the City nor the Registrar shall be required (i) to transfer or exchange Bonds for a period commencing on a Record Date and ending on the next ensuing Interest Payment Date or 15 days next preceding any selection of Bonds to be redeemed or thereafter until after the mailing of any notice of redemption; or (ii) to transfer or exchange any Bonds called for redemption. However, if less than all of a Term Bond is redeemed or defeased, the City shall execute and the Registrar shall authenticate and deliver, upon the surrender of such Term Bond, without charge to the Bondholder, for the unpaid balance of the principal amount of such Term Bond so surrendered, a registered Term Bond in the appropriate denomination.

All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Registrar when such payment or redemption is made, and such Bonds, together with all Bonds purchased by the City with the intent of cancellation, shall thereupon be promptly canceled. Bonds so canceled may at any time be destroyed by the Registrar, who shall execute a certificate of destruction in duplicate by the signature of one of its authorized officers described by the Bonds so destroyed, and one executed certificate shall be filed with the City and the other executed certificate shall be retained by the Registrar.

The City is hereby authorized to provide for the registration of the Bonds by adopting the Book-Entry System for such Bonds. Bonds held by the Securities Depository while the Bonds are registered under the Book-Entry System shall be registered in the name of the Securities Depository or its nominee and beneficial ownership of such Bonds shall be transferred in accordance with the procedures of the Securities Depository and its Participants.

Section 6. BONDS MUTILATED, DESTROYED, STOLEN OR LOST. In case any Bond shall become mutilated, destroyed, stolen or lost, the City may execute and the Registrar shall authenticate and deliver a new Bond of like series, date, maturity and denomination as the Bond so mutilated, destroyed, stolen or lost; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the City and, in the case of any lost, stolen or destroyed Bond, there shall first be furnished to the City and the Registrar evidence of such loss, theft, or destruction satisfactory to the City and the Registrar, together with indemnity satisfactory to them. In the event any such Bond shall be about to mature or have matured or have been called for redemption, instead of issuing a duplicate Bond, the City may pay the same without surrender thereof. The City and the Registrar (if not the City) may charge the Owner of such Bond their reasonable fees and expenses in connection with this transaction. Any Bond surrendered for replacement shall be canceled in the same manner as provided in Section 5 hereof.

Any such duplicate Bonds issued pursuant to this Section shall constitute additional contractual obligations on the part of the City, whether or not the lost, stolen or destroyed Bonds be at any time found by anyone, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien on and source and security for payment from the Pledged Revenues with all other Bonds issued hereunder.

Section 7. PREPARATION OF DEFINITIVE BONDS; TEMPORARY BONDS. Unless the City is utilizing the Book-Entry System, the definitive Bonds shall be lithographed,

typewritten or printed on steel engraved borders. Until the definitive Bonds are prepared, the Mayor or Vice Mayor and the Clerk may execute and the Registrar may authenticate, in the same manner as is provided in Section 4 of this Article II, and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, one or more printed, lithographed or typewritten temporary fully registered Bonds, substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in authorized denominations or any whole multiples thereof, and with such omissions, insertions and variations as may be appropriate to such temporary Bonds. The City, at its own expense, shall prepare and execute and, upon the surrender at the designated corporate trust office of the Registrar of such temporary Bonds for which no payment or only partial payment has been provided, for exchange and the cancellation of such surrendered temporary Bonds, the Registrar shall authenticate and, without charge to the Holder thereof, deliver in exchange therefor, at the designated office of the Registrar, definitive Bonds of the same aggregate principal amount 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. If the City is utilizing the Book-Entry System, the Bonds shall be in the form so required by the Securities Depository.

Section 8. FORM OF BONDS. Unless otherwise provided in subsequent proceedings of the Commission with respect to a series of Bonds, the text of the Bonds shall be of substantially the following tenor, with such omissions, insertions and variations as may be necessary and desirable:

(Form of Bonds)*

- * The text of the Bonds shall be of substantially the tenor set forth below. Provisions of the Bonds may be set forth on the back of the Bonds and shall for all purposes have the same effect as if set forth on the front on the Bonds.

(Face of Bond with certain provisions applicable to a Capital Appreciation Bond or a Capital Appreciation and Income Bond as indicated)

No. R-

\$ _____

UNITED STATES OF AMERICA
STATE OF FLORIDA
PALM BEACH COUNTY
CITY OF DELRAY BEACH
REVENUE [REFUNDING] [AND IMPROVEMENT] BOND
SERIES

Interest Rate

Maturity Date

Dated Date

CUSIP

Registered Owner:

Principal Amount:

KNOW ALL MEN BY THESE PRESENTS, that the City of Delray Beach, Florida, a municipal corporation of the State of Florida (the "City"), for value received, hereby promises to pay, from the Pledged Revenues, hereinafter mentioned, to the Registered Owner or registered assigns on the Maturity Date specified above, upon the presentation and surrender hereof at the designated office of _____, as paying agent (said

_____ and any bank or trust company becoming successor paying agent being herein called the "Paying Agent"), the Principal Amount stated hereon with interest thereon at the Interest Rate stated above, payable on the first day of _____ and _____ of each year until the City's obligation with respect to the payment of such principal sum shall be discharged. Interest on this Bond is payable by check or draft of the Paying Agent made payable to the registered owner and mailed to the address of the registered owner as such name and address shall appear on the registration books of _____, as registrar (said _____ and any bank or trust company becoming successor registrar being herein called the "Registrar"), on the fifteenth day of the calendar month preceding each interest payment date, or the fifteenth day prior to the date notice of redemption is given, whether or not such fifteenth day is a Saturday, Sunday or holiday (the "Record Date"); provided, however, that payment of interest on the Bonds may, at the option of any Holder of Bonds in an aggregate principal amount of at least \$1,000,000, be transmitted by wire transfer to the Holder to the domestic bank account number on file with the Paying Agent as of the Record Date. Such interest shall be payable from the most recent interest payment date next preceding the date of authentication to which interest has been paid, unless the date hereof is an _____ 1 or _____ 1 to which interest has been paid, in which case from the date of authentication, or unless the date hereof is prior to _____, _____, in which case from _____, _____, or unless the date hereof is between a Record Date and the next succeeding interest payment date, in which case from such interest payment date; provided, however, that if and to the extent there is a default in the payment of the interest due on such interest payment date, such defaulted interest shall be paid to the persons in whose name Bonds are registered on the registration books of the City maintained by the Registrar at the close of business on the fifteenth day prior to a subsequent interest payment date established by notice mailed by the Registrar to the

registered owner not less than the tenth day preceding such subsequent interest payment date. The Principal Amount and accrued interest thereon is payable in any coin or currency of the United States of America, which, on the date of payment thereof, shall be legal tender for the payment of public and private debts.

[The following is applicable to Capital Appreciation Bonds only]

No.

\$ _____

**UNITED STATES OF AMERICA
STATE OF FLORIDA
PALM BEACH COUNTY
CITY OF DELRAY BEACH
REVENUE [REFUNDING] [AND IMPROVEMENT] BOND
SERIES**

Interest Rate

Maturity Date

Dated Date

CUSIP

Registered Owner:

Principal Amount: \$ _____ per \$5,000 Amount Due at Maturity.

Amount Due at
Maturity:

KNOW ALL MEN BY THESE PRESENTS, that the City of Delray Beach, Florida, a municipal corporation of the State of Florida (the "City"), for value received, hereby promises to pay, from the Pledged Revenues, hereinafter mentioned, to the Registered Owner or registered assigns on the Maturity Date specified above, upon the presentation and surrender hereof at the designated office of _____, as paying agent (said _____ and any bank or trust company to become successor paying agent being herein called the "Paying Agent"), the Amount Due at Maturity (stated above), constituting the Principal Amount per \$5,000 Amount Due at Maturity (stated above) and interest thereon at the Interest Rate (stated above) from the Dated Date (stated above)

compounded on _____ and thereafter on _____ 1 and _____ 1, of each year until payment of said maturity amount or, upon earlier redemption or other payment of this Bond, as set forth on the reverse side hereof, payment to be made at the Accreted Value as of the date of redemption or other payment of this Bond. The "Accreted Value" of this Bond shall mean, as of any date of computation, an amount equal to the principal amount hereof plus the compounded interest accrued hereon to the _____ 1 or _____ 1 next preceding the date of computation or the date of computation if an _____ 1 or an _____ 1, plus, if such date of computation shall not be an _____ 1 or an _____ 1, a portion of the difference between the Accreted Value as of the immediately preceding _____ 1 or _____ 1 (or the Dated Date if the date of computation is prior to _____, _____) and the Accreted Value as of the immediately succeeding _____ 1 or _____ 1, calculated based upon the assumption that Accreted Value accrues during any semi-annual period in equal daily amounts on the basis of a year of twelve 30-day months. The Accreted Value per \$5,000 maturity amount of this Bond on each _____ 1 or _____ 1 is set forth in a table on the reverse hereof. The table should not be construed as a representation as to the market value of this Bond at any time in the future but may bear a relationship to the amount of tax-exempt interest and taxable gain with respect to this Bond if sold prior to maturity.

[The following is applicable to Capital Appreciation and Income Bonds only]

No.

\$ _____

UNITED STATES OF AMERICA
STATE OF FLORIDA
PALM BEACH COUNTY
CITY OF DELRAY BEACH
REVENUE [REFUNDING] [AND IMPROVEMENT] BOND
SERIES

Interest Rate

Maturity Date

Dated Date

CUSIP

Registered Owner:

Principal Amount: \$ _____ per \$5,000 Amount Due at Maturity.

Amount Due at
Maturity:

Interest Commencement
Date:

KNOW ALL MEN BY THESE PRESENTS, that the City of Delray Beach, Florida, a municipal corporation of the State of Florida (the "City"), for value received, hereby promises to pay, from the Pledged Revenues, hereinafter mentioned, to the Registered Owner or registered assigns on the Maturity Date specified above, upon the presentation and surrender hereof at the designated corporate trust office of _____, as paying agent (said _____ and any bank or trust company to become successor paying agent being herein called the "Paying Agent"), the Amount Due at Maturity (stated above), constituting the Principal Amount (stated above) per \$5,000 Amount Due at

Maturity and interest thereon at the Interest Rate (stated above) from the Dated Date (stated above) compounded on each _____ 1 and _____ 1 during the period from the Dated Date (stated above) to _____ (the "Interest Commencement Date").

The City further promises to pay to the Registered Owner hereof by check or draft of the Paying Agent made payable to the registered owner and, mailed to such registered owner at the address shown on the registration books of the City kept for that purpose at the designated office of _____, as registrar (said _____ and any bank or trust company becoming successor registrar being herein called the "Registrar") as of the fifteenth day of the month preceding such interest payment date, interest on the Amount Due at Maturity from the Interest Commencement Date, at the rate per annum equal to the Interest Rate (stated above), payable on the first day of April and October in each year (commencing _____ 1, _____), until the City's obligation with respect to the payment of such Amount Due at Maturity shall be discharged. Upon earlier redemption or other payment prior to the Interest Commencement Date as set forth on the reverse hereof, payment shall be made at the Appreciated Value as of the date of redemption or other payment of this Bond.

The "Appreciated Value" of this bond shall mean (i) as of any date of computation up to and including, _____ 1, _____, an amount equal to the Principal Amount hereof plus the interest accrued thereon to the _____ 1 or _____ 1 next preceding the date of computation or the date of computation if an _____ 1 or an _____ 1, plus, if such date of computation shall not be an _____ 1 or an _____ 1, a portion of the difference between the Appreciated Value as of the immediately preceding _____ 1 or _____ 1 (or the Dated Date if the date of computation is prior to _____ 1, _____) and the Appreciated Value as of the immediately succeeding _____ 1 or _____ 1, calculated based upon an assumption that Appreciated Value accrues during any semi-annual period in equal daily amounts on the basis

of a year of twelve 30-day months, and (ii) after the Interest Commencement Date, the Appreciated Value at the Interest Commencement Date. The Appreciated Value per \$5,000 Amount Due at Maturity of this Bond on each _____ 1 and _____ 1 is set forth in a table on the reverse hereof. The table should not be construed as a representation as to the market value of this Bond at any time in the future but may bear a relationship to the amount of tax-exempt interest and taxable gain with respect to this Bond if sold prior to the Interest Commencement Date. Upon redemption or other payment subsequent to the Interest Commencement Date and prior to the Maturity Date in accordance with the provisions set forth on the reverse hereof, payment of this Bond shall be made in an amount equal to the Amount Due at Maturity plus any applicable premium plus accrued and unpaid interest on such Amount Due at Maturity.

THE FOLLOWING IS APPLICABLE TO ALL BONDS

Reference is hereby made to the provisions of this Bond set forth on the reverse side hereof and such further provisions shall for all purposes have the same effect as if set forth on the front side hereof.

This Bond shall not be valid or obligatory for any purpose until the certificate of authentication set forth hereon shall have been duly executed by the Registrar.

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 this Bond, and of the issue of Bonds of which this Bond is one, is in full compliance with all constitutional or statutory limitations or provisions.

IN WITNESS WHEREOF, the City of Delray Beach, Florida, has caused this Bond to be signed by its Mayor, either manually or with his [her] facsimile signature, and the seal of said City to be affixed hereto or imprinted or reproduced hereon, and attested by the City's Clerk, either manually or with her [his] facsimile signature, all as of the Dated Date.

CITY OF DELRAY BEACH, FLORIDA

Mayor

ATTEST:

City Clerk

FORM OF CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This Bond is one of the Bonds delivered pursuant to the within mentioned Resolution.

as Registrar

By: _____
Authorized Officer

(Back of Bond)

This Bond is one of an authorized issue of Bonds of the City designated as its Revenue [Refunding] [and Improvement] Bonds, Series ____ (herein called the "Bonds"), in the aggregate principal amount of \$_____ of like date, tender, and effect, except as to number, date of maturity and interest rate, issued for the purpose of [state purpose], and for the other purposes as more fully described in the Resolution hereinafter referred to, under the authority of and in full compliance with the Constitution and Statutes of the State of Florida, including particularly, Chapter 166, Florida Statutes, as amended and supplemented, the City Charter, as amended and supplemented and other applicable provisions of law, and a resolution duly adopted by the City Commission of said City on December 14, 1999, as amended and supplemented from time to time (herein referred to as the "Resolution"), and is subject to all the terms and conditions of the Resolution. Any capitalized term not otherwise defined in this Bond shall have the meaning ascribed to such term in the Resolution.

[Redemption Provisions]

This Bond is payable from and secured by a lien upon and pledge of the Pledged Revenues, all in the manner provided in the Resolution.

"Pledged Revenues" shall mean (a) the Non-Ad Valorem Revenues deposited in the Debt Service Fund created and established under the Resolution, (b) investment income received from the investment of moneys in the Debt Service Fund and accounts established thereunder, [other than the escrow deposit trust fund established under an escrow deposit agreement,] and (c) any other moneys deposited in the Debt Service Fund or received by the Paying Agent in connection with the repayment of the Bonds.

"Non-Ad Valorem Revenues" shall mean all revenues of the City derived from any source whatever other than ad valorem taxation on real and personal property, which are legally available for payment of debt service by the City.

Until all of the Bonds are paid or deemed paid pursuant to the provisions of the Resolution, the City has covenanted to appropriate in its annual budget, by amendment if required, in each Fiscal Year, Non-Ad Valorem Revenues sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds, as the same become due and payable. Notwithstanding the foregoing covenant of the City, the City does not covenant to maintain any services or programs, now provided or maintained by the City, which generate Non-Ad Valorem Revenues.

To the extent that the City is in compliance with the covenants contained in the Resolution, and has budgeted and appropriated in each Fiscal Year, Non-Ad Valorem Revenues sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds as the same become due and payable, the Resolution and the obligations of the City contained therein shall not be a limitation on the ability of the City to pledge or covenant to pledge its Non-Ad Valorem Revenues for other legally permissible purposes.

The full faith and credit of the City is not pledged for the payment of this Bond, and this Bond does not constitute an indebtedness of the City within the meaning of any Constitutional, statutory or other provision or limitation; and it is expressly agreed by the Owner of this Bond that such Owner shall never have the right 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 this Bond or the making of reserve, if any, and sinking fund payments provided for in the Resolution.

It is further agreed between the City and the Owner of this Bond that this Bond and the obligation evidenced thereby shall not constitute a lien upon any of the projects

financed with the proceeds of the Bonds, or on any other property or in the City, but shall constitute a lien only on the Pledged Revenues pledged thereto, all in the manner provided in the Resolution.

The original registered owner, and each successive registered owner of this Bond shall be conclusively deemed to have agreed and consented to the following terms and conditions:

(1) The Registrar shall maintain the books of the City for the registration of Bonds and for the registration of transfers of Bonds as provided in the Resolution. The Bonds shall be transferable by the registered Owner thereof in person or by his attorney duly authorized in writing only upon the books of the City kept by the Registrar and only upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such Bond, the City shall issue in the name of the transferee a new Bond or Bonds.

(2) The City, the Paying Agent and the Registrar shall deem and treat the person in whose name any Bond shall be registered upon the books kept by the Registrar 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 of and interest on such Bond as the same becomes due, and for all other purposes. All such payments so made to any such registered owner 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 City, the Paying Agent, nor the Registrar shall be affected by any notice to the contrary.

(3) At the option of the registered owner thereof and upon surrender hereof at the designated office of the Registrar with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney and upon payment by such registered owner of any charges which the Registrar or the City may make

as provided in the Resolution, the Bonds may be exchanged for Bonds of the same maturity of any other authorized denominations.

(4) In all other cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the City shall execute and the Registrar shall authenticate and deliver Bonds in accordance with the provisions of the Resolution. There shall be no charge for any such exchange or transfer of Bonds, but the City or the Registrar may require payment of a sum sufficient to pay any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the City nor the Registrar shall be required (a) to transfer or exchange Bonds for a period of 15 days from a Record Date to the next ensuing interest payment date or 15 days next preceding any selection of Bonds to be redeemed or thereafter until after the mailing of any notice of redemption; or (b) to transfer or exchange any Bonds called for redemption. However, if less than all of a Bond is redeemed or defeased, the City shall execute and the Registrar shall authenticate and deliver, upon the surrender of such Bond, without charge to the Bondholder, for the unpaid balance of the principal amount of such Bond so surrendered, a registered Bond in the appropriate denomination.

[The following paragraph is applicable to Capital Appreciation Bonds only]

The Capital Appreciation Bonds, of which this Bond is one, pay principal and compound accrued interest only at maturity or upon prior redemption. For the purposes of (i) receiving payment of the redemption price if a Capital Appreciation Bond is redeemed prior to maturity, or (ii) computing the amount of Bonds held by the registered owner of a Capital Appreciation Bond in the giving to or by the City any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever, or (iii) computing the amount of Bonds to be redeemed and the selection of Bonds to be redeemed, the principal amount of a

Capital Appreciation Bond shall be deemed to be its "Accreted Value", which consists of principal plus accrued interest and is more fully defined in the Resolution.

[The following paragraph is applicable only to Capital Appreciation and Income Bonds]

For the purposes of (i) receiving payment of the redemption price if a Capital Appreciation and Income Bond is redeemed prior to maturity, (ii) computing the amount of Bonds held by the registered owner of a Capital Appreciation and Income Bond in the giving to or by the City any notice, consent, request or demand pursuant to the Resolution for any purpose whatsoever, or (iii) computing the amount of Bonds to be redeemed and the selection of Bonds to be redeemed, the principal amount of a Capital Appreciation and Income Bond shall be deemed to be its "Appreciated Value", as such term is more fully defined in the Resolution.

[For Capital Appreciation Bonds only]

ACCREDITED VALUE PER \$5,000 MATURITY AMOUNT

| <u>Date</u> | <u>Accreted Value</u> | <u>Date</u> | <u>Accreted Value</u> |
|-------------|---------------------------|-------------|---------------------------|
|-------------|---------------------------|-------------|---------------------------|

[For Capital Appreciation and Income Bonds only]

ACCRETED VALUE PER \$5,000 MATURITY AMOUNT

| <u>Date</u> | <u>Accreted Value</u> | <u>Date</u> | <u>Accreted Value</u> |
|-------------|---------------------------|-------------|---------------------------|
|-------------|---------------------------|-------------|---------------------------|

ASSIGNMENT AND TRANSFER

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

(please print or typewrite name and address of transferee)

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints ____

Attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

In the presence of: _____

[Statement of Insurance, if any]

Section 9. BOOK-ENTRY SYSTEM

A. As long as the Bonds are registered under the Book-Entry System, the City and the Registrar, as the case may be, shall comply with the terms of the agreements with the Securities Depository (collectively, the "Book-Entry Agreement"). However, the Book-Entry System through the Securities Depository may be terminated upon the happening of any of the following:

1. The Securities Depository or the City, based upon advice from the Securities Depository, advise the Registrar that the Securities Depository is no longer willing or able to properly discharge its responsibilities under the Book-Entry Agreement and the Registrar and the City are unable to locate a qualified successor clearing agency satisfactory to the Registrar and the City; or
2. The City, in its sole discretion but with the prior written consent of the Registrar, elects to terminate the Book-Entry System by notice to the Securities Depository, the Registrar and the Bond Insurer, if any.

B. Upon the occurrence of any event described in Section 9.A above, (i) the City and the Registrar shall, if necessary, enter into a resolution supplemental to this Resolution to add to the provisions of this Resolution any provisions deemed reasonably necessary or required by the Registrar, and approved in writing by the Bond Insurer, if any, with respect to Replacement Bonds (including, but not limited to, the provision for the cost and expenses for the printing thereof) and to account for the fact that, thereafter, the Bonds will no longer be registered under the Book-Entry System, and (ii) the Registrar shall notify the Securities Depository and the Bond Insurer, if any, of the occurrence of such event and of the availability of definitive or temporary Replacement Bonds to Beneficial Owners requesting the same, in an aggregate Outstanding amount representing the interest of each such Beneficial Owner, making such adjustments and allowances as it may find necessary or appropriate as to

accrued interest and previous payments of principal. Definitive Replacement Bonds shall be issued only upon surrender to the Registrar of the Bond of each maturity by the Securities Depository, accompanied by registration instructions for the definitive Replacement Bonds for such maturity from the Securities Depository. Neither the City nor the Registrar shall be liable for any delay in delivery of such instructions and conclusively may rely on, and shall be protected in relying on, such instructions.

C. Whenever the Bonds are registered under the Book-Entry System and notice or other communication to the Bondholders is required under this Resolution, unless and until definitive Replacement Bonds shall have been issued with respect to the Bonds, the City or the Registrar, as the case may be, shall give to the Securities Depository one copy of each such notice and communication specified herein or required by this Resolution to be given to the Beneficial Owners of the Bonds.

ARTICLE III

COVENANTS, FUNDS AND APPLICATION THEREOF

Section 1. BONDS NOT TO BE INDEBTEDNESS OF THE CITY. The Bonds shall not be or constitute an indebtedness of the City within the meaning of any Constitutional, statutory or other limitation or indebtedness, but shall be secured solely by a lien on and pledge of the Pledged Revenues and payable from the Non-Ad Valorem Revenues, including the Pledged Revenues. No Owner or Owners of any Bonds issued hereunder shall ever have the right to compel the exercise of the ad valorem taxing power of the City, or taxation in any form on any real property therein to pay the Bonds or the interest thereon. No Owner shall have a lien on any Non-Ad Valorem Revenues until deposited in the Debt Service Fund.

It is further agreed between the City and the Bondholders that the Bonds and the obligations evidenced thereby shall not constitute a lien upon any of the Projects financed with

the proceeds of the Bonds, or on any other property of or in the City, but shall constitute a lien only on the Pledged Revenues pledged thereto, all in the manner provided in this Resolution.

Section 2. BONDS SECURED BY LIEN ON AND PLEDGE OF THE PLEDGED REVENUES. The payment of the principal of, redemption premium, if any, and interest on all of the Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on and pledge of the Pledged Revenues in an amount sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds, herein authorized, and to make all other payments provided for in this Resolution as the same become due and payable.

Section 3. APPLICATION OF BOND PROCEEDS. Except as may otherwise be provided by subsequent proceedings of the Commission with respect to a series of Bonds, all moneys received by the City from the sale of each series of the Bonds authorized and issued pursuant to this Resolution shall be disbursed in the following manner and order of priority:

A. The accrued interest derived from the sale of the Bonds shall be deposited in the Debt Service Account of the Debt Service Fund, hereinafter created and established, and used for the purpose of paying the interest on the Bonds as the same becomes due and payable.

B. If applicable, from the proceeds of the sale of the Series 1999 Bonds, an amount, which together with other moneys lawfully available therefor, if any, shall be deposited in one or more escrow deposit trust funds to be held by a bank or trust company, as trustee, under the terms and provisions of the applicable escrow deposit agreement and such proceeds, together with such other moneys, if any, shall be held irrevocably in trust in such escrow deposit trust funds under the terms and provisions of such escrow deposit agreement; such moneys shall be invested at the time of deposit in U.S. Obligations which are not redeemable prior to maturity except by the holder thereof, the principal and interest of which shall be sufficient to pay the principal of, redemption premium and interest on all or a portion

of any Bonds issued under this Resolution that are being advanced or currently refunded as the same mature and become due and payable or are redeemed prior to maturity in accordance with the proceedings which authorized their issuance, all as provided in this Resolution, the applicable escrow deposit agreement and subsequent proceedings of the City Commission.

C. If applicable, an amount equal to the Debt Service Reserve Requirement may be deposited into the Reserve Account, hereinafter created and established, and used for the purposes provided therein, as shall be determined by subsequent proceedings of the Commission, or in lieu of depositing all or part of such amount of the proceeds of the Bonds, the City may deposit a Reserve Account Credit Facility Substitute with the requisite coverage.

D. The balance of the proceeds derived from the sale of the Bonds shall be deposited in a fund in a bank or trust company in the State which is eligible under State laws to receive deposits of City funds, which fund is hereby created, established and designated as the "Construction Fund" together with other moneys lawfully available therefor, if any. There is hereby created and established in the Construction Fund a separate line item to be known as the "Cost of Issuance Cost Center," into which shall be deposited an amount sufficient to pay the costs of issuance of the Bonds, including, but not limited to, payment for the Credit Facility, if any, and the initial payment of the premium or fee for the Reserve Account Credit Facility Substitute, if any. There is hereby further created and established in the Construction Fund a separate line item to be known as the "Capitalized Interest Cost Center," into which shall be deposited an amount, if any, which will be sufficient, including investment income, if any, to provide for the payment of interest on all or a portion of the Bonds of a series issued to pay the cost of the Projects to be financed with the proceeds of such series for a period to be hereinafter determined by subsequent resolution of the Commission in accordance with the terms of the Act, but in no case for a period longer than one (1) year after the completion of

the applicable Projects. No withdrawals shall be made from the Construction Fund in an amount in excess of \$100,000 at any one time, except for amounts in the Cost of Issuance Cost Center, and the Capitalized Interest Cost Center, without the written approval of the Finance Director or his designee, and only upon receipt of a written requisition executed by the duly authorized official of the City responsible for the acquisition or construction of the applicable Projects, specifying the purpose for which such withdrawal is to be made and certifying that such purpose is one of the purposes provided for in this Resolution for the acquisition or construction of the Projects. If, for any reason, the moneys in the Construction Fund, or any part thereof, are not necessary for or are not applied to the purposes of the applicable Projects, as such Projects may be changed by subsequent proceedings of the City without the consent of any Bondholder, then such surplus proceeds shall be deposited, upon certification of the Finance Director, that such surplus proceeds are not needed for the purposes of the Construction Fund, in the following order:

First, if applicable, to the Reserve Account in the Debt Service Fund hereby created and established for the Bonds, to the full extent necessary, either to reinstate any Reserve Account Credit Facility Substitute on deposit therein, or to deposit additional moneys so that such deposit, together with such moneys already on deposit therein, equal the Debt Service Reserve Requirement for Bonds;

Second, if applicable, to the Debt Service Account in the amounts determined by subsequent proceedings of the Commission; and

Third, the balance, if any, to the City and used for any lawful purpose.

The moneys deposited in the Construction Fund may, pending their use for the purposes provided in this Resolution, be temporarily invested in Permitted Investments maturing not later than the dates on which such moneys will be needed for the purposes of the Construction Fund. Subject to the provisions of the Code and the Tax Certificate, all the

earnings and investment income from such investments shall remain in and become a part of said Construction Fund and be used for the purposes of the Construction Fund.

Any moneys received by the City from the State or from the United States of America or any agencies thereof for the purpose of financing any part of the Projects, may be deposited in the Construction Fund and used in the same manner as the Bond proceeds are used therein; provided, however, that such moneys shall not be so deposited in the event and to the extent that the City has incurred debt in anticipation of the receipt of such moneys; and provided further, that separate accounts may be established in the Construction Fund for moneys received pursuant to the provisions of this paragraph whenever required by federal or State regulations.

All of the proceeds from the sale of the Bonds deposited hereunder shall be and constitute trust funds for the purposes hereinabove provided and there is hereby created a lien upon such moneys, until so applied, in favor of the Owners of the Bonds; provided, however, that the Owners of the Bonds shall not have a lien on the moneys in the escrow deposit trust fund created pursuant to any escrow deposit agreements or the money used to reimburse the City for prior capital expenditures.

Section 4. COVENANTS OF THE CITY. As long as any of the principal of or interest on any of the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Debt Service Fund (hereinafter defined), a sum sufficient to pay, when due, the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon, or until the provisions of Section 4.H of this Article III have been complied with, the City covenants with the Owners of any and all of the Bonds issued pursuant to this Resolution as follows:

A. Covenant to Budget and Appropriate. Until all of the Bonds are paid or deemed paid pursuant to the provisions of this Resolution, the City hereby covenants to appropriate in

its annual budget, by amendment if required, in each Fiscal Year, Non-Ad Valorem Revenues sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds, as the same become due and payable. Notwithstanding the foregoing, the City does not covenant to maintain any services or programs, now provided or maintained by the City, which generate Non-Ad Valorem Revenues.

If and to the extent that the City is in compliance with the covenant contained above and the covenants set forth in Paragraph E of this Section 4, and has budgeted and appropriated in each Fiscal Year Non-Ad Valorem Revenues sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds as the same become due and payable, this Resolution and the obligations of the City contained herein shall not be construed as a limitation on the ability of the City to pledge or covenant to pledge its Non-Ad Valorem Revenues for other legally permissible purposes.

Upon deposit of Non-Ad Valorem Revenues appropriated in each Fiscal Year into the Debt Service Fund, such Non-Ad Valorem Revenues shall become Pledged Revenues, and the Holders of the Bonds shall have a first lien on such Pledged Revenues until the principal of, redemption premium, if any, and interest on the Bonds shall be paid or deemed paid within the meaning of this Resolution.

B. Tax Covenant.

1. In order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103(a) of the Code, 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 executed by the City on the date of initial issuance and delivery of each series of the Bonds.

2. The City covenants that the City shall make any and all payments required to be made to the United States Department of the Treasury in connection with the Bonds pursuant to Section 148(f) of the Code from amounts on deposit in the fund and accounts established in connection with the Bonds or from other legally available funds of the City.

3. Notwithstanding any other provision of this Resolution to the contrary, as long as necessary in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes, the covenants contained in this Section shall survive the payment of the Bonds and the interest thereon, including any payment or discharge thereof pursuant to Section 4.H. of this Article III.

C. Establishment of the Debt Service Fund and Accounts Therein. There is hereby created and established the following fund and accounts: a Debt Service Fund consisting of a Debt Service Account and a Reserve Account. The Debt Service Fund and the accounts therein shall constitute trust funds for the benefit of the Holders of the Bonds until so applied in accordance with the terms hereof. The City is hereby authorized to create one or more special subaccounts in the Debt Service Account for the payment of sinking fund installments on Term Bonds.

D. Disposition of Pledged Revenues. The City shall deposit or cause to be deposited the Non-Ad Valorem Revenues budgeted and appropriated into the Debt Service Account of the Debt Service Fund (including any special subaccounts created and established in the Debt Service Account for the payment of sinking fund installments on Term Bonds) at such times (but in no case later than the Business Day next preceding an Interest Payment Date) and in such amounts as shall be sufficient to make full and timely payments of the principal of, redemption premium, if any, and interest on the Bonds, as the same become due and payable, in each year that the Bonds are outstanding and unpaid. The City may invest

the moneys on deposit in the Debt Service Account of the Debt Service Fund in Permitted Investments to mature not later than such times as shall be necessary to pay debt service on the Bonds (whether at maturity, by redemption, or otherwise).

If determined by subsequent proceedings of the Commission with respect to a series of Bonds that a Reserve Account is applicable to such series of Bonds, as long as such Bonds of that series are Outstanding, the City covenants to maintain a Reserve Account in an amount equal to the Debt Service Reserve Requirement, such amounts may be in cash (or Permitted Investments of such cash), or in lieu thereof such Debt Service Reserve Requirement may be satisfied by maintaining a Reserve Account Credit Facility Substitute (as herein defined), in the manner provided below, or any combination thereof. Moneys on deposit in the Reserve Account of the Debt Service Fund shall be applied for the purpose of paying the principal of, redemption premium, if any, and interest on the Bonds to the extent that moneys on deposit in the Debt Service Account of the Debt Service Fund are insufficient for such purposes. Moneys on deposit in the Reserve Account of the Debt Service Fund may be invested by the City in Permitted Investments, which shall mature not later than the final maturity of the Bonds, provided however, that such Permitted Investments shall not have maturities extending beyond five years unless approved by the Bond Insurer.

Notwithstanding the foregoing provisions, in lieu of all or part of the required deposits of Non-Ad Valorem Revenues into the Reserve Account, the City may cause to be deposited into the Reserve Account, a surety, an unconditional direct pay letter of credit issued by a bank, a reserve account line of credit issued by a bank, or a municipal bond insurance policy issued by a reputable and recognized insurer for the benefit of the Bondholders (herein referred to as a "Reserve Account Credit Facility Substitute") in an amount equal to the difference between the Debt Service Reserve Requirement and the sums then on deposit in the Reserve Account, if any, which Reserve Account Credit Facility

Substitute shall be payable (upon the giving of notice as required thereunder) on any Interest Payment Date on which a deficiency exists in the Debt Service Account. In addition, the City, at any time by subsequent proceedings of the Commission, may substitute a Reserve Account Credit Facility Substitute for all or part of the moneys on deposit in the Reserve Account. Under such circumstances, the Reserve Account Credit Facility Substitute, together with cash, if any, or Permitted Investments of such cash, shall be in an amount equal to the Debt Service Reserve Requirement. Such municipal bond insurer or bank, in the case of a letter of credit or line of credit, shall be one whose municipal bond insurance policies or unconditional direct pay letters of credit or other type of credit enhancement insuring or guaranteeing the payment, when due, of the principal of and interest on municipal bond issues, result in such issues being rated in the highest rating category by any Rating Agency or Agencies then rating the Bonds and the highest rating accorded insurers by A.M. Best & Company, or any comparable service. If a disbursement is made from a Reserve Account Credit Facility Substitute, provided pursuant to this paragraph, the City shall be obligated to reinstate from Non-Ad Valorem Revenues the maximum limits of such Reserve Account Credit Facility Substitute following such disbursement at the time or times required by the issuer of the Reserve Account Credit Facility Substitute or, with the consent of the issuer of the Reserve Account Credit Facility Substitute, to replace such Reserve Account Credit Facility Substitute by depositing into the Reserve Account from the Pledged Revenues as herein provided, funds in the maximum amount originally payable under such Reserve Account Credit Facility Substitute, or any combination of such alternatives. In the event there is more than one Reserve Account Credit Facility Substitute on deposit in the Reserve Account, the City, or the Paying Agent on its behalf, shall be obligated to draw on each on a pro-rata basis. In the event the Reserve Account is funded, both with cash (including Permitted Investments of such cash) and a Reserve Account Credit Facility Substitute in the aforementioned manner, and it

is necessary to make payments into the Debt Service Account when the moneys therein are insufficient therefor, the City covenants to deposit the cash (including Permitted Investments on such cash) on deposit in the Reserve Account into the Debt Service Account prior to any disbursements from the Reserve Account Credit Facility Substitute. The City covenants to instruct the Paying Agent to request payment under the Reserve Account Credit Facility Substitute at least three (3) days prior to the date moneys thereunder will be needed to pay the Bonds. The City may replace any Reserve Account Credit Facility Substitute with cash or another Reserve Account Credit Facility Substitute if the long term rating of the issuer thereof is reduced below that which existed at the time such Reserve Account Credit Facility Substitute was delivered to the City.

Whenever there is on deposit in the Reserve Account an amount in excess of the Debt Service Reserve Requirement, the amount of such excess shall be reduced in the following manner: (i) if there is on deposit in the Reserve Account a Reserve Account Credit Facility Substitute, as provided herein, the principal amount thereof shall be reduced by the amount of such excess, and (ii) if there is on deposit therein, cash (including Permitted Investments on such cash), the amount of cash and/or Permitted Investments of such cash in the Reserve Account shall be reduced in an amount equal to such excess. The cash and/or Permitted Investments of such cash so withdrawn under clause (ii) above shall be deposited in the Debt Service Account and used for the purposes provided therein. Subject to the provisions of the Code and the applicable Tax Certificate, all of the income or investment earnings received from the cash on deposit in the Reserve Account shall be deposited, to the extent the Debt Service Reserve Requirement will be maintained after such deposit, in the Debt Service Account and used for the purpose provided therein, as provided in this Resolution.

Investments of moneys on deposit in the Reserve Account shall be valued at least once each Fiscal Year at the then fair market value of such investments. If a deficiency results from such valuation, the City covenants to replenish, in the manner provided above, the Reserve Account or reinstate the Reserve Account Credit Facility Substitute, as applicable, from Non-Ad Valorem Revenues in the amount of such deficiency by not later than the next valuation date. If it is necessary to deposit moneys from the Reserve Account into the Debt Service Account because of deficiencies therein, the City covenants to replenish, in the manner provided above, the Reserve Account or reinstate the Reserve Account Credit Facility Substitute, as applicable, from Non-Ad Valorem Revenues by not later than the second business day prior to the next succeeding Interest Payment Date.

E. Additional Debt of the City Payable from Non-Ad Valorem Revenues. That the City hereby covenants that in each Fiscal Year, it will not issue non-self-supporting revenue debt of the City payable from its Non-Ad Valorem Revenues unless: (i) the total outstanding maximum annual non-self-supporting revenue debt service, including the non-self supporting revenue debt service on the debt proposed to be issued, does not exceed fifty percent (50%) of the City's gross Non-Ad Valorem Revenues (all legally available Non-Ad Valorem Revenues of the City from whatever source including investment income) of the City received by the City in the test period; and (ii) the net available Non-Ad Valorem Revenues of the City for the test period were at least 1.10 times average annual debt service of all indebtedness of the City payable from its Non-Ad Valorem Revenues including the debt proposed to be issued.

As used above, the term "non-self-supporting revenue debt" shall mean all revenue debt obligations in whatever form except such revenue debt obligations which are payable solely from a specific enterprise fund or are otherwise self-liquidating and the term "net available Non-Ad Valorem Revenues" shall mean "gross Non-Ad Valorem Revenues," as defined above, minus costs of operation and maintenance of the City (except any such costs

paid from ad valorem taxes) plus 6.7% of the legally available unencumbered cash balances on hand at the end of the most recent Fiscal Year. The term "test period" means the average of the last two preceding Fiscal Years.

Except as provided below, for the purpose of calculating average annual debt service on any indebtedness which bears interest at a variable rate, such indebtedness shall be deemed to bear interest at the greater of (i) 1.25 times the most recently published Bond Buyer Revenue Bond 30-Year Index, or (ii) 1.25 times actual average interest rate during the prior Fiscal Year of the City, or (iii) 6% per annum. If such variable rate indebtedness is to be secured by the City's covenant to budget and appropriate Non-Ad Valorem Revenues and in lieu of cash, the debt service reserve fund for such indebtedness is funded with a Reserve Account Credit Facility Substitute, such indebtedness shall be deemed to bear interest at the maximum rate.

As used above, the term "maximum rate" means the maximum rate of interest such variable rate debt may bear at any particular time, which rate shall not exceed the rate of interest allowed under Florida law and will be determined by the City at the time such variable rate debt is issued.

F. Books and Records. That the City will keep books and records of each Fiscal Year of the receipt of its Non-Ad Valorem Revenues in accordance with generally accepted accounting principles for government units, and any Owner or Owners of Bonds issued pursuant to this Resolution shall have the right at all reasonable times to inspect the records, accounts and data of the City relating thereto.

The City covenants that within one hundred eighty (180) days of the close of each Fiscal Year it will cause to be prepared and mailed to all Owners who shall have filed their names and addresses with the Finance Director for such purpose a statement setting forth in respect of the preceding Fiscal Year:

1. the total amounts deposited to the credit of the Debt Service Fund and the accounts created under the provisions of this Resolution;
2. the principal amount of all Bonds paid, purchased or redeemed; and
3. the amounts on deposit at the end of such Fiscal Year to the credit of the Debt Service Fund and the accounts created under the provisions of this Resolution.

G. Remedies. Any Owner of Bonds or any trustee acting for such Owners in the manner hereinafter provided, 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 City or by any officer thereof.

The Owner or Owners of Bonds in an aggregate principal amount of not less than fifty one per centum (51%) of Bonds issued under this Resolution then Outstanding may by a duly executed certificate in writing appoint a trustee for Owners of Bonds issued pursuant to this Resolution with authority to represent such Owners in any legal proceedings for the enforcement and protection of the rights of such Owners. Such certificate shall be executed by such Owners or their duly authorized attorneys or representatives, and shall be filed in the office of the City Attorney.

Any exercise of a remedy set forth in this Section 4.G shall be subject to the consent of the Credit Facility Issuer, if any, and such Credit Facility Issuer shall have the right, acting alone, to exercise said remedies as long as it has not defaulted in its obligations under its Credit Facility.

Acceleration of the payment of principal of and interest on the Bonds shall not be a remedy available to the Owners of the Bonds.

H. Discharge and Satisfaction of Bonds. The covenants, liens and pledges entered into, created or imposed pursuant to this Resolution may be fully discharged and satisfied with respect to the Bonds in anyone or more of the following ways:

1. by paying the principal of and interest on Bonds when the same shall become due and payable;

2. by depositing in the Debt Service Fund or such other funds or accounts which are irrevocably pledged to the payment of the Bonds as the City may hereafter create and establish by proper proceedings moneys which, together with other moneys lawfully available therefor and deposited therein, if any, shall be sufficient at the time of such deposit to pay the Bonds, the redemption premium, if any, and interest as the same become due on said Bonds on or prior to the redemption date or on the maturity date thereof; or

3. by depositing in the Debt Service Fund or such other funds or accounts which are irrevocably pledged to the payment of the Bonds as the City may hereafter create and establish by proper proceedings moneys which, together with other moneys lawfully available therefor and deposited therein, if any, when invested in Defeasance Obligations will provide moneys which shall be sufficient to pay the Bonds, the redemption premium, if any, and interest as the same shall become due on said Bonds on or prior to their redemption date or on the maturity date thereof.

4. Notwithstanding the foregoing, all references to the discharge and satisfaction of Bonds shall include the discharge of any maturity of the Bonds, any portion of a maturity of the Bonds or any combination thereof.

Notwithstanding the foregoing, in the event that the payment or deposit in the amount and manner provided in this Resolution has been made by the Credit Facility Issuer under the terms of the Credit Facility, the Credit Facility Issuer shall be subrogated to the

rights of the Holders of the Bonds and the liability of the City, with respect thereto, shall not be discharged or extinguished.

Upon such payment or deposit in the amount and manner provided in this Section 4.H of Article III of this Resolution, the Bonds shall no longer be deemed to be outstanding for the purposes of this Resolution and all liability of the City with respect to the Bonds shall cease, terminate and be completely discharged and extinguished, and the Owners thereof shall be entitled for payment solely out of the moneys or securities so deposited.

Notwithstanding anything contained in this Section 4.H of this Article III to the contrary, the covenants, liens and pledges contained in this Resolution shall not be fully discharged and satisfied until all obligations owed to the provider(s) of the Reserve Account Credit Facility Substitute have been satisfied.

I. Rule 15c2-12 Undertaking. That in order to assist the initial purchasers of the Bonds of a series that are subject to the Rule with respect to compliance with such Rule, the City undertakes and agrees to provide the information described below to the persons so indicated. The City's undertaking and agreement set forth in this Section 4.I. shall be for the benefit of the registered owners and Beneficial Owners of the applicable series of Bonds.

1. The City undertakes and agrees to provide to each NRMSIR and to the State of Florida information depository (herein, the "SID") if and when such a SID is created (i) the City general purpose financial statements generally consistent with the financial statements presented in the official statement relating to the subject Bonds (herein the "Official Statement"), and (ii) update of the information concerning the Non-Ad Valorem Revenues set forth in such Official Statement, to the extent such information is not included in the City's general purpose financial statements referred to in clause

(i) above. The information referred to in clauses (i) and (ii) is herein collectively referred to as the "Annual Information."

2. The Annual Information described in clause (i) of paragraph 1 above in audited form (for as long as the City provides such financial information in audited form) is expected to be available on or before March 31 of each year for the fiscal year ending on the preceding September 30, commencing not less than 90 days after the issuance of each series of Bonds which are subject to the Rule. The Annual Information referred to in clause (i) of paragraph 1 above in unaudited form (if the audited financial statements are not available or if the City no longer provides such financial information in audited form) will be available on or before March 31 for the fiscal year ending on the preceding September 30. The City also agrees to provide the Annual Information to each registered owner and Beneficial Owner of the Bonds who request such information and pays to the City its costs of reproduction and transmission of such Annual Information. The City agrees to provide to each NRMSIR and the SID, if any, timely notice of its failure to provide the Annual Information. Such notice shall also indicate the reason for such failure and when the City reasonably expects such Annual Information will be available.

3. The Annual Information referred to in clause (i) of paragraph 1 above and presented in the Official Statement will be prepared in accordance with governmental accounting standards promulgated by the Government Accounting Standards Board, as in effect from time to time, as such principles are modified by generally accepted accounting principles, promulgated by the Financial Accounting Standards Board, as in effect from time to time, and such other State mandated accounting principles as in effect from time to time.

4. If, as authorized by paragraph 6 below, the City's undertaking with respect to paragraph 3 above requires amending, the City undertakes and agrees that the Annual Information described in clause (i) of paragraph 1. above for the fiscal year in which the amendment is made will, to the extent possible, present a comparison between the Annual Information prepared on the basis of the new accounting principles and the Annual Information prepared on the basis of the accounting principles described in paragraph 3 above. The City agrees that such a comparison will, to the extent possible, include a qualitative discussion of the differences in the accounting principles and the impact of the change on the presentation of the Annual Information.

5. The City undertakes and agrees to provide, in a timely manner, to each NRMSIR or to the Municipal Securities Rulemaking Board and to the SID, if any, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- a. principal and interest payment delinquencies;
- b. non-payment related defaults;
- c. unscheduled draws on the Reserve Account reflecting financial difficulties;
- d. unscheduled draws on credit enhancements reflecting financial difficulties;
- e. substitution of credit or liquidity providers, or their failure to perform;
- f. adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- g. modifications to rights of Bondholders;
- h. Bond calls (other than scheduled mandatory sinking fund redemptions);

- i. defeasances of the Bonds;
- j. release, substitution, or sale of property securing repayment of the Bonds; and
- k. rating changes.

Notwithstanding the foregoing, notice of the events described in clause h. and i. above need not be given any earlier than the time notice is required to be given to the registered owners of the Bonds.

6. Notwithstanding any other provision of this Resolution to the contrary regarding amendments or supplements, the City undertakes and agrees to amend and/or supplement this Section 4.I (including the amendments referred to in paragraph 4 above) only if:

- a. The amendment or supplement is made only in connection with a change in circumstances existing at the time the Bonds were originally issued that arises from (i) a change in law, (ii) SEC pronouncements or interpretations, (iii) a judicial decision affecting the Rule or (iv) a change in the nature of the City's operations or the activities that generate Non-Ad Valorem Taxes;
- b. The City's undertaking, as amended, would have complied with the requirements of the Rule at the time the Bonds were originally issued after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- c. The amendment or supplement does not materially impair the interests of the registered owners and Beneficial Owners of the Bonds as determined by Bond Counsel or by a majority of the registered owners of the Bonds.

In the event of an amendment or supplement under this Section 4.I, the City shall describe the same in the next report of Annual Information and shall include, as applicable, a narrative explanation of the reason for the amendment or supplement and its impact, if any, on the financial information and operating data being presented in the Annual Information.

7. The City's Undertaking as set forth in this Section 4.I shall terminate if and when the Bonds are paid or deemed paid within the meaning of Section 4.H. of this Article III.

8. The City acknowledges that its Undertaking pursuant to the Rule set forth in this Section 4.I is intended to be for the benefit of the registered holders and Beneficial Owners of the Bonds and shall be enforceable by such holders and Beneficial Owners; provided that, the holder's and Beneficial Owners' right to enforce the provisions of this Undertaking shall be limited to a right to obtain specific enforcement of the City's obligations hereunder, and any failure by the City to comply with the provisions of this Undertaking shall not be or constitute a covenant or monetary default with respect to the Bonds under this Resolution.

9. The City reserves the right to satisfy its obligations under this Section 4.I through agents; and the City may appoint such agents without the necessity of amending this Resolution. The City may also appoint one or more employees of the City to monitor and be responsible for the City's Undertaking hereunder.

ARTICLE IV

MISCELLANEOUS PROVISIONS

Section 1. MODIFICATION OR AMENDMENT. Except as otherwise provided in Section 4.1 of Article III of this Resolution, no material modification or amendment of this Resolution or of any resolution amendatory thereof or supplemental thereto, may be made without the consent in writing of the Owners of two-thirds or more in principal amount of the Bonds then outstanding affected by such modification or amendment; provided, however, that no modification or amendment shall permit a change in the maturity of such Bonds or a reduction in the rate of interest thereon, or affecting the unconditional promise of the City to pay the interest of and principal on the Bonds, as the same mature or become due, from the Pledged Revenues, or reduce such percentage of Owners or such Bonds required above for such modification or amendment, without the consent of the Owners of all the Bonds affected by such modification or amendments.

In addition to the provisions of Section 4.1 of Article III of this Resolution regarding amendments to the City's Undertaking, this Resolution may be amended, changed, modified and altered without the consent of the Owners of Bonds, (i) to cure any ambiguity, correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions contained herein, (ii) to provide other changes which will not adversely affect the interest of such Owners, (iii) to implement a Credit Facility or a Reserve Account Credit Facility Substitute, (iv) to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes, (v) to secure or maintain a rating on the Bonds, or (vi) to implement or discontinue a Book-Entry System.

For purposes of this Section 1 of Article IV, to the extent the Bonds of a series are secured by a Credit Facility and such Bonds are then rated in as high a rating category in which such Bonds were rated at the time of initial issuance and delivery thereof, by the

applicable Rating Agency or Agencies, then the consent of the Credit Facility Issuer shall constitute the consent of the Holders of the Bonds provided such Credit Facility Issuer is not in default under the Credit Facility. The City shall provide to S&P, Moody's, and FITCH (with respect to any series of Bonds that are then rated by these entities and such entities so require copies of each amendment) a copy of each amendment to this Resolution.

Section 2. PURCHASE OF BONDS. The City may at any time purchase any of the Bonds at prices not greater than the par amount and accrued interest to the date of purchase. If the City shall purchase Term Bonds in excess of the sinking fund requirement for such year such excess of Term Bonds so purchased shall at the option of the City either be credited on a pro-rata basis over the remaining sinking fund installment dates for such Term Bonds or credited against the following year's installment requirement.

Section 3. NOTICES TO CREDIT FACILITY ISSUER. The City shall provide to the Credit Facility Issuer all copies of notices sent or given pursuant to the terms and provisions of this Resolution.

Section 4. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions of this Resolution should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions, and shall in no way affect the validity of any of the other provisions of the Resolution or of the Bonds issued hereunder.

Section 5. CREDIT FACILITY ISSUER; DEFAULT. Notwithstanding any of the provisions of this Resolution to the contrary, all of the rights of the Credit Facility Issuer granted herein, shall be null and void if the Credit Facility Issuer is in default under the Credit Facility.

Section 6. SALE OF BONDS. The Bonds shall be issued and sold at one time, or from time to time, in such manner and at such price or prices consistent with the requirements of this Resolution as the Commission shall hereafter determine by subsequent proceedings.

Section 7. PRELIMINARY OFFICIAL STATEMENT. The City is hereby authorized to distribute a preliminary official statement in connection with any series of Bonds to be sold other than on a private placement basis. Prior to such distribution, the Mayor, Vice Mayor, City Manager or Finance Director are each hereby authorized to deem such preliminary official statement relating to the Bonds "final" within the meaning of the Rule as of its date, except for certain "permitted omissions" as defined therein.

Section 8. BOND ANTICIPATION NOTES AND BANK OBLIGATIONS. The City may, if it determines it to be in its best financial interest, issue its bond anticipation notes in order to temporarily finance the costs of any of Projects as provided in this Resolution. The City shall by proper proceedings authorize the issuance and establish the details of such bond anticipation notes pursuant to the provisions of Section 215.431, Florida Statutes, as amended. In connection with such bond anticipation notes, the City is hereby authorized to enter into line of credit agreements, loan agreements or similar arrangements (collectively referred to as "Financing Agreement") with banks or similar financial institutions for the purpose of financing the costs of any Project. The City is authorized to issue one or more bond anticipation notes to such banks or financial institutions to evidence its obligation to repay loans made under such Financing Agreements. The City is further authorized to issue Bonds that do not constitute bond anticipation notes, pursuant to the terms and provisions of this Resolution and subsequent proceedings of the Commission to evidence loans made to the City by banks or similar financial institutions to finance or refinance Projects.

Section 9. EFFECTIVE DATE. This Resolution shall take effect immediately.

CITY OF DELRAY BEACH, FLORIDA

By: _____

Mayor

Date: December 14, 1999

ATTEST:


Alison McHugo Hardy
City Clerk

The foregoing resolution is hereby approved by me
as to form, language, execution and legal
sufficiency this 14th day of December, 1999.

Susan A. Rulenz
City Attorney

MEMORANDUM

To: City Commission

From: David T. Harden, City Manager 

Subject: Proposed \$4,000,000 Revenue Note (Communication Equipment)
Resolution No. R 76-99 and Resolution No. R 77-99

Date: December 9, 1999

Resolution Number 76-99 authorizes the issuance of Revenue Bonds from time to time. This resolution is the basis for future bond issues and bank notes that will use a covenant to budget and appropriate funding for any debt service due and payable. It sets forth the requirements with respect to terms, payment and disclosure. The security for future financings is a lien on available non-advalorem revenues.

Resolution Number 77-99 authorizes the City to execute a Note Agreement with SunTrust in the amount of \$4,000,000 at a rate of 5.0196% for an approximate 15 year term. The note will be issued for the purpose of financing the cost of consultation, design, engineering, construction and equipping of an 800 MHz digital radio system (the "Radio System"). The Finance Department has provided an analysis of bids received and a recommendation to approve the agreement with SunTrust at the lowest bidding rate. The agreement will allow for prepayment at any time without penalty if rates are higher at the time of prepayment and a penalty if rates are lower. The penalty equates to bringing the Bank up to its quoted rate. The agreement will protect the City against rate changes caused by amendments to the tax laws.

I concur with their recommendation.

c: R.S. O'Connor, Treasurer

9.6.

Agenda Item No.: 964M

AGENDA REQUEST

Request to be placed on:

Date: December 9, 1999

x Regular Agenda _____ Special Agenda _____ Workshop Agenda


When: December 9, 1999

Description of agenda item (who, what, where, how much):

1.) Approve Resolution #76-99 approving a master resolution for future revenue bonds requiring a covenant to pledge and appropriate annually any debt service due and payable and 2.) approve Resolution 77-99 approving a \$4,000,000 bank note with SunTrust for an approximate 15 year term at a rate of 5.0196% for the purpose of funding the 800 MHz radio system.

ORDINANCE/ RESOLUTION REQUIRED: YES/NO Draft Attached: YES/NO

Recommendation: Approve the above.

Department Head Signature: 

Determination of Consistency with Comprehensive Plan: _____

City Attorney Review/ Recommendation (if applicable): _____

Budget Director Review (required on all items involving expenditure of funds):


Funding available: YES/ NO N/A

Funding alternatives: _____ (if applicable)

Account No. & Description: _____

Account Balance: _____

City Manager Review:

Approved for agenda: YES/ NO 
Hold Until: _____

Agenda Coordinator Review:

Received:

Action: _____ Approved/Disapproved