

MASTER UTILITY SYSTEM BOND ORDINANCE

ORDINANCE NO. 2023-_____

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ORDINANCE NO. _____

AN ORDINANCE OF THE MAYOR AND CITY COMMISSION OF THE CITY OF HALLANDALE BEACH, FLORIDA AUTHORIZING THE ISSUANCE OF UTILITY SYSTEM REVENUE BONDS TO FINANCE AND/OR REFINANCE THE PROJECTS; PLEDGING CERTAIN NET REVENUES OF THE UTILITY SYSTEM FOR THE PAYMENT THEREOF; PROVIDING FOR THE RIGHTS OF THE HOLDERS THEREOF; PROVIDING FOR THE ISSUANCE OF TEMPORARY BOND ANTICIPATION NOTES; PROVIDING FOR THE RIGHTS OF THE HOLDERS; MAKING OTHER COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; REPEALING OTHER INSTRUMENTS; AND PROVIDING FOR AN EFFECTIVE DATE.

NOW THEREFORE, BE IT ORDAINED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF HALLANDALE BEACH, FLORIDA:

SECTION 1. Authority for this Ordinance. This Ordinance is enacted pursuant to the provisions of the Constitution of the State of Florida, Chapter 166, Florida Statutes, the municipal charter of the City of Hallandale Beach, Florida and other applicable provisions of law (collectively, the "Act").

SECTION 2. Definitions. Unless the context otherwise requires, the terms used in this Ordinance shall have the meanings specified in this Section 2. Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

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

"Acquired Obligations" shall mean cash, direct non-callable obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged (including, but not limited to State and Local Government Securities), Refcorp interest strips, CATS, TIGRS,

STRPS, defeased municipal bonds rated AAA by S&P or Aaa by Moody's (or any combination thereof) or direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank, certificates of beneficial ownership of the Farmers Home Administration, obligations of the Federal Financing Bank, participation certificates of the General Services Administration, Guaranteed Title XI financings of the U.S. Maritime Administration and project notes of the U.S. Department of Housing and Urban Development.

With respect to any Series of Bonds, the definition of Acquired Obligations set forth above may be further limited as set forth in a Supplemental Resolution of the Issuer adopted prior to the issuance of such Bonds.

“Additional Parity Obligations” shall mean additional obligations issued or incurred in compliance with the terms, conditions and limitations contained herein and which (i) shall have a lien on the Pledged Revenues equal to that of the Outstanding Bonds, (ii) shall be payable from the Pledged Revenues on a parity with the Outstanding Bonds, and (iii) shall rank equally in all other respects with the Outstanding Bonds.

“Amortization Installment” shall mean an amount designated as such by Supplemental Resolution of the Issuer and established with respect to any Term Bonds.

“Balloon Indebtedness” shall mean debt, 25% or more of the original principal amount of which, matures during any one Fiscal Year.

“Bond Anticipation Notes” shall mean notes of the Issuer described in Section 32 hereof issued in anticipation of any Series of Bonds and shall be secured by, amongst other things, a first lien on the proceeds of the Bonds for which such Bond Anticipation Notes were issued.

“Bond Counsel” shall mean Bryant Miller Olive P.A., or any other attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the exclusion from gross income for federal income tax purposes of interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

“Bond Insurance Policy” shall mean the municipal bond new issue insurance policy or policies issued by an Insurer guaranteeing the scheduled payment of principal of and interest on any portion of such Series of Bonds when due as determined by Supplemental Resolution, if any.

“Bond Year” shall mean the period commencing on October 2 of each year and ending on October 1 of the following year.

“Bonds” shall mean (i) the Utility System Revenue Bonds herein authorized to be issued, (ii) any Additional Parity Obligations issued hereafter in accordance with the provisions hereof, and (iii) any Parity Contract Obligations; provided, however, “Bonds” may be issued or

incurred in the form of bonds, notes, certificates of indebtedness or other evidences of indebtedness of any type or character.

“Capital Appreciation Bonds” shall mean the aggregate principal amount of the Bonds that bear interest payable solely at maturity or upon redemption prior to maturity in the amounts determined by reference to the Accreted Value, all as shall be determined by Supplemental Resolution of the Issuer. In the case of Capital Appreciation Bonds that are convertible to Bonds with interest payable prior to maturity or redemption of such Bonds, such Bonds shall be considered Capital Appreciation Bonds only during the period of time prior to such conversion.

“Capital Appreciation Income Bonds” shall mean those Bonds initially issued as Capital Appreciation Bonds and which become Serial Bonds when the original issue amount and the Accreted Value equals \$5,000 principal amount or an integral multiple thereof as determined by Supplemental Resolution of the Issuer.

“City Attorney” shall mean the City Attorney of the Issuer and any Assistant City Attorney.

“City Clerk” shall mean the City Clerk of the Issuer or any assistant or deputy City Clerk.

“City Manager” shall mean the City Manager of the Issuer or any acting City Manager.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and any Treasury Regulations, whether temporary, proposed or final, promulgated thereunder or applicable thereto.

“Consulting Engineers” shall mean one or more independent, qualified and recognized consulting engineers or firm of consulting engineers having favorable repute, skill and experience with respect to the planning and operation of the System who shall be retained from time to time by the Issuer.

“Contributions in Aid of Construction” shall mean any amount of money, services, or property received by the Issuer, any portion of which is provided at no cost to the System, which represents an addition or transfer of capital to the System, and which is utilized to offset the acquisition, improvement or construction costs of the System.

“Cost of Operation and Maintenance” of the System shall mean the Issuer's current expenses, paid or accrued, in the operation, maintenance and repair of the System, as calculated in accordance with generally accepted accounting principles, including, but not limited to, general administrative and indirect labor costs, personnel services, contractual services, repairs and maintenance, and materials and supplies, but shall not include capital expenditures, any reserve for renewals and replacements, any allowance for depreciation, any other contributions

to the General Fund of the Issuer, any Debt Service Requirement, any costs of issuance associated with a Series of Bonds, or any payments in lieu of taxes and/or franchise fees.

“Credit Facility” or “Credit Facilities” shall mean either individually or collectively, as appropriate, any bond insurance policy, surety bond, letter of credit, line of credit, guaranty or other instrument or instruments that would enhance the credit of the Bonds.

“Credit Facility Issuer” or “Credit Facility Issuers” shall mean the provider or providers of a Credit Facility or Credit Facilities.

“Debt Service Fund” shall mean the Debt Service Fund created and established pursuant to Section 16 of this Ordinance.

“Debt Service Requirement” shall mean, for any Bond Year, at any time, the amount required to be deposited in such Bond Year into the Debt Service Fund, as provided herein including any Reimbursement Obligations (any interest shall not include interest to the extent it is to be paid from a direct subsidy payment expected to be received from the United States Treasury relating to Direct Subsidy Bonds or any other interest subsidy or similar payments made by the Federal government). In calculating such amount, the Issuer shall subtract therefrom any amounts to be transferred from the Project Fund for the purpose of paying interest on the Bonds. With respect to Variable Rate Bonds which are not subject to a Qualified Agreement, if any, the interest rate used to calculate the Debt Service Requirement shall be the higher of (i) the actual rate on the date of calculation, or if the indebtedness is not yet outstanding, the initial rate (if established and binding), (ii) if the indebtedness has been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (iii) if the indebtedness has been outstanding for twelve months or less, (1) if interest on the indebtedness is excludable from gross income under the applicable provisions of the Internal Revenue Code, the most recently published Bond Buyer 25 Bond Revenue Index (or comparable index if no longer published) plus fifty (50) basis points, or (2) if interest is not so excludable, the interest rate on direct U.S. Treasury Obligations with comparable maturities plus fifty (50) basis points; provided, however, that for purposes of any rate covenant measuring actual debt service coverage during a test period, Variable Rate Bonds which are not subject to a Qualified Agreement shall be deemed to bear interest at the actual rate per annum applicable during the test period. The Debt Service Requirement on debt that constitutes Balloon Indebtedness, whether bearing interest at a fixed interest rate or, Balloon Indebtedness that constitutes Variable Rate Bonds, shall be determined assuming it is amortized over 20 years (from the date of calculation) on an approximately level annual debt service basis. If Bonds are Option Bonds, the date or dates of tender shall be disregarded, unless actually tendered and not remarketed, and the stated maturity dates thereof shall be used for purposes of this calculation. If the Issuer has entered into a Qualified Agreement with respect to all or a portion of certain Variable Rate Bonds Outstanding hereunder or to be issued hereunder, the interest coming due on such Variable Rate Bonds or portion thereof for purposes of this definition shall be deemed to be based upon the synthetic fixed interest rate under the Qualified Agreement, without giving any regard to fees and expenses incurred in connection with the

purchase of a liquidity facility. If the Issuer has entered into a Qualified Agreement with respect to certain Bonds Outstanding hereunder or to be issued hereunder which have a fixed rate of interest, the interest coming due on such Bonds for purposes of this definition shall be deemed to be based upon the assumptions described above for Variable Rate Bonds, without giving any regard to fees and expenses incurred in connection with the purchase of a liquidity facility.

“Direct Subsidy Bonds” shall mean any Taxable Bonds issued by the Issuer hereunder for which either (1) the Issuer receives direct subsidy payments or any other interest subsidy or similar payments made by the State and/or Federal Government in an amount equal to a percentage of the interest paid on such Bond or Bonds, or (2) the holder of such Bond or Bonds receives a tax credit in an amount equal to a percentage of the interest paid on such Bond or Bonds.

“Finance Director” shall mean the Finance Director of the Issuer.

“Fiscal Year” shall mean the period commencing on October 1 of each year and ending the next succeeding September 30, or such other annual period as may be prescribed by law from time to time for the Issuer.

“Fitch” shall mean Fitch Ratings, Inc., and any assigns or successors thereto.

“General Fund” shall mean the General Fund of the Issuer.

“Gross Revenues” or “Revenues” shall mean all income and earnings, excluding impact fees, received by the Issuer or accrued to the Issuer from the ownership, use or operation of the System and all parts thereof, including, without limitation, unencumbered, non-ad valorem special assessments not pledged for the repayment of, or as security for, any indebtedness of the Issuer, whether currently outstanding or hereafter issued, other than the Bonds and which are legally available to be used as contemplated hereunder, grant monies received by the Issuer as a result of ownership, use or operation of the System, proceeds from the sale or other disposition of the System or any part thereof pursuant to the terms of Section 20(G) hereof, moneys received by the Issuer into the Revenue Fund (including without limitation receipts from interfund transfers) for any internal and external administrative services provided by the System, moneys transferred from the Rate Stabilization Fund into the Revenue Fund in accordance with the terms hereof if transferred no later than 90 days following the end of the Fiscal Year if the Issuer designates such transfer to be Gross Revenues of such Fiscal Year and if the Issuer commits to use such transferred amount to pay debt service on Bonds on the immediately succeeding interest payment date(s), and shall also include investment income, if any, earned on any fund or account created pursuant to this Ordinance as calculated in accordance with generally accepted accounting principles, and any payment received by the Issuer as contemplated in Section 28 hereof, but “Gross Revenues” or “Revenues” shall not include any direct subsidy payments received from the United States Treasury relating to Direct Subsidy Bonds or any other interest subsidy or similar payments made by the Federal

government, non-ad valorem special assessments which are pledged for the repayment of, or as security for, any indebtedness of the Issuer, whether currently outstanding or hereafter issued, other than the Bonds, condemnation awards or proceeds of insurance received with respect to the System, Contributions in Aid of Construction, impact fees, or unrealized gains or losses from investments. For purposes of calculating compliance with the rate covenant described in Section 20(E) hereof or the Additional Parity Obligations test described in Section 20(Q) hereof. "Gross Revenues" shall not include such income or earnings which are deposited into the Rate Stabilization Fund in the Fiscal Year in which the deposit into the Rate Stabilization Fund occurs.

"Holder" or "Bondholders" or any similar term shall mean any persons who shall be the registered owner of any Outstanding Bonds.

"Insurer" shall mean, with respect to any Series of Bonds, such Person, as specifically designated by Supplemental Resolution, as shall be insuring or guaranteeing the scheduled payment of principal of and interest on all or a portion of such Series of Bonds, when due.

"Interest Account" shall mean the special account of the same name created within the Debt Service Fund.

"Interest Date" or "interest payment date" shall be such date or dates for the payment of interest on a Series of Bonds as shall be provided in Section 6 hereof.

"Issuer" shall mean the City of Hallandale Beach, Florida, a municipal corporation of the State of Florida.

"Maximum Debt Service Requirement" shall mean, as of any particular date of calculation, the greatest amount of aggregate Debt Service Requirement for the then current or any future Bond Year, except that with respect to any Bonds for which Amortization Installments have been established, the amount of principal coming due on the final maturity date with respect to such Bonds shall be reduced by the aggregate principal amount of such Bonds that are to be redeemed from Amortization Installments which were to be made in prior Bond Years.

"Mayor" shall mean the Mayor of the Issuer or, in his or her unavailability or absence, the Vice Mayor of the Issuer or such person's designee.

"Moody's" or "Moody's Investors Service" shall mean Moody's Investors Services, Inc., and any assigns or successors thereto.

"Net Revenues" of the System shall mean the Gross Revenues or Revenues, after deduction of the Cost of Operation and Maintenance.

"Option Bonds" shall mean Bonds subject to tender for payment prior to their maturity at the option of the Holder thereof.

“Ordinance” shall mean this Ordinance, as from time to time may be amended or supplemented by a Supplemental Ordinance or supplemented by a Supplemental Resolution, in accordance with the terms hereof.

“Outstanding” or “Bonds Outstanding” shall mean all Bonds which have been issued pursuant to this Ordinance, except:

(i) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;

(ii) Bonds for the payment or redemption of which cash funds or Acquired Obligations or any combination thereof shall have been theretofore irrevocably set aside in a special account with an escrow agent (whether upon or prior to the maturity or redemption date of any such Bonds) in an amount which, together with earnings on such Acquired Obligations, will be sufficient to pay the principal of, interest on and any redemption premium with respect to such Bonds at maturity or upon their earlier redemption; provided that, if such Bonds are to be redeemed before the maturity thereof, notice of such redemption shall have been given according to the requirements of this Ordinance or irrevocable instructions directing the timely publication of such notice and directing the payment of the principal of and interest on all such Bonds at such redemption dates shall have been given; and

(iii) Bonds which are deemed paid pursuant to this Ordinance or in lieu of which other Bonds have been issued under Sections 11 and 13 hereof.

“Parity Contract Obligation” shall mean the net payment obligations of the Issuer arising under a Qualified Agreement, which are calculated on the basis of interest on a notional amount which may correspond with the principal amount of certain Bonds issued hereunder, or a particular series or maturity thereof, based upon a fixed or a variable rate index or formula, taking into account any like payment obligations of the Qualified Agreement Provider to the Issuer calculated in the same manner. Parity Contract Obligations include only regularly scheduled payments and/or receipts under a Qualified Agreement determined by reference to interest on a notional amount and shall not include any other payments and/or receipts under such Agreement (for example any termination fee, indemnification obligations or other fees payable to the Qualified Agreement Provider).

“Parity Contract Obligation Account” shall mean the special account of the same name created within the Debt Service Fund.

“Parity Debt” shall mean the remaining outstanding \$5,390,000 City of Hallandale Beach, Florida Revenue Refunding Note, Series 2014 dated December 30, 2014.

“Paying Agent” shall mean any paying agent for Bonds appointed by or pursuant to a Supplemental Resolution and its successors or assigns, which can be the Issuer, and any other Person which may at any time be substituted in its place pursuant to a Supplemental

Resolution. Once appointed, no resignation or removal of the Paying Agent shall become effective until a successor has been appointed and has accepted the duties of Paying Agent. Each of the Insurers of Bonds, if any, shall be furnished with written notice of the resignation or removal of the Paying Agent and the appointment of any successor thereto.

“Permitted Investments” shall mean any legal investments under the laws of the State and the written investment policy of the Issuer.

“Person” shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or governmental entity.

“Pledged Revenues” shall mean the Net Revenues of the System, and until applied in accordance with this Ordinance, the moneys on deposit in the various funds and accounts created pursuant to this Ordinance, except to the extent moneys on deposit in an account of the Reserve Fund or the Project Fund shall be pledged solely for the payment of the Series of Bonds for which it was established in accordance with the provisions hereof.

“Principal Account” shall mean the special account of the same name created within the Debt Service Fund.

“Project” or “Projects” shall mean any actual, proposed or potential acquisition, addition, extension, supplement, or replacement of the System or joint ownership of similar properties or any interest therein or any right to use the capacity from any facilities or services thereof, or any other lawful purpose related to the System, all as determined by the Issuer and in accordance with plans and specifications on file or to be filed with the Issuer, which includes without limitation design and engineering of such Project.

“Project Costs” shall mean all costs authorized to be paid from the Project Fund pursuant to Section 18 hereof to the extent permitted under the laws of the State. It is intended that this definition be broadly construed to encompass all costs, expenses and liabilities of the Issuer related to the System which on the date of this Ordinance or in the future shall be permitted to be funded with the proceeds of any Series of Bonds pursuant to the laws of the State.

“Project Fund” shall mean the Project Fund created and established pursuant to Section 16(F) of this Ordinance.

“Prudent Utility Practice” shall mean, in respect of any particular municipal utility industry, any of the practices, methods and acts which, in the exercise of reasonable judgment, in light of the facts, including without limitation geographic location, including but not limited to the practices, methods and acts engaged in or approved by a significant portion of such utility industry prior thereto, known at the time the decision was made, would have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety, and expedition. It is recognized that Prudent Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather is a

spectrum of possible practices, methods or acts which could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition.

“Qualified Agreement” means, to the extent from time to time permitted pursuant to law, any contract or contracts entered into in connection with Bonds under which payments are, in whole or in part, based on interest rate, cash flow, or other basis desired by the Issuer, including, without limitation, contracts commonly known as current or forward interest rate swap or swaption agreements and interest rate floors or caps. Notwithstanding anything herein to the contrary, “Qualified Agreement” shall not include goods and service supply contracts.

“Qualified Agreement Provider” means, an entity whose senior long term obligations, other senior long term obligations or claims paying ability or whose payment obligations under a Qualified Agreement are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability are rated at the time of execution of such Qualified Agreement at least as high as A3 by Moody's, and A- by S&P.

“Qualified Independent Consultant” shall mean one or more qualified and recognized independent consultants, having favorable repute, skill and experience with respect to the acts and duties of the Qualified Independent Consultant to be provided to the Issuer, as shall from time to time be retained by the Issuer to perform the acts and carry out the duties herein provided for such consultants.

“Rate Stabilization Fund” shall mean the “Rate Stabilization Fund” established pursuant to Section 16 of this Ordinance.

“Record Date” shall mean each date that is on the 15th day of the calendar month immediately preceding an interest payment date on the Bonds.

“Redemption Account” shall mean the special account of the same name created within the Debt Service Fund.

“Refunding Bonds” shall mean that amount of any Series of Bonds, the proceeds of which will be applied to the refunding of any previously issued Bonds.

“Registrar” shall mean any registrar for the Bonds appointed by or pursuant to Supplemental Resolution and its successors and assigns, which can be the Issuer, and any other Person which may at any time be substituted in its place pursuant to Supplemental Resolution. Once appointed, no resignation or removal of the Registrar shall become effective until a successor has been appointed and has accepted the duties of Registrar. The Insurers of Bonds shall be furnished with written notice of the resignation or removal of the Registrar and the appointment of any successor thereto. Nothing herein shall prohibit the Issuer from serving as Registrar hereunder.

“Reimbursement Obligation” shall have the meaning set forth in Section 28 hereof.

“Renewal and Replacement Fund” shall mean the Renewal and Replacement Fund created and established pursuant to Section 16 of this Ordinance.

“Reserve Fund” shall mean the Reserve Fund created and established pursuant to Section 16 of this Ordinance.

“Reserve Fund Insurance Policy” shall mean an insurance policy or surety bond deposited in the Reserve Fund in lieu of or in substitution for cash on deposit therein pursuant to Section 20(B)(3) hereof.

“Reserve Fund Letter of Credit” shall mean an unconditional irrevocable letter of credit or line of credit (other than a Reserve Fund Insurance Policy) deposited in the Reserve Fund in lieu of or in substitution for cash on deposit therein pursuant to Section 20(B)(3) hereof.

“Reserve Requirement” shall have such meaning or meanings as set forth in Supplemental Resolution(s) and may be made applicable to the Reserve Fund as a whole and/or to reserve accounts therein.

“Revenue Fund” shall mean the Revenue Fund created and established pursuant to Section 16(A) of this Ordinance.

“Serial Bonds” shall mean all of the Bonds other than Term Bonds.

“Series” or “Series of Bonds” or “Bonds of a Series” shall mean all Bonds designated as being of the same Series issued and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter delivered in lieu thereof or in substitution therefor pursuant to this Ordinance.

“Sewer System” shall mean the complete sewer system now owned, operated and maintained by the Issuer and which the Issuer is, or shall be responsible for maintaining, together with any and all acquisitions, improvements, extensions and additions thereto, hereafter constructed or acquired, together with all lands or interests therein, including plants, buildings, machinery, franchises, pipes, mains, fixtures, equipment and all property, real or personal, tangible or intangible (including agreements for the providing of such services), now or hereafter constructed and/or owned or used in connection therewith.

“S&P” shall mean S&P Global Ratings and any assigns and successors thereto.

“State” shall mean the State of Florida.

“Stormwater System” shall mean the stormwater management system operated by the Issuer and which the Issuer is responsible for maintaining, together with any and all improvements, extensions and additions thereto hereafter constructed or acquired, together with all lands or interests therein, including plants, buildings, machinery, franchises, pipes, mains, fixtures, equipment and all property, real or personal, tangible or intangible (including

agreements for the provision of such services), now or hereafter owned or used in connection therewith.

“Subordinated Debt” shall mean any obligations payable on a junior, inferior and subordinate basis under Section 20(Q) hereof.

“Subordinated Debt Service Fund” shall mean the Subordinated Debt Service Fund.

“Supplemental Ordinance” shall mean any ordinance of the Issuer amending or supplementing this Ordinance enacted and becoming effective in accordance with the terms of Sections 22 and 23 hereof.

“Supplemental Resolution” shall mean any resolution of the Issuer supplementing this Ordinance.

“System” or “Utility System” shall mean, collectively, the Water System, the Sewer System and the Stormwater System of the Issuer. Upon compliance with the provisions of Section 26 hereof, the term “System” may be deemed to include other utility functions added to the System, including, but not limited to the acquisition, distribution and sale of natural gas, the providing of electricity, the providing of cable television services, the providing of telecommunication services or other utility functions that are authorized from time to time pursuant to the Act. Notwithstanding the foregoing definition of the term System, subject to satisfaction of the requirements in Section 20(G) hereof, such term shall not include any properties or interest in properties of the Issuer which the Issuer determines shall not constitute a part of the System for the purpose of this Ordinance.

“Taxable Bond” shall mean any Bond which states, in the body thereof, that the interest income thereon is includable in the gross income of the Holder thereof for federal income tax purposes or that such interest is subject to federal income taxation.

“Term Bonds” shall mean the Bonds other than Serial Bonds which shall be stated to mature on one date, and shall have such Amortization Installments, as shall be determined by Supplemental Resolution of the Issuer.

“Variable Rate Bonds” shall mean obligations issued with a variable, adjustable, convertible or other similar rate which is not fixed in percentage at the date of issue for the entire term thereof as shall be determined by Supplemental Resolution of the Issuer.

“Water System” shall mean the complete water system now owned, operated and maintained by the Issuer or which is proposed to be acquired by and operated and maintained by the Issuer and which the Issuer is, or shall be responsible for maintaining, together with any and all acquisitions, improvements, extensions and additions thereto, hereafter constructed or acquired, together with all lands or interests therein, including plants, buildings, machinery, franchises, pipes, mains, fixtures, equipment and all property, real or personal, tangible or

intangible (including agreements for the providing of such services), now or hereafter constructed and/or owned or used in connection therewith.

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

Words importing the masculine gender include every other gender. Words importing the singular number include the plural number, and vice versa.

SECTION 3. Findings. It is hereby ascertained, determined and declared that:

(A) The Issuer currently owns, operates and maintains the System and derives Revenues from rates, fees, rentals and other charges made and collected for the services of such System. The Net Revenues are not now pledged or encumbered in any manner, except for the Parity Debt.

(B) The Issuer deems it a public purpose and deems it necessary, beneficial and in its best interest to provide for the financing or refinancing of the Projects.

(C) Any Series of Bonds shall be issued upon approval by Supplemental Resolution of the Issuer and compliance with the terms hereof. The proceeds of any Series of Bonds shall be applied as provided in a Supplemental Resolution.

(D) The principal of and interest and redemption premium, if any, on the Bonds and all reserve and other payments contemplated hereunder shall be payable from and secured solely by the Pledged Revenues. The Issuer shall never be required to levy ad valorem taxes on any real or personal property therein to pay the principal of and interest on the Bonds herein authorized or to make any other payments provided for herein. The Bonds shall not constitute a lien upon any properties owned by or located within the boundaries of the Issuer or upon any property other than the Pledged Revenues.

(E) The Pledged Revenues should be sufficient to pay all principal of and interest and redemption premium on the Bonds to be issued hereunder as the same become due, and to make all required deposits or payments required by this Ordinance.

SECTION 4. Authorization of Projects. The Issuer hereby authorizes the Projects.

SECTION 5. This Ordinance to Constitute 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 Ordinance shall be deemed to be and shall constitute a contract between the Issuer and such Holders. The covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the legal Holders of any and all of the 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.

SECTION 6. Authorization of Bonds. Subject and pursuant to the provisions hereof, obligations of the Issuer to be known as "Utility System Revenue Bonds" which may be issued in one or more series from time to time are hereby authorized to be issued. The aggregate principal amount of the Bonds which may be executed and delivered under this Ordinance is not limited except as is or may hereafter be provided in this Ordinance or as limited by the Act or by law.

The Bonds may, if and when authorized by the Issuer pursuant to this Ordinance, be issued in one or more Series, with such further appropriate particular designations added to or incorporated in such title for the Bonds of any particular Series as the Issuer may determine by Supplemental Resolution and as may be necessary to distinguish such Bonds from the Bonds of any other Series. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs. A series of Bonds to be known as the "Utility System Revenue Bonds, Series 2023" is hereby authorized to be issued.

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

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

Each Serial or Term Bond shall bear interest from the interest payment date next preceding the date on which it is authenticated, unless authenticated on an interest payment date, in which case it shall bear interest from such interest payment date, or, unless authenticated prior to the first interest payment date, in which case it shall bear interest from its date; provided, however, that if at the time of authentication, payment of any interest which is due and payable has not been made, such Serial or Term Bond shall bear interest from the date to which interest shall have been paid.

Unless otherwise set forth in a Supplemental Resolution adopted prior to the issuance of a Series of Bonds, interest shall be calculated based upon a 360-day year consisting of twelve-30 day months.

The principal of and the interest and redemption premium, if any, on such Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The interest on the Serial or Term Bonds shall be payable by the Paying Agent on each interest payment date, or the first business day following an interest payment date if such interest

payment date is not a business day, to the Person appearing on the registration books of the Issuer hereinafter provided for as the registered Holder thereof, except as otherwise provided by the Supplemental Resolution, by check or draft mailed to such registered Holder at their address as it appears on such registration books or by wire transfer to Holders of \$1,000,000 or more in principal amount of such Bonds. Unless otherwise provided for in the Supplemental Resolution, payment of the principal of all Serial or Term Bonds (reduced by any Amortization Installments previously paid by the Issuer on any Term Bonds) shall be made upon the presentation and surrender of such Bonds as the same shall become due and payable.

SECTION 7. Execution of Bonds. The Bonds in the form set forth in Section 15 shall be signed by, or bear the facsimile signature of the Mayor and the City Manager and shall be attested by, or bear the facsimile signature of, the City Clerk, shall be approved as to form for use and reliance by the Issuer only, by the City Attorney, and a facsimile of the official seal of the Issuer shall be imprinted on the Bonds.

In case any officer whose signature or a facsimile of whose signature shall appear on any Bonds shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if such Person remained in office until such delivery. Any Bond may bear the facsimile signature of or may be signed by such persons who, at the actual time of the execution of such Bond, shall be the proper officers to sign such Bonds although, at the date of such Bond, such persons may not have been such officers.

SECTION 9. Authentication of Bonds. Only such of the Bonds as shall have endorsed thereon a certificate of authentication substantially in the form hereinbelow set forth, duly executed by the Registrar, as authenticating agent, shall be entitled to any benefit or security under this Ordinance. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Registrar and such certificate of the Registrar upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Ordinance. The Registrar's certificate of authentication on any Bond shall be deemed to have been duly executed if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the certificate of authentication of all of the Bonds that may be issued hereunder at any one time.

SECTION 10. Exchange of Bonds. Any Bonds, upon surrender thereof at the designated office of the Registrar, together with an assignment duly executed by the Bondholder or his attorney or legal representative in such form as shall be satisfactory to the Registrar, may, at the option of the Bondholder, be exchanged for an aggregate principal amount of Bonds of the same Series equal to the principal amount of the Bond or Bonds so surrendered.

The Registrar shall make provisions for the exchange of Bonds at the designated office of the Registrar.

SECTION 11. Negotiability, Registration and Transfer of Bonds. The Registrar shall keep books for the registration of and for the registration of transfers of Bonds as provided in

this Ordinance. The transfer of any Bonds may be registered only upon such books and only upon surrender thereof to the Registrar together with an assignment duly executed by the Bondholder or his attorney or legal representative in such form as shall be satisfactory to the Registrar. Upon any such registration of transfer, the Issuer shall execute and the Registrar shall authenticate and deliver in exchange for such Bond, a new Bond or Bonds registered in the name of the transferee, and in an aggregate principal amount equal to the principal amount of such Bond or Bonds so surrendered and of the same Series.

In all cases in which Bonds shall be exchanged, the Issuer shall execute and the Registrar shall authenticate and deliver, at the earliest practicable time, a new Bond or Bonds of the same type (e.g., Serial Bonds will be exchanged for Serial Bonds and Capital Appreciation Bonds will be exchanged for Capital Appreciation Bonds) and of the same Series in accordance with the provisions of this Ordinance. All Bonds surrendered in any such exchange or registration of transfer shall forthwith be canceled by the Registrar. The Issuer or the Registrar may charge for every such exchange or registration of transfer of Bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge shall be made to any Bondholder for the privilege of exchanging or registering the transfer of Bonds under the provisions of this Ordinance. Neither the Issuer nor the Registrar shall be required to make any such exchange, registration or transfer of Bonds after the Record Date.

SECTION 12. Ownership of Bonds. The Person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal or redemption price of any such Bond, and the interest on any such Bonds shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond including the premium, if any, and interest thereon to the extent of the sum or sums so paid.

SECTION 13. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated, or be destroyed, stolen or lost, the Issuer may, in its discretion, cause to be executed, and the Registrar shall authenticate and deliver, a new Bond of like date and tenor as the Bond so mutilated, destroyed, stolen or lost (e.g., Serial Bonds shall be issued in exchange for Serial Bonds and Capital Appreciation Bonds shall be issued in exchange for Capital Appreciation Bonds) in exchange and substitution for such mutilated Bond upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder furnishing the Issuer and the Registrar proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer and the Registrar may prescribe and paying such expenses as the Issuer and the Registrar may incur. All Bonds so surrendered shall be canceled by the Issuer. If any of the Bonds shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Bonds issued pursuant to this Section 13 shall constitute original, additional contractual obligations on the part of the Issuer 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 funds, as hereinafter pledged, to the same extent as all other Bonds issued hereunder.

SECTION 14. Provisions for Redemption. The Bonds shall be subject to redemption prior to their maturity, at the option of the Issuer, at such times and in such manner as shall be fixed by Supplemental Resolution of the Issuer prior to or at the time of sale of such Bonds. The provisions of this Section may be modified as to any Series of Bonds by Supplemental Resolution adopted prior to the issuance thereof.

Unless otherwise provided for in the Supplemental Resolution, notice of such redemption shall, at least thirty (30) days prior to the redemption date, be filed with the Registrar, and mailed by the Registrar on behalf of the Issuer, first class mail, postage prepaid, to all Holders of Bonds, or by electronic means, to be redeemed at their addresses as they appear on the registration books hereinbefore provided for on the Record Date, but failure to mail such notice to one or more Holders of such Bonds, or any defect therein, shall not affect the validity of the proceedings for such redemption with respect to Holders of Bonds to which notice was duly mailed hereunder and no defect occurred. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of such Bonds, of one maturity are to be called, the distinctive numbers of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed.

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

Any notice of optional redemption given pursuant to this Section 14 may state that it is conditional upon receipt by the Paying Agent of moneys sufficient to pay the redemption price, plus interest accrued to the redemption date, or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price and accrued interest if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission shall be given by the Paying Agent to affected Holders of such Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event.

Official notice of redemption having been given as aforesaid, such Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear

interest. Unless otherwise provided for in the Supplemental Resolution, upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the redemption price. Each check or other transfer of funds issued by the Registrar for the purpose of the payment of the redemption price of Bonds being redeemed shall bear the CUSIP number, if any, identifying, by issue and maturity, such Bonds being redeemed with the proceeds of such check or other transfer. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any such Bond, there shall be prepared for the Holder a new Bond or Bonds of the same maturity in the amount of the unpaid principal of such partially redeemed Bond. All such Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

SECTION 15. Form of Bonds. The text of the Bonds, together with the certificate of authentication to be endorsed therein, shall be in substantially the following form, with such omissions, insertions and variations (e.g., to change reference from bonds to notes in issue names, if desired) as may be necessary, desirable, authorized or permitted by this Ordinance or by any Supplemental Resolution adopted prior to the issuance of a Series of Bonds, or as may be necessary if such Bonds or a portion thereof are issued as Capital Appreciation Bonds, Capital Appreciation Income Bonds, Option Bonds, Variable Rate Bonds, or as may be necessary to comply with applicable laws, rules and regulations of the United States and of the State in effect upon the issuance thereof.

[Remainder of page intentionally left blank]

[FORM OF BOND]

No. R-_____

\$_____

CITY OF HALLANDALE BEACH, FLORIDA
UTILITY SYSTEM [REFUNDING] REVENUE [BOND(S)/NOTE(S)],
SERIES _____

MATURITY DATE: INTEREST RATE: DATED DATE: CUSIP:

Registered Owner:

Principal Amount:

The City of Hallandale Beach, Florida (hereinafter called the "Issuer") for value received, hereby promises to pay to the order of the Registered Owner identified above or registered assigns, as herein provided, on the Maturity Date identified above, upon the presentation and surrender hereof at the designated corporate trust office of _____, Florida from the sources hereinafter mentioned, the Principal Amount identified above in any coin or currency of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts, and to pay, solely from said sources, to the Registered Owner hereof by wire transfer or check transmitted to the Registered Owner at their address as it appears on the Bond registration books of the Issuer as it appears on the 15th day of the calendar month preceding the applicable interest payment date, interest on said Principal Amount at the Interest Rate per annum identified above on each _____ 1 and _____ 1 commencing _____ 1, _____ from the interest payment date next preceding the date of registration and authentication of this Bond, unless this Bond is registered and authenticated as of an interest payment date, in which case it shall bear interest from said interest payment date, or unless this Bond is registered and authenticated prior to _____, _____, in which event this Bond shall bear interest from _____/____.

(Insert Optional and/or Mandatory Redemption Provisions)

Notice of such redemption shall be given in the manner required by the Bond Ordinance (as defined below).

This Bond is one of an authorized issue of Bonds in the aggregate principal amount of \$_____ of like date, tenor and effect, except as to number, principal amount, maturity, redemption provisions and interest rate, issued to _____, all in full compliance with Article VIII, Section 2 of the Constitution of the State of Florida, Chapter 166, Florida Statutes, the municipal charter of the City of Hallandale Beach, Florida, and other applicable provisions of law and Ordinance No. _____ duly enacted by the Issuer on _____, as amended and supplemented from time to time, and particularly as supplemented by Resolution

No. __-__ duly adopted by the Issuer on _____, 20__ (hereinafter collectively called the "Bond Ordinance") and is subject to all the terms and conditions of such Bond Ordinance. All capitalized undefined terms used herein shall have the meanings set forth in the Bond Ordinance.

[On parity and equal status with the _____,] this Bond is payable solely from and secured by the Pledged Revenues, in the manner and to the extent provided in the Bond Ordinance.

This Bond does not constitute a general indebtedness of the Issuer within the meaning of any constitutional, statutory or charter provision or limitation, and it is expressly agreed by the Holder of this Bond that such Bondholder shall never have the right to require or compel the exercise of the ad valorem taxing power of the Issuer or taxation of any real or personal property therein for the payment of the principal of and interest on this Bond or the making of any debt service fund, reserve or other payments provided for in the Bond Ordinance.

It is further agreed between the Issuer and the Holder of this Bond that this Bond and the indebtedness evidenced thereby shall not constitute a lien upon the System, or any part thereof, or on any other property of or in the Issuer, but shall constitute a lien only on the Pledged Revenues, all in the manner provided in the Bond Ordinance.

The Issuer has covenanted, in the Ordinance, to fix, establish, revise from time to time whenever necessary, maintain and collect always such fees, rates, rentals and other charges for the use of the products, services and facilities of the System which will always provide, Net Revenues in each Fiscal Year sufficient to pay one hundred twenty percent (120%) of the Debt Service Requirement on all Outstanding Bonds in the applicable Bond Year.

In addition, such Net Revenues in each Fiscal Year shall also be sufficient to provide one hundred percent (100%) of any amounts required by the terms of the Ordinance to be deposited into the Reserve Fund (including any account therein), if any, or with any Credit Facility Issuer as a result of a withdrawal from the Reserve Fund (including any account therein), if applicable, the Renewal and Replacement Fund and debt service on other obligations payable from the Revenues of the System (including, but not limited to Subordinated Debt), and other payments, and all allocations and applications of revenues in the Ordinance required in such Fiscal Year. Net Revenues will not be reduced so as to render them insufficient to provide Revenues for the purposes provided therefor by the Ordinance.

The Issuer has entered into certain further covenants with the Holders of the Bonds of this issue for the terms of which reference is made to the Bond Ordinance.

It is certified that this Bond is authorized by and is issued in conformity with the requirements of the Constitution and Statutes of the State of Florida.

This Bond is and has all the qualities and incidents of a negotiable instrument under Article 3 of the Uniform Commercial Code, the State of Florida, Chapter 673, Florida Statutes, as amended.

The transfer of this Bond is registrable by the Bondholder hereof in Person or by his attorney or legal representative at the designated corporate trust office of the Registrar but only in the manner and subject to the conditions provided in the Bond Ordinance and upon surrender and cancellation of this Bond.

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

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the City of Hallandale Beach, Florida has caused this Bond to be executed in its name by the manual signature of the Mayor and the City Manager, attested by the manual signature of its City Clerk and approved as to form by its City Attorney, and its seal to be impressed hereon, all as of this ____ day of _____, 20__.

CITY OF HALLANDALE BEACH, FLORIDA

(SEAL)

By: _____
Name: _____
Title: Mayor

ATTEST:

By: _____
Name: _____
Title: City Clerk

Approved as to Form and Sufficiency:

By: _____
Name: _____
Title: Special Bond Counsel

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds issued under the provisions of the within mentioned Ordinance.

Date of Authentication:

Registrar, as Authenticating Agent

By: _____

Authorized Officer

ASSIGNMENT AND TRANSFER

For value received the undersigned hereby sells, assigns and transfers unto _____
_____(Please insert Social Security or other identifying number of transferee) _____
_____ the attached bond of the City of Hallandale Beach, Florida, and does hereby
constitute and appoint, _____, attorney, to transfer the said Bond on the
books kept for Registration thereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed by _____
[member firm of the New York Stock
Exchange or a commercial bank or a trust
company.]

By: _____
Authorized Officer

NOTICE: No transfer will be registered and
no new Bonds will be issued in the name of
the transferee, unless the signature to this
assignment corresponds with the name as it
appears upon the face of the within Bond in
every particular, without alteration or
enlargement or any change whatever and the
Social Security or Federal Employer
Identification Number of the transferee is
supplied.

[END OF FORM OF BOND]

SECTION 16. Creation of Funds. There are hereby created and established the following funds and accounts, which funds and accounts shall be trust funds held by the Finance Director for the purposes herein provided and used only in the manner herein provided:

(A) The "City of Hallandale Beach Utility System Revenue Fund" (hereinafter sometimes called the "Revenue Fund") to be held by the Issuer and to the credit of which deposits of Gross Revenues shall be made as required by Section 20(A) hereof.

(B) The "City of Hallandale Beach Utility System Debt Service Fund" (hereinafter sometimes called the "Debt Service Fund") to be held by the Issuer and to the credit of which deposits shall be made as required by Section 20(B)(2) hereof. In such Fund there shall be maintained the following accounts: the Principal Account, the Interest Account, the Parity Contract Obligation Account and the Redemption Account. In such Fund, there may hereafter be established subaccounts pursuant to Supplemental Resolution.

(C) The "City of Hallandale Beach Utility System Reserve Fund" (hereinafter sometimes called the "Reserve Fund") to be held by the Issuer and to the credit of which deposits shall be made as required by Section 20(B)(3) hereof. In such Fund, there may hereafter be established accounts pursuant to Supplemental Resolution.

(D) The "City of Hallandale Beach Utility System Subordinated Debt Service Fund" (hereinafter sometimes called the "Subordinated Debt Service Fund") to be held by the Issuer and to the credit of which deposits shall be made as required by Section 20(B)(4) hereof.

(E) The "City of Hallandale Beach Utility System Renewal and Replacement Fund" (hereinafter sometimes called the "Renewal and Replacement Fund") to be held by the Issuer and to the credit of which deposits shall be made as required by Section 20(B)(5) hereof.

(F) The "City of Hallandale Beach Utility System Project Fund" (hereinafter sometimes called the "Project Fund") to be held by the Issuer and to the credit of which deposits shall be made as required by Section 18 hereof. Within such fund there shall be created, established and maintained separate accounts for each Series of Bonds.

(G) The "City of Hallandale Beach Utility System Rate Stabilization Fund" (hereinafter sometimes called the "Rate Stabilization Fund") to be held by the Issuer and to the credit of which deposits may be made as required by Section 20(R) hereof.

(H) The "City of Hallandale Beach Utility System Surplus Fund" (hereinafter sometimes called the "Surplus Fund") to be held by the Issuer and to the credit of which deposits may be made as required by Section 20(B)(6) hereof.

The Revenue Fund, the Debt Service Fund (including the accounts therein), the Reserve Fund (including any accounts therein), the Renewal and Replacement Fund, the Project Fund, the Rate Stabilization Fund, the Surplus Fund and any other special funds herein established

and created shall be deemed to be held in trust for the purposes provided herein for such funds. The money in all such funds shall be continuously secured in the same manner as state and municipal deposits are authorized to be secured by the laws of the State.

Notwithstanding anything herein to the contrary, the cash required to be accounted for in each of the funds and accounts described in this Section 16 may be deposited in a single bank account, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the cash on deposit therein for the various purposes of such funds and accounts as herein and therein provided. The designation and establishment of the various funds in and by this Ordinance shall not be construed to require the establishment of any completely independent, self-balancing funds as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenues and assets of the System for certain purposes and to establish certain priorities for application of such revenues and assets as herein provided.

The Issuer may at any time and from time to time appoint one or more depositaries to hold, for the benefit of the Bondholders, any one or more of the funds, accounts and subaccounts established hereby. Such depository or depositaries shall perform at the direction of the Issuer the duties of the Issuer in depositing, transferring and disbursing moneys to and from each of such funds and accounts as herein set forth, and all records of such depository in performing such duties shall be open at all reasonable times to inspection by the Issuer and its agent and employees. Any such depository shall be a bank or trust company duly authorized to exercise corporate trust powers and subject to examination by federal or state authority, of good standing, and having a combined capital, surplus and undivided profits aggregating not less than fifty million dollars (\$50,000,000).

SECTION 17. Application of Bond Proceeds. The proceeds, including accrued interest and premium, if any, received from the sale of a Series of the Bonds shall be applied by the Issuer simultaneously with the delivery of such Series of the Bonds to the purchaser thereof, as provided in a Supplemental Resolution adopted at or prior to sale of such Series of the Bonds.

SECTION 18. Disbursements from Project Fund. Moneys on deposit from time to time in the Project Fund shall be used to pay or reimburse the following Project Costs:

(A) Costs incurred directly or indirectly for or in connection with a Project or a proposed or future Project including, but not limited to, those for preliminary planning and studies, architectural, construction management services, legal, financial, engineering and supervisory services, labor, services, materials, equipment, accounts receivable, acquisitions, land, rights-of-way, improvements and installation;

(B) Premiums attributable to all insurance required to be taken out and maintained during the period of construction with respect to a Project to be acquired or constructed, the premium on each surety bond, if any, required with respect to work on such facilities, and taxes, assessments and other charges hereof that may become payable during the period of construction with respect to such a Project;

(C) Costs incurred directly or indirectly in seeking to enforce any remedy against a contractor or subcontractor in respect of any default under a contract relating to a Project or costs incurred directly or indirectly in defending any claim by a contractor or subcontractor with respect to a Project;

(D) Financial, legal, accounting, appraisals, title evidence and printing and engraving fees, charges and expenses, and all other such fees, charges and expenses incurred in connection with the authorization, sale, issuance and delivery of such Series of Bonds;

(E) Capitalized interest funded from Bond proceeds, if any, for a reasonable period of time;

(F) Any other incidental and necessary costs including without limitation any expenses, fees and charges relating to the acquisition, construction or installation of a Project, and the making of extraordinary repairs, renewals and replacements, decommissioning or retirement of any portion of the System, including the cost of temporary employees of the Issuer retained to carry out duties in connection with the acquisition, construction or erection of a Project and costs related to transition of such Project into ownership by the Issuer;

(G) Costs incurred directly or indirectly in placing any Project in operation in order that completion of such Project may occur;

(H) Costs of acquiring an existing utility system from a Person, including but not limited to the costs relating to any real estate transaction related thereto;

(I) Any other costs relating to the System authorized pursuant to a Supplemental Resolution of the Issuer and permitted under the laws of the State subject to the prior written approval of Bond Counsel; and

(J) Reimbursements to the Issuer for any of the above items hereinbefore paid by or on behalf of the Issuer, to the extent deemed permissible by Bond Counsel.

Notwithstanding anything else in this Ordinance to the contrary, in the Event of Default, the Holders of Bonds (or, if the Holders have appointed a trustee or a receiver shall have been appointed) the trustee or receiver acting for the Holders of Bonds shall, to the extent there are no other available funds held hereunder, use the remaining funds in each account in the Project Fund to pay principal and interest on the Series of Bonds to which it was established.

SECTION 19. Special Obligations of Issuer. The Bonds shall not be or constitute general obligations or indebtedness of the Issuer as "bonds" within the meaning of the Constitution of the State, but shall be payable from and secured solely by a first lien upon and a pledge of the Pledged Revenues as herein provided. No Holder or Holders of any Bonds issued hereunder or Qualified Agreement Provider shall ever have the right to compel the exercise of the ad valorem taxing power of the Issuer or taxation in any form of any real or personal property therein, or to compel the Issuer to pay such principal and interest from any other funds of the Issuer.

The payment of principal of and interest on the Bonds shall be secured forthwith equally and ratably by, and the Issuer hereby grants to the Bondholders and any Qualified Agreement Provider (to the extent set forth in the related Qualified Agreement) an irrevocable lien on the Pledged Revenues, prior and superior to all other liens or encumbrances on such Pledged Revenues and the Issuer does hereby irrevocably pledge such Pledged Revenues to the payment of the principal of, redemption premium, if any, and interest on the Bonds, for the reserves therefor and for all other payments required hereunder. Such amounts hereby pledged and assigned shall immediately be subject to the lien of this pledge without any further physical delivery thereof or any further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Issuer, irrespective of whether such parties have notice thereof.

SECTION 20. Covenants of the Issuer. For so long as any of the principal of and interest on any of the Bonds shall be Outstanding and unpaid or amounts shall be owed by the Issuer under any Qualified Agreement or until the Issuer has made provision for payment of principal, interest and redemption premiums, if any, with respect to the Bonds, as provided herein, the Issuer covenants with the Holders of any and all Bonds and any Qualified Agreement Provider as follows:

(A) REVENUE FUND. All Gross Revenues of the System and any direct subsidy payments received from the United States Treasury relating to Direct Subsidy Bonds or any other interest subsidy or similar payments made by the Federal government shall, upon receipt thereof, be deposited in the Revenue Fund. All deposits into such Revenue Fund shall be deemed to be held in trust for the purposes herein provided and used only for the purposes and in the manner herein provided.

(B) DISPOSITION OF REVENUES. All amounts on deposit in the Revenue Fund shall be disposed of monthly, but not later than the twenty-fifth (25th) day of each month commencing in the month immediately following the delivery of the first Series of Bonds issued hereunder only in the following manner and the following order of priority:

(1) The Issuer shall first fund the Cost of Operation and Maintenance for the next month.

(2) The Issuer shall next deposit into the Debt Service Fund and credit to the following accounts, in the following order (except that payments into the Interest Account and the Parity Contract Obligations Account shall be on parity with each other, and the payments into the Principal Account and the Redemption Account shall be on a parity with each other), the following identified sums:

(a) Interest Account: Taking into account actual and anticipated earnings in the Interest Account of the Debt Service Fund within the current Bond Year, such sum as will be sufficient to pay one-sixth (1/6th) of all interest coming due on all Outstanding Bonds and the Parity Debt on the next interest payment date; provided, however, that monthly deposits of interest, or portions

thereof, shall not be required to be made to the extent that money on deposit within such Interest Account is sufficient for such purpose. In the event the Issuer has issued Variable Rate Bonds pursuant to the provisions hereof, amounts transferred from the Revenue Fund shall be deposited at such other or additional times and amounts as necessary to pay any interest coming due on such Variable Rate Bonds on the next interest payment date, all in the manner provided in a Supplemental Resolution of the Issuer. Any monthly payment from such amounts to be deposited as set forth above, for the purpose of meeting interest payments for any Series of Bonds, shall be adjusted, as appropriate, to reflect the frequency of interest payment dates applicable to such Series. Moneys in the Interest Account may be used only for the purposes set forth in this paragraph (a). Deposits required pursuant to the foregoing shall be increased or decreased each month to the extent required to timely pay interest next becoming due and payable after making allowance for any accrued and capitalized interest, and to make up any deficiency or loss that may otherwise arise in such fund or account. Any direct subsidy payments received from the United States Treasury relating to Direct Subsidy Bonds or any other interest subsidy or similar payments made by the Federal government shall be used to pay interest on Bonds issued as Direct Subsidy Bonds. If the Issuer establishes separate subaccounts for each Series, deposits into each subaccount pursuant to this paragraph (a) shall be made on a pro rata and parity basis.

(b) Parity Contract Obligations Account: Taking into account the actual and anticipated earnings in the Parity Contract Obligations Account in the Debt Service Fund within the current Bond Year, a pro rata estimated amount necessary to build up over time the amount of any Parity Contract Obligation which will next be due and payable or reasonably expected to be due and payable under any Qualified Agreement on the next payment date thereunder; provided, however, that the monthly amount to be so deposited may be adjusted, as appropriate, to reflect the frequency of payment dates thereunder (e.g., if such Parity Contract Obligations are required to be paid semi-annually, the Issuer shall be required to deposit monthly an amount which is estimated to equal one-sixth ($1/6^{\text{th}}$) of the next such payment). Moneys in the Parity Contract Obligations Account may be used only for the purposes set forth in this paragraph (b). Deposits required pursuant to the foregoing shall be increased or decreased each month to the extent required to timely pay Parity Contract Obligations next becoming due and payable and to make up any deficiency or loss that may otherwise arise in such fund or account. If the Issuer establishes separate subaccounts for each Series, deposits into each subaccount pursuant to this paragraph (b) shall be made on a pro rata and parity basis.

(c) Principal Account: Taking into account actual and anticipated earnings in the Principal Account of the Debt Service Fund within the current Bond Year, such sum as will be sufficient to pay one-twelfth ($1/12^{\text{th}}$) of the

principal amount of the Outstanding Bonds and Parity Debt which will mature and become due on such annual maturity dates beginning the month which is twelve (12) months prior to the first principal maturity date; provided, however, that monthly deposits for principal, or portions thereof, shall not be required to be made to the extent that money on deposit within such Principal Account is sufficient for such purpose. Any monthly payment from amounts transferred from the Revenue Fund to be deposited as set forth above, for the purpose of meeting principal payments for any Series of Bonds, shall be adjusted, as appropriate, to reflect the frequency of principal payment dates applicable to such Series. Moneys in the Principal Account may be used only for the purposes set forth in this paragraph (c). Deposits required pursuant to the foregoing shall be increased or decreased each month to the extent required to timely pay principal next becoming due and payable and to make up any deficiency or loss that may otherwise arise in such fund or account. If the Issuer establishes separate subaccounts for each Series, deposits into each subaccount pursuant to this paragraph (c) shall be made on a pro rata and parity basis.

(d) Redemption Account: Taking into account actual and anticipated earnings in the Redemption Account of the Debt Service Fund within the current Bond Year, such sum as will be sufficient to pay one-twelfth (1/12th) of any Amortization Installment established for the mandatory redemption of Outstanding Bonds and Parity Debt on such annual maturity date beginning the month which is twelve (12) months prior to the first Amortization Installment date; provided, however, that monthly deposits into the Redemption Account, or portions thereof, shall not be required to be made to the extent that money on deposit in the Redemption Account is sufficient for such purpose. Any monthly payment from amounts transferred from the Revenue Fund to be deposited as set forth above, for the purpose of meeting Amortization Installments for any Series of Bonds, shall be adjusted, as appropriate, to reflect the frequency of dates established for Amortization Installments applicable to such Series. The moneys in the Redemption Account shall be used solely for the purchase or redemption of the Term Bonds payable therefrom. The Issuer may at any time purchase any of said Term Bonds at prices not greater than the then redemption price of said Term Bonds. If the Term Bonds are not then redeemable prior to maturity, the Issuer may purchase said Term Bonds at prices not greater than the redemption price of such Term Bonds on the next ensuing redemption date. If Term Bonds are so purchased by the Issuer, the Issuer shall credit the account of such purchased Term Bonds against any current Amortization Installment to be paid by the Issuer. If the Issuer shall purchase or call for redemption in any year Term Bonds in excess of the Amortization Installment requirement for such year, such excess of Term Bonds so purchased or redeemed shall be credited in such manner and at such times as the Issuer shall determine. Moneys in the Redemption Account in the Debt Service Fund may be used only for the

purposes set forth in this paragraph (d). Deposits required pursuant to the foregoing shall be increased or decreased each month to the extent required to timely pay Amortization Installments next becoming due and payable and to make up any deficiency or loss that may otherwise arise in such fund or account. If the Issuer establishes separate subaccounts for each Series, deposits into each subaccount pursuant to this paragraph (d) shall be made on a pro rata and parity basis.

(3) To the extent that the amounts on deposit in the Reserve Fund (or any account therein) are less than the applicable Reserve Requirement, the Issuer shall next make deposits into the Reserve Fund (or any account therein) in the manner described below from moneys remaining in the Revenue Fund. Any withdrawals from the Reserve Fund (or any account therein) shall be subsequently restored from the first moneys available in the Revenue Fund, after all required current payments for Cost of Operation and Maintenance as set forth above and all current applications and allocations to the Debt Service Fund, including all deficiencies for prior payments have been made in full. Notwithstanding the foregoing, in case of withdrawal from the Reserve Fund (or any account therein), in no event shall the Issuer be required to deposit into the Reserve Fund (or any account therein) an amount greater than that amount necessary to ensure that the difference between the applicable Reserve Requirement and the amounts on deposit in the Reserve Fund (or any account therein) on the date of calculation shall be restored not later than seventy two (72) months after the date of such deficiency (assuming equal monthly payments into the Reserve Fund (or any account therein) for such seventy two (72) month period starting in the 13th month with no required deposits during the first twelve (12) month period).

Notwithstanding anything herein to the contrary, the Issuer may establish a separate account in the Reserve Fund for any Series of Bonds and provide a pledge of such account to the payment of such Series of Bonds apart from the pledge provided herein. To the extent a Series of Bonds is secured separately by an account of the Reserve Fund, the Holders of such Bonds shall not be secured by any other moneys in the Reserve Fund or any other account therein. Moneys in a separate account of the Reserve Fund shall be maintained at the Reserve Requirement applicable to such Series of Bonds secured by the account; provided the Supplemental Resolution authorizing such Series of Bonds may establish the Reserve Requirement relating to such separate account of the Reserve Fund at such level as the Issuer deems appropriate. Moneys shall be deposited in the separate accounts in the Reserve Fund on a pro-rata basis.

Notwithstanding the foregoing, in lieu of or in substitution for the required deposits into the Reserve Fund (or any account therein), the Issuer may cause to be deposited into the Reserve Fund (or any account therein) a Reserve Fund Insurance Policy and/or a Reserve Fund Letter of Credit in an amount equal to the difference between the applicable Reserve Requirement and the sums then on deposit in the

Reserve Fund (or any account therein) plus the amounts to be deposited therein pursuant to the preceding paragraph.

In the event the Reserve Fund (or any account therein) contains both a Reserve Fund Insurance Policy or Reserve Fund Letter of Credit and cash, the cash shall be drawn down completely prior to any draw on the Reserve Fund Insurance Policy or Reserve Fund Letter of Credit. In the event more than one Reserve Fund Insurance Policy or Reserve Fund Letter of Credit is on deposit in the Reserve Fund (or any account therein), amounts required to be drawn thereon shall be done on a pro-rata basis calculated by reference to the maximum amounts available thereunder.

Moneys in the Reserve Fund and accounts therein shall be used only for the purpose of the payment of Amortization Installments, principal of, or interest on the Outstanding Bonds secured thereby when the other moneys allocated to the Debt Service Fund are insufficient therefor, and for no other purpose.

Permitted Investments on deposit in the Reserve Fund (or any account therein) shall be valued at fair value pursuant to generally accepted accounting principles at least annually. In the event of the refunding of any Series of Bonds, the Issuer may withdraw from the Reserve Fund or account securing such Series, all or any portion of the amounts accumulated therein with respect to the Bonds being refunded and deposit such amounts as required by the Supplemental Resolution authorizing the refunding of such Series of Bonds; provided that such withdrawal shall not be made unless (a) immediately thereafter, the Bonds being refunded shall be deemed to have been paid pursuant to the provisions hereof, and (b) the amount remaining in the Reserve Fund (or any account therein) after giving effect to the issuance of such refunding obligations and the disposition of the proceeds thereof shall not be less than the applicable Reserve Requirement for any Bonds then Outstanding which are secured thereby.

(4) From the moneys remaining in the Revenue Fund, the Issuer shall next deposit into the Subordinated Debt Service Fund an amount required to be paid as provided in the ordinance, resolution or agreement of the Issuer authorizing such Subordinated Debt, but for no other purposes.

(5) The Issuer shall next apply and deposit monthly from the moneys remaining on deposit in the Revenue Fund into the Renewal and Replacement Fund, an amount at least equal to one-twelfth (1/12th) of five percent (5%) of the Gross Revenues received during the immediately preceding Fiscal Year. The moneys in the Renewal and Replacement Fund shall be used only for the purpose of paying the cost of extraordinary repairs, extensions, enlargements or additions to, or the replacement of capital assets of the System or emergency repairs thereto. No further deposits shall be required to be made into the Renewal and Replacement Fund when there shall be on deposit therein an amount equal to or greater than \$500,000, or such other amount as may be determined from time to time by the Consulting Engineers. Funds on hand in the Renewal and

Replacement Fund may be used to pay current Cost of Operation and Maintenance to the extent moneys on deposit in the Revenue Fund are insufficient for such purposes. The moneys on deposit in such fund may also be used to supplement the Reserve Fund (or any account therein), if necessary, in order to prevent a default in the payment of the principal and interest on the Bonds.

(6) The balance of any moneys remaining in the Revenue Fund after the above required payments have been made shall be deposited into the Surplus Fund and may be used for any lawful purpose; provided, however, that none of such moneys shall be used for any purposes other than those hereinabove specified unless all current payments, including any deficiencies for prior payments, have been made in full and unless the Issuer shall have complied fully with all the covenants and provisions of this Ordinance.

(C) INVESTMENTS. Moneys in any fund or account created hereunder may be invested and reinvested in Permitted Investments which mature not later than the dates on which the moneys on deposit therein will be needed for the purpose of such fund. All income on such investments, except as herein otherwise provided, shall be deposited in the respective funds and accounts from which such investments were made and be used for the purposes thereof unless and until the maximum required amount (or, with respect to the Project Fund, the amount required to acquire, construct and erect the Project) is on deposit therein, and thereafter shall be deposited in the Revenue Fund.

In determining the amount of any of the payments required to be made pursuant to this Section 20(C), credit may be given for all investment income accruing to the respective funds and accounts described herein, except as otherwise provided.

(D) OPERATION AND MAINTENANCE. The Issuer will maintain the System and all parts thereof in good condition and will operate the same in an efficient and economical manner, making such expenditures for equipment and for renewals, repairs and replacements as may be proper for the economical operation and maintenance thereof.

(E) RATE COVENANT. The Issuer will fix, establish, revise from time to time whenever necessary, maintain and always collect such fees, rates, rentals and other charges for the use of the products, services and facilities of the System which will always provide Net Revenues in each Fiscal Year sufficient to pay one hundred twenty percent (120%) of the Debt Service Requirement on all Outstanding Bonds and Parity Debt in the applicable Bond Year.

In addition, such Net Revenues in each Fiscal Year shall also be sufficient to provide one hundred percent (100%) of any amounts required by the terms of this Ordinance or Supplemental Resolution to be deposited into the Reserve Fund (including any account therein), if any, or with any Credit Facility Issuer as a result of a withdrawal from the Reserve Fund (including any account therein), if applicable, the Renewal and Replacement Fund and debt service on other obligations payable from the Revenues of the System (including, but not

limited to Subordinated Debt), and other payments, and all allocations and applications of revenues in this Ordinance and/or any Supplemental Resolution required in such Fiscal Year.

Net Revenues shall not be reduced so as to render them insufficient to provide Revenues for the purposes provided therefor by this Ordinance.

The Issuer will, from time to time, as it deems necessary and appropriate, request a Qualified Independent Consultant to make recommendations as to a revisions of such fees, rates, rentals and other charges for the use of the products, services and facilities of the System and upon receiving such recommendations will make such revisions as may be necessary or proper to enable the Issuer to comply with the requirements of this Section 20(E). Notwithstanding anything to the contrary herein, the failure to meet the covenants contained in this Section 20(E) will not constitute a default or an "Event of Default" hereunder if the Issuer complies as nearly as practicable with the recommendations of the Qualified Independent Consultant in respect of rates, fees, rentals and other charges and Net Revenues are sufficient to pay the principal of, redemption premium, if any, and interest on Bonds and Subordinate Debt issued hereunder and Parity Debt that are payable in such Fiscal Year; provided, however, notwithstanding the foregoing, a failure to provide Net Revenues sufficient to pay one hundred fifteen percent (115%) of the Debt Service Requirement on all Outstanding Bonds and Parity Debt in two consecutive Fiscal Years shall constitute an Event of Default hereunder without a further opportunity to cure.

(F) BOOKS AND ACCOUNTS; AUDIT. The Issuer shall keep proper books, records and accounts, separate and apart from all other records and accounts, showing correct and complete entries of all transactions of the System, and the Holders of any of the Bonds or any duly authorized agent or agents of such Holders shall have the right at any and all reasonable times to inspect such books, records and accounts. The Issuer shall cause an audit of such books, records and accounts to be made by an independent firm of certified public accountants, following the close of each Fiscal Year of the Issuer in accordance with the applicable laws.

Copies of each such audit report shall be placed on file with the Issuer and be made available at reasonable times for inspection by Holders of the Bonds.

(G) DISPOSITION OF THE SYSTEM.

The System may be sold or otherwise disposed of as a whole or substantially as a whole, only if the net proceeds to be realized, together with other moneys available for such purpose, shall be sufficient to fully retire all of the Outstanding Bonds issued pursuant to this Ordinance and all interest thereon to their respective dates of maturity or earlier redemption dates and to make any termination payments required under any Qualified Agreement. The proceeds from such sale or other disposition of the System shall immediately be deposited first in the Debt Service Fund and then in the Subordinated Debt Service Fund and shall be used only for the purpose of paying Parity Contract Obligations, and paying the principal of and interest on the Bonds and Subordinated Debt as the same shall become due, or the redemption of callable

Bonds and Subordinated Debt, or the purchase of Bonds and Subordinated Debt at a price not greater than the redemption price of said Bonds and Subordinated Debt, or, if the Bonds or Subordinated Debt are not then redeemable prior to maturity, at prices not greater than the redemption price of such Bonds or Subordinated Debt on the next ensuing redemption date.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease, exchange or otherwise dispose of any of the tangible property or ownership interest in tangible property comprising a part of the System in the following manner, if any one of the following conditions exist: (a) such property is not necessary for the operation of the System or (b) such property is not useful in the operation of the System or (c) such property is not profitable in the operation of the System.

Prior to any sale, lease, exchange or other disposition of said property:

(1) if the amount to be received therefor is not in excess of one-half (1/2) of one percentum (1%) of the value of the gross plant investment in the System, the officer of the Issuer charged with the normal acquisition, construction, operation, maintenance and repair of the portion of the System for which disposition is sought, may determine that such property comprising a part of such System is either no longer necessary, useful or profitable in the operation thereof.

(2) if the amount to be received therefor is in excess of one-half (1/2) of one percentum (1%) of the value of the gross plant investment in the System, the officer of the Issuer charged with the normal acquisition, construction, operation, maintenance and repair of the portion of the System for which disposition is sought and the Consulting Engineers shall each first make a finding in writing determining that such property comprising a part of such System is either no longer necessary, useful or profitable in the operation thereof, and the Issuer shall, by resolution duly adopted, approve and concur in the finding of such authorized officer and the Consulting Engineers.

The net proceeds realized from such disposal of a part of the System shall be deposited in the Renewal and Replacement Fund to the extent necessary to make the amount on deposit therein equal to the amount then required to be on deposit therein; and any additional moneys not needed for said fund shall be used for any capital expenditures in connection with the System or the purchase or redemption of Outstanding Bonds.

Notwithstanding any other provision of this Section 20(G) or this Ordinance to the contrary, the Issuer may transfer ownership and/or operation of all or a portion of the System to any public body authorized by the laws of the State to own and/or operate such System on an installment sale basis provided that the Issuer (i) has received an opinion of Bond Counsel stating the federal income tax exemption of the interest on the Bonds (not including taxable Bonds) will not be affected and has received an opinion of Bond Counsel stating that such sale is not prohibited by any applicable Florida law, and (ii) the Issuer adopts a resolution to the

effect that, based upon such certificates and opinions of its Consulting Engineers, independent certified public accountants, Bond Counsel, Financial Advisor or other Qualified Independent Consultant as the Issuer shall deem necessary, desirable or appropriate, such transfer will not materially adversely affect the rights of the Holders of the Bonds.

(H) INSURANCE AND CONDEMNATION. The Issuer shall provide protection for the System both in accordance with the requirements of all agreements, if any, to which the Issuer may at the time be a party with respect to joint ownership of properties by the Issuer with others which is part of the System, and in accordance with Prudent Utility Practice. Said protection may consist of insurance, self insurance and indemnities. The Issuer will keep, or cause to be kept, the works, plants and facilities comprising the properties of the System insured, and will carry such other insurance against fire and other risks, accidents or casualties at least to the extent and of the kinds that insurance is usually carried by utilities operating like properties. Any insurance shall be in the form of policies or contracts for insurance with insurers of good standing, shall be payable to the Issuer and may provide for such deductibles, exclusions, limitations, restrictions, and restrictive endorsements customary in policies for similar coverage issued to entities operating properties similar to the properties of the System. Any self insurance shall be in the amounts, manner and of the type provided by entities operating properties similar to the properties of the System. In the event of any loss or damage to the System covered by insurance, the Issuer will, with respect to each such loss, promptly repair, reconstruct or replace the parts of the System affected by such loss or damage to the extent necessary to properly conduct the operation of the business of the System in accordance with Prudent Utility Practice, shall cause the proceeds of such insurance to be applied for that purpose to the extent required therefor, and pending such application, shall hold the proceeds of any insurance policy covering such damage or loss in trust to be applied for that purpose to the extent required therefor. Any excess insurance proceeds received by the Issuer may be used by the Issuer for any lawful purpose. Notwithstanding the foregoing or any provisions of this Ordinance to the contrary, the Issuer shall not be required to maintain insurance with respect to facilities for which insurance shall not be available at reasonable cost or for facilities which, in accordance with Prudent Utility Practice, are not customarily insured.

In the event of a taking of a part of the System by eminent domain or sale of a part of the System in lieu of eminent domain, the Issuer will, with respect to each such taking, use the proceeds thereof to promptly replace the parts of the System affected by such taking in the same manner as the proceeds of insurance described above.

(I) NO FREE SERVICE. So long as any Bonds are Outstanding, the Issuer shall not furnish or supply the facilities, services and commodities of the System either free of charge or for a nominal charge to any Person, excluding stormwater charges for the Broward County School Board. Except as may be directed or permitted during a declared state of emergency, the Issuer shall promptly enforce the payment of any and all accounts owing to the Issuer and delinquent, by discontinuing service or by filing suits, actions or proceedings, or by both discontinuance of service and filing suit; *provided*, however, notwithstanding anything herein to

the contrary, the Issuer may authorize payment plans for individual hardships or extenuating circumstances in the manner and to the extent described in Section 20(J) hereof.

(J) MANDATORY CUT OFF; CUTOFF FOR HARM. Except as may be directed or permitted during a declared state of emergency, the Issuer shall establish a written policy consistent with public policy for the disconnection from the System of any customer who fails to pay for services rendered by the System, and, to the extent consistent with and authorized by applicable law and public policy, shall enforce such policy diligently and fairly. Notwithstanding anything herein to the contrary, this covenant shall not, however, prevent the Issuer from implementing reasonable policies dealing with individual hardships and extenuating circumstances including without limitation the negotiation of fines and penalties as part of a full settlement on past due accounts or payment plans not to exceed 365 days. In addition, the Issuer may provide for disconnection from the System any customer who is causing economic harm to the System, regulatory non-compliance of the System or environmental harm.

(K) OPERATING BUDGET. The Issuer shall annually, prior to commencement of each of its Fiscal Years, prepare and adopt a budget of the estimated expenditures for the operation and maintenance of the System during such next succeeding Fiscal Year. The Issuer shall mail copies of such annual budgets (including any amendments thereto) to any Holder or Holders of Bonds who shall file his address with the Issuer and request in writing that copies of all such budgets be furnished him and shall make available such budgets of the System at all reasonable times to any Holder or Holders of Bonds or to anyone acting for and on behalf of such Holder or Holders. Bondholders shall pay reasonable actual cost of printing and mailing of such copies.

(L) MANDATORY CONNECTIONS; NO COMPETING SYSTEM. So long as service is in fact available as reasonably determined by the Issuer, the Issuer will, to the extent consistent with and authorized by applicable law and public policy, require all lands, buildings and structures within the area being served by the System (other than the residential and commercial reuse system, if any), to connect with and use such facilities. To the extent permitted by law, the Issuer will not grant a franchise for the operation of any competing utility system or systems within the area served by the System until all Bonds issued hereunder, together with the interest thereon, and premium, if any, have been paid in full. Notwithstanding the foregoing, the Issuer shall not be required to duplicate services being provided by private or public utilities in the area being served by such private or public utilities on the date of issuance of the first Series of Bonds hereunder. In addition, the Issuer shall not be prohibited from allowing other private or public utilities to provide services within the area being served by the System, if the Issuer shall not be providing such service in such area on that date. Nothing herein shall be deemed to constitute the approval of the Issuer for any private or public utility (other than the System) to provide any services within the boundaries of the Issuer or within the area being served by the System or within any other area of the Issuer.

(M) ENFORCEMENT OF COLLECTIONS. The Issuer will diligently enforce and collect the rates, fees and other charges for the services and facilities of the System and will take all steps, actions and proceedings for the enforcement and collection of such rates, charges and fees as shall become delinquent to the full extent permitted or authorized by law; and will maintain accurate records with respect thereof. All such fees, rates, charges and revenues shall, as collected, be held in trust to be applied as herein provided.

(N) SUPERVISORY PERSONNEL. The City Manager, in operating the System, will employ or designate, as manager, one or more of its qualified employees, or an independent contractor, who have demonstrated ability and experience in operating similar facilities.

(O) PAYMENT OF TAXES, ASSESSMENTS AND OTHER CLAIMS. The Issuer shall from time to time duly pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental claim or charges, or payments in lieu thereof, lawfully imposed upon the properties constituting the System or the Gross Revenues, impact fees when the same shall become due, as well as all lawful claims for labor and materials and supplies which, if not paid, might become a lien or charge upon such properties or any part thereof, or upon the Gross Revenues, impact fees or which might in any way impair the security of the Bonds, except assessments, charges or claims which the Issuer shall in good faith contest by proper legal proceedings.

(P) ISSUANCE OF OTHER OBLIGATIONS. The Issuer shall issue no bonds or obligations of any kind or nature payable from or enjoying a lien on the Pledged Revenues if such obligations have priority over the Bonds with respect to payment or lien, nor shall the Issuer create or cause or permit to be created any debt, lien, pledge, assignment, encumbrance or other charge having priority to or being on a parity with the lien of the Bonds upon said Pledged Revenues. Notwithstanding any other provision in this Section 20(P), the Issuer may issue Additional Parity Obligations under the conditions and in the manner provided herein. Any obligations of the Issuer, other than the Bonds, which are payable from the Pledged Revenues shall contain an express statement that such obligations are junior and subordinate in all respects to the Bonds as to lien on and source and security for payment from such Pledged Revenues.

(Q) ISSUANCE OF ADDITIONAL PARITY OBLIGATIONS. No Additional Parity Obligations shall be issued except upon the conditions and in the manner hereinafter provided:

(1) There shall have been obtained and filed with the City Clerk a certificate of the Finance Director stating: (a) that the books and records of the Issuer relative to the System and the Net Revenues have been reviewed by the Finance Director; and (b) that the amount of the Net Revenues derived for any consecutive twelve (12) months out of the preceding thirty (30) months preceding the date of issuance of the proposed Additional Parity Obligations (the "Test Period") adjusted as provided in paragraphs (2), (3), (4), (5) and/or (6) below, is equal to not less than one hundred twenty percent (120%) of the Maximum Debt Service Requirement becoming due in any Bond Year

thereafter on (A) all Bonds issued under this Ordinance, if any, then Outstanding, (B) on the Additional Parity Obligations with respect to which such certificate is made, and (C) Parity Debt.

(2) Upon recommendation of the Qualified Independent Consultant, the Net Revenues certified pursuant to (b) in the previous paragraph may be adjusted for purposes of this Section 20(Q) by including: (a) 100% of the additional Net Revenues which in the opinion of the Qualified Independent Consultant would have been derived by the Issuer from rate increases adopted before the Additional Parity Obligations are issued, if such rate increases had been in place throughout the Test Period, and (b) 100% of the additional Net Revenues estimated by the Qualified Independent Consultant to be derived during the first full twelve month period after the facilities of the System are extended, enlarged, improved or added to with the proceeds of the Additional Parity Obligations with respect to which such certificate is made.

(3) Upon recommendation of the Qualified Independent Consultant, if the Additional Parity Obligations are to be issued for the purpose of acquiring an existing water system and/or sewer system and/or any other utility system, including a stormwater system, in accordance with Section 26 hereof, the Net Revenues certified pursuant to Section 20(Q)(1)(b) may be adjusted by including: 100% of the additional estimated Net Revenues which in the written opinion of the Qualified Independent Consultant will be derived from the acquired facilities during the first full 12-month period after the issuance of such Additional Parity Obligations (the Qualified Independent Consultant's report shall be based on the actual operating revenues of the acquired utility for a recent 12-month period adjusted to reflect the Issuer's ownership and the Issuer's rate structure in effect with respect to the System at the time of the issuance of the Additional Parity Obligations).

(4) Upon recommendation of the Qualified Independent Consultant, if the number of connections as of the first day of the month in which the proposed Additional Parity Obligations are to be issued exceeds the average number of such connections during such twelve (12) consecutive month period, then the Net Revenues certified pursuant to Section 20(Q)(1)(b) may be adjusted to include the Net Revenues which would have been received in such twelve (12) consecutive months if those additional connections had also been connected to the System during all of such twelve (12) consecutive months.

(5) Upon recommendation of the Qualified Independent Consultant, if the Issuer shall have entered into a contract, which contract shall be for a duration of not less than the final maturity of the proposed Additional Parity Obligations, with any public body, whereby the Issuer shall have agreed to furnish services for the collection, treatment or disposal of sewage or agreed to furnish services in connection with any water system or any other utility system, then the Net Revenues certified pursuant to Section 20(Q)(1)(b) may be increased (to the extent such amounts were not reflected in

such Net Revenues) by the minimum amount which the public body shall guarantee to pay in any one year for the furnishing of services by the Issuer, after deducting from such payment the estimated Cost of Operation and Maintenance attributable in such year to such services.

(6) Upon recommendations of the Qualified Independent Consultant, if there is an estimated increase in Net Revenues to be received by the Issuer as a result of additions, extensions or improvements to the System during the period of three (3) years following the completion of such additions, extensions or improvements financed with the proceeds of Bonds or Additional Parity Obligations, then the Net Revenues derived from the System certified pursuant to Section 20(Q)(1)(b) may be increased by fifty percent (50%) of the average annual additional Net Revenues calculated for such three year period.

(7) The Issuer need not comply with the provisions of paragraph (1) of this Section 20(Q) if and to the extent the Additional Parity Obligations to be issued are refunding bonds or notes, if the Issuer shall cause to be delivered a certificate of the Finance Director of the Issuer setting forth the Debt Service Requirement (i) for the Bonds then Outstanding and Parity Debt, and (ii) for all Series of Bonds and Parity Debt to be immediately Outstanding thereafter and stating that the Debt Service Requirement pursuant to (ii) above is not greater than that set forth pursuant to (i) above in any Bond Year.

(8) The Issuer need not comply with the provisions of paragraph (1) of this Section 20(Q) if and to the extent the Bonds to be issued are for the purpose of providing any necessary additional funds required for completion of any improvements to the System ("Completion Bonds") if originally financed with the proceeds of Bonds; provided that such Completion Bonds for which the Issuer need not comply with the provision of such paragraph (1) of this Section 20(Q) may not exceed 10% of the total principal amount of Bonds estimated to be required for such improvements to the System at the time of issuance of the initial Series of Bonds to finance such improvements.

(9) The Finance Director shall have certified that the Issuer is not in default in the carrying out of any of the obligations assumed under this Ordinance and no Event of Default shall have occurred under this Ordinance and shall be continuing, and all payments required by this Ordinance to be made into the funds and accounts established hereunder shall have been made to the full extent required.

(10) The Supplemental Resolution authorizing the issuance of the Additional Parity Obligations shall recite that all of the covenants contained herein will be applicable to such Additional Parity Obligations.

(11) Notwithstanding anything herein to the contrary, no Additional Parity Obligations shall be issued if an Event of Default would continue beyond such issuance.

(R) RATE STABILIZATION FUND. The Issuer may transfer into the Rate Stabilization Fund such moneys which are on deposit in the Surplus Fund as it deems appropriate, and may transfer such amount of moneys from the Rate Stabilization Fund to the Revenue Fund as it deems appropriate; provided, however, that moneys on deposit in the Rate Stabilization Fund shall be applied to make payments pursuant to Section 20(B)(2) hereof when amounts on deposit in the Revenue Fund, the Renewal and Replacement Fund and/or the Surplus Fund are insufficient.

SECTION 21. Defaults; Events of Default and Remedies. Except as provided below, if any of the following events occur, it is hereby defined as and declared to be and to constitute an "Event of Default:"

(A) Default in the due and punctual payment of any interest on any Bonds;

(B) Default in the due and punctual payment of the principal of and premium, if any, on any Bonds, at the stated maturity thereof, or upon proceedings for redemption thereof;

(C) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Issuer contained in this Ordinance or in the Bonds and the continuance thereof for a period of thirty (30) days after written notice to the Issuer given by the Holders of not less than twenty-five percent (25%) of aggregate principal amount of Bonds then Outstanding (provided, however, that with respect to any obligation, covenant, agreement or condition which requires performance by a date certain, if the Issuer performs such obligation, covenant, agreement or condition within thirty (30) days of written notice as provided above, the default shall be deemed to be cured);

(D) Failure by the Issuer promptly to remove any execution, garnishment or attachment of such consequence as will materially impair its ability to carry out its obligations hereunder; or

(E) Any act of bankruptcy or the rearrangement, adjustment or readjustment of the obligations of the Issuer under the provisions of any bankruptcy or moratorium laws or similar laws relating to or affecting creditors' rights.

The term "default" shall mean default by the Issuer in the performance or observance of any of the covenants, agreements or conditions on its part contained in this Ordinance, any Supplemental Resolution or in the Bonds, exclusive of any period of grace required to constitute a default or an "Event of Default" as hereinabove provided.

Notwithstanding the foregoing, the occurrence of any default under a Qualified Agreement, including without limitation failure on the part of the Issuer to pay Parity Contract Obligations or to pay a termination fee under a Qualified Agreement, shall not be construed as or

deemed to constitute an “Event of Default” hereunder; rather, such occurrence shall be remedied pursuant to such Qualified Agreement and applicable legal and equitable principles taking into account the parity status as to lien on Pledged Revenues which the counterparty to such Qualified Agreement enjoys as to Parity Contract Obligations only, relative to that of the Bondholders and their rights to payments hereunder.

For purposes of Section 21(A) and (B) hereof, no effect shall be given to any payments made under any Bond Insurance Policy.

Any Holder of Bonds issued under the provisions hereof or any trustee acting for the Holders of such Bonds 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, including the right to the appointment of a receiver, existing under State or federal law, or granted and contained herein, and may enforce and compel the performance of all duties required herein or by any applicable law to be performed by the Issuer or by any officer thereof.

Nothing herein, however, shall be construed to grant to any Holder of the Bonds any lien on any property of the Issuer, except the Pledged Revenues.

The foregoing notwithstanding:

(i) No remedy conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder.

(ii) No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised as often as may be deemed expedient.

(iii) No waiver of any default or Event of Default hereunder by the Bondholders shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

(iv) Acceleration of the payment of principal of and interest on the Bonds shall not be a remedy hereunder in the case of an Event of Default.

(v) Upon an Event of Default of payment default under Section 21(A) or (B) or a default in the payment of principal or interest on the Parity Debt, the Pledged Revenues shall be allocated and paid pari passu between the Bonds and the Parity Debt.

Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Bondholders under this Ordinance, the Bondholders shall be entitled, as a matter of right, to the appointment of a

receiver or receivers of the System and the funds and accounts created hereunder pending such proceedings, with such powers as the court making such appointment shall confer.

Notwithstanding any provision of this Ordinance to the contrary, for all purposes of this Section 21, except the giving of notice of any Event of Default to the Holder of the Bonds, any Insurer shall be deemed to be the Holder of the Bonds it has insured.

On the occurrence of an Event of Default, to the extent such rights may then lawfully be waived, neither the Issuer nor anyone claiming through or under it, shall set up, claim or seek to take advantage of any stay, extension or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement of this Ordinance, and the Issuer, for itself and all who may claim through or under it, hereby waives, to the extent it may lawfully do so, the benefit of all such laws and all right of redemption to which it may be entitled.

Anything in this Ordinance to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, the Insurers of Bonds in default shall be entitled to control and direct the enforcement of all rights and remedies granted to the Bondholders under this Ordinance with respect to the Bonds it insures, and the Insurers of Bonds in default shall also be entitled to approve all waivers of events of default with respect to the Bonds it insures.

SECTION 22. Amending and Supplementing of Ordinance without Consent of Holders of Bonds. The Issuer, from time to time and at any time and without the consent or concurrence of any Holder of any Bonds, may enact a Supplemental Ordinance amendatory hereof or a Supplemental Ordinance or Supplemental Resolution supplemental hereto if the provisions of such Supplemental Ordinance or Supplemental Resolution shall not materially adversely affect the rights of the Holders of the Bonds then Outstanding, for any one or more of the following purposes:

(A) To make any changes or corrections in this Ordinance as to which the Issuer shall have been advised by Bond Counsel that are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provisions or omission or mistake or manifest error contained in this Ordinance, or to insert in this Ordinance such provisions clarifying matters or questions arising under this Ordinance as are necessary or desirable;

(B) To add additional covenants and agreements of the Issuer for the purpose of further securing the payments of the Bonds;

(C) To surrender any right, power or privilege reserved to or conferred upon the Issuer by the terms of this Ordinance;

(D) To confirm, as further assurance, any lien, pledge or charge or the subjection to any lien, pledge or charge, created or to be created by the provisions of this Ordinance;

(E) To grant to or confer upon the Holders or any Qualified Agreement Provider any additional right, remedies, powers, authority or security that lawfully may be granted to or conferred upon them;

(F) To assure compliance with federal "arbitrage" provisions in effect from time to time;

(G) To provide such changes as may be necessary in order to adjust the terms hereof (but not including the provisions of Section 20(E) and Section 20(Q) hereof) so as to facilitate the issuance of Variable Rate Bonds, Option Bonds, the execution of any Qualified Agreement, or to obtain a Credit Facility;

(H) To provide for the combination of the System with any other utility provided the conditions set forth in Section 26 hereof are satisfied;

(I) To provide for the transfer of the ownership and/or operation of the System pursuant to a governmental reorganization as set forth in Section 25 hereof;

(J) To modify any of the provisions of this Ordinance in any other aspects provided that such modifications shall not be effective until after the Bonds Outstanding at the time such Supplemental Ordinance is enacted shall cease to be Outstanding, or until the Holders thereof consent thereto pursuant to Section 23 hereof, and any Bonds issued subsequent to any such modification shall contain a specific reference to the modifications contained in such Supplemental Resolution.

(L) To amend Section 20 hereof to make covenants relating to Direct Subsidy Bonds, if appropriate.

Except for Supplemental Resolutions providing for the issuance of Bonds pursuant hereto, the Issuer shall not adopt any Supplemental Resolution or Supplemental Ordinance authorized by the foregoing provisions of this Section unless, in the opinion of Bond Counsel, the adoption of such Supplemental Resolution or Supplemental Ordinance is permitted by the foregoing provisions of this Section.

SECTION 23. Amendment of Ordinance with Consent of Holders of Bonds. Except as provided in Section 22 hereof, no material modification or amendment of this Ordinance or of any ordinance or resolution supplemental hereto shall be made without the consent in writing of the Holders of fifty-one percent (51%) or more in the principal amount of the Bonds of each Series so affected and then Outstanding and any Qualified Agreement Provider. For purposes of this Section, so long as legally permitted, to the extent any Bonds are insured by a Bond Insurance Policy or are secured by a Credit Facility and such Bonds are then rated in as high a rating category as the rating category in which such Bonds were rated at the time of initial issuance and delivery thereof by either S&P, Moody's or Fitch or successors and assigns, then the consent of the Insurer or Insurers of such Bond Insurance Policy or the issuer or issuers of such letter of credit shall be deemed to constitute the consent of the Holder of such Bonds. No

modification or amendment shall permit a change in the maturity of such Bonds or a reduction in the rate of interest thereon or in the amount of the principal obligation thereof or reduce the percentage of the Holders of the Bonds required to consent to any material modification or amendment hereof without the consent of the Holder or Holders of all such obligations.

Bondholders shall be deemed to have provided consent pursuant to this Section 23 if the offering document for such Bonds expressly describes the Supplemental Ordinance or Supplemental Resolution and the amendments to this Ordinance contained therein and states by virtue of the Bondholders purchase of such Bonds the Bondholders are deemed to have notice of, and consented to, such Supplemental Ordinance or Supplemental Resolution and amendments.

Notwithstanding any other provision of this Section 23, to the extent permitted by law, at the time of issuance or remarketing of Bonds under this Ordinance, a broker, dealer or municipal securities dealer, serving as underwriter or remarketing agent for such Bonds, or as agent for or in lieu of Holders of the series Bonds, may provide consent to amendments to this Ordinance pursuant to this Section 23.

SECTION 24. Defeasance. The covenants and obligations of the Issuer shall be defeased and discharged under terms of this Ordinance as follows:

(A) If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to any Qualified Agreement Provider any and all Parity Contract Obligations and to the Holders of all Bonds the principal, redemption premium, if any, and interest due or to become due thereon, at the times and in the manner stipulated herein, then the pledge of the Pledged Revenues and all covenants, agreements and other obligations of the Issuer to any Qualified Agreement Provider and the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to any Qualified Agreement Provider any and all Parity Contract Obligations and to the Holders of any Outstanding Bonds the principal, redemption premium, if any, and interest due or to become due thereon, at the times and in the manner stipulated herein, such Bonds shall cease to be entitled to any lien, benefit or security under this Ordinance, and all covenants, agreements and obligations of the Issuer to any Qualified Agreement Provider and the Holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

(B) The Bonds, redemption premium, if any, and interest due or to become due for the payment or redemption of which moneys shall have been set aside and shall be held in trust (through deposit by the Issuer of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in paragraph (A) of this Section 24. Subject to the provisions of paragraph (C) and (D) of this Section 24, any Outstanding Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in paragraph (A) of this Section if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the escrow agent instructions accepted in writing by the escrow agent to notify Holders of Outstanding Bonds in the manner

required herein of the redemption of such Bonds on said date, and (ii) there shall have been deposited with the escrow agent either moneys in an amount which shall be sufficient, or Acquired Obligations (including any Acquired Obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States) the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the escrow agent at the same time, shall be sufficient, to pay when due the principal of and premium, if any, and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be. In the event of a defeasance pursuant to clause (ii) above, the Issuer shall cause to be delivered a verification report of an independent nationally recognized certified public accountant or such other firm recognized as providing the skill and expertise necessary to deliver a verification report. If a forward supply contract is employed in connection with the refunding, (i) such verification report shall expressly state that the adequacy of the escrow to accomplish the refunding project relies solely on the initial escrowed investments and the maturing principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract, and (ii) the applicable escrow agreement shall provide that in the event of any discrepancy or difference between the terms of the forward supply contract and the escrow agreement and this Ordinance, the terms of the escrow agreement and this Ordinance shall be controlling.

(C) For purposes of determining whether Variable Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Acquired Obligations and moneys, if any, in accordance with paragraph (B) of this Section 24, the interest to come due on such Variable Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated assuming that interest thereon will accrue at the maximum rate of interest such Variable Rate Bonds may bear pursuant to the Supplemental Resolution authorizing the issuance thereof, or the maximum rate permitted by law if such Supplemental Resolution provides no maximum rate of interest.

(D) Option Bonds shall be deemed to have been paid in accordance with the second sentence of paragraph (B) of this Section 24 only if, in addition to satisfying the requirements of clauses (i) and (ii) of such sentence, there shall have been deposited with the escrow agent moneys in an amount which shall be sufficient to pay when due the maximum amount of principal of and redemption premium, if any, and interest on such Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; provided, however, that if, at the time a deposit is made with the escrow agent pursuant to paragraph (B) of this Section 24, the options originally exercisable by the Holder of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this paragraph (D). If any portion of the moneys deposited with the escrow agent for the payment of the principal of and redemption premium, if any, and interest on Option Bonds is not required for such purpose, the escrow agent shall, if requested by the Issuer, pay the amount of such excess to the Issuer free and clear of any trust, lien, security interest, pledge or assignment securing said Bonds or otherwise existing under the Ordinance.

SECTION 25. Governmental Reorganization. Notwithstanding any other provisions of this Ordinance, this Ordinance shall not prevent any lawful reorganization of the governmental structure of the Issuer, including a merger or consolidation of the Issuer with another public body or the transfer of a public function of the Issuer to another public body, provided that any reorganization which affects the System shall provide that the System shall be continued as a single enterprise and that any public body which succeeds to the ownership and operation of the System shall also assume all rights, powers, obligations, duties and liabilities of the Issuer under this Ordinance and pertaining to all Bonds and any Qualified Agreement.

SECTION 26. Additional Utility Functions. The Issuer may expand the utility functions of the System as they exist on the date hereof as permitted in the definition of "System" contained herein, provided that the Issuer has received the prior written consent of the Insurer (provided the Insurer is not in default of its obligations under its Credit Facility), and adopted resolutions of the Issuer to the effect that, based upon such certificates and opinions of its Consulting Engineers, independent certified public accountants, Bond Counsel, Financial Advisor or other Qualified Independent Consultant as the Issuer shall deem necessary, desirable or appropriate, the addition of such utility functions (a) will not impair the ability of the Issuer to comply with the provisions of this Ordinance, and (b) will not materially adversely affect the rights of the Holders of the Bonds.

SECTION 27. Qualified Agreements. Any payments received by the Issuer from a Qualified Agreement Provider shall constitute Gross Revenues hereunder. Any payments to a Qualified Agreement Provider under a Qualified Agreement so designated by the Issuer, can constitute Parity Contract Obligations or Subordinated Debt. Notwithstanding the foregoing, termination payments, indemnification payment, or other fees to be paid by the Issuer to a Qualified Agreement Provider under a Qualified Agreement and which do not constitute regularly scheduled payments determined by reference to interest on a notional amount may only constitute Subordinated Debt, and may not constitute Parity Contract Obligations.

The Issuer may enter into one or more Qualified Agreements with respect to one or more Series of Bonds (or portions thereof); provided, however, that if such Qualified Agreement is not entered into at the time of initial issuance of the Series of Bonds to which it relates, the requirements of Section 20(Q)(1) hereof must be met, applying the same as if \$1.00 in principal amount of Additional Parity Obligations is being issued as of the effective date of such Qualified Agreement.

SECTION 29. Payments to Credit Facility. In connection with any Bonds, the Issuer may obtain or cause to be obtained one or more Credit Facilities and agree with any Credit Facility Issuer to reimburse such issuer directly for amounts paid under the terms of such Credit Facility, together with interest thereof; provided, however, that no obligation to reimburse a Credit Facility Issuer shall be created, for purposes of this Ordinance, until amounts are paid under such Credit Facility. Such payments are referred to herein as "Reimbursement Obligations." Any Reimbursement Obligation may be secured by a pledge of and a lien on the Pledged Revenues on a subordinate basis to the lien created herein in favor of the Holders of the Bonds and any Qualified Agreement Provider. Any such Reimbursement

Obligation shall be deemed to be a part of the Series to which the Credit Facility which gave rise to such Reimbursement Obligation relates. Payments to reimburse the issuer of a Credit Facility shall constitute Subordinated Debt.

SECTION 30. Capital Appreciation Bonds. For the purposes of (i) receiving payment of the redemption price of a Capital Appreciation Bond if redeemed prior to maturity, (ii) computing Debt Service Requirement, and (iii) computing the amount of Holders required for any notice, consent, request or demand hereunder for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value.

SECTION 31. Tax Covenants.

(A) The Issuer covenants with the Holders of each Series of Bonds (other than Taxable Bonds) that:

(1) it shall not use the proceeds of such Series of Bonds in any manner which would cause the interest on such Series of Bonds to be or become includable in the gross income of the Holder thereof for federal income tax purposes;

(2) neither the Issuer nor any Person under its control or direction will make any use of the proceeds of such Series of Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause such Series of Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code and neither the Issuer nor any other Person shall do any act or fail to do any act which would cause the interest on such Series of Bonds to become includable in the gross income of the Holder thereof for federal income tax purposes; and

(3) it will comply with all provisions of the Code necessary to maintain the exclusion of interest on the Bonds from the gross income of the Holder thereof for federal income tax purposes, including, in particular, the payment of any amount required to be rebated to the U.S. Treasury pursuant to the Code.

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

SECTION 32. Bond Anticipation Notes Authorized for Interim Financing. Pursuant to authority granted by Section 215.431, Florida Statutes, the Issuer is authorized to issue Bond Anticipation Notes, in one or more series, from time to time for the purposes authorized by this Ordinance, and for the purpose of obtaining interim financing. Prior to the sale of Bonds authorized by this Ordinance, the Issuer may issue its Bond Anticipation Notes as provided herein and as provided in Section 215.431, Florida Statutes. Any such Bond Anticipation Notes

authorized by the Issuer shall be issued upon the enactment of an ordinance by the Issuer specifying the amount of Bond Anticipation Notes to be issued, the series designation, the maturity of such Bond Anticipation Notes, the denomination, date and the rate of interest which shall be borne by such Bond Anticipation Notes which shall not be at a rate greater than the highest rate authorized by law. Any such Bond Anticipation Notes issued may be sold in the manner provided by Section 215.431, Florida Statutes and shall satisfy all other requirements contained therein, including those related to the maturity of such Bond Anticipation Notes.

SECTION 33. Additional Rights to Insurers. All notices required to be given to any party hereunder shall also be given to the Insurer. Pursuant to one or more Supplemental Resolutions, the Issuer may provide additional rights, covenants, agreements and restrictions relating to any Insurer and any Bond Insurance Policy.

SECTION 34. Severability. If any one or more of the covenants, agreements or provisions of this Ordinance 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 or shall in any manner be held to adversely affect the validity of the Bonds, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Ordinance or of the Bonds issued hereunder.

SECTION 35. Sale of Bonds. The Bonds may be issued and sold at public or private sale at one time or in installments from time to time and at such price or prices as shall be consistent with the provisions of the requirements of this Ordinance and other applicable provisions of law.

SECTION 36. General Authority. The members of the City Commission of the Issuer and the Issuer's officers, attorneys and other agents and employees are hereby authorized to perform all acts and things required of them by this Ordinance or desirable or consistent with the requirements hereof for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Bonds and this Ordinance, and they are hereby authorized to execute and deliver all documents which shall be required by Bond Counsel to effectuate the sale of the Bonds to said initial purchasers.

SECTION 37. No Third Party Beneficiaries. Except such other Persons as may be expressly described herein, in the Bonds, or in a Qualified Agreement, nothing in this Ordinance, or in the Bonds, expressed or implied, is intended or shall be construed to confer upon any Person, other than the Issuer and the Holders, any right, remedy or claim, legal or equitable, under and by reason of this Ordinance or any provision hereof, or of the Bonds or any Qualified Agreement, all provisions hereof and thereof being intended to be and being for the sole and exclusive benefit of the Issuer and the Persons who shall from time to time be the Holders and any Qualified Agreement Provider.

SECTION 38. No Personal Liability. Neither the members of the City Commission of the Issuer, any person executing the Bonds, any other charter employees, nor employees of the Issuer shall be personally liable therefor or be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 39. Repealer. All ordinances or parts of ordinance in conflict herewith are hereby repealed to the extent of such conflict.

[Remainder of page intentionally left blank]

SECTION 40. Effective Date. This Ordinance shall take effect immediately upon its enactment.

PASSED AND ADOPTED on 1st reading, on _____, 2023.

PASSED AND ADOPTED on 2nd reading, on _____, 2023.

JOY F. COOPER
MAYOR

SPONSORED BY: _____

ATTEST:

JENORGEN GUILLEN
CITY CLERK

APPROVED AS TO LEGAL SUFFICIENCY
AND FORM

JOLINDA HERRING
SPECIAL BOND COUNSEL