
LEE COUNTY, FLORIDA

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

ADOPTED JUNE 30, 1993

TABLE OF CONTENTS

PAGE

| | | |
|------------|---|---|
| SECTION 1. | AUTHORITY FOR THE SECOND AMENDED AND RESTATED RESOLUTION | 1 |
| SECTION 2. | FINDINGS | 1 |
| SECTION 3. | SECOND AMENDED AND RESTATED RESOLUTION | 2 |

ARTICLE I

GENERAL

| | | |
|---------------|--|----|
| SECTION 1.01. | DEFINITIONS. | 3 |
| SECTION 1.02. | AUTHORITY FOR RESOLUTION. | 17 |
| SECTION 1.03. | RESOLUTION TO CONSTITUTE CONTRACT. | 17 |
| SECTION 1.04. | FINDINGS. | 17 |
| SECTION 1.05. | AUTHORIZATION OF REFUNDING. | 18 |

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

| | | |
|---------------|--|----|
| SECTION 2.01. | AUTHORIZATION OF BONDS. | 19 |
| SECTION 2.02. | AUTHORIZATION AND DESCRIPTION OF SERIES 1992 BONDS. | 19 |
| SECTION 2.03. | APPLICATION OF SERIES 1993 BOND PROCEEDS. | 20 |
| SECTION 2.04. | EXECUTION OF BONDS. | 21 |
| SECTION 2.05. | AUTHENTICATION. | 21 |
| SECTION 2.06. | TEMPORARY BONDS. | 22 |
| SECTION 2.07. | BONDS MUTILATED, DESTROYED, STOLEN OR LOST. | 22 |
| SECTION 2.08. | INTERCHANGEABILITY, NEGOTIABILITY AND TRANSFER. | 23 |
| SECTION 2.09. | FORM OF BONDS. | 24 |

ARTICLE III

REDEMPTION OF BONDS

| | | |
|---------------|--|----|
| SECTION 3.01. | PRIVILEGE OF REDEMPTION. | 41 |
| SECTION 3.02. | SELECTION OF BONDS TO BE REDEEMED. | 41 |
| SECTION 3.03. | NOTICE OF REDEMPTION. | 41 |
| SECTION 3.04. | REDEMPTION OF PORTIONS OF BONDS. | 43 |
| SECTION 3.05. | PAYMENT OF REDEEMED BONDS. | 43 |

ARTICLE IV

SECURITY, SPECIAL FUNDS AND
APPLICATION THEREOF

| | | |
|---------------|--|----|
| SECTION 4.01. | BONDS NOT TO BE INDEBTEDNESS OF ISSUER. . . . | 44 |
| SECTION 4.02. | SECURITY FOR BONDS. | 44 |
| SECTION 4.03. | CONSTRUCTION FUND. | 44 |
| SECTION 4.04. | CREATION OF FUNDS AND ACCOUNTS. | 46 |
| SECTION 4.05. | DISPOSITION OF GOVERNMENT GRANTS, REVENUES AND SPECIAL ASSESSMENTS. | 47 |
| SECTION 4.06. | WATER CONNECTION FEES FUND. | 56 |
| SECTION 4.07. | SEWER CONNECTION FEES FUND. | 57 |
| SECTION 4.08. | REBATE FUND. | 58 |
| SECTION 4.09. | INVESTMENTS. | 59 |
| SECTION 4.10. | SEPARATE ACCOUNTS. | 60 |

ARTICLE V

COVENANTS

| | | |
|---------------|--|----|
| SECTION 5.01. | GENERAL. | 61 |
| SECTION 5.02. | OPERATION AND MAINTENANCE. | 61 |
| SECTION 5.03. | ANNUAL BUDGET. | 61 |
| SECTION 5.04. | RATES. | 62 |
| SECTION 5.05. | BOOKS AND RECORDS. | 62 |
| SECTION 5.06. | ANNUAL AUDIT. | 62 |
| SECTION 5.07. | NO MORTGAGE OR SALE OF THE SYSTEM. | 63 |
| SECTION 5.08. | INSURANCE. | 64 |
| SECTION 5.09. | NO FREE SERVICE. | 65 |
| SECTION 5.10. | NO IMPAIRMENT OF RIGHTS. | 65 |
| SECTION 5.11. | COMPULSORY WATER AND SEWER CONNECTIONS. | 65 |
| SECTION 5.12. | ENFORCEMENT OF CHARGES. | 65 |
| SECTION 5.13. | UNIT WATER AND SEWER BILLS. | 66 |
| SECTION 5.14. | COVENANTS WITH CREDIT BANKS AND INSURERS. | 66 |
| SECTION 5.15. | COLLECTION OF SPECIAL ASSESSMENTS. | 66 |
| SECTION 5.16. | RE-ASSESSMENTS. | 66 |
| SECTION 5.17. | COLLECTION OF CONNECTION FEES. | 66 |
| SECTION 5.18. | CONSULTING ENGINEERS. | 67 |
| SECTION 5.19. | FEDERAL INCOME TAXATION COVENANTS; TAXABLE BONDS. | 67 |
| SECTION 5.20. | TRANSFER OF SYSTEM TO SPECIAL DISTRICT. | 68 |

ARTICLE VI

SUBORDINATED INDEBTEDNESS AND
ADDITIONAL BONDS

| | | |
|---------------|---------------------------------------|----|
| SECTION 6.01. | SUBORDINATED INDEBTEDNESS. | 69 |
| SECTION 6.02. | ISSUANCE OF ADDITIONAL BONDS. | 69 |

| | | |
|---------------|--|----|
| SECTION 6.03. | BOND ANTICIPATION NOTES. | 73 |
| SECTION 6.04. | ACCESSION OF SUBORDINATED INDEBTEDNESS TO PARITY STATUS WITH BONDS. | 73 |

ARTICLE VII

DEFAULTS AND REMEDIES

| | | |
|---------------|--|----|
| SECTION 7.01. | EVENTS OF DEFAULT. | 75 |
| SECTION 7.02. | REMEDIES. | 75 |
| SECTION 7.03. | DIRECTIONS TO TRUSTEE AS TO REMEDIAL PROCEEDINGS. | 76 |
| SECTION 7.04. | REMEDIES CUMULATIVE. | 76 |
| SECTION 7.05. | WAIVER OF DEFAULT. | 76 |
| SECTION 7.06. | APPLICATION OF MONEYS AFTER DEFAULT. | 77 |
| SECTION 7.07. | CONTROL BY INSURER. | 78 |

ARTICLE VIII

SUPPLEMENTAL RESOLUTIONS

| | | |
|---------------|---|----|
| SECTION 8.01. | SUPPLEMENTAL RESOLUTION WITHOUT BONDHOLDERS' CONSENT. | 79 |
| SECTION 8.02. | SUPPLEMENTAL RESOLUTION WITH BONDHOLDERS' AND INSURER'S CONSENT. | 80 |
| SECTION 8.03. | AMENDMENT WITH CONSENT OF INSURER. | 81 |

ARTICLE IX

MISCELLANEOUS

| | | |
|---------------|--|----|
| SECTION 9.01. | DEFEASANCE. | 83 |
| SECTION 9.02. | CAPITAL APPRECIATION BONDS. | 84 |
| SECTION 9.03. | SUCCESSOR FUNDS AND ACCOUNTS. | 85 |
| SECTION 9.04. | SALE OF BONDS. | 85 |
| SECTION 9.05. | SEVERABILITY OF INVALID PROVISIONS. | 85 |
| SECTION 9.06. | VALIDATION AUTHORIZED. | 86 |
| SECTION 9.07. | REPEAL OF INCONSISTENT RESOLUTIONS. | 86 |
| SECTION 4. | SERIES 1993 BONDHOLDERS TO CONSENT TO AMENDMENTS. | 86 |
| SECTION 5. | SEVERABILITY OF INVALID PROVISIONS. | 86 |
| SECTION 6. | REPEALING CLAUSE. | 86 |
| SECTION 7. | EFFECTIVE DATE. | 87 |

RESOLUTION 93-06-40

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF LEE COUNTY, FLORIDA AMENDING AND RESTATING IN ITS ENTIRETY RESOLUTION NO. 88-1-25 ADOPTED ON JANUARY 12, 1988, THE TITLE OF WHICH IS PROVIDED IN SECTION 2 HEREOF, WHICH AMENDED AND RESTATED IN ITS ENTIRETY A RESOLUTION OF THE BOARD ADOPTED ON APRIL 27, 1966; PROVIDING FOR THE CONSENT OF BONDHOLDERS TO AMENDMENTS CONTAINED HEREIN; AND PROVIDING FOR AN EFFECTIVE DATE FOR THIS SECOND AMENDED AND RESTATED RESOLUTION.

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

SECTION 1. AUTHORITY FOR THE SECOND AMENDED AND RESTATED RESOLUTION. This Second Amended and Restated Resolution is adopted pursuant to the provisions of Chapter 125, Florida Statutes, and other applicable provisions of law.

SECTION 2. FINDINGS. It is hereby found and determined by the Board of County Commissioners of Lee County, Florida (the "Board") that:

(A) On January 12, 1988, the Board duly adopted Resolution No. 88-1-25, as amended (the "First Amended and Restated Resolution"), which amended and restated a resolution of the Board duly adopted on April 27, 1966. The title of such First Amended and Restated Resolution is as follows:

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF LEE COUNTY, FLORIDA, AMENDING AND MODIFYING THE TERMS AND PROVISIONS OF A RESOLUTION DULY ADOPTED ON APRIL 27, 1966, AS AMENDED AND SUPPLEMENTED, THE TITLE OF WHICH IS SET FORTH IN SECTION 1.03A HEREOF; AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$18,000,000 WATER AND SEWER REVENUE BONDS, SERIES 1988, OF THE COUNTY TO FINANCE THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, EXTENSIONS AND IMPROVEMENTS TO THE COUNTY'S COMBINED AND CONSOLIDATED WATER AND SEWER SYSTEM; PROVIDING FOR THE PAYMENT OF SAID REVENUE BONDS FROM THE NET REVENUES OF THE SYSTEM, SPECIAL ASSESSMENTS TO BE LEVIED AND COLLECTED FROM PROPERTIES SPECIALLY BENEFITED BY THE PROJECT, AND LAWFULLY AVAILABLE CONNECTION FEES TO BE LEVIED AND COLLECTED BY THE COUNTY; MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.

(B) Upon advice of the Financial Advisor and Bond Counsel of Lee County, Florida (the "Issuer"), it is desirable to amend the First Amended and Restated Resolution in certain respects and to restate the First Amended and Restated Resolution, as amended, in its entirety.

(C) Section 8.01 of the First Amended and Restated Resolution authorizes adoption of a resolution which amends the First Amended and Restated Resolution with the consent of the holders of 66-2/3% or more in aggregate principal amount of outstanding Bonds (as defined in the First Amended and Restated Resolution) outstanding which are affected by such amendments.

(D) The Issuer intends to issue its Lee County, Florida Water and Sewer Refunding Revenue Bonds, Series 1993 (the "Series 1993 Bonds") pursuant to this Second Restated and Amended Resolution. The holders of the Series 1993 Bonds represent over 66-2/3% in aggregate principal amount of Bonds outstanding at the time the amendments provided in the Second Amended and Restated Resolution take effect. The holders of the Series 1993 Bonds shall be deemed to have consented to such amendments.

(E) The Series 1993 Bonds shall be issued on parity with the Lee County, Florida Water and Sewer Refunding Revenue Bonds, Series 1991 (the "Series 1991 Bonds") pursuant to the terms of this Second Amended and Restated Resolution. The Series 1991 Bonds are secured by a municipal bond insurance policy issued by AMBAC Indemnity Corporation, which has consented to the amendments provided in this Second Amended and Restated Resolution.

SECTION 3. SECOND AMENDED AND RESTATED RESOLUTION. The First Amended and Restated Resolution is hereby amended and restated in its entirety to read as follows:

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF LEE COUNTY, FLORIDA AUTHORIZING THE REFUNDING OF CERTAIN INDEBTEDNESS RELATING TO THE COUNTY'S WATER AND SEWER SYSTEM; AUTHORIZING THE ISSUANCE BY LEE COUNTY, FLORIDA OF \$40,000,000 IN THE AGGREGATE PRINCIPAL AMOUNT OF LEE COUNTY, FLORIDA WATER AND SEWER REFUNDING REVENUE BONDS, SERIES 1993 IN ORDER TO PROVIDE FUNDS SUFFICIENT, TOGETHER WITH OTHER AVAILABLE MONEYS, TO REFUND THE ABOVE-DESCRIBED INDEBTEDNESS; PLEDGING THE NET REVENUES, THE CONNECTION FEES, CERTAIN SPECIAL ASSESSMENT PROCEEDS AND VARIOUS OTHER MONEYS TO SECURE PAYMENT OF THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON SAID BONDS, AS WELL AS ANY OTHER BONDS ISSUED PURSUANT TO THIS RESOLUTION, INCLUDING THE OUTSTANDING LEE COUNTY, FLORIDA WATER AND SEWER REFUNDING REVENUE BONDS, SERIES 1991; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SAID BONDS; PROVIDING FOR THE ISSUANCE OF ADDITIONAL BONDS; PROVIDING A FLOW OF FUNDS; AND MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH.

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

ARTICLE I

GENERAL

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

"Accreted Value" shall mean, as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Capital Appreciation Bond (the principal amount at its initial offering) plus the interest accrued on such Capital Appreciation Bond from the date of delivery to the original purchasers thereof to the Interest Date next preceding the date of computation or the date of computation if an Interest Date, such interest to accrue at a rate not exceeding the legal rate, compounded semiannually, plus, with respect to matters related to the payment upon redemption or acceleration of the Capital Appreciation Bonds, if such date of computation shall not be an Interest Date, a portion of the difference between the Accreted Value as of the immediately preceding Interest Date and the

Accreted Value as of the immediately succeeding Interest Date, calculated based on the assumption that Accreted Value accrues during any semi-annual period in equal daily amounts on the basis of a 360-day year.

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

"Additional Bonds" shall mean the obligations issued at any time under the provisions of Section 6.02 hereof on a parity with the Series 1991 Bonds and the Series 1993 Bonds.

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

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

"Annual Debt Service" shall mean, at any time, the aggregate amount in the then current Fiscal Year of (1) interest required to be paid on the Outstanding Bonds during such Fiscal Year, except to the extent that such interest is to be paid from deposits in the Interest Account made from Bond proceeds, (2) principal of Outstanding Serial Bonds maturing in such Fiscal Year, and (3) the Sinking Fund Installments herein designated with respect to such Fiscal Year. For purposes of this definition, all amounts payable on a Capital Appreciation Bond shall be considered a principal payment due in the year it becomes due.

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

(1) Direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America.

(2) Obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including:

- Export-Import Bank
- Farmers Home Administration
- General Services Administration
- U.S. Maritime Administration
- Small Business Administration
- Government National Mortgage Association (GNMA)
- U.S. Department of Housing & Urban Development (PHA's)
- Federal Housing Administration

(3) Bonds, notes or other evidences of indebtedness rated "AAA" by Standard & Poor's Corporation and "Aaa" by Moody's issued by the Federal National Mortgage Association, the Federal Home Loan Bank System or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years.

(4) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short-term certificates of deposit on the date of purchase of "A-1" or "A-1+" by Standard & Poor's Corporation and "P-1" by Moody's and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank.)

(5) Commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by Standard & Poor's Corporation and "P-1" by Moody's and which matures not more than 270 days after the date of purchase.

(6) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by Standard & Poor's Corporation.

(7) Prerefunded Obligations.

(8) Investments in the Florida Counties Investment Trust.

(9) Fixed income mutual funds comprised of only those investments identified in paragraphs (1) through (7) above.

(10) Repurchase agreements collateralized by investments described in paragraphs (1), (2) or (3) above with any registered broker/dealer subject to the jurisdiction of the Securities Investors' Protection Corporation or any commercial bank, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated "Prime-1" or "A" or better by Moody's, and "A-1" or "A" or better by Standard & Poor's Corporation, provided:

(A) a master repurchase agreement or specific written repurchase agreement governs the transactions, and

(B) the securities shall be held free and clear of any lien by the Issuer or an independent third party acting solely as agent for the Issuer and such third party is (i) a Federal Reserve Bank, (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$25 million, or (iii) a bank approved in writing for such purpose by each Insurer of the Bonds and the Issuer shall have received written confirmation from such third party that it holds such securities free and clear of any lien, as agent for the Issuer, and

(C) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R., 306.1 et. seq. or 31 C.F.R. 350.0 et. seq. in such securities is created for the benefit of the Issuer, and

(D) the purchase agreement has a maximum term of 120 days or less, and the Issuer will value the collateral securities no less frequently than weekly and may liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation, and

(E) the fair market value of the securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 102%;

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

(12) Any other investment agreed to in writing by all Credit Banks and Insurers securing the Outstanding Bonds with advance notice to Standard & Poor's Corporation.

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

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

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

"Bond Insurance Policy" shall mean, in regard to a Series of Bonds, the municipal bond new issue insurance policy or policies issued by an Insurer guaranteeing the payment of the principal of and interest on all or any portion of such Series of Bonds.

"Bonds" shall mean the Series 1991 Bonds and the Series 1993 Bonds, together with any Additional Bonds issued pursuant to this Resolution and any Subordinated Indebtedness which accedes to the status of Bonds pursuant to Section 6.04 hereof.

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

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

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

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

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

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

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

"Cost," when used in connection with a Project, shall mean (1) the Issuer's cost of physical construction; (2) costs of acquisition by or for the Issuer of such Project; (3) costs of land and interests therein and the cost of the Issuer incidental to such acquisition; (4) the cost of any indemnity and surety bonds and premiums for insurance during construction; (5) all interest due to be paid on the Bonds and other obligations relating to the System during the period of acquisition and construction of such Project and for such period subsequent to completion as the Issuer shall determine; (6) engineering, legal and other consultant fees and expenses; (7) costs and expenses of the financing, including fees and expenses of any Paying Agent, Registrar or depository, Credit Bank or Insurer; (8) amounts, if any, required by this Resolution to be paid into the Interest Account upon the issuance of any Series of Bonds; (9) payments, when due (whether at the maturity of principal or the due date of interest or upon redemption) on any interim or temporary indebtedness of the Issuer (other than the Bonds) incurred for a Project for the System; (10)

costs of machinery, equipment and supplies and reserves required by the Issuer for the commencement of operation of such Project; and (11) any other costs properly attributable to such construction or acquisition, as determined by generally accepted accounting principles applicable to public utility systems similar to the System, and shall include reimbursement to the Issuer for any such items of Cost heretofore paid by the Issuer prior to the issuance of the Bonds. Any Supplemental Resolution may provide for additional items to be included in the aforesaid Costs.

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

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

"Current Interest Bonds" shall mean Bonds which are not Capital Appreciation Bonds.

"Escrow Deposit Agreement" shall mean the Escrow Deposit Agreement, dated as of June 15, 1993, between the Issuer and First Union National Bank of Florida, as Escrow Agent, pursuant to which certain moneys shall be held and invested for the payment of the Refunded Bonds.

"Federal Securities" shall mean obligations described in paragraphs (1) and (2) of the definition of "Authorized Investments." Federal Securities shall also include Treasury Receipts, CATS, STRPS, Refcorp interest strips and TIGRS; provided such obligations do not permit redemption prior to maturity at the option of the obligor.

"First Amended and Restated Resolution" shall mean Resolution No. 88-1-25 of the Issuer, adopted on January 12, 1988, as amended and supplemented.

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

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

"Governing Body" shall mean the Board of County Commissioners of Lee County, Florida and its successor in function.

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

"Gross Revenues" shall mean all income and moneys received by the Issuer from the rates, fees, rentals, charges and other income to be made and collected by the Issuer for the use of the products, services and facilities to be provided by the System, or otherwise received by the Issuer or accruing to the Issuer in the ownership, management and/or operation of the System, calculated in accordance with generally accepted accounting principles applicable to public utility systems similar to the System, including, without limiting the generality of the foregoing, Investment Earnings. "Gross Revenues" shall not include (1) Government Grants, (2) Water Connection Fees, (3) Sewer Connection Fees, and (4) Special Assessment Proceeds.

"Insurer" shall mean such Person as shall issue a Bond Insurance Policy which shall guarantee the payment of principal of and interest on a Series of Bonds or portion thereof, when due.

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

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

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

"Issuer" shall mean Lee County, Florida and also includes any Special District to which the System may be transferred pursuant to Section 5.20 hereof.

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

"Maximum Interest Rate" shall mean, with respect to any particular Variable Rate Bonds, a numerical rate of interest, which

shall be set forth in the Supplemental Resolution of the Issuer delineating the details of such Bonds, that shall be the maximum rate of interest such Bonds may at any particular time bear.

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

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

"Operating Expenses" shall mean the Issuer's expenses for operation, maintenance, repairs and replacements with respect to the System and shall include, without limiting the generality of the foregoing, administration expenses, payments for the purchase of materials essential to or used in the operation of the System including bulk purchases of water or sewage services, fees for management of the System or any portion thereof, any insurance and surety bond fees or premiums, the fees to the provider of a Reserve Account Insurance Policy or Reserve Account Letter of Credit (but excluding any expenses or reimbursement obligations for draws made thereunder), accounting, legal and engineering expenses, ordinary and current rentals of equipment or other property, refunds of moneys lawfully due to others, payments to others for disposal of sewage or other wastes, payments to pension, retirement, health and hospitalization funds, and any other expenses required to be paid for or with respect to proper operation or maintenance of the System, including appropriate reserves therefor, all to the extent properly attributable to the System in accordance with generally accepted accounting principles applicable to public utility systems similar to the System, and disbursements for the expenses, liabilities and compensation of any Paying Agent or Registrar under this Resolution, but does not include any costs or expenses in respect of original construction or improvement other than expenditures necessary to prevent an interruption of service or of Gross Revenues or minor capital expenditures necessary for the proper and economical operation or maintenance of the System, or any provision for interest, depreciation, amortization or similar charges.

"Operation and Maintenance Account" shall mean the separate account in the Revenue Fund established pursuant to Section 4.04(A) hereof.

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

cancelled after purchase in the open market or because of payment at or redemption prior to maturity.

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

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

"Pledged Funds" shall mean, (1) the Net Revenues, (2) the Connection Fees, (3) the Special Assessment Proceeds, if any, and (4) until applied in accordance with the provisions of this Resolution, all moneys, including investments thereof, in the funds and accounts established hereunder, except (A) the Rebate Fund, (B) moneys in any fund or account to the extent such moneys shall be required to pay the Operating Expenses of the System in accordance with the terms hereof, (C) moneys on deposit in a subaccount of the Reserve Account to the extent moneys on deposit therein shall be pledged solely for the payment of the Series of Bonds for which it was established in accordance with the provisions hereof, (D) Special Assessment Proceeds to the extent they are pledged solely to a Series of Bonds pursuant to this Resolution, and (E) any additional revenues to the extent they are pledged solely to a Series of Bonds pursuant to this Resolution. If provided for by Supplemental Resolution of the Issuer for a particular Series or all Series of Bonds, "Pledged Funds" may also include other moneys specified therein. Such additional revenues shall be pledged in the sole discretion of the Issuer.

"Prerefunded Obligations" shall mean any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (1) which are (A) not callable prior to maturity or (B) as to which irrevocable instructions have been given to the fiduciary for such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (2) which are fully secured as to principal, redemption premium, if any, and interest by a fund held by a fiduciary consisting only of cash or Federal Securities, secured in the manner set forth in Section 9.01 hereof, which fund may be applied only to the payment of such principal of, redemption premium, if any, and interest on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as the case may be, (3) as to which the principal of and interest on the Federal Securities, which have been deposited in such fund along with any cash on deposit in such fund are sufficient (as verified by a nationally recognized firm of independent certified

public accountants) to pay principal of, redemption premium, if any, and interest on the bonds or other obligations on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in clause (1) above and are not available to satisfy any other claims, including those against the fiduciary holding the same, and (4) which are rated in the highest rating category of Standard & Poor's Corporation and Moody's.

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

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

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

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

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

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

"Refunded Bonds" shall mean (1) the Issuer's Water and Sewer Revenue Bonds, dated as of November 1, 1976, (2) the Issuer's Water and Sewer Revenue Bonds, Series 1978, dated as of May 1, 1978, (3) the Issuer's Water and Sewer Revenue Bonds, Series 1988, dated as of January 1, 1988, (4) the Lee County, Florida Water and Sewer Refunding Revenue Bonds, Series 1988A, dated as of July 1, 1988 and July 6, 1988, and (5) the Lee County, Florida Water and Sewer Revenue Bonds, Series 1989, dated as of July 1, 1989.

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

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

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

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

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

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

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

"Reserve Account Requirement" shall mean, as of any date of calculation, an amount equal to the lesser of (1) Maximum Annual Debt Service for all Outstanding Bonds, (2) 125% of the average annual debt service for all Outstanding Bonds, or (3) such other amount, if any, as shall be provided by Supplemental Resolution of the Issuer and approved by Bond Counsel as being the maximum amount which may be funded from proceeds of the Bonds or other sources without (A) being subject to yield restriction or (B) causing the Bonds to be deemed "arbitrage bonds" within the meaning of the Code. In computing the Reserve Account Requirement in respect of a Series of Bonds that constitute Variable Rate Bonds, the interest rate on such Bonds shall be assumed to be the greater of (i) 110% of the daily average interest rate on such Variable Rate Bonds during the 12 months ending with the month preceding the date of calculation, or such shorter period of time that such Series of Bonds shall have been Outstanding, or (ii) the actual rate of interest borne by the such Variable Rate Bonds on such date of calculation; provided, in no event shall the Reserve Account Requirement as adjusted on such date of calculation exceed the lesser of the amounts specified in the immediately preceding sentence. The dates of calculation of the Reserve Account Requirement for purposes of computing such Requirement in regard

to Variable Rate Bonds shall be (i) August 1 of each year and (ii) the sale date relating to the initial issuance of Variable Rate Bonds.

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

"Revenue Account" shall mean the separate account in the Revenue Fund established pursuant to Section 4.04(A) hereof.

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

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

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

"Series 1991 Bonds" shall mean the Lee County, Florida Water and Sewer Refunding Revenue Bonds, Series 1991.

"Series 1993 Bonds" shall mean the Lee County, Florida Water and Sewer Refunding Revenue Bonds, Series 1993 authorized pursuant to Section 2.02 hereof.

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

"Sewer Connection Fees Fund" shall mean the fund established pursuant to Section 4.04(D) hereof.

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

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

"Special Assessments" means any and all assessments against property benefited by the System or any part thereof, but special assessments shall be subject to the provisions and lien and pledge of this Resolution only if and to the extent provision for inclusion as part of the Pledged Funds has been made by Supplemental Resolution to be adopted by the Issuer. Special Assessments shall include special assessments levied by the Issuer in connection with facilities acquired and constructed with proceeds of the Refunded Bonds and which were pledged to the payment of the Refunded Bonds pursuant to the First Amended and Restated Resolution; such special assessments shall be pledged to the payment of all Bonds issued hereunder. Special Assessments shall include special assessments which were pledged to the payment of the Series 1991 Bonds pursuant to the First Amended and Restated Resolution and Resolution No. 91-09-19; provided such special assessments shall be pledged solely to the payment of the Series 1991 Bonds.

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

"Special Assessments Proceeds" means the proceeds of Special Assessments pledged hereunder (principal and interest), net of any expenses related to the collection thereof, whether paid at one time or in installments from time to time.

"Special District" shall mean a separate local unit of special-purpose government created either by the Florida Legislature or by the Governing Body for purpose of owning and/or operating the System.

"State" shall mean the State of Florida.

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

"Subordinated Indebtedness" shall mean that indebtedness of the Issuer, subordinate and junior to the Bonds, issued in accordance with the provisions of Section 6.01 hereof.

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

"System" shall mean any and all water production, transmission, treatment and distribution facilities and sewage collection, transmission, treatment and disposal facilities now owned and operated or hereafter owned and operated by the Issuer, which System shall also include any and all improvements, extensions and additions thereto hereafter constructed or acquired either from the proceeds of Bonds or from any other sources,

together with all property, real or personal, tangible or intangible, now or hereafter owned or used in connection therewith, including all contractual rights, rights to capacity and obligations or undertakings associated therewith. "System" shall also include any stormwater utility, effluent reuse facilities or any other utility facilities if and to the extent the Issuer determines by Supplemental Resolution to include such utility or facilities within the System as described herein.

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

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

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

"Utility Reserve Account" shall mean the separate account in the Revenue Fund established pursuant to Section 4.04(A) hereof.

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

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

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

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

Words importing the masculine gender include every other gender.

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

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

SECTION 1.03. RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the purchase and acceptance of any or all of the Bonds by those who shall hold the same from time to time, the provisions of this Resolution shall be a part of the contract of the Issuer with the Holders of the Bonds, and shall be deemed to be and shall constitute a contract between the Issuer, the Holders from time to time of the Bonds and any Insurer or Credit Bank. The pledge made in the Resolution and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be for the equal benefit, protection and security of the Holders of any and all of said Bonds and any Insurer or Credit Bank, but only in accordance with the terms hereof. All of the Bonds, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or pursuant to this Resolution.

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

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

(B) That the Issuer has heretofore issued and has Outstanding the Series 1991 Bonds and the Refunded Bonds.

(C) That the Pledged Funds are not pledged or encumbered on a senior lien basis except for the payment of principal of and interest on the Series 1991 Bonds and the Refunded Bonds.

(D) That in order to achieve debt service savings and to amend the First Amended and Restated Resolution, it is deemed to be in the best interests of the citizens of the Issuer that the Refunded Bonds be refunded at this time.

(E) That the changes made to the First Amended and Restated Resolution in the form of this Resolution will benefit the operation and administration of the System.

(F) That there is hereby authorized the payment and refunding of the Refunded Bonds all in the manner as provided by this Resolution and the Escrow Deposit Agreement.

(G) That the estimated Gross Revenues to be derived in each year hereafter from the operation of the System will be sufficient to pay all the Operating Expenses, the principal of and interest on the Series 1991 Bonds, the Series 1993 Bonds, as well as all other Bonds to be issued pursuant to this Resolution, as the same become due, and all other payments provided for in this Resolution.

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

SECTION 1.05. AUTHORIZATION OF REFUNDING. The Issuer does hereby authorize the refunding of the Refunded Bonds in accordance with the terms hereof and of the Escrow Deposit Agreement.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

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

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

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

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

SECTION 2.02. AUTHORIZATION AND DESCRIPTION OF SERIES 1993 BONDS. A Series of Bonds entitled to the benefit, protection and security of this Resolution is hereby authorized in the aggregate principal amount of \$40,000,000 for the principal purpose of refunding the Refunded Bonds. Such Series of Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, "Lee County, Florida Water and Sewer Refunding Revenue Bonds, Series 1993"; provided the Issuer may change such designation in the event that the total amount of Series 1993 Bonds authorized herein are not issued in a simultaneous transaction or the Series 1993 Bonds are not issued in calendar year 1993.

The Series 1993 Bonds shall be dated as of the first day of the month in which occurs the delivery of the Series 1993 Bonds to the purchaser or purchasers thereof or such other date or dates as may be set forth by Supplemental Resolution of the Issuer; shall be issued as fully registered Bonds; shall be numbered consecutively from one upward in order of maturity; shall be in such denominations and shall bear interest at a rate or rates not exceeding the maximum rate permitted by law, payable in such manner and on such dates; shall consist of such amounts of Serial Bonds, Term Bonds, Variable Rate Bonds, Current Interest Bonds and Capital Appreciation Bonds maturing in such years and amounts not exceeding such period as may be permitted by the Act at the time of issuance; shall be payable in such place or places; shall have such Paying Agents and Registrars; and shall contain such redemption provisions; all as the Issuer shall provide hereafter by Supplemental Resolution.

The principal of or Redemption Price, if applicable, on the Series 1993 Bonds and compound interest on Series 1993 Bonds which are Capital Appreciation Bonds are payable upon presentation and surrender of the Series 1993 Bonds at the designated office of the Paying Agent. Interest payable on any Series 1993 Bond which is a Current Interest Bond on any Interest Date will be paid by check or draft of the Paying Agent to the Holder in whose name such Bond shall be registered at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such Interest Date, or, at the prior written request and expense of such Holder, by bank wire transfer for the account of such Holder. In the event the interest payable on any Series 1993 Bond is not punctually paid or duly provided for by the Issuer on such Interest Date, such defaulted interest will be paid to the Holder in whose name such Bond shall be registered at the close of business on a special record date for the payment of such defaulted interest as established by notice to such Holder, not less than ten (10) days preceding such special record date. All payments of principal of or Redemption Price, if applicable, and interest on the Series 1993 Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

SECTION 2.03. APPLICATION OF SERIES 1993 BOND PROCEEDS.

Except as otherwise provided by Supplemental Resolution of the Issuer, the proceeds derived from the sale of the Series 1993 Bonds, including accrued interest and premium, if any, shall, simultaneously with the delivery of the Series 1993 Bonds to the purchaser or purchasers thereof, be applied by the Issuer as follows:

(A) Accrued interest on the Series 1993 Bonds, if any, shall be deposited in the Interest Account and shall be used only for the

purpose of paying the interest which shall thereafter become due on the Series 1993 Bonds.

(B) An amount of Series 1993 Bond proceeds, if any, shall be deposited in the Reserve Account which, together with any other moneys and securities on deposit therein and any Reserve Account Insurance Policy and/or Reserve Account Letter of Credit obtained in accordance with Section 4.05(B)(4) hereof, shall equal the Reserve Account Requirement.

(C) A sufficient amount of Series 1993 Bond proceeds, together with other legally available moneys of the Issuer, shall be deposited irrevocably in trust in the escrow fund under the terms and provisions of the Escrow Deposit Agreement and shall be invested in U.S. Treasury obligations in the manner set forth in the Escrow Deposit Agreement, which investments shall mature at such times and in such amounts as shall be sufficient, together with any cash deposits, to pay the principal of, redemption premium, if any, and interest on the Refunded Bonds as the same mature and become due or are redeemed prior to maturity.

(D) The balance of the Series 1993 Bond proceeds shall be applied to the payment of the premiums of the Bond Insurance Policy applicable to the Series 1993 Bonds and any Reserve Account Insurance Policy or Reserve Account Letter of Credit and to the payment of costs and expenses relating to the issuance of the Series 1993 Bonds.

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

SECTION 2.05. AUTHENTICATION. No Bond of any Series shall be secured hereunder or entitled to the benefit hereof or shall be

valid or obligatory for any purpose unless there shall be manually endorsed on such Bond a certificate of authentication by the Registrar or such other entity as may be approved by the Issuer for such purpose. Such certificate on any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Resolution. The form of such certificate shall be substantially in the form provided in Section 2.09 hereof.

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

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

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

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

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

Each Bond shall be transferable only upon the books of the Issuer, at the office of the Registrar, under such reasonable regulations as the Issuer may prescribe, by the Holder thereof in person or by his attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed and guaranteed by the Holder or his duly authorized attorney. Upon the transfer of any such Bond, the Issuer shall issue, and cause to be authenticated, in the name of the transferee a new Bond or Bonds of the same aggregate principal amount, type, and Series and maturity as the surrendered Bond. The Issuer, the Registrar and any Paying Agent or fiduciary of the Issuer may deem and treat the Person in whose name any Outstanding Bond shall be registered upon the books of the Issuer as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if applicable, and interest on such Bond and for all other purposes, and all such payments so made to any such Holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid and neither the Issuer nor the Registrar nor any Paying Agent or other fiduciary of the Issuer shall be affected by any notice to the contrary.

The Registrar, in any case where it is not also the Paying Agent in respect to any Series of Bonds, forthwith (A) following the fifteenth day prior to an interest payment date for such Series; (B) following the fifteenth day next preceding the date of

first mailing of notice of redemption of any Bonds of such Series; and (C) at any other time as reasonably requested by the Paying Agent of such Series, shall certify and furnish to such Paying Agent the names, addresses and holdings of Bondholders and any other relevant information reflected in the registration books. Any Paying Agent of any fully registered Bond shall effect payment of interest on such Bonds by mailing a check to the Holder entitled thereto or may, in lieu thereof, upon the request and at the expense of such Holder, transmit such payment by bank wire transfer for the account of such Holder.

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

The Issuer may elect to issue any Bonds as uncertificated registered public obligations (not represented by instruments), commonly known as book-entry obligations, provided it shall establish a system of registration therefor by Supplemental Resolution.

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

[Form of Current Interest Bond]

No. [CI]R-

\$

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

| Interest Rate | Maturity Date | Date of Original Issue | CUSIP |
|------------------|------------------|---------------------------|-------|
| _____ % | _____, _____ | _____, _____ | _____ |

Registered Holder:

Principal Amount:

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

Such Principal Amount and interest and the redemption premium, if any, on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts. Such Principal Amount and the premium, if any, on this Bond, are payable at the designated corporate trust office of _____, _____, _____, as Paying Agent. Payment of each installment of interest shall be made to the person in whose name this Bond shall be registered on the registration

books of the Issuer maintained by _____, _____, _____, as Registrar, at the close of business on the date which shall be the fifteenth day (whether or not a business day) next preceding each interest payment date and shall be paid by a check of such Paying Agent mailed to such Registered Holder at the address appearing on such registration books or, at the prior written request and expense of such Registered Holder, by bank wire transfer for the account of such Holder.

This Bond is one of an authorized issue of Bonds in the aggregate principal amount of \$_____ (the "Bonds") of like date, tenor and effect, except as to maturity date, interest rate, principal amount, registered owner and number, issued to finance _____, in and for the Issuer, under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly Chapter 125, Florida Statutes, and other applicable provisions of law (the "Act"), and a resolution duly adopted by the Board of County Commissioners of the Issuer on April 27, 1966, as amended, restated and supplemented, in particular by Resolution No. ___ adopted on _____, 1993 (collectively, the "Resolution"), and is subject to all the terms and conditions of the Resolution.

This Bond and the interest hereon are payable solely from and secured by a lien upon and a pledge of (1) the Net Revenues (as defined in the Resolution) to be derived from the operation of the Issuer's water and sewer system (the "System"), (2) the Connection Fees (as defined in the Resolution), (3) the Special Assessment Proceeds (as defined in the Resolution), if any, and (4) until applied in accordance with the provisions of the Resolution, all moneys, including investments thereof, in the funds and accounts established by the Resolution, except (A) the Rebate Fund, (B) moneys in any fund and account established pursuant to the Resolution to the extent said moneys shall be required by the Resolution to pay the Operating Expenses (as defined in the Resolution), (C) moneys on deposit in a subaccount of the Reserve Account established by the Resolution to the extent moneys therein shall be pledged solely for the payment of the series of Bonds for which it was established in accordance with the provisions of the Resolution, (D) Special Assessment Proceeds to the extent they are pledged solely to a series of Bonds pursuant to the Resolution, and (E) any additional revenues to the extent they are pledged solely to a series of Bonds pursuant to the Resolution, subject in each case to the application thereof for the purposes and on the conditions permitted by the Resolution (collectively, the "Pledged Funds"). [The Bonds are further secured by a pledge of and lien on The Special Assessment Proceeds related to the project financed by the Bonds.] It is expressly agreed by the Registered Holder of this Bond that the full faith and credit of the Issuer are not pledged to the payment of the principal of, premium, if any, and interest on this Bond and that such Holder shall never have the right to require or compel the exercise of any taxing power of the

Issuer to the payment of such principal, premium, if any, and interest. This Bond and the obligation evidenced hereby shall not constitute a lien upon the System or any other property of the Issuer, but shall constitute a lien only on, and shall be payable solely from, the Pledged Funds in accordance with the terms of the Resolution.

The Bonds shall be issued on parity pursuant to the terms of the Resolution with certain other obligations of the Issuer. The Issuer may issue obligations on parity with the Bonds pursuant to the terms of the Resolution.

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

[The Issuer made various amendments to the Resolution pursuant to its Resolution No. ____ adopted on _____, 1993. Such amendments modified significant portions of the Resolution, including the flow of funds, additional bonds test, covenants and procedures for modifying the Resolution. Acceptance of this Bond by the Registered Holder shall be considered consent to such amendments for purposes of the Resolution.]

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

[This Bond is one of a series of Bonds which were validated by judgment of the Circuit Court of the Twentieth Judicial Circuit of Florida in and for Lee County, Florida, rendered on _____, _____.]

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

IN WITNESS WHEREOF, the Board of County Commissioners of Lee County, Florida has issued this Bond and has caused the same to be executed by the manual or facsimile signature of the Chairman, and by the manual or facsimile signature of the Clerk of the Board of County Commissioners of Lee County, Florida, and its corporate seal

or a facsimile thereof to be affixed or reproduced hereon, all as of the Date of Original Issue.

LEE COUNTY, FLORIDA

(SEAL)

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

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

(Provisions on reverse side of Bond)

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

(INSERT REDEMPTION PROVISIONS)

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

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

of such pledge and covenants, and the rights, duties, immunities and obligations of the Issuer.

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

ASSIGNMENT

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

Insert Social Security or Other
Identifying Number of Assignee

(Name and Address of Assignee)

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

Dated: _____

Signature guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

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

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common

TEN ENT -- as tenants by the entireties

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

UNIF TRANS MIN ACT -- _____
(Cust.)

Custodian for _____

under Uniform Transfers to Minors Act of _____
(State)

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

CERTIFICATE OF AUTHENTICATION

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

DATE OF AUTHENTICATION:

Registrar

By: _____
Authorized Officer

[Form of Capital Appreciation Bond]

No. CAR-

CUSIP:

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

| <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Date of Original Issue</u> | <u>Initial Principal Amount</u> |
|--------------------------|--------------------------|-----------------------------------|---|
|--------------------------|--------------------------|-----------------------------------|---|

Registered Holder:

Maturity Amount:

Lee County, Florida, a political subdivision of the State of Florida, and any successor thereto (the "Issuer"), hereby promises to pay, for value received, solely from the Pledged Funds hereinafter described, to the Registered Holder identified above, or registered assigns as hereinafter provided, on the Maturity Date specified above, the Maturity Amount shown above, constituting the Initial Principal Amount hereof plus interest from the Date of Original Issue specified above, at the Interest Rate shown above, compounded on _____, _____ and thereafter on each _____ and _____ until payment of said Maturity Amount, or earlier redemption thereof, upon the presentation and surrender hereof at the designated corporate trust office of _____, _____, _____, as Paying Agent and Registrar. In the event of redemption of this Bond, payment shall be made in an amount equal to its Accreted Value. The Accreted Value of this Bond shall mean, as of any date of computation, an amount equal to the Initial Principal Amount hereof plus the compounded interest accrued hereon to the _____ or _____ next preceding the date of computation or the date of computation if on _____ or _____, plus, if such date of computation shall not be on _____ or _____, a portion of the difference between the Accreted Value as of the immediately preceding _____ or _____ and the Accreted Value as of the immediately succeeding _____ or _____, calculated based on the assumption that Accreted Value accrues during any semiannual period in equal daily amounts on the basis of a 360-day year. The Accreted Values per

\$5,000 Maturity Amount of this Bond on each _____ and _____ is set forth in the Official Statement, dated _____, _____, relating to the original offering of this Bond. The Maturity Amount or Accreted Value, if applicable, and redemption premium, if any, on this Bond are payable in lawful money of the United States of America.

This Bond is one of an authorized issue of Bonds in the aggregate principal amount of \$_____ (the "Bonds") of like date, tenor and effect, except as to maturity date, interest rate, initial principal amount, maturity amount, registered owner and number, issued to finance _____, in and for the Issuer, under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly Chapter 125, Florida Statutes, and other applicable provisions of law (the "Act"), and a resolution duly adopted by the Board of County Commissioners of the Issuer on April 27, 1966, as amended, restated and supplemented, in particular by Resolution No. _____ adopted on _____, 1993 (collectively, the "Resolution"), and is subject to all the terms and conditions of the Resolution.

This Bond and the interest hereon are payable solely from and secured by a lien upon and a pledge of (1) the Net Revenues (as defined in the Resolution) to be derived from the operation of the Issuer's water and sewer system (the "System"), (2) the Connection Fees (as defined in the Resolution), (3) the Special Assessment Proceeds (as defined in the Resolution), if any, and (4) until applied in accordance with the provisions of the Resolution, all moneys, including investments thereof, in the funds and accounts established by the Resolution, except (A) the Rebate Fund, (B) moneys in any fund and account established pursuant to the Resolution to the extent said moneys shall be required by the Resolution to pay the Operating Expenses (as defined in the Resolution), (C) moneys on deposit in a subaccount of the Reserve Account established by the Resolution to the extent moneys therein shall be pledged solely for the payment of the series of Bonds for which it was established in accordance with the provisions of the Resolution, (D) Special Assessment Proceeds to the extent they are pledged solely to a series of Bonds pursuant to the Resolution, and (E) any additional revenues to the extent they are pledged solely to a series of Bonds pursuant to the Resolution, subject in each case to the application thereof for the purposes and on the conditions permitted by the Resolution (collectively, the "Pledged Funds"). [The Bonds are further secured by a pledge of and lien on The Special Assessment Proceeds related to the project financed by the Bonds.] It is expressly agreed by the Registered Holder of this Bond that the full faith and credit of the Issuer are not pledged to the payment of the principal of, premium, if any, and interest on this Bond and that such Holder shall never have the right to require or compel the exercise of any taxing power of the Issuer to the payment of such principal, premium, if any, and interest. This Bond and the obligation evidenced hereby shall not

constitute a lien upon the System or any other property of the Issuer, but shall constitute a lien only on, and shall be payable solely from, the Pledged Funds in accordance with the terms of the Resolution.

The Bonds shall be issued on parity pursuant to the terms of the Resolution with certain other obligations of the Issuer. The Issuer may issue obligations on parity with the Bonds pursuant to the terms of the Resolution.

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

[The Issuer made various amendments to the Resolution pursuant to its Resolution No. _____ adopted on _____, 1993. Such amendments modified significant portions of the Resolution, including the flow of funds, additional bonds test, covenants and procedures for modifying the Resolution. Acceptance of this Bond by the Registered Holder shall be considered consent to such amendments for purposes of the Resolution.]

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

[This Bond is one of a series of Bonds which were validated by judgment of the Circuit Court of the Twentieth Judicial Circuit of Florida in and for Lee County, Florida, rendered on _____, _____.]

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

IN WITNESS WHEREOF, the Board of County Commissioners of Lee County, Florida has issued this Bond and has caused the same to be executed by the manual or facsimile signature of the Chairman, and by the manual or facsimile signature of the Clerk of the Board of County Commissioners of Lee County, Florida, and its corporate seal

or a facsimile thereof to be affixed or reproduced hereon, all as of the Date of Original Issue.

LEE COUNTY, FLORIDA

(SEAL)

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

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

(Provisions on reverse side of Bond)

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

(INSERT REDEMPTION PROVISIONS)

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

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

of such pledge and covenants, and the rights, duties, immunities and obligations of the Issuer.

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

Capital Appreciation Bonds, of which this Bond is one, pay principal and compound accrued interest only at maturity or upon prior redemption. For the purposes of (A) receiving payment of the redemption price if a Capital Appreciation Bond is redeemed prior to maturity, or (B) receiving payment if the principal of all Bonds becomes due and payable, or (C) computing the amount of Capital Appreciation Bonds held by the Registered Holder in giving to the Issuer or any trustee or receiver appointed to represent the Bondholders any notice, consent, request or demand pursuant to the Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value.

ASSIGNMENT

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

Insert Social Security or Other
Identifying Number of Assignee

(Name and Address of Assignee)

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

Dated: _____

Signature guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

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

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common

TEN ENT -- as tenants by the entireties

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

UNIF TRANS MIN ACT -- _____
(Cust.)

Custodian for _____
under Uniform Transfers to Minors Act of _____
(State)

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

CERTIFICATE OF AUTHENTICATION

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

DATE OF AUTHENTICATION:

Registrar

By: _____
Authorized Officer

ARTICLE III

REDEMPTION OF BONDS

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

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

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

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

redemption of Bonds shall only be sent if the Issuer determines it shall have sufficient funds available to pay the Redemption Price of and interest on the Bonds called for redemption on the redemption dates.

Each notice of redemption shall state: (1) the CUSIP numbers of all Bonds being redeemed, (2) the original issue date of such Bonds, (3) the maturity date and rate of interest borne by each Bond being redeemed, (4) the redemption date, (5) the Redemption Price, (6) the date on which such notice is mailed, (7) if less than all Outstanding Bonds are to be redeemed, the certificate number (and, in the case of a partial redemption of any Bond, the principal amount or Accreted Value in the case of Capital Appreciation Bonds) of each Bond to be redeemed, (8) that on such redemption date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued or compounded thereon to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable, and (9) that the Bonds to be redeemed, whether as a whole or in part, are to be surrendered for payment of the Redemption Price at the designated corporate trust office of the Registrar at an address specified.

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

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

(ii) Each further notice of prepayment shall be sent to such other Person, if any, as shall be required by applicable law or regulation.

The notice of redemption described in this paragraph need not be given as described above if the Bonds called for redemption are registered pursuant to a book-entry-only system.

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

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

ARTICLE IV

SECURITY, SPECIAL FUNDS AND APPLICATION THEREOF

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

SECTION 4.02. SECURITY FOR BONDS. The payment of the principal of or Redemption Price, if applicable, and interest on the Bonds shall be secured forthwith equally and ratably by a pledge of and lien upon the Pledged Funds; provided, however, a Series of Bonds may be further secured by a Credit Facility or Bond Insurance Policy of an Insurer in addition to the security provided herein; provided further that a Series of Bonds may be secured independently of any other Series of Bonds by the establishment of a separate subaccount in the Reserve Account for such Series of Bonds; provided further that a Series of Bonds may be secured independently of any other Series of Bonds by a pledge of and lien on Special Assessment Proceeds related to such Series of Bonds as provided in the Supplemental Resolution related thereto; and provided further that a Series of Bonds may be secured independently of any Series of Bonds by a pledge of and lien on additional revenues as provided in the Supplemental Resolution related thereto. The Issuer does hereby irrevocably pledge the Pledged Funds to the payment of the principal of or Redemption Price, if applicable, and interest on the Bonds in accordance with the provisions hereof.

The Pledged Funds shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Issuer.

SECTION 4.03. CONSTRUCTION FUND. The Issuer covenants and agrees to establish, a special fund in a bank, trust company or such other entity in the State, which is eligible under the laws of the State to receive funds of the Issuer, to be known as the "Lee County, Florida Water and Sewer System Construction Fund," which shall be used only for payment of the Cost of the Projects.

Moneys in the Construction Fund, until applied in payment of any item of the Cost of a Project in the manner hereinafter provided, shall be subject to a lien and charge in favor of the Holders of the Bonds and for the further security of such Holders.

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

The Issuer shall establish within the Construction Fund a separate account for each Project, the Cost of which is to be paid in whole or in part out of the Construction Fund. The Issuer may establish separate accounts in the Construction Fund for construction funds established under the First Amended and Restated Resolution in which moneys are on deposit.

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

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

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

charge against the account of the Construction Fund from which payment is to be made, has not been theretofore reimbursed to the Issuer or otherwise been the basis of any previous disbursement or payment and the Issuer is entitled to reimbursement thereof. The Clerk shall retain all such certificates and/or documents of the Authorized Issuer Officers for three (3) years after the dates of audits related to same.

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

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

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

(A) The "Lee County, Florida Water and Sewer System Revenue Fund." The Issuer shall maintain three separate accounts in the Revenue Fund: the "Revenue Account," the "Operation and Maintenance Account" and the "Utility Reserve Account."

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

(C) The "Lee County, Florida Water and Sewer System Water Connection Fees Fund."

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

(E) The "Lee County, Florida Water and Sewer System Special Assessments Fund."

(F) The "Lee County, Florida Water and Sewer System Renewal and Replacement Fund."

(G) The "Lee County, Florida Water and Sewer System Rebate Fund."

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

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

SECTION 4.05. DISPOSITION OF GOVERNMENT GRANTS, REVENUES AND SPECIAL ASSESSMENTS. (A) (i) In the event the Issuer receives a Government Grant, the use and withdrawal of moneys from such Government Grant shall be governed by the terms of the Government Grant and applicable law.

(ii) Into the Revenue Account, the Issuer shall deposit promptly, as received, all Gross Revenues.

Operation and Maintenance Account. Moneys in the Revenue Account shall first be used each month to deposit in the Operation and Maintenance Account such sums as are necessary to pay Operating Expenses for the ensuing month; provided the Issuer may transfer moneys from the Revenue Account to the Operation and Maintenance Account at any time to pay Operating Expenses to the extent there is a deficiency in the Operation and Maintenance Account for such purpose. Amounts in the Operation and Maintenance Account shall be paid out from time to time by the Issuer for reasonable and necessary Operating Expenses; provided, however, that no such

payment shall be made unless the provisions of Section 5.03 hereof in regard to the current Annual Budget are complied with.

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

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

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

(i) Interest Account. The Issuer shall deposit or credit to the Interest Account the sum which, together with the balance in said Account, shall equal the interest on all Bonds Outstanding (except as to Capital Appreciation Bonds) accrued and unpaid and to accrue to the end of the then current calendar month. Moneys in the Interest Account shall be applied by the Issuer for deposit with the Paying Agents to pay the interest on the Bonds on or prior to the date the same shall become due. The Issuer shall adjust the amount of the deposit to the Interest Account not later than a month immediately preceding any Interest Date so as to provide sufficient moneys in the Interest Account to pay the interest on the Bonds coming due on such Interest Date. No further deposit need be made to the Interest Account when the moneys therein are equal to the interest coming due on the Outstanding Bonds on the next succeeding Interest Date.

(ii) Principal Account. Commencing in the month which is one year prior to the first principal due date, the Issuer shall next deposit into the Principal Account the sum which, together with the balance in said Account, shall equal the principal amounts on all Bonds Outstanding (including all amounts due on Capital Appreciation Bonds) due and unpaid and that portion of the principal next due which would have accrued on such Bonds during the then current calendar month if such principal amounts were deemed to accrue monthly (assuming that a year consists of twelve (12) equivalent calendar months having thirty (30) days each) in equal amounts from the next preceding principal payment due date,

or, if there be no such preceding payment due date from a date one year preceding the due date of such principal amount. Moneys in the Principal Account shall be applied by the Issuer for deposit with the Paying Agents to pay the principal of the Bonds on or prior to the date the same shall mature, and for no other purpose. Serial Capital Appreciation Bonds shall be payable from the Principal Account in the years in which such Bonds mature and monthly payments into the Principal Account on account of such Bonds shall commence in the month of the respective Bond Years in which such Bonds mature. The Issuer shall adjust the amount of the deposit to the Principal Account not later than the month immediately preceding any principal payment date so as to provide sufficient moneys in the Principal Account to pay the principal on Bonds becoming due on such principal payment date. No further deposit need be made to the Principal Account when the moneys therein are equal to the principal coming due on the Outstanding Bonds on the next succeeding principal payment date.

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

Amounts accumulated in the Term Bonds Redemption Account with respect to any Sinking Fund Installment (together with amounts accumulated in the Interest Account with respect to interest, if any, on the Term Bonds for which such Sinking Fund Installment was established) may be applied by the Issuer, on or prior to the sixtieth (60th) day preceding the due date of such Sinking Fund Installment, (a) to the purchase of Term Bonds of the Series and maturity for which such Sinking Fund Installment was established, or (b) to the redemption at the applicable Redemption Prices of such Term Bonds, if then redeemable by their terms. The applicable Redemption Price (or principal amount of maturing Term Bonds) of

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

(iv) Reserve Account. There shall be deposited to the Reserve Account an amount which would enable the Issuer to restore the funds on deposit in the Reserve Account to an amount equal to the Reserve Account Requirement applicable thereto, whether such shortfall was caused by decreased value or withdrawal (from cash or a Reserve Account Insurance Policy or Reserve Account Letter of Credit). Except as otherwise provided herein, all deficiencies in the Reserve Account shall be made up no later than 12 months from the date such deficiency occurred. On or prior to each principal payment date and Interest Date for the Bonds (in no event earlier than the twenty-fifth (25th) day of the month preceding such payment date), moneys in the Reserve Account shall be applied by the Issuer to the payment of the principal of or Redemption Price, if applicable, and interest on the Bonds to the extent moneys in the Interest Account, the Principal Account and the Term Bonds Redemption Account shall be insufficient for such purpose, but only to the extent the moneys transferred from the Utility Reserve Account or Renewal and Replacement Fund for such purposes pursuant to Sections 4.05(B)(viii) and 4.05(B)(v) hereof, respectively, shall be inadequate to fully provide for such insufficiency. Whenever there shall be surplus moneys in the Reserve Account by reason of a decrease in the Reserve Account Requirement, increase in the value of the investment with Reserve Account or as a result a deposit of money to the issuer of a Reserve Account Insurance Policy or Reserve Account Letter of Credit, such surplus moneys shall be deposited by the Issuer first, into the Renewal and Replacement Fund to the extent necessary to cause the amounts in such Fund to equal the Renewal and Replacement Fund Requirement, and second, into the Utility Reserve Account. The Issuer shall inform each Insurer and Credit Bank of any draw upon the Reserve

Account for purposes of paying the principal of and interest on the Bonds.

Upon the issuance of any Series of Bonds under the terms, limitations and conditions as herein provided, the Issuer shall, on the date of delivery of such Series of Bonds, fund the Reserve Account in an amount at least equal to the Reserve Account Requirement. Such required amount may be paid in full or in part from the proceeds of such Series of Bonds or may be accumulated in equal monthly payments to the Reserve Account over a period of months from the date of issuance of such Series of Bonds, which shall not exceed the greater of (a) thirty-six (36) months, or (b) the number of months for which interest on such Series of Bonds has been capitalized, as determined by Supplemental Resolution. In the event moneys in the Reserve Account are accumulated as provided above, (1) the amount in said Reserve Account on the date of delivery of the Additional Bonds shall not be less than the Reserve Account Requirement on all Bonds Outstanding (excluding the Additional Bonds) on such date, and (2) the incremental difference between the Reserve Account Requirement on all Bonds Outstanding (excluding the Additional Bonds) on the date of delivery of the Additional Bonds and the Reserve Account Requirement on all such Bonds and the Additional Bonds shall be fifty percent (50%) funded upon delivery of the Additional Bonds.

Notwithstanding the foregoing provisions, in lieu of the required deposits into the Reserve Account, the Issuer may cause to be deposited into the Reserve Account a Reserve Account Insurance Policy and/or Reserve Account Letter of Credit for the benefit of the Bondholders in an amount equal to the difference between the Reserve Account Requirement applicable thereto and the sums then on deposit in the Reserve Account, if any. The Issuer may also substitute a Reserve Account Insurance Policy and/or Reserve Account Letter of Credit for cash on deposit in the Reserve Account upon compliance with the terms of this Section 4.05(B)(iv). Such Reserve Account Insurance Policy and/or Reserve Account Letter of Credit shall be payable to the Paying Agent (upon the giving of notice as required thereunder) on any principal payment date or Interest Date on which a deficiency exists which cannot be cured by moneys in any other fund or account held pursuant to this Resolution and available for such purpose. The issuer providing such Reserve Account Insurance Policy and/or Reserve Account Letter of Credit shall either be (a) an insurer (1) whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in one of the two highest rating categories (without regard to gradations, such as "plus" or "minus", of such categories) by a Rating Agency, or (2) who holds the highest policyholder rating accorded insurers by A.M. Best & Company, or any comparable service, or (b) a commercial bank, insurance company or other financial institution, the obligations payable or guaranteed by which have been assigned a rating by a Rating Agency in one of the

two highest rating categories (without regard to gradations, such as "plus" or "minus" of such categories).

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

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

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

the Issuer, and (b) shall be payable solely from the Pledged Funds in the manner provided herein.

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

If any Reserve Account Letter of Credit or Reserve Account Insurance Policy shall terminate prior to the stated expiration date thereof, the Issuer agrees that it shall fund the Reserve Account over a period not to exceed sixty (60) months during which it shall make consecutive equal monthly payments in order that the amount on deposit in the Reserve Account shall equal the Reserve Account Requirement; provided, the Issuer may obtain a new Reserve Account Letter of Credit or a new Reserve Account Insurance Policy in lieu of making the payments required by this paragraph.

The provisions of any agreement relating to a Reserve Account Insurance Policy or Reserve Account Letter of Credit, when duly authorized, executed and delivered, shall be incorporated herein by reference. The provisions of such agreements still supercede the provisions hereof to the extent of any conflict herewith.

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

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

(v) Renewal and Replacement Fund. There shall be deposited to the Renewal and Replacement Fund such sums as shall be sufficient to pay one-twelfth (1/12) of five percent (5%) of the Gross Revenues derived from the System during the preceding Fiscal Year until the amount accumulated in such Fund is equal to the Renewal and Replacement Fund Requirement; provided, however, that (a) such Renewal and Replacement Fund Requirement may be increased or decreased as the Consulting Engineers shall certify to the Issuer is necessary for the purposes of the Renewal and Replacement Fund, and (b) in the event that the Consulting Engineers shall certify that the Renewal and Replacement Fund Requirement is excessive for the purposes of the Renewal and Replacement Fund such excess amount as may be on deposit therein may be transferred by the Issuer from the Renewal and Replacement Fund for deposit into the Utility Reserve Account. The moneys in the Renewal and Replacement Fund shall be applied by the Issuer for the purpose of paying the cost of major extensions, improvements or additions to, or the replacement or renewal of capital assets of, the System, or extraordinary repairs of the System; provided, however, that on or prior to each principal and interest payment date for the Bonds (in no event earlier than the twenty-fifth (25th) day of the month

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

(vi) Subordinated Indebtedness. There shall be deposited or applied such amounts as shall be necessary for the payment of any accrued debt service on Subordinated Indebtedness incurred by the Issuer in connection with the System and in accordance with the proceedings authorizing such Subordinated Indebtedness.

(vii) Sinking Fund. Subsequent to deposits made pursuant to Sections 4.05(B)(i) through 4.05(B)(vi) hereof, there shall be deposited to the Interest Account, the Principal Account and the Term Bonds Redemption Account, in that order, sufficient moneys such that the amounts on deposit therein shall equal, respectively, the interest, principal and Sinking Fund Installment next coming due on the Bonds Outstanding; provided, however, no deposit need be made to the Principal Account or Term Bonds Redemption Account until a date one year preceding the due date of such principal amount or Sinking Fund Installment.

(viii) Utility Reserve Account. The balance of any moneys on deposit in the Revenue Account and Special Assessments Fund shall be deposited in the Utility Reserve Account and applied to the payment, on or prior to each principal and interest payment date for the Bonds (in no event earlier than the twenty-fifth (25th) day of the month next preceding such payment date), into the Interest Account, the Principal Account and the Term Bonds Redemption Account when the moneys therein shall be insufficient to pay the principal of and interest on the Bonds coming due. Moneys not required to meet such a deficiency shall be deposited to the Water Connection Fees Fund and Sewer Connection Fees Fund to make up any withdrawal from such Funds pursuant to Sections 4.06(A) and 4.07(A) hereof, respectively (to the extent required by such Sections), and then to the Reserve Account to make up any deficiency therein. Moneys in the Utility Reserve Account shall also be used to make any deposits to the Rebate Fund as shall be required by Section 4.08 hereof. Thereafter, moneys in the Utility Reserve Account may be applied for any lawful purpose, including, but not limited to,

purchase or redemption of Bonds, payment of Subordinated Indebtedness and improvements, renewals and replacements to the System; provided, however, that none of such revenues shall ever be used for the purposes provided in this Section 4.05(B)(viii) unless all payments required in Sections 4.05(B)(i) through 4.05(B)(vi) hereof, including any deficiencies for prior payments, have been made in full to the date of such use.

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

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

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

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

SECTION 4.06. WATER CONNECTION FEES FUND. The Issuer shall deposit into the Water Connection Fees Fund all Water Connection Fees as received, together with moneys transferred to such Fund pursuant to Section 4.05(B)(viii) hereof, and such Water Connection

Fees shall be accumulated in the Water Connection Fees Fund and applied by the Issuer in the following manner and order of priority:

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

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

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

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

(A) For the payments on or prior to each principal and interest payment date (in no event earlier than the twenty-fifth (25th) day of the month next preceding such payment date) into the Interest Account, the Principal Account and the Term Bonds Redemption Account, when the moneys therein are insufficient to

pay the principal of and interest on the Bonds coming due, but only to the extent moneys transferred from the Utility Reserve Account and the Renewal and Replacement Fund for such purpose pursuant to Sections 4.05(B)(viii) and 4.05(B)(v), respectively, hereof, together with moneys available in the Reserve Account for such purpose pursuant to Section 4.05(B)(iv) hereof, shall be inadequate to fully provide for such insufficiency; provided moneys shall be transferred to the aforementioned Accounts from the Sewer Connection Fees Fund and the Water Connection Fees Fund on a pro-rata basis or such other basis as the Issuer deems appropriate in relation to the amount of moneys in each Fund at the time of transfer. Any moneys transferred to the aforementioned Accounts described above shall be repaid from Gross Revenues as described in Section 4.05(B)(viii) hereof on or prior to the date such amounts are needed for the purposes described in Sections 4.07(B) and (C) hereof, but in no event later than one year from the date of such transfer, unless the Issuer shall determine that such transfer constitutes a lawful use of such Sewer Connection Fees.

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

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

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

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

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

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

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

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

SECTION 4.09. INVESTMENTS. Moneys on deposit in the Construction Fund, the Sinking Fund, the Water Connection Fees Fund, the Sewer Connection Fees Fund, the Revenue Account, the Operation and Maintenance Account, the Special Assessments Fund, the Utility Reserve Account and the Renewal and Replacement Fund shall be continuously secured in the manner by which the deposit of public funds are authorized to be secured by the laws of the State. Moneys on deposit in the Construction Fund, the Revenue Account, Operation and Maintenance Account, the Special Assessments Fund, the Principal Account, the Interest Account, the Term Bonds Redemption Account, the Renewal and Replacement Fund, the Water Connection Fees Fund, the Sewer Connection Fees Fund and the Utility Reserve Account shall be invested and reinvested by the Issuer in Authorized Investments, maturing not later than the dates on which such moneys will be needed for the purposes of such Fund or Account. Moneys on deposit in the Reserve Account shall be invested in Authorized Investments, maturing no later than ten (10) years from the date of investment. All investments shall be valued at amortized cost.

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

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

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

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

SECTION 4.10. SEPARATE ACCOUNTS. The moneys required to be accounted for in each of the foregoing funds, accounts and subaccounts established herein may be deposited in a bank account, and funds allocated to the various funds, accounts and subaccounts established herein may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the moneys on deposit therein and such investments for the various purposes of such funds, accounts and subaccounts as herein provided.

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

ARTICLE V

COVENANTS

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

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

SECTION 5.03. ANNUAL BUDGET. The Issuer shall annually prepare and adopt, prior to the beginning of each Fiscal Year, an Annual Budget in accordance with applicable law. In accordance with applicable law, expenditures for the operation and maintenance of the System shall not be made in any Fiscal Year in excess of the aggregate amount provided therefor in the Annual Budget, (A) without a written finding and recommendation by an Authorized Issuer Officer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures, and (B) until the Governing Body shall have approved such finding and recommendation by resolution.

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

The Issuer shall mail copies of such Annual Budgets and amended Annual Budgets and all resolutions authorizing increased expenditures for operation and maintenance to any Credit Bank or Insurer of Bonds who shall file his address with the Clerk and request in writing that copies of all such Annual Budgets and resolutions be furnished to him and shall make available all such Annual Budgets and resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder or Holders of Bonds or to anyone acting for and on behalf of such Holder or Holders.

SECTION 5.04 RATES. The Issuer shall fix, establish and maintain such rates, fees, charges and collect such fees, rates or other charges for the product, services and facilities of its System, and revise the same from time to time, whenever necessary, as will always provide in each Fiscal Year, (A) Net Revenues and Special Assessment Proceeds adequate at all times to pay in each Fiscal Year at least one hundred percent (100%) of (i) the Annual Debt Service on all Outstanding Bonds becoming due in such Fiscal Year, (ii) any amounts required by the terms hereof to be deposited in the Reserve Account (as a result of a deficiency therein) or with any issuer of a Reserve Account Letter of Credit or Reserve Account Insurance Policy, and (iii) the amounts required by Sections 4.06(A) and 4.07(A) hereof to be repaid to the Water Connection Fees Fund and Sewer Connection Fees Fund, respectively, in such Fiscal Year, and (B) Net Revenues, Special Assessment Proceeds and Connection Fees in each Fiscal Year adequate to pay at least one hundred twenty (120%) of the Annual Debt Service on all Outstanding Bonds becoming due in such Fiscal Year. Such rates, fees or other charges shall not be so reduced so as to be insufficient to provide adequate Net Revenues, Connection Fees and Special Assessment Proceeds for the purposes provided therefor by this Resolution.

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

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

SECTION 5.06. ANNUAL AUDIT. The Issuer shall, immediately after the close of each Fiscal Year, cause the books, records and accounts relating to the System to be properly audited by a recognized independent firm of certified public accountants, and shall require such accountants to complete their report of such Annual Audit in accordance with applicable law. Such Annual Audit may be part of the Issuer's comprehensive annual audit. Such Annual Audits shall contain, but not be limited to, a balance sheet, an income statement, a statement of cash flow, statement of changes in retained earnings, a statement of the number and classification of users, and any other statements as required by

law or accounting convention, and a certificate by such accountants disclosing any material default on the part of the Issuer of any covenant or agreement herein. Each Annual Audit shall be in conformity with generally accepted accounting principles for governmental entities. A copy of each Annual Audit shall regularly be furnished to any Credit Bank or Insurer and to any Holder of a Bond who shall have furnished his address to the Clerk and requested in writing that the same be furnished to him.

SECTION 5.07. NO MORTGAGE OR SALE OF THE SYSTEM. The Issuer irrevocably covenants, binds and obligates itself not to sell, lease, encumber or in any manner dispose of the System as a whole or any substantial part thereof (except as provided below and in Section 5.20 hereof) until all of the Bonds and all interest thereon shall have been paid in full or provision for payment has been made in accordance with Section 9.01 hereof.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System (including land) in the following manner, if any one of the following conditions exist: (A) such property is not necessary for the operation of the System, (B) such property is not useful in the operation of the System, or (C) in the case of a lease of such property; provided, in each case, such sale, lease or other disposition shall not cause the Issuer to be in violation of the rate covenant contained in Section 5.04 hereof.

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

The proceeds from such sale or other disposition shall be deposited, first, into the Renewal and Replacement Fund to the

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

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

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

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

The Issuer shall, immediately upon receipt, deposit the proceeds from property loss and casualty insurance to the credit of the Utility Reserve Account. The proceeds from property loss and casualty insurance shall be applied as follows: (A) if such proceeds, together with other available funds of the Issuer, are sufficient to repair or replace the damaged portion of the System, such proceeds and other available funds shall be transferred to the credit of the Renewal and Replacement Fund and, together with any other available funds of the Issuer, applied to such repair or replacement; or (B) if such proceeds, together with other available funds of the Issuer, are not sufficient to repair or replace the damaged portion of the System or if the Issuer makes a determination in accordance with Section 5.07 hereof that such portion of the System is no longer necessary or useful in the operation of the System, such proceeds shall (i) if such proceeds equal or exceed \$50,000, (a) be applied to the redemption or purchase of Bonds or (b) be deposited in irrevocable trust for the payment of Bonds in the manner set forth in Section 9.01, provided

the Issuer has received an opinion of Bond Counsel to the effect that such deposit shall not adversely affect the exclusion, if any, from gross income of interest on the Bonds for purposes of federal income taxation, or (ii) if such proceeds are less than \$50,000, remain deposited in the Utility Reserve Account.

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

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

SECTION 5.11. COMPULSORY WATER AND SEWER CONNECTIONS. In order to better secure the prompt payment of principal and interest on the Bonds, as well as for the purpose of protecting the health and welfare of the inhabitants of the Issuer, and acting under authority of the general laws of Florida, the Issuer, to the extent permitted by law, will require every owner of each lot which is contiguous to any street or public way containing a sewer line forming a part of the sewer facilities of the System and upon which lot a building shall subsequently be constructed for residential, commercial or industrial use, to connect such building to such sewer facilities and to cease to use any other method for the disposal of sewage waste or other polluting matter; provided, however, the Issuer may create exceptions from the above-described compulsory connection policy for owners of parcels of land of five acres or more and for situations involving hardship on the part of the property owner.

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

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

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

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

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

SECTION 5.17. COLLECTION OF CONNECTION FEES. The Issuer shall proceed diligently to perform legally and effectively all steps required in the imposition and collection of the Connection Fees. Upon the due date of any such Connection Fees, the Issuer shall diligently proceed to collect the same and shall exercise all legally available remedies to enforce such collections now or hereafter available under State law.

SECTION 5.18. CONSULTING ENGINEERS. The Issuer shall at all times employ Consulting Engineers, whose duties shall be to make

any certificates and perform any other acts required or permitted of the Consulting Engineers under this Resolution, and also to review the construction and operation of the System, to make an inspection of the System at least once a year, and, not more than sixty (60) days after receipt of the Annual Audit by the Issuer, to submit to the Issuer a report with recommendations as to the proper maintenance, repair and operation of the System during the ensuing Fiscal Year, including recommendations for expansion and additions to the System to meet anticipated service demands, and an estimate of the amount of money necessary for such purposes. Copies of such reports, recommendations and estimates made as hereinabove provided shall be filed with the Issuer for inspection by Bondholders, if such inspection is requested.

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

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

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

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

SECTION 5.20 TRANSFER OF SYSTEM TO SPECIAL DISTRICT. Lee County, Florida specifically reserves the right to transfer the ownership and operation of the System as a whole and all of Lee County's rights and obligations under this Resolution and the Bonds to a Special District upon compliance with the following conditions:

(A) Lee County shall certify that it is current in all deposits or credits to the various funds, accounts and subaccounts established hereby and all payments theretofore required to have been deposited or credited by it under the provisions of this Resolution and that no Event of Default shall have occurred and be continuing.

(B) The Special District shall constitute a governmental entity, the interests on obligations issued by which is excluded from gross income for purposes of federal income taxation under Section 103(a) of the Code.

(C) The Special District shall agree, in writing, to assume all obligations of Lee County under this Resolution and the Bonds.

(D) Lee County shall receive an opinion of Bond Counsel to the effect that under existing law, the consummation of such transfer (i) is authorized by applicable law and proceedings of Lee County and the Special District, and (ii) would not adversely affect the exclusion of interest for purposes of federal income taxation of interest payable on any Bonds then Outstanding (other than Taxable Bonds).

Upon the consummation of such transfer, the transferee Special District shall become the "Issuer" for all purposes hereunder. Thereafter, the transferee Special District shall be solely responsible for compliance with all of the terms and provisions hereof, including but not limited to payment of the Bonds and the interest thereon, and shall be entitled to exercise all rights hereunder, including but not limited to the right to issue future Series of Additional Bonds on a parity with any Bonds then Outstanding. Lee County shall immediately transfer the various funds, accounts and subaccounts established hereby to the transferee Special District.

ARTICLE VI

SUBORDINATED INDEBTEDNESS AND ADDITIONAL BONDS

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

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

No such Additional Bonds shall be issued unless the following conditions are complied with:

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

(B) An independent certified public accountant or the Rate Consultant shall certify to the Issuer that the amount of the Net Revenues and Special Assessments Proceeds during the immediate preceding Fiscal Year or any twelve (12) consecutive months selected by the Issuer of the twenty-four (24) months immediately preceding the issuance of said Additional Bonds, adjusted as hereinafter provided, will (i) be equal to at least one hundred percent (100%) of (a) the Maximum Annual Debt Service of the Outstanding Bonds and the Additional Bonds then proposed to be issued, (b) any amounts required by the terms hereof to be deposited into the Reserve Account (as a result of a deficiency therein) or with on issuer of a Reserve Account Insurance Policy or Reserve Account Letter of Credit during such twelve (12) consecutive months, and (c) any amounts required by the terms of Sections 4.06(A) and 4.07(A) hereof to be repaid to the Water Connection Fees Fund and Sewer Connection Fees Fund during such twelve (12) consecutive months, and (ii) when added to the Connection Fees, adjusted as hereinafter provided, received by the Issuer during such twelve (12) consecutive months, be equal to at least one hundred twenty percent (120%) of the Maximum Annual Debt Service of the Outstanding Bonds and the Additional Bonds then proposed to be issued.

(C) For the purpose of determining the Maximum Annual Debt Service under this Section 6.02, the interest rate on additional parity Variable Rate Bonds then proposed to be issued shall be deemed to be the greater of (i) the rate of interest such additional parity Variable Rate Bonds shall be assumed to have borne if such interest rate was a fixed rate established as of the first business day of the month next preceding the date on which the Supplemental Resolution authorizing the issuance of the additional parity Variable Rate Bonds is adopted, or (ii) the variable rate that the additional parity Variable Rate Bonds would have borne as of the first business day of the month next preceding the date on which the Supplemental Resolution authorizing the issuance of the additional parity Variable Rate Bonds, plus 50% of the difference between such rate and the Maximum Interest Rate applicable to such Bonds. The assumed interest rates for the additional parity Variable Rate Bonds established pursuant to this paragraph shall be based upon a written report or opinion to the Issuer of a banking or investment banking or financial advisory institution knowledgeable in financial matters relating to the Issuer.

(D) For the purpose of determining the Maximum Annual Debt Service under this Section 6.02, the interest rate on Outstanding Variable Rate Bonds shall be deemed to be the greater of (i) one hundred twenty-five percent (125%) of the effective interest on the Outstanding Variable Rate Bonds on the first business day of the month next preceding the date that the Supplemental Resolution authorizing the issuance of the Additional Bonds is adopted, or (ii) one hundred twenty-five percent (125%) of the average interest

rates on the Outstanding Variable Rate Bonds for the preceding twelve (12) month period (or such shorter period of time such Bonds were Outstanding), which ends on the first business day of the month next preceding the date that the Supplemental Resolution authorizing the issuance of Additional Bonds is adopted.

(E) For the purpose of this Section 6.02, the phrase "immediately preceding Fiscal Year or any twelve (12) consecutive months selected by the Issuer of the twenty-four (24) months immediately preceding the issuance of said Additional Bonds" shall be sometimes referred to as "twelve (12) consecutive months."

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

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

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

(iii) If the Issuer, in connection with the issuance of Additional Bonds, shall enter into a contract (with a duration not less than the final maturity of such Additional Bonds) with any public or private entity whereby the Issuer agrees to furnish services in connection with any water and/or sewer system, then the Net Revenues of the System during the twelve (12) consecutive months immediately preceding the issuance of said Additional Bonds shall be increased by the least amount which said public or private entity shall guarantee to pay in any one year for the furnishing of said services by the Issuer, after deducting therefrom the proportion of operating expenses and repair, renewal and replacement cost attributable in such year to such services.

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

(v) In the event the Issuer shall be constructing or acquiring additions, extensions or improvements to the System from the proceeds of such Additional Bonds or shall have additions, extensions and improvements under construction at the time of the issuance of such Additional Bonds and shall have established fees, rates or charges to be charged and collected from users of such facilities when service is rendered, such Net Revenues and Connection Fees may be adjusted by adding thereto one hundred percent (100%) of the Net Revenues and Connection Fees estimated by the Rate Consultant or Consulting Engineers to be derived during the third twelve (12) months of operation after completion of the construction or acquisition of said additions, extensions and improvements from the customers of such facilities.

(vi) The Net Revenues and Connection Fees may be adjusted for any period any portion of the System was not owned by the Issuer to reflect government ownership of the System of such portion.

(vii) If any customer of the Issuer shall have commenced service by the System during the twelve (12) consecutive months, the Net Revenues and the Connection Fees may be adjusted to take into account the Net Revenues and the Connection Fees which would have been derived during such twelve (12) consecutive months if

such customer had been serviced by the System for such entire twelve (12) consecutive month period.

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

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

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

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

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

SECTION 6.04. ACCESSION OF SUBORDINATED INDEBTEDNESS TO PARITY STATUS WITH BONDS. The Issuer may provide for the accession of Subordinated Indebtedness to the status of complete parity with

the Bonds, if (A) the Issuer shall meet all the requirements imposed upon the issuance of Additional Bonds by Sections 6.02(A) and (B) hereof, assuming for purposes of said requirements, that such Subordinated Indebtedness shall be Additional Bonds, (B) the facilities financed by such Subordinated Indebtedness shall be, or become part of, the System, and (C) the Reserve Account, upon such accession, which shall contain an amount equal to the Reserve Account Requirement in accordance with Section 4.05(B)(iv) hereof. If the aforementioned conditions are satisfied, the Subordinated Indebtedness shall be deemed to have been issued pursuant to this Resolution the same as the Outstanding Bonds, and such Subordinated Indebtedness shall be considered Bonds for all purposes provided in this Resolution.

ARTICLE VII

DEFAULTS AND REMEDIES

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

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

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

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

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

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

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

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

SECTION 7.05. WAIVER OF DEFAULT. No delay or omission of any Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by Section 7.02 to the Bondholders may be exercised from time to time, and as often as may be deemed expedient.

SECTION 7.06. APPLICATION OF MONEYS AFTER DEFAULT. If an Event of Default shall happen and shall not have been remedied, the Issuer or a trustee or receiver appointed for the purpose shall apply all Pledged Funds (except as for any Special Assessment Proceeds or special revenues pledged to a Series of Bonds and for amounts in the subaccounts, if any, of the Reserve Account which shall be applied to the payment of the Series of Bonds for which they were established) as follows and in the following order:

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

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

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

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

FIRST: to the payment to the Persons entitled thereto of all installments of interest then due, in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or preference;

SECOND: to the payment to the Persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due at maturity or upon mandatory redemption prior to maturity (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of Section 9.01 of this Resolution), in the order of their due dates, with interest upon such Bonds from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the Persons entitled thereto without any discrimination or preference; and

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

(2) If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, with interest thereon as aforesaid, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.

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

ARTICLE VIII

SUPPLEMENTAL RESOLUTIONS

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

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

(B) to grant to or confer upon the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders.

(C) To add to the conditions, limitations and restrictions on the issuance of Bonds under the provisions of this Resolution other conditions, limitations and restrictions thereafter to be observed.

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

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

(F) To authorize Projects or to change or modify the description of any Project.

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

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

(I) To revise the procedures provided in Section 4.05(B)(iv) hereof pursuant to which moneys are drawn on a Reserve Account Insurance Policy or Reserve Account Letter of Credit and moneys are reimbursed to the provider of such Policy or Letter of Credit.

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

SECTION 8.02. SUPPLEMENTAL RESOLUTION WITH BONDHOLDERS' AND INSURER'S CONSENT. Subject to the terms and provisions contained in this Section 8.02 and Sections 8.01 and 8.03 hereof, the Holder or Holders of not less than two-thirds (2/3) in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in this Resolution to the contrary notwithstanding, to consent to and approve the adoption of such Supplemental Resolution or Resolutions hereto as shall be deemed necessary or desirable by the Issuer for the purpose of supplementing, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Resolution; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series or maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section 8.02. Any Supplemental Resolution which is adopted in accordance with the provisions of this Section 8.02 shall also require the written consent of the Insurer of any Bonds which are Outstanding at the time such Supplemental Resolution shall take effect. No Supplemental Resolution may be approved or adopted which shall permit or require (A) an extension of the maturity of the principal of or the payment of the interest on any Bond issued hereunder, (B) reduction in the principal amount of any Bond or the Redemption Price or the rate of interest thereon, (C) the creation of a lien upon or a pledge of the Pledged Funds other than the lien and pledge created by this Resolution or except as otherwise permitted or provided hereby, (D) a preference or priority of any Bond or Bonds over any other Bond or Bonds (except as to the establishment of separate subaccounts in the Reserve Account provided in Section 4.05(B)(iv) hereof), or (E) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Resolution. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders or any Insurer of the adoption of any Supplemental Resolution as authorized in Section 8.01 hereof.

If at any time the Issuer shall determine that it is necessary or desirable to adopt any Supplemental Resolution pursuant to this Section 8.02, the Clerk shall cause the Registrar to give notice of the proposed adoption of such Supplemental Resolution and the form of consent to such adoption to be mailed, postage prepaid, to all Bondholders at their addresses as they appear on the registration books. Such notice shall briefly set forth the nature of the proposed Supplemental Resolution and shall state that copies

thereof are on file at the offices of the Clerk and the Registrar for inspection by all Bondholders. The Issuer shall not, however, be subject to any liability to any Bondholder by reason of its failure to cause the notice required by this Section 8.02 to be mailed and any such failure shall not affect the validity of such Supplemental Resolution when consented to and approved as provided in this Section 8.02.

Whenever the Issuer shall deliver to the Clerk an instrument or instruments in writing purporting to be executed by the Holders of not less than two-thirds (2/3) in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed Supplemental Resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Issuer may adopt such Supplemental Resolution in substantially such form, without liability or responsibility to any Holder of any Bond, whether or not such Holder shall have consented thereto.

If the Holders of not less than two-thirds (2/3) in aggregate principal amount of the Bonds Outstanding at the time of the adoption of such Supplemental Resolution shall have consented to and approved the adoption thereof as herein provided, no Holder of any Bond shall have any right to object to the adoption of such Supplemental Resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Issuer from adopting the same or from taking any action pursuant to the provisions thereof.

Upon the adoption of any Supplemental Resolution pursuant to the provisions of this Section 8.02, this Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Resolution of the Issuer and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of this Resolution as so modified and amended.

SECTION 8.03. AMENDMENT WITH CONSENT OF INSURER. For purposes of amending the Resolution pursuant to Section 8.02 hereof, an Insurer of Bonds shall be considered the Holder of such Bonds which it has insured, provided such Bonds, at the time of the adoption of the amendment, shall be rated by the Rating Agencies which shall have rated such Bonds at the time such Bonds were insured no lower than the ratings assigned thereto by such Rating Agencies on such date of being insured. The consent of the Holders of such Bonds shall not be required if the Insurer of such Bonds shall consent to the amendment as provided by this Section 8.03. The foregoing right of amendment, however, does not apply to any amendment to Section 5.19 hereof with respect to the exclusion, if applicable, of interest on said Bonds from gross income for

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

ARTICLE IX

MISCELLANEOUS

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

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

are sufficient to pay the principal of or Redemption Price, if applicable, and interest on the refunded Bonds.

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

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

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

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

SECTION 9.02. CAPITAL APPRECIATION BONDS. For the purposes of (A) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, or (B) receiving

payment of a Capital Appreciation Bond if the principal of all Bonds becomes due and payable, or (C) computing the amount of Bonds held by the Holder of a Capital Appreciation Bond in giving to the Issuer or any trustee or receiver appointed to represent the Bondholders any notice, consent, request or demand pursuant to this Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value.

SECTION 9.03. SUCCESSOR FUNDS AND ACCOUNTS. The funds and accounts established hereunder shall succeed to the funds and accounts established by the First Amended and Restated Resolution as follows:

(A) The Revenue Account established hereunder shall succeed the Revenue Fund established by the First Amended and Restated Resolution.

(B) The Principal Account and Interest Account established hereunder shall succeed the Sinking Fund established by the First Amended and Restated Resolution.

(C) The Term Bonds Redemption Account established hereunder shall succeed the Bond Amortization Account established by the First Amended and Restated Resolution.

(D) The Reserve Account established hereunder shall succeed the Reserve Account established by the First Amended and Restated Resolution.

(E) The Renewal and Replacement Fund established hereunder shall succeed the Renewal and Replacement Account established by the First Amended and Restated Resolution.

(F) The Special Assessments Fund established hereunder shall succeed the Special Assessments Fund established by the First Amended and Restated Resolution.

(G) The Water Connection Fees Fund and the Sewer Connection Fees Fund established hereunder shall succeed the Impact Fees Fund established by the First Amended and Restated Resolution.

SECTION 9.04. SALE OF BONDS. The Bonds shall be issued and sold at public or private sale at one time or in installments from time to time and at such price or prices as shall be consistent with the provisions of the Act, the requirements of this Resolution and other applicable provisions of law.

SECTION 9.05. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions of this Resolution shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason

whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements and provisions of this Resolution and shall in no way affect the validity of any of the other covenants, agreements or provisions hereof or of the Bonds issued hereunder.

SECTION 9.06. VALIDATION AUTHORIZED. To the extent deemed necessary by Bond Counsel or desirable by Counsel for the Issuer, the Attorney for the Issuer is authorized to institute appropriate proceedings for validation of the Bonds herein authorized pursuant to Chapter 75, Florida Statutes.

SECTION 9.07. REPEAL OF INCONSISTENT RESOLUTIONS. All ordinances, resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict.

SECTION 4. SERIES 1993 BONDHOLDERS TO CONSENT TO AMENDMENTS. As provided in the Second Amended and Restated Resolution, various amendments are made to the First Amended and Restated Resolution. Acceptance of the Series 1993 Bonds by the Holders thereof shall be considered consent to such amendments by such Holders for purposes of Section 8.01 of the First Amended and Restated Resolution.

SECTION 5. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the provisions herein contained shall be held contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such provisions shall be null and void and shall be deemed separate from the remaining provisions and shall in no way affect the validity of any other provisions hereof.

SECTION 6. REPEALING CLAUSE. All resolutions, ordinances, or parts thereof in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

SECTION 7. EFFECTIVE DATE. This Second Amended and Restated Resolution shall take effect immediately upon adoption hereof; provided material modifications to the First Amended and Restated Resolution shall take effect simultaneously with the issuance of the Series 1993 Bonds.

ADOPTED at a Regular Meeting this 30th day of June, 1993.

BOARD OF COUNTY COMMISSIONERS
OF LEE COUNTY, FLORIDA

(SEAL)

Vice-Chairman Ray Judah

ATTEST:

By: Lisa L. Pierce, Deputy Clerk
Clerk

Approved as to Form and
Legal Sufficiency:

James G. Geyer
County Attorney