

RESOLUTION NO. 2019-01

A RESOLUTION OF THE CITY OF PENSACOLA, FLORIDA AMENDING AND RESTATING RESOLUTION NO. 4-94 IN ITS ENTIRETY; PROVIDING FOR THE ISSUANCE OF GAS SYSTEM REVENUE BONDS TO PAY THE COST OF CERTAIN CAPITAL IMPROVEMENTS TO THE CITY'S GAS SYSTEM AND TO PAY THE COST OF REFUNDING CERTAIN OUTSTANDING OBLIGATIONS OF THE CITY; PLEDGING THE NET REVENUES OF THE GAS SYSTEM TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SUCH BONDS; PROVIDING FOR THE PAYMENT THEREOF; MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; PROVIDING FOR SEVERABILITY; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council of the City of Pensacola, Florida (the "Issuer") previously adopted Resolution No. 4-94 on February 16, 1994, as amended and supplemented (the "Original Bond Resolution") providing for the issuance by the Issuer of its Gas System Revenue Bonds; and

WHEREAS, pursuant to Resolution No. 33-11 adopted by the City Council of the Issuer (the "City Council") on December 15, 2011, the Issuer previously issued and there is currently outstanding the City of Pensacola, Florida Gas System Revenue Note, Series 2011 (the "2011 Note"), constituting an Additional Parity Obligation under the Original Resolution; and

WHEREAS, pursuant to Resolution No. 48-16 adopted by the City Council on November 29, 2016, the Issuer previously issued and there is currently outstanding the City of Pensacola, Florida Gas System Revenue Note, Series 2016 (the "2016 Note"), constituting an Additional Parity Obligation under the Original Resolution; and

WHEREAS, the Issuer deems it necessary and advisable for convenience of reference to amend and restate the Original Resolution in its entirety and desires to amend, in particular, Section 15C of the Original Resolution with respect to the funding of a Renewal and Replacement Fund and Section 15T(a) of the Original Resolution to revise the requirements for the issuance of Additional Parity Obligations under the Original Resolution; and

WHEREAS, the 2011 Note and the 2016 Note are the only "Bonds" of the Issuer outstanding under the Original Resolution and the registered owners thereof have consented to the herein described amendments to the Original Resolution;

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Pensacola, Florida, that Resolution No. 4-94 is hereby amended and restated in its entirety to read as follows:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to the provisions of the Act, hereinafter defined, and the Original Resolution.

SECTION 2. DEFINITIONS. The following terms in this Resolution shall have the following meanings unless the text otherwise expressly requires:

“Act” means Chapter 166, Part II, Florida Statutes, as amended, the Charter of the Issuer effective January 1, 2010, and other applicable provisions of law.

“Additional Parity Obligations” shall mean any additional obligations hereafter issued in compliance with the terms, conditions and limitations contained herein and which shall have an equal lien upon the Pledged Revenues, and rank equally in all respects with the outstanding Parity Obligations.

“Amortization Installments” with respect to any Term Bonds of a series, shall mean an amount so designated which is established for the Term Bonds of such series, provided that (i) each such installment shall be deemed to be due on such interest or principal maturity date of each applicable year as is fixed by resolution of the Issuer, and (ii) the aggregate of such installments for such series shall equal the aggregate principal amount of Term Bonds of such series authenticated and delivered on original issuance.

“Authorized Investments” shall mean any of the following which at the time are legal investments for the Issuer under applicable laws, for the moneys held under this Resolution then proposed to be invested therein: (a) United States Treasury notes, bonds, bills or certificates of indebtedness, or obligations for which the faith and credit of the United States are pledged for the payment of principal and interest, and/or (b) obligations of Federal Farm Credit Banks, or their predecessor issuers, which are Federal Land Banks, the Banks for Cooperatives, and the Federal Intermediate Credit Banks, and/or (c) obligations of the Federal National Mortgage Association, and/or (d) time (including savings accounts) or demand deposits in any bank or trust company authorized to accept deposits of public funds, which are fully insured by FDIC, and/or (e) repurchase agreements with a financial institution or recognized dealer which are fully secured at all times by obligations described in (a) through (c) of this definition, and/or (f) Municipal Obligations, and/or (g) investments under the Investment of Local Government Surplus Funds Act, Chapter 218, Part IV, Florida Statutes or any successor law, and/or Resolution Funding Corp. (REFCORP) only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.

“Average Bond Service Requirement” shall mean for any series of Bonds the sum of the Bond Service Requirements in each year in which such series of Bonds is outstanding divided by the number of years such series of Bonds is scheduled to remain outstanding.

“Bond Insurer” shall mean the Municipal Insurer.

“Bond Service Requirement” for any Bond Year, as applied to the Bonds of any series, shall mean the sum of:

(1) The amount required to pay the interest becoming due on the Bonds of such series during such Bond Year, except to the extent that such interest shall have been provided by payments into the Sinking Fund out of bond proceeds for a specified period of time. In computing the amount of interest becoming due on any series of Bonds which bear interest at a variable rate, the amount of interest to become due on such series of Bonds at such variable rate shall be assumed to be the rate of interest per annum equal to the higher of (1) the actual rate of interest per annum borne by such Bonds on the date the Bond Service Requirement for such series is computed, or (2) the maximum variable interest rate borne by such series of Bonds for the last twelve months preceding the month of computation of the Bond Service Requirement for such series or such lesser period as such Bonds may have actually been outstanding; provided, however, that in determining the Bond Service Requirement on such variable rate Bonds for purposes of establishing the initial deposit into the Reserve Account for such Bonds and for purposes of Section 15(T) in the issuance of such Bonds as Additional Parity Obligations, such variable rate shall be assumed to be equal to the 20-year Bond Buyer Revenue Bonds Index rate per annum prevailing on the date of issuance, or such other rate as the Municipal Insurers, if any, of the then Outstanding Bonds shall approve.

(2) The amount required to pay the principal of Serial Bonds of such series maturing in such Bond Year.

(3) The Amortization Installment for the Term Bonds of such series for such Bond Year. In computing the Bond Service Requirement for any Bond Year for Bonds of any series, the Issuer shall assume that an amount of the Term Bonds of such series equal to the Amortization Installment for the Term Bonds of such series for such Bond Year will be retired by purchase or redemption in such Bond Year or that payment of such amount of Term Bonds at maturity will be fully provided for in such Bond Year. When determining the amount of principal of and interest on the Bonds which mature in any year, for purposes of this Resolution or the issuance of any Additional Parity Obligations, the stated maturity date of Term Bonds shall be disregarded, and the Amortization Installment, if any, applicable to Term Bonds in such year shall be deemed to mature in such year. In the event the Issuer has purchased or entered into an agreement to purchase Federal Securities from moneys in the Bond Amortization Account, then the income received or to be received on such Federal Securities from the date of acquisition thereof to the date of maturity thereof, shall be taken into consideration in calculating the payments which will be required to be made into the Sinking Fund.

The Bond Service Requirement for any Bond Year shall be adjusted to reflect any amounts on deposit in the Sinking Fund in excess of current requirements (including amounts required to cure any deficiencies in prior deposits) and available for the payment of the Bond Service Requirement in such Bond Year.

“Bond Year” shall mean the annual period ending on a principal maturity date, or, with respect to the Rebate Fund, the period defined by the Code.

“Bonds” shall mean the outstanding Parity Obligations and all Additional Parity Obligations hereafter issued.

“Capital Appreciation Bonds” shall mean Bonds of a series so designated, the interest on which shall be compounded semiannually and payable only at maturity or earlier redemption.

“Chief Financial Officer” means the Chief Financial Officer of the Issuer, or his or her designee.

“City” shall mean the City of Pensacola, Florida, a municipal corporation of the State.

“City Administrator” means the City Administrator of the Issuer, or any acting or interim City Administrator, or his or her designee.

“City Attorney” means the City Attorney of the Issuer, or his or her designee.

“Clerk” means the Clerk of the Issuer, any acting, deputy, or assistant Clerk, or his or her designee.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Consulting Engineer” shall mean such qualified and recognized independent consulting engineer, having favorable repute or skill and experience, with respect to the acts and duties to be provided to the Issuer, as employed or retained by the Issuer to perform the acts and carry out the duties herein provided.

“Cost of Operation and Maintenance” of the System shall mean all current expenses, paid or accrued, for the operation, maintenance and repair of all facilities of the System, as calculated in accordance with generally accepted accounting principles, and shall include, without limiting the generality of the foregoing, insurance premiums, Issuer's overhead expenses allocable to the System, labor, cost of materials and supplies used for current operation, and charges for the accumulation of appropriate reserves for current expenses not annually recurrent but which are such as may reasonably be expected to be incurred in accordance with sound accounting practice, but excluding any reserve for renewals or replacements, for extraordinary repairs or any allowance for renewal, replacements and depreciation.

“Federal Securities” shall mean direct obligations of the United States of America and obligations the principal of and interest on which are fully guaranteed by the United States of America, none of which permit redemption prior to maturity at the option of the obligor.

“Fiscal Year” shall mean the period commencing on October 1 of each year and continuing to and including the succeeding September 30, or such other annual period as may be established by law as the Issuer’s fiscal year.

“Fitch” means Fitch Ratings, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by Issuer.

“Gross Revenues” or “Revenues” shall mean all moneys, received or receivable by the Issuer or accruing to it in the operation or ownership of the System, from rates, fees, rentals, or other charges for the services or facilities of the System, and income derived from the investment of funds held pursuant to this Resolution (other than amounts on deposit in the Rebate Fund), excluding any franchise fees and state and federal grants and grants in aid of construction, unless otherwise provided herein, all calculated in accordance with generally accepted accounting principles, and shall also include amounts deposited in the Revenue Fund established pursuant to Section 15A hereof representing reimbursements of advances of System Revenues or Bond proceeds for any projects not constituting a part of the System. “Gross Revenues” or “Revenues” shall not be deemed to include any amounts received by the Issuer as Special Assessments or Impact Fees for any projects not financed in whole or in part, directly or indirectly, with the proceeds of any Bonds.

“Holder of Bonds,” “Bondholders,” “Registered Owner” or “Owner” or any similar term shall mean the owner of any registered Bond, as shown on the Bond Register. The Issuer may deem and treat the person in whose name any Bond is registered as the absolute owner thereof for the purpose of receiving payment of, or on account of, the principal or redemption price thereof and interest due thereon, and for all other purposes.

“Impact Fees” shall mean fees or charges imposed by the Issuer representing allocations of capital costs of the System, but only to the extent such fees or charges cannot legally be used to pay operating or maintenance costs of the System or debt service on the Bonds.

“Issuer” shall mean the City of Pensacola, Florida.

“Maximum Bond Service Requirement” for any series of Bonds shall mean, as of any particular date of calculation, the greatest amount of aggregate Bond Service Requirements for the then current or any future Bond Year.

“Mayor” means the Mayor of the Issuer or the City Administrator or the Chief Financial Officer on behalf of the Mayor.

“Moody’s” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a

securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

"Municipal Bond Insurance Policy" shall mean a bond purchase agreement, letter or line of credit, surety bond, insurance policy, credit facility or guaranty issued by a Municipal Insurer at the request of the Issuer in connection with a series of Bonds, securing the timely payment of principal of and interest on the Bonds of such Series.

"Municipal Insurer" shall mean any nationally recognized financial institution or insurer of principal and interest on the Bonds whose bond purchase agreement, letter or line of credit, surety bond, insurance policy, credit facility or guaranty would result in such Bonds being rated at the time of issuance thereof in one of the highest two categories by Standard & Poor's, Moody's or Fitch.

"Municipal Obligations" shall mean obligations, the interest on which is exempt from Federal income tax under Section 103(a) of the Internal Revenue Code of 1954, as amended, or which is excluded from individual gross income pursuant to Section 103 of the Code.

"Net Revenues" shall mean Gross Revenues less Cost of Operation and Maintenance and amounts required to be deposited in the Rebate Fund as provided herein.

"Parity Obligations" shall mean the outstanding 2011 Note and 2016 Note.

"Paying Agent" shall mean the bank or trust company or such other person, firm or corporation as may, from time to time be designated by the Issuer as the Paying Agent for the Bonds.

"Pledged Revenues" shall mean the Net Revenues.

"Project" shall mean the acquisition and construction of additions, extensions and improvements to the System pursuant to the plans and specifications on file, or to be on file, with the Issuer.

"Rebate Fund" shall mean the fund as designated and created pursuant to Section 15(U) hereof.

"Registrar" shall mean the paying agent for the Bonds, or such other person, firm or corporation as may, from time to time be designated by the Issuer as the Registrar for the Bonds.

"Reserve Account Insurance Policy" shall mean, with respect to any Series of Bonds, a policy of insurance, surety bond, credit facility, line of credit or letter of credit issued by a Municipal Insurer providing for the payment of an amount equal to the Reserve Requirement to the Paying Agent in lieu of payment from the Reserve Account, provided, however, that if such Series of Bonds shall be secured by a Municipal Bond Insurance Policy, such Reserve Account

Insurance Policy shall have been approved by the Municipal Insurer issuing such Municipal Bond Insurance Policy.

“Reserve Requirement” shall mean the amount, if any, designated by the Issuer as the Reserve Requirement with respect to a Series of Bonds.

“Resolution” shall mean this resolution of the Issuer as hereafter amended and supplemented from time to time in accordance with the provisions hereof.

“Serial Bonds” shall mean the Bonds of a series which shall be stated to mature in annual installments.

“Special Assessments” shall mean revenues derived by the Issuer from special assessments or other charges imposed upon benefitted property in connection with the acquisition or construction of a project of additions, extensions or improvements to the System.

“Standard & Poor’s” shall mean means S&P Global Ratings, a division of S&P Global Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such organization shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

“State” shall mean the State of Florida.

“System” shall mean the gas utility system now owned, operated and maintained by the Issuer, together with any and all assets, improvements, extensions and additions thereto hereafter constructed or acquired.

“Term Bonds” shall mean the Bonds of a series all of which shall be stated to mature on one date and which shall be subject to retirement by operation of the Bond Amortization Account.

"2011 Note" shall mean the City of Pensacola, Florida Gas System Revenue Note, Series 2011, authorized pursuant to the 2011 Note Resolution.

"2011 Note Resolution" shall mean Resolution No. 33-11 adopted by the City Council of the Issuer on December 15, 2011.

"2016 Note" shall mean the City of Pensacola, Florida Gas System Revenue Note, Series 2016, authorized pursuant to the 2016 Note Resolution.

"2016 Note Resolution" shall mean Resolution No. 48-16 adopted by the City Council on November 29, 2016.

SECTION 3. FINDINGS. It is hereby found, determined and declared that:

A. The Issuer now owns, operates and maintains the System and derives revenues from rates, fees, rentals and other charges made and collected for the services of such System.

B. The Pledged Revenues are not now pledged or encumbered in any manner, except for the payment of the Parity Obligations.

C. The principal of and interest on the Bonds and all required Sinking Fund, Reserve and other payments shall be limited obligations of the Issuer, payable solely from and secured by an irrevocable lien upon and pledge of the Pledged Revenues, as provided herein. The Bonds shall not constitute an indebtedness, liability, general or moral obligation, or a pledge of the faith, credit or taxing power of the Issuer, the State, or any political subdivision thereof, within the meaning of any constitutional or statutory provisions. Neither the State, nor any political subdivision thereof, nor the Issuer shall be obligated (1) to levy ad valorem taxes on any property to pay the principal of the Bonds, the interest thereon, the reserves therefor, or other costs incidental thereto or (2) to pay the same from any other funds of the Issuer, except from the Pledged Revenues, on a parity with the Parity Obligations.

The Bonds shall not constitute a lien upon the System, or any part thereof, or on any other property of the Issuer, but shall constitute a lien only on the Pledged Revenues in the manner provided herein.

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

The provisions hereof shall also be deemed to be for the benefit of each Municipal Insurer, subject only to the rights of the owners of the Bonds.

SECTION 5. RESERVED.

SECTION 6. AUTHORIZATION OF BONDS. Subject and pursuant to the provisions hereof, obligations of the Issuer to be known generally as "Gas System Revenue Bonds, Series _____" are authorized to be issued in the aggregate principal amounts set forth in resolutions adopted from time to time by the Issuer in accordance with, and upon compliance with the requirements of the provisions hereof.

SECTION 7. DESCRIPTION OF BONDS. The Bonds shall be dated as of such date, shall be numbered consecutively, from one upward, shall be in the denomination of \$5,000 each

or integral multiples thereof or such other denominations as specified by the Issuer; shall bear interest at such rate or rates not exceeding the maximum rate allowed by law, such interest to be payable on such dates and in such years and amounts and shall mature on such dates, all as provided by subsequent resolution of the Issuer, duly adopted prior to the issuance of such Bonds.

The Bonds shall be issued in fully registered form, shall be payable with respect to both principal and premium, if any, upon presentation and surrender on the date fixed for maturity or redemption thereof at the corporate trust office of the Paying Agent named by resolution of the Issuer adopted prior to the delivery of any Bonds, and 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 or private debts, all in accordance with and pursuant to the terms of this Resolution. No Bond issued in fully registered form shall be or become valid or binding for any purpose unless the same shall have been duly executed by the manual signature of an authorized signatory of the Registrar.

Except as may otherwise be provided for a series of Bonds by the resolution authorizing such Bonds, interest on Bonds in registered form, when due and payable, shall be paid by check or draft mailed to the person in whose name the Bond is registered, at the address shown in the Bond Register, at the close of business on the 15th day of the month (whether or not a business day) next preceding the interest payment date for the Bonds (the "Record Date") irrespective of any transfer of the Bonds subsequent to such Record Date and prior to such interest payment date, unless the Issuer shall be in default in the payment of interest due on such interest payment date: provided, however, that the Registrar will, at the request of any Registered Owner of One Million Dollars (\$1,000,000) or more in aggregate principal amount of Bonds, make payments of interest on such Bonds by wire transfer to the account within the United States designated by such Registered Owner to the Registrar in writing at least five (5) days before the Record Date of such payments. In the event of any such default, such defaulted interest shall be payable to the persons in whose names the Bonds are registered at the close of business on a special record date for the payment of defaulted interest as established by notice mailed by the Bond Registrar to the Registered Owners of the Bonds not less than fifteen days preceding such special record date. Such notice shall be mailed to the persons in whose names such Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing.

Except as may otherwise be provided for a series of the Bonds in the resolution of the Issuer authorizing such Bonds, if the date for payment of the principal of, premium, if any, or interest on the Bonds shall be a Saturday, Sunday, legal holiday or a day on which the banking institutions in the city where the corporate trust office of the Paying Agent is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday or legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

SECTION 8. EXECUTION OF BONDS. The Bonds shall be executed in the name of the Issuer by its Mayor, such execution to be attested under seal by the City Clerk, approved as to substance by the Chief Financial Officer and designated as legal in form and valid as drawn by the City Attorney, and its official seal or a facsimile thereof shall be affixed thereto or reproduced thereon. The facsimile signature of such officers may be imprinted or reproduced on the Bonds in lieu of manual signatures. The Certificate of Authentication of the Bond Registrar, hereinafter described, shall appear on the Bonds, and no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Resolution unless such certificate shall have been duly executed on such Bond. The authorized signature for the Bond Registrar shall at all times be a manual signature. In case any officer whose signature shall appear on any Bonds shall cease to be such officer before the delivery of such Bonds, such signature or facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. Any Bonds may be signed and sealed on behalf of the Issuer by such person who at the actual time of the execution of such Bonds shall hold the proper office with the Issuer, although at the date of adoption of this Resolution such person may not have held such office or may not have been so authorized.

SECTION 9. NEGOTIABILITY, REGISTRATION AND EXCHANGE.

A. Subject to the provisions hereof respecting registration and transfer, the Bonds shall be and shall have all the qualities and incidents of negotiable instruments under the laws of the State, and each successive holder, in accepting any of the Bonds, shall be conclusively deemed to have agreed that the Bonds shall be and have all of such qualities and incidents of negotiable instruments under the Uniform Commercial Code - Investment Securities of the State.

B. Except as otherwise specified for a series of Bonds by resolution adopted by the Issuer prior to the issuance of such Bonds, there shall be a Bond Registrar for the Bonds which shall be a bank or trust company located within or without the State. The Bond Registrar shall maintain the registration books of the Issuer and be responsible for the transfer and exchange of the Bonds. The Bond Registrar shall maintain the books for the registration of the transfer and exchange of the Bonds in compliance with the Florida Registered Public Obligations Act and the system of registration as established by the Issuer pursuant thereto.

Such Bonds may be transferred upon the registration books, upon delivery to the Registrar, together with written Instructions as to the details of the transfer of such Bonds, along with the social security number or federal employer identification number of such transferee and, if such transferee is a trust, the name and social security or federal employee identification numbers of the settlor and beneficiaries of the trust, the date of the trust and the name of the trustee. No transfer of any Bond shall be effective until entered on the registration books maintained by the Bond Registrar.

Upon surrender for transfer or exchange of any Bond, the Issuer shall execute and the Bond Registrar shall authenticate and deliver in the name of the registered owner or the

transferee or transferees, as the case may be, a new fully registered Bond or Bonds of authorized denominations of the same maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time in accordance with the provisions of this Resolution. The Issuer or the Bond Registrar may charge the owner of such Bond for every such transfer or exchange an amount sufficient to reimburse them for their reasonable fees and for any tax, fee, or other governmental charge required to be paid with respect to such transfer, and may require that such charge be paid before any such new Bond shall be delivered.

All Bonds presented for transfer, exchange, redemption or payment (if so required by the Bond Registrar), shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Bond Registrar, duly executed by the registered owner or by his duly authorized attorney in fact or legal representative.

All Bonds delivered upon transfer or exchange shall be dated and shall bear interest from such date that neither gain nor loss in interest shall result from the transfer or exchange. New Bonds delivered upon any transfer or exchange shall be valid obligations of the Issuer, evidencing the same debt as the Bond surrendered, shall be secured by this Resolution and shall be entitled to all of the security and the benefits hereof to the same extent as the Bonds surrendered.

The Issuer and the Bond Registrar may treat the registered owner of any Bond as the absolute owner thereof for all purposes, whether or not such Bonds shall be overdue, and shall not be bound by any notice to the contrary. The person in whose name any Bond is registered may be deemed the registered owner thereof by the Issuer and the Bond Registrar, and any notice to the contrary shall be binding upon the Issuer and the Bond Registrar.

C. Whenever any Bonds shall be delivered to the Bond Registrar for cancellation, upon payment of the principal amount thereof, or for replacement, transfer or exchange, such Bonds shall be cancelled and, upon request of the Issuer, destroyed by the Bond Registrar. Counterparts of the certificate of destruction evidencing any such destruction shall be furnished to the Issuer.

D. BOOK ENTRY SYSTEM. Prior to the delivery of a series of Bonds, the Mayor, on behalf of the Issuer and with the consent of the underwriters, may enter into an agreement in usual and customary form (the "Book Entry Agreement") with the Registrar and Paying Agent and with Depository Trust Company ("DTC") or any successor thereto, or other securities depository, with such changes in the Book Entry Agreement as may be approved by the Mayor, his execution thereof to be conclusive proof of his approval, and make such other provision and perform such further acts as may be necessary or convenient to provide for the distribution of the Bonds in book entry form. In connection therewith, the Mayor shall be authorized to execute and deliver an appropriate letter of representations regarding the book-entry system.

The Book Entry Agreement may provide that the Bonds shall be immobilized in the custody of DTC, with the beneficial owners of the Bonds having no right to receive the Bonds in the form of physical securities or certificates. In such event, ownership of the Bonds shall be shown by book entry on the system maintained and operated by DTC and its participants, and transfers of ownership of beneficial interests shall be made only by DTC and its participants, by book entry, the Issuer having no responsibility therefor. The Bonds in book entry form as set forth herein shall not be transferable or exchangeable, except for transfer to another Depository or to another nominee of a Depository, without further action by the Issuer.

SECTION 10. BONDS MUTILATED, DESTROYED, STOLEN OR LOST. Except as otherwise provided for a series of Bonds by resolution of the Issuer authorizing such Bonds, in case any Bond shall become mutilated, or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver 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 owner furnishing the Issuer proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur. All Bonds so surrendered shall be cancelled by the Registrar for the Bonds. If any of the Bonds shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bonds be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Bonds issued pursuant to this section shall constitute original, additional contractual obligations on the part of the Issuer whether or not the lost, stolen or destroyed Bonds be at any time found by anyone, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien on the source and security for payment from the funds, as hereinafter pledged, to the same extent as all other Bonds issued hereunder.

SECTION 11. PROVISIONS FOR REDEMPTION. The Bonds shall be subject to such provisions regarding redemption by operation of the Bond Amortization Account and at the option of the Issuer, as provided by subsequent resolution of the Issuer duly adopted prior to the issuance of each series or subseries of the Bonds.

Bonds in denominations greater than an authorized denomination (or authorized Maturity Amount in the case of Capital Appreciation Bonds) shall be deemed to be an equivalent number of Bonds in the denomination of an authorized denomination (or Maturity Amount). If a Bond is of a denomination (or Maturity Amount) larger than an authorized denomination (or Maturity Amount), a portion of such Bond may be redeemed, in the amount of an authorized denomination (or Maturity Amount) or integral multiples thereof.

Except as may be otherwise provided with respect to a series of Bonds in the resolution authorizing such series, notice of the redemption of any Bonds or portions thereof are called for redemption as aforesaid, shall be given as follows:

Notice will be given by the Registrar in the name of the City, of the redemption of such Bonds, which notice shall specify the series and maturities and interest rates within maturities, if any, of the Bonds to be redeemed, the date of issue of such Bonds as originally issued, the redemption date and the place or places where amounts due upon such redemption will be payable and, if fewer than all of the Bonds of any like series, maturity and interest rate within maturities are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, the CUSIP numbers of such Bonds to be redeemed, and, in the case of the Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such 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 to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be mailed by the Registrar, by first class mail postage prepaid, not less than 30 nor more than 60 days before the redemption date, to the registered owners of any Bonds (including Bonds registrable only as to principal) or portions of Bonds which are to be redeemed, at their last addresses appearing upon the Bond Register at the close of business on the last business day of the month preceding the month for which notice is mailed. In the event of any redemption of Bonds at the option of the Issuer, such notice shall be mailed in like manner to the applicable Municipal Insurer, if any, of such Bonds. In the event that any series of Bonds is issuable in bearer form, such notice shall also be published in the manner set forth in the supplemental trust indenture authorizing the issuance of such series. Failure to give such notice, to the registered owner of any Bonds or any defect therein shall not affect the validity of the proceedings for the redemption of Bonds.

In addition to the foregoing notice requirements, the Issuer shall give notice and make redemptions in accordance with Securities and Exchange Commission Release No. 34-3856, if then in effect, or any other release, regulation, procedure, ruling, decision or statute modifying or superseding that release then in effect: provided that if notice complying with the other requirements of this Section is given, neither the failure to comply with this paragraph nor any defect in the giving of any notice pursuant to this paragraph shall affect or invalidate the proceedings for such redemption.

Any notice of optional redemption given pursuant to this Section 11 may state that it is conditional upon receipt by the Paying Agent of moneys sufficient to pay the redemption price, plus interest accrued to such redemption date, or upon the satisfaction of any other condition, and that it may be rescinded upon the occurrence of any such condition, and any conditional notice so given may be rescinded at any time before payment of such redemption price and accrued interest if any such condition so specified is not satisfied. Notice of such rescission

shall be given by the Paying Agent to affected Registered Owners as promptly as practicable upon the failure of such condition or the occurrence of such other event.

Notice having been mailed to the Registered Owners in the manner and under the conditions hereinabove provided and any conditions provided in such notice having been satisfied, the Bonds or portions of Bonds so called for redemption shall, on the redemption date designated in such notice, become and be due and payable at the redemption price provided for redemption of such Bonds or portions of Bonds on such date. On the date so designated for redemption, notice having been mailed and filed and moneys for payment of the redemption price being held in separate accounts in trust for the holders of the Bonds or portions thereof to be redeemed, all as provided in this Resolution, interest on the Bonds or portions of Bonds so called for redemption shall cease to accrue, such Bonds and portions of Bonds shall cease to be entitled to any lien, benefit or security under this Resolution, and the Owners of such Bonds or portions of Bonds, shall have no rights in respect thereof except to receive payment of the redemption price thereof.

Upon surrender of any Bond for redemption in part only, the Issuer shall issue and deliver to the Registered Owners thereof, the costs of which shall be paid by the Issuer, a new Bond or Bonds of authorized denominations in aggregate principal amount equal to the unredeemed portion surrendered.

Section 12. FORM OF BONDS. The text of the Bonds shall be in substantially the following form with such omissions, insertions and variations as may be necessary and desirable and authorized and permitted by this Resolution or by any subsequent resolution adopted prior to the issuance thereof:

[Remainder of page intentionally left blank]

(Form of Bonds)

Registered
No. R-[__]

Registered
\$_____

**UNITED STATES OF AMERICA
STATE OF FLORIDA**

**CITY OF PENSACOLA, FLORIDA
GAS SYSTEM REVENUE [REFUNDING] BONDS, SERIES [__]**

Rate of Interest Maturity Date Dated Date CUSIP

Registered Owner:

Principal Amount:

KNOW ALL MEN BY THESE PRESENTS, that the City of Pensacola, Florida, a municipal corporation of the State of Florida (hereinafter called "Issuer") for value received, hereby promises to pay to the Registered Owner set forth above, or registered assigns, on the Maturity Date set forth above, upon presentation and surrender hereof, the Principal Amount set forth above, solely from the revenues hereinafter mentioned, and to pay solely from such revenues, interest on said sum from the Dated Date of this Bond or from the most recent interest payment date to which interest has been paid, at the Rate of Interest per annum set forth above, until the payment of such principal sum, such interest being payable [____], and [semiannually] thereafter on the first days of [____] and [____] of each year. The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof on the date fixed for maturity or redemption at the principal office of [____] (the "Paying Agent" and "Registrar") in [____, _____], or at the office designated for such payment of any successor thereof. The interest on this Bond, when due and payable, shall be paid by check or draft mailed to the Registered Owner, at his address as it appears on the Bond Register, at the close of business on the 15th day of the month (whether or not a business day) next preceding the interest payment date (the "Record Date"), irrespective of any transfer of this Bond subsequent to such Record Date and prior to such interest payment date, unless the Issuer shall be in default in payment of interest due on such interest payment date: except that the Registrar will, at the request of any Registered Owner of one million dollars (\$1,000,000) or more in aggregate principal amount of Bonds, make payments of interest on such Bonds by wire transfer to the account within the United States designated by such Registered Owner to the Registrar in writing at least five (5) days before the Record Date of such payments. In the event the Issuer shall be in default in the payment of interest due on such interest payment date, such defaulted interest shall be payable to the Registered Owner at the close of business on a special record date for the payment of defaulted interest as established by notice mailed by the

Bond Registrar to the Registered Owner of this Bond not less than fifteen days preceding such special record date. Such notice shall be mailed to the person in whose name this Bond is registered at the close of business on the fifth (5th) day preceding the date of mailing. All amounts due hereunder shall be payable in any coin or currency of the United States, which is, at the time of payment, legal tender for the payment of public or private debts.

This Bond is one of a duly authorized issue of Bonds in the aggregate principal amount of \$[_____], of like date, tenor and effect, except as to number, installment, redemption provisions, maturity and interest rate, authorized for the purposes of financing the [refunding of certain outstanding revenue bonds of the Issuer] [the cost of the acquisition and construction of additions, extensions and improvements to the complete gas system (the "System")] now owned, operated and maintained by the Issuer, pursuant to the authority of and in full compliance with the Constitution and laws of the State of Florida, including particularly Chapter 166, Part II, Florida Statutes, as amended, the Charter of the Issuer effective January 1, 2010, and other applicable provisions of law, and Resolution No. 4-94 duly adopted by the City Council of the Issuer on February 16, 1994, as amended and restated by Resolution 2019-01 duly adopted by the City Council of the Issuer on April 25, 2019 (collectively, the "Gas System Revenue Bond Resolution"), and as particularly amended and supplemented by Resolution No. __-__ (the "___ Supplemental Resolution") duly adopted by the Issuer on _____, 20__ (collectively, the "Resolution"), This Bond is subject to all the terms and conditions of such Resolution, a copy of which is on file with the Issuer. All capitalized undefined terms used herein shall have the meaning set forth in the Resolution.

This Bond, and the issue of Bonds of which it is a part, are limited obligations of the Issuer payable solely from and secured by an irrevocable lien upon and pledge of the Pledged Revenues, as defined in the Resolution, which consist of the Net Revenues of the System, all as defined and described in the Resolution. This Bond does not constitute an indebtedness, liability, general or moral obligation, or a pledge of the faith, credit or taxing power of the Issuer, the State of Florida, or any political subdivision thereof, within the meaning of any constitutional or statutory provisions. Neither the State of Florida, nor any political subdivision thereof, nor the Issuer shall be obligated (1) to levy ad valorem taxes on any property to pay the principal of the Bonds, the interest thereon, the reserves therefor or other costs incidental thereto or (2) to pay the same from any other funds of the Issuer, except from the Pledged Revenues, on a parity with the Parity Obligations, in the manner provided in the Resolution. It is further agreed between the Issuer and the registered owner of this Bond that this Bond and the indebtedness evidenced hereby shall not constitute a lien upon the System, or any part thereof, or on any other property of the Issuer, but shall constitute a lien only on the Pledged Revenues, in the manner provided in the Resolution.

In and by the Resolution, the Issuer has covenanted and agreed with the Registered Owners of the Bonds of this issue that it will fix, establish, revise from time to time whenever necessary, maintain and collect always, such fees, rates, rentals and other charges for the use of the product, services and facilities of the System which will always provide gross revenues in each year sufficient to pay, and out of such funds pay, 100% of all costs of operation and

maintenance of the System in such year and all reserve and other payments provided for in the Resolution and 115% of the bond service requirement due in such year on the Bonds of this issue, and on all other obligations payable on a parity therewith, and that such fees, rates, rentals and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds of this issue for the terms of which reference is made to the Resolution. Pursuant to the Resolution, the Issuer has reserved the right to amend the Resolution and to issue Additional Bonds, payable on a parity with the Bonds of this issue, in the manner, and upon the terms and conditions provided in the Resolution.

Optional Redemption.

[Insert Redemption Provisions] Any such redemption, either in whole or in part, shall be made in the manner and upon the terms and conditions provided in the Resolution.

Bonds in denominations greater than \$5,000 shall be deemed to be an equivalent number of Bonds of the denomination of \$5,000. In the event a Bond is of a denomination larger than \$5,000, a portion of such may be redeemed, but Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. In the event any of the Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the Bonds or portions thereof to be redeemed will be given by the Registrar (who shall be the Paying Agent for the Bonds, or such other person, firm or corporation as may from time to time be designated by the Issuer as the Registrar for the Bonds) by mailing a copy of the redemption notice by first-class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the registration books in the manner provided in the Resolution. Failure to give such notice by mailing to any Registered Owner of Bonds, or any defect therein, shall not affect the validity of any proceeding for the redemption of the Bonds. All Bonds so called for redemption will cease to bear interest after the specified redemption date provided funds for their redemption are on deposit at the place of payment at that time. Upon surrender of any Bond for redemption in part only, the Issuer shall issue and deliver to the Registered Owner thereof, the costs of which shall be paid by the Issuer, a new Bond or Bonds of authorized denominations in aggregate principal amount equal to the unredeemed portion surrendered.

If the date for payment of the principal of, premium, if any, or interest on this Bond shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the city where the corporate trust office of the Paying Agent is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

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 of this issue does not violate any constitutional or statutory limitations or provisions.

Subject to the provisions set forth herein for registration and transfer, this Bond is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code - investment Securities of the State of Florida.

The Bonds are issued in the form of fully registered bonds without coupons in denominations of \$5,000 or any integral multiple of \$5,000. Subject to the limitations and upon payment of the charges provided in the Resolution, Bonds may be exchanged for a like aggregate principal amount of Bonds of the same maturity of other authorized denominations. This Bond is transferable by the Registered Owner hereof in person or by his attorney duly authorized in writing, at the principal office of the duly appointed Registrar, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this Bond. Any Bonds delivered for transfer shall be accompanied by written instrument of transfer, in form and with guaranty of signature satisfactory to the Registrar, specifying the details of the transfer of such Bonds, along with the social security number or federal employer identification number of such transferee and, if such transferee is a trust, the name and social security or federal employer identification numbers of the settlor and beneficiaries of the trust, the federal employer identification number and date of the trust and the name of the trustee. In all cases of the transfer of a Bond, the Registrar shall enter the transfer of ownership in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of authorized denominations of the same maturity and interest rate for the aggregate principal amount which the Registered Owner is entitled to receive at the earliest practicable time in accordance with the provisions of the Resolution. No transfer of any Bond shall be effective until entered on the registration books maintained by the Bond Registrar. The Issuer may deem and treat the Registered Owner hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and the Issuer shall not be affected by any notice to the contrary.

This Bond shall not be deemed valid or obligatory for any purpose unless it shall have been duly executed by the manual signature of an authorized officer of the Registrar.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the City of Pensacola, Florida, has issued this Bond and has caused the same to be executed by the manual or facsimile signature of the Mayor, attested under seal by the City Clerk, approved as to substance by the Chief Financial Officer, and designated legal in form and valid as drawn by the City Attorney, as of the Dated Date set forth above.

CITY OF PENSACOLA, FLORIDA

[SEAL]

By: _____
[_____] , Mayor

ATTEST:

By: _____
[_____] , City Clerk

Approved as to Substance:

By: _____
[_____]
Chief Financial Officer

Legal in Form and Valid as Drawn:

By: _____
[_____]
City Attorney

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned _____

_____ (the "Transferor"),

hereby sells, assigns, and transfers unto _____

_____ (Please insert name and Social

Security or Federal Employer Identification number of assignee) the within Bond and all rights

thereunder, and hereby irrevocably constitutes and appoints _____

_____ (the "Transferee") as attorney to

register the transfer of the within Bond on the books kept for registration thereof, with full

power of substitution in the premises.

Date: _____

Signature Guaranteed:

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

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

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Issue of the within described Bonds. The Dated Date, the Principal Amount, Rate of Interest, Maturity Date and Registered Owner shown above are correct in all respects and have been recorded, along with the applicable federal taxpayer identification number and the address of the Registered Owner, in the Register maintained for such purposes at the principal offices of the undersigned.

[REGISTRAR]

By: _____
Authorized Signature

Date of Authentication

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.

SECTION 13. [RESERVED].

SECTION 14. SPECIAL OBLIGATIONS OF ISSUER. The Bonds shall be limited obligations of the Issuer, payable solely from the Pledged Revenues as herein provided. The Bonds do not constitute an indebtedness, liability, general or moral obligation, or a pledge of the faith, credit or taxing power of the Issuer, the State or any political subdivision thereof, within the meaning of any constitutional or statutory provisions. Neither the State, nor any political subdivision thereof, nor the Issuer shall be obligated (1) to levy ad valorem taxes on any property to pay the principal of the Bonds, the interest thereon, the reserves therefor or other costs incidental thereto or (2) to pay the same from any other funds of the Issuer, except from the Pledged Revenues, on a parity with the Parity Obligations, in the manner provided herein. The acceptance of the Bonds by the Owners from time to time thereof shall be deemed an agreement between the Issuer and such Owners that the Bonds and the indebtedness evidenced thereby shall not constitute a lien upon the System, or any part thereof, or any other property of the Issuer, but shall constitute a lien only on the Pledged Revenues, in the manner hereinafter provided.

The payment of the principal of and the interest on the Bonds shall be secured forthwith equally and ratably by an irrevocable lien on the Pledged Revenues, as defined herein, and the Issuer does hereby irrevocably pledge such Pledged Revenues to the payment of the principal of and the interest on the Bonds, for the reserves therefor and for all other required payments, on a parity with the Parity Obligations, as provided herein.

SECTION 15. COVENANTS OF THE ISSUER. For as long as any of the principal of and interest on any of the Bonds shall be outstanding and unpaid, or until payment has been provided for as herein permitted, or until there shall have been set apart in the Sinking Fund, herein established, including the Reserve Account therein, a sum sufficient to pay when due the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer covenants with the Holder of any and all Bonds as follows:

A. **REVENUE FUND.** Subject to the provisions of Section 15(V) hereof, the entire Gross Revenues, except the income from investments (hereinafter provided for), shall upon receipt thereof be deposited in the "City of Pensacola Gas System Revenue Bonds Revenue Fund" (hereinafter called the "Revenue Fund"), hereby created and established. Such Revenue Fund shall constitute a trust fund for the purposes herein provided, and shall be kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner and order herein provided.

B. **SINKING FUND.** There is hereby created and established a separate fund to be designated "City of Pensacola Gas System Revenue Bonds Sinking Fund" (hereinafter called "Sinking Fund"). There are also hereby created and established in the Sinking Fund four accounts to be known as the "Interest Account", "Principal Account", "Reserve Account" and "Bond Amortization Account".

C. DISPOSITION OF REVENUES. All Revenues at any time remaining on deposit in the Revenue Fund shall be disposed of on or before the fifteenth (15th) day of each month commencing in the month immediately following the delivery of the Bonds, first to deposit to the Rebate Fund established under Section 15(U) of this Resolution an amount estimated to be sufficient to timely provide for the Rebate Deposit required thereunder, and then only in the following manner and in the following order of priority:

(1) Revenues shall first be used to deposit in the "City of Pensacola Gas System Operation and Maintenance Fund" (the "Operation and Maintenance Fund") which fund is hereby created and established, such sums as are necessary for the Cost of Operation and Maintenance, as hereinabove defined, for the next ensuing month.

(2) Revenues shall next be used for deposit into the Interest Account, such sums as will be sufficient to pay one-sixth (1/6) of all interest becoming due on the Bonds on the next semiannual interest payment date; provided, however, if the period to elapse between interest payment dates will be other than six (6) months, the monthly deposits to the Interest Account will be adjusted as appropriate.

(3) Revenues shall next be used for deposit into the Principal Account, in any Bond Year in which a Serial Bond matures, such sums as will be sufficient to pay one-twelfth (1/12) of the principal maturing on Serial Bonds in such Bond Year; provided, however, if the period between delivery of any Bonds issued hereunder and the first principal maturity date or the period between the principal maturity dates will be other than twelve (12) months, the monthly deposits to the Principal Account will be adjusted as appropriate.

(4) Revenues shall be used for deposit into the Bond Amortization Account, on a parity with the deposits under paragraph (3) above, in any Bond Year in which an Amortization Installment is due, such sums as will be sufficient to pay one-twelfth (1/12) of the Amortization Installment required to be made in such Bond Year; provided however, that such deposits shall be subject to adjustment, as appropriate, if the period between Amortization Installments is less than twelve (12) months. Such payments shall be credited to a separate special account for each series of Term Bonds outstanding, and if there shall be more than one stated maturity for Term Bonds of a series, then into a separate special account in the Bond Amortization Account for each such separate maturity of Term Bonds. The funds and investments in each such separate account shall be pledged solely to the payment of principal of the Term Bonds of the series or maturity within a series for which it is established and shall not be available for payment, purchase or redemption of Term Bonds of any other series or within a series, or for transfer to any other account in the Sinking Fund to make up any deficiencies in required payments therein. Upon the sale of any series of Term Bonds, the Issuer shall, by resolution, establish the amounts and maturities of such Amortization Installments for each series, and if there shall be more than one maturity of Term Bonds within a series, the Amortization Installments for the Term Bonds of each maturity. In the event the moneys deposited for retirement of a maturity of Term Bonds are required to be invested, in the manner provided below, then the Amortization Installments may be stated in terms of either the

principal amount of the investments to be purchased on, or the cumulative amounts of the principal amount of investments required to have been purchased by, the payment date of such Amortization Installment.

Moneys on deposit in each of the separate special accounts or subaccounts in the Bond Amortization Account shall be used for the open market purchase or the redemption of Term Bonds of the series or maturity of Term Bonds within a series for which such separate special account is established or may remain in said separate special account and be invested until the stated date of maturity of the Term Bonds. The resolution establishing the Amortization Installments for any series or maturity of Term Bonds may limit the use of moneys to any one or more of the uses set forth in the preceding sentence.

The required deposits to the Principal Account, Interest Account and Bond Amortization Account shall be adjusted in order to take into account the amount of money currently on deposit therein and as necessary to fund amounts payable on the next principal or interest payment date.

(5) (a) Revenues shall next be applied by the Issuer to maintain in the Reserve Account, or any subaccount created therein, a sum equal to the Reserve Requirement with respect thereto, if any, which sum shall initially be deposited therein from the proceeds of the sale of the Bonds unless a Reserve Account Insurance Policy has been established therefor as provided herein. The amount required to be on deposit in the Reserve Account shall be recomputed not less than annually, and any surplus may be transferred to the Revenue Fund. In the event any separate subaccounts have been created in the Reserve Account as provided in paragraph (d) below, the Revenues shall be applied pro-rata to the Reserve Account and the subaccounts therein, in proportion to the deficiencies therein.

(b) Any withdrawals from the Reserve Account which reduce the balance below the then applicable Reserve Requirement shall be subsequently restored from the first moneys available in the Revenue Fund after all required current payments for the Operation and Maintenance Fund and Sinking Fund (including all deficiencies in prior payments to those Funds) have been made in full.

(c) Moneys in the Reserve Account shall be used only for the purpose of the payment of maturing principal of or interest on the Bonds, or maturing Amortization Installments, if any, when the other moneys in the Sinking Fund are insufficient therefor with respect to the applicable Series of Bonds, and for no other purpose.

(d) Pursuant to the 2011 Note Resolution and the 2016 Note Resolution, the Issuer has determined that neither the 2011 Note nor the 2016 Note shall be secured by the Reserve Account and that there shall be no Reserve Requirement with

respect thereto. Neither the 2011 Note nor the 2016 Note shall have any claim upon or right to payment from the Reserve Account or any subaccount established therein.

(6) Upon the issuance of any Additional Parity Obligations under the terms, limitations and conditions as are herein provided, the payments into the several accounts in the Sinking Fund shall be increased in such Amounts as shall be necessary to make the payments for the principal of, interest on and reserves for such Additional Parity Obligations and, if Term Bonds are issued, the Amortization Installments, on the same basis as hereinabove provided with respect to the Bonds initially issued under this Resolution: provided, however, that if such Additional Parity Obligations bear interest at a variable rate, the amount, if any, required to be on deposit in the Reserve Account with respect to such Additional Parity Obligations shall be equal to the Reserve Requirement on such Additional Parity Obligations.

The Issuer shall not be required to make any further payments into the Sinking Fund when the aggregate amount of money in the Sinking Fund is at least equal to the total Bond Service Requirement of the Bonds then outstanding, plus the amount of redemption premium, if any, then due and thereafter to become due on such Bonds then outstanding by operation of the Bond Amortization Account.

(7) Notwithstanding the foregoing deposit requirements of this Section 15C, so long as (1) the Issuer is not in default in the payment of principal, premium, if any, and interest on the Bonds, and (2) all amounts required to be on deposit in the Debt Service Reserve Fund pursuant to Section 15C(5) hereof are then current, and (3) the Issuer has not been notified of its default under the provisions of any applicable Reserve Account Insurance Policy, then the failure to deposit the Revenues into the Revenue Fund and Sinking Fund in the amounts required hereunder shall not be deemed a default hereunder so long as the full amount of such deposits necessary to make all such payments with respect to the Bonds then outstanding are deposited with the Paying Agent on or prior to the date such payments are due.

(8) The balance of any moneys remaining in the Revenue Fund after the above required payments have been made may be used by the Issuer for any lawful purpose.

(9) The Operation and Maintenance Fund, the Sinking Fund, the Revenue Fund, and all accounts therein and any other special funds herein established and created shall constitute trust funds for the purposes provided herein for such funds. All such funds shall be continuously secured in the same manner as deposits of governmental funds are authorized to be secured by the laws of the State.

Monies on deposit in the Revenue Fund and the Sinking Fund (except the Reserve Account therein) may be invested and reinvested in the manner provided by law provided such investments either mature or are redeemable at not less than par at the option of the Issuer not later than the dates on which the moneys on deposit therein will be needed for the purpose of such fund. The moneys in the Reserve Account in the Sinking Fund may be invested and reinvested only in Authorized Investments, in the manner provided by law. All

income on such investments shall be deposited into the Revenue Fund, except however that investment income earned in the Bond Amortization Account shall remain therein or be transferred to the Principal Account or the Interest Account and used to pay maturing principal, Amortization Installments and interest on the Bonds.

(10) The cash required to be accounted for in each of the foregoing funds established herein may be deposited in a single bank account, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the cash on deposit therein for the various purposes of such Funds as herein provided.

The designation and establishment of the various funds 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 and assets of the System for certain purposes and to establish certain priorities for application of such revenues and assets as herein provided.

The gross amount required to pay principal or interest and Amortization Installments on the Bonds on any payment date shall be deposited in trust for such purposes with the Paying Agent in immediately available funds on such payment date. Any provision hereof to the contrary notwithstanding, so long as the Issuer is not in default in the payment of principal, premium, if any, and interest on the Bonds, then the failure to deposit the Pledged Revenues into the Revenue and Sinking Funds created herein in the amounts required hereunder shall not be deemed a default hereunder so long as the full amount of such deposits necessary to make all such payments with respect to the Bonds are deposited in such Funds on or prior to the date such payments are due.

D. OPERATION OF BOND AMORTIZATION ACCOUNT. Money held for the credit of the Bond Amortization Account shall be applied to the retirement of term obligations as follows:

(1) Subject to the provisions of Paragraph 3 below, the Issuer shall endeavor to purchase Term Bonds then outstanding at the most advantageous price obtainable with reasonable diligence, such price not to exceed the principal of such Term Bonds plus the accrued interest to the date of delivery thereof. The Issuer shall pay the interest accrued on such Term Bonds to the date of delivery thereof from the Interest Account and the purchase price from the Bond Amortization Account, but no such purchase shall be made by the Issuer within the period of 45 days immediately preceding any interest payment date on which Term Bonds are subject to call for redemption, except from money in excess of the amounts set aside or deposited for the redemption of Term Bonds.

(2) Subject to the provisions of Paragraph 3 below, whenever sufficient money is on deposit in the Bond Amortization Account to redeem \$5,000 or more principal amount of Term Bonds, the Issuer shall call for redemption from money in the Bond

Amortization Account such amount of Term Bonds then subject to redemption as, with the redemption premium, if any, will exhaust the money then held in the Bond Amortization Account as nearly as may be practicable. Prior to calling Term Bonds for redemption, the Issuer shall withdraw from the Interest Account and from the Bond Amortization Account and set aside in separate accounts or deposit with the Paying Agent the respective amounts required for paying the interest on and the principal of and redemption premium applicable to the Term Bonds so called for redemption.

(3) Money in the Bond Amortization Account shall be applied by the Issuer in each fiscal year to the retirement of Term Bonds then outstanding in the following order:

(a) The Term Bonds of each series of Bonds, to the extent of the Amortization Installment, if any, for such Fiscal Year for the Term Bonds of each such series then outstanding, plus the applicable premium, if any, and, if the amount available in such Fiscal Year shall not be sufficient therefor, then in proportion to the Amortization Installment, if any, for such Fiscal Year for the Term Bonds of each such series then outstanding, plus the applicable premium, if any: provided, however, that if the Term Bonds of any such series shall not then be subject to redemption from money in the Bond Amortization Account and if the Issuer shall at any time be unable to exhaust the money applicable to the Term Bonds of such series under the provisions of this clause or in the purchase of such Term Bonds under the provisions of Paragraph 1 above, such money or the balance of such money, as the case may be, shall be retained in the Bond Amortization Account and, as soon as it is feasible, applied to the Term Bonds of such series: and

(b) Any balance then remaining, other than money retained under the first clause of this paragraph 3, shall be applied to the retirement of such Term Bonds as the Issuer in its sole discretion shall determine, but only, in the case of the redemption of Term Bonds of any series, in such amounts and on such terms as may be provided in the resolution authorizing the issuance of the obligations of such series.

(4) The Issuer shall deposit into the Bond Amortization Account Amortization Installments for the amortization of the principal of the Term Bonds, together with any deficiencies for prior required deposits, such Amortization Installments to be in such amounts and to be due in such years as shall be determined by resolution of the governing body of the Issuer prior to the delivery of the Bonds.

The Issuer shall pay from the Sinking Fund all expenses in connection with any such purchase or redemption.

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

F. ANNUAL BUDGET. The Issuer shall annually prepare and adopt prior to the beginning of each of its Fiscal Years, a detailed budget of the estimated expenditures for operation and maintenance of the System during such next succeeding Fiscal Year. The Issuer shall make available copies of such annual budgets and good and sufficient evidence of all official action authorizing increased expenditures for operation and maintenance to each Bond Insurer, any nationally recognized bond rating services which, upon application of the Issuer prior to the issuance of the Bonds have published a rating on the Bonds (the "Rating Services"), and any Holder or Holders of Bonds.

G. RATE ORDINANCE. The Issuer covenants to fix, establish, revise from time to time whenever necessary, maintain and collect always such fees, rates, rentals and other charges for the use of the product, services and facilities of the System which will always provide Gross Revenues in each year sufficient to pay, and out of such funds pay, 100% of all Costs of Operation and Maintenance of the System in such year and all reserve and other payments provided for in this Resolution, other than principal and interest, and 115%, of the Bond Service Requirement due in such year on all outstanding Bonds. Such rates, fees, rentals or other charges shall not be reduced so as to be insufficient to provide Gross Revenues for such purposes.

The Issuer further covenants and agrees that the Issuer will annually within ninety (90) days after adoption of the budget described in the preceding Subsection F revise such fees, rates, rentals and other charges for the use of the product, services and facilities of the System to the extent necessary for the estimated Gross Revenues to be derived from the operation of the System during the next succeeding Fiscal Year to increase so as to be sufficient to pay the estimated expenditures for operation and maintenance of the System during such next succeeding Fiscal year and otherwise comply with all covenants in this Resolution.

H. BOOKS AND RECORDS. The Issuer shall also keep books and records of the Pledged Revenues of the System which shall be kept separate and apart from all other books, records and accounts of the Issuer.

I. ANNUAL AUDIT. The Issuer shall also, at least once a year, within 180 days after the close of its Fiscal Year, cause the financial statements relating to the Issuer to be properly audited by a recognized independent firm of certified public accountants and shall make generally available the report of such audits to any Holder or Holders of Bonds. Such audits shall contain the audited financial statements of the Issuer prepared in accordance with auditing standards generally accepted in the United States of America.

J. NO MORTGAGE OR SALE OF THE SYSTEM. The Issuer will not sell, lease, mortgage, pledge or otherwise encumber the System, or any substantial part thereof, or any revenues to be derived therefrom, except as herein provided.

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 which the Issuer shall hereafter determine, to be no longer necessary, useful or profitable in the operation of the System.

K. INSURANCE. For so long as any of the Bonds are outstanding, the Issuer will carry adequate fire and windstorm insurance on all buildings and structures of the works and properties of the System which are subject to loss through fire or windstorm, and will otherwise carry insurance of all kinds and in the amounts normally carried in the operation of similar facilities and properties in Florida: provided, however, that in lieu of such insurance the Issuer may establish a qualified plan of self-insurance in accordance with the laws of the State. Any such insurance shall be carried for the benefit of the holders of the Bonds. All moneys received for losses under any of such insurance, except public liability, are hereby pledged by the Issuer as security for the Bonds, until and unless such proceeds are used to remedy the loss or damage for which such proceeds are received, either by repairing the property damaged or replacing the property destroyed as soon as practicable.

L. NO FREE SERVICE. The Issuer will not render or cause to be rendered any free services of any nature by its System, nor will any preferential rates be established for users of the same class. This covenant shall not prevent individual contract with other governmental entities for the wholesale delivery of services of the System. Whenever the Issuer, including its departments, agencies and instrumentalities, shall avail itself of the product, facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged to the Issuer and any such department, agency or instrumentality.

M. MANDATORY CUT OFF. The Issuer will, under reasonable rules and regulations, to the full extent permitted by law, shut off and discontinue the supplying of gas services to any users of the System for the non-payment of fees, rentals or other charges for such gas services, and will not restore such services until all delinquent charges for the same, together with interest and reasonable penalties, have been paid in full or arrangement for payment thereof satisfactory to the Issuer has been made.

N. ENFORCEMENT OF COLLECTIONS. The Issuer will diligently impose, assess, enforce and collect the rates, fees and other charges for the services and facilities of the System herein pledged: will take all reasonable steps, actions and proceedings for the imposition, assessment, enforcement and collection of such rates, charges and fees as shall become delinquent to the full extent permitted or authorized by law: and will maintain accurate records with respect thereof. All such fees, rates, charges and revenues herein pledged shall, as collected, be held in trust to be applied as herein provided and not otherwise.

O. REMEDIES. Any Holder of Bonds or any coupons appertaining thereto, issued under the provision hereof or any trustee acting for the Holders of such Bonds, may either at law or in equity, by suit, action, mandamus or other proceedings in any court of competent jurisdiction, protect and enforce any and all rights, including the right to the appointment of a receiver, existing under the laws of the State, or granted and contained herein, and may enforce

and compel the performance of all duties required herein or by any applicable statutes to be performed by the Issuer or by any officer thereof.

Nothing herein, however, shall be construed to grant to any Holder of the Bonds any lien on the System or any real or personal property of the Issuer.

P. CONSULTING ENGINEER. The Issuer shall retain a Consulting Engineer capable of providing the Issuer with competent counsel affecting the proper, efficient and economical operation and maintenance of the System and in connection with the making of capital improvements and renewals and replacements to the System. The Consulting Engineer shall advise the Issuer with respect to the management of the properties of the System, the sufficiency of the rates and charges for services, the proper maintenance of the properties of the System, and the necessity for capital improvements and recommendations therefor.

If any report or survey of the Consulting Engineer shall set forth that the provisions hereof have not been complied with, the Issuer shall immediately take such reasonable steps as are necessary to comply with such requirements and recommendations.

Q. COMPLIANCE WITH FRANCHISE. The Issuer shall comply with all provisions of the franchise agreements applicable to the service area of the System outside the territorial limits of the Issuer, and shall take no action which would adversely affect its ability to operate the System within such service area; provided, however, that nothing herein shall require the Issuer to provide new service in such franchised area if the Consulting Engineers shall determine that it would not be feasible for the Issuer to provide such services to any specific area within the three years succeeding a request to provide such service, the Issuer may authorize or allow or consent to the granting of a franchise or permit for such area to other utility providers upon such terms and conditions as it may approve.

R. NO COMPETING SYSTEM. To the full extent permitted by law, the Issuer will not hereafter grant, or cause, consent to, or allow the granting of, any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever, for the furnishing of gas utility services to or within the boundaries of the Issuer: provided, however, that if the Consulting Engineer renders an opinion that it would not be feasible for the Issuer to provide such services to any specific area within the three years succeeding a request to provide such service, the Issuer may authorize or allow the granting of such franchise or permit for such area upon such terms and conditions as it may approve.

S. ISSUANCE OF OTHER OBLIGATIONS. The Issuer will not hereafter issue any other obligations payable from the Revenues of the System nor 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 of the Bonds and the interest thereon upon said Revenues except under the conditions and in the manner provided herein. Any obligations issued by the Issuer other than the Parity Obligations and any Additional Parity Obligations provided for in Subsection T below, payable from such Revenues, shall contain an express statement that such

obligations are junior and subordinate in all respects to the Bonds, as to lien on and source and security for payment from such Revenues.

T. ISSUANCE OF ADDITIONAL PARITY OBLIGATIONS. Additional Parity Obligations, payable on a parity from the Net Revenues of the System with the Bonds, may be issued for the Project, or the construction and acquisition of additions, extensions and improvements to the System or for refunding purposes and upon the conditions and in the manner herein provided:

(a) There shall have been obtained and filed with the Issuer a certificate of the Chief Financial Officer of the Issuer, or his or her designee: (i) setting forth the amount of Net Revenues, as defined herein, received by the Issuer for any twelve (12) consecutive months out of the twenty four (24) consecutive months immediately preceding the date of sale of the proposed Additional Parity Obligations, (ii) stating that the Net Revenues described in (i) above, as may be adjusted as permitted in paragraph (b)(i) below, equal at least 1.00 times the Maximum Bond Service Requirement on all Bonds then outstanding and on the proposed Additional Parity Obligations with respect to which such certificate is made and (iii) stating that the projected Net Revenues described in (ii) above, adjusted as permitted in subparagraph (b) below, equal at least 1.15 times the Maximum Bond Service Requirement on all Bonds then outstanding and on the proposed Additional Parity Obligations with respect to which such certificate is made.

(b) If determined by the Chief Financial Officer to be desirable, the Net Revenues may be adjusted by the Consulting Engineers as follows: (i) to reflect for such period new customers actually connected to the System, and changes made and actually in effect in the rates, fees, rentals or other charges from the services of the System, subsequent to the commencement of such preceding audited period referred to in (a) above: (ii) to reflect any change made in the rates, fees, rentals or other charges for the services of the System which have been adopted but not yet implemented at the time of calculation, commencing after their scheduled effective dates; (iii) to include for such period an amount equal to the Net Revenues estimated to be derived from the operation of any project the cost of which has been funded (from Bond proceeds or otherwise) but not yet completed, provided that such projects will serve existing, occupied businesses and dwellings for which there are binding agreements to connect to the System when service is made available, but such Net Revenues may be taken into account only from and after the date on which service from such projects is projected to become available.

(c) Each resolution authorizing the issuance of Additional Parity Obligations will recite that the applicable covenants herein contained will be applicable to such Additional Parity Obligations.

(d) Immediately following the issuance of such Additional Parity Obligations, the Issuer shall not be in default in performing any of the covenants and

obligations assumed hereunder, and all payments herein required to have been made into the accounts and funds, as provided hereunder, shall have been made to the full extent required.

(e) The requirements of Section 15T(a) above shall not apply to any Additional Parity Obligations issued to refund and defease any outstanding Bonds but only if the Average Bond Service Requirement on such Additional Parity Obligations is less than the Average Bond Service Requirement on the Bonds so refunded and defeased and such Additional Parity Obligations do not mature later than such Bonds so refunded.

(f) As to any series of Bonds, the payment of principal and interest on which is guaranteed by a Municipal Insurer, the Municipal Insurer may consent to the issuance of Additional Parity Obligations upon terms not contemplated in this Section 15, in the manner provided in Section 16 hereof. Any such consent shall be deemed the consent of the Owners of such series of Bonds to the issuance of such Additional Parity Obligations.

U. TAX COMPLIANCE.

(1) The Issuer at all times while the Bonds and the interest thereon are outstanding will comply with all applicable provisions of the Code, in order to ensure that the interest on the Bonds will be excluded from gross income for Federal income tax purposes, except that the provisions of this Section 15U shall not apply to any Bonds issued as taxable Bonds. The Issuer hereby covenants with the Registered Owners of the Bonds that it will make no investment or other use of the proceeds of the Bonds or any other series of Additional Parity Obligations issued under the Resolution, the income on which is excluded from gross income for federal income tax purposes, which would cause such series of Bonds to be "arbitrage bonds" as that term is defined in Section 148 of the Code and that it will comply with the requirements of that Section of the Code and regulations promulgated thereunder throughout the term of such series of Bonds.

(2) Rebate Fund. (A) The Issuer shall establish a Rebate Fund, outside the lien of this Resolution, which shall be a separate trust fund held by the Issuer, solely for the purposes hereof, and the amounts therein shall be applied solely as specified herein or in a letter of instructions in connection with the Issuer's certification of compliance with the provisions of Section 148 of the Code at the time of issuance of the Bonds. The Issuer shall engage an accountant or other person or firm of suitable experience to make such periodic calculations of the Issuer's rebate liability on the Bonds as shall be required to comply with Section 148(e) of the Code and shall deposit to the credit of the Rebate Fund, hereby created, the full amount of the Issuer's accrued and unpaid rebate liability under Section 148(e) of the Code. The Issuer shall keep such records of the computations made pursuant to this Section as are required under Section 148(e) and other applicable provisions of the Code. The Issuer shall keep such records concerning the investments of the gross proceeds of the Bonds subject to Rebate

and the investments of earnings from those investments as may be required in order to make the aforesaid computations. This subsection (2) may be superseded or amended by new calculations accompanied by an opinion of nationally recognized bond counsel addressed to the Issuer to the effect that the use of the new calculations are in compliance with this Resolution and will not cause the interest on the Bonds to become included in gross income for Federal income tax purposes.

(3) The Issuer covenants that upon request it will make all filings of reports or other documents as may be required by Section 149(e) of the Code and regulations promulgated thereunder throughout the term of the Bonds of such series.

(4) The Issuer covenants that it will not take any action or allow any action which would cause the Bonds to become private activity bonds as described in Section 141 of the Code.

(5) The Issuer covenants to take all actions reasonable and necessary to maintain the exclusion of the interest on the Bonds (other than Bonds issued as taxable Bonds) from gross income for federal income tax purposes, including compliance with the letter of instructions received by the Issuer in connection with its certification regarding arbitrage at the time of delivery of any series of Bonds. The Issuer covenants to budget and appropriate in each fiscal year in which any deposit to the Rebate Fund may be required pursuant hereto, from Revenues of the System, an amount sufficient to make such deposit.

(6) The provisions of this Subsection U may be modified or amended by resolution of the Issuer without the consent of any Municipal Insurer or Registered Owner of any Bonds, upon receipt of an opinion of nationally recognized bond counsel to the effect that such modification or amendment will not adversely affect the exclusion from gross income of interest on the Bonds for purposes of federal income taxation.

SECTION 16. MODIFICATION OR AMENDMENT. No material modification or amendment of this Resolution or of any resolution amendatory hereof or supplemental hereto, may be made without the consent in writing of the owners of not less than two-thirds of the principal amount of Bonds then outstanding and affected thereby; provided, however, no modification or amendment shall permit a change in the maturity of such Bonds or a reduction in the rate of interest thereon, or in the amount of the principal obligation or affect the unconditional promise of the Issuer to pay the principal of and interest on the Bonds as the same shall come or reduce the percentage of the holders of the Bonds required to consent to any material modification or amendment hereof, without the consent in writing of the holder or holders of all such Bonds: provided, further, that no such modification or amendment shall allow or permit any acceleration of the payment of principal of or interest on the Bonds upon any default in the payment thereof whether or not the holders of the Bonds consent thereto.

In addition to the other provisions of this Resolution permitting amendments and modifications, this Resolution may be amended, changed, modified and altered without the

consent of the Holders of Bonds (i) to cure any ambiguity, correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions contained herein, (ii) to provide any technical or mechanical provision necessary or desirable for the issuance of Capital Appreciation Bonds or Bonds bearing interest at a variable rate, (iii) to provide other changes which will not adversely affect the interest of such Holder of Bonds, (iv) to provide for the issuance of Bonds in coupon form if, in the opinion of a nationally recognized bond counsel, such issuance will not affect the exemption from federal income taxation of interest on the Bonds, and (v) to provide for the issuance of Bonds, the interest on which is not excluded from gross income for federal tax purposes.

SECTION 17. DEFEASANCE. If, at any time, the Issuer shall have paid, or shall have made provision for payment of, the principal, interest and redemption premiums, if any, with respect to the Bonds, then, and in that event, the pledge of and lien on the Pledged Revenues in favor of the Holders of the Bonds shall be no longer in effect. For purposes of the preceding sentence, deposit of Federal Securities or bank certificates of deposit fully secured as to principal and interest by Federal Securities or Municipal Obligations fully insured as to principal and interest by a Municipal Insurer (or deposit of any other securities or investments which may be authorized by law from time to time and sufficient under such law to effect such a defeasance) in irrevocable trust with a banking institution or trust company, for the sole benefit of the Bondholders, in respect to which such Federal Securities or certificates of deposit (or such other securities or investments), the principal of which, together with the income thereon, will be sufficient to make timely payment of the principal, interest, and redemption premiums, if any, on the outstanding Bonds, shall be considered “provision for payment.” 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 and/or interest due on the Bonds shall be paid by the Bond Insurer pursuant to the Municipal Bond Insurance Policy, the Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer, and the assignment and pledge of the Pledged Revenues and all covenants, agreements and other obligations of the Issuer to the registered owners of the Bonds shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such registered owners.

SECTION 18. ARBITRAGE. No use will be made of the proceeds of the Bonds which would cause the same to be “arbitrage bonds” within the meaning of the Code. The Issuer at all times while the Bonds are outstanding will comply with the requirements of Section 148 of the Code and any valid and applicable rules and regulations promulgated thereunder.

SECTION 19. RESERVED.

SECTION 20. USE OF ADDITIONAL FUNDS FOR DEBT PAYMENT. Subject to the provisions of the Florida Constitution, nothing herein contained shall preclude the Issuer from using any legally available funds, in addition to the Pledged Revenues herein provided, which may come into its possession, including but not limited to the proceeds of sale of the Bonds, contributions or grants, for the purpose of payment of principal of and interest on the Bonds, or the payment of Amortization Installments, if any, or the purchase or redemption of such Bonds in accordance with the provisions of this Resolution.

SECTION 21. SEVERABILITY. If any one or more of the covenants, agreements, or provisions of this Resolution should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Resolution or of the Bonds or coupons issued hereunder.

SECTION 22. REPEAL OF INCONSISTENT INSTRUMENTS. All resolutions or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

SECTION 23. EFFECTIVE DATE. This Resolution shall become effective on the fifth business day after adoption, unless otherwise provided pursuant to Section 4.03(d) of the City Charter of the City of Pensacola.

Adopted: April 25, 2019

[SEAL]

Approved: _____
Council President

ATTEST:

Ericka L. Burnett, City Clerk