SUPPLEMENT TO OFFICIAL STATEMENT
DATED JUNE 25, 2008

$67,285,000
CITY OF JACKSONVILLE, FLORIDA
CAPITAL PROJECTS REVENUE BONDS
SERIES 2008A

$67,285,000
CITY OF JACKSONVILLE, FLORIDA
CAPITAL PROJECTS REVENUE BONDS
SERIES 2008B

This Supplement to Official Statement supplements and amends certain provisions of the Official Statement dated June 25, 2008 (the "Official Statement") as more particularly set forth herein. All terms used in this Supplement and not defined herein are used with the meanings ascribed to them in the Official Statement.

On page 4 of the Official Statement, the second paragraph under the caption "PLAN OF REFUNDING" is hereby amended and restated in its entirety as follows:

Bank of America, N.A. and SunTrust Bank (collectively, the "Banks") currently hold as bank bonds pursuant to the credit facility liquidity related to the Refunded Bonds approximately $116,130,000 of the $135,785,000 outstanding Refunded Bonds (the "Bank Bonds"). The City and the Banks will enter into an agreement wherein the City will purchase and defease the Bank Bonds with a portion of the proceeds of the 2008 Bonds.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]
On pages 8 and 9 of the Official Statement, the section entitled "Mandatory Redemption" is hereby amended and restated in its entirety as follows:

**Mandatory Tender**

The 2008 Bonds of each series are subject to mandatory sinking fund redemption in part on October 1, in each year listed below, at a redemption price equal to 100% of the principal amount redeemed plus accrued interest thereon to the redemption date, in the principal amount set forth below next to such year.

### Series 2008A

<table>
<thead>
<tr>
<th>Year (October 1)</th>
<th>Redemption Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$ 325,000.00</td>
</tr>
<tr>
<td>2009</td>
<td>1,340,000.00</td>
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<td>2010</td>
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<tr>
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*Final Maturity.*
# Series 2008B

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<tr>
<td>2009</td>
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<tr>
<td>2010</td>
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<td>2011</td>
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<td>2034*</td>
<td>4,350,000.00</td>
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</table>

*Final Maturity.
The information on page 40 is hereby amended and restated in its entirety as follows:

DEBT SERVICE SCHEDULE
2008 BONDS

<table>
<thead>
<tr>
<th>Bond Year Ending October 1</th>
<th>Series 2008A Principal</th>
<th>Series 2008A Interest&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>Series 2008B Principal</th>
<th>Series 2008B Interest&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>Total Debt Service</th>
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<td>2008</td>
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<td>$325,000.00</td>
<td>$818,597.39</td>
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<td>1,405,000.00</td>
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<td>2,075,000.00</td>
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<td>2020</td>
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<td>4,350,000.00</td>
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<td>9,155,689.34</td>
</tr>
</tbody>
</table>

TOTAL $67,285,000.00 $52,913,340.87 $67,285,000.00 $52,913,340.87 $240,396,681.74

<sup>(1)</sup> Interest on 2008 Bonds is based on the Certified Interest Rate of 4.840%, determined pursuant to the Bond Terms Agreement, dated as of June 1, 2008. Such rate is only a theoretical rate used to determine future debt service for the issuance of Additional Parity Obligations. The actual interest rates on the 2008 Bonds will be Weekly Interest Rates as determined by the Remarketing Agent for the respective series of the 2008 Bonds. See "DESCRIPTION OF THE 2008 BONDS - General" herein.
The information on page 41 is hereby amended and restated in its entirety as follows:

PRO FORMA ANALYSIS OF DEBT SERVICE COVERAGE FROM JEA CONTRIBUTION

<table>
<thead>
<tr>
<th>Bond Year Ending October 1</th>
<th>JEA Contribution(1)</th>
<th>Total Debt Service on 2008 Bonds</th>
<th>Coverage</th>
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<tbody>
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<td>2008 $94,187,538</td>
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<td>2009 $96,687,538</td>
<td>9,155,760.04</td>
<td>10.56</td>
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<td>2010 $99,187,538</td>
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<td>2013 $106,687,538</td>
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<td>2014 $109,187,538</td>
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<td>2017 $114,187,538</td>
<td>9,158,741.16</td>
<td>12.47</td>
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<tr>
<td>2018 $114,187,538</td>
<td>9,153,605.96</td>
<td>12.48</td>
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<tr>
<td>2019 $114,187,538</td>
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<td>12.47</td>
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<td>2020 $114,187,538</td>
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<tr>
<td>2034 $114,187,538</td>
<td>9,155,689.34</td>
<td>12.47</td>
<td></td>
</tr>
</tbody>
</table>

$240,396,681.74

(1) Represents the required total of the JEA Contribution based upon the minimum amounts set forth in the Charter until Fiscal Year 2016.

(2) From "Debt Service Schedule 2008 Bonds" on prior page.

Other than the above-referenced amendments set forth in this Supplement to Official Statement, the Official Statement remains unchanged as of the date hereof.

BANC OF AMERICA SECURITIES LLC               SUNTRUST ROBINSON HUMPHREY

Dated: June 25, 2008.
NEW ISSUE – FULL BOOK-ENTRY ONLY

Ratings: See "RATINGS" herein.

In the opinion of Livermore, Freeman & McWilliams, PA., Bond Counsel, assuming continuing compliance with certain tax covenants, under existing laws, regulations, rulings and court decisions, interest on the 2008 Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of the federal alternative minimum tax on individuals and corporations. See "TAX EXEMPTION" herein.

The $67,285,000 City of Jacksonville, Florida Capital Projects Revenue Bonds, Series 2008A (the "Series 2008A Bonds") and the $67,285,000 City of Jacksonville, Florida Capital Projects Revenue Bonds, Series 2008B (the "Series 2008B Bonds" and together with the Series 2008A Bonds, the "2008 Bonds"), are being issued by the City of Jacksonville, Florida, a political subdivision of the State of Florida and a municipal corporation, to refund the City's outstanding Capital Projects Revenue Bonds, Series 1997-1, 1997-2, 1997-3 and 2002-1 (collectively, the "Refunded Bonds"). The 2008 Bonds will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company ("DTC"), an automated depository for securities and clearinghouse for securities transactions. As DTC holds the 2008 Bonds through its nominee, which in turn is to remit such payments to the DTC Participants which in turn are to remit such payments to Beneficial Owners (as defined herein) of the 2008 Bonds, transfer of ownership interests in the 2008 Bonds are to be accomplished by entries made on the books of DTC Participants. See "BOOK-ENTRY ONLY SYSTEM" herein.

The 2008 Bonds are being issued to provide funds, which, together with other available funds of the City, will be used to (a) currently refund the City's outstanding Capital Projects Revenue Bonds, Series 1997-1, 1997-2, 1997-3 and 2002-1 (collectively, the "Refunded Bonds"), and (b) pay the costs of issuance of the 2008 Bonds. The 2008 Bonds will have a subordinate lien on the Pledged Revenues until the payment of all outstanding Refunded Bonds which is expected to occur no later than July 16, 2008. Upon issuance of the 2008 Bonds and the refunding of the Refunded Bonds, the 2008 Bonds will be the only Bonds outstanding under the General Bond Ordinance (as defined herein) and will have a senior lien on the Pledged Revenues. This Official Statement primarily describes the 2008 Bonds after the payment of all Refunded Bonds. For additional information, see "PLAN OF REFUNDING" herein.

The 2008 Bonds are subject to optional and mandatory redemption prior to maturity as more fully described herein. While bearing interest at a Weekly Interest Rate or Daily Interest Rate, the 2008 Bonds are subject to optional and mandatory tender for purchase in the manner described herein.

The 2008 Bonds are special limited obligations of the City payable exclusively from the Pledged Revenues, as described herein. The 2008 Bonds shall not be or constitute a general obligation or a pledge of the faith, credit or taxing power of the City, JEA, the State of Florida or any political subdivision thereof within the meaning of any constitutional, statutory or charter provision or limitation, but shall be payable solely from, and when received by the City, and secured by a lien upon and pledge of the Pledged Revenues as described herein. The full faith and credit of the City is not pledged to the payment of the principal of, or redemption premium, or interest on the 2008 Bonds. No owner of any of the 2008 Bonds shall ever have the right to require or compel the reserved exercise by JEA of its police power or rate-making power with respect to the utilities system operated by JEA pursuant to Article 21 of the Charter of the City or shall ever have the right to require or compel the City to exercise any of its police power or rate-making power with respect to such utilities system operated by JEA in order to generate sufficient revenues to enable or require JEA to pay the JEA Contribution, as defined in the Bond Ordinance, to the City. No owner of any of the 2008 Bonds shall ever have the right to require or compel the exercise of the ad valorem taxing power of the City for the payment thereof, and the 2008 Bonds shall not constitute a lien upon any property of JEA or the City, except the Pledged Revenues as described herein.

The payment of principal of and interest on the 2008 Bonds of each series, when due, and the Purchase Price of 2008 Bonds tendered for optional or mandatory purchase will be secured by and, except to the extent paid with remarketing proceeds, will be made with the proceeds from the following sources: (a) the City's outstanding Capital Projects Revenue Bonds, Series 1997-1, 1997-2, 1997-3 and 2002-1 (collectively, the "Refunded Bonds"), (b) the City's internal revenues, and (c) other money and funds of the City, as the City may determine. The 2008 Bonds are offered when, as and if issued and received by the Underwriters, subject to prior sale, withdrawal or modification of the offer without notice and subject to the unqualified approval of legality by Livermore, Freeman & McWilliams, PA., Jacksonville Beach, Florida, Bond Counsel. Certain legal matters will be passed on for the City by its Office of General Counsel and by Greenberg Traurig, PA., Orlando, Florida and Reginald Estell Jr. PA., Jacksonville, Florida Co-Disclosure Counsel. The Underwriters and Credit Facility Providers are being represented by Holland & Knight LLP in connection with the issuance of the 2008 Bonds. Public Financial Management, Inc., Orlando, Florida served as financial advisor to the City in connection with the issuance of the 2008 Bonds. It is expected that the 2008 Bonds in definitive form will be available for delivery in New York, New York, on or about July 1, 2008.

BANC OF AMERICA SECURITIES LLC

SUNTRUST ROBINSON HUMPHREY

Dated: June 25, 2008.
<table>
<thead>
<tr>
<th>Series of 2008 Bonds</th>
<th>Credit Facility Provider</th>
<th>Expiration Date</th>
<th>Remarketing Agent</th>
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<td>SunTrust Bank</td>
<td>July 15, 2011</td>
<td>SunTrust Robinson Humphrey</td>
<td>46936E AK7</td>
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* Neither the Issuer nor the City is responsible for the use of CUSIP numbers, nor is a representation made as to their correctness. The CUSIP numbers are included solely for the convenience of the reader of this Official Statement.
Following the invalidation of an election due to candidate ineligibility, the City Council currently only has 18 members. The City plans to elect a new Council Member for the at-large Group 2 in the August 26, 2008 election.
This Official Statement does not constitute a contract between the City and any one or more owners of 2008 Bonds nor does it constitute an offer to sell or the solicitation of an offer to buy the 2008 Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer in such jurisdiction. No dealer, salesman or any other person has been authorized by the City to give any information or to make any representations, other than those contained herein, in connection with the offering of the 2008 Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the City or any other person. The information set forth herein, including in the appendices, has been obtained from the City and other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information contained in the Official Statement in accordance with, and as a part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.


All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the 2008 Bonds are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements.
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OFFICIAL STATEMENT

relating to

$67,285,000
CITY OF JACKSONVILLE, FLORIDA
CAPITAL PROJECTS REVENUE BONDS
SERIES 2008A

$67,285,000
CITY OF JACKSONVILLE, FLORIDA
CAPITAL PROJECTS REVENUE BONDS
SERIES 2008B

INTRODUCTION

General

The purpose of this Official Statement of the City of Jacksonville, Florida (the "City"), including the cover page and Appendices hereto, is to provide information with respect to the $67,285,000 City of Jacksonville, Florida Capital Projects Revenue Bonds, Series 2008A (the "Series 2008A Bonds") and the $67,285,000 City of Jacksonville, Florida Capital Projects Revenue Bonds, Series 2008B (the "Series 2008B Bonds" and together with the Series 2008A Bonds, the "2008 Bonds"). The 2008 Bonds are being issued pursuant to the provisions of Chapter 92-341, Laws of Florida, Special Acts of 1992, as amended and supplemented (the "Charter"), and other applicable provisions of law, including Chapters 166 and 125, Florida Statutes, and pursuant to Ordinance 97-1054-E of the City enacted on November 25, 1997 (the "General Bond Ordinance"), as supplemented by Ordinance 2008-307-E, enacted on April 22, 2008 (the "Refunding Bond Ordinance" and together with the General Bond Ordinance, the "Bond Ordinance") and a Bond Terms Agreement dated as of June 1, 2008 (the "Bond Terms Agreement") between the City and Wells Fargo Bank, N.A., as Deputy Registrar and Paying Agent (the "Deputy Registrar and Paying Agent"). Extracts of material provisions of the Bond Ordinance and the Bond Terms Agreement are appended hereto as Appendix B and Appendix C, respectively. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Bond Ordinance or the Bond Terms Agreement.

This Official Statement (including "APPENDIX B – EXTRACT OF MATERIAL PROVISIONS OF BOND ORDINANCE," and "APPENDIX C – EXTRACT OF MATERIAL PROVISIONS OF BOND TERMS AGREEMENT") generally describes the terms of the 2008 Bonds only while the 2008 Bonds are in the Daily Rate Period or Weekly Rate Period. As described herein, the City may elect to convert the 2008 Bonds to other Interest Rate Periods as provided in the Bond Terms Agreement. See "APPENDIX C – EXTRACT OF MATERIAL PROVISIONS OF BOND TERMS AGREEMENT." Prospective purchasers of the 2008 Bonds bearing interest for Interest Rate Periods other than the Daily Rate Period or Weekly Rate Period should not rely on the Official Statement.

At the time of issuance of the 2008 Bonds the City will enter into the Bond Terms Agreement and a Tender Agent Agreement (the "Tender Agent Agreement") with Wells Fargo Bank, N.A., as tender agent (the "Tender Agent"). In connection with the issuance of the 2008 Bonds, the City will enter into separate Remarketing Agreements (each a "Remarketing Agreement" and collectively, the "Remarketing Agreements") with Banc of America Securities
LLC and with SunTrust Robinson Humphrey, Inc. each as Remarketing Agent (each a "Remarketing Agent" and collectively, the "Remarketing Agents") with respect to each series of 2008 Bonds.

For a complete description of the terms and conditions of the 2008 Bonds, reference is made to the Bond Ordinance and the Bond Terms Agreement. The description of the 2008 Bonds and the documents authorizing and securing the same and the information from reports contained herein do not purport to be comprehensive or definitive. All references herein to such documents and reports are qualified in their entirety by reference to such documents. Copies of documents and reports not reproduced in this Official Statement may be obtained from the City's Chief Financial Officer, Suite 300, 117 West Duval Street, Jacksonville, Florida 32202, telephone number (904) 630-1298 or from Public Financial Management, Inc., the City's Financial Advisor, 300 South Orange Avenue, Suite 1170, Orlando, Florida 32801, telephone number (407) 648-2208.

The 2008 Bonds

The 2008 Bonds are initially being issued in fully registered form, in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), in denominations of $100,000 or any integral multiple of $5,000 in excess of $100,000. The 2008 Bonds will initially bear interest at the Weekly Interest Rate (as defined herein). Interest on the 2008 Bonds shall be paid on each Interest Payment Date. While the 2008 Bonds are in the Daily Interest Rate Period or Weekly Interest Rate Period, each "Interest Payment Date" shall be the first Business Day of each calendar month.

The "Daily Interest Rate" and the "Weekly Interest Rate" are variable rates of interest determined from time to time by the Remarketing Agent for the related series of 2008 Bonds, pursuant to the terms of the Bond Terms Agreement. Subject to the provisions of the Bond Terms Agreement, the 2008 Bonds may be converted, in whole, to another Interest Period Rate. See "DESCRIPTION OF THE 2008 BONDS - General" herein and "APPENDIX C – EXTRACT OF MATERIAL PROVISIONS OF BOND TERMS AGREEMENT" attached hereto.

Purpose of Issue

The City is issuing the 2008 Bonds to provide funds, which together with other available funds of the City, will be used to (a) currently refund the City's Capital Projects Revenue Bonds, Series 1997-1, Series 1997-2, Series 1997-3 and Series 2002-1 (collectively, the "Refunded Bonds") and (b) pay the costs of issuance of the 2008 Bonds. See "PLAN OF REFUNDING" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Security for and Source of Payment of the 2008 Bonds

Upon payment of all Refunded Bonds, the principal of and redemption premium, if any, and the interest on the 2008 Bonds will be payable from and will be secured by a senior lien upon and pledge of the Pledged Revenues which shall consist of (a) if, as and when received, the annual JEA Contribution consisting of the annual contribution of JEA appropriated by the City from available electric revenues and water and wastewater revenues (subject to certain
exclusions, including the appropriation of one quarter of one mill of such contribution appropriated to the Jacksonville Port Authority), and, at such time as JEA may provide natural gas service, available natural gas revenues, and any other revenues of JEA or any Affiliated Company, if any, from whatever source derived, pursuant to Article 21 of the Charter of the City, as more fully described in "SECURITY FOR AND SOURCE OF PAYMENT OF THE 2008 BONDS" herein, and (b) the moneys held in the funds and accounts under the Bond Ordinance and the income from investment of moneys in such funds and accounts, except the moneys and investment income in the Rebate Fund and the Reserve Account.

The Bond Ordinance permits the issuance of Additional Parity Obligations secured by a lien upon and pledge of the Pledged Revenues on a parity with the Bonds outstanding under the Bond Ordinance as described under the caption "SECURITY AND SOURCE OF PAYMENT FOR THE 2008 BONDS - Additional Parity Obligations" herein.

The 2008 Bonds are special limited obligations of the City payable exclusively from the Pledged Revenues, as described herein. The 2008 Bonds shall not be or constitute a general obligation or a pledge of the faith, credit or taxing power of the City, JEA, the State of Florida or any political subdivision thereof within the meaning of any constitutional, statutory or charter provision or limitation, but shall be payable solely from, as and when received by the City, and secured by a lien upon and pledge of the Pledged Revenues as described herein. The full faith and credit of the City is not pledged to the payment of the principal of, or redemption premium, or interest on the 2008 Bonds. No owner of any of the 2008 Bonds shall ever have the right to require or compel the reserved exercise by JEA of its police power or rate-making power with respect to the utilities system operated by JEA pursuant to Article 21 of the Charter of the City or shall ever have the right to require or compel the City to exercise any of its police power or rate-making power with respect to such utilities system operated by JEA in order to generate sufficient revenues to enable or require JEA to pay the JEA Contribution, as defined in the Bond Ordinance, to the City. No owner of any of the 2008 Bonds shall ever have the right to require or compel the exercise of the ad valorem taxing power of the City for the payment thereof, and the 2008 Bonds shall not constitute a lien upon any property of JEA or the City, except the Pledged Revenues as described herein.

Concurrently with, and as a condition to, the issuance of the 2008 Bonds, the City will cause to be delivered irrevocable, direct-pay letters of credit (each a "2008 Credit Facility") issued by Bank of America, N.A., with respect to the Series 2008A Bonds, and by SunTrust Bank, with respect to the Series 2008B Bonds, to provide for the timely payment of principal of and interest (calculated for 35 days at a maximum interest rate of 12% per annum) on, and purchase price of, the 2008 Bonds. Each 2008 Credit Facility will expire on July 15, 2011 unless terminated or extended. Upon the expiration of a 2008 Credit Facility or any alternate letter of credit issued to replace any existing letter of credit, 2008 Bonds of the applicable series will be subject to mandatory tender for purchase.
THE CITY OF JACKSONVILLE

On August 8, 1967, the electors of Duval County, Florida approved by referendum a charter of a consolidated government of the City of Jacksonville. Such consolidated government went into effect on October 1, 1968, and extends throughout Duval County, except that the Cities of Jacksonville Beach, Atlantic Beach and Neptune Beach and the Town of Baldwin (referred to as the Second, Third, Fourth and Fifth Urban Services Districts, respectively) remain as urban services districts and each retains its individual municipal charter. The City of Jacksonville, as so consolidated, is herein referred to as the "City." For additional information concerning the City, see "APPENDIX A – GENERAL INFORMATION - CITY OF JACKSONVILLE" appended hereto.

PLAN OF REFUNDING

The City has determined that it is desirable and in the best interest of the City to provide for the current refunding of (a) all of the City's outstanding Capital Projects Revenue Bonds, Series 1997-1 in the aggregate principal amount of $19,685,000, (b) all of the City's outstanding Capital Projects Revenue Bonds, Series 1997-2 in the aggregate principal amount of $38,100,000, (c) all of the City's outstanding Capital Projects Revenue Bonds, Series 1997-3 in the aggregate principal amount of $24,000,000, and (d) all of the City's outstanding Capital Projects Revenue Bonds, Series 2002-1 in the aggregate principal amount of $54,000,000.

Bank of America, N.A. and SunTrust Bank (collectively, the "Banks") currently hold as bank bonds pursuant to the credit facility liquidity related to the Refunded Bonds approximately $117,615,000 of the $135,785,000 outstanding Refunded Bonds (the "Bank Bonds"). The City and the Banks will enter into an agreement wherein the City will purchase and defease the Bank Bonds with a portion of the proceeds of the 2008 Bonds.

To effect the current refunding of the remaining Refunded Bonds (the "Remaining Refunded Bonds"), the City will enter into an Escrow Deposit Agreement (the "Escrow Deposit Agreement") dated as of July 1, 2008 with Wells Fargo Bank, N.A., as Escrow Agent (the "Escrow Agent") and U.S. Bank, National Association, as tender agent and deputy registrar and paying agent for the Refunded Bonds. On July 1, 2008, the City will exercise its option to redeem the Remaining Refunded Bonds on July 16, 2008 (the "Redemption Date"). Pursuant to the terms of the Escrow Deposit Agreement, the City will deposit a portion of the proceeds of the 2008 Bonds and other legally available funds into the Escrow Account (the "Escrow Account") held by the Escrow Agent for the redemption of the Remaining Refunded Bonds which will be sufficient to pay the principal of the Remaining Refunded Bonds plus interest thereon at the maximum interest rate of thirteen percent (13%) per annum through the Redemption Date of July 16, 2008 (the "Escrow Requirement"). On the date of delivery of the 2008 Bonds, amounts deposited in the Escrow Account will be invested in a money market fund that invests solely in direct obligations of the United States of America (the "Escrow Investments"). The Escrow Investments and any cash balance remaining in the Escrow Account will always be sufficient to pay the Escrow Requirement.
The Escrow Investments, the interest earned thereon and any cash balance held in the Escrow Account will be held in trust only for the payment of the principal of and interest on the Remaining Refunded Bonds on the Redemption Date and will not be available to pay the 2008 Bonds.

The pledge of and lien on the Pledged Revenues to secure payment of the Remaining Refunded Bonds will not be discharged or satisfied until payment of the Remaining Refunded Bonds upon redemption or earlier payment upon tender to the City for payment. Until such discharge, such pledge and lien to secure payment of the Remaining Refunded Bonds will be senior to the pledge and lien securing payment of the 2008 Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

Sources of Funds:

Principal Amount of Series 2008A Bonds..............................................................$  67,285,000.00
Principal Amount of Series 2008B Bonds .............................................................. 67,285,000.00
Non-Bank Bond Interest Deposit .......................................................................................97,072.60
Sinking Fund Deposit ........................................................................................................... 1,998,750.00
Total Sources ......................................................................................................................... $ 136,665,822.60

Uses of Funds:

Purchase of Bank Bonds ........................................................................................$ 117,615,000.00
Deposit to Escrow Account(1) ............................................................................................18,267,072.60
Costs of Issuance(2) ........................................................................................................... 783,750.00
Total Uses ............................................................................................................................. $ 136,665,822.60

(1) Includes deposit of Non-Bank Bond Interest.
(2) Includes legal fees, underwriters' discount, initial fees of the Credit Facility Providers and other expenses.

DESCRIPTION OF THE 2008 BONDS

General

The 2008 Bonds will initially be issued in two series, as variable rate demand bonds in the aggregate principal amount of $134,570,000. The 2008 Bonds will initially be issued in denominations of $100,000 or any integral multiple of $5,000 in excess of $100,000, subject to book-entry procedures described herein. The 2008 Bonds will bear interest initially at a Weekly Interest Rate, payable on each Interest Payment Date, any redemption date and on the maturity date therefor. During each Weekly Interest Rate Period, the 2008 Bonds shall bear interest at the Weekly Interest Rate determined by the Remarketing Agents prior to each Thursday of each week during the Weekly Interest Rate Period. The first Weekly Interest Rate for each Weekly Interest Rate Period shall be determined on or prior to the first day of such Weekly Interest Rate Period and shall apply to the period commencing on the first day of such Weekly Interest Rate Period and ending on and including the next succeeding Wednesday. Thereafter, each Weekly
Interest Rate shall apply to the period commencing on and including Thursday and ending on and including the next succeeding Wednesday, unless such Weekly Interest Rate Period ends on a day other than Wednesday, in which event the last Weekly Interest Rate for such Weekly Interest Rate Period shall apply to the period commencing on and including the Thursday preceding the last day of such Weekly Interest Rate Period and ending on and including the last day of such Weekly Interest Rate Period. Interest Payment Dates during the Weekly Interest Rate Period shall be the first Business Day of each month.

Each Weekly Interest Rate with respect to the 2008 Bonds shall be the rate of interest per annum determined by the applicable Remarketing Agent to be the minimum interest rate which, if borne by such 2008 Bonds, would enable the Remarketing Agent to sell all of such 2008 Bonds on the effective date of that rate at a price (without regard to accrued interest) equal to the principal amount thereof.

If the applicable Remarketing Agent fails to establish a Weekly Interest Rate for any week with respect to the 2008 Bonds bearing interest at such rate or if the Weekly Interest Rate determined by such Remarketing Agent is held to be invalid or unenforceable by a court of law, then the Weekly Interest Rate for such week shall be equal to 110% of the SIFMA Swap Index, or if such index is no longer available, 70% of the interest rate on 30-day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in *The Wall Street Journal* on the day such Weekly Interest Rate would otherwise be determined as provided in the Bond Terms Agreement for such Weekly Interest Rate Period.

Each Daily Interest Rate with respect to the 2008 Bonds shall be the rate of interest per annum determined by the applicable Remarketing Agent to be the minimum interest rate which, if borne by such 2008 Bonds, would enable the Remarketing Agent to sell all of such 2008 Bonds on the effective date of the rate at a price (without regard to accrued interest) equal to the principal amount thereof. The Daily Interest Rate for any day which is not a Business Day shall be the same as the Daily Interest Rate for the immediately preceding Business Day.

If for any reason a Daily Interest Rate is not so established for any Business Day by the Remarketing Agent, the Daily Interest Rate for such Business Day shall be the same as the Daily Interest Rate for the immediately preceding day and such rate shall continue until the earlier of (a) the date on which the applicable Remarketing Agent determines a new Daily Interest Rate or (b) the seventh day succeeding the first such day on which such Daily Interest Rate is not determined by the applicable Remarketing Agent. In the event that the Daily Interest Rate shall be held to be invalid or unenforceable by a court of law, or the applicable Remarketing Agent fails to determine a new Daily Interest Rate for a period of seven days as described in clause (b) of the immediately preceding sentence, the interest rate applicable to such 2008 Bonds, for each day shall be the interest rate per annum equal to 110% of the SIFMA Swap Index for such day or, if such index is no longer available 70% of the interest rate on 30-day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in *The Wall Street Journal* as reported for each Business Day (and for the immediately preceding Business Day for each day which is not a Business Day) until such Daily Interest Rate is again validly determined by the applicable Remarketing Agent.
While the 2008 Bonds are book-entry bonds, as described below, payment of the principal and tender price of, premium, if any, and interest on any 2008 Bonds will be made by wire transfer to DTC, to the account of Cede & Co. In the event the 2008 Bonds are no longer book-entry bonds, principal and tender price of and premium, if any, on the 2008 Bonds will be payable at the designated office of the Deputy Registrar and Paying Agent, and interest payments on the 2008 Bonds are to be made by check mailed on the date due by the Deputy Registrar and Paying Agent to the registered owners of such 2008 Bonds as of the Record Date (as defined below); provided, however, that if a holder or group of holders of $1,000,000 or more aggregate outstanding principal amount of the 2008 Bonds gives the Deputy Registrar and Paying Agent written notice of such holding accompanied by sufficient wire transfer instructions, the payments of principal and tender price of, premium, if any, and interest on the 2008 Bonds (other than the final payment of principal thereof) will be payable by wire transfer of immediately available funds on the date due. The "Record Date" with respect to the 2008 Bonds in the Weekly Interest Rate Period will be the Business Day preceding each Interest Payment Date.

The 2008 Bonds shall have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code and Investment Securities Law of the State of Florida. Each Registered Owner, in accepting any of the 2008 Bonds, shall be conclusively deemed to have agreed that the 2008 Bonds shall be and shall have all of the qualities and incidents of negotiable instruments.

Transfer and Payment

In the event the Book-Entry-Only System described under "BOOK-ENTRY ONLY SYSTEM" herein is discontinued, the following provisions will apply. The 2008 Bonds may be registered as transferred by the registered owner thereof or such owner's attorney or legal representative duly authorized in writing, upon presentation thereof accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Deputy Registrar and Paying Agent, duly executed by the registered owner or by such owner's duly authorized attorney or legal representative. Any 2008 Bond may be exchanged at the designated office of the Deputy Registrar and Paying Agent for a like aggregate principal amount of 2008 Bonds of the same series and maturity and of other authorized denominations. The Deputy Registrar and Paying Agent and the City may charge a fee covering taxes, fees or other governmental charges required to be paid in connection with any exchange or registration of transfer of any 2008 Bond, except in the case of issuance of a 2008 Bond for the unredeemed portion of a 2008 Bond surrendered for redemption. Neither the City nor the Deputy Registrar and Paying Agent will be required to register the transfer of or exchange of any 2008 Bond (a) after notice calling such 2008 Bond or portion thereof for redemption has been mailed or (b) during the 15-day period next preceding the mailing of a notice of redemption of 2008 Bonds. For a description of the registration of transfer procedures while the Bonds are in the book-entry only system, see "BOOK-ENTRY ONLY SYSTEM" herein.

Optional Redemption

So long as there are no continuing events of default under the terms of the Bond Ordinance or the Bond Terms Agreement, the 2008 Bonds shall be subject to redemption prior to
stated maturity at the option of the City, in whole or in part, at a redemption price of 100% of the principal amount thereof at any time, in accordance with the provisions of the Bond Terms Agreement.

The initial Credit Facility Provider Agreements require that each series of 2008 Bonds be optionally redeemed in equal amounts.

**Mandatory Redemption**

The 2008 Bonds of each series are subject to mandatory sinking fund redemption in part on October 1, in each year listed below, at a redemption price equal to 100% of the principal amount redeemed plus accrued interest thereon to the redemption date, in the principal amount set forth below next to such year.

**Series 2008A**

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<th>Year (October 1)</th>
<th>Redemption Amount</th>
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<tr>
<td>2009</td>
<td>1,280,000.00</td>
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<td>2010</td>
<td>1,345,000.00</td>
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<tr>
<td>2011</td>
<td>1,410,000.00</td>
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<tr>
<td>2012</td>
<td>1,490,000.00</td>
</tr>
<tr>
<td>2013</td>
<td>1,560,000.00</td>
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*Final Maturity.
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<td>2034*</td>
<td>4,405,000.00</td>
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*Final Maturity.

**Selection of 2008 Bonds for Redemption**

In the case of any redemption in part of the 2008 Bonds, the 2008 Bonds to be redeemed shall be selected by the Deputy Registrar and Paying Agent, subject to any requirements of the Bond Terms Agreement. Redemption of 2008 Bonds shall be a redemption of the whole or of any part of the 2008 Bonds, provided, that there shall be no partial redemption of less than $5,000. If less than all the 2008 Bonds shall be called for redemption under any provision of the Bond Terms Agreement, the particular 2008 Bonds to be redeemed shall be selected by the Deputy Registrar and Paying Agent, in such manner as the Deputy Registrar and Paying Agent in its discretion may deem fair and appropriate consistent with the requirements of the Bond Terms Agreement; provided, however (a) that the portion of any 2008 Bond to be redeemed under any provision of the Bond Terms Agreement shall be in the principal amount of $5,000 or any
multiple thereof, (b) that, in selecting 2008 Bonds for redemption, the Deputy Registrar and
Paying Agent shall treat each 2008 Bond as representing that number of 2008 Bonds which is
obtained by dividing the principal amount of such 2008 Bond by $5,000, (c) that, to the extent
practicable, the Deputy Registrar and Paying Agent will not select any 2008 Bond for partial
redemption if the amount of such 2008 Bond remaining Outstanding would be reduced by such
partial redemption to less than an Authorized Denomination and (d) Bank Bonds shall be
redeemed prior to any 2008 Bonds which are not Bank Bonds. If there shall be called for
redemption less than all of a 2008 Bond, the City shall execute and deliver and the Deputy
Registrar and Paying Agent shall authenticate, upon surrender of such 2008 Bond, and at the
expense of the City and without charge to the owner thereof, a replacement 2008 Bond in the
principal amount of the unredeemed balance of the 2008 Bond so surrendered.

Any 2008 Bonds and portions of 2008 Bonds which have been duly selected for
redemption and (i) which are paid in accordance with the Bond Ordinance and the Bond Terms
Agreement or (ii) for payment of which Available Moneys are on deposit with the Deputy
Registrar and Paying Agent sufficient for such payment on the redemption date, shall cease to
bear interest on the specified redemption date. The redemption price of 2008 Bonds called for
redemption shall be paid only from Available Moneys.

Notice of Redemption

In the event any of the 2008 Bonds are called for redemption, the Deputy Registrar and
Paying Agent shall give the applicable notice of redemption, in the name of the City, at least
ten (10) Business Days but not more than sixty (60) days prior to the redemption date, which
notice shall (a) specify the 2008 Bonds to be redeemed, the redemption date, the redemption
price, and the place or places where amounts due upon such redemption will be payable (which
shall be the principal corporate trust office of the Deputy Registrar and Paying Agent) and, if less
than all of the 2008 Bonds are to be redeemed, the numbers of the 2008 Bonds, and the portions
of the 2008 Bonds, so to be redeemed, (b) state any condition to such redemption, and (c) state
that on the redemption date, and upon the satisfaction of any such condition, the 2008 Bonds to
be redeemed shall cease to bear interest. CUSIP number identification shall accompany all
redemption notices. Such notice may set forth any additional information relating to such
redemption.

Upon the payment of the redemption price of 2008 Bonds being redeemed, each check or
other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue
and maturity, the 2008 Bonds being redeemed with the proceeds of such check or other transfer.
Failure to so file or mail any such notice of redemption shall not affect the validity of the
proceedings for such redemption with respect to Registered Owners of 2008 Bonds to whom
notice was duly mailed under the Bond Terms Agreement. Interest shall cease to accrue on any
2008 Bond duly called for redemption on the redemption date, if payment thereof has been duly
provided as described in the Bond Ordinance. The privilege of transfer or exchange of any of the
2008 Bonds so called for redemption is suspended for a period commencing fifteen (15) days
preceding the mailing of the notice of redemption and ending on the date fixed for redemption.

Each notice of redemption of any 2008 Bond shall either (a) explicitly state that the
proposed redemption is conditioned on there being on deposit in the applicable fund or account
on the redemption date sufficient money (not derived from the Credit Facility or Liquidity Facility) to pay the full redemption price of the 2008 Bond to be redeemed (or to reimburse the Credit Facility Provider for a drawing on a Credit Facility for such full redemption price), or (b) be sent only if sufficient money to pay the full redemption price of the 2008 Bonds to be redeemed (or to reimburse the Credit Facility Provider for a drawing on a Credit Facility for such full redemption price) is on deposit in the applicable fund or accounts.

For so long as a book-entry only system of registration is in effect with respect to the 2008 Bonds, the Deputy Registrar and Paying Agent will mail notices of redemption to DTC or its successor. Any failure of DTC to convey such notice to any DTC Participants or any failure of DTC Participants to convey such notice to any Beneficial Owner will not affect the sufficiency or the validity of the redemption of the 2008 Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

**Purchase of 2008 Bonds**

**Optional Tender for Purchase of Weekly Rate Bonds.** So long as the 2008 Bonds are in a Weekly Interest Rate Period and the book-entry only system is not in effect, any 2008 Bonds (other than a Bank Bond) shall be purchased in an Authorized Denomination (provided that the amount of any such 2008 Bonds not to be purchased shall also be in an Authorized Denomination) from its Bondholder at the option of the Bondholder on any Business Day at a purchase price equal to the Tender Price, payable in immediately available funds, upon delivery to the Tender Agent at its Principal Office for delivery of 2008 Bonds, to the Deputy Registrar and Paying Agent at its Principal Office and to the Remarketing Agent for the applicable series of an irrevocable written notice which states the principal amount of such 2008 Bonds, the principal amount thereof to be purchased and the date on which the same shall be purchased, which date shall be a Business Day not prior to the seventh (7th) day after the date of the delivery of such notice to the Tender Agent. Any notice delivered to the Tender Agent after 4:00 p.m. shall be deemed to have been received on the next succeeding Business Day. Any notice which specifies a Tender Date which is a non-Business Day or which is earlier than the seventh (7th) day after the date of delivery of such notice to the Tender Agent shall be a defective notice and of no force or effect. Bank Bonds may not be tendered for purchase at the option of the Holder thereof. For payment of the Tender Price on the Tender Date, such 2008 Bonds must be delivered at or prior to 10:00 a.m. on the Tender Date to the Tender Agent at its Principal Office for delivery of 2008 Bonds accompanied by an instrument of transfer, in form satisfactory to the Tender Agent executed in blank by the Bondholder or its duly-authorized attorney, with such signature guaranteed by a commercial bank, trust company, or member firm of the New York Stock Exchange.

During any Weekly Interest Rate Period for which the book-entry-only system is in effect, any 2008 Bonds (other than Bank Bonds) bearing interest at the Weekly Interest Rate or portion thereof (provided that the principal amount of such 2008 Bonds to be purchased and the principal amount to be retained shall each be an Authorized Denomination) shall be purchased on the date specified in the notice referred to below at the Tender Price. The irrevocable written notice, executed by the Participant, shall be delivered on any Business Day by the Participant for such 2008 Bonds to the Tender Agent at its Principal Office for the delivery of such 2008 Bonds, to the Deputy Registrar and Paying Agent at its Principal Office and to the Remarketing Agent
for the applicable series. That notice shall state the principal amount of such 2008 Bonds (or interest therein), the portion thereof to be purchased and the date on which the same shall be purchased, which date shall be a Business Day at least seven days after the date of delivery of such notice to the Deputy Registrar and Paying Agent. Upon confirmation by DTC to the Deputy Registrar and Paying Agent that such Participant has an ownership interest in the 2008 Bonds at least equal to the amount of 2008 Bonds specified in such irrevocable written notice, payment of the Tender Price of such 2008 Bonds shall be made by 3:00 p.m., or as soon as practicably possible thereafter, upon the receipt by the Deputy Registrar and Paying Agent of the Tender Price as set forth in the Bond Terms Agreement on the Tender Date upon the transfer on the registration books of DTC of the beneficial ownership interest in such 2008 Bonds tendered for purchase to the account of the Tender Agent, or a Participant acting on behalf of such Tender Agent, at or prior to 10:00 a.m., on the date specified in such notice.

**Optional Tender for Purchase of Daily Rate Bonds.** So long as the 2008 Bonds are in a Daily Interest Rate Period and the book-entry-only system is not in effect, any 2008 Bond shall be purchased in an Authorized Denomination (provided that the amount of any such 2008 Bond not to be purchased shall also be in an Authorized Denomination) from its Bondholder at the option of the Bondholder on any Business Day at a purchase price equal to the Tender Price, payable in immediately available funds, upon delivery to the Tender Agent at its Principal Office for delivery of 2008 Bonds, to the Deputy Registrar and Paying Agent at its Principal Office and to the Remarketing Agent, by no later than 11:00 a.m. on such Business Day, for the applicable series of an irrevocable written notice or an irrevocable telephonic notice which states the principal amount of such 2008 Bonds, the principal amount thereof to be purchased and the date on which the same shall be purchased. Bank Bonds may not be tendered for purchase at the option of the Holder thereof. For payment of such purchase price on the date specified in such notice, such 2008 Bonds must be delivered, at or prior to 12:00 noon, on such Business Day, to the Tender Agent at its Principal Office for delivery of 2008 Bonds, accompanied by an instrument of transfer thereof, in form satisfactory to such Tender Agent, executed in blank by the Bondholder or its duly-authorized attorney, with such signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange.

During any Daily Interest Rate Period for which the book-entry only system is in effect, any 2008 Bonds (other than a Bank Bond) bearing interest at the Daily Interest Rate or portion thereof (provided that the principal amount of such 2008 Bonds to be purchased and the principal amount to be retained shall each be an Authorized Denomination) shall be purchased on the date specified in the notice referred to below at the Tender Price. The irrevocable written notice, executed by the Participant, shall be delivered on any Business Day by the Participant for such 2008 Bonds to the Tender Agent at its Principal Office for the delivery of such 2008 Bonds, to the Deputy Registrar and Paying Agent at its Principal Office and to the Remarketing Agent prior to 11:00 a.m. for the applicable series. That notice shall state the principal amount of such 2008 Bonds (or interest therein), the portion thereof to be purchased and the date on which the same shall be purchased. Upon confirmation by DTC to the Deputy Registrar and Paying Agent that such Participant has an ownership interest in the 2008 Bonds at least equal to the amount of 2008 Bonds specified in such irrevocable written notice, payment of the Tender Price of such 2008 Bonds shall be made by 3:00 p.m., or as soon as practicably possible thereafter, upon the receipt by the Deputy Registrar and Paying Agent of the Tender Price as set forth in the Bond Terms Agreement on the Business Day specified in the notice upon the transfer on the
registration books of DTC of the beneficial ownership interest in such 2008 Bonds tendered for purchase to the account of the Tender Agent, or a Participant acting on behalf of such Tender Agent, at or prior to 1:30 p.m. on the date specified in such notice.

**Mandatory Tender for Purchase on First Day of Each Interest Rate Period.** The 2008 Bonds shall be subject to mandatory tender for purchase on the first day of each Interest Rate Period (or on the day which would have been the first day of an Interest Rate Period if a rescission of a conversion or a failure to convert resulted in the interest rate on such 2008 Bonds not being converted) at the Tender Price, payable in immediately available funds. For payment of the Tender Price on the Tender Date, a 2008 Bond must be delivered at or prior to 10:00 a.m. on the Tender Date. If delivered after that time, the Tender Price shall be paid on the next succeeding Business Day. The Tender Price shall be payable only upon surrender of such 2008 Bond to the Tender Agent at its Principal Office for delivery of Bonds, accompanied by an instrument of transfer, in form satisfactory to the Tender Agent, executed in blank by the Bondholder or its duly authorized attorney, with such signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange.

**Mandatory Tender for Purchase upon Termination, Replacement or Expiration of Liquidity Facility or Credit Facility.** If at any time the Deputy Registrar and Paying Agent gives notice, in accordance with the Bond Terms Agreement, that the 2008 Bonds tendered for purchase shall, on the date specified in such notice, cease to be subject to purchase pursuant to the Liquidity Facility or Credit Facility then in effect as a result of (a) the termination, replacement or expiration of the term, as extended, of that Liquidity Facility or Credit Facility, including but not limited to termination at the option of the City in accordance with the terms of such Liquidity Facility or Credit Facility, or (b) the occurrence of a Mandatory Standby Tender, then each such 2008 Bond shall be purchased or deemed purchased at the Tender Price.

Any purchase of such 2008 Bond pursuant to any such termination, replacement or expiration of such Liquidity Facility or Credit Facility shall occur: (a) on the fifth (5th) Business Day preceding any such expiration or termination of such Liquidity Facility or Credit Facility without replacement by an Alternate Liquidity Facility, a Credit Facility, an Alternate Credit Facility or a Liquidity Facility or upon any termination of a Liquidity Facility as a result of a Mandatory Standby Tender, and (b) on the proposed date of the replacement of a Liquidity Facility or a Credit Facility, in any case where an Alternate Liquidity Facility is to be delivered to the Tender Agent or a Credit Facility or an Alternate Credit Facility is to be delivered to the Deputy Registrar and Paying Agent pursuant to the Bond Terms Agreement. In the case of any replacement of an existing Liquidity Facility or Credit Facility, the existing Liquidity Facility or Credit Facility will be drawn to pay the Tender Price, if necessary, rather than the Alternate Liquidity Facility or the Alternate Credit Facility. No mandatory tender pursuant to the termination, replacement or expiration of the Liquidity Facility or Credit Facility will be effected upon the replacement of a Liquidity Facility or a Credit Facility in the case where the Liquidity Facility Provider or the Credit Facility Provider is failing to honor conforming draws. The assignment of any Liquidity Facility which relieves the Liquidity Facility Provider of its obligation to purchase 2008 Bonds shall be considered a replacement for the purposes of the Bond Terms Agreement.
Payment of the Tender Price of any such 2008 Bonds shall be made in immediately available funds by 3:00 p.m. on the Tender Date upon delivery of such 2008 Bonds to the Tender Agent at its Principal Office for delivery of 2008 Bonds, accompanied by an instrument of transfer, in form satisfactory to the Tender Agent, executed in blank by the Bondholder with the signature of such Bondholder guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange, at or prior to 12:00 noon on the Tender Date specified in the Bond Terms Agreement. If, as a result of any such Mandatory Standby Tender or expiration, termination with notice or replacement of such a Liquidity Facility or Credit Facility, any 2008 Bond is no longer subject to purchase pursuant to a Liquidity Facility or Credit Facility, the Tender Agent (upon receipt from the Holder thereof in exchange for payment of the Tender Price thereof) shall present such 2008 Bonds to the Deputy Registrar and Paying Agent for notation of such fact thereon.

**Mandatory Tender for Purchase at the Discretion of the City or the Credit Facility Provider.** During any Weekly Interest Rate Period, the 2008 Bonds are subject to mandatory tender for purchase on any Business Day designated by the City, with the consent of the applicable Remarketing Agent and the Liquidity Facility Provider and the Credit Facility Provider, if any, at the Tender Price, payable in immediately available funds. Such purchase date shall be a Business Day not earlier than the fifteenth (15th) Business Day after receipt by the Deputy Registrar and Paying Agent of such designation. If a Credit Facility is in effect, the 2008 Bonds are subject to mandatory tender for purchase on the fourth (4th) Business Day after receipt by the Deputy Registrar and Paying Agent of a written notice from the Credit Facility Provider for such 2008 Bonds that an "Event of Default" under the Credit Facility Provider Agreement has occurred and is continuing and a written request from the Credit Facility Provider that all of such 2008 Bonds be required to be tendered for purchase. For payment of the Tender Price on the Tender Date, 2008 Bonds must be delivered at or prior to 10:00 a.m. on the Tender Date. If delivered after that time, the Tender Price shall be paid on the next succeeding Business Day. The Tender Price shall be payable only upon surrender of such Bonds to the Tender Agent at its Principal Office for delivery of 2008 Bonds, accompanied by an instrument of transfer, in form satisfactory to the Tender Agent, executed in blank by the Bondholder or its duly authorized attorney, with such signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange.

**Notice of Mandatory Tender for Purchase.** In connection with any mandatory tender for purchase of 2008 Bonds in accordance with the provisions of the Bond Terms Agreement, the Deputy Registrar and Paying Agent shall give the proper notice required by the Bond Terms Agreement. Such notice shall state (a) in the case of a mandatory tender for purchase on the first date of an Interest Rate Period, the type of Interest Rate Period to commence on such mandatory purchase date; (b) in the case of a mandatory tender for purchase pursuant to the termination, replacement or expiration of a Liquidity Facility or a Credit Facility, that the Liquidity Facility or the Credit Facility will expire, terminate or be replaced and that the Tender Price of the 2008 Bonds will no longer be payable from the Liquidity Facility or Credit Facility then in effect and that any rating applicable to such 2008 Bonds may be reduced or withdrawn; (c) that the Tender Price of any 2008 Bonds subject to mandatory tender for purchase shall be payable only upon surrender of those 2008 Bonds to the Tender Agent at its Principal Office for delivery of 2008 Bonds, accompanied by an instrument of transfer, in form satisfactory to the Tender Agent, executed in blank by the Bondholder or its duly-authorized attorney, with such signature
guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange; (d) that, provided that moneys sufficient to effect such purchase shall have been provided through the remarketing of such 2008 Bonds by the Remarketing Agents, through the Liquidity Facility or funds provided by the City, all 2008 Bonds subject to mandatory tender for purchase shall be purchased on the mandatory Tender Date; and (e) that if any Holder of a 2008 Bond subject to mandatory tender for purchase does not surrender that 2008 Bond to the Tender Agent for purchase on the mandatory Tender Date, then that 2008 Bond shall be deemed to be an Undelivered Bond, that no interest shall accrue on that 2008 Bond on and after the mandatory Tender Date and that the Holder shall have no rights under this Bond Agreement other than to receive payment of the Tender Price.

In connection with any mandatory tender for purchase of any series of 2008 Bonds at the Direction of the City, the Deputy Registrar and Paying Agent shall give notice of a mandatory tender for purchase by first-class mail to the Holders, with a copy to the City, the Tender Agent, the applicable Remarketing Agent and the Liquidity Facility Provider or the Credit Facility Provider, not less than ten (10) Business Days prior to the Tender Date. In connection with any mandatory tender for purchase of 2008 Bonds at the Direction of the Credit Facility Provider, the Deputy Registrar and Paying Agent shall give notice of a mandatory tender for purchase by first-class mail to the Holders, with a copy to the City, the Tender Agent and the Remarketing Agents, not less than three (3) Business Days prior to the Tender Date.

**Irrevocable Notice Deemed to be Tender of 2008 Bonds.** The giving of notice by a Holder of 2008 Bonds as described above shall constitute the irrevocable tender for purchase of each 2008 Bond with respect to which such notice is given regardless of whether that 2008 Bond is delivered to the Tender Agent for purchase on the relevant Tender Date.

**Payment of Tender Price by the City.** If all or a portion of the 2008 Bonds tendered for purchase cannot be remarketed and the applicable Liquidity Facility Provider or Credit Facility Provider fails to purchase all or any part of the unremarketed portion of such tendered 2008 Bonds in accordance with the Liquidity Facility Provide or the Credit Facility Provider on a Tender Date, the City may at its option, but shall not be obligated to, pay to the Tender Agent as soon as practicable on a Tender Date immediately available funds (together with any remarketing proceeds and any funds provided under the Liquidity Facility or the Credit Facility, then in effect) sufficient to pay the Tender Price on the 2008 Bonds tendered for purchase. The Tender Agent shall deposit the amount paid by the City in the City's Purchase Account of the Bond Purchase Fund pending application of the money to the payment of the Tender Price as set forth in the Bond Terms Agreement.

**Defeasance**

If, at any time, the City shall have paid, or shall have made provision for payment of the principal of and interest due or to become due on all or any portion of the 2008 Bonds at the times and in the manner stipulated in the Bond Ordinance, the pledge of and lien on the Pledged Revenues in favor of the Registered Owners of such 2008 Bonds shall no longer be in effect. For purposes of the preceding sentence, deposit of cash or Federal Securities in irrevocable trust with a banking institution or trust company for the sole benefit of the Registered Owners of the 2008 Bonds, the principal and interest on which when received will be sufficient to make timely
payments of the principal of and interest on all or a portion of the outstanding 2008 Bonds, when due or upon redemption in accordance with irrevocable instructions of the City to effect such redemption, shall be considered "provision for payment" for such 2008 Bonds. For additional information on defeasance requirements see "APPENDIX B – EXTRACT OF MATERIAL PROVISIONS OF BOND ORDINANCE."

**BOOK-ENTRY ONLY SYSTEM**

The information in this caption concerning The Depository Trust Company, New York, New York, ("DTC") and DTC's book-entry system has been obtained from DTC and the City makes any representation or warranty or takes any responsibility for the accuracy or completeness of such information.

DTC will act as securities depository for the 2008 Bonds. The 2008 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for the single maturity of the 2008 Bonds, in the aggregate principal amount of the 2008 Bonds and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: "AAA." The DTC Rules applicable to its Participants are on file with the Securities Exchange Commission (the "SEC"). More information about DTC can be found at http://www.dtcc.com and www.dtc.org.

Purchases of 2008 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2008 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2008 Bond ("Beneficial Owner") is in turn to be
recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2008 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2008 Bonds, except in the event that use of the book-entry system for the 2008 Bonds is discontinued.

To facilitate subsequent transfers, all 2008 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 2008 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2008 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2008 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2008 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2008 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of 2008 Bonds may wish to ascertain that the nominee holding the 2008 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Deputy Registrar and Paying Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2008 Bonds within a series or maturity of a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series or maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2008 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2008 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the 2008 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Deputy Registrar and Paying Agent on the
payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Deputy Registrar and Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest on the 2008 Bonds, as applicable, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City and/or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its 2008 Bonds purchased or tendered, through its Participant, to the Deputy Registrar and Paying Agent, and shall effect delivery of such 2008 Bonds by causing the Direct Participant to transfer the Participant's interest in the 2008 Bonds, on DTC's records, to the Deputy Registrar and Paying Agent. The requirement for physical delivery of 2008 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2008 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered 2008 Bonds to the Deputy Registrar and Paying Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the 2008 Bonds at any time by giving reasonable notice to the City or the Deputy Registrar and Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, 2008 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In such event, 2008 Bonds will be printed and delivered to DTC.

The City does not have any responsibility or obligations to the DTC Participants, Indirect Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any DTC Participant or Indirect Participant; (b) the payment by DTC or any DTC Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of and premium, if any, and interest on, the Purchase Price with respect to, the 2008 Bonds; (c) the delivery or timeliness of delivery by DTC or any DTC Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Ordinance to be given to Bondholders; (d) the timely delivery or implementation of any optional or mandatory tender notices or payments to, among, or between the City, the Tender Agent, the Deputy Registrar and Paying Agent, DTC, the Participants or the Beneficial Owners; (e) the selection of the Beneficial Owners to receive payments in the event of any partial redemption of the 2008 Bonds; or (f) any consent given or other action taken by DTC, or its nominee, Cede & Co., as Bondholder.
SPECIAL CONSIDERATIONS RELATING TO THE 2008 BONDS

The following information under this section has been provided by the Remarketing Agents for inclusion in this Official Statement. No representation is made by the City as to the accuracy, completeness or adequacy of such information.

The Remarketing Agents are Paid By the City.

The Remarketing Agents' responsibilities include determining the interest rate from time to time and remarketing 2008 Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Bond Terms Agreement and the Remarketing Agreement with respect to a series of 2008 Bonds), all as further described in this Official Statement. The Remarketing Agents are appointed by the City and are paid by the City for their services. As a result, the interests of the Remarketing Agents may differ from those of existing Holders and potential purchasers of 2008 Bonds.

The Remarketing Agents Routinely Purchase Bonds for its Own Accounts.

The Remarketing Agents act as remarketing agent for a variety of variable rate demand obligations and, in their sole discretion, routinely purchase such obligations for their own account. Each of the Remarketing Agents is permitted, but not obligated, to purchase tendered 2008 Bonds for its own account and, in its sole discretion, may routinely acquire such tendered 2008 Bonds in order to achieve a successful remarketing of the 2008 Bonds (i.e., because there otherwise are not enough buyers to purchase the 2008 Bonds) or for other reasons. However, the Remarketing Agents are not obligated to purchase 2008 Bonds, and may cease doing so at any time without notice. The Remarketing Agents may also make a market in the 2008 Bonds by routinely purchasing and selling 2008 Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agents are not required to make a market in the 2008 Bonds. Any Remarketing Agent may also sell any 2008 Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the 2008 Bonds. The purchase of 2008 Bonds by the Remarketing Agents may create the appearance that there is greater third party demand for the 2008 Bonds in the market than is actually the case. The practices described above also may result in fewer 2008 Bonds being tendered in a remarketing.

2008 Bonds May be Offered at Different Prices on Any Date Including an Interest Rate Determination Date.

Pursuant to the Bond Terms Agreement and the Remarketing Agreements, the Remarketing Agent for the respective series of 2008 Bonds is required to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the 2008 Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the applicable interest rate determination date. The interest rate will reflect, among other factors, the level of market demand for the 2008 Bonds (including whether the Remarketing Agent for the respective series is willing to purchase 2008 Bonds for its own account). There may or may not be 2008 Bonds tendered and remarkedeted on an interest rate
determination date, the Remarketing Agent for a series of 2008 Bonds may or may not be able to remarket any 2008 Bonds tendered for purchase on such date at par and the Remarketing Agents may sell 2008 Bonds at varying prices to different investors on such date or any other date. The Remarketing Agents are not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the 2008 Bonds at the remarketing price. In the event a Remarketing Agent owns any 2008 Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such 2008 Bonds on any date, including the interest rate determination date, at a discount to par to some investors.

The Ability to Sell the 2008 Bonds Other Than Through the Tender Process May Be Limited.

The Remarketing Agents may buy and sell 2008 Bonds other than through the tender process. However, they are not obligated to do so and may cease doing so at any time without notice and may require Holders that wish to tender their 2008 Bonds to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the 2008 Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their 2008 Bonds other than by tendering the 2008 Bonds in accordance with the tender processes as provided in the Bond Terms Agreement.

SECURITY AND SOURCE OF PAYMENT FOR THE 2008 BONDS

ANY PURCHASE OF THE 2008 BONDS SHOULD BE BASED SOLELY UPON THE FINANCIAL STRENGTH OF THE APPLICABLE CREDIT FACILITY PROVIDER, AND THE 2008 BONDS ARE BEING OFFERED SOLELY ON SUCH BASIS. ONLY LIMITED FINANCIAL INFORMATION WITH RESPECT TO THE CITY IS SET FORTH HEREIN.

This Official Statement primarily describes the 2008 Bonds after the payment of all Refunded Bonds which is expected to occur no later than July 16, 2008. See "PLAN OF REFUNDING" herein.

Pledged Revenues

The 2008 Bonds are special limited obligations of the City payable solely from and secured by a lien upon and pledge of the Pledged Revenues. "Pledged Revenues" are defined in the Bond Ordinance to include (a) if, as and when received, the annual JEA Contribution to the City, (b) the moneys held in the funds and accounts under the Bond Ordinance and the income from investment of moneys in such funds and accounts, except the moneys and investment income in the Rebate Fund and in the Reserve Account, (c) for any series of Reserve Secured Bonds, the moneys held in the applicable subaccount in the Reserve Account, and (d) for any series of Bonds for which Supplemental Revenues have been pledged by Supplemental Instrument, such Supplemental Revenues. The 2008 Bonds will not be secured by a separate subaccount in the Reserve Account. There are no Supplemental Revenues pledged to the payment of the 2008 Bonds.
The lien on and pledge of the Pledged Revenues securing the 2008 Bonds is on a parity with any Additional Parity Obligations hereafter issued.

"JEA Contribution" is defined in the Bond Ordinance as the annual contribution of JEA appropriated to the City from available electric revenues, available water and wastewater revenues, and, at such time as JEA may provide natural gas service, available natural gas revenues, and any other revenues of JEA or any Affiliated Company, if any, from whatever source derived, pursuant to Article 21 of the Charter of the City, excluding however, the appropriation of the one quarter of one mill of such annual contribution dedicated for Jacksonville Port Authority purposes referred to in Section 106.218 of the Ordinance Code of the City and reduced by JEA's share of any savings required to be shared between the City and JEA pursuant to the Financial Agreement between JEA and the City relating to the River City Renaissance Program dated as of October 27, 1993, as amended (the "RCR Agreement"). The JEA Contribution shall not include any supplemental contributions made by JEA to or for the benefit of the City but not required under Article 21 of the Charter and which are in addition to the contributions required pursuant to Article 21 of the Charter, including but not limited to the supplemental contribution agreed to for the Jacksonville Port Authority marine projects by the Financial Agreement dated as of November 5, 1996 (the "Financial Agreement"), and any future supplemental contribution agreed to between the City and JEA.

The RCR Agreement has been fully performed. Further, the City and Jacksonville Port Authority have approved the termination of the Financial Agreement. Accordingly, no further reduction of the JEA Contribution will be made based on the RCR Agreement or supplemental contributions made pursuant to the Financial Agreement.

The annual contribution of JEA appropriated to the City from which the JEA Contribution is derived (referred to herein as the "JEA Assessment") is calculated pursuant to Section 21.07 of the Charter of the City. Section 21.07(c) of the Charter was amended pursuant to Ordinance No. 2007-1132-E enacted on November 27, 2007 to, among other things, revise the formula for determining the JEA Assessment, effective October 1, 2008.

Section 21.07(c) of the Charter currently provides that, as consideration for the unique relationship between the City and JEA, as a tax-exempt entity within the consolidated government, and in recognition of the shared attributes with the City in connection with its electric, water, and sewer distribution systems, there shall be assessed upon JEA in each fiscal year, for the uses and purposes of the City, from the revenues of the electric system and water and sewer system operated by JEA available after the payment of all costs and expenses incurred by JEA in connection with the operation of such electric system and the water and sewer system (including, without limitation, all costs of operation and maintenance, debt service on all obligations issued by JEA in connection with such electric system and the water and sewer system and required reserves therefor and the annual deposit to the depreciation and reserve account required pursuant to Section 21.07(g) of the Charter), an amount as provided in such section, determined in the following manner.

Effective October 1, 2008, JEA is required to pay to the City a combined assessment for the electric system and the water and sewer system. Pursuant to Section 21.07(c) of the Charter, however, the combined assessment for the electric system and the water and sewer system shall
equal, but not exceed the sum of (a) the amount calculated by multiplying 5.513 mills by the gross kilowatt hours delivered by JEA to retail users of electricity in JEA's service area and to wholesale customers under firm contracts having an original term of more than one year (other than sales of energy to Florida Power & Light Company from JEA's St. Johns River Power Park System) during the twelve month period ending on April 30 of the fiscal year immediately preceding the fiscal year for which such assessment is applicable, plus (b) the amount calculated by multiplying 2.149 mills by the number of cubic feet of potable water and cubic feet of sewer service, excluding reclaimed water service, provided consumers during the twelve month period ending on April 30 of the fiscal year immediately preceding the fiscal year for which such assessment is applicable. A "mill" is one one thousandth of a U.S. Dollar. The Charter provides that the assessment calculation shall be in effect until September 30, 2013, when the Council may reconsider the assessment calculation. As provided in Section 21.07(d) of the Charter, the Council may reconsider the assessment calculations every fifth year and may change the assessment calculation by ordinance within the provisions of such section. If the Council does not reconsider the assessment calculations, Section 21.07(d) of the Charter provides that the assessments shall be calculated using the existing formula.

Section 21.07(e) of the Charter further provides that notwithstanding the foregoing not to exceed amount for the combined assessment, JEA is required to pay to the City each fiscal year, from fiscal year 2008-2009 through fiscal year 2015-2016, an additional amount, if necessary to ensure a minimum annual increase of $2,500,000, using the fiscal year 2007-2008 combined assessment of $94,187,538 as the base year (i.e. $96,687,538 for fiscal year 2008-2009, $99,187,538 for fiscal year 2009-2010, $101,687,538 for fiscal year 2010-2011, $104,187,538 for fiscal year 2011-2012, $106,687,538 for fiscal year 2012-2013, $109,187,538 for fiscal year 2013-2014, $111,687,538 for fiscal year 2014-2015 and $114,187,538 for fiscal year 2015-2016).

Section 21.07(d) of the Charter provides that if either Federal or state laws are enacted or regulatory actions are taken that adversely impact JEA's financial position with respect to the Electric System or the Water and Sewer System, then the Council shall promptly consider enacting such changes to Section 21.07 as may be negotiated by JEA and the Council to mitigate such adverse impact.

Section 21.07(e) of the Charter (which relates to natural gas services and other utility services to the extent such are provided by JEA) provides that the Council shall have the power to appropriate annually a portion of the available revenues of each utility system operated by JEA (other than electric, water and sewer systems) for the uses and purposes of the City in an amount to be based on a formula to be agreed upon by JEA and the Council.

Section 21.07(f) of the Charter requires JEA to pay the JEA Assessment to the City at such times as the City requests, but not in advance of collection. Section 110.105 of the Ordinance Code of the City requires JEA to pay the JEA Assessment on a monthly basis. Pursuant to Section 21.07(f) of the Charter, although the calculation of the amounts assessed upon JEA pursuant to Sections 21.07(c) of the Charter and the annual transfer of available revenues from JEA to the City pursuant to Section 21.07(e) of the Charter are based on formulas that are applied specifically to the respective utility systems operated by JEA, JEA may, in its
sole discretion, utilize any of its revenues regardless of source to satisfy its total annual obligation to the City pursuant to such section.

Section 21.07(g) of the Charter requires JEA to set aside each year in a depreciation and reserve account established for each utility system it operates, an amount equal to not less than ten percent (10%) of its annual net revenues for the previous year attributable to such system. For such purposes, "annual net revenue" is defined to mean annual gross revenues derived by JEA from the operation of such system reduced by expenses for operation and maintenance allocable to such system and debt service allocable to such system. Funds set aside pursuant to such provision are required to be used exclusively for enlargements, extensions, improvements and replacements of capital assets of the utility system for which such account was established or to pay or provide for the payment of JEA's bonds, notes or revenue certificates relating specifically to such system; provided, however, that if JEA by resolution determines that it is in the best interests of JEA to use all or any portion of the funds set aside in the depreciation and reserve account established with respect to a particular system for purposes of another utility system, then such funds may be so used. These requirements are satisfied by the renewal and replacement funds established under the Electric System Resolution and the Water and Sewer System Resolution.

The Bonds shall not be or constitute a general obligation or a pledge of the faith, credit or taxing power of the City, JEA, the State of Florida or any political subdivision thereof, within the meaning of any constitutional, statutory or charter provision or limitation, but shall be payable solely from and secured by a lien upon and pledge of the Pledged Revenues. Neither JEA, the State of Florida, nor any political subdivision thereof shall be obligated to pay the principal of the Bonds, the interest thereon or any other payments under the Ordinance. No owner of any of the Bonds shall ever have the right to require or compel the exercise of the ad valorem taxing power of the City for payment thereof and the Bonds shall not constitute a lien upon any property of JEA or the City except the Pledged Revenues, in the manner provided in the Ordinance.

Because the Pledged Revenues consist primarily of the JEA Contribution, the ability of the City to pay the principal of and interest on the Bonds depends upon the generation by JEA of available revenues of the Electric System (as hereinafter defined), the Water and Sewer System (as hereinafter defined), and, if it ever provides natural gas service, its natural gas system, after payment of all costs and expenses incurred by JEA in connection with the operation of the Electric System, the Water and Sewer System and any such natural gas system, including, all required payments and deposits under the Electric System Resolution (as hereinafter defined), the Water and Sewer System Resolution (as hereinafter defined), and any financing instrument that may be entered into with respect to the gas system if undertaken in the future by JEA, from which the JEA Assessment may be paid, in amounts sufficient to make the JEA Contribution and to pay other obligations payable therefrom. The operation and maintenance expenses of the Electric System, including all Contract Debts (as defined in the Electric System Resolution, including JEA's share of debt service on the Power Park Bonds and all other costs of the Power Park, as well as the debt service on the Bulk Power Supply System Bonds and all other costs to the Bulk Power Supply System Projects (as hereinafter defined)), debt service on the Electric System Bonds (as hereinafter defined), the deposits to the reserve account, rate
stabilization fund and renewal and replacement fund established by the Electric System Resolution and debt service and reserve requirements for the Subordinated Electric System Bonds (as hereinafter defined) and obligations of JEA under hedging instruments and credit and liquidity facilities with respect to the Electric System Bonds and Subordinated Electric System Bonds are to be paid from the revenues of JEA derived from its Electric System prior to the payment of any contribution to the City, including the JEA Contribution. Likewise, the operation and maintenance expenses of the Water and Sewer System, including any Contract Debts (as defined in the Water and Sewer Bond Resolution), debt service for the Water and Sewer System Bonds (as hereinafter defined), deposits to the reserve account created by the Water and Sewer System Bond Resolution, debt service on and reserve requirements for subordinated indebtedness of the Water and Sewer System, deposits to the rate stabilization fund and the renewal and replacement fund established by the Water and Sewer Bond Resolution and obligations of JEA under hedging instruments and credit and liquidity facilities with respect to Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds are to be paid from revenues of JEA derived from its Water and Sewer System prior to the payment of any contribution to the City, including the JEA Contribution. Under the Water and Sewer System Resolution "Revenues," as defined therein, includes capacity charges which constitute "impact fees" under applicable Florida law and accordingly may be used only to pay costs of expansion of the Water and Sewer System or debt service on obligations issued to finance such expansion and are not available to pay the JEA Assessment. (See "JEA" herein.)

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The following table sets forth a record of actual and budgeted JEA Assessments paid to the City during the past twenty fiscal periods. Prior to the inclusion of the assessment attributable to the Water and Sewer System, the growth rate on the assessment attributable to the Electric System was 5.41%. Upon the inclusion of the assessment attributable to the Water and Sewer System, the combined growth rate has been 4.49%.

### Historical JEA Assessments to City

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>JEA Electric</th>
<th>JEA Water and Sewer System(^{(1)})</th>
<th>Total Actual</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988</td>
<td>$33,778,052</td>
<td>$33,778,052</td>
<td>$33,778,052</td>
<td>$33,778,052</td>
</tr>
<tr>
<td>1989</td>
<td>37,490,966</td>
<td>37,490,966</td>
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<tr>
<td>1990</td>
<td>37,759,359</td>
<td>37,759,359</td>
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<tr>
<td>1991</td>
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<td>40,063,483</td>
<td>40,063,483</td>
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<tr>
<td>1992</td>
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<td>41,529,616</td>
<td>41,529,616</td>
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<tr>
<td>1994</td>
<td>45,424,698</td>
<td>45,424,698</td>
<td>46,686,494</td>
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<td>48,570,887</td>
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<td>48,571,000</td>
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<td>48,798,841</td>
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<td>$9,528,923</td>
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<td>9,437,643</td>
<td>66,493,755</td>
<td>66,493,760</td>
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<td>2000</td>
<td>60,898,145</td>
<td>10,536,135</td>
<td>71,434,280</td>
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<td>2001</td>
<td>62,589,668</td>
<td>11,048,610</td>
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<td>2003</td>
<td>67,039,278</td>
<td>11,456,781</td>
<td>78,496,059</td>
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<td>2005</td>
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<td>17,260,920</td>
<td>85,937,544</td>
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<td>71,030,760</td>
<td>17,656,788</td>
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<tr>
<td>2007</td>
<td>73,100,460</td>
<td>18,337,080</td>
<td>91,437,540</td>
<td>91,437,538</td>
</tr>
</tbody>
</table>

\[\text{Total: } $1,073,844,855 \quad $132,181,695 \quad $1,206,026,550 \quad $1,207,288,452\]

\(^{(1)}\) The assessment was not applied to the Water and Sewer System until Fiscal Year 1998.

JEA entered into a Letter of Credit and Reimbursement Agreement in connection with the issuance of its $47,800,000 District Energy System Revenue Bonds pursuant to which JEA has agreed to cure certain deficiencies in District Energy System revenues required to make reimbursement payments under such Letter of Credit and Reimbursement Agreement (the "DES Reimbursement Payments") from available revenues of the Electric System.

The JEA Assessment and the DES Reimbursement Payments are all payable from available revenues of the Electric System after payment of costs and expenses incurred by JEA in connection with the operation of the electric system, including required payments and deposits under the Electric System Resolution, without any required or designated priority of payment among the JEA Assessment and the DES Reimbursement Agreement.
Pursuant to the Memorandum of Understanding entered into between the City and JEA in connection with the transfer to JEA of the Water and Sewer System (the "Memorandum of Understanding"), JEA agreed to pay to the City an amount equal to 61.690% of the debt service requirements for the City's Excise Taxes Revenue Bonds, Series 1988A and 1995A. Such agreement also applies to a portion of the debt service on the City's Excise Taxes Revenue Bonds, Series 1999A which were issued, in part, to refund a portion of the Excise Taxes Revenue Bonds covered by the Memorandum of Understanding. JEA’s obligations with respect to such debt will terminate on October 1, 2009, when such debt is scheduled to mature. Such payment obligations under the Memorandum of Understanding are in addition to the obligation to pay the JEA Assessment.

The JEA Assessment and the obligations of JEA under the Memorandum of Understanding are payable from available revenues of the Water and Sewer System after payment of costs and expenses incurred by JEA in connection with the operation of the Water and Sewer System, including required payments and deposits under the Water and Sewer System Resolution, without any required or designated priority of payment between the JEA Assessment and obligations under the Memorandum of Understanding.

Section 21.07 of the Charter was amended pursuant to Ordinance No. 2007-838-E enacted on November 13, 2007 to, among other things, add a new section requiring the payment of a franchise fee. The newly enacted Section 21.07(l) of the Charter provides that in addition to all other sums paid by JEA to the City, JEA shall pay to the City a franchise fee in an amount equal to three percent (3%) of the revenues of the electric system and the water and sewer system as set forth in Section 21.07(c) of the Charter (the "Franchise Fee"). **The Franchise Fee is not part of the JEA Contribution and is not pledged toward the repayment of the 2008 Bonds.**

The Franchise Fee will commence for revenues derived effective April 1, 2008 and will be paid monthly with the first payment payable on June 1, 2008. The Franchise Fee shall be limited to (a) revenues derived within Duval County not including Urban Service Districts 2-5, and (b) per customer, total water and sewer rate revenues, and (c) up to a per customer maximum of $2,400,000 per fiscal year of electric rate revenues. The Franchise Fee will be calculated each month by multiplying three percent (3%) by the sum of JEA's base rate electric revenues, fuel rate revenues, water rate revenues and sewer rate revenues for that month excluding unbilled revenues and uncollectible accounts. It will be calculated on revenues derived from the sale of gross kilowatt-hours and number of cubic feet of potable water and cubic feet of sewer service as set forth in Section 21.07(c) of the Charter. Notwithstanding the foregoing, no Franchise Fee shall be paid on franchise fees, state utility taxes, fuel related interchange sales, sales for resale, City accounts, JEA accounts, investment income and other revenues. JEA shall be authorized to pass-through the amount of the Franchise Fees set forth in the Charter and associated charges resulting from the stated three percent (3%) Franchise Fee calculation on rate revenues notwithstanding the $2,400,000 limit to the customers of JEA, in accordance with the customers' proportionate share of rate revenues as calculated above. The gross Franchise Fee and the amount of the pass-through set forth in the Charter may be increased by ordinance, initiated by the Mayor and approved by two-thirds supermajority of the City Council, but the Franchise Fee shall not exceed six percent (6%) of the gross utility revenues as calculated above.

The Franchise Fee is payable from available revenues of the Electric System and the Water and Sewer System as a cost incurred by JEA in connection with the operation of the
Electric System and the Water and Sewer System. Thus, the Franchise Fee is payable prior to the JEA Assessment and reduces the revenues available to pay the JEA Assessment.

**Ordinance Covenants Concerning JEA Contribution**

The City covenants in the Ordinance that it will not amend its Charter so as to (1) materially adversely affect the power of the Council to appropriate annually a portion of the available revenues of each utility system operated by JEA for the uses and purposes of the City, or (2) authorize JEA to transfer any function or operation of the utilities system operated by JEA in whole or in part by sale, lease or otherwise to any other utility, public or private, which would materially adversely affect future receipts of the JEA Contribution. Section 21.04 of the Charter currently provides that JEA is not authorized to transfer any function or operation which comprises more than 10% of the total of the utilities system by sale, lease or otherwise to any other utility, public or private without approval of the Council.

The City also covenants that, except as permitted as described below, it will not reduce the millage rates utilized to calculate the amount of the JEA Contribution below the millage rates required by the Charter for the Fiscal Year ended September 30, 1997. Notwithstanding this provision, the right of JEA and/or the City to issue or approve the issuance of revenue bonds of JEA payable from revenues of all or any part of its utilities system revenues shall be unrestricted.

The issuance of additional revenue bonds by JEA secured by the revenues of the Electric System or the Water and Sewer System may reduce the revenues of such systems available for the payment of the JEA Contribution. The Ordinance permits the City to reduce the millage rates utilized to calculate the JEA Contribution provided that the City obtains an Accountant's Certificate in the form required in connection with the issuance of Additional Parity Bonds calculating the pro forma amount of the JEA Contribution at the proposed reduced millage rates, during the relevant twelve (12) month period, and substituting "three hundred percent (300%)" for "two hundred percent (200%)." The City has not, however, covenanted to increase the millage rates utilized to calculate the JEA Contribution in the event such millage rates do not provide a JEA Contribution sufficient to pay debt service on the Bonds or other amounts payable under the Ordinance.

The City further covenants in the Ordinance that it will diligently enforce and collect the amount of the JEA Contribution legally due to the City in each Fiscal Year.

The City also covenants in the Ordinance that it will not contract with JEA for any offsets to be applied against the amount of the JEA Contribution due and provided for in Article 21 of the Charter.

The City covenants that it will request payments by JEA of the JEA Contribution no less frequently than monthly.

The City further covenants that in any future agreement providing for a supplemental contribution to be made by JEA to or for the benefit of the City, the City will include an express subordination of such contribution to payment of the JEA Contribution.

The Registered Owners of the 2008 Bonds shall not (a) ever have the right to require or compel the reserved exercise by JEA of its police power or rate making power with
respect to the utilities systems operated by JEA pursuant to Article 21 of the Charter or, (b) ever have the right to require or compel the City to exercise any of its police power or rate making power with respect to such utilities systems operated by JEA in order to generate sufficient incremental revenues to enable or require JEA to pay the JEA Contribution to the City. JEA has not covenanted or agreed and has no obligation to establish rates and charges for the service of its utility systems to assure sufficient available revenues are generated to enable JEA to pay the JEA Contribution.

Reserve Account

The City will NOT be required to fund any debt service reserve account to secure the 2008 Bonds.

Additional Parity Obligations

The Ordinance provides for the issuance of Additional Parity Obligations to pay the cost of capital projects of the City or to refund outstanding Bonds or other indebtedness of the City. Prior to the authentication of such Additional Parity Obligations, certain conditions must be satisfied, including:

(a) except in the case of refunding Bonds, execution by an Authorized City Representative of a certificate stating that upon the issuance of such series of Bonds, the City will not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Ordinance; and

(b) except in the case of any series of refunding Bonds which refund Bonds issued under the Ordinance, subject to the Debt Service on the refunding Bonds not being greater in any given year than the Debt Service on the refunded Bonds, and except in the case of Reimbursement Obligations, receipt of an Accountant's Certificate (i) stating that the books and records of the City relating to the collection and receipt of the JEA Contribution and any Supplemental Revenues, if any, have been examined by him; (ii) setting forth separately the amount of the JEA Contribution and each source of Supplemented Revenues, if any, for any twelve (12) consecutive month period within the twenty-four (24) consecutive months immediately preceding the date of issuance of the Bonds of the series with respect to which such certificate is being given; and (iii) stating that the JEA Contribution for such twelve (12) consecutive month period is at least equal to two hundred percent (200%) of (A) the maximum Aggregate Debt Service coming due on the Bonds of all series then outstanding and the Bonds of the series with respect to which the certificate is given in the then current or any future Bond Year, less (B) with respect to each series of Supplementally Secured Bonds (see "Supplemental Revenues and Supplementally Secured Bonds" below), the lesser of (I) the actual Debt Service coming due on such series of Supplementally Secured Bonds in the year in which occurs the maximum Aggregate Debt Service coming due on the Bonds of all series then outstanding and the Bonds of the series with respect to which the certificate is given, or (II) fifty percent (50%) of the amount of the Supplemental Revenues stated in the Accountant's Certificate pledged to secure such series of Supplementally Secured Bonds.
Refunding Bonds may be issued at any time to refund all or any outstanding Bonds or other indebtedness of the City.

One or more series of Reimbursement Obligations may be issued concurrently with the issuance of the Bonds of a series for which credit enhancement or liquidity support is being provided with respect to such Bonds (or a maturity or maturities or interest rate within a maturity thereof) by a third party. Such Reimbursement Obligations shall be issued for the purpose of evidencing the City's obligation to repay any advances or loans made to, or on behalf of, the City in connection with such credit enhancement or liquidity support; provided, however, that the stated maximum principal amount of any such series of Reimbursement Obligations shall not exceed the aggregate principal amount of the Bonds with respect to which such credit enhancement or liquidity support is being provided, and such number of days' interest thereon as the City shall determine prior to the issuance thereof, but not in excess of three hundred sixty-six (366) days' interest thereon, computed at the maximum interest rate applicable thereto, as provided in the applicable credit enhancement or liquidity support document.

**Supplemental Revenues and Supplementally Secured Bonds**

The General Bond Ordinance permits the issuance of Bonds that are additionally secured by "Supplemental Revenues." "Supplemental Revenues" are defined in the General Bond Ordinance as any legally available revenues of the City designated as such in accordance with the General Bond Ordinance as Supplemental Revenues pledged to secure such series of Bonds as is designated by Supplemental Instrument. Prior to the issuance of any such Supplementally Secured Bonds payable out of or secured by a security interest in or pledge of a source of Supplemental Revenues, the City must receive (a) written confirmation from all rating agencies rating any of the Bonds that the issuance of the Supplementally Secured Bonds will not cause a reduction in the then current rating on the Bonds then outstanding; and (b) written consent, in their sole and absolute discretion, from each Bond Insurer and each Credit Bank providing a Bond Insurance Policy and a Credit Facility, respectively, securing any series of Bonds then outstanding. Supplemental Revenues are required in each month to be applied, prior to the application of the JEA Contribution, to make deposits with respect to each series of Supplementally Secured Bonds secured thereby to the credit of the Debt Service Account and each subaccount in the Debt Service Reserve Account, if any, established with respect to a series of Supplementally Secured Bonds secured thereby. (See "APPENDIX B – EXTRACT OF MATERIAL PROVISIONS OF BOND.")

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ANY PURCHASE OF THE 2008 BONDS SHOULD BE BASED SOLELY UPON THE FINANCIAL STRENGTH OF THE APPLICABLE CREDIT FACILITY PROVIDER, AND THE 2008 BONDS ARE BEING OFFERED SOLELY ON SUCH BASIS. ONLY LIMITED FINANCIAL INFORMATION WITH RESPECT TO JEA IS SET FORTH HEREIN.

Introduction

Because the Pledged Revenues consist primarily of the JEA Contribution, the ability of the City to pay the principal and interest on the 2008 Bonds depends upon the generation by JEA of available revenues of the Electric System, the Water and Sewer System and, if it ever provides natural gas service, its natural gas system, after all required deposits under the Electric System Resolution and the Water and Sewer System Bond Resolution and any financing instrument that may be entered into with respect to a natural gas system if undertaken in the future by JEA, from which the JEA Assessment may be made, in amounts sufficient to make the JEA Contribution and to pay other obligations payable therefrom. Accordingly, information concerning JEA, the Electric System, and the Water and Sewer System and their operations is relevant to making an informed investment decision with respect to the 2008 Bonds.

Inclusion of Information – Incorporation by Reference

In accordance with the provisions of Rule 15c2-12, as amended ("Rule 15c2-12"), promulgated by the United States Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, as amended, on May 30, 2008, JEA filed with DisclosureUSA (approved by the SEC pursuant to Rule 15c2-12 as of such date) a document entitled "Annual Disclosure Report for Fiscal Year Ended September 30, 2007" (the "JEA Annual Disclosure Report"). The JEA Annual Disclosure Report sets forth certain information concerning JEA (including, among other things, JEA's audited financial statements at September 30, 2007 and 2006 and for the Fiscal Years then ended), its outstanding debt, and JEA's Electric Utility Functions and Water and Sewer System (such terms, and all other capitalized terms used in this section without definition, having the respective meanings assigned thereto in the JEA Annual Disclosure Report). There is hereby included in this Official Statement by this reference the information contained in the JEA Annual Disclosure Report, which information should be read in its entirety in conjunction with this Official Statement.

Copies of the JEA Annual Disclosure Report may be obtained via the Internet, from JEA's website as described below.

The JEA Annual Disclosure Report is available for viewing and downloading from JEA's website (http://www.jea.com) by selecting "News," then selecting "JEA Bond Investor," and then selecting "2007 Annual Disclosure Report as filed with DisclosureUSA" under the heading "Annual Reports." (Please note that there is also available from JEA's website a separate document entitled "2007 Annual Report." This document is not the JEA Annual Disclosure Report included by reference herein, and is not included by reference herein) Furthermore,
The 2008 Bonds are secured by the JEA Contribution. Accordingly, potential purchasers of beneficial ownership interests in the 2008 Bonds are advised that the information in the JEA Annual Disclosure Report is relevant to making an informed investment decision with respect to purchasing an interest in the 2008 Bonds, and should be taken into account with respect thereto.

Capitalized terms under the heading "JEA" not otherwise defined shall have the meanings set forth in the JEA Annual Disclosure Report.

Application of Electric System Revenues

Pursuant to the Electric System Resolution, all revenues received by JEA from the ownership and operation of the Electric System are required to be applied as follows: first, to the payment of the Cost of Operation and Maintenance of the Electric System, including Contract Debt, and operating costs; second, to the payment of debt service on the outstanding Electric System Bonds; third, to maintain in each separate subaccount established in the Reserve Account in the Sinking Fund established under the Electric System Resolution the amounts required pursuant to the Electric System Resolution; fourth, (a) for the payment of debt service on Subordinated Bonds, (b) to make payments required to be made with respect of (i) debt service on any obligations incurred by JEA in connection with the financing of any separate bulk power supply utility or system undertaken by JEA and any additional amounts relating to "debt service coverage" with respect thereto and (ii) deposits into any renewal and replacement or other similar fund or account established with respect to any such separate bulk power supply utility or system (in each case other than the St. Johns River Power Park System and the Bulk Power Supply System Projects) and (c) to make payments in respect of any other arrangement for the supply of power and/or energy to the Electric System for resale as may be determined by JEA to be payable pursuant to this provision; fifth, for deposit to the Rate Stabilization Fund, established under the Electric System Resolution, in the amount, if any, budgeted for deposit as set forth in the current annual budget for the Electric System or the amount otherwise determined by an authorized officer of JEA to be credited to such Fund; sixth, for deposit in the Renewal and Replacement Fund established under the Electric System Resolution, an annual amount not less than 10% of the net revenues of the Electric System for the preceding fiscal year plus, if necessary, an additional amount so that the total amount is equal to at least 5% of the Gross Revenues of the Electric System for the preceding fiscal year, which amounts may be applied to the payment of costs of extensions, enlargements or additions to, or replacements of the capital assets of the Electric System or, to the extent permitted by the Electric System Resolution, for the retirement of outstanding Electric System Bonds; and seventh, for any other lawful purpose of JEA (including, without limitation, used to pay the JEA Contribution).

The chart on the following page shows a summary of the major components of the application of revenues under the Electric System Resolution and the Power Park Resolutions, as currently in effect.
Application of Water and Sewer System Revenues

Pursuant to the Water and Sewer System Resolution, all revenues received by JEA from the ownership and operation of the Water and Sewer System are required to be deposited to the credit of the Revenue Fund established pursuant to the Water and Sewer System Resolution. Notwithstanding anything to the contrary contained in the Water and Sewer System Resolution, in the event any such revenues constitute "impact fees" within the meaning of applicable Florida law, JEA may use and apply such impact fees only in the manner permitted or required by such applicable law, and JEA is to take such measures as an authorized officer of JEA may determine are necessary or desirable to effect the foregoing. Subject to the foregoing and to certain exclusions provided in the Water and Sewer System Resolution, amounts deposited into the Revenue Fund are required to be applied as follows: first, to the payment of operation and maintenance expenses of the Water and Sewer System, including Contract Debts (as defined in the Water and Sewer System Resolution); second, to the payment of debt service on the outstanding Water and Sewer System Bonds; third, to maintain any Reserve Account created under the Water and Sewer System Resolution in the amount required thereby for the security of any outstanding Water and Sewer System Bonds; fourth, for the payment of debt service on and to fund reserve requirements for subordinated indebtedness of the Water and Sewer System; fifth, for deposit to the Rate Stabilization Account created by the Water and Sewer System Resolution; sixth, for deposit to the Renewal and Replacement Fund established under the Water and Sewer System Resolution, an annual amount equal to 10% of the net revenues of the Water and Sewer System for the preceding Fiscal Year and such additional amount as shall make the total annual payment in such Fund during such Fiscal Year equal to at least 5% of the Revenues of the Water and Sewer System for the preceding Fiscal Year; and seventh, for any other lawful purpose of JEA (including, without limitation, used to pay the JEA Contribution).

The chart on the following page shows a summary of the application of revenues under the Water and Sewer System Resolution, as currently in effect.
Water and Sewer System Customers

Water and Sewer System Revenues (including "capacity charges" and "impact fees")

Operation and Maintenance Expenses (including Contract Debts)

Current Debt Service on Water and Sewer System Bonds

Debt Service Reserve Account (if required)

Current Debt Service on Water and Sewer System Subordinated Indebtedness (including the Second Crossover Series Bonds and the Subordinated Water and Sewer System Bonds) and reserves therefor (if required)

Rate Stabilization Fund (if required)

Renewal and Replacement Fund

Any Lawful Purpose of JEA (including transfers to the City's General Fund and transfers to other JEA utility systems)
The following table shows the available revenues of the Electric System and the Water and Sewer System after all required deposits under the Electric System Resolution and the Water and Sewer System Resolution (and from which the JEA Contribution may be made) for the periods reflected.

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### REVENUES

**Electric System**
- Electric: 1,036,125, 1,050,391, 855,413, 730,667, 728,046
- Investment income
- Earnings from The Energy Authority: 20,192, 21,910, 17,382, 15,924, 14,593
- Other: 38,379, 41,005, 37,401, 48,564, 49,402
  - **Plus: amount paid from the Rate Stabilization Fund into the Revenue Fund** 63,057, 28,198, 26,009, --, --
  - **Less: amount paid from the Revenue Fund into the Rate Stabilization Fund** (48,616), (54,631), (26,009), --, --

**Total Electric System revenues** 1,113,412, 1,088,767, 911,230, 798,016, 800,633

**Water & Sewer System**
- Water revenues: 112,892, 102,738, 78,081, 72,016, 65,798
- Sewer revenues: 148,681, 146,317, 122,257, 117,030, 107,970
- Other Operating revenues: 12,075, 13,644, 9,459, 12,070, 9,736
- Investment Income: 4,352, 1,865, 1,701, 5,728, 4,927

**Total Water & Sewer System revenues** 278,000, 264,564, 211,498, 206,844, 188,431

### OPERATING EXPENSES

**Electric System**
- Fuel: 281,346, 286,764, 227,776, 147,318, 143,019
- Purchased power: 366,497, 378,011, 337,243, 334,299, 300,013
- Other operation and maintenance: 146,968, 131,022, 117,416, 120,742, 134,779
- Utility and franchise taxes: 25,336, 25,824, 20,971, 18,121, 18,361

**Total Electric System operating expenses** 820,147, 821,621, 703,406, 620,480, 596,172

**Water & Sewer System**

**Total Water & Sewer System operating expenses**

### NET REVENUES

**Electric System Net Revenues**
- Debt service requirement on Senior Electric System Bonds: (63,708), (58,428), (41,079), (39,224), (39,096)
- Aggregate Subordinated debt service on outstanding Subordinated Electric System Bonds: (59,970), (58,621), (56,420), (48,265), (48,815)
- Renewal and replacement contribution: (54,431), (45,562), (39,901), (40,008), (36,208)

**Water & Sewer System Net Revenues**
- Senior Debt Service Requirement: (75,161), (72,851), (64,348), (61,685), (58,996)
- Subordinated Debt Service Requirement: (18,011), (15,675), (14,599), (8,902), (4,890)
- Renewal and replacement contribution: (13,228), (10,570), (10,357), (9,422), (8,604)
- Capacity fees for projects: (23,211), (34,116), (17,172), (15,181), (12,555)

**TOTAL NET REVENUES AVAILABLE FOR OTHER PURPOSES**
- Electric System: 115,156, 104,535, 70,424, 50,039, 80,342
- **Combined total net revenues available for other purposes** 161,773, 147,960, 94,786, 82,187, 114,682

### ANNUAL CITY CONTRIBUTION

- Electric System: (73,100), (71,031), (68,677), (67,385), (62,796)
- Water & Sewer System: (18,337), (17,657), (17,261), (15,802), (11,457)

### OPERATING CAPITAL OUTLAY

- Electric System: (28,826), (15,670), --, --, (9,383)
- Water & Sewer System: (10,781), (15,439), (2,986), (10,693), (14,682)

**City of Jacksonville Excise Taxes Revenue Bonds Series 1995A**
- (1,992), (2,533), (3,156), (3,164), (3,177)

**COMBINED NET - ELECTRIC SYSTEM AND WATER & SEWER SYSTEM**
- **28,737**, **25,630**, **2,724**, **(14,857)**, **13,187**

### Notes

1. Excludes investment income on sinking funds.
2. Excludes depreciation.
3. In accordance with the requirements of the Electric System Resolution, all Contract Debt payments from the Electric System to SJRPP and the Bulk Power Supply System with respect to the use by...
the Electric System of the capacity and output of SJRPP and the Bulk Power System are reflected as a purchased power expense within these schedules. These schedules do not include revenues of SJRPP and the Bulk Power Supply System, except that the purchased power expense is net of interest income on funds maintained under the these resolutions.

(4) Net of investment income on sinking funds.
(5) Calculated pursuant to formula provided by Section 21.07 of City Charter as in effect prior to the amendment thereto that became effective as of October 1, 2008.
(6) In Fiscal Year 2003, the Electric System contribution to the City was reduced by $4,243,000 of realized savings from the River City Renaissance Program.

THE 2008 CREDIT FACILITIES

The City has obtained each 2008 Credit Facility as the initial Credit Facility for each respective series of the 2008 Bonds to provide security for the payment of principal of and interest on the applicable series of the 2008 Bonds and the payment of the Tender Price of each such series of 2008 Bonds tendered for optional or mandatory purchase and not remarketed. Each 2008 Credit Facility will be issued for the benefit of the Deputy Registrar and Paying Agent concurrently with the delivery of the related series of 2008 Bonds. Each Credit Facility is an irrevocable direct-pay letter of credit obligation of the respective Credit Facility Provider with respect to the applicable series of the 2008 Bonds as follows:

<table>
<thead>
<tr>
<th>Series of 2008 Bonds</th>
<th>Credit Facility Provider</th>
<th>Original Amount of 2008 Credit Facility</th>
<th>Initial Stated Expiration Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008A</td>
<td>Bank of America, N.A.</td>
<td>$68,059,238.36</td>
<td>July 15, 2011</td>
</tr>
<tr>
<td>2008B</td>
<td>SunTrust Bank</td>
<td>$68,059,238.36</td>
<td>July 15, 2011</td>
</tr>
</tbody>
</table>

Under the terms of each 2008 Credit Facility, the Deputy Registrar and Paying Agent is entitled to and is required to draw amounts to pay when due: (a) the principal of the applicable series of the 2008 Bonds at maturity or upon redemption, plus (b) the interest on the applicable series of the 2008 Bonds for up to 35 days, and (c) the Tender Price for the 2008 Bonds of the applicable series tendered for optional or mandatory purchase and not remarketed. The amount available under each 2008 Credit Facility may be reduced from time to time upon the payment or redemption of 2008 Bonds of the applicable series by (x) in the case of the amount referred to in clause (a) above, the aggregate principal amount of the 2008 Bonds of the applicable series so paid or redeemed, (y) in the case of the amount referred to in clause (b) above, an amount that is equal to 35 days' interest on the 2008 Bonds of the applicable series so paid or redeemed, and (z) in the case of the amount referred to in clause (c) above, an amount equal to the principal amount of 2008 Bonds of the applicable series purchased plus an amount that is equal to 35 days' interest on such 2008 Bonds. For a copy of the form of each 2008 Credit Facility see respectively, "INFORMATION RELATING TO BANK OF AMERICA, N.A.; 2008 CREDIT FACILITY PROVIDER AGREEMENT AND 2008 CREDIT FACILITY OF BANK OF AMERICA, N.A." attached hereto as Appendix E, and "INFORMATION RELATING TO SUNTRUST BANK; 2008 CREDIT FACILITY PROVIDER AGREEMENT AND 2008 CREDIT FACILITY OF SUNTRUST BANK" attached hereto as Appendix F.
Each 2008 Credit Facility is issued pursuant to a Letter of Credit and Reimbursement Agreement dated as of the date of issuance of the 2008 Bonds between the City and the Credit Facility Provider for such series of 2008 Bonds (each a "2008 Credit Facility Provider Agreement"). For information regarding each 2008 Credit Facility Provider Agreement respectively, see "INFORMATION RELATING TO BANK OF AMERICA, N.A.; CREDIT FACILITY OF BANK OF AMERICA, N.A.; 2008 CREDIT FACILITY PROVIDER AGREEMENT AND 2008 CREDIT FACILITY OF BANK OF AMERICA, N.A." attached hereto as Appendix E, and "INFORMATION RELATING TO SUNTRUST BANK; 2008 CREDIT FACILITY PROVIDER AGREEMENT AND 2008 CREDIT FACILITY OF SUNTRUST BANK" attached hereto as Appendix F.

**Termination of the 2008 Credit Facility**

Unless extended as described herein, the 2008 Credit Facility with respect to any series of the 2008 Bonds will expire on the earliest of (a) the Expiration Date set forth in the table above for such 2008 Credit Facility, as the same may be extended from time to time for such 2008 Credit Facility (the "Expiration Date"), (b) the date which is fifteen (15) days following the date of conversion (the "Conversion Date") of all the 2008 Bonds to a Short-Term Interest Rate Period or a Long-Term Interest Rate Period, (c) the date which is fifteen (15) days following the date on which the applicable Credit Facility Provider receives notice from the Deputy Registrar and Paying Agent that none of the 2008 Bonds of the applicable series are Outstanding or that the Deputy Registrar and Paying Agent has received an Alternate Credit Facility in substitution of the 2008 Credit Facility, (d) the date on which a Bank Mandatory Tender Drawing (as defined herein) has been honored by the Bank, and (e) the date which is fifteen (15) days following notice to the Deputy Registrar and Paying Agent of declaration of an "event of default" under a 2008 Credit Facility Provider Agreement and a request to call such series of the 2008 Bonds for mandatory purchase. In certain circumstances, as described below, the 2008 Credit Facility may be replaced by an Alternate Credit Facility.

**Extension of the 2008 Credit Facility**

Each 2008 Credit Facility contains provisions for extension in the 2008 Credit Facility and/or in the 2008 Credit Facility Provider Agreement. See "INFORMATION RELATING TO BANK OF AMERICA, N.A.; 2008 CREDIT FACILITY PROVIDER AGREEMENT AND 2008 CREDIT FACILITY OF BANK OF AMERICA, N.A." attached hereto as Appendix E, and "INFORMATION RELATING TO SUNTRUST BANK; 2008 CREDIT FACILITY PROVIDER AGREEMENT AND 2008 CREDIT FACILITY OF SUNTRUST BANK" attached hereto as Appendix F.

**2008 Credit Facility Provider Agreement Defaults**

Each 2008 Credit Facility is subject to termination upon the occurrence of events of default as set forth in the respective 2008 Credit Facility Provider Agreement, which defaults may be waived by the applicable Credit Facility Provider in its sole discretion. Each 2008 Credit Facility Provider Agreement may be amended without notice to Bondholders or Bondholder consent. For more information regarding the default provisions of each 2008 Credit Facility Provider Agreement see "INFORMATION RELATING TO BANK OF AMERICA, N.A.; 2008 CREDIT FACILITY PROVIDER AGREEMENT AND 2008 CREDIT FACILITY OF BANK OF AMERICA, N.A."
attached hereto as Appendix E, and "INFORMATION RELATING TO SUNTRUST BANK; 2008 CREDIT FACILITY PROVIDER AGREEMENT AND 2008 CREDIT FACILITY OF SUNTRUST BANK" attached hereto as Appendix F.

The Credit Facility Providers

Each 2008 Credit Facility is issued by the respective Credit Facility Provider described on the inside cover page. For more information regarding each of the Credit Facility Providers see "INFORMATION RELATING TO BANK OF AMERICA, N.A.; 2008 CREDIT FACILITY PROVIDER AGREEMENT AND 2008 CREDIT FACILITY OF BANK OF AMERICA, N.A." attached hereto as Appendix E, and "INFORMATION RELATING TO SUNTRUST BANK; 2008 CREDIT FACILITY PROVIDER AGREEMENT AND 2008 CREDIT FACILITY OF SUNTRUST BANK" attached hereto as Appendix F.

Alternate Credit Facility

At any time, the City may obtain or provide for the delivery to the Deputy Registrar and Paying Agent an Alternate Credit Facility with respect to any series of 2008 Bonds, and such series of 2008 Bonds shall be subject to mandatory tender for purchase on the substitution date, and the Credit Facility being replaced shall be drawn on to pay the Tender Price for such tendered 2008 Bonds. On or prior to the date on which an Alternate Credit Facility is obtained or delivered to the Deputy Registrar and Paying Agent, the City shall furnish to the Deputy Registrar and Paying Agent and the Remarketing Agent for such series (a) a Favorable Opinion of Bond Counsel, (b) if such Alternate Credit Facility is other than a letter of credit issued by a domestic commercial bank, an opinion of Counsel addressed to the City, the Deputy Registrar and Paying Agent, the Tender Agent and the applicable Remarketing Agent and satisfactory to the Deputy Registrar and Paying Agent and applicable Remarketing Agent that no registration of the 2008 Bonds or such Alternate Credit Facility is required under the Securities Act, (c) an opinion of Counsel addressed to the City, the Deputy Registrar and Paying Agent, the Tender Agent and the applicable Remarketing Agent and satisfactory to the Deputy Registrar and Paying Agent that such Alternate Credit Facility is a valid and enforceable obligation of the issuer or provider thereof, and (d) if the Credit Facility then in effect with respect to the applicable series of 2008 Bonds does not cover premiums due on the applicable series of 2008 Bonds, and the applicable series of 2008 Bonds would be subject to mandatory tender for purchase at a purchase price in excess of the principal amount thereof plus accrued and unpaid interest thereon to but not including the date of purchase, Available Moneys in an amount sufficient to pay the premium due on the applicable series of 2008 Bonds.

In the event of a substitution or other termination of the Credit Facility with respect to any series of the 2008 Bonds, the 2008 Bonds of the applicable series shall be subject to mandatory tender for purchase from proceeds of a draw on the related Credit Facility.
### DEBT SERVICE SCHEDULE
#### 2008 BONDS

<table>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
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<td>$ 1,220,000.00</td>
<td>$ 818,597.39</td>
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<td>$ 4,077,194.78</td>
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<td>$ 3,194,601.93</td>
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<td>8,961,187.92</td>
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<td>2014</td>
<td>$ 1,640,000.00</td>
<td>$ 2,854,632.03</td>
<td>$ 1,640,000.00</td>
<td>$ 2,854,632.03</td>
<td>8,989,264.06</td>
</tr>
<tr>
<td>2015</td>
<td>$ 1,720,000.00</td>
<td>$ 2,775,255.96</td>
<td>$ 1,720,000.00</td>
<td>$ 2,775,255.96</td>
<td>8,990,511.92</td>
</tr>
<tr>
<td>2016</td>
<td>$ 1,815,000.00</td>
<td>$ 2,481,030.72</td>
<td>$ 1,815,000.00</td>
<td>$ 2,481,030.72</td>
<td>8,592,061.44</td>
</tr>
<tr>
<td>2017</td>
<td>$ 1,900,000.00</td>
<td>$ 2,608,737.81</td>
<td>$ 1,900,000.00</td>
<td>$ 2,608,737.81</td>
<td>9,017,475.62</td>
</tr>
<tr>
<td>2018</td>
<td>$ 1,995,000.00</td>
<td>$ 2,718,684.37</td>
<td>$ 1,995,000.00</td>
<td>$ 2,718,684.37</td>
<td>9,427,368.74</td>
</tr>
<tr>
<td>2019</td>
<td>$ 2,095,000.00</td>
<td>$ 2,415,643.96</td>
<td>$ 2,095,000.00</td>
<td>$ 2,415,643.96</td>
<td>9,021,287.92</td>
</tr>
<tr>
<td>2020</td>
<td>$ 2,205,000.00</td>
<td>$ 2,316,376.80</td>
<td>$ 2,205,000.00</td>
<td>$ 2,316,376.80</td>
<td>9,042,753.60</td>
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<tr>
<td>2021</td>
<td>$ 2,315,000.00</td>
<td>$ 2,205,491.49</td>
<td>$ 2,315,000.00</td>
<td>$ 2,205,491.49</td>
<td>9,040,982.98</td>
</tr>
<tr>
<td>2022</td>
<td>$ 2,435,000.00</td>
<td>$ 1,932,933.54</td>
<td>$ 2,435,000.00</td>
<td>$ 1,932,933.54</td>
<td>8,735,867.08</td>
</tr>
<tr>
<td>2023</td>
<td>$ 2,555,000.00</td>
<td>$ 1,987,788.03</td>
<td>$ 2,555,000.00</td>
<td>$ 1,987,788.03</td>
<td>9,085,576.06</td>
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<tr>
<td>2024</td>
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<td>$ 2,008,049.46</td>
<td>$ 2,690,000.00</td>
<td>$ 2,008,049.46</td>
<td>9,396,098.92</td>
</tr>
<tr>
<td>2025</td>
<td>$ 2,825,000.00</td>
<td>$ 2,172,178.88</td>
<td>$ 2,825,000.00</td>
<td>$ 2,172,178.88</td>
<td>9,094,357.76</td>
</tr>
<tr>
<td>2026</td>
<td>$ 2,965,000.00</td>
<td>$ 2,187,036.03</td>
<td>$ 2,965,000.00</td>
<td>$ 2,187,036.03</td>
<td>9,104,072.06</td>
</tr>
<tr>
<td>2027</td>
<td>$ 3,115,000.00</td>
<td>$ 1,443,530.01</td>
<td>$ 3,115,000.00</td>
<td>$ 1,443,530.01</td>
<td>9,117,060.02</td>
</tr>
<tr>
<td>2028</td>
<td>$ 3,275,000.00</td>
<td>$ 1,200,982.61</td>
<td>$ 3,275,000.00</td>
<td>$ 1,200,982.61</td>
<td>8,951,965.22</td>
</tr>
<tr>
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<td>$ 3,440,000.00</td>
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<td>$ 1,226,181.30</td>
<td>9,332,362.60</td>
</tr>
<tr>
<td>2030</td>
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<td>$ 967,758.02</td>
<td>$ 3,615,000.00</td>
<td>$ 967,758.02</td>
<td>9,165,516.04</td>
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<tr>
<td>2031</td>
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<td>$ 3,795,000.00</td>
<td>$ 792,792.02</td>
<td>9,175,584.04</td>
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<tr>
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<td>$ 609,674.82</td>
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<tr>
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<td>$ 4,190,000.00</td>
<td>$ 398,091.54</td>
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<tr>
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<td>$ 4,405,000.00</td>
<td>$ 230,725.46</td>
<td>$ 4,405,000.00</td>
<td>$ 230,725.46</td>
<td>9,271,450.92</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$67,285,000.00</strong></td>
<td><strong>$52,635,318.56</strong></td>
<td><strong>$67,285,000.00</strong></td>
<td><strong>$52,635,318.56</strong></td>
<td><strong>$239,840,637.12</strong></td>
</tr>
</tbody>
</table>

[1] Interest on 2008 Bonds is based on the Certified Interest Rate of 4.840%, determined pursuant to the Bond Terms Agreement, dated as of June 1, 2008. Such rate is only a theoretical rate used to determine future debt service for the issuance of Additional Parity Obligations. The actual interest rates on the 2008 Bonds will be Weekly Interest Rates as determined by the Remarketing Agent for the respective series of the 2008 Bonds. See "DESCRIPTION OF THE 2008 BONDS - General" herein.

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### PRO FORMA ANALYSIS OF DEBT SERVICE COVERAGE FROM JEA CONTRIBUTION

<table>
<thead>
<tr>
<th>Bond Year Ending October 1</th>
<th>JEA Contribution&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>Total Debt Service on 2008 Bonds</th>
<th>Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$94,187,538</td>
<td>$4,077,194.78</td>
<td>23.10x</td>
</tr>
<tr>
<td>2009</td>
<td>96,687,538</td>
<td>8,949,203.86</td>
<td>10.80</td>
</tr>
<tr>
<td>2010</td>
<td>99,187,538</td>
<td>8,961,187.92</td>
<td>11.07</td>
</tr>
<tr>
<td>2011</td>
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<td>2012</td>
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<td>2013</td>
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<td>12.66</td>
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<td>12.11</td>
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<tr>
<td>2019</td>
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<td>9,021,287.92</td>
<td>12.66</td>
</tr>
<tr>
<td>2020</td>
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<td>9,042,753.60</td>
<td>12.63</td>
</tr>
<tr>
<td>2021</td>
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<td>12.63</td>
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<tr>
<td>2022</td>
<td>114,187,538</td>
<td>8,735,867.08</td>
<td>13.07</td>
</tr>
<tr>
<td>2023</td>
<td>114,187,538</td>
<td>9,085,576.06</td>
<td>12.57</td>
</tr>
<tr>
<td>2024</td>
<td>114,187,538</td>
<td>9,396,098.92</td>
<td>12.15</td>
</tr>
<tr>
<td>2025</td>
<td>114,187,538</td>
<td>9,094,357.76</td>
<td>12.56</td>
</tr>
<tr>
<td>2026</td>
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<td>9,104,072.06</td>
<td>12.54</td>
</tr>
<tr>
<td>2027</td>
<td>114,187,538</td>
<td>9,117,060.02</td>
<td>12.52</td>
</tr>
<tr>
<td>2028</td>
<td>114,187,538</td>
<td>8,951,965.22</td>
<td>12.76</td>
</tr>
<tr>
<td>2029</td>
<td>114,187,538</td>
<td>9,332,362.60</td>
<td>12.24</td>
</tr>
<tr>
<td>2030</td>
<td>114,187,538</td>
<td>9,165,516.04</td>
<td>12.46</td>
</tr>
<tr>
<td>2031</td>
<td>114,187,538</td>
<td>9,175,584.04</td>
<td>12.44</td>
</tr>
<tr>
<td>2032</td>
<td>114,187,538</td>
<td>9,199,349.64</td>
<td>12.41</td>
</tr>
<tr>
<td>2033</td>
<td>114,187,538</td>
<td>9,176,183.08</td>
<td>12.44</td>
</tr>
<tr>
<td>2034</td>
<td>114,187,538</td>
<td>9,271,450.92</td>
<td>12.32</td>
</tr>
</tbody>
</table>

$239,840,637.12$

<sup>(1)</sup> Represents the required total of the JEA Contribution based upon the minimum amounts set forth in the Charter until Fiscal Year 2016.

<sup>(2)</sup> From "Debt Service Schedule 2008 Bonds" on prior page.
INVESTMENT AND DEBT POLICIES

Pursuant to Section 218.415, Florida Statutes, the City has adopted an Investment Policy (the "Investment Policy"). The original Investment Policy was adopted on March 1, 2004 and later amended to reflect its current form on August 8, 2007. The Investment Policy applies to all funds under the control of the City in excess of those required to meet short-term expenses, including funds related to the issuance of debt by the City. The Investment Policy does not apply to any financial assets of the Jacksonville Retirement System, the Police and Fire Pension Fund, certain Constitutional Officers of Duval County, or various independent authorities. The Investment Policy may be amended from time to time by the City Council.

The City's Investment Policy provides that its investment portfolio shall be managed with the primary objective of safety of capital, the secondary objective of liquidity, and the third objective of income realization in excess of stated benchmarks. Pursuant to the Investment Policy, the City will strive to meet earning expectations while protecting the safety of capital, maintaining the liquidity of the portfolio, and following prudent investment principles. The Investment Policy states that the structure of the portfolio should be based on an understanding of the variety of risks and the basic principle of diversification, imposed by the policy, on the structure of the portfolio. It is the position of the City that the interest of the citizens of the City of Jacksonville can best be served by actively managing the City funds, through the assumption of a prudent level of risk, in order to achieve a total return commensurate with the level of risk assumed. The City, in adopting the Investment Policy, recognizes that the goal of total return portfolio management is to add economic value to a portfolio under circumstances prevailing from time to time. This may necessitate the sale of securities at a loss in order to reduce portfolio risk (without a material reduction in return) or to achieve a greater overall return (without assuming any material amount of additional risk) that could have been obtained if the original position had been held.

The City, upon approval of the Investment Policy, began the process of hiring external money managers to manage its aggregate and liquidity portfolios. Under the Investment Policy the following classes of securities are deemed suitable for investment by the City and may be purchased up to the limits and subject to standards defined within the Investment Policy for each asset type: U.S. Government and Agency Debt Obligations, U.S. Government Instrumentality Debt Obligations, High Grade Corporate Debt, Mortgage-Backed Securities, Bank Certificates of Deposit, Repurchase Agreements, Money Market Mutual/Trust Funds, State and Local Taxable and/or Tax Exempt Debt, Fixed Income Mutual Funds, Other Externally Managed Funds, Derivative Securities, Specialty Risk Investments, and Reverse Repurchase Agreements.

The City also has a Debt and Swap Policy, the current form of which was revised and approved as of March 1, 2004 (the "Debt and Swap Policy"). The Debt and Swap Policy applies to all current and future debt and related hedging instruments issued by the City, except those related to bonds issued for the Better Jacksonville Plan and any other entity created and approved by the City Council. Pursuant to the Debt and Swap Policy, the City's debt is to be managed with an overall philosophy of taking a long-term approach to borrowing funds at the lowest possible interest cost while adhering to the objectives of the City's Investment Policy. The Debt and Swap Policy sets forth parameters and provides guidance regarding capital structure, credit ratings, compliance with tax regulations, management of floating interest rate risk and managing of hedging.
instruments. Subject to the stated overall philosophy, the goals of the Debt and Swap Policy are to maintain cost of capital consistent with other similarly rated municipalities, maintain steady credit ratings, establish and maintain reserve funds, reduce floating rate debt "put" risk and maintain diversification of debt.

The overall amount of debt the City is allowed to issue is authorized by ordinances enacted by the City Council on an as needed basis. Pursuant to the Debt and Swap Policy, variable rate debt will not exceed 25% of the total debt of the City.

Pursuant to the Debt and Swap Policy and Ordinance 2003-1015-E of the City, as amended by Ordinance 2004-297-E, the maximum net notional amount of interest rate swaps permitted to be outstanding is $800,000,000. The term of fixed to floating rate swaps may not exceed five years and the term of floating to fixed rate swaps may not exceed 30 years, but will be determined based on the life of the related instrument being hedged. All providers of interest rate swaps, caps, options and other hedging agreements are required pursuant to the Debt and Swap Policy to either (i) be rated AA-/Aa3 or better by at least two of Fitch or Moody's at the time of execution and enter into a collateral agreement to provide collateral in the event the rating falls below the AA-/Aa3 level or (ii) be rated A/A2 by at least two of such rating agencies or better at the time of execution and enter into a collateral agreement.

FINANCIAL ADVISOR

Public Financial Management, Inc., Orlando, Florida, is acting as Financial Advisor to the City in connection with the issuance of the 2008 Bonds. The Financial Advisor will not engage in any underwriting activities with regard to the issuance and sale of the 2008 Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and is not obligated to review or ensure compliance with the undertaking by the City to provide continuing secondary market disclosure.

UNDERWRITING

Banc of America Securities LLC has agreed, subject to certain conditions, to purchase all of the 2008A Bonds from the City at a price equal to $67,112,351.88 ($67,285,000.00 par amount, less Underwriters' Discount of $172,648.12). SunTrust Robinson Humphrey, Inc. has agreed, subject to certain conditions, to purchase all of the 2008B Bonds from the City at a price equal to $67,114,370.44 ($67,285,000.00 par amount, less Underwriters' Discount of $170,629.56). Banc of America Securities LLC and SunTrust Robinson Humphrey, Inc. are collectively referred to herein as the "Underwriters."

The 2008 Bonds are being offered for sale to the public at the prices shown on the cover hereof. The Underwriters may offer and sell the 2008 Bonds to certain dealers and others at prices lower than the public offering prices and following the initial public offering such public offering price may be changed, from time to time, by the Underwriters.
RATINGS

The 2008 Bonds are expected to be assigned ratings by Moody's Investors Service, Inc. ("Moody's") and Fitch, Inc., d/b/a Fitch Ratings ("Fitch," and together with Moody's collectively referred to herein as the "Rating Agencies"). Such ratings are based on the understanding that upon delivery of the 2008 Bonds, each 2008 Credit Facility will be issued by the respective Credit Facility Providers. The expected ratings are as follows:

<table>
<thead>
<tr>
<th>Series of 2008 Bonds</th>
<th>Credit Facility Provider</th>
<th>Moody's Rating</th>
<th>Fitch Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>$67,285,000</td>
<td>Bank of America, N.A.</td>
<td>Aaa/VMIG1</td>
<td>AAA/F1+</td>
</tr>
<tr>
<td>Series 2008A</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$67,285,000</td>
<td>SunTrust Bank</td>
<td>Aaa/VMIG1</td>
<td>AA/F1+</td>
</tr>
<tr>
<td>Series 2008B</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The 2008 Bonds are expected to be assigned underlying ratings of "A1" by Moody's and "A+" by Fitch. Such underlying ratings do not take into account the 2008 Credit Facilities.

Such ratings express only the views of the Rating Agencies. An explanation of the significance of such ratings may be obtained from the Rating Agencies furnishing the same. There is no assurance that any rating will be maintained for any given period of time or that it will not be revised downward or withdrawn entirely by the Rating Agencies if, in their judgment, circumstances so warrant. The City undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings or other actions by a rating agency may have an adverse effect on the market price of the 2008 Bonds.

LEGALITY

Legal matters incident to the validity of the 2008 Bonds including their authorization, issuance and sale by the City, are subject to the unqualified approving legal opinion of Livermore, Freeman & McWilliams, P.A., Jacksonville Beach, Florida, Bond Counsel. Certain legal matters will be passed upon for the City by its Office of General Counsel. Certain legal matters will be passed on for the City by its Co-Disclosure Counsel Greenberg Traurig, P.A., Orlando, Florida and Reginald Estell, Jr., P.A., Jacksonville, Florida. The form of Bond Counsel opinion appears as Appendix D to this Official Statement.

TAX EXEMPTION

The Code includes requirements which the City must continue to meet after the issuance of the 2008 Bonds in order that interest on the 2008 Bonds not be included in gross income for federal income tax purposes. The failure of the City to meet these requirements may cause interest on the 2008 Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. The City has agreed to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the 2008 Bonds.
In the opinion of Bond Counsel, assuming continuing compliance by the City with the tax covenants referred to above, under existing statutes, regulations, rulings and court decisions, interest on the 2008 Bonds is excluded from gross income for federal income tax purposes. Interest on the 2008 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the 2008 Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of the 2008 Bonds. Prospective purchasers of 2008 Bonds should be aware that the ownership of 2008 Bonds may result in other collateral federal tax consequences, including (a) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry 2008 Bonds or, in the case of a financial institution, that portion of the owner's interest expense allocable to interest on 2008 Bonds, (b) the reduction of the loss reserve deduction for property and casualty insurance companies by 15 percent of certain items, including interest on 2008 Bonds, (c) the inclusion of interest on 2008 Bonds in the earnings of certain foreign corporations doing business in the United States for purposes of a branch profits tax, (d) the inclusion of interest on 2008 Bonds in the passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year and (e) the inclusion in gross income of certain Social Security and Railroad Retirement benefits by reason of receipt of interest on the 2008 Bonds.

Owners of the 2008 Bonds should consult their own tax advisors with respect to the state and local tax consequences of the 2008 Bonds.

A proposed form of the Opinion of Bond Counsel is attached hereto as Appendix D.

LITIGATION

In the opinion of the Office of General Counsel of the City, there is no pending litigation against the City which would have any material adverse effect upon the Pledged Revenues or contesting the validity of the 2008 Bonds or the right of the City to issue the 2008 Bonds. The Office of General Counsel is not aware of any threatened litigation contesting the validity of the 2008 Bonds or the right of the City to issue the 2008 Bonds or which would have any material adverse effect upon the Pledged Revenues.

On May 5, 2003, and thereafter through amendment, approximately 4,000 individual plaintiffs filed a complaint against the City of Jacksonville, the Duval County School Board and JEA alleging facts relating to the existence of various incinerator ash sites presently under the jurisdiction of federal and state environmental agencies. The parties resolved the lawsuit without an admission of liability. Pursuant to the terms of the settlement, the City obtained approximately 4,000 covenants not to sue and paid a total of $25 million. Plaintiffs received a consent judgment for $75 million, with the remaining money over $25 million being collected, if at all, against the City's insurers.

Additionally, there may be some environmental cleanup required by the Department of Environmental Protection to the incinerator ash sites. At this time, the City does not know the cost
or the extent of the clean up, but estimates the cleanup costs to be approximately $98.4 million for Jax Ash & Brown's Dump Sites (4 sites in total) and estimates cleanup costs at $30.25 million for the Pope Place/Gold Merit, Southside Generator Site and Burke Street Ash sites. However, the City expects to pay any required costs for cleanup over a period of years and expects to budget such amounts from sources other than Pledged Revenues.

**CONTINGENCY OF FEES**

The City has retained Bond Counsel, the Financial Advisor, and Co-Disclosure Counsel with respect to the authorization, sale, execution and delivery of the 2008 Bonds. Payment of the fees of such professionals and an underwriting discount to the Underwriters (which includes the fees of underwriters' counsel) are each contingent upon the issuance of the 2008 Bonds.

**ANNUAL FINANCIAL REPORTS**

The information in the Basic Financial Statements for the fiscal year ended September 30, 2007 (the "Basic Financial Statements") included in the City's Comprehensive Annual Financial Report for such fiscal year (the "Comprehensive Annual Financial Report") is an integral part of this Official Statement and is hereby incorporated by reference thereto. Copies of the Comprehensive Annual Financial Report may be obtained from the City upon request to the Director of Administration and Finance, Suite 300, 117 West Duval Street, Jacksonville, Florida 32202, telephone number (904) 630-1298, or from the City's website described below.

The Comprehensive Annual Financial Report is available for viewing and downloading from the City's website (www.coj.net) by selecting "Department," then selecting "Administration and Finance," then selecting "Accounting" and then selecting "Comprehensive Annual Financial Report FY 2006-2007" as denoted in blue print. EXCEPT FOR THE BASIC FINANCIAL STATEMENTS, NONE OF THE REMAINDER OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT OR OTHER INFORMATION CONTAINED IN THE CITY'S WEBSITE IS INCLUDED BY REFERENCE INTO THIS OFFICIAL STATEMENT. The physical appearance of the printed version of the Comprehensive Annual Financial Report may differ from the electronic version available on the City's website for various reasons including electronic transmission difficulties or particular user equipment. Users relying on the electronic version assume the risk of resulting discrepancies between it and the printed version.

**NO CONTINUING DISCLOSURE**

The City is not required, due to an exemption under Rule 15c2-12 of the Securities and Exchange Act of 1934 (the "Rule"), to provide a written undertaking for the Underwriters with respect to any continuing disclosure from the date of this Official Statement unless the 2008 Bonds are converted to an Interest Rate Period which is subject to the Rule. However, certain information about the City is filed on an annual basis, including its Comprehensive Annual Financial Reports, which include its audited financial statements, with each Nationally Recognized Municipal Securities Information Repository ("NRMSIRs").
SOURCES OF INFORMATION

The Basic Financial Statements of the City as of September 30, 2007 and for the year ended, included in the Comprehensive Annual Financial Report of the City that has been incorporated herein by reference (See "ANNUAL FINANCIAL REPORTS" herein), have been audited by Ernst & Young LLP, independent certified public accountants, as stated in their report dated February 21, 2008 appearing therein. Ernst & Young LLP has not participated in the preparation or review of this Official Statement.

Any statements in this Official Statement, involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Florida law requires the City to make a full and fair disclosure of any bonds or other debt obligations which it has issued or guaranteed and which are or have been in default as to principal or interest at any time after December 31, 1975 (including bonds or other debt obligations for which it has served as a conduit issuer). The City, since December 31, 1975, has not been in default as to principal and interest on bonds or other debt obligations which it has issued, whether as the principal obligor or as a conduit.
AUTHORIZATION OF AND CERTIFICATION
CONCERNING OFFICIAL STATEMENT

This Official Statement has been authorized and approved by the City of Jacksonville, Florida. To the knowledge of the City, this Official Statement does not as of its date contain any untrue statement of a material fact or omit to state a material fact which should be included herein for the purposes for which this Official Statement is to be used, or which is necessary in order to make the statements contained herein, in the light of the circumstances in which they were made, not misleading.

CITY OF JACKSONVILLE, FLORIDA

By:/s/ John Peyton
      Mayor

By:/s/ G. Michael Miller
      Chief Financial Officer

By:/s/ Michael R. Givens
      City Treasurer
APPENDIX A

GENERAL INFORMATION
CITY OF JACKSONVILLE
APPENDIX A

GENERAL INFORMATION ON THE
CITY OF JACKSONVILLE, FLORIDA

The City has provided all of the information set forth below.

Government

The City of Jacksonville established a consolidated government on October 1, 1968, which extends throughout the county land area, except that the cities of Atlantic Beach, Neptune Beach, Jacksonville Beach (the “Beaches Communities”) and the Town of Baldwin retain their local governments for the performance of certain municipal functions. The City has grown from 39 square miles to 841 square miles and is the largest city in land area located in the contiguous United States.

The territory of the consolidated government is divided into a General Services District, consisting of the total area of Duval County, and five urban services districts consisting of the areas within each of the Beaches Communities, the Town of Baldwin and the territory of the former, pre-consolidation City of Jacksonville. The consolidated government furnishes certain services in the General Services District, including airports, courts, electricity, fire protection, hospital, libraries, police protection, recreation and parks, schools, streets and highways and welfare; and all of the usual municipal services in the First Urban Services District (the pre-consolidation former City of Jacksonville) and the former unincorporated area of Duval County, but specifically excluding the Beaches Communities and the Town of Baldwin.

The charter for the consolidated government provides for the following elected officials: a mayor, 19 council members (14 elected by districts and 5 at large but residing in specified districts) who form the City’s legislative body (the “Council”), seven school board members (elected by district), a sheriff as chief law enforcement officer, a property appraiser, a tax collector, a clerk of the circuit and county courts, and a supervisor of elections. The Mayor is the chief executive and administrative officer of the consolidated government and is responsible for the appointment of city department heads who must be confirmed by the City Council. The Council has legislative powers, which are subject to veto by the Mayor.

Property Tax reform

On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. This amendment (referred to as Amendment 1) was placed on the ballot by the Florida Legislature at a special session held in October 2007. With respect to homestead property, Amendment 1 increases the current $25,000 homestead exemption by another $25,000 (for property values between $50,000 - $75,000), except for school district taxes. Since the new $25,000 homestead exemption does not apply to school district taxes, this effectively amounts to a $15,000 increase to the existing homestead exemption, resulting in an estimated annual savings of $240 for an average homeowner. Amendment 1 also allows property owners to transfer (make portable) up to $500,000 of their Save Our Homes benefits to their next homestead when they move. Save Our Homes became effective in 1995 and limits (caps) the annual increase in assessed value for homestead property to three percent (3%) or the percentage change in the Consumer Price Index, whichever is less.

With respect to non-homestead property, Amendment 1 limits (caps) the annual increase in assessed value for non-homestead property (businesses, industrial property, rental property, second homes, etc.) to ten percent (10%), except for school district taxes. The Amendment also provides a $25,000 exemption for tangible personal property.
Amendment 1 becomes effective on October 1, 2008 for the 2008-09 fiscal year, with the exception of the ten percent (10%) assessment cap on non-homestead property which becomes effective on January 1, 2009.

The City has not completed its analysis of the the fiscal impact of the amendment.

**Pension and OPEB**

The City of Jacksonville sponsors two employer public employee retirement systems (PERS), administered by two separate and distinct pension boards of trustees, that provide retirement, death, and disability benefits: the City of Jacksonville Retirement System and the Police and Fire Retirement Pension Plan. Substantially all employees of the City participate in one of these plans. In addition, less than 1% of city employees participate in the State of Florida Retirement System. The City of Jacksonville Retirement System, as amended, encompasses the General Employees Retirement Plan and the Corrections Officers Retirement Plan.

Both systems have adopted Governmental Accounting Standards Statement 25, Financial Reporting for Defined Benefit Pension Plans and Statement 27, Accounting for Pensions by State and Local Governmental Employers. These Statements collectively require the City to report pension obligations on the statements of the PERS, and not within the City’s General Fund. The State of Florida requires both systems to make Plan contributions based on actuarial valuations (done annually based on City policy) and any contribution shortfalls are the responsibility of the City.

Governmental Accounting Standards Board Statements 43 and 45 establish standards for the measurement, recognition, and display of Other Post Employment Benefits (OPEB) expenses/expenditures and related assets/liabilities. The Statements also provide a required implementation schedule, 2007-2008 for the City. Basic post-employment benefits such as health care, including dental, vision, hearing, and long term disability, are provided through the two pension plans. However, since the City is required by State law to offer health insurance to retirees at a non-discriminatory rate, not greater than the cost of coverage available to active employees, the City, not the pension plans, has an OPEB obligation that has come to be called the “implicit rate subsidy”. The city historically has provided this benefit to its retirees on a pay-as-you-go basis. The City has engaged an actuary to calculate the impact of this benefit for financial reporting purposes. The City has not decided which of the funding alternatives allowed in Statement 45 it will use.

**Fiscal Policy**

The Mayor and City Council adopted new financial management/budgetary policies for the City that initiated with the 2006-2007 budget and recurred in the 2007-2008 budget, as follows:

- Require for 2006-2007 to balance the budget using only related year revenues.
- Establish a separate $40 million emergency reserve and prior to use of the reserves, the Mayor defines and declares the emergency and receives approval by a two-thirds vote of City Council.
- Require an annual Actuarial Report for each pension plan, and thereby eliminate the use of Prior Excess Contributions (PEC) to make the annual Pension Fund contribution as well as requiring a minimum 90% funded status prior to consideration of benefit enhancements.
- Restructure the City’s Capital Improvement Program to require a financially feasible program which equally addresses/estimates the resultant operating cost impact at the point of initial planning.
During 2005-2006 and in the development of the 2006-2007 budget the City accomplished each of these targeted objectives. To balance the 2006-2007 budget, the City:

- Did not follow the 3% local advisory referendum.
- Reduced the number of non-public safety staff by 246.
- Benefitted from 14% increase in appraised value growth, which exceeded a) last year’s property tax revenue by $45 million and b) exceeded the forecasted budget of 5.6% by $25.4 million.

**Financial Overview**

The City’s General Fund provides basic governmental services, such as public safety, public works, parks and recreation, and libraries, as well as typical county services, such as jails, courts, and indigent medical care. The City’s four primary sources of revenue are property taxes, utilities services (excise) taxes, sales taxes, and an “in lieu of tax” contribution from the JEA, an independent authority which provides electric and water and sewer utilities services.

The following table shows the revenues and expenditures of the General Fund for the last five years, with a budgetary comparison for the fiscal year ended 2007, the latest year shown. Although this schedule includes all General Fund revenues, only the Pledged Revenues are pledged to the Commercial Paper Notes.
### CITY OF JACKSONVILLE, FLORIDA
**GENERAL FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES**
**FOR THE FISCAL YEARS 2004 THROUGH 2007**

**WITH BUDGETARY COMPARISON FOR 2008**

#### AUDITED

#### REVENUE:

<table>
<thead>
<tr>
<th>Year Ended</th>
<th>Actual</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/30/2004</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9/30/2005</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9/30/2006</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9/30/2007</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9/30/2008</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Property Taxes $338,758
- Utility Service Taxes 95,629
- Licenses and Permits 8,524
- Intergovernmental 135,980
- Charges for Services 57,735
- Fines and Forfeitures 8,294
- Payment in Lieu of Taxes 83,188
- Interest 15,601
- Other 9,798

**Total Revenue** 753,507

#### EXPENDITURES AND ENCUMBRANCES:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration and Finance</td>
<td>12,195</td>
<td>11,677</td>
<td>14,610</td>
<td>11,216</td>
<td>9,626</td>
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<td>Agriculture</td>
<td>1,224</td>
<td>1,316</td>
<td>1,006</td>
<td>1,511</td>
<td>1</td>
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<tr>
<td>Central Operations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>20,612</td>
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<td>City Council</td>
<td>7,347</td>
<td>7,738</td>
<td>8,020</td>
<td>8,329</td>
<td>8,909</td>
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<tr>
<td>Clerk of the Courts</td>
<td>13,077</td>
<td>4,543</td>
<td>4,157</td>
<td>4,069</td>
<td>5,297</td>
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<td>Courts</td>
<td>6,272</td>
<td>2,332</td>
<td>2,139</td>
<td>1,072</td>
<td>1,076</td>
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<td>Community Services</td>
<td>30,212</td>
<td>37,612</td>
<td>34,180</td>
<td>35,179</td>
<td>29</td>
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<tr>
<td>Environmental Resource Management</td>
<td>8,844</td>
<td>9,187</td>
<td>12,089</td>
<td>11,810</td>
<td>16,303</td>
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<td>Fire/Rescue</td>
<td>105,254</td>
<td>124,066</td>
<td>120,639</td>
<td>136,851</td>
<td>151,124</td>
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<td>General Counsel</td>
<td>396</td>
<td>363</td>
<td>332</td>
<td>2,111</td>
<td>389</td>
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<td>Health Administrator</td>
<td>3,384</td>
<td>5,379</td>
<td>3,028</td>
<td>2,490</td>
<td>774</td>
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<tr>
<td>Housing and Neighborhoods</td>
<td>-</td>
<td>-</td>
<td>6,133</td>
<td>7,070</td>
<td>33</td>
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<tr>
<td>Human Resources</td>
<td>-</td>
<td>-</td>
<td>4,673</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Jacksonville Economic Development Commission</td>
<td>326</td>
<td>8,446</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Jacksonville Human Rights Commission</td>
<td>933</td>
<td>1,118</td>
<td>1,106</td>
<td>1,176</td>
<td>1,195</td>
</tr>
<tr>
<td>Mayor</td>
<td>2,749</td>
<td>3,189</td>
<td>2,619</td>
<td>2,531</td>
<td>2,336</td>
</tr>
<tr>
<td>Mayor's Boards and Commissions</td>
<td>367</td>
<td>489</td>
<td>406</td>
<td>489</td>
<td>445</td>
</tr>
<tr>
<td>Medical Examiner</td>
<td>1,790</td>
<td>2,037</td>
<td>2,077</td>
<td>2,450</td>
<td>2,795</td>
</tr>
<tr>
<td>Metropolitan Planning Organization</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>14</td>
</tr>
<tr>
<td>Department of Neighborhoods</td>
<td>17,118</td>
<td>19,381</td>
<td>667</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Property Appraiser</td>
<td>5,857</td>
<td>7,243</td>
<td>8,006</td>
<td>9,136</td>
<td>9,337</td>
</tr>
<tr>
<td>Public Defender</td>
<td>793</td>
<td>797</td>
<td>844</td>
<td>801</td>
<td>816</td>
</tr>
<tr>
<td>Planning and Development</td>
<td>6,399</td>
<td>5,733</td>
<td>5,594</td>
<td>6,176</td>
<td>8,544</td>
</tr>
<tr>
<td>Pension Funds</td>
<td>11</td>
<td>10</td>
<td>10</td>
<td>8</td>
<td>15</td>
</tr>
<tr>
<td>Public Libraries</td>
<td>24,854</td>
<td>30,946</td>
<td>31,409</td>
<td>34,955</td>
<td>38,132</td>
</tr>
<tr>
<td>Parks, Recreation and Entertainment</td>
<td>3,376</td>
<td>25,298</td>
<td>30,419</td>
<td>30,971</td>
<td>30,304</td>
</tr>
<tr>
<td>Procurement &amp; Supplies</td>
<td>2,057</td>
<td>3,269</td>
<td>3,279</td>
<td>4,094</td>
<td>-</td>
</tr>
<tr>
<td>Public Works</td>
<td>59,067</td>
<td>61,594</td>
<td>64,313</td>
<td>66,060</td>
<td>92,092</td>
</tr>
<tr>
<td>Recreation &amp; Community Services</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>47,474</td>
</tr>
<tr>
<td>State Attorney</td>
<td>2,072</td>
<td>844</td>
<td>724</td>
<td>866</td>
<td>520</td>
</tr>
<tr>
<td>Supervisor of Elections</td>
<td>6,065</td>
<td>7,195</td>
<td>5,352</td>
<td>9,889</td>
<td>8,537</td>
</tr>
<tr>
<td>Office of the Sheriff</td>
<td>226,241</td>
<td>254,191</td>
<td>274,053</td>
<td>299,526</td>
<td>328,673</td>
</tr>
<tr>
<td>Tax Collector</td>
<td>10,584</td>
<td>12,701</td>
<td>13,485</td>
<td>14,560</td>
<td>15,289</td>
</tr>
<tr>
<td>Federal Program Reserve</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8,781</td>
</tr>
<tr>
<td>Contribution to Shands-Jacksonville</td>
<td>23,776</td>
<td>23,776</td>
<td>23,776</td>
<td>23,776</td>
<td>26,121</td>
</tr>
<tr>
<td>Cash Carryover Reserves</td>
<td>-</td>
<td>-</td>
<td>28,776</td>
<td>-</td>
<td>37,000</td>
</tr>
<tr>
<td>Jacksonville Misc. Citywide Activities</td>
<td>26,538</td>
<td>31,573</td>
<td>26,365</td>
<td>33,412</td>
<td>32,118</td>
</tr>
</tbody>
</table>

**Total Expenditures** 629,678

#### EXCESS OF REVENUE OVER (UNDER) EXPENDITURES:

<table>
<thead>
<tr>
<th>Actual</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>123,829</td>
<td>86,637</td>
</tr>
</tbody>
</table>

#### OTHER FINANCING SOURCES (USES):

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers in</td>
<td>38,848</td>
<td>15,588</td>
<td>8,886</td>
<td>7,494</td>
<td>48,869</td>
</tr>
<tr>
<td>Transfers out</td>
<td>131,314</td>
<td>128,339</td>
<td>147,646</td>
<td>146,633</td>
<td>154,799</td>
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<tr>
<td>Long term debt issued</td>
<td>0</td>
<td>-</td>
<td>-</td>
<td>3,901</td>
<td>6,439</td>
</tr>
</tbody>
</table>

**Total Other Financing Sources (Uses)** (92,466) (112,751) (140,760) (135,208) (101,491)

#### EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES:

<table>
<thead>
<tr>
<th>Actual</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>$31,363</td>
<td>$ (26,114)</td>
</tr>
</tbody>
</table>
Population Growth

Based on the 2000 United States Census, the consolidated City of Jacksonville is the most populated city in Florida. The following record of population is for the entire area of Duval County, which is now the area of the City of Jacksonville, the Beaches Communities and the Town of Baldwin.

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>766,705</td>
</tr>
<tr>
<td>1999</td>
<td>778,341</td>
</tr>
<tr>
<td>2000</td>
<td>791,507</td>
</tr>
<tr>
<td>2001</td>
<td>793,898</td>
</tr>
<tr>
<td>2002</td>
<td>807,012</td>
</tr>
<tr>
<td>2003</td>
<td>826,951</td>
</tr>
<tr>
<td>2004</td>
<td>837,037</td>
</tr>
<tr>
<td>2005</td>
<td>840,474</td>
</tr>
<tr>
<td>2006</td>
<td>891,192</td>
</tr>
<tr>
<td>2007</td>
<td>897,974</td>
</tr>
</tbody>
</table>

Source: Bureau of Economic Analysis: Regional Economic Accounts

Downtown Jacksonville

Downtown Jacksonville is the business, cultural and entertainment center of Duval County. There has been significant new investment in downtown Jacksonville with over $2.1 billion in development currently proposed or under construction, and over $500 million in development completed in the last few years. These include a new entertainment arena, baseball stadium, main library, and a planned federal courthouse, as well as over 1,432 housing units completed since 2001. An additional 690 housing units under construction and over 2,800 units proposed for development.

Downtown is the largest sub market in the region and has over 5.6 miles of riverfront. Downtown, is also home to over 1,300 residents, 1,200 businesses with over 55,000 employees, including headquarters for two Fortune 500 companies, and has over 7 million square feet of commercial space.

In 2005, Jacksonville hosted the Super Bowl XXIX football game and festivities. The event was considered an economic and cultural success and provided global exposure to the City.

Expressway System

The Jacksonville Expressway System, an urban limited-access highway system, provides direct access to all federal and state highways entering the City and direct connections to local industrial areas. The expressway system consists of seven bridges, and 59 miles of highway, of which 16 miles are Interstate Systems, and 65 miles feeder roads.

Rail Service

The City is a railroad center serviced by three Class I lines. Florida East Coast Railway Company (headquarters in St. Augustine, Florida) and Norfolk Southern terminate in Jacksonville. The headquarters for CSX Corporation and its principal operating company, CSX Transportation, are located in the City, and locally employs more than 4,000 people.
Air Service

The Jacksonville Aviation Authority (JAA) owns and manages the Jacksonville Airport System. The Jacksonville Airport System is a diversified airport system that serves the commercial, business and recreational aviation needs of the City of Jacksonville, Northeast Florida and Southeast Georgia (the Community) and is comprised of Jacksonville International Airport, Craig Airport, Herlong Airport and Cecil Field.

The Jacksonville International Airport is a growing medium hub airport serving Northeast Florida and Southeast Georgia. It is approximately 7,900 acres, located in the northern portion of the City, approximately eighteen miles north of downtown, just off of Interstate 95. The airfield facilities consist of two precision instrument runways, one 7,700 feet long and the other 10,000 feet long, together with associated taxiways, aircraft parking aprons (approximately 200,000 square feet in total), and an air traffic control tower. The passenger terminal is approximately 618,000 square feet, consisting of landside baggage and ticketing area, a central concourse housing concessions and central passenger screening, and three airside concourses. There are twenty-three full service gates, one international/charter gate, one regional gate, and eight ground loaded gates. Nineteen of the gates are under exclusive lease with Signatory Airlines, and the remainder are leased on an as-needed basis.

As of 2007, the airport had scheduled passenger service provided by two dozen carriers and had scheduled cargo service provided by all four major cargo carriers. Scheduled service is provided by 10 of the nation’s sixteen major passenger airlines, which represent the largest group of passenger airlines in terms of their total annual revenues. These airlines include AirTran, American, Continental, Delta, Frontier, JetBlue, Northwest, Southwest, United and US Airways. Additionally, 20 regional

In calendar year 2007, there were approximately 3,170,903 enplaned passengers and approximately 6,319,016 total passengers, which was an increase of 372,828 passengers from calendar year 2006. Annual cargo and airmail loads decreased from approximately 173,700 thousand pounds in 2006 to 166,481 thousand pounds in 2007.

On September 30, 1999, JAA took title to 6,081 acres of land at Cecil Field, now named Cecil Commerce Center, which includes eight hangers and three runways with lengths of 8,000 feet and one runway at 12,400 feet. This property has been converted into a commercial aviation facility for aircraft maintenance, manufacturing, repair and related development. The Boeing Company, Northrop Grumman Corp., Logistics Services International and Jet Turbine Services are among a few organizations that have signed long-term leases to operate aviation maintenance and support services at Cecil Commerce Center. JAA recently signed a 40-year lease agreement with Florida Community College at Jacksonville (FCCJ) to establish an Aviation Center of Excellence.

Port Cargo Service

On October 1, 2001, the Jacksonville Port Authority was split into two entities: the Jacksonville Aviation Authority, which now manages the City’s airports, and the Jacksonville Port Authority, which continues to manage the City’s public seaport facilities. The Jacksonville Port Authority, or JAXPORT, is governed by a seven-member board; four appointed by Florida’s Governor and three appointed by Jacksonville’s Mayor. JAXPORT, a dependent special district of the City of Jacksonville, has about 150 employees.

In terms of total cargo handled, the Jacksonville Port Authority (JAXPORT) is one of the largest ports on the South Atlantic seaboard and is a natural river harbor with a maintained depth of 38 to 41-feet from the downtown area to the Atlantic Ocean. More than $31 million was spent, in 2002 and 2003, to deepen 14.7 miles of the shipping channel from 38 to 41 feet. For the fiscal year ended September 30, 2007,
approximately 1,800 vessels used JAXPORT’s facilities. Several hundred additional vessels and barges used private cargo handling areas of the river not affiliated with JAXPORT’s public facilities.

Jacksonville ranks third among the largest container ports in Florida. For the fiscal year ended September 30, 2007 JAXPORT’s facilities handled approximately 8.3 million metric tons of cargo and handled 614,000 vehicles; making JAXPORT one of the largest vehicle handling ports in the country. JAXPORT committed more than $200 million towards port capital construction between 1998 and 2002. Jacksonville’s maritime industry has an annual economic impact of $1.3 billion, with more than 45,000 local jobs either directly or indirectly reliant on port facilities. JAXPORT owns three marine terminals between the downtown area and the mouth of the St. John’s River, and one cruise terminal.

The largest container facility is the 754-acre Blount Island Marine Terminal in Northeast Jacksonville. The main and west channels of Blount Island are now 41 feet deep. The terminal consists of 700 paved acres, 6,630 feet of berthing space, 9 container cranes, and over 240,000 square feet of dockside warehousing. The Blount Island terminal loads and unloads cargo from all over the world. JAXPORT successfully negotiated the sale of 137 acres of property at the Blount Island Marine Terminal to the US Navy. This will allow the U.S. Marine Corps’ military operations and JAXPORT’s commercial business to continue to work in close proximity as they have for many years.

JAXPORT also owns and operates a 173-acre facility known as the Talleyrand Marine Terminal, located on Talleyrand Avenue about four miles north of downtown Jacksonville. This complex consists of 713,000 square feet of warehouse space, including 120,000 square feet of refrigerated space, and six container cranes. The terminal’s on-dock rail capacity has been expanded by adding four new rail spurs totaling 4,800 linear feet, and two rubber-tired gantry cranes. More than 600 ships each year use the Talleyrand terminal, primarily to move goods to and from Latin America and the Caribbean.

Dames Point Marine Terminal is 10 miles from the Atlantic Ocean, about one mile west of Blount Island, and mostly unimproved riverfront property. JAXPORT owns about 585 acres of property in this area. The Southeastern corner of this terminal is being used to handle imported bulk aggregate cargo of limestone, granite and aragonite. Construction of a 158-acre container-handling facility is expected to be completed in 2008. The new facility will include two 1,200-foot berths, 6 container cranes and other infrastructure, and is expected to generate 1,600 direct jobs.

In 2003, JAXPORT constructed a 63,000-square foot temporary cruise facility near the northwest corner of the Dames Point Marine Terminal. Currently, Carnival Cruise Lines provides year-round service from Jacksonville to the Caribbean and Bahamas. The cruise ships now serving Jacksonville create more than 400 area jobs and more than $40 million in new economic impact to Northeast Florida, with the potential of creating 2,700 jobs and infusing more than $1.5 billion into the local economy over the next 20 years. For the fiscal year ending September 2007, 80 cruise vessels called on JAXPORT for a total of approximately 129,838 embarking passengers.

On August 6, 2005, officials with Mitsui OSK Lines, Ltd. (MOL) a Tokyo-based logistics and ocean Transportation Company, signed a 30-year lease agreement with the JAXPORT. The agreement provides the City with direct container ship service between Jacksonville and Asia. An economic impact study conducted by the consultant firm of Martin Associates predicts that the new agreement will create more than 1,800 new private sector port jobs in Jacksonville. Supporting operations in trucking, distribution and related services could generate a total of 5,600 direct and indirect local jobs.

JAXPORT also recently announced the signing of an initial agreement with Hanjin Shipping Co., Ltd. to develop a $360 million container terminal. Hanjin is Korea’s largest, and one of the world’s biggest, container carriers moving more than 100 million tons of cargo annually while operating in more than 50 countries. The new Hanjin terminal is expected to generate at least $1 billion in economic activity in Northeast Florida and create thousands of new direct and indirect jobs for the region.
Motor Freight

Major transportation and logistics services companies, including Landstar System, Inc., are headquartered in Jacksonville. Nearly 125 truck lines maintain terminals in the area, which is a major hub of the Interstate highway network in Florida. The City’s location and port facilities have caused it to become a “break-bulk” center. The development of “piggyback” transportation has also benefited the City. Many piggyback shipments move into the area via rail cars or ships, after which the trailers are unloaded and forwarded by highway.

Industry


The following table illustrates the broad base of non-agricultural employment in the Jacksonville MSA:

<table>
<thead>
<tr>
<th>Industry Title</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Nonagricultural Employment</td>
<td>647,400</td>
</tr>
<tr>
<td>Total Private</td>
<td>570,400</td>
</tr>
<tr>
<td>Goods Producing</td>
<td></td>
</tr>
<tr>
<td>Natural Resources and Mining</td>
<td>300</td>
</tr>
<tr>
<td>Construction</td>
<td>49,300</td>
</tr>
<tr>
<td>Specialty Trade Contractors</td>
<td>33,100</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>31,100</td>
</tr>
<tr>
<td>Service Providing</td>
<td>566,700</td>
</tr>
<tr>
<td>Private Service Providing</td>
<td>489,700</td>
</tr>
<tr>
<td>Trade, Transportation, and Utilities</td>
<td>143,100</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>29,500</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>79,800</td>
</tr>
<tr>
<td>Food and Beverage Stores</td>
<td>14,100</td>
</tr>
<tr>
<td>General Merchandise Stores</td>
<td>15,000</td>
</tr>
<tr>
<td>Transportation, Warehousing, and Utilities</td>
<td>33,800</td>
</tr>
<tr>
<td>Information</td>
<td>11,300</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>3,700</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>61,800</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>50,000</td>
</tr>
<tr>
<td>Credit Intermediation and Related Activities</td>
<td>27,100</td>
</tr>
<tr>
<td>Depository Credit Intermediation</td>
<td>13,000</td>
</tr>
<tr>
<td>Insurance Carriers and Related Activities</td>
<td>19,000</td>
</tr>
<tr>
<td>Professional and Business Services</td>
<td>98,500</td>
</tr>
<tr>
<td>Professional and Technical Services</td>
<td>35,700</td>
</tr>
<tr>
<td>Management of Companies and Enterprises</td>
<td>6,900</td>
</tr>
<tr>
<td>Administrative and Waste Services</td>
<td>55,900</td>
</tr>
<tr>
<td>Education and Health Services</td>
<td>79,800</td>
</tr>
<tr>
<td>Hospitals</td>
<td>21,500</td>
</tr>
<tr>
<td>Leisure and Hospitality</td>
<td>66,800</td>
</tr>
<tr>
<td>Accommodation and Food Services</td>
<td>58,800</td>
</tr>
<tr>
<td>Other Services</td>
<td>28,400</td>
</tr>
<tr>
<td>Total Government</td>
<td>77,000</td>
</tr>
<tr>
<td>Federal</td>
<td>17,400</td>
</tr>
<tr>
<td>State</td>
<td>12,600</td>
</tr>
<tr>
<td>Local</td>
<td>47,000</td>
</tr>
</tbody>
</table>

Source: Florida Agency for Workforce Innovation, Labor Market Statistics Center, Current Employment Statistics Program
Insurance

Jacksonville is headquarters for several insurance companies; Blue Cross/Blue Shield of Florida and FPIC Insurance Group, Inc. The City is also regional headquarters for Aetna U.S. Healthcare. The following have regional offices in Jacksonville: Allstate Financial Workplace Division, State Farm Mutual, United Insurance Company of America, Title Insurance Company of Minnesota, Continental Insurance Companies, Prudential and Humana.

Banking and Finance

There are 34 commercial banks and 9 savings institutions within the City, as well as the Jacksonville branch of the Federal Reserve Bank of Atlanta. Bank deposits in the City were approximately $29.3 billion as of June 30, 2007.

Credit Unions are a growing financial presence in Jacksonville. There are more than three dozen active credit unions with more than 500,000 members and are responsible for deposits in excess of $2 billion. VyStar Credit Union, formerly Jax Navy Federal Credit Union, is the most active with 900 employees and assets over $3.2 billion.

The City is also a leader in the mortgage banking industry and is home to one of the state’s largest firms; Washington Mutual. HomeSide Lending, a subsidiary of Washington Mutual, is based in Jacksonville and employs 2,100 people with a service portfolio of $181 billion. In addition, the mortgage industry’s largest provider of data processing services, Fidelity National Financial, Inc., has moved its headquarters to Jacksonville.

Other major financial service companies with a presence in Jacksonville include JP Morgan Chase and Merrill Lynch’s division headquarters, which expects to expand to more than 2,900 employees by the end 2009.

Tourism

An estimated 5.1 million people visited the Jacksonville area in 2006. Visitors to Northeastern Florida provided more than $4.9 billion in direct economic impact to our area, jobs for more than 90,000 of our residents, and generated more than $14 million annually in bed tax revenue and local option sales tax revenue for the City. Direct spending includes lodging, dining, shopping, transportation and entertainment. The average convention delegate spends $266 per day for an average of 3.6 days. The average leisure traveler spends $132.90 per day for an average of 5.3 days.

Jacksonville has 68 miles of beaches, over 50 golf courses and hundreds of tennis courts. Annual events include the St. Johns River Mug Cup sailboat race, the Gator Bowl, and the Greater Jacksonville Kingfish Tournament. Locally headquartered is the Association of Tennis Professionals, which hosts the ATP Tour Classic, at Amelia Island Plantation. There is the Bausch & Lomb Tennis Championships and the PGA Tour Players Championship in Ponte Vedra. Jacksonville has greyhound racing, major sporting events and an emerging nightlife. Jacksonville hosted Superbowl XXXIX, and is the home of the NFL Jacksonville Jaguars, Jacksonville Symphony Orchestra and the Jacksonville Zoo. Starting December 3, 2005, Jacksonville is the host city to the ACC Football Championships. A new baseball stadium, home of the Jacksonville Suns, opened in April 2003.

Many festivals are held throughout the year, including the Jacksonville Jazz Festival in Metropolitan Park and the International Sea & Air Spectacular featuring the Blue Angels. Other festivals are World of Nations Celebration, Springing the Blues Festival, Fiesta Playera, The Kuumba Festival, Caribbean Carnival, and the Scottish Highland Games which celebrate the area’s cultural diversity through art and music. A new state-of-the-art entertainment arena opened in November 2003.


Military

Three military installations in the City combine to make Jacksonville the second largest Naval Complex on the East Coast. The largest of these installations, Jacksonville Naval Air Station, covers 3,800 acres on the west bank of the St. Johns River and employs more than 23,000 active duty and civilian personnel. Its Naval Aviation Depot, renamed to Naval Air Depot (NADEP) Jacksonville in 2001, covers over 100 acres of land on the St. Johns River and is the largest industrial employer in northeast Florida with over 3,700 employees, and one of only three such facilities remaining in the Navy. Most recently, NADEP Jacksonville became the first command in the Department of Defense to receive comprehensive ISO 9001:2000 certification.

Naval Station Mayport is homeport for guided missile cruisers, destroyers, guided missile destroyers and guided missile frigates, a total of 23 ships, plus six helicopter squadrons. NS Mayport covers 3,409 acres and employs over 15,000 military and civilians, making the station the third largest naval facility in the continental United States.

The Marine Corps Blount Island Command is located on the east end of Blount Island and employs many employs 799 people, mostly civilians, including contractors. Its location on Blount Island in the St. Johns River makes it a premium facility for the worldwide support of the Marine Corps through its Maritime Prepositioning Program.

Although not listed as one of the three military installations in Jacksonville, the Navy’s $1.7 billion Trident Nuclear Submarine Base, located 35 miles north of the City in Kings Bay, Georgia and covering approximately 16,000 acres, is considered a part of the Jacksonville military community. It is the only base in the Navy capable of supporting the Trident II (D-5) Missile. Currently, the base berths eight submarines and employs more than 9,000 military and civilian personnel.

Education

The public educational system is administered on a County-wide basis and consequently ranks among the largest public school districts in the nation. Approximately 130,000 pupils attend classes taught by more than 7,500 instructors in over 160 schools, including 105 elementary schools, 28 middle schools, 19 high schools, three exceptional student centers; and four alternative schools. The Duval County School Board has constructed new facilities and renovated other facilities under a $199 million voter approved bond issue in 1987. In addition, 29,942 pupils are enrolled in 166 local private schools. Higher education facilities are provided by Jacksonville University, a private four-year liberal arts college; Edward Waters College, a four-year private college; Florida Community College at Jacksonville, with four campuses, a public institution; Jones College, a nonprofit junior college of business; the University of North Florida, a state university; Florida Coastal Law School, a private law school; and the newly opened Art Institute of Jacksonville, a private college. Over 3,700 students receive higher education degrees each year.

Medical Facilities

Medical facilities in Jacksonville include several general hospitals, totaling approximately 4,605 beds, and many special clinics and laboratories. More than 2,500 doctors and 500 dentists serve the Jacksonville community. Because of the large and growing number of medical specialists located in the city, Jacksonville is recognized throughout the southeast as a major medical center.

Shands Jacksonville is an urban campus extension of the University of Florida and provides extensive medical education and comprehensive care. Shands Jacksonville was created in 1999 after Shands Healthcare, the University of Florida, University Medical Center and Methodist Medical Center merged and employs approximately 3,300 employees. It is a 760-bed facility, and is one of six level one-trauma centers in Florida. Shands’ commitment to the latest in clinical care, research advances and state of the
art technology elevates its prominence in the national medical community. Shands Jacksonville has developed Florida’s first and the nation’s third proton beam cancer treatment facility. The $125-million project, which officially opened in October 2006, is the only such facility in the Southeast. Shands Jacksonville is also a major provider of medical care to indigent citizens.

The Mayo Clinic of Rochester, Minnesota chose Jacksonville for its first satellite clinic and opened in October 1986 with 62 physicians and 346 support personnel in a $29 million 140,000 square foot facility. Mayo’s $373 million expansion that will employ 8,500 personnel in a comprehensive medical campus setting by the year 2020 is well underway. In 1998, Mayo Clinic Jacksonville began a $30 million expansion adding 175,000 square feet to the Outpatient Surgery Center, Radiation Oncology Center, Davis Building and the Northeast Building. On March 4, 2002, Mayo Clinic opened a new cardiopulmonary rehabilitation program in the Joe Adams Building on the St. Luke’s Hospital campus. A new 214-bed, 650,000 square foot hospital is also under construction on the current campus, with a planned opening in 2008.

Baptist Health has served the Jacksonville community for nearly 50 years. It currently employs approximately 7,700 caregivers and operates through five different facilities: Downtown, Beaches, Nassau, Wolfson Children’s Hospital and South. Baptist Health Downtown is a full tertiary medical facility in downtown Jacksonville on the St. Johns River. Baptist Medical Center Beaches is a 122-bed community hospital. In 2004, Baptist Medical Center Beaches completed a new three story East Pavilion. Baptist Medical Center Nassau is a 54-bed acute care hospital located in Amelia Island. In 2002, it was included in the listing of 100 top hospitals in the nation. Wolfson Children’s Hospital is a 180-bed facility and it recently received a $5 million donation being used to establish the region’s first pediatric neurosurgery center. In February 2005, Baptist Medical Center South, a 248,000 square foot hospital with 92 suites, opened its doors to primarily serve Southern Duval and Northern St. Johns County.

Originally founded in 1916 by the Daughters of Charity, St. Vincent’s Healthcare, a faith-based, not-for-profit health system, operates several facilities, including St. Vincent’s Medical Center, a 528-bed hospital, St. Catherine Laboure Manor, a 240-bed long-term nursing center, the Orange Park Health Center, 16 First Coast Primary Care locations, two pharmacies, and a new, state-of-the-art Family Care Center which services 30,000 patients per year. St. Vincent’s heart hospital has been rated as one of the top heart hospitals in the country. Effective April 2008, St. Vincent’s will expand its services when St. Luke’s Hospital, Jacksonville’s first hospital established over 135 years ago, transitions into the St. Vincent’s Healthcare system.
The following table lists the 15 largest employers in the Jacksonville MSA and the approximate size of their respective work forces as of June 1, 2007.

<table>
<thead>
<tr>
<th>Name of Employer</th>
<th>Product or Service</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Naval Air Station Jacksonville</td>
<td>U.S. Navy</td>
<td>25,245</td>
</tr>
<tr>
<td>Naval Station Mayport</td>
<td>U.S. Navy</td>
<td>15,293</td>
</tr>
<tr>
<td>Duval County Public Schools</td>
<td>Public Education</td>
<td>14,284</td>
</tr>
<tr>
<td>City of Jacksonville</td>
<td>Municipal Government</td>
<td>8,828</td>
</tr>
<tr>
<td>Baptist Health</td>
<td>Hospital</td>
<td>7,000</td>
</tr>
<tr>
<td>Blue Cross &amp; Blue Shield of Florida</td>
<td>Health Insurance</td>
<td>7,000</td>
</tr>
<tr>
<td>Mayo Clinic</td>
<td>Multi-Specialty Health Care</td>
<td>5,000</td>
</tr>
<tr>
<td>CSX</td>
<td>Railroad Corporate HDQ</td>
<td>4,400</td>
</tr>
<tr>
<td>Citibank (Citi-Cards)</td>
<td>Credit Card Company</td>
<td>4,200</td>
</tr>
<tr>
<td>Bank of America (FL)</td>
<td>Banking Systems Regional HDQ</td>
<td>4,000</td>
</tr>
<tr>
<td>United Parcel Service</td>
<td>Worldwide Parcel Delivery</td>
<td>3,800</td>
</tr>
<tr>
<td>U.S. Postal Service</td>
<td>Processing and Delivery of Mail</td>
<td>3,797</td>
</tr>
<tr>
<td>Fleet Readiness Center</td>
<td>Maintenance/Repair Overhaul</td>
<td>3,766</td>
</tr>
<tr>
<td>St. Vincent's Medical Center</td>
<td>Healthcare</td>
<td>3,726</td>
</tr>
<tr>
<td>Shands Jacksonville</td>
<td>Hospital-Healthcare</td>
<td>3,500</td>
</tr>
</tbody>
</table>

Source: Jacksonville Regional Chamber of Commerce, Research Department

The table below shows the estimated non-agricultural wage and salary employment by sector for the Jacksonville MSA as of September 30, 2006.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of Employees</th>
<th>Percent of Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade, Transportation, and Utilities</td>
<td>136,200</td>
<td>20.88%</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>29,200</td>
<td>4.48%</td>
</tr>
<tr>
<td>Professional and Business Services</td>
<td>95,500</td>
<td>14.64%</td>
</tr>
<tr>
<td>Government (Federal, State and Local)</td>
<td>74,000</td>
<td>11.34%</td>
</tr>
<tr>
<td>Education and Health Services</td>
<td>74,400</td>
<td>11.41%</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>60,300</td>
<td>9.24%</td>
</tr>
<tr>
<td>Leisure and Hospitality</td>
<td>62,300</td>
<td>9.55%</td>
</tr>
<tr>
<td>Construction</td>
<td>49,600</td>
<td>7.60%</td>
</tr>
<tr>
<td>Transportation, Warehousing, and Utilities</td>
<td>32,200</td>
<td>4.94%</td>
</tr>
<tr>
<td>Other Services</td>
<td>27,200</td>
<td>4.17%</td>
</tr>
<tr>
<td>Information</td>
<td>11,400</td>
<td>1.75%</td>
</tr>
<tr>
<td><strong>Total Non-Agricultural Employment</strong></td>
<td><strong>652,300</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Florida Research and Economic Database, Florida Agency for Workforce Innovation.
The following table sets forth the civilian labor force, employment and unemployment figures for the Jacksonville MSA and comparative unemployment for the State of Florida and the United States as of May 2007.

<table>
<thead>
<tr>
<th>Year</th>
<th>Labor Force (Civilian)</th>
<th>Employment</th>
<th>Unemployment Total</th>
<th>Unemployment Rate Florida</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>461,854</td>
<td>436,397</td>
<td>25,457</td>
<td>5.5</td>
<td>5.9</td>
</tr>
<tr>
<td>1991</td>
<td>468,987</td>
<td>438,159</td>
<td>30,828</td>
<td>6.6</td>
<td>7.3</td>
</tr>
<tr>
<td>1992</td>
<td>470,430</td>
<td>437,375</td>
<td>33,055</td>
<td>7.0</td>
<td>8.2</td>
</tr>
<tr>
<td>1993</td>
<td>480,401</td>
<td>453,345</td>
<td>27,056</td>
<td>5.6</td>
<td>7.0</td>
</tr>
<tr>
<td>1994</td>
<td>494,500</td>
<td>468,928</td>
<td>25,572</td>
<td>5.2</td>
<td>6.6</td>
</tr>
<tr>
<td>1995</td>
<td>502,782</td>
<td>484,139</td>
<td>18,643</td>
<td>3.7</td>
<td>5.5</td>
</tr>
<tr>
<td>1996</td>
<td>518,092</td>
<td>501,200</td>
<td>16,892</td>
<td>3.3</td>
<td>4.4</td>
</tr>
<tr>
<td>1997</td>
<td>532,507</td>
<td>515,612</td>
<td>16,895</td>
<td>3.2</td>
<td>4.2</td>
</tr>
<tr>
<td>1998</td>
<td>540,099</td>
<td>525,509</td>
<td>14,590</td>
<td>2.7</td>
<td>4.3</td>
</tr>
<tr>
<td>1999</td>
<td>560,954</td>
<td>544,342</td>
<td>16,612</td>
<td>2.8</td>
<td>3.7</td>
</tr>
<tr>
<td>2000</td>
<td>558,608</td>
<td>542,489</td>
<td>16,119</td>
<td>2.9</td>
<td>3.6</td>
</tr>
<tr>
<td>2001</td>
<td>567,164</td>
<td>543,181</td>
<td>23,983</td>
<td>3.9</td>
<td>4.8</td>
</tr>
<tr>
<td>2002</td>
<td>582,804</td>
<td>555,153</td>
<td>27,651</td>
<td>4.7</td>
<td>5.0</td>
</tr>
<tr>
<td>2003</td>
<td>588,025</td>
<td>557,604</td>
<td>30,421</td>
<td>5.2</td>
<td>5.3</td>
</tr>
<tr>
<td>2004</td>
<td>597,927</td>
<td>568,979</td>
<td>28,949</td>
<td>4.8</td>
<td>4.8</td>
</tr>
<tr>
<td>2005</td>
<td>627,068</td>
<td>603,330</td>
<td>23,738</td>
<td>3.8</td>
<td>3.8</td>
</tr>
<tr>
<td>2006</td>
<td>649,056</td>
<td>627,844</td>
<td>21,212</td>
<td>3.3</td>
<td>3.3</td>
</tr>
<tr>
<td>2007-May</td>
<td>660,260</td>
<td>639,886</td>
<td>20,392</td>
<td>3.1</td>
<td>3.2</td>
</tr>
</tbody>
</table>

Source: Bureau of Labor Statistics

Miscellaneous Jacksonville Statistics

<table>
<thead>
<tr>
<th>Year</th>
<th>Building Permits (000s Omitted)</th>
<th>Bank Deposits (000s Omitted)</th>
<th>Gross Sales (000s Omitted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>767,127</td>
<td>6,363,183</td>
<td>17,469,686</td>
</tr>
<tr>
<td>1991</td>
<td>647,851</td>
<td>5,884,947</td>
<td>16,981,481</td>
</tr>
<tr>
<td>1992</td>
<td>613,728</td>
<td>5,982,421</td>
<td>17,988,544</td>
</tr>
<tr>
<td>1993</td>
<td>796,109</td>
<td>6,192,683</td>
<td>19,066,086</td>
</tr>
<tr>
<td>1994</td>
<td>823,715</td>
<td>6,365,459</td>
<td>20,741,715</td>
</tr>
<tr>
<td>1995</td>
<td>907,982</td>
<td>7,502,639</td>
<td>22,722,675</td>
</tr>
<tr>
<td>1996</td>
<td>1,043,770</td>
<td>8,118,088</td>
<td>23,848,244</td>
</tr>
<tr>
<td>1997</td>
<td>1,426,588</td>
<td>8,245,235</td>
<td>25,099,106</td>
</tr>
<tr>
<td>1998</td>
<td>1,534,290</td>
<td>11,852,642</td>
<td>25,414,504</td>
</tr>
<tr>
<td>1999</td>
<td>1,450,335</td>
<td>12,237,524</td>
<td>26,928,621</td>
</tr>
<tr>
<td>2000</td>
<td>1,715,594</td>
<td>11,401,942</td>
<td>28,906,339</td>
</tr>
<tr>
<td>2001</td>
<td>1,686,316</td>
<td>10,376,439</td>
<td>30,375,869</td>
</tr>
<tr>
<td>2002</td>
<td>1,821,618</td>
<td>12,433,442</td>
<td>31,348,713</td>
</tr>
<tr>
<td>2003</td>
<td>2,039,545</td>
<td>14,619,926</td>
<td>33,615,046</td>
</tr>
<tr>
<td>2004</td>
<td>2,147,248</td>
<td>17,021,575</td>
<td>33,307,667</td>
</tr>
<tr>
<td>2005</td>
<td>3,563,940</td>
<td>21,411,673</td>
<td>38,136,809</td>
</tr>
<tr>
<td>2006</td>
<td>2,380,430</td>
<td>23,560,469</td>
<td>n/a</td>
</tr>
<tr>
<td>2007</td>
<td>1,948,433</td>
<td>29,267,779</td>
<td>n/a</td>
</tr>
</tbody>
</table>

(1) Does not include the three Beach Communities and Baldwin.

Sources: Building Permits from City of Jacksonville Building Inspection Division as of December 31, 2007.
Bank Deposits for Jacksonville MSA from Federal Deposit Insurance Corporation as of June 30 for 2007
Gross Sales from University of Florida, Bureau of Economic and Business Research (calendar year).
Ad Valorem Taxation

The following information regarding millage rates and ad valorem tax revenues for the fiscal year ending September 30, 2007 is provided for informational purposes. Ad valorem tax revenues are not pledged to the payment of these Bonds.

Millage Rates - FYE 9/30/2007

<table>
<thead>
<tr>
<th>Taxing Entity:</th>
<th>Mills</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Services District:</td>
<td></td>
</tr>
<tr>
<td>General Government</td>
<td>8.4841</td>
</tr>
<tr>
<td>Florida Inland Navigational District</td>
<td>.0345</td>
</tr>
<tr>
<td>Schools</td>
<td>7.7550</td>
</tr>
<tr>
<td>Water Management District</td>
<td>.4158</td>
</tr>
<tr>
<td>TOTAL – GENERAL SERVICES DISTRICT</td>
<td>16.6894</td>
</tr>
</tbody>
</table>

Source: Property Appraisers Office, City of Jacksonville, Florida

Ad Valorem Taxes - FYE 9/30/2007

<table>
<thead>
<tr>
<th></th>
<th>Levied</th>
<th>Collected</th>
<th>Percent Collected</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>488,288,058</td>
<td>469,695,411</td>
<td>96.2%</td>
</tr>
<tr>
<td>Duval County</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Source: Tax Collector’s Office. Values include all of Duval County (including Beach Communities and Town of Baldwin).

Ten Largest Taxpayers

<table>
<thead>
<tr>
<th></th>
<th>Total 2007</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Assessments</td>
<td>Total Assessments</td>
</tr>
<tr>
<td>Bell South Telecommunication</td>
<td>$363,216,104</td>
<td>0.65%</td>
</tr>
<tr>
<td>Anheuser-Busch/Metal Container</td>
<td>334,317,791</td>
<td>0.60%</td>
</tr>
<tr>
<td>Flagler Development Company</td>
<td>298,419,090</td>
<td>0.54%</td>
</tr>
<tr>
<td>Wal-Mart Prop/Stores</td>
<td>247,962,020</td>
<td>0.44%</td>
</tr>
<tr>
<td>Vistakon/Johnson &amp; Johnson</td>
<td>240,555,179</td>
<td>0.43%</td>
</tr>
<tr>
<td>Blue Cross &amp; Blue Shield</td>
<td>209,328,324</td>
<td>0.38%</td>
</tr>
<tr>
<td>Liberty Property Ltd</td>
<td>178,007,862</td>
<td>0.32%</td>
</tr>
<tr>
<td>Winn Dixie Stores</td>
<td>164,552,579</td>
<td>0.30%</td>
</tr>
<tr>
<td>Cedar Bay Generating</td>
<td>160,458,992</td>
<td>0.29%</td>
</tr>
<tr>
<td>Mid America Apartments</td>
<td>149,731,703</td>
<td>0.27%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$2,346,549,644</td>
<td>4.21%</td>
</tr>
</tbody>
</table>

Source: Tax Collector’s Office.
APPENDIX B

EXTRACT OF MATERIAL PROVISIONS OF BOND ORDINANCE
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APPENDIX B

EXTRACT OF MATERIAL PROVISIONS OF BOND ORDINANCE

***

"Accountant’s Certificate" shall mean a certificate signed by an independent certified public accountant of recognized national standing or a firm of certified public accountants of recognized national standing, selected by the City, who may be the accountant or firm of accountants who regularly audit the books of the City.

"Accreted Value" shall mean, as of the date of computation with respect to any Capital Appreciation Bonds, an amount equal to the principal amount of such Bonds (the principal amount at the date of issuance) plus the interest accrued on such Bonds from the date of original issuance of such Bonds to the Periodic Compounding Date next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue in accordance with a Table of Accreted Values to be set forth in a Supplemental Instrument of the City providing for the sale of such Capital Appreciation Bonds, compounded on each Periodic Compounding Date, plus, if such date of computation is not an Periodic Compounding Date, a portion of the difference between the Accreted Value shown on the Table of Accreted Values as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Accreted Value shown on the Table of Accreted Values as of the immediately succeeding Periodic Compounding Date, such portion to be calculated based on the assumption that, unless otherwise provided in the Supplemental Instrument authorizing such Capital Appreciation Bonds, Accreted Value accrues between Periodic Compounding Dates in equal daily amounts on the basis of a three hundred sixty (360) day year consisting of twelve (12) thirty (30) day months.

"Accrued Monthly Debt Service" shall mean, as of any date of calculation, an amount equal to the accrued Debt Service with respect to any series of Bonds, calculating the accrued Debt Service with respect to such series, adjusted as provided in the definition of Debt Service herein, at an amount equal to the sum of (i) interest on the Bonds of such series accrued and unpaid and to accrue to the end of the then current calendar month, and (ii) Principal Installments due and unpaid and that portion of the Principal Installments for such series next due which would have accrued (if deemed to accrue in the manner set forth in the definition of Debt Service herein) to the end of such calendar month.

"Accrued Monthly Aggregate Debt Service" shall mean, as of any date of calculation, an amount equal to the sum of the amounts of accrued Debt Service with respect to all series of Bonds, calculating the accrued Debt Service with respect to each series of Bonds, adjusted as provided in the definition of Debt Service herein, at an amount equal to the sum of (i) interest on the Bonds of all such series accrued and unpaid and to accrue to the end of the then current calendar month, and (ii) Principal Installments due and unpaid and that portion of the Principal Installments for all such series next due which would have accrued (if deemed to accrue in the manner set forth in the definition of Debt Service) to the end of such calendar month.
“Act” shall mean the Charter and other applicable provisions of law, including Chapters 166 and 125, Florida Statutes.

"Additional Parity Obligations" shall mean additional obligations issued in compliance with Article II of this ordinance and which all have an equal lien on the Pledged Revenues and rank equally with the initial series of Bonds as to source and security for payment, except as otherwise provided herein.

“Affiliated Company” shall mean any person or entity that directly or indirectly through one or more intermediaries Controls, is Controlled by or is under common Control with one or more other persons or entities.

"Agent Member" shall mean a member of, or participant in, the Securities Depository.

“Aggregate Debt Service” for any period shall mean, as of any date of calculation, the sum of the amounts of Debt Service, adjusted as provided in the definition of Debt Service herein, for such period with respect to all series of Bonds.

"Amortization Installment" with respect to any Term Bonds shall mean the amount required to be deposited in the Debt Service Account in a given year for payment or redemption of Term Bonds so designated by Supplemental Instrument of the City providing for the issuance of such Term Bonds.

“Appreciated Value” shall mean, with respect to any Deferred Income Bond, (i) as of any date of computation prior to the Current Interest Commencement Date with respect to such Deferred Income Bond, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the Supplemental Instrument authorizing such Deferred Income Bond on which interest on such Bond is to be compounded (hereinafter, a “Periodic Compounding Date”) next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Deferred Income Bonds set forth in the Supplemental Instrument authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Appreciated Value computed as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Appreciated Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the Supplemental Instrument authorizing such Deferred Income Bonds, Appreciated Value accrues in equal daily amounts on the basis of a three hundred sixty (360) day year consisting of twelve (12) thirty (30) day months and (ii) as of any date of computation on and after the Current Interest Commencement Date, the Appreciated Value on the Current Interest Commencement Date.

“Authority” shall mean the Jacksonville Electric Authority created pursuant to Article 21 of the Charter of the City.

"Authorized City Representative" shall mean such person from time to time designated by Supplemental Instrument or written certificate of the Mayor of the City.
“Bond Anticipation Notes” shall mean notes or other evidences of indebtedness from time to time issued in anticipation of the issuance of Bonds, the proceeds of which have been or are required to be applied to one or more of the purposes for which Bonds may be issued, the payment of which notes is to be made from the proceeds of the Bonds in anticipation of the issuance of which said notes are issued.

“Bond Counsel” shall mean a firm of nationally recognized attorneys at law experienced in the issuance of tax-exempt bonds and approved by the City.

“Bond Insurance Policy” shall mean the municipal bond new issue insurance policy, if any, issued by a Bond Insurer that guarantees payment of principal of and interest on all or a portion of the Bonds of a series.

“Bond Insurer” shall mean an insurance company named by the City in a Supplemental Instrument at the time of sale of any series of Bonds, if any.

“Bond Year” shall mean the period beginning with October 2 of each calendar year and ending on October 1 of the next succeeding calendar year; provided that the initial Bond Year shall commence on the date of issuance of a series of Bonds and shall end on the next ensuing October 1.

“Bonds” shall mean all Bonds of the initial series of Bonds and all Additional Parity Obligations issued hereunder pursuant to Article II hereof, and all Reimbursement Obligations issued under Section 2.05 hereof.

“Capital Appreciation Bonds” shall mean those Bonds issued hereunder as to which interest is compounded periodically on each of the applicable periodic dates designated for compounding and payable in an amount equal to the then current Accreted Value only at the maturity or earlier redemption thereof, all as so designated by Supplemental Instrument of the City providing for the issuance thereof.


“City” shall mean the City of Jacksonville, Florida, a municipal corporation and political subdivision under the laws of the State.

“Code” shall mean the United States Internal Revenue Code of 1986, as the same may be amended from time to time, and the applicable regulations thereunder, whether proposed, temporary or final, promulgated by the Department of the Treasury, Internal Revenue Service, and all other promulgations of said service pertaining thereto.

“Control” shall mean holding a majority of voting power or operating control.

“Cost” when used in connection with any Project financed with Bonds, shall mean (1) the City’s cost of physical construction; (2) costs of acquisition thereof by or
for the City; (3) costs of land and any interests therein and the cost of the City incidental to such acquisition; (4) the cost of any indemnity and surety bonds and premiums for insurance during construction; (5) all interest due to be paid on the Bonds and other obligations relating to the Project during, and if deemed advisable by the City for a reasonable period after the end of, the construction period of the Project; (6) engineering, legal and other consultant fees and expenses related to financing of the Project and issuance of Bonds; (7) costs and expenses incidental to the issuance of the Bonds including bond insurance premiums and other credit enhancement fees, rating agency fees and the fees and expenses of any auditors, Deputy Registrar and Paying Agent, Credit Bank or depository; (8) costs for obtaining and with respect to any derivative financial products related to the Bonds, such as interest rate exchanges or swaps, cash flow exchanges, options, caps, floors or collars, (9) payments, when due (whether at the maturity of principal or the due date of interest or upon redemption) on any indebtedness of the City (other than the Bonds) incurred for such Project; (10) costs of furnishings, machinery or equipment required by the City for the commencement of operation of such Project; and (11) any other costs properly attributable to the issuance of the Bonds and to such construction or acquisition, as determined by generally accepted accounting principles. Cost shall include reimbursement to the City for any such items of the Cost paid by the City prior to issuance of Bonds. Any Supplemental Instrument may provide for additional items to be included in the aforesaid Costs.

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"County" shall mean Duval County, Florida.

"Credit Bank" shall mean any person (other than a Bond Insurer) providing a letter of credit, a line of credit or another credit or liquidity enhancement facility as to any of the Bonds, as designated by Supplemental Instrument.

"Credit Facility" shall mean any letter of credit, a line of credit, standby bond purchase agreement or another credit or liquidity enhancement facility as to any of the Bonds (other than a Bond Insurance Policy issued by a Bond Insurer), approved by Supplemental Instrument.

“Current Interest Commencement Date” shall mean, with respect to any particular Deferred Income Bonds, the date specified in the Supplemental Instrument authorizing such Deferred Income Bonds (which date must be prior to the maturity date for such Deferred Income Bonds) after which interest accruing on such Deferred Income Bonds shall be payable periodically on dates specified in such Supplemental Instrument, with the first such payment date being the first such periodic date immediately succeeding such Current Interest Commencement Date.

"Current Interest Paying Bonds" shall mean those Bonds which bear interest payable annually or more frequently.

“Debt Service” for any period shall mean, as of any date of calculation and with respect to any series of Bonds, an amount equal to the sum of (i) interest accruing during such period on Bonds of such series, except to the extent that such interest is to be paid from deposits into the Debt Service Account in the Sinking Fund made from the proceeds of Bonds, Subordinate Debt or other evidences of indebtedness of the City (including amounts, if any, transferred thereto from the Construction Fund) and (ii) that portion of each Principal Installment for such series
which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such series (or, if (x) there shall be no such preceding Principal Installment due date or (y) such preceding Principal Installment due date is more than one (1) year prior to the due date of such Principal Installment, then, from a date of one (1) year preceding the due date of such Principal Installment or from the date of issuance of Bonds of such series, whichever date is later). Such interest and Principal Installments for such series shall be calculated on the assumption that (x) no Bonds (except for Option Bonds actually tendered for payment prior to the stated maturity thereof and not remarkedeted) of such series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof, (y) the principal amount of Option Bonds tendered for payment before the stated maturity thereof and not remarkedeted shall be deemed to accrue on the later of (i) the date required to be paid pursuant to such tender or (ii) the date required to be paid pursuant to the terms of the applicable Credit Facility or Bond Insurance Policy, and (z) the principal and interest portions of the Accreted Value of Capital Appreciation Bonds, the Appreciated Value of Deferred Income Bonds and the principal and interest on Reimbursement Obligations shall be included in the calculation of Debt Service at the times and in the manner provided in Section 2.06. If the calculation of the Debt Service Reserve Requirement for any separate subaccount in the Reserve Account in the Sinking Fund takes into account Debt Service, then, for purposes of such calculation, Debt Service shall be calculated only with respect to the Bonds of the series secured thereby. For purposes of projecting Debt Service in future periods with respect to Variable Rate Bonds, such Variable Rate Bonds shall be assumed to bear interest at the Certified Interest Rate.

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“Deferred Income Bonds” shall mean any Bonds as to which interest accruing prior to the Current Interest Commencement Date is (i) compounded periodically on dates specified in the Supplemental Instrument authorizing such Deferred Income Bonds and (ii) payable only at the maturity, earlier redemption or other payment thereof pursuant to the Supplemental Instrument authorizing such Deferred Income Bonds.

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"Escrow Deposit Agreement" shall mean an escrow deposit agreement in the form authorized by Supplemental Instrument of the City enacted or adopted at or prior to the sale of a series of Bonds and executed in connection with the delivery thereof pursuant to which a portion of the proceeds of such series of Bonds, together with other specified funds, will be held in irrevocable escrow for the payment of the principal of and interest on and premium, if any, with respect to any Bonds or other indebtedness of the City to be refunded.

"Federal Securities" shall mean direct noncallable obligations of the United States of America and obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by the United States of America, to which direct obligation or guarantee, the full faith and credit of the United States has been pledged or REFCORP interest strips, CATS, TIGRS, or STRPS.
“Fiscal Year” means the year beginning on October 1 and ending on the following September 30, or such other period as may be lawfully designated as such for the City.

"Investment Securities" shall mean, unless otherwise provided by Supplemental Instrument for any series of Bonds, any of the following which shall be authorized from time to time by applicable laws of the State for deposit or purchase by the City for the investment of its funds:

(1) Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided, that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee ("Direct Obligations");

(2) Direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; consolidated debt obligations and letter of credit-backed issues of the Federal Home Loan Banks; participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation ("FHLMCs"); debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities which are valued greater than par on the portion of unpaid principal) and senior debt obligations of the Federal National Mortgage Association ("FNMA"); participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed participation certificates of the Government National Mortgage Association ("GNMAs"); guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration; debt obligations and letter of credit-backed issues of the Student Loan Marketing Association; local authority bonds of the U.S. Department of Housing & Urban Development; guaranteed Title XI financings of the U.S. Maritime Administration; guaranteed transit bonds of the Washington Metropolitan Area Transit Authority; Resolution Funding Corporation securities; obligations of the Federal Land Bank and the Federal Farm Credit Bank;

(3) direct obligations of any state of the United States of America or any subdivision or agency thereof whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's and "A" or better by S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's and "A" or better by S&P;

(4) commercial paper (having original maturities of not more than two hundred seventy (270) days) rated, at the time of purchase, "P-1" by Moody's and "A-1" or better by S&P;

(5) Federal funds, unsecured certificates of deposit, time deposits or bankers acceptances (in each case having maturities of not more than three hundred sixty-five (365) days) of any domestic bank including a branch office of a foreign bank which branch office is located in the United States, provided legal opinions are received to the effect that full and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank, which, at the time of purchase, has a short-term "Bank Deposit" rating of "P-1" by Moody's and a "Short-Term CD" rating of "A-1" or better by S&P;
(6) deposits of any bank or savings and loan association which has combined capital, surplus and undivided profits of not less than $3 million, provided such deposits are continuously and fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation and, if Moody's publishes a rating of such funds, rated in the highest rating category by Moody's;

(7) investments in money-market funds rated "AAAm" or "AAAm-G" by S&P and rated "P-1" by Moody's, or in mutual funds rated in the highest category by S&P and by Moody's;

(8) repurchase agreements and flexible repurchase agreements collateralized by Direct Obligations, GNMA's, FNMA's or FHLMC's with any registered broker/dealer subject to the Securities Investor's Protection Corporation jurisdiction or any commercial bank insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated "P-1" or "A3" or better by Moody's, and "A-1" or "A-" or better by S&P, or with any insurance company whose uninsured and unguaranteed obligation is rated AA or better by Moody's and S&P and A+ by A.M. Best and Company; provided:

a. a master repurchase agreement or specific written repurchase agreement governs the transaction; and

b. the securities are held, free and clear of any lien, by an independent third party acting solely as agent ("Agent") for the City, and such Agent is (i) a Federal Reserve Bank, (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than $50 million or (iii) a bank approved in writing for such purpose by the Bond Insurer, and the City shall have received written confirmation from the Agent that it holds such securities, free and clear of any lien, as Agent for the City; and

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

d. the repurchase agreement has a term of one hundred eighty (180) days or less, and the City Treasurer will value the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two (2) business days of such valuation; and

e. the fair market value of the securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 103% if the term of the repurchase agreement is more than five (5) days, or is equal to at least 100% if the term of the repurchase agreement is five (5) days or less.

(9) Investments under the "Investment of Local Government Surplus Funds Act", being Part IV, Chapter 218, Florida Statutes (1995), as amended.

"JEA Contribution" shall mean the annual contribution of the Authority appropriated to the City from available electric revenues, available water and wastewater revenues, and, at such time as the Authority may provide natural gas
service, available natural gas revenues, and any other revenues of the Authority or any Affiliated Company, if any, from whatever source derived, pursuant to Article 21 of the Charter of the City, excluding, however, the appropriation of the one quarter of one mill of such annual contribution dedicated for Jacksonville Port Authority purposes referred to in Section 106.218 of the Ordinance Code of the City and reduced by the JEA’s share of any savings required to be shared between the City and JEA pursuant to the Financial Agreement between the JEA and the City relating to the River City Renaissance Program, dated as of October 27, 1993, as amended by Amendment No. 1 dated December 16, 1996 (the “RCR Agreement”). The JEA Contribution shall not include any supplemental contributions made by JEA to or for the benefit of the City but not required under Article 21 of the Charter and which are in addition to the contributions required pursuant to Article 21 of the Charter, including but not limited to the supplemental contribution agreed to pursuant to the RCR Agreement, the supplemental contribution agreed to for the Jacksonville Port Authority marine projects by the Financial Agreement dated as of November 5, 1996, and any future supplemental contribution agreed to between the City and JEA.

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“Option Bonds” shall mean Bonds which by their terms may be tendered by and at the option of the Registered Owner or beneficial owner thereof for payment or purchase by the City prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the Registered Owner thereof.

“Periodic Compounding Date” shall mean, with respect to a Capital Appreciation Bond or a Deferred Income Bond, a periodic date specified in the Supplemental Instrument authorizing such Bond on which interest on such Bond is to be compounded.

“Pledged Revenues” shall mean: (i) if, as and when received, the annual JEA Contribution to the City, (ii) the moneys held in the funds and accounts hereunder and the income from investment of moneys in such funds and accounts, except the moneys and investments income in the Rebate Fund and in the Reserve Account, and (iii) for any series of Reserve Secured Bonds, the moneys held in the applicable subaccount in the Reserve Account, and, (iv) for any series of Bonds for which Supplemental Revenues have been pledged by Supplemental Instrument, such Supplemental Revenues.

“Prerefunded Obligations” shall mean any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (1) which are (a) not callable prior to maturity or (b) as to which irrevocable instructions have been given to the fiduciary for such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (2) which are fully secured as to principal, redemption premium, if any, and interest by a fund consisting only of cash and/or Securities, secured in the manner set forth in Article VIII hereof, which fund may be applied only to the payment of such principal of, redemption premium, if any, and interest on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as the case may be, (3) as to which the principal of and interest on such Securities deposited in such fund, together with any cash on deposit in such fund, are sufficient, as verified by an independent certified public accountant, to pay the principal of, redemption premium, if any, and interest on such bonds or
other obligations on the maturity date or dates thereof or on the redemption date or dates specified in such irrevocable instructions, and (4) which are rated "AAA" by S&P and "Aaa" by Moody's; provided, however, that the escrow agreements providing for the refunding of such bonds or other obligations (1) shall permit the deposit solely of cash and/or Securities and shall permit substitution for such Securities only other Securities, and only upon the receipt by the escrow agent of (A) a new verification of the sufficiency of the escrowed securities (assuming such substitution has been made) to provide for the payment of the Prerefunded Obligations in accordance with the terms of the Escrow Deposit Agreement and (B) an opinion of bond counsel to the effect that such substitution shall not affect the tax-exempt status of the interest payable on the Prerefunded Obligations and (2) shall require the consent of the holders of 100% of the principal amount of the Prerefunded Obligations to amendments to such escrow agreements, except amendments severing illegal provisions, or construing ambiguous provisions with no substantial consequences adverse to the holders of the Prerefunded Obligations, or granting additional security to the holders of the Prerefunded Obligations.

"Principal Installment" shall mean, as of any date of calculation and with respect to any series of Bonds, so long as any Bonds thereof are Outstanding, (i) the principal amount of Bonds of such series due on a certain future date for which no Amortization Installments have been established, or (ii) the unsatisfied balance (determined as provided in Section 5.08 hereof) of any Amortization Installments due on a certain future date for Bonds of such series, plus the amount of the redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount equal to said unsatisfied balance of such Amortization Installments, or (iii) if such future dates coincide as to different Bonds of such series, the sum of such principal amount of Bonds and of such unsatisfied balance of Amortization Installments due on such future date plus such applicable redemption premiums, if any.

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"Redemption Date" when used with respect to any Bond to be redeemed, shall mean the date fixed for such redemption as to which notice has been given to the Deputy Registrar and Paying Agent.

"Redemption Price" shall mean the principal amount and accrued interest on any Current Interest Paying Bonds, the Accreted Value of any Capital Appreciation Bond, and the Appreciated Value of any Deferred Income Bond, plus the applicable redemption premium, if any.

"Registered Owner" shall mean the owner of any Bond as his name appears on the registration books of the Deputy Registrar and Paying Agent.

"Reimbursement Obligations" shall mean all Bonds issued pursuant to Section 2.05 hereof and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds.

"Reserve Requirement" shall mean, with respect to each separate subaccount in the Debt Service Reserve Account in the Sinking Fund, unless otherwise specified in the Supplemental Instrument establishing such subaccount, as of any date of calculation, an amount equal to the maximum Debt Service coming due on the Bonds of such series secured thereby then Outstanding in the then current or any future

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Bond Year, excluding interest on such Bonds to be paid from deposits in the Debt Service Account in the Sinking Fund made from the proceeds of Bonds, Subordinate Debt or other evidences of indebtedness of the City (including amounts, if any, transferred thereto from the Construction Fund).

“Reserve Secured Bonds” shall mean a series of Bonds for which the Supplemental Instrument authorizing such series provides that the payment of the principal or Redemption Price, if any, of, and interest on, the Bonds of such series shall be secured by amounts on deposit in a separate subaccount to be designated therefor in the Debt Service Reserve Account in the Sinking Fund.

"Securities" shall mean Federal Securities and Prerefunded Obligations.

"Securities Depository" shall mean The Depository Trust Company and its successors and assigns or if (i) the then-Securities Depository resigns from its functions as depository of the Bonds or (ii) the City discontinues use of the then-Securities Depository pursuant to Section 3.02 hereof, any other Securities Depository which agreed to follow the procedures required to be followed by a Securities Depository in connection with the Bonds and which is selected by the City.

"Securities Depository Nominee" shall mean, as to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the registration books maintained by the Deputy Registrar and Paying Agent the Bond certificates to be delivered to and immobilized at such Securities Depository during the continuation with such Securities Depository of its book-entry system.

“Serial Bonds” shall mean all Bonds which are not Term Bonds.

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"State" shall mean the State of Florida.

“Subordinate Debt” shall mean an indebtedness referred to in, and complying with the provisions of, subsection 5.09 hereof.

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“Supplemental Instrument” shall mean any ordinance or resolution of the City amendatory or supplemental hereto, duly enacted or adopted in accordance with the Act and becoming effective prior to the issuance of any Bonds or in accordance with the terms of Article IX hereof.

“Supplemental Revenues” shall mean any legally available revenues of the City designated as such in accordance herewith as Supplemental Revenues pledged to secure such series of Bonds as is designated by Supplemental Instrument.

“Supplementally Secured Bonds” shall mean a series of Bonds for which the Supplemental Instrument authorizing such series provides that, in accordance with Section 2.02 and Section 7.03(b) hereof, the payment of the principal or Redemption Price, if any, of, and interest on the Bonds of such series shall be payable from and secured by a specified source of Supplemental Revenues.
“Taxable Bonds” shall mean Bonds other than Tax Exempt Bonds.

“Tax Exempt Bonds” shall mean Bonds the interest on which is excluded from gross income for federal income tax purposes.

"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 mandatory redemption from Amortization Installments established by Supplemental Instrument.

“Variable Rate Bond” shall mean any Bond not bearing interest throughout its term at a specified rate or specified rates determined at the time of issuance of the series of Bonds of which such Bond is one; provided, that any of the following Bonds shall not be treated as Variable Rate Bonds:

(i) any Bond bearing interest at a variable rate which, together with any other Bond bearing interest at a variable rate, always will bear aggregate interest at a specified aggregate fixed rate; and

(ii) any Bond for which a qualifying hedge or other financial arrangement is provided by a provider having a rating not less than A by Moody’s and S&P, pursuant to a Supplemental Instrument, under which the net economic effect is that the City is obligated to pay only a specified fixed rate.

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Section 2.04. Refunding Bonds. (a) One or more series of refunding Bonds may be issued at any time to refund all or any Outstanding Bonds or other indebtedness of the City. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make the deposits in the funds and accounts hereunder or provided in an Escrow Deposit Agreement required by the provisions of the Supplemental Instrument authorizing such Bonds.

(b) In addition to the conditions set forth in Section 2.02 hereof, the Bonds of each series of refunding Bonds may be authenticated and delivered only upon satisfaction of the following conditions:

(1) the City shall provide instructions pursuant to an Escrow Deposit Agreement to give due notice of redemption, if applicable, of all the Bonds or other indebtedness to be refunded on a redemption date or dates specified in such instructions; and

(2) the City shall provide in the Escrow Deposit Agreement for either payment or defeasance of the Bonds or other indebtedness to be refunded in accordance with applicable terms for such payment or defeasance.

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Section 2.06. Special Provisions Relating to Capital Appreciation Bonds, Deferred Income Bonds and Reimbursement Obligations. (a) The principal and interest portions of the Accreted Value of Capital Appreciation Bonds or the Appreciated Value of Deferred Income Bonds becoming due at maturity or by virtue of an Amortization Installment shall be included in the calculations of accrued and
unpaid and accruing interest or Principal Installments made under the definition of Debt Service only from and after the date (the “Calculation Date”) which is one (1) year prior to the date on which such Accreted Value or Appreciated Value, as the case may be, becomes so due, and the principal and interest portions of such Accreted Value or Appreciated Value shall be deemed to accrue in equal daily installments from the Calculation Date to such due date.

(b) For the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, or (ii) computing the principal amount of Bonds held by the Registered Owner of a Capital Appreciation Bond in giving to the City any notice, consent, request, or demand pursuant hereto for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its then current Accreted Value.

(c) For the purposes of (i) receiving payment of the Redemption Price if a Deferred Income Bond is redeemed prior to maturity, or (ii) computing the principal amount of Bonds held by the Registered Owner of a Deferred Income Bond in giving to the City any notice, consent, request, or demand pursuant hereto for any purpose whatsoever, the principal amount of a Deferred Income Bond shall be deemed to be its then current Appreciated Value.

(d) Except as otherwise provided in a Supplemental Instrument authorizing a series of Reimbursement Obligations, for the purposes of (i) receiving payment of a Reimbursement Obligation, whether at maturity or upon redemption or (ii) computing the principal amount of Bonds held by the Registered Owner of a Reimbursement Obligation in giving to the City any notice, consent, request, or demand pursuant hereto for any purpose whatsoever, or (iii) computing the amount of Debt Service on a series of Bonds, the principal amount of a Reimbursement Obligation shall be deemed to be the actual amount advanced that the City shall owe thereon, less any prior repayments thereof.

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Section 5.02. Construction Fund. (a) There shall be paid into the Construction Fund the amounts required to be so paid by the provisions hereof and there may be paid into the Construction Fund, at the option of the City, any moneys received for or in connection with any Project by the City from any other source, unless required to be otherwise applied as provided hereby. Amounts in the Construction Fund shall be applied to the payment of the Costs of the Project in the manner provided in this Section 5.02.

(b) The City shall withdraw amounts from the Construction Fund for the payment of amounts due and owing on account of the Costs of a Project upon determination of an Authorized City Representative (or his designee) that an obligation in the amount to be paid from the Construction Fund has been incurred by the City and that each item thereof is a proper and reasonable charge against the Construction Fund, and that such amount has not been previously paid.

(c) Notwithstanding any of the other provisions of this Section 5.02, to the extent that other moneys are not available therefor, amounts in the Construction Fund shall be applied to the payment of the principal of and interest on the Bonds when due.
(d) If approved by an opinion of Bond Counsel that such deposit will not cause interest on any Tax Exempt Bonds to be includable in gross income for federal income tax purposes, amounts credited to the Construction Fund which the City determines at any time to be in excess of the amounts required for the purposes thereof shall be deposited in the Debt Service Reserve Account in the Sinking Fund, if and to the extent necessary to make the amount in any separate subaccount therein equal to the Reserve Requirement related thereto (or, if such excess shall be less than the amount necessary to make up the deficiencies with respect to all of the separate subaccounts in the Debt Service Reserve Account, then such excess shall be applied ratably, in proportion to the deficiency in each such subaccount). Any balance of such excess, upon written determination of an Authorized City Representative, shall be deposited in the Debt Service Account for application to the purchase, redemption, payment or provision for payment of Bonds or interest thereon or applied to or set aside for any lawful purpose of the City.

Section 5.03. Deposits From JEA Contribution. (a) As soon as practical in each month after the receipt of moneys constituting the JEA Contribution but in any case not later than the last business day of such month, the City shall deposit from such JEA Contribution received, in the following funds and accounts in the following order the amounts set forth below:

(1) in the Sinking Fund:

(i) for credit to the Debt Service Account, an amount at least equal to the amount, if any, required so that the balance in said account, after making required deposits therein, if any, pursuant to Section 5.12 hereof, shall equal the Accrued Monthly Aggregate Debt Service as of the last day of the then current month; provided that (A) for the purposes of computing the amount to be deposited in said account, there shall be excluded from the balance in said account the amount, if any, set aside in said account from the proceeds of Bonds, Subordinate Debt or other evidences of indebtedness of the City (including amounts, if any, transferred thereto from the Construction Fund) for the payment of interest on Bonds less that amount of such proceeds to be applied in accordance herewith to the payment of interest accrued and unpaid and to accrue on Bonds to the last day of the then current calendar month; and (B) any amount deposited into such account during any month that is in excess of the minimum amount required to be deposited therein during such month may, upon written determination of an Authorized City Representative, be deemed to be accumulated therein with respect to (1) any Amortization Installment for Term Bonds or (2) any principal amount of Serial Bonds (including, in the case of any Option Bond, the principal amount thereof tendered for payment prior to the stated maturity thereof) due (or so tendered for payment) on a certain future date, or (3) some combination of (1) and (2), and interest thereon; and

(ii) for deposit in each separate subaccount in the Debt Service Reserve Account, the amount, if any, required so that the balance in each such subaccount, after making required deposits therein, if any, pursuant to Section 5.12 hereof, shall equal the Reserve Requirement related thereto as of the last day of the then current month (or, if the amount received in such month shall not be sufficient to make the deposits required to be made pursuant to this clause (ii) with respect to all of the separate subaccounts in the Debt Service Reserve Account, then such amount shall be applied ratably, in proportion to the amount necessary for deposit into each such subaccount); and
(2) in the Subordinate Debt Fund, an amount at least equal to the amount, if any, as shall be required to be deposited therein in the then current month to pay principal or amortization installments of and premiums, if any, and interest on each issue of Subordinate Debt coming due in such month, whether as a result of maturity or prior call for redemption, and to provide reserves therefor, as required by the Supplemental Instrument authorizing such issue of Subordinate Debt.

(b) The balance of the JEA Contribution after making the payments as described above may be used for any lawful purpose.

(c) So long as there shall be held in the Sinking Fund an amount sufficient and available to pay in full all outstanding Bonds in accordance with their terms (including the maximum amount of principal or applicable Amortization Installments and interest which could become payable thereon), no deposits shall be required to be made into the Sinking Fund.

Section 5.04. Sinking Fund - Debt Service Account. (a) The City shall pay out of the Debt Service Account to the Deputy Registrar and Paying Agent (i) on or before each interest payment date for any of the Bonds, the amount required for payment of the interest payable on such date; (ii) on or before each Principal Installment due date, the amount required for payment of the Principal Installment payable on such due date; and (iii) on or before any redemption date for the Bonds, the amount required for the payment of interest on the Bonds then to be redeemed. Such amounts shall be applied by the Deputy Registrar and Paying Agent on and after the due dates thereof. The City shall also pay out of the Debt Service Account the accrued interest included in the purchase price of Bonds purchased for retirement.

(b) Amounts accumulated in the Debt Service Account with respect to any Amortization Installment (together with amounts accumulated therein with respect to interest on the Term Bonds for which such Amortization Installment was established) may be applied by the City, on or prior to the fortieth day (40th) preceding the due date of such Amortization Installment, to (i) the purchase of Term Bonds for which such Amortization Installment was established, or (ii) the redemption at the applicable Redemption Price of such Term Bonds, if then redeemable by their terms. All purchases of any Term Bonds pursuant to this subsection (b) shall be made at prices not exceeding the applicable Redemption Price of such Term Bonds plus accrued interest, and such purchases shall be made in such manner as the City shall determine. The applicable Redemption Price (or principal amount of maturing Bonds) of any Term Bonds so purchased or redeemed shall be deemed to constitute part of the Debt Service Account until such Amortization Installment date, for the purpose of calculating the amount of such Account. As soon as practicable after the fortieth day (40th) preceding the due date of any such Amortization Installment, the City shall proceed to call for redemption, by giving notice as provided in the Supplemental Instrument authorizing such Term Bonds for which such Amortization Installment was established, on such due date such Bonds (except in the case of Bonds maturing on an Amortization Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Amortization Installment after making allowance for any Bonds purchased or redeemed which the City has determined to apply as a credit against such Amortization Installment as provided in Section 5.08. The City shall pay out of the Debt Service Account to the Deputy Registrar and Paying Agent, on or before such redemption date or maturity date, the amount required for the redemption of the Bonds so called for redemption or for the payment of such Bonds then maturing, and such amount shall be applied by such Deputy Registrar and Paying Agent to such redemption or payment.
(c) Amounts accumulated in the Debt Service Account with respect to any principal amount of Serial Bonds (including, in the case of any Option Bond, the principal amount thereof tendered for payment prior to the stated maturity thereof) due (or so tendered for payment) on a certain future date (together with amounts accumulated therein with respect to interest on such Serial Bonds) may be applied by the City on or prior to the due date thereof, to (i) the purchase of such Serial Bonds or (ii) the redemption of such Serial Bonds at the applicable Redemption Price, if then redeemable by their terms. All purchases of any Serial Bonds pursuant to this subsection (c) shall be made at prices not exceeding the principal amount of such Serial Bonds plus accrued interest, and such purchases shall be made in such manner as the City shall determine. The principal amount of any Serial Bonds so purchased or redeemed shall be deemed to constitute part of the Debt Service Account until such due date, for the purpose of calculating the amount of such account.

(d) The amount, if any, deposited in the Debt Service Account from the proceeds of each series of Bonds shall be set aside in such account and applied to the payment of interest on Bonds of such series in accordance with a certificate of an Authorized City Representative. The amount, if any, deposited in the Debt Service Account from the proceeds of Subordinate Debt or other evidences of indebtedness of the City shall be set aside in such account and applied to the payment of interest on Bonds in accordance with a certificate of an Authorized City Representative.

(e) In the event of the refunding or defeasance of any Bonds, the City may withdraw from the Debt Service Account all or any portion of the amounts accumulated therein with respect to the Bonds being refunded or defeased and deposit such amounts pursuant to an Escrow Deposit Agreement for the Bonds being refunded or defeased to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Bonds being refunded or defeased; provided that such withdrawal shall not be made unless (i) immediately thereafter the Bonds being refunded or defeased shall be deemed to have been paid pursuant to Article VIII, and (ii) the amount remaining in the Debt Service Account, after giving effect to the issuance of any obligations being issued to refund any Bonds being refunded and the disposition of the proceeds thereof, shall not be less than the requirement of such account pursuant to Section 5.03(a)(i). In the event of such refunding or defeasance, the City may also withdraw from the Debt Service Account all or any portion of the amounts accumulated therein and deposit such amounts in any fund or account hereunder; provided that such withdrawal shall not be made unless items (i) and (ii) referred to hereinafter have been satisfied; and provided further, that, at the time of such withdrawal, there shall exist no deficiency in any fund or account held under this Ordinance.

Section 5.05. Sinking Fund - Debt Service Reserve Account. (a) There shall be established in the Debt Service Reserve Account in the Sinking Fund one or more separate subaccounts, each of which subaccounts shall be for the benefit and security of one or more series of Bonds, in the manner and to the extent provided in the Supplemental Instrument establishing each such subaccount.

(b) If on any date on which the principal or redemption price of or interest on the Bonds shall be due, the amount on deposit in the Debt Service Account (exclusive of amounts, if any, set aside in said account from the proceeds of Bonds, Subordinate Debt or other evidences of indebtedness of the City, including amounts, if any, transferred thereto from the Construction Fund for the payment of interest on
Bonds on a future date) shall be less than the amount required to pay such principal, redemption price or interest, then the City shall apply amounts from each separate subaccount in the Debt Service Reserve Account to the extent necessary to cure the deficiency that exists with respect to the series of the Reserve Secured Bonds secured thereby.

(c) Whenever the moneys on deposit in any subaccount established in the Debt Service Reserve Account shall exceed the Reserve Requirement related thereto, as determined in accordance with the provisions of the Supplemental Instrument establishing such subaccount, and after giving effect to any surety bond, insurance policy, letter of credit or other similar obligation that may be credited to such subaccount in accordance with the provisions of the Supplemental Instrument establishing such subaccount, such excess may be withdrawn and used for any lawful purpose.

(d) Whenever the available amounts in the Debt Service Reserve Account, together with the amount in the Debt Service Account, are sufficient to pay in full all Outstanding Bonds in accordance with their terms (including the maximum amount of principal or applicable Redemption Price and interest which could become payable thereon), the funds on deposit in the Debt Service Reserve Account shall be transferred to the Debt Service Account. Prior to said transfer, all investments held in the Debt Service Reserve Account shall be liquidated to the extent necessary in order to provide for the timely payment of principal or Redemption Price, if applicable, and interest on the Bonds of the applicable series.

(e) In the event of the refunding or defeasance of any Bonds of any series of Reserve Secured Bonds, the City may withdraw from the separate subaccount in the Debt Service Reserve Account established for the benefit of the Bonds of such series of Reserve Secured Bonds all or any portion of the amounts accumulated therein and deposit such amounts pursuant to an Escrow Deposit Agreement for the Bonds being refunded or defeased to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Bonds being refunded or defeased; provided that such withdrawal shall not be made unless (i) immediately thereafter the Bonds being refunded or defeased shall be deemed to have been paid pursuant to Article VIII, and (ii) the amount remaining in such separate subaccount in the Debt Service Reserve Account, after giving effect to any Bond Insurance Policy, Credit Facility or other similar obligation that may be credited to such subaccount in accordance with the provisions of the Supplemental Instrument establishing such subaccount, and after giving effect to the issuance of any obligations being issued to refund any Bonds being refunded and the disposition of the proceeds thereof, shall not be less than the Reserve Requirement related thereto. In the event of such refunding or defeasance, the City may also withdraw from such separate subaccount in the Debt Service Reserve Account all or any portion of the amounts accumulated therein and deposit such amounts in any fund or account hereunder; provided that such withdrawal shall not be made unless items (i) and (ii) referred to hereinabove have been satisfied; and provided further, that, at the time of such withdrawal, there shall exist no deficiency in any fund or account held hereunder.

Section 5.06. Subordinate Debt Fund. (a) Subject to subsection (c) hereof, amounts in the Subordinate Debt Fund shall be applied to the payment of the principal or amortization installments of and interest and premium on each issue of Subordinate Debt and reserves therefor in accordance with the provisions of, and
subject to the priorities and limitations and restrictions provided in, the Supplemental Instrument authorizing each issue of Subordinate Debt.

(b) At any time and from time to time the City may deposit in the Subordinate Debt Fund for the payment of the principal or amortization installments of and interest and premium on each issue of Subordinate Debt amounts received from the proceeds of additional issues of Subordinate Debt or amounts received from any other source.

(c) If at any time the amounts in the Debt Service Account or any separate subaccount in the Debt Service Reserve Account shall be less than the current requirements of such account or subaccount, respectively, pursuant to subsection 5.03(a)(i) hereof, then there shall be withdrawn from the Subordinate Debt Fund for deposit in the Debt Service Account or such separate subaccount(s) in the Debt Service Reserve Account, as the case may be, the amount necessary to make up such deficiency (or, if the amount in said fund shall be less than the amount necessary to make up the deficiencies with respect to the Debt Service Account and all of the separate subaccounts in the Debt Service Reserve Account, then the amount in said fund shall be applied first to make up the deficiency in the Debt Service Account, and any balance remaining shall be applied ratably to make up the deficiencies with respect to the separate subaccounts in the Debt Service Reserve Account, in proportion to the deficiency in each such subaccount).

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Section 5.08. Credits Against Amortization Installments. If at any time Term Bonds are (i) purchased or redeemed other than pursuant to Subsection 5.04(b) hereof or (ii) deemed to have been paid pursuant to Article VIII hereof and, with respect to such Bonds which have been deemed paid, irrevocable instructions have been given pursuant to an Escrow Deposit Agreement to redeem or purchase the same on or prior to the due date of the Amortization Installment to be credited under this Section 5.08 hereof, the City may from time to time and at any time determine the portions, if any, of such Term Bonds so purchased, redeemed or deemed to have been paid and not previously applied as a credit against any Amortization Installment which are to be credited against future Amortization Installments. Such determination shall include the amounts of such Bonds to be applied as a credit against such Amortization Installment or Installments and the particular Amortization Installment or Installments against which such Bonds are to be applied as a credit; provided, however, that none of such Bonds may be applied as a credit against an Amortization Installment to become due less than forty (40) days after such determination is made. Except as provided in Section 3.02 hereof with respect to Bonds, all such Bonds to be applied as a credit shall be surrendered to the Deputy Registrar and Paying Agent for cancellation on or prior to the due date of the Amortization Installment against which they are being applied as a credit. The portion of any such Amortization Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Amortization Installment if no such amounts shall have credited toward the same) shall constitute the unsatisfied balance of such Amortization Installment for the purpose of calculation of Amortization Installments due on a future date.

Section 5.09. Subordinated Indebtedness. The City may, at any time, or from time to time, issue Subordinate Debt for any lawful purpose of the City, which Subordinate Debt shall be payable out of, and may be secured by a pledge of, such
amounts in the Subordinate Debt Fund as may from time to time be available for the purpose of payment thereof as provided in Section 5.06 hereof; provided, however, that any pledge shall be, and shall be expressed to be, subordinate in all respects to the pledge of the Pledged Revenues created hereby as security for the Bonds.

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**Section 5.12. Deposits From Supplemental Revenues.** As soon as practical in each month after the receipt of moneys constituting any Supplemental Revenues pledged to secure any Supplementally Secured Bonds, and before making any deposits from the JEA Contribution pursuant to Section 5.03 hereof, but in any case not later than the last day of such month, the City shall deposit, from such Supplemental Revenues received with respect to each series of Supplementally Secured Bonds, in the following funds and accounts in the following order the amounts set forth below for each series of Supplementally Secured Bonds:

(a) in the Sinking Fund:

(i) for credit to the Debt Service Account, an amount required so that the balance in said account with respect to such series of Supplementally Secured Bonds shall at least be equal to the Accrued Monthly Debt Service on such series of Supplementally Secured Bonds as of the last day of the then current month; provided that (A) for the purposes of computing the amount to be deposited in said account, there shall be excluded from the balance in said account with respect to such series of Supplementally Secured Bonds the amount, if any, set aside in said account from the proceeds of Bonds, Subordinate Debt or other evidences of indebtedness of the City (including amounts, if any, transferred thereto from the Construction Fund) for the payment of interest on such series of Supplementally Secured Bonds, less that amount of such proceeds to be applied in accordance herewith to the payment of interest accrued and unpaid and to accrue on such series of Supplementally Secured Bonds to the last day of the then current calendar month (B) the required amount of such deposit with respect to any series of Supplementally Secured Bond shall not exceed the amount of Supplemental Revenues, pledged to secure such series, actually received in the then current month; and (C) any amount deposited into such account during any month that is in excess of the minimum amount required to be deposited therein in accordance with this subsection 5.12(a)(i) with respect to any series of Supplementally Secured Bonds during such month may, upon written determination of an Authorized City Representative, be deemed to be accumulated therein with respect to (1) any Amortization Installment for Term Bonds of such series of Supplementally Secured Bonds, or (2) any principal amount of Serial Bonds of such series of Supplementally Secured Bonds (including, in the case of any Option Bond, the principal amount thereof tendered for payment prior to the stated maturity thereof) due (or so tendered for payment) on a certain future date, or (3) some combination of (1) and (2), and interest thereon; and

(ii) for deposit in each separate subaccount in the Debt Service Reserve Account, if any, established for a series of Supplementally Secured Bonds, the amount, if any, required so that the balance in each such subaccount shall equal the Reserve Requirement related thereto as of the last day of the then current month (or, if the amount received in such month shall not be sufficient to make the deposits required to be made pursuant to this clause (ii) with respect to all of the separate subaccounts in the Debt Service Reserve Account established for more than one (1) series of Supplementally Secured Bonds secured by a lien on the same source of
Supplemental Revenues, then such amount shall be applied ratably, in proportion to the amount necessary for deposit into each such subaccount).

(b) The balance of each source of Supplemental Revenues after making the payments as described above (1) shall be used first to make up for any deficiencies during prior months in payments from Supplemental Revenues required by Subsection 5.12(a) above (computed without taking into account any deposits from other sources of Pledged Revenues) and (2) may be used for any lawful purpose.

(c) So long as there shall be held in the Sinking Fund an amount sufficient and available to pay in full all outstanding Bonds of any series which are Supplementally Secured Bonds in accordance with their terms (including the maximum amount of principal of or applicable Amortization Installments and interest which could become payable thereon), no deposits shall be required to be made into the Sinking Fund from Supplemental Revenues with respect to such series.

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Section 6.01. Depositaries. (a) Until invested pursuant to Section 6.03 hereof, all moneys held by the City hereunder shall be deposited with one or more Depositaries in the name of the City and shall be held in trust and applied only in accordance with the provisions hereof, and each of the funds and accounts established hereby shall be a trust fund for the purposes thereof.

(b) Each Depositary shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, having capital stock, surplus and undivided earnings aggregating at least $10,000,000 and willing and able to accept the office on reasonable and customary terms and authorized by law to act in accordance with the provisions hereof.

Section 6.02. Moneys Held by Depositary. (a) All moneys held by any Depositary hereunder may be placed on demand, savings or time deposit, if and as directed by the City, provided that such deposits shall permit the moneys so held to be available to use at the time when needed. Any such deposit may be made in the commercial banking department of any Deputy Registrar and Paying Agent which may honor checks and drafts on such deposit with the same force and effect as if it were not such Deputy Registrar and Paying Agent. All moneys held by any Deputy Registrar and Paying Agent, as such, may be deposited by such Deputy Registrar and Paying Agent in its banking department on demand or, if and to the extent directed by the City and acceptable to such Deputy Registrar and Paying Agent, on savings or time deposit, provided that such moneys on deposit be available for use at the time when needed. Such Deputy Registrar and Paying Agent shall allow and credit on such moneys such interest, if any, as it customarily allows upon similar funds of similar size and under similar conditions or as required by law.

(b) All moneys held hereunder by any Depositary shall be held in such manner as may then be required by applicable Federal or State laws and regulations and applicable state laws and regulations of the state in which such Depositary is located, regarding security for, or granting a preference in the case of, the deposit of public or trust funds, or in the absence of such laws and regulations, shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by lodging with any other bank, trust company or national banking association or any Federal Reserve Bank, as
Section 6.02. Custodian of Certain Funds. The Custodian, as collateral security, such securities as are described in clauses (1), (2) and (3) of the definition of Investment Securities in Section 1.02 hereof having a market value not less than the amount of such moneys; provided, however, that, to the extent permitted by law, it shall not be necessary for the Deputy Registrar and Paying Agent to give security under this subsection (b) for the deposit of any moneys with it held in trust and set aside by it for the payment of the principal or Redemption Price of or interest on any Bonds, or for any Depositary to give security for any moneys which shall be represented by obligations or certificates of deposit purchased as an investment of such moneys.

(c) All moneys deposited with each Depositary shall be credited to the particular fund or account to which such moneys belong.

Section 6.03. Investment of Certain Funds. Unless further limited as to maturity by the provisions of a Supplemental Instrument, moneys held in the funds and accounts established hereunder may be invested and reinvested by the City in Investment Securities which will provide moneys not later than such times as shall be needed for payments to be made from such funds and accounts. In making any investment in any Investment Securities with moneys in any fund or account established hereunder and held by the City, the City may combine such moneys with moneys in any other fund or account held by the City, whether or not held hereunder, but solely for purposes of making such investment in such Investment Securities.

Interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) earned on any moneys or investments in such funds and accounts remain in their respective funds and accounts giving rise to such interest earnings. Interest earned on any moneys or investments in the Construction Fund shall be held in such Fund for the purposes thereof or, upon written determination of an Authorized City Representative, paid into the Sinking Fund.

Nothing contained herein shall prevent the City, to the extent permitted by law, from entering into securities lending agreements or bonds borrowed agreements (“lending agreements”) with banks which are members of the Federal Deposit Insurance Corporation, having capital stock, surplus and undivided earnings aggregating at least $25,000,000 and government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, secured by securities, which are obligations described in the definition of Investment Securities in Section 1.02 hereof, provided that each such lending agreement (i) is in commercially reasonable form and is for a commercially reasonable period, and (ii) results in a transfer to the City of legal title to, or a grant to the City of a prior perfected security interest in, identified securities, which are obligations described in the definition of Investment Securities which are free and clear of any claims by third parties and are segregated in a custodial or trust account held by a third party (other than the borrower) as the agent solely of, or in trust solely for the benefit of the City, provided that such securities acquired or pledged pursuant to such lending agreements shall have a current market value not less than 102% of the market value of the securities loaned by the City under such agreement. Any Investment Securities loaned by the City under any such agreement shall be released from the lien and pledge created hereunder, but only if all rights of the City under the lending agreement (including, but not limited to, the monetary obligations to the City of the bank and/or government bond dealer party to such agreement) and any related collateral agreement and all rights of the City to the identified securities transferred or pledged to the City in connection therewith are
substituted for the securities loaned, and such rights of the City are hereby declared to be subject to the lien and pledge created hereunder to the same extent that the loaned Investment Securities formerly were subject.

Section 6.04. Valuation and Sale of Investments. (a) Obligations purchased as an investment of moneys in any fund created under the provisions hereof shall be deemed at all times to be a part of such fund and any profit realized from the liquidation of such investment shall be credited to such fund, and any loss resulting from the liquidation of such investment shall be charged to the respective fund.

(b) The investments in each fund held hereunder shall be valued as of September 30 in each year in accordance with generally accepted accounting principles consistently applied by the City with respect to all of its investments of public valued funds. In the event that the City causes to be deposited in any separate subaccount in the Debt Service Reserve Account pursuant to the provisions of the Supplemental Instrument establishing such subaccount, a Bond Insurance Policy, a Credit Facility or any other similar obligation, such Bond Insurance Policy, Credit Facility or other obligation shall be valued at the lesser of the face amount thereof or the maximum amount available thereunder.

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The City covenants and agrees with the Registered Owners of the Bonds as follows:

Section 7.01. Payment of Bonds. The City shall duly and punctually pay or cause to be paid, but solely from the Pledged Revenues, the principal or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner provided in the Bonds, according to the true intent and meaning thereof.

Section 7.02. Power to Issue Bonds and Pledge Pledged Revenues and Other Funds. The City is duly authorized under all applicable laws to create and issue the Bonds and to enact this ordinance and to pledge the Pledged Revenues in the manner and to the extent provided herein. Except to the extent otherwise provided herein, the Pledged Revenues are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto superior to, or of equal rank with, the respective pledges created hereby, and all corporate or other action on the part of the City to that end has been and will be duly and validly taken. The Bonds and the provisions hereof are and will be the valid and legally enforceable obligations of the City in accordance with their terms and the terms hereof. The City shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Pledged Revenues and all the rights of the Registered Owners of the Bonds hereunder against all claims and demands of all persons whomsoever.

Section 7.03. Creation of Liens. (a) Pledged Revenues. The City shall not issue any bonds, notes, debentures or other evidences or indebtedness of similar nature, other than the Bonds, payable out of or secured by a security interest in or pledge of the Pledged Revenues, any separate subaccount in the Debt Service Reserve Account and shall not create or cause to be created any lien or charge on the Pledged Revenues, or any separate subaccount in the Debt Service Reserve Account; provided; however, that nothing contained herein shall prevent the City from issuing, if and to the extent permitted by law, (i) Bond Anticipation Notes or other evidences of
indebtedness payable out of, and which may be secured by a pledge of (1) the proceeds of sale of Bonds or investment income therefrom, or (2) amounts in the Construction Fund derived from the proceeds of sale of Bond Anticipation Notes or investment income therefrom as may from time to time be available for payment of such Bond Anticipation Notes or other evidences of indebtedness (including redemption premiums, if any, and interest thereon) or (3) Pledged Revenues on a subordinated basis to the lien thereon and pledge thereof securing the Bonds, or (ii) Subordinate Debt.

(b) Supplemental Revenues. The City shall not issue any Supplementally Secured Bonds payable out of or secured by a security interest in or pledge of a source of Supplemental Revenues unless the following conditions are satisfied:

(i) receipt of written confirmation from all rating agencies rating any of the Bonds that issuance of the Supplementally Secured Bonds will not cause a reduction in the then current rating on the Bonds then outstanding; and

(ii) receipt of written consent in their sole and absolute discretion from each Bond Insurer and each Credit Bank providing a Bond Insurance Policy and Credit Facility, respectively, securing any series of Bonds then outstanding.

Section 7.04. Annual Budget. The City shall prepare and adopt an annual budget for each Fiscal Year which shall set forth in reasonable detail the estimated appropriations and receipts of JEA Contributions and payments with respect to the Bonds and any Subordinate Debt.

Section 7.05. Accounts and Reports. (a) The City shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in accordance with generally accepted accounting principles (or other comprehensive basis of accounting) in which complete and correct entries shall be made of its financial transactions which, shall at all times be subject to the inspection of any Registered Owner of a Bond.

(b) The City shall annually, within two hundred ten (210) days after the close of each Fiscal Year cause to be prepared an annual report for such Fiscal Year, accompanied by an Accountant’s Certificate. Such Accountant’s Certificate shall state whether or not the City is in default with respect to any of the covenants, agreements or conditions on its part contained herein, and if so, the nature of such default.

(c) The reports, statements and other documents required to be prepared or obtained by the City pursuant to any provisions hereof shall be available for the inspection of Registered Owners of the Bonds at the office of the City Treasurer and shall be mailed to each Registered Owner who shall file a written request therefor with the City Treasurer. The City may charge each Registered Owner requesting such reports, statements and other documents a reasonable fee to cover reproduction, handling and postage.

Section 7.06. Arbitrage. (a) The City covenants that so long as any Tax Exempt Bonds remain outstanding, it shall comply with the requirements of the Code, including the covenants related thereto contained in the City's closing certificate delivered in connection with the issuance of each series of Tax Exempt Bonds, so as to
ensure that interest payable on the Tax Exempt Bonds will not be included in gross income for Federal income tax purposes to the Registered Owners thereof under the Code, except to the extent that failure to so comply would not, in the opinion of Bond Counsel, result in the interest payable on the Tax Exempt Bonds being included in gross income for Federal income tax purposes to the Registered Owners thereof under the Code. The Director of Administration and Finance is hereby authorized to execute such certifications and the General Counsel is authorized to retain the services of Bond Counsel and to enter into such future amendments to such certifications as may be necessary to protect the exclusion of interest on the Tax Exempt Bonds from gross income for Federal income tax purposes to the Registered Owners thereof under the Code and for purposes of subsection (b) immediately below.

(b) The City covenants and agrees to establish a separate fund to be known as the "City of Jacksonville Capital Project Revenue Bonds Rebate Fund". Amounts on deposit in the Rebate Fund shall be held in trust by the City and used solely to make required rebates to the United States Treasury (except to the extent the same may be transferred to the Sinking Fund). The City agrees to undertake all actions required of it in its arbitrage certificate relating to each series of Tax Exempt Bonds. The provisions of such arbitrage certificate may be amended from time to time as shall necessary, in the opinion of Bond Counsel, to comply with the provisions of the Code.

Section 7.07. Tax Covenant. The City hereby covenants and agrees that, except as may be otherwise provided by Supplemental Instrument for any series of Bonds the interest which is intended to be taxable, it shall neither take any action nor fail to take any action, nor, to the extent that it may do so, permit any person to take any action which, if either taken or not taken, would adversely affect the exclusion of interest on the Bonds from gross income for purposes of Federal income taxation.

Section 7.08. Default and Remedies. (a) If either (i) the City shall fail to pay the Principal Installment of or interest, or premium, if any, on any of the Bonds as the same shall become due, or (ii) the City shall fail in the observance or performance on any of the applicable covenants, agreements or conditions contained herein and such failure in observance or performance shall continue for a period of sixty (60) days after written notice by the City to the Registered Owner of the Bonds, then any Registered Owner of 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 relating to the City or the Bonds to be performed by the City or by any officer thereof. Nothing herein, however, shall be construed to grant to any Registered Owner of the Bonds any lien on any real or tangible personal property of the City.

(b) The City shall promptly mail written notice of the occurrence of any event of default to each Registered Owner of Bonds then outstanding at its address appearing on the Bond Register maintained by the Deputy Registrar and Paying Agent.

(c) So long as any Bond Insurer or Credit Bank is not in default in its payment obligations under its Bond Insurance Policy or Credit Facility, respectively, and unless otherwise provided by Supplemental Instrument as to any series of Bonds, each Bond Insurer and Credit Bank shall have the right at any time to direct the
method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions hereof and of the Bonds to which its Bond Insurance Policy or Credit Facility relates, and the rights and remedies hereunder and under such Bonds.

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Section 8.01. Defeasance. If, at any time, the City shall have paid, or shall have made provision for payment of, the principal of and interest on all or any portion of the Bonds, then and in that event the pledge of and lien on the Pledged Revenues and all covenants, agreements and other obligations of the City in favor of the Registered Owners of such Bonds shall no longer be in effect. For purposes of the preceding sentence, deposit of cash or Federal Securities (or other investments approved by the Bond Insurer or Credit Bank with respect to defeasance of Bonds which are insured by the Bond Insurer or secured by a Credit Facility, respectively) in irrevocable trust with a banking institution or trust company for the sole benefit of the Registered Owners of the Bonds, the principal and interest on which when received will be sufficient to make timely payment of the Principal Installment of and interest on all or a portion of the outstanding Bonds, when due or upon redemption in accordance with irrevocable instructions of the City to effect such redemption, shall be considered "provision for payment" for such Bonds. Nothing herein shall be deemed to require the City 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 City in determining whether to exercise any such option for early redemption. In the event of an advance refunding, the Deputy Registrar and Paying Agent shall obtain and cause to be delivered to each Bond Insurer and Credit Bank providing a Bond Insurance Policy or Credit Facility relating to the defeased Bonds a verification report of an independent nationally recognized certified public accountant demonstrating compliance with this section.

Section 8.02. Subrogation for Credit Enhancement. Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due on the Bonds shall be paid by the Bond Insurer pursuant to a Bond Insurance Policy or a Credit Bank pursuant to a Credit Facility, the Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the City and the assignment and pledge of the Pledged Revenues and all covenants, agreements and other obligations of the City to the Registered Owners shall continue to exist and shall run to the benefit of the Bond Insurer or Credit Facility, respectively, and the Bond Insurer or Credit Bank, respectively, shall be subrogated to the rights of such Registered Owners.

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Section 9.01. General Provisions. (a) This ordinance shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article IX. Prior to the effectiveness of any such Supplemental Instrument the City shall secure an opinion of Bond Counsel stating that such Supplemental Instrument, has been duly and lawfully enacted or adopted in accordance with the provisions hereof, is authorized or permitted hereby, and is valid and binding upon the City in accordance with its terms.

(b) Any Supplemental Instrument referred to in and permitted or authorized by Section 9.02 or 9.03 hereof may be enacted or adopted by the City
without the consent of any of the Registered Owners of the Bonds, Bond Insurer or Credit Bank, but shall become effective only on the conditions, to the extent and at the time provided in those Sections, respectively.

(c) Any Supplemental Instrument referred to and permitted or authorized by Section 9.04 or 9.05 may become effective only upon the prior written consent of the requisite Registered Owners of Bonds as provided herein.

(d) No Supplemental Instrument shall change or modify any of the rights or obligations of any Deputy Registrar and Paying Agent or Bond Insurer or Credit Bank without its written assent thereto.

Section 9.02. Supplemental Instruments Generally. For one or more of the following purposes and at any time or from time to time, a Supplemental Instrument may be adopted or enacted, which, upon its adoption or enactment and compliance with the provisions of Section 9.01 hereof, shall be fully effective in accordance with its terms:

(a) to close this ordinance against, or provide limitations and restrictions in addition to the limitations and restrictions contained herein on, the authentication and delivery of Bonds or the issuance of other evidences of indebtedness;

(b) to add to the covenants and agreements of the City herein any other covenants and agreements to be observed by the City which are not contrary to or inconsistent herewith as theretofore in effect;

(c) to add to the limitations and restrictions herein other limitations and restrictions to be observed by the City which are not contrary to or inconsistent herewith as theretofore in effect;

(d) to authorize Bonds or a series and, in connection therewith, specify and determine the matters and things referred to in Article II hereof, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent herewith as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Bonds;

(e) to provide for the issuance, execution, delivery, authentication, payment, registration, transfer and exchange of Bonds in coupon form payable to bearer or in uncertificated form, and, in connection therewith, to specify and determine any matters and things relative thereto;

(f) to confirm, as further assurance, any security interest or pledge under, and the subjection to any security interest or pledge created or to be created hereby, of the Pledged Revenues or of any other moneys, securities or funds;

(g) if and to the extent authorized in a Supplemental Instrument authorizing a series of Reserve Secured Bonds, to specify the qualifications of any provider of an obligation similar to a Bond Insurance Policy or Credit Facility for deposit into the particular subaccount in the Debt Service Reserve Account securing such Reserve Secured Bonds;
(h) to modify any of the provisions hereof in any other respect whatever, provided that (i) such modification shall be, and be expressed to be, effective only after all Bonds of each series outstanding at the date of the enactment of adoption of such Supplemental Instrument shall cease to be outstanding, and (ii) such Supplemental Instrument shall be specifically referred to in the text of all Bonds of any series authenticated and delivered after the date of the enactment of adoption of such Supplemental Instrument and of Bonds issued in exchange therefor or in place thereof;

(i) to authorize Subordinate Debt and, in connection therewith, specify and determine any matters and things relative to such Subordinate Debt which are not contrary to or inconsistent herewith as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Subordinate Debt; and

(j) to add, delete or modify a Project.

Section 9.03. Supplemental Instruments Effective Upon Delivery of Bond Counsel's Opinion as to No Material Adverse Effect. For any one or more of the following purposes and at any time or from time to time, a Supplemental Instrument may be adopted or enacted, which, upon its adoption or enactment and compliance with the provisions of Section 9.01 hereof and upon delivery of a Bond Counsel's opinion to the effect that the provisions of such Supplemental Instrument will not have a material adverse effect on such interests of the Registered Owners of outstanding Bonds (in rendering such opinion, Bond Counsel may rely on such certifications of (i) any banking or financial institution serving as financial advisor to the City, as to financial and economic matters and (ii) such other experts, as to matters within their fields of expertise as it, in its reasonable judgment, determines necessary or appropriate) shall be fully effective in accordance with its terms:

(a) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision herein;

(b) to insert such provisions clarifying matters or questions arising hereunder as are necessary or desirable and are not contrary to or inconsistent herewith as theretofore in effect; or

(c) to make any other modification or amendment hereto which Bond Counsel in its reasonable judgment shall determine will not have a material adverse effect on the interests of the Registered Owners of the Bonds.

Section 9.04. Supplemental Instruments Requiring Unanimous Consent. A Supplemental Instrument may be adopted or enacted for the following purposes only upon compliance with the provisions of Section 9.01 hereof and the written consent of the Registered Owners of each Bond adversely affected:

(a) a change in the terms of redemption or maturity of a Principal Installment of or interest payment on a Bond;

(b) a reduction in the principal amount or the Redemption Price of, or the rate of interest on, a Bond; and
(c) a reduction in the percentage of or other adverse effect upon, any class of Bonds the consent of the Registered Owners of which is required to effect a modification or amendment hereto.

**Section 9.05. Other Amendments.** For any purpose not described in Section 9.02, Section 9.03 or Section 9.04 hereof, a Supplemental Instrument may be adopted or enacted modifying or amending this ordinance which, upon its adoption or enactment and compliance with the provisions of Section 9.01 hereof, shall be fully effective in accordance with its terms:

(a) with the written consent of the Registered Owners of a majority in principal amount of the Bonds affected by such modification or amendment; and

(b) if the modification or amendment changes the terms of any Amortization Installment, with the written consent of the Registered Owners of a majority in principal amount of the Term Bonds of the particular series and maturity affected.

**Section 9.06. Rules of Construction.** For purposes of this Article IX:

(a) If a modification or amendment will not take effect so long as any specified Bonds remain outstanding, those Bonds shall not be deemed to be outstanding for purposes of calculating outstanding Bonds.

(b) A series of Bonds shall be deemed to be affected by a modification or amendment if the same adversely affects or diminishes the rights of the Registered Owners of the Bonds of such series.

(c) A change in the terms of redemption of any outstanding Bond shall be deemed not to affect the rights of the Registered Owner of any other Bond.

(d) the Registered Owner of a Bond includes the initial or any subsequent purchaser, regardless of whether such Bond is held for resale.

(e) The City may in its discretion determine whether or not, in accordance with this Article IX, Bonds of any particular series or maturity would be affected by any Supplemental Instrument, and any such determination shall, absent manifest error, be binding and conclusive on the City and all Registered Owners of Bonds.

**Section 9.07. Rights of Bond Insurer and Credit Bank.** Except as otherwise provided in a Supplemental Instrument authorizing Bonds for which a Bond Insurance Policy or a Credit Facility is being provided, if not in default in respect of any of its obligations with respect thereto for the Bonds of a series, or a maturity within a series, the Bond Insurer or Credit Bank, and not the actual Registered Owners of, the Bonds of a series, or a maturity within a series, for which such a Bond Insurance Policy or a Credit Facility is being provided, shall be deemed to be the Registered Owners of Bonds of any series, or maturity within a series, as to which it has provided a Bond Insurance Policy or a Credit Facility at all times for the purpose of giving any approval or consent to the effectiveness of any Supplemental Instrument as specified in Section 9.05 hereof.

**Section 9.08. Consent of Bond Insurer or Credit Bank in the Event of Insolvency.** Any reorganization or liquidation plans with respect to the City must be
acceptable to the Bond Insurer or the Credit Bank. In the event of any reorganization or liquidation, the Bond Insurer or the Credit Bank shall have the right to vote on behalf of all bondholders who hold Bonds secured by a Bond Insurance Policy or a Credit Facility absent a default by the Bond Insurer or the Credit Bank under the applicable Bond Insurance Policy or Credit Facility insuring or securing such Bonds.
APPENDIX C

EXTRACT OF MATERIAL PROVISIONS OF BOND TERMS AGREEMENT

Section 101. Definitions.

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“Account” means as to any series of Bonds the Remarketing Account, Issuer Purchase Account, Credit Facility Purchase Account (if any) and Liquidity Facility Purchase Account established within the Bond Purchase Fund as to such series.

“Alternate Credit Facility” means as to any series of Bonds a replacement irrevocable direct-pay letter of credit containing administrative provisions reasonably satisfactory to the Deputy Registrar and Paying Agent, issued and delivered to, and accepted by, the Deputy Registrar and Paying Agent in accordance with Section 411 as to such series; provided, however, that any amendment, extension, renewal or substitution of the Credit Facility then in effect for the purpose of extending the Expiration Date of such Credit Facility or modifying such Credit Facility pursuant to its terms shall not be deemed to be an Alternate Credit Facility for purposes of this Bond Agreement.

“Alternate Liquidity Facility” means as to any series of Bonds a Liquidity Facility issued to replace a Liquidity Facility to purchase such series of 2008 Bonds as provided in this Bond Agreement and any amendment or assignment of a Liquidity Facility which results in a change in the Liquidity Facility Provider as to any series of Bonds.

“Authorized Denominations” means (a) with respect to 2008 Bonds which are subject to a Long-Term Interest Rate Period, $5,000 or any integral multiple thereof, and (b) with respect to 2008 Bonds which are not described in the preceding clause (a), $100,000 or any integral multiple of $5,000 in excess of $100,000.

“Available Moneys” means, if a Credit Facility is in effect as to a series, (i) moneys drawn under the Credit Facility which at all times since their receipt by the Deputy Registrar and Paying Agent or the Tender Agent were held in a separate segregated account or accounts or subaccount or subaccounts for such series in which no moneys (other than those drawn under the Credit Facility) were at any time held, (ii) moneys which have been paid to the Deputy Registrar and Paying Agent or the Tender Agent by the Issuer and have been on deposit with the Deputy Registrar and Paying Agent or the Tender Agent for at least 124 days (or, if paid to the Deputy Registrar and Paying Agent or the Tender Agent by an “affiliate,” as defined in Bankruptcy Code §101(2), of the Issuer, 366 days) during and prior to which no Event of Bankruptcy shall have occurred, (iii) any other moneys, if, in the opinion of nationally recognized counsel experienced in bankruptcy matters (which opinion shall be acceptable to each Rating Agency then rating the Bonds), the application of such moneys will not constitute a voidable preference in the event of the occurrence of an Event of Bankruptcy, and (iv) investment earnings on any of the moneys described in clauses (i), (ii) and (iii) of this definition; otherwise, “Available Moneys” means any moneys deposited with the Deputy Registrar and Paying Agent or the Tender Agent.
“Bank Bond Interest Differential Amount” means, as to any Bank Bond of a series for any period for which interest on such Bank Bond has not been paid, the difference between the amount of accrued interest on such Bank Bond at the Bank Bond Rate for such series during such period and the amount of accrued interest on such Bond included in the sales price therefor.

“Bank Bond Rate” means the interest rate, if any, specified in the Liquidity Facility or Credit Facility Provider Agreement as to a series then in effect as the rate at which Bank Bonds of such series shall bear interest, such rate not to exceed the Maximum Bank Bond Interest Rate; provided, however, that if no such rate is specified in the Liquidity Facility or Credit Facility Provider Agreement for such series then in effect, then Bank Bonds of such series shall continue to bear interest and such interest shall accrue and be payable, as specified in this Indenture as if such Bank Bonds were not Bank Bonds.

“Bank Bonds” means Bonds purchased by the Liquidity Facility Provider or Credit Facility Provider pursuant to a Liquidity Facility or Credit Facility during the period beginning on the date such Bonds are purchased until the earlier of (i) the date on which such Bonds are remarke ted to a purchaser identified by the Remarketing Agent, or (ii) the date on which the Liquidity Facility Provider or the Credit Facility Provider elects pursuant to Section 416 not to sell such Bonds to a purchaser identified by the Remarketing Agent.


“Basic Agreements” means each of this Bond Agreement, the 2008 Bonds and the Bond Ordinance, and the other Bond Contract Documents identified in a Mayor’s Certificate.

“Beneficial Owner” means any Person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2008 Bond (including any Person holding a 2008 Bond through nominees, depositories or other intermediaries), or (b) is treated as the owner of any 2008 Bond for federal income tax purposes.

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“Bond Interest Term” means, with respect to any 2008 Bond, each period established in accordance with Section 303(g) of this Bond Agreement during which that 2008 Bond bears interest at a Bond Interest Term Rate.

“Bond Interest Term Rate” means, with respect to each 2008 Bond, a non-variable interest rate on such 2008 Bond established periodically in accordance with Section 303(g) of this Bond Agreement.

“Bondholder” or “Holder” means, as of any time, the Registered Owner of any Bond.

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"Business Day" means as to the 2008 Bonds any day other than a Saturday, Sunday or other day on which the principal offices of the Deputy Registrar and Paying Agent, the Remarketing Agent and the Tender Agent, and the offices of the Liquidity Facility Provider or Credit Facility Provider (if any) from which payments pursuant to the Liquidity Facility or Credit Facility (if any) are made, are lawfully closed.

“Certified Interest Rate” means, with respect to a series of 2008 Bonds, that rate of interest determined by the City’s independent financial advisor, as the rate of interest such 2008 Bonds would bear if, assuming the same maturity date, terms and provisions (other than interest rate) as the 2008 Bonds, such 2008 Bonds were issued at a fixed interest rate.

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“Conversion” means a conversion of the 2008 Bonds of a series from one Interest Rate Period to another Interest Rate Period (including the establishment of a new interest period at the end of a Long-Term Interest Rate Period) as provided in Section 303(d)(ii), 303(e)(ii), 303(f)(ii) or 303(g)(ii) of this Bond Agreement.

“Conversion Date” means the effective date of a Conversion of a series of the 2008 Bonds.

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“Credit Facility” means as to a series any irrevocable, direct-pay letter of credit issued in favor of the Deputy Registrar and Paying Agent by a Credit Facility Provider and all amendments, extensions, renewals or substitutions thereof pursuant to its terms, and upon the effectiveness of any Alternate Credit Facility, such Alternate Credit Facility.

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“Credit Facility Provider” means the issuer of a Credit Facility and upon the effectiveness of an Alternate Credit Facility, the issuer of such Alternate Credit Facility.

“Credit Facility Provider Agreement” means any agreement between the Issuer and the Credit Facility Provider, pursuant to which a Credit Facility is issued by the Credit Facility Provider, as the same may be amended or supplemented.

“Daily Interest Rate” means a variable interest rate for the 2008 Bonds established in accordance with Section 303(e) hereof.

“Daily Interest Rate Period” means each period during which a Daily Interest Rate is in effect for a series of the 2008 Bonds.

“Default” means any Event of Default or any event or condition which, with the passage of time or giving of notice or both, would constitute an Event of Default.
“DTC” means The Depository Trust Company, New York, New York.

“Electronic Means” means telecopy, telegraph, telex, facsimile transmission, email transmission or other similar electronic means of communication generally accepted in the financial services industry, including a telephonic communication confirmed by writing or written transmission.

“Event of Bankruptcy” means any of the following events:

(i) the Issuer (or any other Person obligated, as guarantor or otherwise, to make payments on the Bonds or a Credit Facility Provider Agreement, or an “affiliate” of the Issuer as defined in Bankruptcy Code § 101(2)) shall (a) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or the like of the Issuer (or such other Person) or of all or any substantial part of their respective property, (b) commence a voluntary case under the Bankruptcy Code, or (c) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts; or

(ii) a proceeding or case shall be commenced, without the application or consent of the Issuer (or any other Person obligated, as guarantor or otherwise, to make payments on the Bonds or a Credit Facility Provider Agreement, or an “affiliate” of the Issuer as defined in Bankruptcy Code § 101(2)) or the Issuer in any court of competent jurisdiction, seeking (a) the liquidation, reorganization, dissolution, winding-up, or composition or adjustment of debts, of the Issuer (or any such other Person), (b) the appointment of a trustee, receiver, custodian, liquidator or the like of the Issuer (or any such other Person) or of all or any substantial part of their respective property, or (c) similar relief in respect of the Issuer (or any such other Person) under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts.

“Event of Default” means any of the events listed in Section 801.

“Expiration Date” means as to a series the termination date of the Liquidity Facility or Credit Facility then in effect, as extended from time to time.

“Favorable Opinion of Bond Counsel” means, with respect to any action relating to the 2008 Bonds, the occurrence of which requires such an opinion, a written legal opinion of Bond Counsel addressed to the Issuer, the Deputy Registrar and Paying Agent, the Liquidity Facility Provider, the Credit Facility Provider (if any) and the Remarketing Agent, as applicable, to the effect that such action is permitted under the Basic Agreements and will not impair the exclusion of interest on the 2008 Bonds from gross income for purposes of federal income taxation (subject to customary exceptions).

“Funding Amount” means an amount equal to the difference between (1) the aggregate Tender Price of Bonds with respect to which a notice was received pursuant to subsection (a) or (b) of Section 405 hereof and to be purchased pursuant to
subsections (c), (d), (e) or (f) of Section 405 hereof, and (2) the Tender Price of Bonds to be purchased pursuant to Section 405 hereof that are remarketed by the Remarketing Agent and for which funds have been transferred by the Remarketing Agent to the Tender Agent.

“Independent Counsel” means an attorney or firm of attorneys duly admitted to practice law before the highest court of any State of the United States and who is not a full-time employee of the Issuer.

“Interest Payment Date” means:

(a) for any Weekly Interest Rate Period, the first Business Day of each calendar month;

(b) for any Daily Interest Rate Period, the first Business Day of each calendar month;

(c) for any Long-Term Interest Rate Period, each April 1 and October 1, or if any April 1 or October 1 is not a Business Day, the next succeeding Business Day;

(d) for any Bond Interest Term, the day next succeeding the last day of that Bond Interest Term;

(e) for each Interest Rate Period, the day next succeeding the last day thereof; and

(f) for Bank Bonds of a series, as provided in any agreement with a Liquidity Facility Provider or a Credit Facility Provider of such series or, if not so provided, each January 1, April 1, July 1 and October 1, or if any January 1, April 1, July 1 or October 1 is not a Business Day, the next succeeding Business Day, and, with respect to the Bank Bond Differential Amount, on any day on which Bank Bonds are remarketed;

“Interest Rate Period” means each Daily Interest Rate Period, Weekly Interest Rate Period, Short-Term Interest Rate Period or Long-Term Interest Rate Period.

“Issuer” means the City of Jacksonville, Florida.

“Issuer Agreements” means each of this Bond Agreement, the Bond Ordinance, the 2008 Bonds and the Purchase Contract.

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“Liquidity Facility” means a letter of credit, standby bond purchase agreement, line of credit, loan, guaranty or similar agreement by a Liquidity Facility Provider to provide liquidity support to pay the Tender Price of a series of the 2008 Bonds tendered for purchase in accordance with the provisions of this Bond Agreement and any Alternate Liquidity Facility delivered pursuant to Section 407 of this Bond
Agreement and with terms that are not inconsistent with the terms of this Bond Agreement.

“Liquidity Facility Provider” means as to a series the provider of a Liquidity Facility for such series, and its successors and permitted assigns and, upon the effective date of an Alternate Liquidity Facility, the bank or banks or other financial institution or financial institutions or other Person or Persons issuing such Alternate Liquidity Facility, their successors and assigns. If any Alternate Liquidity Facility is issued by more than one bank, financial institution or other Person, notices required to be given to the Liquidity Facility Provider may be given to the bank, financial institution or other Person under such Alternate Liquidity Facility appointed to act as agent for all such banks, financial institutions or other Persons.

“Liquidity Facility Purchase Account” means the account with that name established within the Bond Purchase Fund pursuant to Section 501.

“Long-Term Interest Rate” means a term, non-variable interest rate established in accordance with Section 303(f) of this Bond Agreement.

“Long-Term Interest Rate Period” means each period during which a Long-Term Interest Rate is in effect for a series of 2008 Bonds.

“Mandatory Standby Tender” means the mandatory tender of the 2008 Bonds of a series pursuant to Section 405(e) upon receipt by the Deputy Registrar and Paying Agent of written notice from the Liquidity Facility Provider for such series that an event with respect to the Liquidity Facility has occurred which requires or gives the Liquidity Facility Provider the option to terminate such Liquidity Facility upon notice. Mandatory Standby Tender shall not include circumstances where the Liquidity Facility Provider may suspend or terminate its obligations to purchase securities without notice, in which case there will be no mandatory tender.

“Maturity Date” shall have the meaning set forth in the 2008 Bonds.

“Maximum Bank Bond Interest Rate” means as to a series the lesser of (a) the rate so specified in any Liquidity Facility for such series and (b) the Maximum Lawful Rate.

“Maximum Bond Interest Rate” means as to a series the lesser of (a) the interest rate used in calculating the interest coverage provided by the Credit Facility or Liquidity Facility for such series (initially 12% per annum) calculated in the same manner as interest is calculated for the particular interest rate on the 2008 Bonds and (b) the Maximum Lawful Rate.

“Maximum Lawful Rate” means the maximum rate of interest on the relevant obligation permitted by applicable law.

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“Participant” means, with respect to DTC or another Securities Depository, a member of or participant in DTC or such other Securities Depository, respectively.
“Payment Date” means for a series each Interest Payment Date or any other date on which any principal of, premium, if any, or interest on any 2008 Bond of such series is due and payable for any reason, including without limitation upon any redemption of 2008 Bonds pursuant to Section 401.

“Payment Obligations” means the payment obligations of the Issuer pursuant to any Credit Facility Provider Agreement, including any interest, fees, costs and other similar amounts required to be paid by the Issuer pursuant to any such obligation.

“Person” means a corporation, association, partnership, limited liability company, joint venture, trust, organization, business, individual or government or any governmental agency or political subdivision thereof.

“Principal Office” means, with respect to the Deputy Registrar and Paying Agent or the Tender Agent, the address of such Person identified as its Notice Address in this Bond Agreement or pursuant to Section 418(b) hereof or otherwise notified in writing by such Person to the Issuer, the Deputy Registrar and Paying Agent (in the case of notice by the Tender Agent), the Tender Agent (in the case of notice by the Deputy Registrar and Paying Agent), and the Remarketing Agent.

* * *

“Rating Category” means a generic securities rating category, without regard, in the case of a long-term rating category, to any refinement or gradation of such long-term rating category by a numerical modifier or otherwise.

“Record Date”, means (a) with respect to any Interest Payment Date in respect to any Daily Interest Rate Period, Weekly Interest Rate Period or Short-Term Interest Rate Period, the Business Day immediately preceding such Interest Payment Date, and (b) with respect to any Interest Payment Date in respect to any Long-Term Interest Rate Period, the fifteenth day immediately preceding that Interest Payment Date or, in the event that an Interest Payment Date shall occur less than 15 days after the first day of a Long-Term Interest Rate Period, that first day.

* * *

“Remarketing Agent” means as to a series each Person qualified under Section 419(a) to act as Remarketing Agent for such series of 2008 Bonds and appointed by the Issuer from time to time, subject to the approval of the Credit Facility Provider, if any, and the Liquidity Facility Provider, if any.

“Remarketing Agreement” means a Remarketing Agreement between the Issuer and the applicable Remarketing Agent whereby such Remarketing Agent undertakes to perform the duties of the Remarketing Agent under this Bond Agreement with respect to the applicable series of Bonds, as amended from time to time.

“Request” means a request by the Tender Agent under the Liquidity Facility for the payment of the Tender Price of 2008 Bonds in accordance with the terms of this Bond Agreement.
“Responsible Officer” means, with respect to the Deputy Registrar and Paying Agent, any officer or authorized representative in its Corporate Trust Office or similar group administering the trusts hereunder or any other officer of the Deputy Registrar and Paying Agent customarily performing functions similar to those performed by any of the above designated officers to whom a particular matter is referred by the Deputy Registrar and Paying Agent because of such officer’s or authorized representative’s knowledge of and familiarity with the particular subject.

“Securities Act” means the Securities Act of 1933, as amended, and any successor thereto.

“Securities Depository” means DTC or, if applicable, any successor securities depository appointed pursuant to the last paragraph of Section 306 of this Indenture.


“Short-Term Interest Rate Period” means each period, consisting of Bond Interest Terms, during which a series of the 2008 Bonds bear interest at one or more Bond Interest Term Rates.

“SIFMA Swap Index” means on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Securities Industry & Financial Markets Association ("SIFMA") or any person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Remarketing Agent and effective from such date.

“Tender Agent” means each Person qualified under Section 419(b) to act as Tender Agent with respect to the 2008 Bonds and so appointed by the Issuer and so acting from time to time, and its successors.

“Tender Agent Agreement” means an agreement among the Issuer, a Remarketing Agent and a Tender Agent whereby such Tender Agent undertakes to perform the duties of the Tender Agent under this Bond Agreement with respect to the 2008 Bonds, as amended from time to time.

“Tender Date” means the date on which 2008 Bonds are required to be purchased pursuant to Section 405 hereof.

“Tender Price” means the purchase price to be paid to the Registered Owners of 2008 Bonds purchased pursuant to paragraphs (a), (b), (c), (d), (e) and (f) of Section 405 hereof, which shall be equal to the principal amount thereof tendered for purchase, without premium, plus accrued interest from the immediately preceding Interest Accrual Date to the Tender Date (if the Tender Date is not an Interest Accrual Date); provided, however, that in the case of a Conversion or attempted Conversion from a Long-Term Interest Rate Period on a date on which the 2008 Bonds being converted would otherwise be subject to optional redemption pursuant to Section 401(a) if such Conversion did not occur, the Tender Price shall also include an amount
equal to the optional redemption premium, if any, provided for such date under Section 401(a)(ii).

“Undelivered Bond” means any 2008 Bond which constitutes an Undelivered Bond under the provisions of Section 412(c) hereof.

***

“Weekly Interest Rate” means a variable interest rate for the 2008 Bonds established in accordance with Section 303(d) hereof.

“Weekly Interest Rate Period” means each period during which a Weekly Interest Rate is in effect for a series of the 2008 Bonds.

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Section 303. Interest on 2008 Bonds.

(a) General. Except as provided in Section 303(i) with respect to Bank Bonds, the interest rate and Interest Rate Period on and for the 2008 Bonds of each series may be adjusted as set forth in this Section 303. Except while the 2008 Bonds bear interest at Bond Interest Term Rates, all 2008 Bonds of any series shall bear the same interest rate for the same Interest Rate Period; however, any series of 2008 Bonds may be divided into two or more subseries by a numerical designation such that all 2008 Bonds of each subseries shall bear the same interest rate for the same Interest Rate Period (except 2008 Bonds which bear interest at Bond Interest Term Rates).

No 2008 Bonds shall, at any time, bear interest in excess of the Maximum Bond Interest Rate, except that, as provided in Section 303(i), the interest rate paid by the Issuer on Bank Bonds pursuant to any Liquidity Facility or agreement providing for a Liquidity Facility or Credit Facility shall not exceed the Maximum Bank Bond Interest Rate.

(b) Payment of Interest. Interest on the 2008 Bonds shall be paid on each Interest Payment Date, any redemption date and on the Maturity Date therefor.

(c) Interest Accrual and Payment. Except during a Long-Term Interest Rate Period, interest on the 2008 Bonds shall accrue on the basis of the actual number of days elapsed during the Interest Rate Period and a year of 365 days (366 days in a leap year). Interest on the 2008 Bonds bearing interest at a Long-Term Interest Rate shall accrue on the basis of a 360-day year based on twelve 30-day months.

Interest shall be paid on the 2008 Bonds on each Interest Payment Date for such series or subseries of 2008 Bonds. Each 2008 Bond shall bear interest from and including its date or from the most recent Interest Payment Date to which interest has been paid. However, if, as shown by the records of the Deputy Registrar and Paying Agent, interest on the 2008 Bonds is in default, 2008 Bonds issued in exchange for Bonds surrendered for registration of transfer or exchange shall bear interest from the
date to which interest has been paid in full on the 2008 Bonds so surrendered or, if no interest has been paid on such 2008 Bonds, from the date thereof.

For any Interest Rate Period, interest on the 2008 Bonds of a series shall be payable on each Interest Payment Date for the period commencing on the preceding Interest Payment Date (or, in the case of the first Interest Payment Date during any Interest Rate Period, the first day of such Interest Rate Period) and ending on the day preceding such Interest Payment Date.

In any event, interest on the 2008 Bonds shall be payable for the final Interest Rate Period to the date on which the 2008 Bonds have been paid in full.

The 2008 Bonds of a series shall be divided into consecutive Interest Rate Periods during each of which the 2008 Bonds shall bear interest at the Daily Interest Rate, Weekly Interest Rate, Bond Interest Term Rates or Long-Term Interest Rate. However, at any given time, all 2008 Bonds of a series or subseries shall bear interest at a Daily Interest Rate, a Weekly Interest Rate or a Long-Term Interest Rate or at Bond Interest Term Rates.

(d) **Weekly Interest Rate and Weekly Interest Rate Period.**

(i) **Determination of Weekly Interest Rate.** During each Weekly Interest Rate Period, the 2008 Bonds shall bear interest at the Weekly Interest Rate, which shall be determined by the Remarketing Agent prior to each Thursday of each week during the Weekly Interest Rate Period. The first Weekly Interest Rate for each Weekly Interest Rate Period shall be determined on or prior to the first day of such Weekly Interest Rate Period and shall apply to the period commencing on the first day of such Weekly Interest Rate Period and ending on and including the next succeeding Wednesday. Thereafter, each Weekly Interest Rate shall apply to the period commencing on and including Thursday and ending on and including the next succeeding Wednesday, unless such Weekly Interest Rate Period ends on a day other than Wednesday, in which event the last Weekly Interest Rate for such Weekly Interest Rate Period shall apply to the period commencing on and including the Thursday preceding the last day of such Weekly Interest Rate Period and ending on and including the last day of such Weekly Interest Rate Period.

Each Weekly Interest Rate with respect to the 2008 Bonds shall be the rate of interest per annum determined by the applicable Remarketing Agent to be the minimum interest rate which, if borne by the 2008 Bonds of such series or subseries, would enable the Remarketing Agent to sell all of the 2008 Bonds of such series or subseries on the effective date of that rate at a price (without regard to accrued interest) equal to the principal amount thereof.

If the applicable Remarketing Agent fails to establish a Weekly Interest Rate for any week with respect to the 2008 Bonds bearing interest at such rate, or if the Weekly Interest Rate determined by such Remarketing Agent is held to be invalid or unenforceable by a court of law, then the Weekly Interest Rate for such week shall be equal to 110% of the SIFMA Swap Index, or if such index is no longer available, 70% of the interest rate on 30-day high grade unsecured
commercial paper notes sold through dealers by major corporations as reported in The Wall Street Journal on the day such Weekly Interest Rate would otherwise be determined as provided herein for such Weekly Interest Rate Period.

(ii) **Conversion to Weekly Interest Rate.** Subject to Section 304 hereof, the Issuer may, from time to time, by written direction to the Deputy Registrar and Paying Agent, the Tender Agent (if any), the Liquidity Facility Provider (if any), the Remarketing Agent (if any) and the Credit Facility Provider (if any) for the affected series, elect that the 2008 Bonds of a series or subseries shall bear interest at a Weekly Interest Rate. The direction of the Issuer shall specify (A) the proposed effective date of the Conversion to a Weekly Interest Rate, which shall be (1) in each case, a Business Day not earlier than the fifteenth (15\textsuperscript{th}) Business Day after receipt by the Deputy Registrar and Paying Agent of such direction, (2) in the case of a Conversion from a Long-Term Interest Rate Period, the day immediately following the last day of the then-current Long-Term Interest Rate Period or a day on which the 2008 Bonds of such series would otherwise be subject to optional redemption pursuant to Section 401(a) if such Conversion did not occur and (3) in the case of a Conversion from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period determined in accordance with Section 303(g)(iv) and (B) the Tender Date for the 2008 Bonds to be purchased, which shall be the proposed effective date of the Conversion to a Weekly Interest Rate. In addition, the direction of the Issuer shall be accompanied by a form of notice to be mailed to the Holders of the 2008 Bonds of such series by the Deputy Registrar and Paying Agent as provided in Section 303(d)(iii).

(iii) **Notice of Conversion to Weekly Interest Rate.** The Deputy Registrar and Paying Agent shall give notice by first-class mail of a Conversion to a Weekly Interest Rate Period to the Holders of the 2008 Bonds of such series or subseries not less than ten (10) Business Days prior to the proposed effective date of such Weekly Interest Rate Period. Such notice shall state (A) that the interest rate shall be converted to a Weekly Interest Rate unless the Issuer rescinds its election to convert the interest rate to a Weekly Interest Rate as provided in Section 304(b); (B) the proposed effective date of the Weekly Interest Rate Period; (C) that the 2008 Bonds of such series or subseries are subject to mandatory tender for purchase on the proposed effective date unless the Issuer rescinds its election to convert the interest rate to a Weekly Interest Rate as provided in Section 304(b) and setting forth the Tender Price and the place of delivery for purchase of such 2008 Bonds; and (D) the information set forth in Section 405(g).

(e) **Daily Interest Rate and Daily Interest Rate Period.**

(i) **Determination of Daily Interest Rate.** During each Daily Interest Rate Period, the 2008 Bonds of such series or subseries shall bear interest at the Daily Interest Rate, which shall be determined by the Remarketing Agent on each Business Day for such Business Day.
The Daily Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent for each Business Day to be the minimum interest rate which, if borne by such 2008 Bonds, would enable the Remarketing Agent to sell all of such 2008 Bonds on such Business Day at a price (without regard to accrued interest) equal to the principal amount thereof. The Daily Interest Rate for any day which is not a Business Day shall be the same as the Daily Interest Rate for the immediately preceding Business Day.

If for any reason a Daily Interest Rate for the 2008 Bonds of a series or subseries is not so established for any Business Day by the Remarketing Agent, the Daily Interest Rate for such Business Day shall be the same as the Daily Interest Rate for the immediately preceding day and such rate shall continue until the earlier of (A) the date on which the applicable Remarketing Agent determines a new Daily Interest Rate or (B) the seventh day succeeding the first such day on which such Daily Interest Rate is not determined by the applicable Remarketing Agent. In the event that the Daily Interest Rate shall be held to be invalid or unenforceable by a court of law, or the applicable Remarketing Agent fails to determine a new Daily Interest Rate for a period of seven days as described in clause (B) of the immediately preceding sentence, the interest rate applicable to such 2008 Bonds, for each day shall be the interest rate per annum equal to 110% of the SIFMA Swap Index for such day or, if such index is no longer available 70% of the interest rate on 30-day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in The Wall Street Journal as reported for each Business Day (and for the immediately preceding Business Day for each day which is not a Business Day) until such Daily Interest Rate is again validly determined by the applicable Remarketing Agent.

(ii) Conversion to Daily Interest Rate. Subject to Section 304 hereof, the Issuer may, from time to time, by written direction to the Deputy Registrar and Paying Agent, the Tender Agent (if any), the Liquidity Facility Provider (if any), the Remarketing Agent (if any) and the Credit Facility Provider (if any), for the affected series elect that the 2008 Bonds of a series or subseries shall bear interest at a Daily Interest Rate. The direction of the Issuer shall specify (A) the proposed effective date of such Conversion to a Daily Interest Rate, which shall be (1) in each case, a Business Day not earlier than the fifteenth (15th) Business Day after receipt by the Deputy Registrar and Paying Agent of such direction, (2) in the case of a Conversion from a Long-Term Interest Rate Period, the day immediately following the last day of the then-current Long-Term Interest Rate Period or a day on which the 2008 Bonds of such series or subseries would otherwise be subject to optional redemption pursuant to Section 401(a)(ii) if such Conversion did not occur and (3) in the case of a Conversion from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period determined in accordance with Section 303(g)(iv) and (B) the Tender Date for the 2008 Bonds to be purchased, which shall be the proposed effective date of the Conversion to a Daily Interest Rate. In addition, the direction of the Issuer shall be accompanied by a form of notice to be mailed to the Holders of such 2008 Bonds by the Deputy Registrar and Paying Agent as provided in Section 303(e)(iii).
(iii) Notice of Conversion to Daily Interest Rate. The Deputy Registrar and Paying Agent shall give notice by first-class mail of a Conversion to a Daily Interest Rate Period to the Holders of the 2008 Bonds of the applicable series or subseries not less than ten (10) Business Days prior to the proposed effective date of such Daily Interest Rate Period. Such notice shall state (A) that the interest rate shall be converted to a Daily Interest Rate unless the Issuer rescinds its election to convert the interest rate to a Daily Interest Rate as provided in Section 304(b); (B) the proposed effective date of the Daily Interest Rate Period; (C) that the 2008 Bonds of such series or subseries are subject to mandatory tender for purchase on the proposed effective date and setting forth the Tender Price and the place of delivery for purchase of such 2008 Bonds and (D) the information set forth in Section 405(g).

(f) Long-Term Interest Rate and Long-Term Interest Rate Period.

(i) Determination of Long-Term Interest Rate. During each Long-Term Interest Rate Period, the 2008 Bonds of a series or subseries shall bear interest at a Long-Term Interest Rate. The Long-Term Interest Rate for each Long-Term Interest Rate Period shall be determined by the Remarketing Agent on a Business Day no later than the effective date of such Long-Term Interest Rate Period. The Long-Term Interest Rate shall be the rate of interest per annum determined by the applicable Remarketing Agent to be the minimum interest rate at which such Remarketing Agent will agree to purchase such 2008 Bonds on such effective date for resale at a price (without regard to accrued interest) equal to the principal amount thereof.

(ii) Conversion to Long-Term Interest Rate.

(A) Subject to Section 304 hereof, at any time, the Issuer, by written direction to the Deputy Registrar and Paying Agent, the Tender Agent, (if any) the Liquidity Facility Provider (if any), the Remarketing Agent (if any) and the Credit Facility Provider (if any), of the affected series may elect that the 2008 Bonds of such series or subseries shall bear, or continue to bear, interest at a Long-Term Interest Rate. The direction of the Issuer (1) shall specify the duration of the Long-Term Interest Rate Period; (2) shall specify the proposed effective date of the Long-Term Interest Rate Period, which date shall be (x) in each case, a Business Day not earlier than the fifteenth (15th) Business Day after receipt by the Deputy Registrar and Paying Agent of such direction and (y) in the case of a Conversion from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period determined in accordance with Section 303(g)(iv); (3) shall specify the last day of the Long-Term Interest Rate Period (which last day shall be either the Maturity Date, or a day which both immediately precedes a Business Day and is at least 181 days after the effective date thereof); and (4) shall specify a Tender Date on which Holders of such 2008 Bonds are required to deliver their 2008 Bonds to be purchased.
(B) The direction of the Issuer described in Section 303(f)(ii)(A) shall be accompanied by a form of the notice to be mailed by the Deputy Registrar and Paying Agent to the Holders of such 2008 Bonds as provided in Section 303(f)(iii).

(C) If, by the fifteenth (15th) Business Day preceding the last day of any Long-Term Interest Rate Period with respect to a series of 2008 Bonds, the Deputy Registrar and Paying Agent has not received notice of the Issuer’s election that, during the next succeeding Interest Rate Period, such 2008 Bonds shall bear interest at a Weekly Interest Rate, a Daily Interest Rate, another Long-Term Interest Rate or at Bond Interest Term Rates, the next succeeding Interest Rate Period shall be a Weekly Interest Rate Period until such time as the interest rate shall be adjusted to a Daily Interest Rate, Long-Term Interest Rate or Bond Interest Term Rates as provided in this Section 303, and the 2008 Bonds of such series or subseries shall be subject to mandatory purchase as provided in Section 405(d) hereof on the first day of such Weekly Interest Rate Period.

(iii) Notice of Conversion to or Continuation of Long-Term Interest Rate. The Deputy Registrar and Paying Agent shall give notice by first-class mail of a Conversion to a (or the establishment of another) Long-Term Interest Rate Period to the Holders of the 2008 Bonds of such series or subseries not less than ten (10) Business Days prior to the effective date of the Long-Term Interest Rate Period. Such notice shall state (A) that the interest rate shall be converted to, or continue to be, a Long-Term Interest Rate unless (1) the Issuer rescinds its election to convert the interest rate to a Long-Term Interest Rate as provided in Section 304(b) or (2) all the 2008 Bonds of such series or subseries are not remarketed at a Long-Term Interest Rate; (B) the proposed effective date, duration and last day of the Long-Term Interest Rate Period; (C) that such 2008 Bonds are subject to mandatory tender for purchase on such proposed effective date and setting forth the Tender Price and the place of delivery for purchase of such 2008 Bonds; and (D) the information set forth in Section 405(g).

(iv) Conversion from Long-Term Interest Rate Period. The Issuer may elect, by written direction to the Deputy Registrar and Paying Agent, the Tender Agent (if any), the Liquidity Facility Provider (if any) and the Remarketing Agent (if any), subject to Section 304 hereof, that, on the day immediately following the last day of a Long-Term Interest Rate Period or a day on which the 2008 Bonds of a series or subseries would otherwise be subject to optional redemption pursuant to Section 401(a), the 2008 Bonds of such series or subseries shall no longer bear interest at the current Long-Term Interest Rate and shall instead bear interest at a Weekly Interest Rate, a Daily Interest Rate, Bond Interest Term Rates, or a new Long-Term Interest Rate, as specified in such election. In the notice of such election, the Issuer shall also specify the effective date of the new Interest Rate Period, which date (1) shall be a Business Day no earlier than the fifteenth (15th) Business Day following the date of receipt by the Deputy Registrar and Paying Agent of the notice of election from the Issuer and (2) shall be the day immediately following the last day of the
Long-Term Interest Rate Period currently in effect or a day on which such 2008 Bonds would otherwise be subject to optional redemption pursuant to Section 401(a) if such Conversion did not occur. Such 2008 Bonds shall be subject to mandatory tender for purchase on the effective date of the new Interest Rate Period, in accordance with Section 405(d).

(g) Bond Interest Term Rates and Short-Term Interest Rate Periods.

(i) Determination of Bond Interest Terms and Bond Interest Term Rates. During each Short-Term Interest Rate Period, each 2008 Bond shall bear interest during each Bond Interest Term at the Bond Interest Term Rate for that 2008 Bond. The Bond Interest Term and the Bond Interest Term Rate for each 2008 Bond need not be the same for any two 2008 Bonds, even if determined on the same date. Each Bond Interest Term and Bond Interest Term Rate shall be determined by the Remarketing Agent no later than the first day of each Bond Interest Term. Each Bond Interest Term shall be for a period of days within the range or ranges announced by the Remarketing Agent as possible Bond Interest Terms no later than the first day of each Bond Interest Term. Each Bond Interest Term shall be a period of not more than 180 days, determined by the applicable Remarketing Agent in its reasonable judgment to be the period which, together with all other Bond Interest Terms for all 2008 Bonds bearing interest at Bond Interest Term Rates then Outstanding, will result in the lowest overall interest expense on such 2008 Bonds. Each Bond Interest Term for a 2008 Bond shall end either (i) on a day which immediately precedes a Business Day or (ii) on a day immediately preceding the mandatory sinking fund redemption date or (iii) on the Maturity Date for such 2008 Bonds. If for any reason a Bond Interest Term for any 2008 Bonds bearing interest at Bond Interest Term Rates cannot be determined by the Remarketing Agent, or if the determination of such Bond Interest Term is held by a court of law to be invalid or unenforceable, then such Bond Interest Term shall be 30-days, but if the day so determined is not a day immediately preceding a Business Day, that Bond Interest Term shall end on the first day immediately preceding the Business Day next succeeding such last day, or if such last day would be after the day immediately preceding the mandatory sinking fund redemption date or the Maturity Date for such 2008 Bond, the Bond Interest Term shall end on the day immediately preceding such mandatory sinking fund redemption date or Maturity Date. In determining the number of days in each Bond Interest Term, the Remarketing Agent shall take into account the following factors: (1) existing short-term tax-exempt market rates and indices of such short-term rates, (2) the existing market supply and demand for short-term tax-exempt securities, (3) existing yield curves for short-term and long-term tax-exempt securities for obligations of credit quality and other characteristics comparable to the 2008 Bonds bearing interest at Bond Term Interest Rates, (4) general economic conditions, (5) industry, economic and financial conditions that may affect or be relevant to such 2008 Bonds, and (6) such other facts, circumstances and conditions pertaining to financial markets as the Remarketing Agent in its sole discretion shall determine to be relevant; provided, however, that the number of days in any Bond Interest Term shall not exceed the number of days of interest coverage provided under the applicable Liquidity Facility or the Credit Facility then in effect less five days and no Bond Interest Term shall end after the date
which is five Business Days prior to the expiration date of the Liquidity Facility or the Credit Facility then in effect.

The Bond Interest Term Rate for each Bond Interest Term for each 2008 Bond in a Short-Term Interest Rate Period shall be the rate of interest per annum determined by the Remarketing Agent (based on an examination of tax-exempt obligations comparable, in the reasonable judgment of such Remarketing Agent, to the 2008 Bonds and known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the minimum interest rate which, if borne by such 2008 Bond for such Bond Interest Term, would enable the Remarketing Agent to sell such 2008 Bond on the effective date of such Bond Interest Term at a price equal to the principal amount thereof.

If for any reason a Bond Interest Term Rate for any 2008 Bond in a Short-Term Interest Rate Period (other than a Bank Bond) is not established by the Remarketing Agent for any Bond Interest Term, or the determination of such Bond Interest Term Rate is held by a court of law to be invalid or unenforceable, then the Bond Interest Term Rate for such Bond Interest Term, as determined by the Remarketing Agent, shall be the rate per annum equal to 70% of the interest rate on high-grade unsecured commercial paper notes sold through dealers by major corporations as reported in *The Wall Street Journal* as reported on the first day of such Bond Interest Term and which maturity most nearly equals the Bond Interest Term for which a Bond Interest Term Rate is being calculated.

(ii) **Conversion to Bond Interest Term Rates.** Subject to Section 304 hereof, the Issuer may, from time to time, by written direction to the Deputy Registrar and Paying Agent, the Tender Agent (if any), the Liquidity Facility Provider (if any), the Remarketing Agent (if any) and the Credit Facility Provider (if any), elect that the 2008 Bonds of a series or subseries shall bear interest at Bond Interest Term Rates. The direction of the Issuer shall specify (A) the proposed effective date of the Short-Term Interest Rate Period (during which the 2008 Bonds of such series or subseries shall bear interest at Bond Interest Term Rates), which shall be (1) in each case, a Business Day not earlier than the fifteenth (15th) Business Day after receipt by the Deputy Registrar and Paying Agent of such direction and (2) in the case of a Conversion from a Long-Term Interest Rate Period, the day immediately following the last day of such Long-Term Interest Rate Period or a day on which such 2008 Bonds would otherwise be subject to optional redemption pursuant to Section 401(a) if such Conversion did not occur, and (B) the Tender Date for such 2008 Bonds to be purchased, which shall be the proposed effective date of the Short-Term Interest Rate Period. In addition, the direction of the Issuer shall be accompanied by a form of the notice to be mailed by the Deputy Registrar and Paying Agent to the Holders of such 2008 Bonds as provided in Section 303(g)(iii). During each Short-Term Interest Rate Period commencing on the date specified and ending on the day immediately preceding the effective date of the next succeeding Interest Rate Period, each 2008 Bond of such series or subseries shall bear interest at a Bond Interest Term Rate during each Bond Interest Term for that 2008 Bond.
(iii) Notice of Conversion to Bond Interest Term Rates. The Deputy Registrar and Paying Agent shall give notice by first-class mail of a Conversion to a Short-Term Interest Rate Period to the Holders of such 2008 Bonds not less than ten (10) Business Days prior to the proposed effective date of such Short-Term Interest Rate Period. Such notice shall state (A) that the 2008 Bonds of such series or subseries shall bear interest at Bond Interest Term Rates unless the Issuer rescinds its election to convert the interest rate to Bond Interest Term Rates as provided in Section 304(b); (B) the proposed effective date of the Short-Term Interest Rate Period; (C) that the 2008 Bonds of such series or subseries are subject to mandatory tender for purchase on the proposed effective date of the Short-Term Interest Rate Period and setting forth the applicable Tender Price and the place of delivery for purchase of such 2008 Bonds; and (D) the information set forth in Section 405(g).

(iv) Conversion from Short-Term Interest Rate Period. Subject to Section 304 hereof, at any time during a Short-Term Interest Rate Period the Issuer may elect, pursuant to Section 303(d)(ii), 303(e)(ii) or 303(f)(ii) that the 2008 Bonds of a series or subseries no longer shall bear interest at Bond Interest Term Rates and shall bear interest at a Weekly Interest Rate, a Daily Interest Rate or a Long-Term Interest Rate, as specified in such election.

The date on which all Bond Interest Terms determined for the 2008 Bonds of such series or subseries shall end shall be the last day of the current Short-Term Interest Rate Period with respect thereto and the day next succeeding such date shall be either (i) the Maturity Date or (ii) the day prior to the effective date of the Daily Interest Rate Period, Weekly Interest Rate Period or Long-Term Interest Rate Period.

(h) Determinations of Remarketing Agent Binding. The determination for the 2008 Bonds of the Daily Interest Rate, Weekly Interest Rate and Long-Term Interest Rate and each Bond Interest Term and Bond Interest Term Rate by the Remarketing Agent shall be conclusive and binding upon the Issuer, the Deputy Registrar and Paying Agent, the Tender Agent, the Remarketing Agent, the Liquidity Facility Provider (if any), the Credit Facility Provider (if any) and the Bondholders.

(i) Bank Bonds. Notwithstanding anything in this Bond Agreement to the contrary, the Bank Bonds shall bear interest at the Bank Bond Rate from the date such 2008 Bonds became Bank Bonds and such interest shall accrue and be payable on any Interest Payment Date for Bank Bonds.

Any interest which has accrued on a Bank Bond prior to the date such 2008 Bond became a Bank Bond shall be payable on the first Interest Payment Date for such Bank Bond.
Section 304. Conversion of Interest Rate Periods.

At the direction of the Issuer, from time to time, the 2008 Bonds of a series or subseries may be converted, in whole, from an Interest Rate Period to another Interest Rate Period as provided in Section 303(d)(ii), 303(e)(ii), 303(f)(ii) or 303(g)(ii).

(a) Notice Upon Converting Interest Rate. If the Issuer elects to convert the interest rate of the 2008 Bonds of a series or subseries to a Weekly Interest Rate, a Daily Interest Rate, a Long-Term Interest Rate or Bond Interest Term Rates as provided in Section 303(d)(ii), 303(e)(ii), 303(f)(ii) or 303(g)(ii), respectively, the written direction furnished by the Issuer to the Deputy Registrar and Paying Agent, the Tender Agent (if any), the Liquidity Facility Provider (if any), the Remarketing Agent (if any) and the Credit Facility Provider (if any) of the affected series as required by those Sections may be made by any method permitted by Section 804. That direction shall specify whether the 2008 Bonds of such series or subseries are to bear interest at the Weekly Interest Rate, Daily Interest Rate, Long-Term Interest Rate or Bond Interest Term Rates and shall be accompanied by (a) a copy of the notice required to be given by the Deputy Registrar and Paying Agent pursuant to Section 303(d)(iii), 303(e)(iii), 303(f)(iii) or 303(g)(iii), as the case may be and (b) a Favorable Opinion of Bond Counsel.

(b) Rescission of Election. Notwithstanding anything in Section 303 or this Section 304, in connection with any Conversion of the Interest Rate Period for the 2008 Bonds, the Issuer shall have the right to deliver to the Deputy Registrar and Paying Agent, the Remarketing Agent (if any), the Tender Agent (if any), the Liquidity Facility Provider (if any) and Credit Facility Provider (if any), of the affected series on or prior to 10:00 a.m. on the Business Day preceding the effective date of any such Conversion a notice to the effect that the Issuer elects to rescind its election to make such Conversion. If the Issuer rescinds its election to make such Conversion, then the 2008 Bonds of such series or subseries shall bear interest at a Weekly Interest Rate commencing on the date which would have been the effective date of the Conversion; provided, however, that if the 2008 Bonds of such series or subseries were in a Daily Interest Rate Period immediately prior to such proposed Conversion, then such 2008 Bonds shall continue to bear interest at the Daily Interest Rate as in effect immediately prior to such proposed Conversion. In any event, if notice of a Conversion has been mailed to the Holders of such 2008 Bonds as provided in Section 303 and the Issuer rescinds its election to make such Conversion, then such 2008 Bonds shall continue to be subject to mandatory tender for purchase on the date which would have been the effective date of the Conversion as provided in Section 405(d).

(c) Certain Additional Conditions. No Conversion from one Interest Rate Period to another shall take effect under this Bond Agreement unless each of the following conditions, to the extent applicable, shall have been satisfied.

(i) With respect to the new Interest Rate Period, there shall be in effect a Liquidity Facility or a Credit Facility if and as required under Section 406 or Section 410.
(ii) The Deputy Registrar and Paying Agent shall have received a Favorable Opinion of Bond Counsel with respect to such Conversion dated the effective date of such Conversion.

(iii) In the case of any Conversion with respect to which there shall be no Liquidity Facility or Credit Facility in effect to provide funds for the purchase of 2008 Bonds of any series or subseries on the Conversion Date, the remarketing proceeds available on the Conversion Date shall not be less than the amount required to purchase all of the Bonds at the Tender Price (not including any premium).

(iv) In the case of a Conversion or attempted Conversion from a Long-Term Interest Period on a date on which an amount equal to any optional redemption premium is due as a part of the Tender Price, such amount shall have been paid by the Issuer to the Tender Agent.

(d) Failure to Meet Conditions. In the event that any condition to the Conversion of 2008 Bonds of any series or subseries shall not have been satisfied as provided in this Section 304 or otherwise under this Bond Agreement, then such 2008 Bonds shall bear interest at a Weekly Interest Rate commencing on the date which would have been the effective date of the Conversion unless such 2008 Bonds were in a Daily Interest Rate Period immediately prior to such proposed Conversion. If such 2008 Bonds were in a Daily Interest Rate Period immediately prior to such proposed Conversion, then such 2008 Bonds shall continue to bear interest at the Daily Interest Rate as in effect immediately prior to such proposed Conversion. Such 2008 Bonds shall continue to be subject to mandatory tender for purchase on the date which would have been the effective date of the Conversion as provided in Section 405(d).

Section 305. Method and Place of Payment.

The principal and Tender Price of and premium, if any, and interest on the 2008 Bonds shall be payable in lawful money of the United States of America. Such amounts shall be paid by the Deputy Registrar and Paying Agent on the applicable payment dates (i) in the case of 2008 Bonds other than 2008 Bonds bearing interest at a Long-Term Interest Rate, by wire transfer of immediately available funds to the respective Holders thereof on the applicable Record Date to an account specified by the Holder thereof in a writing delivered to the Deputy Registrar and Paying Agent, and (ii) in the case of 2008 Bonds bearing interest at the Long-Term Interest Rate, by check mailed by the Deputy Registrar and Paying Agent to the respective Holders thereof on the applicable Record Date at their addresses as they appear as of the close of business on the applicable Record Date in the books kept by the Deputy Registrar and Paying Agent, as bond registrar, except that in the case of such a Holder of $1,000,000 or more in aggregate principal amount of such 2008 Bonds, upon the written request of such Holder to the Deputy Registrar and Paying Agent, specifying the account or accounts to which such payment shall be made, such payments shall be made by wire transfer of immediately available funds on the applicable payment date following such Record Date. Any request referred to in clause (ii) of the preceding sentence shall remain in effect until revoked or revised by such Holder by an instrument in writing delivered to the Deputy Registrar and Paying Agent.

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Section 401. Redemption of 2008 Bonds.

The 2008 Bonds shall be subject to redemption prior to maturity as follows:

(a) Optional Redemption. If there is no continuing event of default under the terms of the Bond Ordinance or this Bond Agreement, the 2008 Bonds shall be subject to redemption prior to stated maturity at the option of the Issuer, in whole or in part, in accordance with the provisions of this Section 401(a).

   (i) Weekly Interest Rate Period, Daily Interest Rate Period and Short-Term Interest Rate Period.

   (A) 2008 Bonds bearing interest at a Daily Interest Rate or a Weekly Interest Rate shall be subject to optional redemption by the Issuer, in whole or in part, at a redemption price of 100% of the principal amount thereof at any time.

   (B) 2008 Bonds bearing interest at Bond Interest Term Rates shall be subject to optional redemption by the Issuer, in whole or in part, at a redemption price of 100% of the principal amount thereof on the day succeeding the last day of any Bond Interest Term.

(ii) Long-Term Interest Rate Period. During a Long-Term Interest Rate Period, the 2008 Bonds shall be subject to optional redemption by the Issuer, (1) on the first day of such Long-Term Interest Rate Period, in whole or in part, at a redemption price of 100% of the principal amount thereof, and (2) thereafter, during the periods specified below in whole at any time or in part from time to time, at the redemption prices (expressed as a percentage of principal amount) specified below plus accrued interest, if any, to the redemption date:

<table>
<thead>
<tr>
<th>Length of Long-Term Interest Rate Period (expressed in years)</th>
<th>Redemption Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>greater than 15</td>
<td>after 10 years at 101%, declining by 0.5% every year to 100%</td>
</tr>
<tr>
<td>less than or equal to 15 and greater than 10</td>
<td>after 7 years at 101%, declining by 0.5% every year to 100%</td>
</tr>
<tr>
<td>less than or equal to 10 and greater than 7</td>
<td>after 5 years at 101%, declining by 0.5% every year to 100%</td>
</tr>
<tr>
<td>less than or equal to 7 and greater than 4</td>
<td>after 3 years at 100 ½%, declining by 0.5% after a year to 100%</td>
</tr>
<tr>
<td>less than or equal to 4</td>
<td>after 2 years at 100%</td>
</tr>
</tbody>
</table>
In the event that the date on which 2008 Bonds are adjusted to a Long-Term Interest Rate is a date other than a day which would be an Interest Payment Date during such Long-Term Interest Rate Period, then the date on which such 2008 Bonds shall first be subject to redemption pursuant to the foregoing table (after the first day of such Long-Term Interest Rate Period) shall be the first Interest Payment Date next succeeding the date on which such 2008 Bonds otherwise would be subject to redemption, and the redemption price shall be adjusted on each anniversary of that Interest Payment Date as provided in such table.

The above table may be amended prior to a conversion to a Long-Term Interest Rate Period upon delivery of a Favorable Opinion of Bond Counsel.

(iii) **Bank Bonds.** Notwithstanding anything to the contrary in this Bond Agreement, the Issuer may redeem Bank Bonds, at its option, at any time, upon one Business Day’s notice of redemption to the Liquidity Facility Provider or the Credit Facility Provider and the Deputy Registrar and Paying Agent, unless a longer notice period is required by the Liquidity Facility or the Credit Facility Provider Agreement then in effect (if any), at a redemption price of 100% of the principal amount of the Bank Bonds to be redeemed plus accrued interest, if any, to the redemption date.

(b) **Mandatory Redemption of Bank Bonds.** Notwithstanding anything to the contrary in this Bond Agreement, Bank Bonds shall be redeemed as set forth in the Liquidity Facility or the Credit Facility Provider Agreement then in effect.

(c) **Mandatory Sinking Fund Redemption.**

The 2008 Bonds which are Term Bonds, as specified in the Mayor’s Certificate, shall be redeemed in part on October 1 in the years and in the principal amounts set forth in the Mayor’s Certificate, at a redemption price equal to 100% of the principal amount redeemed plus accrued interest thereon to the redemption date. At the option of the Issuer, upon Conversion of 2008 Bonds of any series or subseries to a Long-Term Interest Rate Period ending on the final maturity of such series or subseries, the principal amounts initially subject to mandatory sinking fund redemption may be converted to Serial Bonds or Term Bonds having different maturities.

(d) **Credit for Non-Mandatory Redemption.**

The requirements of Section 401(c) are subject, however, to the provision that any partial redemption of 2008 Bonds under Section 401(a) or under Section 401(b) shall reduce the mandatory scheduled redemption requirements of Section 401(c) as provided in this paragraph. In the event of a partial redemption of 2008 Bonds under Section 401(a) or Section 401(b), the Deputy Registrar and Paying Agent shall allocate the principal amount of 2008 Bonds redeemed against the 2008 Bonds to be redeemed under Section 401(c) in such manner as the Issuer shall direct, or, failing such direction, in chronological order.
Section 402. Notice of Redemption. Notice of redemption shall be given as provided in Section 404. Upon the payment of the redemption price of 2008 Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the 2008 Bonds being redeemed with the proceeds of such check or other transfer. Failure to so file or mail any such notice of redemption shall not affect the validity of the proceedings for such redemption with respect to Registered Owners of 2008 Bonds to whom notice was duly mailed hereunder. Interest shall cease to accrue on any 2008 Bond duly called for redemption on the redemption date, if payment thereof has been duly provided as described in the Bond Ordinance. The privilege of transfer or exchange of any of the 2008 Bonds so called for redemption is suspended for a period commencing fifteen (15) days preceding the mailing of the notice of redemption and ending on the date fixed for redemption.

Notice Regarding Available Funds for Redemption. Notice of any redemption of a 2008 Bond shall either (i) explicitly state that the proposed redemption is conditioned on there being on deposit in the applicable fund or account on the redemption date sufficient money (not derived from the Credit Facility or Liquidity Facility) to pay the full redemption price of the 2008 Bond to be redeemed (or to reimburse the Credit Facility Provider for a drawing on a Credit Facility for such full redemption price), or (ii) be sent only if sufficient money to pay the full redemption price of the 2008 Bonds to be redeemed (or to reimburse the Credit Facility Provider for a drawing on a Credit Facility for such full redemption price) is on deposit in the applicable fund or accounts.

Section 403. Selection of Bonds to be Redeemed.

In the case of any redemption in part of the 2008 Bonds, the 2008 Bonds to be redeemed under Section 401 shall be selected by the Deputy Registrar and Paying Agent, subject to any requirements of this Section. A redemption of Bonds shall be a redemption of the whole or of any part of the 2008 Bonds, provided, that there shall be no partial redemption of less than $5,000. If less than all the 2008 Bonds shall be called for redemption under any provision of this Bond Agreement permitting such partial redemption, the particular 2008 Bonds to be redeemed shall be selected by the Deputy Registrar and Paying Agent, in such manner as the Deputy Registrar and Paying Agent in its discretion may deem fair and appropriate consistent with the requirements of Section 401(d); provided, however (a) that the portion of any 2008 Bond to be redeemed under any provision of this Bond Agreement shall be in the principal amount of $5,000 or any multiple thereof, (b) that, in selecting Bonds for redemption, the Deputy Registrar and Paying Agent shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by $5,000, (c) that, to the extent practicable, the Deputy Registrar and Paying Agent will not select any Bond for partial redemption if the amount of such Bond remaining Outstanding would be reduced by such partial redemption to less than an Authorized Denomination and (d) Bank Bonds shall be redeemed prior to any 2008 Bonds which are not Bank Bonds. If there shall be called for redemption less than all of a 2008 Bond, the Issuer shall execute and deliver and the Deputy Registrar and Paying Agent shall authenticate, upon surrender of such 2008 Bond, and at the expense of the Issuer and without charge to the owner thereof, a replacement 2008
Bond in the principal amount of the unredeemed balance of the 2008 Bond so surrendered.

At its option, to be exercised on or before the 45th day next preceding any mandatory sinking fund redemption date for 2008 Bonds under Section 401(d), the Issuer may deliver to the Deputy Registrar and Paying Agent for cancellation Bonds of the appropriate maturity in any aggregate principal amount which have been purchased by the Issuer in the open market. Each Bond so delivered shall be credited by the Deputy Registrar and Paying Agent at 100% of the principal amount thereof against the mandatory scheduled redemption requirement for 2008 Bonds on such mandatory redemption date; and any excess of such amount shall be credited against future mandatory scheduled redemption requirements in chronological order, unless the Issuer, on or before the 45th day preceding each mandatory scheduled redemption date, furnishes the Deputy Registrar and Paying Agent with an executed certificate specifying a different method of crediting such amount against future mandatory scheduled redemption requirements.

Section 404. Procedure for Redemption.

(a) In the event any of the 2008 Bonds are called for redemption, the Deputy Registrar and Paying Agent shall give notice, in the name of the Issuer, of the redemption of such Bonds, which notice shall (i) specify the 2008 Bonds to be redeemed, the redemption date, the redemption price, and the place or places where amounts due upon such redemption will be payable (which shall be the principal corporate trust office of the Deputy Registrar and Paying Agent) and, if less than all of the 2008 Bonds are to be redeemed, the numbers of the 2008 Bonds, and the portions of the 2008 Bonds, so to be redeemed, (ii) state any condition to such redemption, and (iii) state that on the redemption date, and upon the satisfaction of any such condition, the 2008 Bonds to be redeemed shall cease to bear interest. CUSIP number identification shall accompany all redemption notices. Such notice may set forth any additional information relating to such redemption.

(b) Such notice shall be given by mail, postage prepaid, at least (i) ten (10) Business Days, in the case of 2008 Bonds bearing interest at a Daily Rate or a Weekly Rate, or (ii) thirty (30) days in all other cases, but in every case not more than sixty (60) days prior to the date fixed for redemption to each Holder of Bonds to be redeemed at its address shown on the registration books kept by the Deputy Registrar and Paying Agent; provided, however, that failure to give such notice to any Bondholder or any defect in such notice shall not affect the validity of the proceedings for the redemption of any of the other Bonds. The Deputy Registrar and Paying Agent shall send a second notice of redemption by certified mail return receipt requested to any registered Holder who has not submitted Bonds called for redemption thirty (30) days after the redemption date, provided, however, that the failure to give any second notice by mailing, or any defect in such notice, shall not affect the validity of any proceedings for the redemption of any of the 2008 Bonds and the Deputy Registrar and Paying Agent shall not be liable for any failure by the Deputy Registrar and Paying Agent to send any second notice.

(c) Any Bonds and portions of Bonds which have been duly selected for redemption and (i) which are paid in accordance with the Bond Ordinance and this
Bond Agreement or (ii) for payment of which Available Moneys are on deposit with the Deputy Registrar and Paying Agent sufficient for such payment on the redemption date, shall cease to bear interest on the specified redemption date.

(d) The redemption price of 2008 Bonds called for redemption shall be paid only from Available Moneys.

Section 405. Purchase of 2008 Bonds.

(a) During Weekly Interest Rate Period. During any Weekly Interest Rate Period for which the book-entry-only system described in Section 302 is not in effect, any 2008 Bonds (other than a Bank Bond) bearing interest at a Weekly Interest Rate shall be purchased in an Authorized Denomination (provided that the amount of any such 2008 Bonds not to be purchased shall also be in an Authorized Denomination) from its Bondholder at the option of the Bondholder on any Business Day at a purchase price equal to the Tender Price, payable in immediately available funds, upon delivery to the Tender Agent at its Principal Office for delivery of 2008 Bonds, to the Deputy Registrar and Paying Agent at its Principal Office and to the Remarketing Agent of an irrevocable written notice which states the principal amount of such 2008 Bonds, the principal amount thereof to be purchased and the date on which the same shall be purchased, which date shall be a Business Day not prior to the seventh (7th) day after the date of the delivery of such notice to the Tender Agent. Any notice delivered to the Tender Agent after 4:00 p.m. shall be deemed to have been received on the next succeeding Business Day. Any notice which specifies a Tender Date which is a non-Business Day or which is earlier than the seventh (7th) day after the date of delivery of such notice to the Tender Agent shall be a defective notice and of no force or effect. Bank Bonds may not be tendered for purchase at the option of the Holder thereof. For payment of the Tender Price on the Tender Date, such 2008 Bonds must be delivered at or prior to 10:00 a.m. on the Tender Date to the Tender Agent at its principal Office for the delivery of such 2008 Bonds, to the Deputy Registrar and Paying Agent at its Principal Office and to the Remarketing Agent. Any notice delivered to the Tender Agent after 4:00 p.m. shall be deemed to have been received on the next succeeding Business Day. That notice shall state the principal amount of such 2008 Bonds (or interest therein), the portion thereof to be purchased and the date on which the same shall be purchased, which date shall be a Business Day at least seven days after the date of delivery of such notice to the Deputy Registrar and Paying Agent. Upon confirmation by the Securities Depository to the Deputy Registrar and Paying Agent that such Participant has an
ownership interest in the 2008 Bonds at least equal to the amount of 2008 Bonds specified in such irrevocable written notice, payment of the Tender Price of such 2008 Bonds shall be made by 3:00 p.m., or as soon as practicably possible thereafter, upon the receipt by the Deputy Registrar and Paying Agent of the Tender Price as set forth in Section 412(b) on the Tender Date upon the transfer on the registration books of the Securities Depository of the beneficial ownership interest in such 2008 Bonds tendered for purchase to the account of the Tender Agent, or a Participant acting on behalf of such Tender Agent, at or prior to 10:00 a.m., on the Tender Date.

(b) During Daily Interest Rate Period. During any Daily Interest Rate Period for which the book-entry-only system described in Section 302 is not in effect, any 2008 Bond bearing interest at a Daily Interest Rate shall be purchased in an Authorized Denomination (provided that the amount of any such 2008 Bond not to be purchased shall also be in an Authorized Denomination) from its Bondholder at the option of the Bondholder on any Business Day at a purchase price equal to the Tender Price, payable in immediately available funds, upon delivery to the Tender Agent at its Principal Office for delivery of 2008 Bonds, to the Deputy Registrar and Paying Agent at its Principal Office and to the Remarketing Agent, by no later than 11:00 a.m. on such Business Day, of an irrevocable written notice or an irrevocable telephonic notice, promptly confirmed by telecopy or other writing, which states the principal amount of such 2008 Bonds to be purchased and the date of purchase. Bank Bonds may not be tendered for purchase at the option of the Holders thereof. For payment of such purchase price on the date specified in such notice, such 2008 Bonds must be delivered, at or prior to 12:00 noon, on such Business Day, to the Tender Agent at its Principal Office for delivery of 2008 Bonds, accompanied by an instrument of transfer thereof, in form satisfactory to such Tender Agent, executed in blank by the Bondholder thereof or its duly-authorized attorney, with such signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange.

During any Daily Interest Rate Period for which the book-entry-only system described in Section 302 is in effect, any 2008 Bonds (other than a Bank Bond) bearing interest at the Daily Interest Rate or portion thereof (provided that the principal amount of such 2008 Bonds to be purchased and the principal amount to be retained shall each be an Authorized Denomination) shall be purchased on the date specified in the notice referred to below at the Tender Price. The irrevocable written notice, executed by the Participant, shall be delivered on any Business Day by the Participant for such 2008 Bonds to the Tender Agent at its Principal Office for the delivery of such 2008 Bonds, to the Deputy Registrar and Paying Agent at its Principal Office and to the Remarketing Agent prior to 11:00 a.m. That notice shall state the principal amount of such 2008 Bonds (or interest therein), the portion thereof to be purchased and the date on which the same shall be purchased. Upon confirmation by the Securities Depository to the Deputy Registrar and Paying Agent that such Participant has an ownership interest in the 2008 Bonds at least equal to the amount of 2008 Bonds specified in such irrevocable written notice, payment of the Tender Price of such 2008 Bonds shall be made by 3:00 p.m., or as soon as practicably possible thereafter, upon the receipt by the Deputy Registrar and Paying Agent of the Tender Price as set forth in Section 412(b) on the Business Day specified in the notice upon the transfer on the registration books of the Securities Depository of the beneficial ownership interest in such 2008 Bonds tendered for purchase to the
account of the Tender Agent, or a Participant acting on behalf of such Tender Agent on the date specified in such notice.

(c) Mandatory Tender for Purchase on Day Next Succeeding Last Day of Each Bond Interest Term. On the first day following the last day of each Bond Interest Term unless such day is the first day of a new Interest Rate Period (in which case a 2008 Bond shall be subject to mandatory purchase pursuant to Section 405(d)), a 2008 Bond shall be subject to mandatory tender for purchase at the Tender Price, payable by wire transfer in immediately available funds, if such 2008 Bond is delivered to the Tender Agent on or prior to 12:00 noon on the Tender Date, or if delivered after 12:00 noon, on the next succeeding Business Day. Interest shall cease to accrue on such 2008 Bonds on the last day of each Bond Interest Term. The Tender Price shall be payable only upon surrender of such 2008 Bonds to the Tender Agent at its Principal Office for delivery of 2008 Bonds, accompanied by an instrument of transfer, in form satisfactory to the Tender Agent, executed in blank by the Bondholder or its duly-authorized attorney, with such signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange.

(d) Mandatory Tender for Purchase on First Day of Each Interest Rate Period. The 2008 Bonds shall be subject to mandatory tender for purchase on the first day of each Interest Rate Period (or on the day which would have been the first day of an Interest Rate Period had one of the events specified in Section 304(b) or 304(d) hereof not occurred which resulted in the interest rate on such 2008 Bonds not being converted) at the Tender Price, payable in immediately available funds. For payment of the Tender Price on the Tender Date, a 2008 Bond must be delivered at or prior to 10:00 a.m. on the Tender Date. If delivered after that time, the Tender Price shall be paid on the next succeeding Business Day. The Tender Price shall be payable only upon surrender of such Bond to the Tender Agent at its Principal Office for delivery of Bonds, accompanied by an instrument of transfer, in form satisfactory to the Tender Agent, executed in blank by the Bondholder or its duly authorized attorney, with such signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange.

(e) Mandatory Tender for Purchase upon Termination, Replacement or Expiration of Liquidity Facility or Credit Facility; Mandatory Standby Tender. If at any time the Deputy Registrar and Paying Agent gives notice, in accordance with Section 409 or Section 410 hereof, that the 2008 Bonds tendered for purchase shall, on the date specified in such notice, cease to be subject to purchase pursuant to the Liquidity Facility or the Credit Facility then in effect as a result of (i) the termination, replacement or expiration of the term, as extended, of that Liquidity Facility or Credit Facility, including but not limited to termination at the option of the Issuer in accordance with the terms of such Liquidity Facility or Credit Facility, or (ii) the occurrence of a Mandatory Standby Tender, then each such 2008 Bond shall be purchased or deemed purchased at the Tender Price. Any purchase of such 2008 Bond pursuant to this subsection (e) shall occur: (1) on the fifth (5th) Business Day preceding any such expiration or termination of such Liquidity Facility or Credit Facility without replacement by an Alternate Liquidity Facility, a Credit Facility, an Alternate Credit Facility or a Liquidity Facility or upon any termination of a Liquidity Facility as a result of a Mandatory Standby Tender, and (2) on the proposed date of the replacement of a Liquidity Facility or a Credit Facility, in any case where an
Alternate Liquidity Facility is to be delivered to the Tender Agent pursuant to Section 407(a) or a Credit Facility or an Alternate Credit Facility is to be delivered to the Deputy Registrar and Paying Agent pursuant to Section 411(a). In the case of any replacement of an existing Liquidity Facility or Credit Facility, the existing Liquidity Facility or Credit Facility will be drawn to pay the Tender Price, if necessary, rather than the Alternate Liquidity Facility or the Alternate Credit Facility. No mandatory tender pursuant to this subsection (e) will be effected upon the replacement of a Liquidity Facility or a Credit Facility in the case where the Liquidity Facility Provider or the Credit Facility Provider is failing to honor conforming draws. The assignment of any Liquidity Facility which relieves the Liquidity Facility Provider of its obligation to purchase Bond shall be considered a replacement for the purposes of this Section 405(e).

Payment of the Tender Price of any such 2008 Bonds shall be made in immediately available funds by 3:00 p.m. on the Tender Date upon delivery of such 2008 Bond to the Tender Agent at its Principal Office for delivery of 2008 Bonds, accompanied by an instrument of transfer, in form satisfactory to the Tender Agent, executed in blank by the Bondholder with the signature of such Bondholder guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange, at or prior to 12:00 noon on the Tender Date specified in Section 409 or Section 410(d). If, as a result of any such Mandatory Standby Tender or expiration, termination with notice or replacement of a Liquidity Facility or a Credit Facility, any 2008 Bond is no longer subject to purchase pursuant to a Liquidity Facility or a Credit Facility, the Tender Agent (upon receipt from the Holder thereof in exchange for payment of the Tender Price thereof) shall present such 2008 Bonds to the Deputy Registrar and Paying Agent for notation of such fact thereon.

(f) Mandatory Tender for Purchase at the Direction of the Issuer or the Credit Facility Provider.

(i) During any Daily Interest Rate Period or Weekly Interest Rate Period, the 2008 Bonds are subject to mandatory tender for purchase on any Business Day designated by the Issuer, with the consent of the Remarketing Agent and the Liquidity Facility Provider and the Credit Facility Provider, if any, at the Tender Price, payable in immediately available funds. Such purchase date shall be a Business Day not earlier than the fifteenth (15th) Business Day after receipt by the Deputy Registrar and Paying Agent of such designation.

(ii) If a Credit Facility is in effect, the 2008 Bonds are subject to mandatory tender for purchase on the fourth (4th) Business Day after receipt by the Deputy Registrar and Paying Agent of a written notice from the Credit Facility Provider that an “Event of Default” under the Credit Facility Provider Agreement has occurred and is continuing and a written request from the Credit Facility Provider that all of the 2008 Bonds be required to be tendered for purchase.

(iii) For payment of the Tender Price on the Tender Date, 2008 Bonds must be delivered at or prior to 10:00 a.m. on the Tender Date. If delivered after that time, the Tender Price shall be paid on the next succeeding Business Day. The Tender Price shall be payable only upon surrender of such Bonds to
the Tender Agent at its Principal Office for delivery of 2008 Bonds, accompanied by an instrument of transfer, in form satisfactory to the Tender Agent, executed in blank by the Bondholder or its duly authorized attorney, with such signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange.

(g) Notice of Mandatory Tender for Purchase. In connection with any mandatory tender for purchase of 2008 Bonds in accordance with Section 405(d) or 405(e) hereof, the Deputy Registrar and Paying Agent shall give the notice required by this Section 405(g) as a part of the notice given pursuant to Section 303(d)(iii), 303(e)(iii), 303(f)(iii), 303(g)(iii), 409 or 410(d). In connection with any mandatory tender for purchase of Bonds in accordance with Section 405(f)(i), the Deputy Registrar and Paying Agent shall give notice of a mandatory tender for purchase by first-class mail to the Holders, with a copy to the Issuer, the Tender Agent, the Remarketing Agent and the Liquidity Facility Provider or the Credit Facility Provider, not less than ten (10) Business Days prior to the Tender Date. In connection with any mandatory tender for purchase of Bonds in accordance with Section 405(f)(ii), the Deputy Registrar and Paying Agent shall give notice of a mandatory tender for purchase by first-class mail to the Holders, with a copy to the Issuer, the Tender Agent and the Remarketing Agent, not less than three (3) Business Days prior to the Tender Date. Such notice shall state (i) in the case of a mandatory tender for purchase pursuant to Section 405(d) hereof, the type of Interest Rate Period to commence on such mandatory purchase date; (ii) in the case of a mandatory tender for purchase pursuant to Section 405(e) hereof, that the Liquidity Facility or the Credit Facility will expire, terminate or be replaced and that the Tender Price of the 2008 Bonds will no longer be payable from the Liquidity Facility or the Credit Facility then in effect and that any rating applicable to such 2008 Bonds may be reduced or withdrawn; (iii) that the Tender Price of any 2008 Bonds subject to mandatory tender for purchase shall be payable only upon surrender of those 2008 Bonds to the Tender Agent at its Principal Office for delivery of 2008 Bonds, accompanied by an instrument of transfer, in form satisfactory to the Tender Agent, executed in blank by the Bondholder or its duly authorized attorney, with such signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange; (iv) that, provided that moneys sufficient to effect such purchase shall have been provided through the remarketing of such 2008 Bonds by the Remarketing Agent, through the Liquidity Facility or Credit Facility or funds provided by the Issuer, all 2008 Bonds subject to mandatory tender for purchase shall be purchased on the mandatory Tender Date; and (v) that if any Holder of a 2008 Bond subject to mandatory tender for purchase does not surrender that 2008 Bond to the Tender Agent for purchase on the mandatory Tender Date, then that 2008 Bond shall be deemed to be an Undelivered Bond, that no interest shall accrue on that 2008 Bond on and after the mandatory Tender Date and that the Holder shall have no rights under this Bond Agreement other than to receive payment of the Tender Price.

(h) Irrevocable Notice Deemed to be Tender of 2008 Bonds. The giving of notice by a Holder of 2008 Bonds as provided in Section 405(a) or 405(b) hereof shall constitute the irrevocable tender for purchase of each 2008 Bond with respect to which such notice is given regardless of whether that 2008 Bond is delivered to the Tender Agent for purchase on the relevant Tender Date.
(i) **Payment of Tender Price by Issuer.** If all or a portion of the 2008 Bonds tendered for purchase cannot be remarketed and the Liquidity Facility Provider or the Credit Facility Provider fails to purchase all or any part of the unremarketed portion of such tendered 2008 Bonds in accordance with the Liquidity Facility or the Credit Facility then in effect on a Tender Date, the Issuer may at its option, but shall not be obligated to, pay to the Tender Agent as soon as practicable on a Tender Date immediately available funds (together with any remarketing proceeds and any funds provided under the Liquidity Facility or the Credit Facility then in effect) sufficient to pay the Tender Price on the 2008 Bonds tendered for purchase. The Tender Agent shall deposit the amount paid by the Issuer in the Issuer Purchase Account of the Bond Purchase Fund pending application of the money to the payment of the Tender Price as set forth in Section 412(b)(iii) hereof.

(ii) in the case of a Conversion or attempted Conversion from a Long-Term Interest Rate Period on a date on which an amount equal to any optional redemption premium is due as part of the Tender Price, the Issuer shall be obligated to pay such amount to the Tender Agent. The Tender Agent shall deposit the amount paid by the Issuer in the Issuer Purchase Account of the Bond Purchase Fund pending application of the money to the payment of the Tender Price as set forth in Section 412(b)(iii) hereof.

**Section 406. Liquidity Facility.**

A Liquidity Facility, in an amount equal to the sum of outstanding principal and interest calculated at the Maximum Bond Interest Rate for thirty-five (35) days, or such other amount as may be approved by the rating agencies then rating the 2008 Bonds, shall be maintained by the Issuer for 2008 Bonds bearing interest at the Weekly Interest Rate, the Daily Interest Rate or Bond Interest Term Rates and, if and to the extent that the Issuer shall elect, for 2008 Bonds bearing interest at the Long-Term Interest Rate.

(a) **Requests to Pay Tender Price.** On each Tender Date on which 2008 Bonds are required to be purchased pursuant to Section 405 by 11:30 a.m., New York, New York time on such Tender Date the Tender Agent shall (i) notify the Issuer and the Deputy Registrar and Paying Agent by telephone, promptly confirmed in writing, as to the aggregate Tender Price of Bonds to be purchased and as to the Funding Amount, and (ii) direct the Deputy Registrar and Paying Agent to make a Request or Requests under the Liquidity Facility in accordance with its terms to receive immediately available funds not later than 1:30 p.m., New York, New York time on the Tender Date sufficient, together with any amount on deposit in the Remarketing Account of the Bond Purchase Fund, to pay the balance of the Tender Price. The Tender Agent agrees to deposit the proceeds of such Request or Requests in the Liquidity Facility Purchase Account pursuant to Section 412(b)(ii) hereof pending application of that money to the payment of the Tender Price. As soon as practicable after its receipt of funds from the Liquidity Facility Provider, as described in the preceding sentence, the Tender Agent shall notify the Issuer, the Deputy Registrar and Paying Agent, the Remarketing Agent and the Liquidity Facility Provider by telephone promptly confirmed by a written notice if, after receipt and application of such funds there is a deficiency in the Funding Amount. In determining the amount of the Tender Price then due, the Tender Agent shall not take into consideration any Bank Bonds.
No Requests shall be made under a Liquidity Facility to pay the Tender Price of Bank Bonds or, to the best knowledge of the Tender Agent, 2008 Bonds registered in the name of any nominees for (or any Person who owns such 2008 Bonds for the sole benefit of) any of the foregoing. Bank Bonds may not be tendered for purchase at the option of the Liquidity Facility Provider.

(b) **Surrender of Liquidity Facility.** If an Alternate Liquidity Facility is delivered to the Tender Agent pursuant to Section 407 or a Credit Facility is delivered to the Deputy Registrar and Paying Agent and accepted pursuant to Section 411, then the Tender Agent shall surrender the Liquidity Facility previously held for cancellation, provided that no Liquidity Facility shall be surrendered until after the date on which 2008 Bonds required to be purchased pursuant to Section 405(e) have been purchased or deemed purchased in accordance with Section 405(e). If a Liquidity Facility automatically terminates or is no longer required to be maintained hereunder, the Tender Agent shall surrender such Liquidity Facility to the issuer thereof for cancellation in accordance with the terms of the Liquidity Facility. Upon the defeasance of the 2008 Bonds pursuant to the Bond Ordinance and if, at such time, the 2008 Bonds are no longer subject to tender for purchase, the Tender Agent shall surrender the Liquidity Facility, if any, to the Liquidity Facility Provider for cancellation in accordance with the terms of that Liquidity Facility. The Tender Agent shall comply with the procedures set forth in each Liquidity Facility relating to the termination thereof and shall deliver any certificates reducing the stated amount of the Liquidity Facility in accordance with the provisions thereof.

(c) **Notice by Deputy Registrar and Paying Agent.** In connection with a Mandatory Standby Tender resulting in a mandatory purchase of 2008 Bonds as provided in Section 405(e) hereof, the Deputy Registrar and Paying Agent shall give the notice of mandatory tender for purchase of such 2008 Bonds as provided in Sections 405(g) and 409 hereof.

(d) **Notices from Issuer and Deputy Registrar and Paying Agent.**

(i) **Notices from Issuer.** The Issuer shall give notice to the Deputy Registrar and Paying Agent, the Remarketing Agent, the Tender Agent and the Liquidity Facility Provider promptly upon the occurrence of any of the following events:

(A) the extension of the Expiration Date;

(B) the execution of an Alternate Liquidity Facility; and

(C) the appointment of a successor to any of the Liquidity Facility Provider, the Remarketing Agent or the Tender Agent.

(ii) **Notices from Deputy Registrar and Paying Agent to Holders of 2008 Bonds.** The Deputy Registrar and Paying Agent shall, promptly upon receipt of notice from: (A) the Issuer of the occurrence of any of the events listed in subparagraph (i) above, give notice to the Holders of Outstanding 2008 Bonds of the occurrence of that event and (B) the Liquidity Facility Provider of notice of a Mandatory Standby Tender, give notice to the Issuer, the Tender
Agent, the Remarketing Agent and the Holders of Outstanding 2008 Bonds of the occurrence of the Mandatory Standby Tender with the information set forth in Section 409.

Section 407. Alternate Liquidity Facility.

(a) Delivery by Issuer.

(i) Not later than fifteen (15) days prior to the expiration or termination of a Liquidity Facility or Credit Facility relating to the 2008 Bonds, in accordance with the terms of that Liquidity Facility or Credit Facility, the Issuer may provide for the delivery to the Tender Agent of an Alternate Liquidity Facility which has a term of at least 364 days (or to the date ten (10) days after the Maturity Date). Any Alternate Liquidity Facility delivered to the Tender Agent pursuant to this Section 407(a)(i) shall be delivered and become effective not later than the date on which the former Liquidity Facility or Credit Facility terminates or expires and shall contain administrative provisions reasonably acceptable to the Tender Agent and the Remarketing Agent. On or prior to the date of the delivery of the Alternate Liquidity Facility to the Tender Agent, the Issuer shall furnish to the Tender Agent (A) if the Alternate Liquidity Facility is issued by a Liquidity Facility Provider other than a domestic commercial bank, an opinion of Counsel addressed to the Issuer, the Deputy Registrar and Paying Agent, the Tender Agent and the Remarketing Agent reasonably satisfactory to the Tender Agent and the Remarketing Agent that no registration of the Alternate Liquidity Facility is required under the Securities Act, and no qualification of the Bond Ordinance or this Bond Agreement is required under the Trust Indenture Act, or that all applicable registration or qualification requirements have been fulfilled and (B) an opinion of Counsel addressed to the Issuer, the Deputy Registrar and Paying Agent, the Tender Agent and the Remarketing Agent and satisfactory to the Tender Agent and the Remarketing Agent to the effect that such Alternate Liquidity Facility is a valid and enforceable obligation of the issuer thereof.

(ii) In lieu of the opinion of Counsel required by clause (A) of subparagraph (i) above, there may be delivered an opinion of Counsel addressed to the Issuer, the Deputy Registrar and Paying Agent, the Tender Agent and the Remarketing Agent reasonably satisfactory to the Issuer, the Remarketing Agent and the Tender Agent to the effect that either (A) at all times during the term of the Alternate Liquidity Facility, the 2008 Bonds will be offered, sold and held by Holders in transactions not constituting a public offering of the 2008 Bonds or the Alternate Liquidity Facility under the Securities Act, and accordingly no registration under the Securities Act, nor qualification of the Bond Ordinance or this Bond Agreement is required under the Trust Indenture Act, or that all applicable registration or qualification requirements have been fulfilled and (B) an opinion of Counsel addressed to the Issuer, the Deputy Registrar and Paying Agent, the Tender Agent and the Remarketing Agent and satisfactory to the Tender Agent and the Remarketing Agent to the effect that such Alternate Liquidity Facility is a valid and enforceable obligation of the issuer thereof.

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shall be noted indicating the restrictions on sale and transferability described in clause (A).

(b) Acceptance by Tender Agent. If at any time there is delivered to the Tender Agent (i) an Alternate Liquidity Facility covering all of the 2008 Bonds, (ii) the information, opinions and data required by Section 407(a), and (iii) all information required to give the notice of mandatory tender for purchase of the 2008 Bonds, then the Tender Agent shall accept such Alternate Liquidity Facility. If a Liquidity Facility is then in effect, the Tender Agent shall promptly surrender the Liquidity Facility then in effect to the issuer thereof for cancellation in accordance with its terms or deliver any document necessary to reduce the coverage of such Liquidity Facility due to the delivery of such Alternate Liquidity Facility. If a Credit Facility is then in effect, the Tender Agent shall surrender the Credit Facility pursuant to Section 411.

Section 408. Rights and Duties under Liquidity Facility.

The Tender Agent, by accepting its appointment as such, agrees without further direction, to make Requests under each Liquidity Facility then in effect, if any, for the payment or purchase of 2008 Bonds in accordance with the terms and conditions set forth in this Bond Agreement, the Tender Agent Agreement and that Liquidity Facility at the times, in the manner and for the purposes set forth herein and therein.

Section 409. Notice of Expiration, Termination, or Proposed Replacement of Liquidity Facility.

The Deputy Registrar and Paying Agent shall give notice by mail to the Holders of the 2008 Bonds secured by a Liquidity Facility (i) on or before the 7th day preceding the expiration, termination or proposed replacement of such Liquidity Facility (except in the case of a termination resulting from an event referred to in the following paragraph) in accordance with its terms, or (ii) in the case of any Mandatory Standby Tender under such Liquidity Facility, as soon as reasonably possible, but no later than the Business Day following the receipt by the Deputy Registrar and Paying Agent of notice of the Mandatory Standby Tender. The notice shall be accompanied by directions for the purchase of the 2008 Bonds pursuant to Section 405(e) hereof. The notice shall (A) state the date of such expiration, termination or proposed replacement, (B) state that the 2008 Bonds are subject to mandatory tender for purchase pursuant to Section 405(e) hereof, termination or as a result of such expiration, including any termination as a result of a Mandatory Standby Tender, (C) state the date on which such purchase will occur pursuant to Section 405(e) hereof and set forth the Tender Price and the place of delivery for purchase of such Bonds, and (D) provide any other information required in the notice to the Holders of the 2008 Bonds by Section 405(g) hereof. The Issuer shall provide the Deputy Registrar and Paying Agent with written notice of any information required to enable the Deputy Registrar and Paying Agent to give the foregoing notice. The Deputy Registrar and Paying Agent shall send a copy of the foregoing notice to the Issuer, the Tender Agent, the Remarketing Agent and the Liquidity Facility Provider.

If there should occur any event resulting in the immediate termination or suspension of the obligation of the Liquidity Facility Provider to purchase 2008 Bonds under the terms of any Liquidity Facility, then the Deputy Registrar and Paying Agent
shall as soon as practicably possible thereafter notify the Issuer, the Tender Agent, the Remarketing Agent and the Holders of all the 2008 Bonds then outstanding that: (i) the Liquidity Facility has been terminated or suspended, as the case may be; (ii) the Tender Agent will no longer be able to purchase 2008 Bonds with moneys available under the Liquidity Facility; and (iii) the Liquidity Facility Provider is under no obligation to purchase 2008 Bonds or to otherwise advance moneys to fund the purchase of 2008 Bonds.

Section 410. Credit Facility.

While the 2008 Bonds bear interest at the Weekly Interest Rate, the Daily Interest Rate or Bond Interest Term Rates and, if and to the extent that the Issuer shall elect, the Long-Term Interest Rate, the Issuer may maintain a Credit Facility in lieu of a Liquidity Facility as contemplated by Section 406.

(a) If a Credit Facility for the 2008 Bonds is in effect, the Deputy Registrar and Paying Agent is hereby directed, on or before each Interest Payment Date, to make a drawing under such Credit Facility, in accordance with the terms of the Credit Facility, no later than the time provided in such Credit Facility for presentations of drafts in order to receive payment in immediately available funds by 1:00 p.m. on such date, equal to the interest on 2008 Bonds then payable from such Credit Facility due on such Interest Payment Date (other than such interest representing a portion of the purchase price of any 2008 Bonds required to be purchased on such date and other than any interest due on Bank Bonds) and to use such drawing to pay such interest due on the 2008 Bonds on such Interest Payment Date. The proceeds of such drawing shall be deposited in the Sinking Fund created by the Bond Ordinance in a separate account or subaccount separate and apart from any moneys not received pursuant to a draw on a Credit Facility and held uninvested pending application to the payment of interest on such 2008 Bonds. In determining the amount of any such interest then due, the Deputy Registrar and Paying Agent shall not take into consideration any interest due on any 2008 Bond for any period when such 2008 Bond is a Bank Bond and no drawings under such Credit Facility shall be made, or be used, to pay interest on any Bond for any period when such 2008 Bond is a Bank Bond.

(b) If a Credit Facility for the 2008 Bonds is in effect, on or before each date on which a payment of principal or redemption premium (if covered by such Credit Facility) is due either at maturity or as a result of any mandatory or optional redemption of such 2008 Bonds or any acceleration of the maturity of such 2008 Bonds or otherwise (in each case, other than an amount representing the principal portion of the purchase price of any such 2008 Bonds required to be purchased on such date and other than any principal due on Bank Bonds), the Deputy Registrar and Paying Agent is hereby directed to make a drawing under such Credit Facility, in accordance with the terms of the Credit Facility, no later than the time provided in such Credit Facility for presentations of drafts in order to receive payment in immediately available funds by 1:00 p.m. on the date such principal or redemption premium (if covered by such Credit Facility) is payable, equal to the amount of such principal or redemption premium payment and to use such drawing to make such payment. The proceeds of such drawing shall be held by the Deputy Registrar and Paying Agent in a separate account or subaccount separate and apart from any moneys not received pursuant to a draw on a Credit Facility and held uninvested
pending application to the payment of the principal of and redemption premium (if covered by such Credit Facility) on such 2008 Bonds. In determining the amount of such principal and redemption premium then due, the Deputy Registrar and Paying Agent shall not take into consideration any principal or redemption premium required on Bank Bonds, and no drawings under such Credit Facility shall be made or be used to pay any principal of or redemption premium on Bank Bonds. If the proceeds of such drawing are not received by the Deputy Registrar and Paying Agent by 1:00 p.m. as required above, the Deputy Registrar and Paying Agent shall immediately notify the Issuer, and the Issuer shall immediately pay the required amount to the Deputy Registrar and Paying Agent from Pledged Revenues under the Bond Ordinance.

(c) If a Credit Facility for the 2008 Bonds is in effect, on or before each day on which 2008 Bonds are tendered for purchase or required to be purchased pursuant to Section 405, the Deputy Registrar and Paying Agent is hereby directed to make a drawing under such Credit Facility, in accordance with the terms of the Credit Facility, no later than the time provided in such Credit Facility for presentations of drafts in order to receive payment in immediately available funds by 1:30 p.m. on said date, an amount equal to the Tender Price of 2008 Bonds to be paid on such date, less the amount of moneys described in clause (i) of Section 412(b) of this Bond Agreement available to pay such Tender Price, and to use such drawing to make such payment. The proceeds of such drawing may be paid directly to the Tender Agent or, if such proceeds are received by the Deputy Registrar and Paying Agent, shall be transferred immediately by the Deputy Registrar and Paying Agent to the Tender Agent, for deposit in the Credit Facility Purchase Account, and held uninvested pending application to the payment of the Tender Price of such 2008 Bonds; provided, however, that no drawings under such Credit Facility shall be made or be used to pay the Tender Price of any Bank Bonds.

(d) The Deputy Registrar and Paying Agent shall give notice by first-class mail to the Holders of the 2008 Bonds on or before the fifteenth(15th) day preceding the expiration or termination of the Credit Facility in accordance with its terms or the proposed effective date of any Alternate Credit Facility or Liquidity Facility. Such notice shall, to the extent applicable, (1) state the date of such expiration or termination or proposed effective date of the Alternate Credit Facility or Liquidity Facility, (2) describe generally the Alternate Credit Facility or Liquidity Facility to be in effect upon such expiration, termination or replacement, if any, (3) specify the ratings to be applicable to the 2008 Bonds after such expiration, termination or replacement of the Credit Facility, (4) state that the 2008 Bonds are subject to mandatory tender for purchase as a result of such expiration, termination or proposed replacement, (5) state the date on which such purchase will occur pursuant to Section 405(e) hereof and set forth the Tender Price and the place of delivery for purchase of such 2008 Bonds, and (6) provide any other information required by Section 405(g) hereof. The Issuer shall provide the Deputy Registrar and Paying Agent with written notice of any information required to enable the Deputy Registrar and Paying Agent to give the foregoing notice. The Deputy Registrar and Paying Agent shall send a copy of the foregoing notice to the Issuer, the Tender Agent, the Remarketing Agent and the Credit Facility Provider.
Section 411. Alternate Credit Facility; Delivery of Credit Facility to Replace Liquidity Facility; Surrender of Credit Facility; Rights and Duties Under Credit Facility.

(a) If there is delivered to the Deputy Registrar and Paying Agent (i) an Alternate Credit Facility covering a series of the 2008 Bonds, (ii) a Favorable Opinion of Bond Counsel, (iii) if such Alternate Credit Facility is other than a letter of credit issued by a domestic commercial bank, an opinion of Counsel addressed to the Issuer, the Deputy Registrar and Paying Agent, the Tender Agent and the Remarketing Agent and satisfactory to the Deputy Registrar and Paying Agent and the Remarketing Agent that no registration of the 2008 Bonds or such Alternate Credit Facility is required under the Securities Act, (iv) an opinion of Counsel addressed to the Issuer, the Deputy Registrar and Paying Agent, the Tender Agent and the Remarketing Agent and satisfactory to the Deputy Registrar and Paying Agent to the effect that such Alternate Credit Facility is a valid and enforceable obligation of the issuer or provider thereof, and (v) if the Credit Facility then in effect with respect to the 2008 Bonds does not cover premiums due on the 2008 Bonds, and the 2008 Bonds would be subject to mandatory tender for purchase at a purchase price in excess of the principal amount thereof plus accrued and unpaid interest thereon to but not including the date of purchase under Section 405, Available Moneys in an amount sufficient to pay the premium due on the 2008 Bonds under Section 405, then the Deputy Registrar and Paying Agent shall accept such Alternate Credit Facility.

(b) If a Liquidity Facility is in effect with respect to the 2008 Bonds, a Credit Facility covering the 2008 Bonds may be delivered to the Deputy Registrar and Paying Agent if all of the conditions set forth in the immediately preceding paragraph regarding the delivery of an Alternate Credit Facility for the 2008 Bonds are satisfied.

(c) If an Alternate Credit Facility is delivered to the Deputy Registrar and Paying Agent and accepted pursuant to this Section 411 or an Alternate Liquidity Facility is delivered to the Tender Agent and accepted pursuant to Section 407, then the Deputy Registrar and Paying Agent shall surrender the existing Credit Facility for cancellation, provided that no Credit Facility shall be surrendered until after the date on which 2008 Bonds required to be purchased pursuant to Section 405(e) have been purchased or deemed purchased in accordance with Section 405(e). If a Credit Facility terminates or is no longer required to be maintained hereunder, the Deputy Registrar and Paying Agent shall surrender such Credit Facility to the Credit Facility Provider for cancellation in accordance with the terms of the Credit Facility. Upon the defeasance of the 2008 Bonds pursuant to this Bond Agreement and if, at such time, the 2008 Bonds are no longer subject to tender for purchase, the Deputy Registrar and Paying Agent shall surrender the Credit Facility, if any, to the Credit Facility Provider for cancellation in accordance with the terms of the Credit Facility. The Deputy Registrar and Paying Agent shall comply with the procedures set forth in each Credit Facility relating to the termination thereof and shall deliver any certificates reducing the stated amount of the Credit Facility in accordance with the provisions thereof.

(d) If a Credit Facility is in effect, the Deputy Registrar and Paying Agent is hereby instructed, without further direction, to draw amounts under the Credit Facility in accordance with the terms and conditions set forth herein at the times, in
the manner and for the purposes set forth in this Bond Agreement. The Issuer agrees that the Deputy Registrar and Paying Agent in its name or in the name of the Issuer may enforce all rights of the Deputy Registrar and Paying Agent and of the Issuer and all obligations of the Credit Facility Provider (including the obligation of the Credit Facility Provider to honor drafts duly presented in accordance with the terms and conditions of the Credit Facility) under and pursuant to the Credit Facility, for the benefit of the Holders of the 2008 Bonds. The Deputy Registrar and Paying Agent agrees to assume and perform the duties and obligations contemplated under the Credit Facility to be assumed and performed by the Deputy Registrar and Paying Agent.

(e) If the 2008 Bonds are redeemed in whole or in part, the Deputy Registrar and Paying Agent shall give notice to the Credit Facility Provider in the manner required by the Credit Facility to reflect such reduction in the principal amount of the 2008 Bonds as a result of such redemption.

Section 412. Notice of 2008 Bonds Delivered for Purchase; Purchase of 2008 Bonds; Deposit of Tender Price; Undelivered Bonds.

(a) Determination by Tender Agent; Notice of Tender. For purposes of Section 405 hereof, the Tender Agent shall determine timely and proper delivery of 2008 Bonds pursuant to this Bond Agreement and the proper endorsement of 2008 Bonds delivered. That determination shall be binding on the Holders of those 2008 Bonds, the Issuer, the Liquidity Facility Provider and the Remarketing Agent, absent manifest error.

In the case of a 2008 Bond bearing interest at a Weekly Interest Rate, as soon as practicable upon receipt from a Bondholder or Participant of a notice pursuant to Section 405(a) hereof, but not later than 12:00 Noon, New York, New York time, on the day following receipt of such notice, the Tender Agent shall notify the Remarketing Agent, the Liquidity Facility Provider or the Credit Facility Provider, the Deputy Registrar and Paying Agent and the Issuer by telephone, promptly confirmed in writing, or by telecopy, of receipt of such notice, the name of such Bondholder or Participant, the principal amount of 2008 Bonds to be purchased and the date on which such 2008 Bonds are to be purchased in accordance therewith.

In the case of a 2008 Bond bearing interest at a Daily Interest Rate, as soon as practicable upon receipt from a Bondholder or Participant of a notice pursuant to Section 405(b) hereof, but not later than 11:15 a.m., New York, New York time, on the day of receipt of such notice, the Tender Agent shall notify the Remarketing Agent, the Liquidity Facility Provider or the Credit Facility Provider, the Deputy Registrar and Paying Agent, the Issuer and the Borrower by telephone, promptly confirmed in writing, or by telecopy, of receipt of such notice, the name of such Bondholder or Participant, the principal amount of Bonds to be purchased and the date on which such Bonds are to be purchased in accordance therewith.

The Tender Agent shall notify the Remarketing Agent of a mandatory tender for purchase pursuant to Section 405(c) hereof not later than 3:00 p.m., New York, New York time, on the last Business Day prior to the Tender Date, and of a mandatory
tender for purchase pursuant to Sections 405(d), (e) or (f) hereof not later than 11:00 a.m., New York, New York time, on the last Business Day prior to the Tender Date.

(b) Purchase of 2008 Bonds; Sources and Deposits of Tender Price. 2008 Bonds required to be purchased in accordance with Section 405 hereof shall be purchased from the Holders thereof, on the Tender Date and at the Tender Price. Funds for the payment of the Tender Price shall be received by the Tender Agent from the following sources and used in the order of priority indicated:

(i) proceeds of the sale of 2008 Bonds remarketed pursuant to Section 413 and the Remarketing Agreement and furnished to the Tender Agent by the Remarketing Agent for deposit into the Remarketing Account of the Bond Purchase Fund;

(ii) money furnished by the Liquidity Facility Provider or the Credit Facility Provider to the Tender Agent for deposit into the Liquidity Facility Purchase Account of the Bond Purchase Fund from Requests on the Liquidity Facility, if any, or the Credit Facility Purchase Account of the Bond Purchase Fund from a draw on the Credit Facility, if any (provided that moneys from Requests on the Liquidity Facility or draws on the Credit Facility shall not be used to purchase Bank Bonds); and

(iii) money, if any, furnished by the Issuer at its option pursuant to Section 405(i)(i) to the Tender Agent for deposit into the Issuer Purchase Account of the Bond Purchase Fund for the purchase of 2008 Bonds by the Issuer.

(iv) money furnished by the Issuer pursuant to Section 405(i)(ii).

Money held in the Bond Purchase Fund shall be held uninvested by the Tender Agent.

Any money in the Bond Purchase Fund on a Tender Date not needed to pay the Tender Price of Tendered Bonds shall be used to reimburse the Liquidity Provider for any drawing on the Liquidity Facility.

(c) Undelivered Bonds; Tender Price. If any Holder of a 2008 Bond who has given notice of tender of purchase pursuant to Section 405(a) or 405(b) hereof or any Holder of a 2008 Bond subject to mandatory tender for purchase pursuant to Section 405(c), 405(d), 405(e) or 405(f) hereof, shall fail to deliver that 2008 Bond to the Tender Agent at the place and on the Tender Date and at the time specified, or shall fail to deliver that 2008 Bond properly endorsed, that 2008 Bond shall constitute an Undelivered Bond. If funds in the amount of the Tender Price of the Undelivered Bond are available for payment to the Holder thereof on the Tender Date and at the time specified, then from and after the Tender Date and time of that required delivery (A) the Undelivered Bond shall be deemed to be purchased and shall no longer be deemed to be Outstanding under this Bond Agreement; (B) interest shall no longer accrue on the Undelivered Bond; and (C) funds in the amount of the Tender Price of the Undelivered Bond shall be held uninvested by the Tender Agent for the benefit of the Holder thereof (provided that the Holder shall have no right to any investment
proceeds derived from such funds), to be paid on delivery (and proper endorsement) of the Undelivered Bond to the Tender Agent at its Principal Office for delivery of Bonds. Any money which the Tender Agent segregates and holds in trust for the payment of the Tender Price of any 2008 Bonds which remains unclaimed for five years after the date of purchase shall be paid to the Issuer. After the payment of such unclaimed money to the Issuer, the former Holder of such 2008 Bonds shall look only to the Issuer for the payment thereof. The Issuer shall not be liable for any interest on unclaimed money and shall not be regarded as a trustee of such money.

(d) Delivery and Payment Under Book-Entry-Only System. Whenever the book-entry-only system described in Section 302 is in effect, payment of the Tender Price to a Holder of a 2008 Bond subject to mandatory purchase pursuant to Section 405(c), 405(d), 405(e) or 405(f) hereof shall be made by 3:00 p.m., or as soon as practically possible thereafter, upon the receipt by the Deputy Registrar and Paying Agent of the Tender Price as set forth in Section 412(b) on the Tender Date upon the transfer on the registration books of the Securities Depository of the beneficial ownership interest in such 2008 Bonds tendered for purchase to the account of the Tender Agent, or a Participant acting on behalf of such Tender Agent, at or prior to 10:00 a.m., on the Tender Date.

Section 413. Remarketing of 2008 Bonds; Notice of Interest Rates.

(a) Remarketing. (i) Tendered Bonds. Upon receipt of a notice of tender from the Tender Agent pursuant to Section 412(a) hereof, (other than a Mandatory Standby Tender) or, in the case of Bank Bonds, at the request of the City, the Remarketing Agent shall offer for sale and use its best efforts to sell such 2008 Bonds (including Bank Bonds) on the same date designated for purchase thereof in accordance with Section 405 hereof or, in the case of Bank Bonds, the date requested by the City and, if not remarketed on such date, thereafter until sold, at a price equal to par plus accrued interest, or, with respect to Bank Bonds, at a price equal to par plus such interest component of the purchase price being determined by the Remarketing Agent, with consent of the Tender Agent, in order to best facilitate remarketing. 2008 Bonds subject to a Mandatory Standby Tender shall not be remarked unless such 2008 Bonds are converted to a Long-Term Interest Rate Period, unless an Alternate Liquidity Facility is in full force and effect or unless the Liquidity Facility Provider has reinstated the Liquidity Facility with respect to which such Mandatory Standby Tender was declared and such Liquidity Facility is in full force and effect. 2008 Bonds shall not be remarked to the Issuer. Notwithstanding anything to the contrary herein provided, the 2008 Bonds shall not be remarked following a Mandatory Purchase Date occurring at the Credit Facility Provider’s direction pursuant to Section 405(f)(ii) unless and until the Remarketing Agent has received the consent of the Credit Facility Provider to such remarketing.

(ii) Bank Bonds. As soon as practicable, but in any event by no later than 11:00 a.m. on the date any Bank Bond is to be remarked, the Remarketing Agent shall notify the Deputy Registrar and Paying Agent, the Issuer, the Tender Agent and the Liquidity Facility Provider or the Credit Facility Provider by telephone of the principal amount of the Bank Bond to be remarked and the amount of accrued interest that will be included in the sales price therefor. Upon receipt of such notice from the Remarketing Agent, the City shall notify the Liquidity Facility Provider or the
Credit Facility Provider of the amount to be prepaid on such date. Upon receipt of such notice from the Remarketing Agent, the Liquidity Facility Provider or the Credit Facility Provider shall promptly, but not later than 12:30 p.m. on such remarketing date, notify the Deputy Registrar and Paying Agent, the Tender Agent and the Issuer by telephone of the Bank Bond Interest Differential Amount. Upon receipt of such notice from the Liquidity Facility Provider or the Credit Facility Provider, the Issuer shall immediately, and in no event later than 3:00 p.m. on such remarketing date, pay the Bank Bond Interest Differential Amount to the Liquidity Facility Provider or the Credit Facility Provider, as applicable.

(b) **Notice of Rates and Terms.** The Remarketing Agent shall determine the rate of interest for 2008 Bonds during each Interest Rate Period and each Bond Interest Term relating thereto and the Bond Interest Terms for 2008 Bonds during each Short-Term Interest Rate Period relating thereto as provided in Section 303 hereof and shall furnish to the Deputy Registrar and Paying Agent and the Issuer no later than the Business Day next succeeding the date of determination each rate of interest and Bond Interest Term so determined by telephone or telex, promptly confirmed in writing; provided that during a Daily Interest Rate Period such information need be provided only once a week. In lieu of the notification provided in the preceding sentence, the Remarketing Agent may make such information available by readily accessible electronic means.

(c) **Notice of Purchase and Remarketing.** (i) **Tendered Bonds.** The Remarketing Agent shall cause the Tender Price of the 2008 Bonds that have been remarketed to be delivered to the Tender Agent for deposit into the Remarketing Account of the Bond Purchase Fund and shall give notice by Electronic Means to the Deputy Registrar and Paying Agent and the Tender Agent by 3:00 p.m. on each date on which 2008 Bonds have been purchased pursuant to Section 412(b)(i) specifying the principal amount of such 2008 Bonds, if any, sold by it pursuant to Section 413(a) along with a list of the purchasers showing the names and denominations in which such 2008 Bonds shall be registered, and the addresses and social security or taxpayer identification numbers of such purchasers. Upon receipt from the Remarketing Agent of such information, the Deputy Registrar and Paying Agent shall prepare 2008 Bonds in accordance with such information received from the Remarketing Agent for registration of transfer and redelivery to the Remarketing Agent. Promptly upon receipt of such latter notice from the Remarketing Agent, the Tender Agent shall notify the Liquidity Facility Provider or the Credit Facility Provider and the Issuer as to the projected Funding Amount, if any.

(ii) **Bank Bonds.** The Remarketing Agent shall cause the Tender Price of Bank Bonds that have been remarketed to be delivered to the Tender Agent for deposit into the Remarketing Account of the Bond Purchase Fund and shall give notice by Electronic Means to the Deputy Registrar and Paying Agent and the Tender by 3:00 p.m. on each date on which Bank Bonds have been sold pursuant to Section 413(a)(ii) specifying the principal amount of such Bank Bonds sold by it pursuant to Section 413(a)(ii) along with a list of the purchasers showing the name and denominations in which such Bank Bonds shall be registered, and the addresses and social security or taxpayer identification numbers of such purchasers. Upon receipt from the Remarketing Agent of such information, the Deputy Registrar and Paying Agent shall prepare 2008 Bonds in accordance with such information received from the
Remarketing Agent for registration of transfer and redelivery to the Remarketing Agent. Not later than 3:00 p.m. on the sale date, the Tender Agent shall pay the Liquidity Facility Provider or the Credit Facility Provider, the proceeds of such remarketing from the money in the Remarketing Account in the Bond Purchase Fund.

Section 414. Delivery of 2008 Bonds.

(a) 2008 Bonds purchased with money described in Section 412(b)(i) shall be made available by the Tender Agent to the Remarketing Agent for delivery to the purchasers thereof against payment therefor.

(b) 2008 Bonds purchased with money described in Section 412(b)(ii) shall be registered in the name of the Liquidity Facility Provider or the Credit Facility Provider, as applicable, and delivered in certificated form to the Liquidity Facility Provider or the Credit Facility Provider, as applicable, as soon as practical following their purchase or held by the Tender Agent as agent for the Liquidity Facility Provider or the Credit Facility Provider, as applicable, as directed by the Liquidity Facility Provider or the Credit Facility Provider, as applicable.

(c) 2008 Bonds purchased with money described in Section 412(b)(iii) shall be cancelled by the Deputy Registrar and Paying Agent, and any such 2008 Bonds purchased with money described in Section 412(b)(iii) shall not be remarketed, unless non-cancellation and remarketing are approved by a Favorable Opinion of Bond Counsel delivered to the Issuer, the Deputy Registrar and Paying Agent, the Tender Agent and the applicable Remarketing Agent.

(d) 2008 Bonds delivered as provided in this Section 414 shall be registered in the manner directed by the recipient thereof.

(e) When any Bank Bonds are remarketed, the Tender Agent shall not release 2008 Bonds so remarketed to the Remarketing Agent until the Tender Agent has received and forwarded to the Liquidity Facility Provider or the Credit Facility Provider, as applicable, the proceeds of such remarketing and (unless the Liquidity Facility is no longer to remain in effect) the Liquidity Facility or the Credit Facility Provider, as applicable, has been reinstated.

Section 415. Delivery of Proceeds of Sale.

The proceeds of the sale by the Remarketing Agent of any 2008 Bonds shall be delivered to the Tender Agent for deposit into the Remarketing Account of the Bond Purchase Fund.

Section 416. Election Not to Sell Bank Bonds.

The Liquidity Facility Provider or the Credit Facility Provider, as applicable (or any subsequent owner of a Bank Bond) shall have the right, by written notice or by telephonic notice, promptly confirmed in writing to the Remarketing Agent, the Deputy Registrar and Paying Agent and the Tender Agent, to elect not to sell the Bank Bonds or any portion thereof to a purchaser identified by the Remarketing Agent. From and after any such election not to sell the Bank Bonds, such 2008 Bonds shall cease to be
Bank Bonds and shall bear interest as provided herein for 2008 Bonds other than Bank Bonds.

Section 417. Inadequate Funds for Tenders.

If sufficient funds are not available for the purchase of all 2008 Bonds tendered or deemed tendered and required to be purchased on any Tender Date, all 2008 Bonds shall bear interest at the lesser of the SIFMA Swap Index plus three percent and the Maximum Bond Interest Rate from the date of such failed purchase, until all such 2008 Bonds are purchased as required in accordance with this Bond Agreement, and all tendered 2008 Bonds shall be returned to their respective Holders. Notwithstanding any other provision of this Bond Agreement, such failed purchase and return shall not constitute an Event of Default. Thereafter, the Deputy Registrar and Paying Agent shall continue to take all such action available to it to obtain remarketing proceeds from the Remarketing Agent and sufficient other funds from the Liquidity Facility Provider or the Credit Facility Provider, as applicable.

Section 418. Remarketing Agent; Tender Agent.

(a) Remarketing Agent. Each Remarketing Agent appointed by the Issuer shall designate its Principal Office in the applicable Remarketing Agreement. The Remarketing Agent shall signify its acceptance of the duties and obligations imposed upon it under the Bond Ordinance and this Bond Agreement by a written instrument of acceptance (which may be the Remarketing Agreement) delivered to the Issuer, the Deputy Registrar and Paying Agent, the Tender Agent, the Credit Facility Provider, if any, and the Liquidity Facility Provider, under which the Remarketing Agent shall agree, particularly, to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Issuer, the Deputy Registrar and Paying Agent, the Credit Facility Provider, if any, and the Liquidity Facility Provider at all reasonable times.

(b) Tender Agent. So long as a Liquidity Facility or Credit Facility remains in effect with respect to the 2008 Bonds, the Tender Agent shall be the same entity as the Deputy Registrar and Paying Agent. Each Tender Agent appointed by the Issuer shall designate its Principal Office for delivery of notices and delivery of 2008 Bonds in the Tender Agent Agreement and signify its acceptance of the duties and obligations imposed upon it under the Bond Ordinance and this Bond Agreement by a written instrument of acceptance (which may be the Tender Agent Agreement) delivered to the Issuer, the Deputy Registrar and Paying Agent, the Credit Facility Provider, if any, the Liquidity Facility Provider and the Remarketing Agent. By acceptance of its appointment under this Bond Agreement, the Tender Agent agrees:

(i) to hold all 2008 Bonds delivered to it pursuant to Section 414 as agent and bailee of, and in escrow for the benefit of, the respective Holders which have delivered such 2008 Bonds until money representing the purchase price of such 2008 Bonds shall have been delivered to or for the account of or to the order of such Holders;
(ii) to hold all 2008 Bonds registered in the name of the new Holders thereof which have been delivered to it by the Deputy Registrar and Paying Agent for delivery to the Remarketing Agent in accordance with the Tender Agent Agreement;

(iii) to hold Bank Bonds for the account of the Liquidity Facility Provider as stated in Section 414(b); and

(iv) to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Issuer, the Deputy Registrar and Paying Agent, the Liquidity Facility Provider and the Remarketing Agent at all reasonable times.

Section 419. Qualifications of Remarketing Agent and Tender Agent; Resignation and Removal of Remarketing Agent and Tender Agent.

(a) Remarketing Agent. (i) Each Remarketing Agent shall be a member of the National Association of Securities Dealers, having a combined capital stock, surplus and undivided profits of at least $50,000,000 and authorized by law to perform all the duties imposed upon it by this Bond Agreement and the Remarketing Agreement.

(ii) A Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Bond Agreement by giving notice to the Issuer, the Deputy Registrar and Paying Agent, the Tender Agent, the Credit Facility Provider, if any, and the Liquidity Facility Provider. Such resignation shall take effect on the 30th day after the receipt by the Issuer of the notice of resignation. A Remarketing Agent may be removed at any time on 15 days prior written notice, by an instrument signed by the Issuer, approved by the Liquidity Facility Provider and Credit Facility Provider, if any, and delivered to such Remarketing Agent, the Deputy Registrar and Paying Agent and the Tender Agent. Notwithstanding the provisions of this paragraph, such resignation or removal shall not take effect prior to the date that a successor Remarketing Agent has been appointed by the Issuer and has accepted such appointment; provided, however, that if a successor Remarketing Agent has not been so appointed within 90 days of the notice of resignation of the Remarketing Agent, the Remarketing Agent may resign whether or not a successor has been appointed.

(iii) Notwithstanding the provisions of Section 419(a)(ii), the Issuer may agree to other terms for resignation, removal or replacement of a Remarketing Agent in a Remarketing Agreement, in which case the terms with respect thereto in the Remarketing Agreement shall prevail.

(b) Tender Agent. Each Tender Agent shall be a commercial bank with trust powers or a trust company duly organized under the laws of the United States of America or any state or territory thereof having a combined capital stock, surplus and undivided profits of at least $15,000,000 and authorized by law to perform all the duties imposed upon it by the Bond Ordinance, this Bond Agreement and the Tender Agent Agreement. A Tender Agent may at any time resign and be discharged of the duties and obligations created by the Bond Ordinance, this Bond Agreement and the
Tender Agent Agreement by giving at least 60 days' notice to the Issuer, the Deputy Registrar and Paying Agent, the Liquidity Facility Provider, the Credit Facility Provider, if any, and the Remarketing Agent. A Tender Agent may be removed at any time by an instrument signed by the Issuer and filed with the Deputy Registrar and Paying Agent. However, such resignation or removal shall not take effect prior to the date that a successor Tender Agent has been appointed by the Issuer and has accepted such appointment, such appointment has been approved by the Liquidity Facility Provider, the Credit Facility Provider, if any, and the Liquidity Facility or Credit Facility, if any, has been transferred, in accordance with its terms, to that successor.

Upon the effective date of resignation or removal of a Tender Agent, such Tender Agent shall deliver any 2008 Bonds and money held by it in such capacity to its successor.

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Section 501. Bond Purchase Fund.

Whenever 2008 Bonds bear interest during an Interest Rate Period other than a Long-Term Interest Rate Period to their Maturity Date, there shall be established with and maintained by the Tender Agent a separate trust fund to be designated “Bond Purchase Fund” (the “Bond Purchase Fund”). The Tender Agent shall further establish within the Bond Purchase Fund a separate trust account to be referred to herein as a “Remarketing Account”, a separate trust account to be referred to herein as a “Liquidity Facility Purchase Account”, a separate trust account to be referred to herein as the “Credit Facility Purchase Account”, and a separate trust account to be referred to herein as an “Issuer Purchase Account”. Notwithstanding any other provision of this Section 501, any amount in the Bond Purchase Fund not needed for payment of the Tender Price of Tendered Bonds may be used to reimburse the Liquidity Facility Provider for any drawing on the Liquidity Facility.

(a) Remarketing Account. Upon receipt of the proceeds of a remarketing of 2008 Bonds on a Tender Date pursuant to Section 415, the Tender Agent shall deposit such proceeds in the Remarketing Account of the Bond Purchase Fund for application to the Tender Price of such 2008 Bonds in accordance with Section 412(b)(i) and, if the Tender Agent is not a paying agent with respect to such 2008 Bonds, shall transmit such proceeds to the Deputy Registrar and Paying Agent for such application. Only proceeds derived from the remarketing of Bonds shall be deposited into the Remarketing Account and such moneys shall not be commingled with moneys derived from any other sources. Notwithstanding the foregoing, upon receipt of the proceeds of a remarketing of Bank Bonds, the Tender Agent shall immediately pay such proceeds to the Liquidity Facility Provider.

(b) Liquidity Facility Purchase Account. Upon receipt from the Liquidity Facility Provider of the immediately available funds transferred to the Tender Agent pursuant to Section 406 hereof, the Tender Agent shall deposit such money in the Liquidity Facility Purchase Account of the Bond Purchase Fund for application to the Tender Price of the 2008 Bonds required to be purchased on a Tender Date in accordance with Section 412(b)(iii) to the extent that the money on deposit in the Remarketing Account of the Bond Purchase Fund shall not be sufficient. Only moneys
received from the Liquidity Facility Provider pursuant to the Liquidity Facility shall be deposited into the Liquidity Facility Purchase Account and such moneys shall not be commingled with moneys derived from any other sources. Any amounts deposited in the Liquidity Facility Purchase Account and not needed with respect to any Tender Date for the payment of the Tender Price for any 2008 Bonds shall be immediately returned to the Liquidity Facility Provider.

(c) **Credit Facility Purchase Account.** Upon receipt from the Credit Facility Provider of the immediately available funds transferred to the Tender Agent pursuant to Section 410 hereof, the Tender Agent shall deposit such money in the Credit Facility Purchase Account of the Bond Purchase Fund for application to the Tender Price of the 2008 Bonds required to be purchased on a Tender Date in accordance with Section 412(b)(ii) to the extent that the money on deposit in the Remarketing Account of the Bond Purchase Fund shall not be sufficient. Only moneys received from the Liquidity Facility Provider pursuant to the Liquidity Facility shall be deposited into the Liquidity Facility Purchase Account and such moneys shall not be commingled with moneys derived from any other sources. Any amounts deposited in the Credit Facility Purchase Account and not needed with respect to any Tender Date for the payment of the Tender Price for any Bonds shall be immediately returned to the Credit Facility Provider.

(d) **Issuer Purchase Account.** Upon receipt from the Issuer under Section 405(i) of any funds for the purchase of tendered 2008 Bonds, the Tender Agent shall deposit such money, if any, in the Issuer Purchase Account of the Bond Purchase Fund for application to the Tender Price of the 2008 Bonds required to be purchased on a Tender Date in accordance with Section 412(b)(iii) or 412(b)(iv), as applicable, to the extent that the money on deposit in the Remarketing Account and the Liquidity Facility Purchase Account or the Credit Facility Purchase Account, as applicable, of the Bond Purchase Fund shall not be sufficient. Only moneys received from the Issuer shall be deposited into the Issuer Purchase Account and such moneys shall not be commingled with moneys derived from any other sources. Any amounts deposited in the Issuer Purchase Account and not needed with respect to any Tender Date for the payment of the Tender Price for any 2008 Bonds shall be immediately returned to the Issuer.

**Section 502. Investment of Moneys in Fund.**

All amounts held in the Bond Purchase Fund by the Tender Agent shall be held uninvested and separate and apart from all other funds and accounts.

**Section 503. Nonpresentment of Bonds.**

In the event any 2008 Bonds shall not be presented for payment when the principal thereof becomes due, either at maturity, or at the date fixed for redemption thereof, or otherwise, if moneys sufficient to pay any such 2008 Bonds shall have been deposited with the Deputy Registrar and Paying Agent for the benefit of the Holder thereof, all liability of the Issuer to the Holder thereof for the payment of such 2008 Bonds shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Deputy Registrar and Paying Agent to hold such funds, uninvested or invested in Federal Securities maturing overnight, but in any event
without liability for interest thereon, for the benefit of the Holder of such 2008 Bonds which shall thereafter be restricted exclusively to such funds for any claim of whatever nature on its part under the Bond Ordinance and this Bond Agreement with respect to such 2008 Bonds.

Any moneys so deposited with and held by the Deputy Registrar and Paying Agent not so applied to the payment of 2008 Bonds within two years after the date on which the same shall have become due shall be repaid by the Deputy Registrar and Paying Agent to the Issuer upon written direction of an Authorized City Representative, and thereafter Bondholders shall be entitled to look only to the Issuer for payment, and then to the extent of the amount so repaid, and all liability of the Deputy Registrar and Paying Agent with respect to such money shall thereupon cease, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

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**Section 601. Acceptance of Duties.**

The Deputy Registrar and Paying Agent hereby accepts the duties imposed upon it by the Bond Ordinance and this Bond Agreement, and agrees to perform said duties, but only upon and subject to the following express terms and conditions:

(a) The Deputy Registrar and Paying Agent, prior to the occurrence of a default and after the curing of all defaults which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Bond Ordinance and this Bond Agreement. In case a default has occurred (which has not been cured or waived), the Deputy Registrar and Paying Agent shall exercise such of the rights and powers vested in it by the Bond Ordinance and this Bond Agreement, and use the same degree of care and skill in the exercise of such rights and powers as an ordinary, prudent man would exercise or use in the conduct of his own affairs.

(b) The Deputy Registrar and Paying Agent may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees, but shall not be answerable for the conduct of the same if appointed with due care, and the Deputy Registrar and Paying Agent shall be entitled to advice of counsel concerning its duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the duties hereof. The Deputy Registrar and Paying Agent may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the Issuer) selected by the Deputy Registrar and Paying Agent in the exercise of reasonable care. The Deputy Registrar and Paying Agent shall not be responsible for any loss or damage resulting from any action or inaction taken or not taken, as the case may be, in good faith in reliance upon such opinion or advice.

(c) The Deputy Registrar and Paying Agent shall not be responsible for any recital herein or in the 2008 Bonds (except with respect to the certificate
of authentication endorsed on the 2008 Bonds), or for the validity of the execution by the Issuer of this Bond Agreement or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the 2008 Bonds issued hereunder or intended to be secured hereby; but the Deputy Registrar and Paying Agent may require of the Issuer full information and advice as to the performance of the aforesaid covenants, conditions and agreements. The Deputy Registrar and Paying Agent shall have no obligation to perform any of the duties of the Issuer under the Bond Ordinance or this Bond Agreement.

(d) The Deputy Registrar and Paying Agent shall not be accountable for the use of any 2008 Bonds authenticated or delivered hereunder. The Deputy Registrar and Paying Agent may become the Owner of 2008 Bonds secured hereby and by the Bond Ordinance with the same rights which it would have if not the Deputy Registrar and Paying Agent hereunder.

(e) The Deputy Registrar and Paying Agent shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Deputy Registrar and Paying Agent pursuant to this Bond Agreement upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any 2008 Bonds shall be conclusive and binding upon all future owners of the same 2008 Bonds and upon 2008 Bonds issued in exchange therefor or in place thereof.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Deputy Registrar and Paying Agent shall be entitled to rely upon a certificate signed by an Authorized City Representative as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which the Deputy Registrar and Paying Agent has been notified as provided in Section 601(h) hereof, or of which by said subsection the Deputy Registrar and Paying Agent is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but shall in no case be bound to secure the same. The Deputy Registrar and Paying Agent may accept a certificate of such officials of the Issuer who executed the 2008 Bonds (or their successors in office) to the effect that a resolution or ordinance in the form therein set forth has been adopted by the Issuer as conclusive evidence that such resolution or ordinance has been duly adopted and is in full force and effect.

(g) The permissive right of the Deputy Registrar and Paying Agent to do things enumerated in this Bond Agreement shall not be construed as a duty, and the Deputy Registrar and Paying Agent shall not be answerable for other than its gross negligence or willful misconduct.

(h) The Deputy Registrar and Paying Agent shall not be required to take notice or be deemed to have notice of any default hereunder except for
defaults specified in the Bond Ordinance, unless a Responsible Officer of the Deputy Registrar and Paying Agent shall be specifically notified in writing at its Principal Office of such default by the Issuer, the Credit Facility Provider, if any, or by the Owners of at least 50% in aggregate principal amount of Outstanding 2008 Bonds, and all notices or other instruments required by this Bond Agreement to be delivered to the Deputy Registrar and Paying Agent, must, in order to be effective, be received by a Responsible Officer at the Principal Office of the Deputy Registrar and Paying Agent, and in the absence of such notice so delivered the Deputy Registrar and Paying Agent may conclusively assume there is no default except as aforesaid.

(i) At any and all reasonable times the Deputy Registrar and Paying Agent, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect all books and records of the Issuer pertaining to the 2008 Bonds, and to make such copies and memoranda from and with regard thereto as may be desired.

(j) The Deputy Registrar and Paying Agent shall not be required to give any bond or surety in respect of the execution of this Bond Agreement or otherwise in respect of the premises.

(k) Notwithstanding anything elsewhere in this Bond Agreement with respect to the authentication of any 2008 Bonds, the withdrawal of any cash, the release of any property or any action whatsoever within the purview of the Bond Ordinance and this Bond Agreement, the Deputy Registrar and Paying Agent shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action, deemed desirable by the Deputy Registrar and Paying Agent for the purpose of establishing the right of the Issuer to the authentication of any 2008 Bonds, the withdrawal of any cash or the taking of any other action.

(l) Before taking any action under this Bond Agreement (other than paying the principal of, redemption premium (if any) and interest on the 2008 Bonds as the same shall become due and payable or taking any action hereunder in connection with paying the purchase price and effecting mandatory tenders and redemption of 2008 Bonds hereunder or effecting a draw under a Credit Facility or a request under a Liquidity Facility), the Deputy Registrar and Paying Agent may require that a satisfactory indemnity bond be furnished for the reimbursement of any expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its gross negligence or willful misconduct in connection with any such action.

(m) All moneys received by the Deputy Registrar and Paying Agent shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent otherwise required herein or required by law.
(n) The Deputy Registrar and Paying Agent’s immunities and protections from liability and its right to compensation and indemnification in connection with the performance of its duties under this Bond Agreement shall extend to the Deputy Registrar and Paying Agent’s officers, directors, agents and employees. Notwithstanding anything else contained herein or in any other document or instrument executed by or on behalf of the Deputy Registrar and Paying Agent in connection herewith, no stipulation, covenant, agreement or obligation contained herein or therein shall be deemed or construed to be a stipulation, covenant, agreement or obligation of any present or future officer, director, employee, or agent of the Deputy Registrar and Paying Agent in any such person’s individual capacity and no such person, in his individual capacity shall be liable personally for any breach or no-observance of or for any failure to perform, fulfill or comply with any such stipulation, covenant, agreement or obligation. All immunities and protections and rights to indemnification of the Deputy Registrar and Paying Agent and its officers, directors, employees and agents, together with the Deputy Registrar and Paying Agent’s rights to compensation, shall survive the Deputy Registrar and Paying Agent’s resignation or removal and final payment of the 2008 Bonds.

(o) Notwithstanding anything else herein contained, (i) the Deputy Registrar and Paying Agent shall not be liable for any error or judgment made in good faith unless it is proven that the Deputy Registrar and Paying Agent was grossly negligent in ascertaining the pertinent facts, and (ii) no provisions of this Bond Agreement shall require the Deputy Registrar and Paying Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it believes the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(p) The Deputy Registrar and Paying Agent shall not be liable or responsible for the acts or omissions of the Remarketing Agent.

(q) In the event the Deputy Registrar and Paying Agent receives inconsistent or conflicting requests and indemnity from two or more groups of Holders of the 2008 Bonds, each representing less than a majority in aggregate principal amount of the 2008 Bonds Outstanding, the Deputy Registrar and Paying Agent, in its sole discretion, may determine what action, if any, shall be taken.

(r) The Deputy Registrar and Paying Agent shall have no responsibility for any registration, filing, recording, reregistration, refiling or rerecording of this Bond Agreement or any other document or instrument executed in connection with this Bond Agreement and the issuance and sale of the 2008 Bonds, including without limitation, any financing statements or continuation statements with respect thereto.

(s) To the extent that it is necessary for the Deputy Registrar and Paying Agent to determine whether any Person is a Beneficial Owner, the Deputy Registrar and Paying Agent shall make such determination based on a certification of such Person (on which the Deputy Registrar and Paying Agent
may conclusively rely) setting forth in satisfactory detail the principal balance and bond certificate owned and any intermediaries through which such bond certificate is held. The Deputy Registrar and Paying Agent shall be entitled to rely conclusively on information it receives from DTC or other applicable Securities Depository, its direct participants and the indirect participating brokerage firms for such participants with respect to the identity of a Beneficial Owner. The Deputy Registrar and Paying Agent shall not be deemed to have actual or constructive knowledge of the books and records of DTC or its participants.

Section 602. Successor Deputy Registrar and Paying Agent.

Any corporation or association into which the Deputy Registrar and Paying Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall be and become successor Deputy Registrar and Paying Agent hereunder and vested with all the powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 603. Resignation by Deputy Registrar and Paying Agent; Removal.

The Deputy Registrar and Paying Agent may at any time resign from its duties hereby created by giving 45 days’ written notice to the Issuer, to the Credit Facility Provider, if any, and to each Bondholder, but such resignation shall not take effect until the appointment of a successor Deputy Registrar and Paying Agent, acceptance by the successor Deputy Registrar and Paying Agent of such duties. The Deputy Registrar and Paying Agent may be removed at any time by an instrument or concurrent instruments in writing delivered to the Deputy Registrar and Paying Agent and signed by the Issuer or a Majority of the Bondholders, but such removal shall not take effect until the appointment of a successor Deputy Registrar and Paying Agent and acceptance by the successor Deputy Registrar and Paying Agent of such duties and transfer to the successor Deputy Registrar and Paying Agent of any Liquidity Facility or Credit Facility then outstanding, provided, in the case of removal by the Issuer, that notice of such removal must be provided by the Issuer to the Bondholders at least 45 days prior to the effective date of such removal. Such notice must provide that the Bondholders have a right to object in writing to the removal of the Deputy Registrar and Paying Agent and no such removal by the Issuer will be effective if the Holders of 25% or more of the aggregate outstanding principal amount of 2008 Bonds shall deliver written objection to the Deputy Registrar and Paying Agent and/or the Issuer within such 45-day period. The Deputy Registrar and Paying Agent may also be removed at any time for any breach of duty, or for acting or proceeding in violation of, or for failing to act or proceeding in accordance with, any provision of the Bond Ordinance, this Bond Agreement or any other Issuer Agreements with respect to the duties and obligations of the Deputy Registrar and Paying Agent, by any court of competent jurisdiction upon the application of the Issuer or a Majority of the Bondholders.
Section 604.  Appointment of Successor Deputy Registrar and Paying Agent.

If the Deputy Registrar and Paying Agent hereunder shall resign or be removed, or be dissolved, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor shall be appointed by the Issuer. If the Issuer does not appoint a successor Deputy Registrar and Paying Agent within 45 days of the Deputy Registrar and Paying Agent providing notice of its resignation, the Deputy Registrar and Paying Agent may petition a court of competent jurisdiction to appoint a successor Deputy Registrar and Paying Agent. At any time within one year after any such vacancy shall have occurred and provided a court has not appointed a successor Deputy Registrar and Paying Agent as provided above, a Majority of the Bondholders may appoint a successor Deputy Registrar and Paying Agent by an instrument or concurrent instruments in writing signed by or on behalf of such Holders, which appointment shall supersede any Deputy Registrar and Paying Agent theretofore appointed by the Issuer. Each successor Deputy Registrar and Paying Agent shall be a trust company or bank having the powers of a trust company which is in good standing and has a reported capital, surplus and undivided profits of not less than $100,000,000. Any such successor Deputy Registrar and Paying Agent shall become Deputy Registrar and Paying Agent upon giving notice to the Issuer and the Bondholders of its acceptance of the appointment, vested with all the property, rights and powers of the Deputy Registrar and Paying Agent hereunder, without any further act or conveyance. Any predecessor Deputy Registrar and Paying Agent shall execute, deliver and record and file such instruments as the Deputy Registrar and Paying Agent may reasonably require to confirm or perfect any such succession.

Section 605.  Dealing in Bonds.

The Deputy Registrar and Paying Agent and any of its directors, officers, employees or agents may become the owners of any or all of the 2008 Bonds secured hereby with the same rights as if such owner were not the Deputy Registrar and Paying Agent or an affiliate of the Deputy Registrar and Paying Agent.

Section 606.  Adoption of Authentication.

In case any 2008 Bonds shall have been authenticated but not delivered, any successor Deputy Registrar and Paying Agent may adopt the certificate of authentication of the predecessor Deputy Registrar and Paying Agent and deliver the 2008 Bonds as so authenticated.

Section 607.  Deputy Registrar and Paying Agent to Retain Information; No Responsibility.

So long as any of the 2008 Bonds shall be outstanding, the Deputy Registrar and Paying Agent shall retain all certificates, all financial statements for the most recent three years and all other written information furnished to it by or on behalf of the Issuer or any other Person under any Issuer Agreements and shall make such documentation available for review after reasonable notice during regular business hours at the principal corporate trust office of the Deputy Registrar and Paying Agent.
to the Issuer and any Bondholder and, so long as the 2008 Bonds are held by the DTC or other Securities Depository or its nominee, any Beneficial Owner of 2008 Bonds presenting evidence of such ownership reasonably satisfactory to the Deputy Registrar and Paying Agent. The Deputy Registrar and Paying Agent shall permit such reviewers to take copies of all or any part of such documentation, subject to their payment of such reasonable copying and handling charges as the Deputy Registrar and Paying Agent may impose. Unless otherwise expressly provided, the Deputy Registrar and Paying Agent shall not have any responsibility with respect to any such reports, notices, certificates, financial statements and other written information furnished to it hereunder, except to make them available for inspection, at reasonable times, as provided above.

Section 608. Certain Notices to Rating Agencies and Bondholders.

The Deputy Registrar and Paying Agent or the Issuer shall give or cause to be given to each Rating Agency then rating the 2008 Bonds notice of (i) any change in the identity of any Tender Agent, the Remarketing Agent or the Deputy Registrar and Paying Agent, (ii) any amendment to any Liquidity Facility, any Alternate Liquidity Facility, any Credit Facility, the Remarketing Agreement or this Bond Agreement, (iii) any extension of the termination or expiration date of any Liquidity Facility, any Credit Facility or any Alternate Liquidity Facility, (iv) the termination of any Liquidity Facility, any Credit Facility or any Alternate Liquidity Facility, whether or not prior to its stated termination date, (v) any optional redemption, mandatory redemption, defeasance or acceleration of 2008 Bonds, (vi) the occurrence of any event of default under the Bond Ordinance or this Bond Agreement and (vii) the conversion of 2008 Bonds to bear interest at a Daily Interest Rate, Weekly Interest Rate or Long-Term Interest Rate or at Bond Term Interest Rates. In addition, no Liquidity Facility or Credit Facility, as applicable, shall be replaced or substituted for by a Credit Facility or an Alternate Liquidity Facility issued by any Person other than the current Liquidity Facility Provider or Credit Facility Provider, as applicable, unless, in each case, prior notice thereof shall have been given by the Deputy Registrar and Paying Agent or the Issuer to DTC and each other Holder of 2008 Bonds and to each Rating Agency then rating the 2008 Bonds. For the purpose of this paragraph, the addresses of the Rating Agencies shall be the following (or in each case such other address as the Rating Agency has specified to the parties hereto):

Moody’s Investors Service
7 World Trade Center
250 Greenwich Street – 23rd Floor
New York, New York 10007-2796
Attention: Municipal Structured Products Group
FAX: (212) 298-6828

Standard & Poor’s Rating Services
55 Water Street, 38th Floor
New York, New York 10041
Attention: Public Finance Department
Structured Finance Group
Section 701. Supplemental Agreements Not Requiring Consent of Bondholders.

The Issuer and the Deputy Registrar and Paying Agent may without consent of, or notice to, any of the Bondholders enter into an agreement supplemental to this Bond Agreement for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in this Bond Agreement;

(b) to grant to or confer upon the Deputy Registrar and Paying Agent for the benefit of the Bondholders any additional rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Bondholders or the Deputy Registrar and Paying Agent;

(c) to modify, amend or supplement this Bond Agreement in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the 2008 Bonds for sale under the securities laws of any of the states of the United States of America;

(d) to evidence the succession of a new Deputy Registrar and Paying Agent hereunder;

(e) to make any revisions of this Bond Agreement that shall be required by Moody’s, Fitch or S&P in order to obtain or maintain an investment grade rating on the 2008 Bonds;

(f) to make any revisions of this Bond Agreement that shall be necessary in connection with the Issuer furnishing a Liquidity Facility or a Credit Facility, including but not limited to revising the Interest Payment Dates for Bank Bonds;

(g) to provide for an uncertificated system of registering the 2008 Bonds or to provide for changes to or from the Book-Entry System;

(h) to effect any other change herein which, in the judgment of the Deputy Registrar and Paying Agent, is not to the prejudice of the Deputy Registrar and Paying Agent or the Bondholders; or
(i) to make revisions to this Bond Agreement that shall become effective only upon, and in connection with, the remarketing of all of the 2008 Bonds then Outstanding.

In the event any Rating Agency has issued a rating of any of the 2008 Bonds, such Rating Agency or Rating Agencies, as the case may be, shall receive prior written notice from the Deputy Registrar and Paying Agent of the proposed amendment but such notice shall not be a condition of the effectiveness of such amendment.

Section 702. Other Supplemental Agreements.

Other agreements amending this Bond Agreement not provided for in Section 701 hereof may be made as provided for amendments to the Bond Ordinance.

Section 703. Amendments in Conjunction With Mandatory Tenders.

Notwithstanding any other provision of this Article 7, the provisions of this Bond Agreement relating to any series or subseries of 2008 Bonds may be amended by the Issuer and the Deputy Registrar and Paying Agent with the consent of the Liquidity Facility Provider or Credit Facility Provider, as applicable, (i) upon obtaining an opinion of Counsel that the same does not materially adversely affect the rights of the Beneficial Owners or, if the 2008 Bonds are not in book-entry form, the Registered Owners, of such series or subseries or (ii) by obtaining the consent of a majority of the Beneficial Owners, or, if the 2008 Bonds are not in book-entry form, the Registered Owner, of such series or subseries. In the case of clause (ii) above, the Deputy Registrar and Paying Agent shall mail notice of such amendment to the Beneficial Owners or, if the 2008 Bonds are not in book-entry form, the Registered Owners, of such series or subseries which it has knowledge pursuant to this Bond Agreement; and if, on a mandatory Tender Date occurring at least 30-days after the date on which the Deputy Registrar and Paying Agent mailed such notice, the 2008 Bonds of such series or subseries have been successfully remarkeated pursuant to this Bond Agreement, the proposed amendment shall be deemed to have been consented to by the Beneficial Owners or, if the 2008 Bonds are not in book-entry form, the Registered Owners, of such series or subseries. As an additional condition precedent to any such amendment pursuant to the provisions of this Section 703, there shall be delivered to the Issuer and the Deputy Registrar and Paying Agent an opinion of Bond Counsel to the effect that such amendment will not adversely affect the validity of the 2008 Bonds of such series or subseries or the exclusion of interest on any of the 2008 Bonds of such series or subseries from gross income for federal income tax purposes. Written notice of each such amendment shall be delivered to the Issuer to the Deputy Registrar and Paying Agent, the Tender Agent, the Credit Facility Provider or Liquidity Facility Provider, as applicable, and the Remarketing Agent.

Section 704. Opinion of Counsel.

The Deputy Registrar and Paying Agent shall be entitled to receive, and shall be fully protected in relying upon, the opinion of any counsel approved by it, who may be counsel for the Issuer, as conclusive evidence that a proposed supplemental agreement complies with the provisions of this Bond Agreement, and that it is proper.
for the Deputy Registrar and Paying Agent, under the provisions of this Article, to join in the execution of such supplemental agreement.

Section 705. Modification by Unanimous Consent.

Notwithstanding anything contained elsewhere in this Bond Agreement, the rights and obligations of the Issuer, the Deputy Registrar and Paying Agent and the Beneficial Owners of, if the 2003 Bonds are not in book-entry form, the Registered Owners, of the 2008 Bonds, and the terms and provisions of the 2008 Bonds and this Bond Agreement, any other Issuer Agreements or any supplemental agreement may be modified or altered in any respect with the consent of the Issuer, the Deputy Registrar and Paying Agent, the Liquidity Facility Provider, if any, the Credit Facility Provider, if any, and the Beneficial Owners of, if the 2003 Bonds are not in book-entry form, the Registered Owners, of all of the 2008 Bonds then outstanding.

Section 706. Execution of Amendments by Deputy Registrar and Paying Agent.

The Deputy Registrar and Paying Agent shall not be obligated to sign any amendment to this Bond Agreement or the 2008 Bonds pursuant to this Article if the amendment in the judgment of the Deputy Registrar and Paying Agent, could adversely affect the rights, duties, liabilities, protections, privileges, indemnities or immunities of the Deputy Registrar and Paying Agent. In signing an amendment, the Deputy Registrar and Paying Agent (subject to Section 601) shall be fully protected in relying on an opinion of Bond Counsel stating that such amendment is authorized by this Bond Agreement, and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the 2008 Bonds.

Section 707. Amendments with Consent of Others. The Issuer agrees not to amend this Bond Agreement or the Bond Ordinance in any manner which affects the rights, duties or liabilities of the Liquidity Facility Provider, Credit Facility Provider or Remarketing Agent without prior written consent of such party so affected.

***

Section 801. Consents, etc., of Bondholders. Any consent, request, direction, approval, objection or other instrument required by this Bond Agreement to be signed and executed by the Bondholders may be in any number of concurrent documents and may be executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the written appointment of any such agent or of the ownership of 2008 Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Bond Agreement, and shall be conclusive in favor of the Deputy Registrar and Paying Agent with regard to any action taken by it under such request or other instrument. The fact and date of the execution by any person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by an officer authorized by law to take acknowledgments of deeds certifying that the person signing such instrument or writing acknowledged to him the execution thereof. The fact of ownership of 2008 Bonds and the amount or amounts, numbers and other identification of such 2008 Bonds, and the date of owning the
same shall be proved by the registration books of the Issuer maintained by the Deputy Registrar and Paying Agent pursuant to Section 302 hereof. The fact of beneficial ownership of 2008 Bonds in book-entry form, when required, shall be determined as provided in Section 601(s).

* * *

Section 804. Notices.

All notices, certificates or other communications hereunder shall be sufficiently given and, except as provided in Section 601(h), shall be deemed to be delivered if in writing or in the form of a facsimile addressed to the appropriate Notice Address and if either (a) actually delivered at said address or (b) in the case of a letter, three Business Days shall have elapsed after the same shall have been deposited in the United States mails, first-class postage prepaid and registered or certified. A copy of each notice, certificate or other communication given by any party hereto shall also be given to the other party hereto in the manner provided for in this Section 804.

In lieu of such written notice, notice may be provided to any party by email addressed to an email Notice Address if provided by such party as provided herein.

A duplicate copy of each notice required to be given hereunder by any person listed above shall also be given to the other parties entitled thereto.

Section 805. Payments Due on Non-Business Days.

In any case where a Payment Date is not a Business Day, then payment of interest or principal and any premium due on such day need not be made by the Deputy Registrar and Paying Agent on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the Payment Date.

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APPENDIX D
FORM OF
BOND OPINION

_______________, 2008

Mayor and Council
City of Jacksonville, Florida

$____________           $____________
CITY OF JACKSONVILLE, FLORIDA
CAPITAL PROJECTS REVENUE BONDS,
SERIES 2008A                        CITY OF JACKSONVILLE, FLORIDA
CAPITAL PROJECTS REVENUE
BONDS, SERIES 2008B

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Jacksonville, Florida (the "Issuer"), of its $____________ Capital Projects Revenue Bonds, Series 2008A (the “2008A Bonds”) and $____________ Capital Projects Revenue Bonds, Series 2008B (the “2008B Bonds” and with the 2008A Bonds, the “Bonds”), pursuant to the Constitution and laws of the State of Florida, particularly Chapter 92-341, Laws of Florida, Special Acts of 1992, as amended and supplemented (the Charter of the Issuer, and other applicable provisions of law, including Chapters 166 and 125, Florida Statutes, and Ordinance 97-1054-E enacted by the Council on November 25, 1997 (the “General Bond Ordinance”), as supplemented by Ordinance 2008-307-E enacted by the Council on April 22, 2008 (the “Supplemental Ordinance”) (the General Bond Ordinance and the Supplemental Ordinance collectively referred to herein as the "Ordinance") and as supplemented by the Bond Terms Agreement dated __________, 2008 (the “Agreement”) between the City and Wells Fargo Bank, N.A., as Deputy Registrar and Paying Agent. The Bonds are being issued to refund the City’s outstanding Capital Project Revenue Bonds, Series 1997-1, 1997-2, 1997-3 and 2002-1. We have examined the law and such certified proceedings of the Issuer and other proofs as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Ordinance, in the Agreement and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and we express no opinion relating thereto (except to the extent stated in our supplemental opinion addressed solely to the Underwriters and addressees stated therein).

The opinions set forth below are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the federal income tax laws of the United States of America. With respect to the opinions expressed below, we have relied upon the opinion of even date herewith of the Office of General Counsel for the Issuer, as to the matters referred to therein other than as to the same matters expressly addressed herein and in our supplemental opinion addressed to the Issuer and the underwriters of the Bonds.

In our capacity as bond counsel we have examined such documents and records of the Issuer and other instruments as we deem necessary to enable us to
express the opinions set forth below. We have assumed that the proceeds of the Bonds will be applied in accordance with the Ordinance and the Agreement for the purposes described above.

As of the date hereof, and based on our examination of the foregoing and the law and proceedings in this matter, we are of the opinion that:

1. The Issuer is duly created and validly existing as a municipal corporation and political subdivision of the State of Florida, with the power to enact the Ordinance, to enter into the Agreement and to perform the agreements on its part contained therein and to issue the Bonds.

2. The Ordinance has been duly enacted by the appropriate governing body of the Issuer, the Agreement has been duly executed and delivered by the appropriate officials of the Issuer, and each constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer in accordance with its terms, except as stated below. The Ordinance creates a valid lien upon and pledge of the Pledged Revenues as defined in the Ordinance.

3. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources hereinabove described, as provided in the Ordinance.

4. Under existing laws, regulations, rulings and court decisions, the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

It is to be understood that the rights of the holders of the Bonds, and the enforceability of the Ordinance, the Agreement and the Bonds, may be subject to the exercise of judicial discretion in accordance with general principles of equity, to the valid exercise of the sovereign police powers of the State of Florida, and of the constitutional powers of the United States of America and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted.

Respectfully submitted,
APPENDIX E

CERTAIN INFORMATION CONCERNING THE BANK

Bank of America, N.A. (the “Bank”) is a national banking association organized under the laws of the United States, with its principal executive offices located in Charlotte, North Carolina. The Bank is a wholly-owned indirect subsidiary of Bank of America Corporation (the “Corporation”) and is engaged in a general consumer banking, commercial banking and trust business, offering a wide range of commercial, corporate, international, financial market, retail and fiduciary banking services. As of March 31, 2008, the Bank had consolidated assets of $1,355 billion, consolidated deposits of $793 billion and stockholder’s equity of $111 billion based on regulatory accounting principles.

The Corporation is a bank holding company and a financial holding company, with its principal executive offices located in Charlotte, North Carolina. Additional information regarding the Corporation is set forth in its Annual Report on Form 10-K for the fiscal year ended December 31, 2007, together with any subsequent documents it filed with the Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Additional information regarding the foregoing is available from the filings made by the Corporation with the SEC, which filings can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, United States, at prescribed rates. In addition, the SEC maintains a website at http://www.sec.gov, which contains reports, proxy statements and other information regarding registrants that file such information electronically with the SEC.

The information concerning the Corporation and the Bank contained herein is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements referenced herein.

The Letter of Credit has been issued by the Bank. Moody’s Investors Service, Inc. (“Moody’s”) currently rates the Bank’s long-term debt as “Aaa” and short-term debt as “P-1.” The outlook is stable. Standard & Poor’s currently rates the Bank’s long-term debt as “AA+” and its short-term debt as “A-1.” The outlook is negative. Fitch Ratings, Inc. (“Fitch”) currently rates long-term debt of the Bank as “AA” and short-term debt as “F1+.” The long term rating is currently on Rating Watch Negative. Further information with respect to such ratings may be obtained from Moody’s, Standard & Poor’s and Fitch, respectively. No assurances can be given that the current ratings of the Bank’s instruments will be maintained.

The Bank will provide copies of the most recent Bank of America Corporation Annual Report on Form 10-K, any subsequent reports on Form 10-Q, and any required reports on Form 8-K (in each case as filed with the SEC pursuant to the Exchange Act), and the publicly available portions of the most recent quarterly Call Report of the Bank delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

Bank of America Corporate Communications
100 North Tryon Street, 18th Floor
Charlotte, North Carolina 28255
Attention: Corporate Communications
PAYMENTS OF PRINCIPAL AND INTEREST ON THE BONDS WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT. PAYMENTS OF THE PURCHASE PRICE OF THE BONDS WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT IF REMARKETING PROCEEDS ARE NOT AVAILABLE. ALTHOUGH THE LETTER OF CREDIT IS A BINDING OBLIGATION OF THE BANK, THE BONDS ARE NOT DEPOSITS OR OBLIGATIONS OF THE CORPORATION OR ANY OF ITS AFFILIATED BANKS AND ARE NOT GUARANTEED BY ANY OF THESE ENTITIES. THE BONDS ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

The delivery hereof shall not create any implication that there has been no change in the affairs of the Corporation or the Bank since the date hereof, or that the information contained or referred to in this Appendix E is correct as of any time subsequent to its date.
LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT

BETWEEN

BANK OF AMERICA, N.A.

AND

CITY OF JACKSONVILLE, FLORIDA

Dated as of July 1, 2008

Relating to

$67,285,000 Capital Projects Revenue Bonds, Series 2008A

ARTICLE 1 Definitions

1.1 Definitions.

WHEREAS, the City has requested the Bank to issue an irrevocable direct pay letter of credit in the form attached hereto as Exhibit A (such letter of credit or any successor or substitute letter of credit issued by the Bank herein individually and collectively called the "Letter of Credit");

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, including the covenants, terms and conditions hereinafter appearing, and to induce the Bank to issue the Letter of Credit, the Bank and the City do hereby agree as follows:

ARTICLE 1 Definitions; Time.

1.1 Definitions. The terms defined in this Article I have, for all purposes of this Agreement, the meanings specified hereinabove or in this Article, unless defined elsewhere herein or the context clearly requires otherwise. Capitalized Terms not otherwise defined herein shall have the meanings ascribed to them in the Bond Terms Agreement or the Bond Ordinance.

"Agreement" means this Letter of Credit and Reimbursement Agreement, as the same may from time to time be amended, modified or supplemented in accordance with the terms hereof.

"Applicable Percentage" is defined in Section 3.5.

"Available Amount" has the meaning ascribed to that term in the Letter of Credit.

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"Bank" means Bank of America, N.A., its successors and assigns.

"Bank Bonds" means all Series 2008A Bonds acquired by the Bank with the proceeds of a Liquidity Drawing.

"Bonds" is defined in the Bond Ordinance.


"Business Day" means any day other than a Saturday, Sunday or day on which the office of the Bank at which drafts may be presented for payment pursuant to the Letter of Credit is lawfully closed.

"City" means the City of Jacksonville, Florida, a municipal corporation created under the laws of Florida for the governmental purposes described in Section 4.0 hereof.

"City Documents" means this Agreement, the Bond Ordinance, the Bond Terms Agreement, the Remarriage Agreement, the Series 2008A Bonds and any other documents or instruments to which the City is a party relating to this Agreement, the Letter of Credit or the issuance of the Series 2008A Bonds.

"Default" means any event or circumstance which, with the passage of time or the giving of notice, or both, would become an Event of Default.

"Default Rate" means the lesser of (a) three percent (3%) over the Prime Rate and (b) the highest non-usurious interest rate chargeable under the laws of the State of Florida.

"EIRSA" means the Employee Retirement Income Security Act of 1974, as amended, including any rules and regulations promulgated thereunder.

"Event of Default" has the meanings set forth in Section 9.1 hereof.

"Facility Fee" is defined in Section 3.5.

"GAAP" means those principles of accounting set forth in pronouncements of the Governmental Accounting Standards Board and its predecessors or pronouncements of the American Institute of Certified Public Accountants or those principles of accounting which have other substantial authoritative support and are applicable in the circumstances as of the date of the application, as such principles are from time to time supplemented or amended.

"Governing Body" means the City Council of the City.

"Governmental Authority" means any national, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, agency, bureau, central bank or comparable authority.

"Indebtedness" means with respect to any Person, all indebtedness of such Person for borrowed money, all indebtedness of such Person for the acquisition of property other than purchase of products and merchandise in the ordinary course of business, obligations secured by and any lien on the property of such Person whether or not such obligation is assumed, all liability of such Person by way of endorsements (other than for collection or deposit in the ordinary course of business), all guarantees of Indebtedness of any other Person by such Person (including any agreement, contingent or otherwise, to purchase any obligation reissuing such Indebtedness or property constituting security therefor, or to advance or supply funds for such purpose or to maintain working capital or other balance or income statement condition, or any other arrangement in substance effecting any of the foregoing), and all leases and other items which in accordance with GAAP are classified as liabilities on a balance sheet.

"Letter of Credit Fee Calculation Amount" at any time means the maximum amount available to be drawn at any time under the Letter of Credit.

"Liquidity Advance" has the meaning ascribed to that term in Section 3.3 hereof.

"Liquidity Advance Rate" means for the first thirty days of a Liquidity Advance, the Prime Rate, from day thirty-one through day ninety of a Liquidity Advance, the Prime Rate plus 1.00% per annum, and after ninety days the Prime Rate plus 2.00% per annum.

"Liquidity Drawing" has the meaning ascribed to that term in the Letter of Credit.

"Notch Downgrade" means the long-term ratings downgrade evidenced by the removal of a modifier or numerical qualifier. For example, a downgrade from A- to BB+ is a Notch Downgrade, as is a downgrade from BBB+ to BB+. Similarily, a downgrade from A3 to Ba1 or from Baa1 to Baa2 is a Notch Downgrade.

"Obligations" shall mean all indebtedness or obligations of the City to the Bank under this Agreement.

"Person" means an individual, partnership, corporation, trust, joint venture, unincorporated organization, association, or a government, or agency or political subdivision or instrumentality thereof.

"Prime Rate" means the rate of interest per annum determined and published or announced by the Bank from time to time as such prime rate, changes in which shall become effective as of the beginning of the day on which such change is announced.


"Series 2008A Bonds" means the $683,355,000 Capital Projects Revenue Bonds, Series 2008A.

"Series 2008A Refunded Bonds" means the $555,000,000 Refunded Capital Projects Revenue Bonds, Series 2008A.

"Stated Expiration Date" means the expiration date of the Letter of Credit (initially July 15, 2011), as such date may be extended pursuant to the terms of the Letter of Credit or this Agreement.

"Termination Date" means the last day a borrowing is available under the Letter of Credit.

1.2 Time. All references herein to times of day are references to the time prevailing in Jacksonville, Florida.

ARTICLE 2 Representations and Warranties

The City makes the following representations and warranties, each of which shall be deemed made as of the date of each drawing under the Letter of Credit:

2.1 Organization and Existence. The City is a municipal corporation created under the laws of the State of Florida with all requisite power and authority to execute and deliver, and to perform its obligations under, the other City Documents to which it is a party and to issue, execute and deliver the Series 2008A Bonds.

2.2 Power and City. The execution, delivery and performance by the City of the City Documents and the issuance, execution and delivery of the Series 2008A Bonds have been duly authorized by all necessary action of the Governing Body, and all action on its part required for the lawful execution, delivery and performance thereof has been duly taken; and the City Documents, are, or will be upon the due execution and delivery thereof, valid and binding obligations of the City enforceable against the City in accordance with their terms.

2.3 Compliance with Laws and Contracts. Neither the execution and delivery by the City of this Agreement and the City Documents to which the City is a party, nor the consummation of the transactions herein and therein contemplated, nor compliance with the provisions hereof or thereof will violate any constitutional provision or any law, rule, regulation, order, writ, judgment, injunction, decree or award of any court or Governmental Authority, arbitration, agency or other instrumentality applicable to the City binding on the City, the City's charter or the provisions of any indenture, instrument or agreement to which the City is a party or is subject, or by which it or its property is bound, or conflict with or constitute a default under or result in the creation or imposition of any security interest, lien, charge or encumbrance (other than the lien of the Bond Ordinance) on any of its assets pursuant to the provisions of any of the foregoing.

2.4 Litigation. There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to the knowledge of the City, threatened against or affecting the City wherein an unfavorable decision, ruling or finding would materially adversely affect (i) the transactions contemplated by or the validity of this Agreement or any of the City Documents, (ii) the City's capacity or authority to enter into similar agreements, (iii) the status of the City as a municipality of the State of Florida, or (iv) the City’s property, assets, operations or conditions, financial or otherwise, or its ability to perform its obligations under this Agreement or under the City Documents.

2.5 Financial Statements. The audited financial statements of the City for the period ended September 30, 2007, as hereafter delivered to the Bank correctly and fairly present the financial condition of the City as of such date and the results of the operations of the City for such period, and were prepared in accordance with GAAP consistently applied except as stated in the notes thereto; and there has been no material adverse change in the condition, financial or otherwise, of the City since September 30, 2007, from that set forth in said financial statements and as of, and for the period ended, on that date.

2.6 Bonds; Pari Passu Obligations. The Bonds (including all Bank Bonds) will be entitled to the benefits of the Bond Ordinance, including a lien on the Pledged Revenues ranking equal in lien to the lien thereon given to secure all other Bonds thereunder.

2.7 Official Statement. The information contained in the Official Statement relating to the Bonds (other than the information concerning the Bank and the information under the caption "Bond-Entry System" as to which the City makes no representation or warranty), is correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

2.8 Consents. All consents, licenses, approvals, validations and authorizations of, andregistrations, validations or declarations by or with any court or any Governmental Authority required to be obtained in connection with the execution, delivery, performance, validity, or enforceability of this Agreement and the City Documents (including the Series 2008A Bonds) have been obtained and are in full force and effect.

2.9 ERISA Requirements. The City has not incurred any material accumulated funding deficiency within the meaning of ERISA, or incurred any material liability to the Pension Benefit Guaranty Corporation established under ERISA (or any successor thereto under ERISA) in connection with any pension benefit plan referred to by it or by any Person under common control with it (within the meaning of Section 414(c) of the Internal Revenue Code of 1986, as amended, or Section 4000 of ERISA), or in which its employees are entitled to participate. No Reportable Event (as defined in ERISA) in connection with any such plan has occurred or is continuing.

2.10 Taxes. The City is a political subdivision or instrumentality described in Section 1 of the Code and is exempt from payment of all federal, state and local income taxes and is also exempt from payment of all property taxes except in connection with certain real estate owned by it but not currently used for tax-exempt purposes. The City has paid all taxes or assessments against it except such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided. The charges, accruals and reserves on its books in respect of any taxes or other governmental charge are adequate.

2.11 No Default. No Default or Event of Default exists hereunder or under any other City Document.

2.12 Laws. The City is in material compliance with all federal, state, and local laws, except to the extent that the City is contesting the validity or application thereof and appealing or

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-5-
otherwise seeking relief therefrom, so long as such acts do not affect the City’s obligation and ability to perform as required by this Agreement and the City Documents to which it is a party, including its obligation and ability to pay all amounts payable by it hereunder and thereunder.

2.13 City Documents. All representations and warranties of the City under the City Documents are true and correct in all material respects as if made on the date hereof.

2.14 Solvency. The City is solvent.

ARTICLE 3

Terms of Letter of Credit, Reimbursement and Other Payments

3.1 Letter of Credit. The Bank agrees, on the terms and conditions hereinafter set forth, to issue and deliver the Letter of Credit in favor of the Paying Agent in substantially the form of Exhibit A attached hereto upon fulfillment of the applicable conditions set forth in Article 9 hereof.

3.2 Reimbursement and Other Payments. Except as otherwise provided in Section 3.3 below, the City shall pay to the Bank, without setoff or counterclaim, in available funds:

(a) on the date that any amount is drawn under the Letter of Credit, a sum equal to such amount so drawn and paid under the Letter of Credit;

(b) on demand, interest on any and all amounts remaining unpaid by the City when due hereunder from the date such amounts become due until payment thereof in full, at a fluctuating interest rate per annum equal at all times to the Default Rate;

(c) on demand, any and all reasonable expenses incurred by the Bank in enforcing any rights under this Agreement and the other City Documents; and

(d) within fifteen days after written demand therefor, all charges, commissions, costs and expenses set forth in Sections 3.3, 3.6 and 3.10 hereof or otherwise payable hereunder.

(e) Upon any termination of this Agreement, the City agrees to pay all accrued and unpaid fees through and including the date of termination.

(f) If the City terminates this Agreement before the third anniversary of the date of issuance of the Letter of Credit, then the City shall pay to the Bank on demand a termination fee in the amount of $200,000.00.

3.3 Liquidity Advances.

(a) If the Bank shall make any payment of that portion of the purchase price corresponding to principal and interest of the Series 2008A Bonds drawn under the Letter of Credit pursuant to a Liquidity Drawing and the conditions set forth in Section 3.4 have all been fulfilled, such payment shall constitute a Liquidity Advance made by the Bank to the City on the date and in the amount of such payment (a “Liquidity Advance”) payable as provided in this Section 3.3; provided that if the conditions of said Section 3.4 have not been fulfilled, the amount so drawn pursuant to the Liquidity Drawing shall be payable in accordance with the terms of Section 3.2(a) above.

(b) The City shall pay interest on the unpaid amount of each Liquidity Advance from the date of such Liquidity Advance until such amount is paid in full, payable monthly, in arrears, on the first day of each month and on the date such amount is paid in full, at a fluctuating interest rate per annum equal to the Liquidity Advance Rate.

(c) The City shall repay the unpaid amount of each Liquidity Advance, together with all unpaid interest thereon, on the earliest to occur of (i) the fifth anniversary of the date the Liquidity Advance was made, (ii) any date on which the Letter of Credit is terminated if such date is prior to the Stated Expiration Date (iii) on the Stated Expiration Date if any Alternate Credit Facility is delivered on such date and (iv) on the date on which the Series 2008A Bonds purchased with such Liquidity Drawing are resold as provided in Section 3.3(b) hereof.

(d) Beginning on the date that is six months after the date of a Liquidity Advance, the City shall begin to repay the principal component of the Liquidity Advance (and thus the Bank Bonds related thereto) in ten installments, each as equal as practicable taking into account the authorized denominations of the Series 2008A Bonds, with each installment due on such date and each six month anniversary thereof. In the event any Bank Bonds purchased with such Liquidity Advance mature while the Liquidity Advance is being repaid as described herein, the City shall receive a credit against the semi-annual installments for any principal paid on such Bank Bonds to the Bank.

(e) The City may prepay on any day the outstanding amount of any Liquidity Advance (and thus the Bank Bonds related thereto) in whole, or in part taking into account the authorized denominations of the Series 2008A Bonds, together with accrued interest to the date of such prepayment on the date such amount is prepaid. The City shall notify the Bank prior to 10:00 a.m., on the date of such prepayment of the amount to be prepaid.

(f) Bank Bonds, or the beneficial ownership thereof while such bonds are registered under a book-entry system, shall be registered in the name of the Bank, or its designee.

(g) Bank Bonds shall bear interest at the same rate as the related Liquidity Advance, and any amounts received by the Bank as principal or interest on Bank Bonds shall be credited against interest or principal on the related Liquidity Advance.

(h) Prior to or simultaneously with the remarketing of Bank Bonds, the City shall repay the then outstanding Liquidity Advances (in the order in which they were made) by paying to the Bank on an amount equal to the sum of (A) the amounts advanced by the Bank pursuant to the corresponding Liquidity Drawings relating to such Bank Bonds, plus (B) the aggregate amount of accrued and unpaid interest on such Liquidity Advances. Such payment shall be applied by the Bank in reimbursement of such drawings (and as prepayment of Liquidity Advances resulting from such drawings in the manner described below), and, upon receipt by the Bank of a certificate completed and signed by the Paying Agent in substantially the form of Exhibit J to the Letter of Credit, the City irrevocably authorizes the Bank to rely on such certificate and to reinstate the Letter of Credit in accordance therewith. Funds held by the Paying Agent as a result of sales of the Bank Bonds by the Remarketing Agent shall be paid to the Bank by the Paying Agent to be applied to the amounts owing by the City to the Bank pursuant to this Subsection 3.3(b).

3.4 Conditions Precedent to Each Liquidity Advance. Each payment made by the Bank under the Letter of Credit pursuant to a Liquidity Drawing shall constitute a Liquidity Advance hereunder only if on the date of such payment the following statements shall be true:

(a) The representations and warranties contained in this Agreement and the City Documents are correct on and as of the date of such Liquidity Advance as though made on and as of such date; and

(b) No event has occurred and is continuing which constitutes a Default or an Event of Default.

Unless the City shall have previously advised the Bank in writing or the Bank has actual knowledge that one or more of the above statements is no longer true, the City shall be deemed to have represented and warranted, on the date of payment by the Bank under the Letter of Credit pursuant to a Liquidity Drawing, that on the date of such payment the above statements are true and correct.

3.5 Commission, Interest and Fees.

(a) The City shall pay to the Bank a nonrefundable fee (the “Facility Fee”) from and including the date of issuance of the Letter of Credit until the Termination Date at the rate of the Applicable Percentage of the Letter of Credit Fee Calculation Amount. Such Facility Fee shall be payable in arrears on the first day of each January, April, July and October, commencing October 1, 2008 and on the Termination Date.

(b) The Applicable Percentage shall initially be 0.55% per annum. The Applicable Percentage will be determined based upon the long-term ratings assigned to the Series 2008A Bonds (or any other Bonds as defined in the Bond Ordinance) without regard to any credit-enhancement by Moody's Investor Service ("Moody's), Standard & Poor's ("S&P") and Fitch Ratings ("Fitch") (the “Rating Agencies”) as set forth in the following table. In order for the Applicable Percentage to be anything other than 0.90% per annum, at least one of the Rating Agency ratings must be updated and reissued at least once in every 24 month period (beginning as of the date two years after the Date of Issuance).

<table>
<thead>
<tr>
<th>Ratings:</th>
<th>then the Applicable Percentage is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aa3/AA- or better by at least one Rating Agency</td>
<td>0.52%</td>
</tr>
<tr>
<td>not Aa3/AA- or better by at least one Rating Agency, but not less than A1/A+ by any Rating Agency</td>
<td>0.55%</td>
</tr>
<tr>
<td>less than A1/A+ by at least one Rating Agency, but not less than A2/A by any Rating Agency</td>
<td>0.60%</td>
</tr>
<tr>
<td>less than A2/A by at least one Rating Agency, but not less than A3/A- by any Rating Agency</td>
<td>0.70%</td>
</tr>
<tr>
<td>less than A3/A- by at least one Rating Agency, but not less than Ba1/BBB+ by any Rating Agency</td>
<td>0.80%</td>
</tr>
<tr>
<td>less than Ba1/BBB+ by at least one Rating Agency, but not less than Ba2/BBB by any Rating Agency</td>
<td>0.90%</td>
</tr>
<tr>
<td>less than Ba2/BBB by at least one Rating Agency, but not less than Ba3/BBB- by any Rating Agency</td>
<td>1.00%</td>
</tr>
</tbody>
</table>

Any change in the Applicable Percentage shall be effective as of the date of the change in the applicable rating. Should a rating be withdrawn or suspended for any reason, then the Applicable Percentage shall be increased by 1% per annum. During the continuance of an Event of Default the Applicable Percentage will be increased by 1.50% per annum.

(c) The City shall pay to the Bank, upon each drawing under the Letter of Credit in accordance with its terms, a fee of $150.00 per drawing.

(d) The City shall pay to the Bank, upon transfer of the Letter of Credit in accordance with its terms, a transfer fee of $1,500.00.

(e) The City shall pay to the Bank a fee of $1,500.00 for each amendment to the Letter of Credit.
3.6 **Increased Costs Due to Change in Law.** In the event of any change in any existing or future law, regulation, ruling or interpretation having application to the Bank which shall either (a) impose, modify or make applicable any reserve, special deposit, capital requirement, assessment or similar tax on or with respect to the Bank's assets or capital, or upon the income of the Bank, or (b) create, impose or make applicable any new taxes and charges on interest income or any other aspect of the Bank's business, and which shall be imposed by reason of the nature of the Bank's existing business, or which shall impose any increased cost or decreased yield to the Bank as a consequence of such change, the City agrees that the Bank shall have the right to demand from the Paying Agent or paying agent, shall be conclusive, absent manifest error, as to the amount owed. The Bank shall not be entitled to payment of any additional amounts hereunder except for any amounts which shall become due from and after the date thirty days prior to the date the Bank shall have provided the City written notice of the event resulting in such increased cost or decreased yield and describing or setting forth the amount due from the City.

3.7 **Computation.** All payments of interest, commissions and fees under this Agreement shall be calculated on a per annum basis, based upon a year of 360 days and calculated for the actual number of days elapsed (actual/360 method).

3.8 **Payment Procedure.** All payments made by the City under this Agreement shall be made to the Bank in lawful currency of the United States of America and in immediately available funds at the Bank's offices described at the beginning of this Agreement before 3:00 p.m., on the date when due. The Bank agrees that any and all payments under the Letter of Credit will be made with the Bank's own funds.

3.9 **Business Days.** If the date for any payment hereunder falls on a day which is not a Business Day, then for all purposes of this Agreement the same shall be deemed to have fallen on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payments of interest or commission, as the case may be.

3.10 **Reimbursement of Expenses.** The City will pay upon demand all reasonable legal fees (computed without regard to any statutory maximum fees), costs, fees and expenses incurred by the Bank in connection with the preparation, execution and delivery of this Agreement, the Letter of Credit, the City Documents, any and all agreements and transactions contemplated hereby and thereby and by the City Documents (including any amendments hereto or thereto or consents or waivers hereunder or thereunder) and will also pay all fees, charges or taxes for the recording or filing of City Documents. The City will also pay upon demand for all reasonable out-of-pocket expenses of the Bank in connection with the administration of the Letter of Credit and this Agreement. The City will, upon demand, promptly reimburse the Bank for all amounts expended, advanced or incurred by the Bank to collect or satisfy any obligation of the City under this Agreement or any City Document, to enforce the rights of the Bank under this Agreement, or any City Document, or any City Document, which amounts will include, without limitation, all court costs, reasonable attorneys' fees (whether or not suit be brought and including such costs and fees on appeal and in involvency proceedings), fees of auditors and accountants and investigation expenses incurred by the Bank in connection with any such matters. The City shall also pay to the Bank on demand any documentary stamp taxes, intangible taxes or other excise taxes payable on account of the execution, delivery or enforcement of this Agreement, the Letter of Credit or the City Documents (including any amendments thereto or thereto) or the performance of any of the obligations thereunder (including the payment of drawings and the making of loans), and any penalties and/or interest incurred because of the failure of the Bank or the City to pay such taxes when due. The City acknowledges that it is not necessary for the Bank or the City's counsel with respect to the applicability or non-applicability of any such taxes. The provisions of this paragraph shall survive payment in full and discharge of the City's obligations to the Bank.

3.11 **Extension ofExpiration Date.** At any time on or before the one hundred eighth (180th) day prior to the Stated Expiration Date, the City may request an extension of the Stated Expiration Date. Any such request must be in writing and shall be subject to the approval of the Bank in its sole discretion. Within sixty (60) days following its receipt of a request for an extension of the Stated Expiration Date, the Bank shall give written notification to the City as to whether it elects to extend the Stated Expiration Date and the conditions, if any, of such extension, provided, that if the Bank fails to give any such notice, the Stated Expiration Date shall not be extended.

3.12 **Obligations Absolute.** The obligations of the City under this Agreement shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement, under all circumstances whatsoever, including, without limitation, the following circumstances:

(a) Any lack of validity or enforceability of the Letter of Credit, the Series 2008A Bonds, any of the other City Documents or any other agreement or instrument related thereto;

(b) Any amendment or waiver of or any consent to depart from the terms of the Letter of Credit, the Series 2008A Bonds, any of the other City Documents or any other agreement or instrument related thereto;

(c) The existence of any claim, setoff, defense or other right which any of the City, may have at any time against the Paying Agent, any beneficiary or any transferee of the Letter of Credit (or any Person for whom the Paying Agent pays any such transferred Letter of Credit (or any transferee may be acting), the Bank or any other Person, whether in connection with this Agreement, the other City Documents, the Letter of Credit, the Refunded Bonds or any unrelated transaction;

(d) Any statement, draft or other document presented under the Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect, or any statement therein being untrue or inaccurate in any respect whatever;

(e) The surrender, exchange or impairment of any security for the performance or appearance of any of the terms of this Agreement;

(f) Any other circumstance which might otherwise constitute a defense available to, or a discharge of, the City (other than payment, and then subject to the qualification that such obligations may be reinstated upon bankruptcy, notwithstanding payment in full of the City's obligations to the Bank).

**ARTICLE 4 Security**

4.1 **Security.** This Agreement constitutes a "Reimbursement Obligation" within the meaning of the Torel Ordinance, and is subject to the security provided for "Bonds" hereunder, including a lien on the Placed Revenues ranking equal to the lien thereon to secure all other Bonds thereunder.

4.2 **Further Assurances.** At the request of the Bank at any time or from time to time, the City will cause to be executed by its duly authorized officers any agreement, certificate, instrument or document, and to pay all connected costs, and to take such further action, which the Bank may reasonably deem necessary or advisable to create, protect or preserve the security interests of the Bank contemplated hereby or in the City Documents.

**ARTICLE 5 Bank Bonds**

5.1 **Ownership.** The City has the authorized Paying Agent and REMARKETING Agent to cause the ownership (beneficial ownership while a book-entry security for the registration of ownership is in effect) of all Bank Bonds to be registered in the name of the Bank. Bank Bonds registered in the name of the Bank will be released for purposes of delivery to the REMARKETING Agent upon payment pursuant to Section 3.9(g).

5.2 **Payments on Bank Bonds.** If, while the Bank or its designated agent holds Bank Bonds, the Paying Agent shall receive any interest payment in respect of such Bank Bonds, the Paying Agent shall hold, as agent for the Bank, the same in trust for the Bank and shall deliver the same forthwith to the Bank. All sums of money so paid in respect of such Bank Bonds which are received by the Paying Agent and paid to the Bank, shall be credited directly by the Bank from the Paying Agent or paying agent, shall be credited against the obligation of the City to pay principal or interest to the Bank under Section 3.3.

5.3 **Rights of the Bank.** The Bank shall not be liable for failure to collect on the obligations of the City with respect to the Bank Bonds, the Paying Agent shall be reimbursed for all costs and expenses incurred by the Bank Bonds as absolute owner thereof, upon such terms and conditions as it may determine, all without liability except to account to the City for property actually received by it. In addition to the rights and remedies granted to it in this Agreement and in any other instrument or agreement securing, evidencing or relating to any of the obligations of the City, the Bank or its designated agent shall have the authority to exercise all the rights and remedies of a secured party under the Uniform Commercial Code of the State of Florida. The City shall be liable for the deficiency if the Bank Bonds and collateral security granted to the Bank in connection herewith are insufficient to pay all amounts to which the Bank is entitled, and for the fees of any attorneys employed by the Bank to collect such deficiency. The Bank shall have no duty to exercise any of the aforementioned rights, privileges or options and shall not be responsible for any failure to do so or delay in so doing.

5.4 **Further Assurances.** The City further agrees to do or cause to be done all such other reasonable acts and things as may be necessary to make any disposition or sale of any portion or all of the Bank Bonds permitted by this Agreement or the City Documents valid and binding and in compliance with applicable law, at all the City's expense.

5.5 **Sale of Bank Bonds.** If the Bank shall sell or transfer the Bank Bonds pursuant to Section 3.3, the Bank shall obtain an acknowledgement from the purchaser or transferee that such Bank Bonds are no longer secured by the Letter of Credit and will not be used on the basis of the Letter of Credit.

**ARTICLE 6 Affirmative Covenants**

Until all the Obligations to be performed and paid shall have been performed and paid in full, and for so long as the City shall be outstanding, unless the Bank shall otherwise consent in writing, the City will perform and observe all covenants and agreements imposed on it by this Article 6.

(a) **Notices.** The City will promptly furnish to the Bank notice of (i) the failure by the REMARKETING Agent or the Paying Agent to perform any of its obligations under the REMARKETING Agreement or the Bond Terms Agreement, (ii) each event or occurrence of which notice is required to be given to the Bank pursuant to the Bond Terms Agreement, (iii) the occurrence of any Default or Event of Default, (iv) any change in the ratings of the Bonds of which the City has actual knowledge; (v) any underlying ratings which may be assigned to any Bonds (or any changes in such ratings); (vi) any shadow rating (or changes therein) assigned to the Bonds by any of the rating agencies; (vii) any occurrence of which the City has actual knowledge; (viii) any occurrence of which the City has actual knowledge; (ix) any occurrence of which the City has actual knowledge; (x) any occurrence of which the City has actual knowledge; (xi) any occurrence of which the City has actual knowledge; (xii) any occurrence of which the City has actual knowledge; (xiii) any occurrence of which the City has actual knowledge; (xiv) any occurrence of which the City has actual knowledge; (xv) any occurrence of which the City has actual knowledge; (xvi) any occurrence of which the City has actual knowledge; (xvii) any occurrence of which the City has actual knowledge; (xviii) any occurrence of which the City has actual knowledge; (xix) any occurrence of which the City has actual knowledge; (xx) any occurrence of which the City has actual knowledge; and (xxi) any occurrence of which the City has actual knowledge. Whenever the City may have with regard thereto, so long as such acts do not affect the City's obligation and ability to perform as required by this Agreement and the City Documents to which it is a party, including its obligation and ability to pay all amounts payable by it hereunder and thereunder.
(c) Use of Proceeds. The City shall use the proceeds of the Bonds solely for the purposes provided for in the Bond Terms Agreement and the City Documents.

(d) Related Obligations. The City shall promptly pay all amounts payable by it under this Agreement and the City Documents according to the terms hereof and thereof and shall duly perform each of its obligations under this Agreement and the other City Documents to which it is a party. The City shall take such action as may be necessary to enforce the obligations of other persons owed to the City and the Paying Agent pursuant to the City Documents.

(e) Reporting Requirements. The City shall keep proper books of record and account in which full, true and correct entries will be made of all dealings and transactions of or in relation to affairs, operations, transactions and activities of the City in accordance with Generally Accepted Accounting Principles consistently applied, and will furnish to the Bank a copy of each of the following:

(i) as soon as available, and in any event within 270 days after the close of the City's Fiscal Year, the City's audited annual financial statement, including a balance sheet of the City as of the end of such Fiscal Year and the related statement of revenues, expenses and changes in net assets, and statement of cash flow for such Fiscal Year, setting forth in each case in comparative form the data for the Fiscal Year, all in reasonable detail and prepared in accordance with GAAP on a consistent basis, together with an unqualified audit report from an independent certified public accountant reasonably acceptable to the Bank. If at any time any change in GAAP would affect any requirement set forth in this Agreement, and either the City or the Bank shall so request, the City and the Bank shall negotiate in good faith to amend such requirement to preserve the original intent thereof in light of such change in GAAP;

(ii) any management letter prepared by the independent public accountant in connection with the preparation of the financial statements referred to in Section 6.2(a)(i) above, to be delivered promptly following the time such letters are delivered to it; and

(iii) within 10 days after the issuance of any Bonds, a copy of the disclosure document prepared in connection therewith, or if no such document was prepared, written notice to the Bank setting forth the principal terms of such Bonds;

(iv) at the time of the delivery of the financial statements provided for in Section 6.2(a)(iv), a certificate of the chief financial officer of the City showing the calculation of all financial and tests required by the City Documents and stating that (1) to the best of his or her knowledge, no Default or Event of Default has occurred and is continuing, and (2) he or she has not received notice of circumstances or events from which a Default or Event of Default is likely to arise, or if City's chief financial officer is unable to make the certifications required herein, he or she shall supply a statement setting forth the reasons for such inability, specifying the nature and extent of such reasons; and

(v) such other information respecting the affairs, condition and/or operations, financial or otherwise, of the City as the Bank may from time to time reasonably request.

(f) Inspection Rights. The City will permit the Bank, upon reasonable notice and during normal business hours, to meet with officers, directors and employees of the City to discuss the affairs, finances, business and accounts of the City and to visit the City’s properties in order to enable the Bank to monitor the City’s compliance with the Agreement.

(g) Amendments. The City shall not amend, modify, terminate or permit the amendment, modification or termination of, or consent to, or permit or suffer to occur any action or omission which results in, or is equivalent to, an amendment, termination or modification of any City Document without the prior written consent of the Bank which consent shall not be unreasonably withheld or delayed.

(h) Appointment of Successors. The City shall not, without the prior written consent of the Bank, permit the appointment of a successor Paying Agent or Remarketing Agent. Any successor Paying Agent shall meet the requirements set forth in the Bond Terms Agreement. Any successor Remarketing Agent shall be acceptable to the Bank.

(i) Incorporation of Covenants. The covenants of the City set forth in the Bond Ordinance and Bond Terms Agreement are hereby incorporated by reference in this Agreement for the benefit of the Bank. To the extent that any such incorporated provision permits any Person to waive compliance with or consent to such provision or requires that a document, opinion, report or other instrument or any event or condition be acceptable or satisfactory to any Person, for purposes of this Agreement, such compliance shall be waived, or such provision shall be consented to, only if it is waived or consented to, as the case may be, by the Bank and such document, opinion, report or other instrument shall be acceptable or satisfactory to the Bank. No amendment to such covenants (or the defined terms relating thereto) shall be effective to amend such incorporated covenants without the written consent of the Bank.

(j) Maintenance of Existence. The City will maintain its corporate existence. The City shall not merge or consolidate with another entity or transfer substantially all of its assets to another entity in a way that adversely affects the City’s obligations under this Agreement or the City Documents.

(k) Maintenance and Approvals; Filings, etc. The City shall at all times maintain in effect every and comply with all the terms and conditions of all consents, licenses, approvals and authorizations as may be necessary or appropriate under any applicable law or regulation for its execution, delivery and performance of this Agreement and the City Documents to which it is a party.

(l) Subsequent Documents and Instruments. The City shall execute and deliver to the Bank (or as directed by the Bank) all such documents and instruments as may be necessary or reasonably required by the Bank to validate, preserve and protect the rights of the Bank under this Agreement and any related documents.

ARTICLE 7 Negative Covenants

Until all the Obligations to be performed and paid hereunder shall have been performed and paid in full, and for so long as the Letter of Credit shall be outstanding, unless the Bank shall otherwise consent in writing, the City covenants and agrees that it shall not:

7.1 Optional Redemptions. Except as required hereunder, take or permit the Paying Agent to take any action which would result in the optional redemption or prepayment of any portion of the Series 2008A Bonds without the Bank's prior written consent unless funds of the City sufficient to fully reimburse the Bank for the draw on the Letter of Credit and any other amounts then owed to the Bank hereunder are either on deposit with the Paying Agent (with instructions to the Paying Agent to use such funds for such reimbursement) or on deposit with the Bank (with instructions to the Paying Agent to use such funds for such reimbursement) at the time the notice of redemption is sent by the Paying Agent and at all times thereafter until the redemption date. In addition, no Bonds other than the Series 2008A Bonds may be optionally redeemed unless simultaneously Series 2008A Bonds are also optionally redeemed in the same proportion to the total amount of Series 2008A Bonds as the proportion of such other Bonds being redeemed bears to the total amount of all other Bonds unless as of the date of giving of the notice of redemption of such other Bonds the City could issue one dollar of additional Bonds (having any interest rate and maturity date) in compliance with Section 2.02(d) of the Bond Ordinance. In addition, if any Series 2008 Bonds are optionally redeemed, Series 2008A Bonds and Series 2008B Bonds shall be redeemed in pro rata amounts.

ARTICLE 8 Conditions to Issuance of Letter of Credit

8.1 Conditions of Issuance. On or prior to the date of issuance of the Letter of Credit, the City shall have furnished to the Bank, in form satisfactory to the Bank, the following:

(a) An executed original counterpart of this Agreement;

(b) Copies of each of the other City Documents;

(c) Evidence of compliance with the Bond Terms Agreement and Bond Ordinance;

(d) An opinion dated the date hereof addressed to, and in form and substance acceptable to, the Bank from counsel to the City, as to such matters as the Bank may require;

(e) A certificate of an authorized officer of the City relating to (i) the actions of the Governing Body authorizing the execution, delivery and performance of this Agreement and any other City Documents to which it is a party, (ii) incumbency and signatures of officers, (iii) accuracy of the representations and warranties contained in the City Documents on and as of the date of issuance of the Letter of Credit, (iv) absence of any event as may be necessary or required by the Bank to validate, preserve and protect the position of the Bank under this Agreement and any related documents.
existing, or would result from the issuance of the Letter of Credit, which constitutes a Default, and (vi) such other matters as the Bank may reasonably require.

(f) The opinion of Bond Counsel, in form and substance satisfactory to the Bank and its counsel;

(g) Such other documents, instruments and certifications as the Bank may reasonably require.

ARTICLE 9

Default

9.1 Events of Default. Each of the following shall constitute an Event of Default under this Agreement:

(a) Failure of the City to pay when due any payment of principal, interest, commission, charge or expense hereunder or under any Bond;

(b) The occurrence of an "Event of Default" under the Bond Terms Agreement or any of the other City Documents;

(c) The City defaults in the payment or performance of any other agreement, term or condition contained in any City Document after the expiration of any grace or cure period; or

(d) Any representation, warranty, certification or statement made by the City herein, or in any writing furnished by the City pursuant to this Agreement or any of the City Documents shall have been false, misleading or incomplete in any material respect on the date as of which made; or

(e) The City defaults in the performance or observance of any other agreement, covenant, term or condition contained herein, provided that if such default is capable of being cured, such default shall not be an Event of Default unless it shall not have been remedied within thirty (30) days after written notice thereof shall have been received by the City from the Bank;

(f) The City shall make an assignment for the benefit of creditors, file a petition in bankruptcy, have entered against or in favor of it an order for relief under the federal Bankruptcy Code or similar law of any foreign jurisdiction, generally fail to pay its debts as they come due (either as to number or amount), admit in writing its inability to pay its debts generally as they mature, make a voluntary assignment for the benefit of creditors, commence any voluntary assignment for the benefit of creditors, commence any proceeding relating to it under any reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect, or by any act, indicate its consent to, approval of or acquiescence in any such proceeding for the appointment of any receiver of, or trustee or custodian (as defined in the federal Bankruptcy Code) for itself, or any substantial part of its property, or a trustee or a receiver shall be appointed for the City or for a substantial part of the property of the City and such appointment remains in effect for more than sixty (60) days, or

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(a) The City of Jacksonville shall have filed a petition in bankruptcy, and said bankruptcy shall not be dismissed within sixty (60) days after such filing; or

(b) The City shall default under any current or future Indebtedness to the Bank or its affiliates; or

(h) Any City Document becomes unenforceable in any respect therein enforced material by the Bank or the City shall allege that any such provision is unenforceable; or

(i) The long-term debt rating, without regard to credit-enhancement, assigned to the Bonds by Moody’s, S&P or Fitch is withdrawn or suspended for credit reasons or is reduced below BBB- or Baa3;

then at any time thereafter, the Bank may (1) pursuant to Section 405(f)(ii) of the Bond Terms Agreement advise the Paying Agent that an Event of Default has occurred and instruct the Paying Agent to call the outstanding Series 2008A Bonds for mandatory tender for purchase, (2) require the immediate payment in full of all Liquidity Advances, (3) proceed hereunder, and under the City Documents and, to the extent therein provided, under the City Documents, in such order as it may elect and the Bank shall have no obligation to proceed against any Person or exhaust any other remedy or remedies which it may have and without resorting to any other security, whether held by or available to the Bank, and (4) exercise all remedies as are granted or hereafter granted to the Paying Agent under the Bond Terms Agreement.

If an Event of Default shall have occurred and be continuing and there shall be outstanding all or any part of any Obligation, the City agrees that the Bank shall be subrogated to any and all rights of the beneficiary of the Letter of Credit (including the Paying Agent and the owners of the Series 2008A Bonds), and the City agrees that, upon request of the Bank, the City will promptly do such further acts and execute, acknowledge and deliver such documents as the Bank may reasonably request in order to implement the such rights of the Bank.

9.2 No Remedies Exclusive. No remedy herein conferred upon or reserved to the Bank is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder and the City Documents or now or hereafter existing at law or in equity or by statute. In addition to any other remedies, the Bank shall have all rights of a secured party after default with respect to any Collateral.

ARTICLE 10

Miscellaneous

10.1 Indemnification. The City agrees, to the extent permitted by law, to indemnify and hold harmless the Bank from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable attorney’s fees and expenses) whatsoever which the Bank may incur (or which may be claimed against the Bank by any Person or entity whatsoever) by reason of, in connection with or relating to (a) the offering, sale, remarketing or resale of the Bond(s) (including, without limitation, by reason of any untrue statement or alleged untrue statement of a material fact contained or incorporated by

reference in the City Documents, the Official Statement (other than with respect to the information relating to the Bank in Appendix E) or in any supplement or amendment thereof or

any other documents, instruments and certifications as the Bank may reasonably require.

10.2 Transfer of Letter of Credit. The Letter of Credit may be transferred and assigned in accordance with the terms of the Letter of Credit upon payment of the required transfer fee.

10.3 Reduction of Letter of Credit.

(a) The Letter of Credit is subject to reduction pursuant to its terms.

(b) If the amount available to be drawn under the Letter of Credit shall be permanently reduced in accordance with the terms thereof, then the Bank shall have the right to require the Paying Agent to surrender the Letter of Credit to the Bank and to issue on such date, in substitution for such outstanding Letter of Credit, a substitute irrevocable letter of credit, substantially in the form of the Letter of Credit but with such changes therein as shall be appropriate to give effect to such reduction, dated such date, for the amount to which the amount available to be drawn under the Letter of Credit shall have been reduced.

10.4 Liability of the Bank. Neither the Bank nor any of its officers, directors, employees, agents or consultants shall be liable or responsible for:

(a) the use which may be made of the Letter of Credit or for any acts or omissions of the Paying Agent or any beneficiary in connection therewith;

(b) the validity, sufficiency or genuineness of documents, or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged;

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The Bank: Bank of America, N.A.
9000 Southside Boulevard
Building 100
FL9-100-03-15
Jacksonville, Florida 32256

with a copy to:

W. Bradley Ramirez
Vice President
Product Delivery Officer
Bank of America, N.A.
FL8-091-24-12
50 North Laura Street; 24th Floor
Jacksonville, Florida 32202

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except in cases where it is expressly herein provided that such notice, request or demand is not effective until received by the party to whom it is addressed, in which event such notice, request or demand shall be effective only upon receipt by the addressee.

10.7 Amendment. This Agreement may be amended, modified or discharged only upon an agreement in writing of the City and the Bank.

10.8 Effect of Delay, and Waivers. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Bank to exercise any remedy now or hereafter existing at law or in equity or by statute, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. In the event any provision contained hereof should be breached by any party and thereafter waived by the other party so empowered to act, such waiver shall be limited to the particular breach hereunder. No waiver, amendment, release or modification of this Agreement shall be established by conduct, custom or course of dealing, but solely by an instrument in writing duly executed by the parties thereto duly authorized by this Agreement.

10.9 Counterparts. This Agreement may be executed simultaneously in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

10.10 Severability. The invalidity or unenforceability of any one or more phrases, sentences, clauses or sections contained in this Agreement shall not affect the validity or enforceability of the remaining portions of this Agreement, or any part thereof.

10.11 Cost of Collection. The City shall be liable for the payment of all reasonable fees and expenses, including attorney’s fees (regardless of whether suit is brought and including fees on appeal and insolvency proceedings), incurred in connection with the enforcement of this Agreement.

10.12 Participations. The City agrees and consents to the Bank’s sale or transfer, whether now or hereafter, of one or more participation interests in the rights and obligations of the Bank hereunder and under the Letter of Credit to one or more purchasers, whether related or unrelated to the Bank. The Bank may provide to any one or more purchasers, or permitted purchasers, of participation interests as described herein, any information or knowledge the Bank may have about the City or about any other matter relating to the Series 2008A Bonds. No sale or transfer by the Bank of any participation interest hereunder or under the Letter of Credit shall affect the rights of the City hereunder or obligations of the Bank hereunder and thereunder.

(a) This Dispute Resolution Provision concerns the resolution of any controversies or claims between the parties, whether arising in contract, tort or by statute, that arise out of or relate to: (i) this Agreement (including any renewals, extensions or modifications); or (ii) any document related to this agreement (collectively a “Claim”). For the purposes of this Dispute Resolution Provision only, the term “party” shall include any parent corporation, subsidiary or affiliate of the Bank or Bank of America Corporation involved in the servicing, management or administration of any obligation described or evidenced by this agreement.

(b) At the request of any party to this agreement, any Claim shall be resolved by binding arbitration in accordance with the Federal Arbitration Act (Title 9, U.S. Code) (the “Act”). The Act will apply even though this agreement provides that it is governed by the law of a specified state.

(c) Arbitration proceedings will be determined in accordance with the Act, the then-current rules and procedures for the arbitration of financial services disputes of the American Arbitration Association or any successor thereof (“AAA”), and the terms of this Dispute Resolution Provision. In the event of any inconsistency, the terms of this Dispute Resolution Provision shall control. If AAA is unwilling or unable to (i) serve as the provider of arbitration or (ii) enforce any provision of this arbitration clause, the Bank may designate another arbitration organization with similar procedures to serve as the provider of arbitration.

(d) The arbitration shall be administered by AAA and conducted, unless otherwise required by law, in Orlando, Florida. All Claims shall be determined by one arbitrator; however, if Claims exceed Five Million Dollars ($5,000,000), upon the request of any party, the Claims shall be decided by three arbitrators. All arbitration hearings shall commence within ninety (90) days of the demand for arbitration and close within ninety (90) days of commencement and the award of the arbitrator(s) shall be issued within thirty (30) days of the close of the hearing. However, the arbitrator(s), upon a showing of good cause, may extend the commencement of the hearing for up to an additional sixty (60) days. The arbitrator(s) shall provide a concise written statement of reasons for the award. The arbitration award may be submitted to any court having jurisdiction to be confirmed and have judgment entered and enforced.

(e) The arbitrator(s) will give effect to statutes of limitation in determining any Claim and may dismiss the arbitration on the basis that the Claim is barred. For purposes of the application of any statutes of limitation, the service on AAA under applicable AAA rules of a notice of Claim is the equivalent of the filing of a lawsuit. Any dispute concerning this arbitration provision or whether a Claim is arbitrable shall be determined by the arbitrator(s), except as set forth at subparagraph (h) of this Dispute Resolution Provision. The arbitrator(s) shall have the power to award legal fees to the prevailing party pursuant to the terms of this agreement.

(f) This Section does not limit the right of any party to: (i) exercise self-help remedies, such as but not limited to, setoff; (ii) initiate a suit or judicial foreclosure against any real or personal property collateral; (iii) exercise any judicial or power of sale rights, or (iv) act in a court of law to obtain an interim relief, injunctive relief, writ of possession or appointment of a receiver, or additional or supplementary remedies.

10.13 Set Off. The City may not grant anyone a right of setoff against Pledged Revenues and shall require that any depository of Pledged Revenues waive in writing any right of setoff.

10.14 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida without regard to conflict of law principles.

10.15 References. The words “herein,” “hereof,” “hereunder” and other words of similar import when used in this Agreement refer to this Agreement as a whole, and not to any particular article, section or subsection.

10.16 Taxes, Etc. Any taxes (excluding income taxes) payable or ruled payable by federal or state authority in respect of the Letter of Credit, this Agreement or the other City Documents shall be paid by the City, upon demand by the Bank, together with interest and penalties, if any. The Bank will notify the City promptly upon acquisition of Knowledge that any tax may be due.

10.17 Consent to Jurisdiction, Venue. In the event that any action, suit or other proceeding is brought against the City by or on behalf of the Bank to enforce the observance or performance of any of the provisions of this Agreement or of any of the City Documents, including without limitation the collection of any amounts owing thereunder, the City hereby (i) irrevocably consents to the exercise of jurisdiction over the City, and to the extent permitted by applicable laws, their property, by the United States District Court, Northern District of Florida and by the Circuit Court, Duval County, Florida, and (ii) irrevocably waives any objection it might now or hereafter have or assert to the venue of any such proceeding in any court described in clause (i) above.

10.18 No Usury. Notwithstanding anything herein or in any other document or instrument, the City shall not be required to make any payments of interest or payments in the nature of interest which, when combined with all other such payments, would cause the violation of any usury or similar law applicable to the Bank and if any such excess amounts are charged or collected, such excess, together with interest thereon at the highest lawful rate from the date collected, shall automatically be applied to reduce the related extension of credit and if such extension of credit has been fully repaid, shall be paid to the City. The City hereby agrees that the provisions of this paragraph shall be in lieu of any other remedies available under the law.

10.19 Consent. If the consent or approval of the Bank is required under this Agreement or any related agreement, such consent may be given or withheld in the discretion of the Bank except as otherwise specifically provided in connection with such requirement.

10.20 Effectiveness. This Agreement shall become effective when executed and delivered by the last party to execute this Agreement.

10.21 Arbitration and Waiver of Jury Trial. This Section 10.21, including the paragraph(s) referred to as the “Dispute Resolution Provision,” this Dispute Resolution Provision is a material inducement for the parties entering into this Agreement.
IN WITNESS WHEREOF, the City and the Bank have caused this Agreement to be executed in their respective names and their respective seals to be hereunto affixed and attested by their duly authorized representatives, all as of the date first above written.

Attest:

CITY OF JACKSONVILLE, FLORIDA

By: ______________________________
Name: Neill W. McArthur, Jr.
Title: Corporate Secretary

BANK OF AMERICA, N.A.

By: ______________________________
Name: W. Bradley Ramirez
Title: Vice President

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IRREVOCABLE TRANSFERABLE LETTER OF CREDIT

July 1, 2008

U.S. $68,059,238.36
No. 68027212

Wells Fargo Bank, N.A.
Corporate Trust Services
301 E. Pine Street
Suite 800
Orlando, FL 32801

Ladies and Gentlemen:

We hereby establish in your favor as Deputy Registrar and Paying Agent for the benefit of the holders of the Bonds (as hereinafter defined), our Irrevocable Transferable Letter of Credit No. 68027212 for the account of City of Jacksonville, Florida (in such capacity, the “City”), whereby we hereby irrevocably authorize you to draw on us from time to time, a maximum aggregate amount not exceeding U.S. $68,059,238.36 (as reduced and reinstated as provided herein, the “Available Amount”), to pay principal of and accrued interest on, or the purchase price of, $67,285,000 in aggregate principal amount of the City of Jacksonville, Florida Capital Projects Revenue Bonds, Series 2008A issued by the City (the “Bonds”), in accordance with the terms hereof (said $68,059,238.36 having been calculated to be equal to $67,285,000.00, the aggregate outstanding principal amount of the Bonds, plus $774,238.46, which is 35 days’ accrued interest on said principal amount of the Bonds at the rate of twelve percent (12%) per annum (computed on the basis of a 365 day year and actual days elapsed) (the “Cap Interest Rate”)). Draws may be made from and after the date hereof to and including 5:00 p.m. on the earliest to occur of the following dates (the “Termination Date”): (i) July 15, 2011 (as it may be extended, the “Expiration Date”), (ii) the date which is fifteen (15) days following the date of conversion (the “Conversion Date”) of all of the Bonds to a Short-Term Interest Rate Period or a Long-Term Interest Rate Period (as defined in the Bond Terms Agreement (the "Bond Terms Agreement") dated June 1, 2008 between you and the City), as such date is specified in a certificate received by us from you in the form of Exhibit A hereto, (iii) the date which is fifteen (15) days following our receipt from you of a certificate in the form set forth as Exhibit B hereto, (iv) the date on which a Bank Mandatory Tender Drawing (hereinafter defined) is honored by us, and (v) the date which is fifteen (15) days following receipt by you of a written notice from us in the form set forth as Exhibit I, provided we are not then in default of our payment obligations hereunder.

This credit is available to you at sight against presentation of the following documents (the “Payment Documents”):

A certificate (with all blanks appropriately completed) (i) in the form attached as Exhibit C hereto to pay accrued interest on the Bonds (an “Interest Drawing”), (ii) in the form attached as Exhibit D hereto to pay the principal amount of and accrued interest on the Bonds in respect of any redemption of the Bonds (a “Redemption Drawing,” (iii) in the form attached as Exhibit E hereto, to allow the
Deputy Registrar and Paying Agent to pay the purchase price of Bonds tendered for purchase other than pursuant to Section 405(f)(ii) of the Bond Terms Agreement (a “Liquidity Drawing”), (iv) in the form attached as Exhibit F hereto, to pay the purchase price of Bonds tendered for purchase pursuant to 405(f)(ii) of the Bond Terms Agreement (a “Bank Mandatory Tender Drawing”), or (v) in the form attached as Exhibit G hereto to pay the principal amount of Bonds maturing on their maturity dates (a “Stated Maturity Drawing”), each certificate to state therein that it is given by your duly authorized officer and dated the date such certificate is presented hereunder.

Any defined terms which are not expressly defined in this paragraph shall have the same meaning herein as in the Bond Terms Agreement.

All references to time herein are to the then prevailing time in Jacksonville, Florida. All references to "days" hereunder are references to calendar days unless expressly provided otherwise.

All drawings shall be made by presentation of each Payment Document at our office at Bank of America, N.A., Trade Services Department, One Fleet Way, Scranton, PA 18507 or by facsimile at facsimile number 1-800-755-8743, Attention: Stand-by Letter of Credit Operations (or such other place or facsimile number as we may from time to time specify to you in writing), (the "Payment Office of the Bank") without further need of documentation, it being understood that each Payment Document so submitted is to be the sole operative instrument of drawing.

We agree to honor and pay the amount of any Interest, Redemption, Liquidity, Acceleration or Stated Maturity Drawing if presented in compliance with all of the terms of this Letter of Credit. If any Interest, Redemption, Acceleration or Stated Maturity Drawing is presented at or prior to 10:00 a.m. on a Business Day, payment shall be made in immediately available funds by 1:00 p.m. on the same Business Day. If any Interest, Redemption, Acceleration or Stated Maturity Drawing is presented after 10:00 a.m. on a Business Day, payment shall be made in immediately available funds by 1:00 p.m. on the following Business Day. If any Liquidity Drawing is presented at or prior to 11:30 a.m. on a Business Day, payment shall be made in immediately available funds by 1:30 p.m. on the same Business Day. If any Liquidity Drawing is presented after 11:30 a.m. on a Business Day, payment shall be made in immediately available funds by 1:30 p.m. on the following Business Day. Payments made hereunder shall be made by wire transfer to you or by deposit into your account with us in accordance with the instructions specified by you in the applicable Payment Documents. “Business Day” means any day except a Saturday or Sunday or a day on which the Payment Office of the Bank is authorized by law to close and is in fact closed.

The Available Amount of this Letter of Credit will be reduced automatically by the amount of any drawing hereunder; provided, however, that the amount of any Interest Drawing hereunder shall be automatically and immediately reinstated upon our honoring of such Interest Drawing. In addition, our obligation to honor drawings hereunder will be automatically reinstated in an amount equal to the amount of funds received by us concurrently upon our receipt by us of funds and a certificate in the form attached hereto as Exhibit J.
This Letter of Credit is transferable one or more times in whole only to your successor as Deputy Registrar and Paying Agent. Any such transfer (including any successive transfer) shall be effective upon receipt by us of this Letter of Credit accompanied by a certificate in the form of Exhibit H hereto (which shall be conclusive evidence of such transfer) and a transfer fee of $2,500.00. Upon such presentation we shall forthwith transfer the same to your transferee.

Communications with respect to this Letter of Credit shall be in writing and addressed to us at Bank of America, N.A., Trade Services Department, One Fleet Way, Scranton, PA 18507 Attention: Stand-by Letter of Credit Operations (or at such other address as may be designated in writing to you), specifically referring to the number of this Letter of Credit, except as provided above for presentment of Payment Documents via facsimile.

This credit is subject to the International Standby Practices (1998) (the “ISP98”), and shall, as to matters not governed by the ISP98, be governed by and construed in accordance with the laws of the State of Florida.

All payments made by us hereunder shall be made from our funds and not from the funds of any other Person.

This Letter of Credit sets forth in full the terms of our undertaking, and such undertaking shall not in any way be modified or amended by reference to any other document whatsoever.

BANK OF AMERICA, N.A.

By: __________________________
Its: Vice President
NOTICE OF CONVERSION DATE

Bank of America, N.A.
Trade Services Department
One Fleet Way
Scranton, PA  18507

Reference is hereby made to that certain Irrevocable Transferable Letter of Credit No. 68027212 dated Jul 1, 2008 (the “Letter of Credit”), which has been established by you for the account of City of Jacksonville, Florida in favor of the Deputy Registrar and Paying Agent.

The Conversion Date occurred on [insert date]. The Letter of Credit shall terminate on [insert date] which is the date 15 days after such Conversion Date.

All defined terms used herein which are not otherwise defined herein shall have the same meaning as in the Letter of Credit.

WELLS FARGO BANK, N.A.,
as Deputy Registrar and Paying Agent

By: _______________________________
Title: ______________________________
Date: ______________________________
NOTICE OF TERMINATION

Bank of America, N.A.
Trade Services Department
One Fleet Way
Scranton, PA  18507

Reference is hereby made to that certain Irrevocable Transferable Letter of Credit No. 68027212 dated July 1, 2008 (the “Letter of Credit”), which has been established by you for the account of City of Jacksonville, Florida in favor of the Deputy Registrar and Paying Agent.

No Bonds remain Outstanding, all drawings required to be made under the Letter of Credit have been made and honored, or an Alternate Credit Facility (as defined in the Bond Terms Agreement) has been issued to replace the Letter of Credit and, accordingly, the Letter of Credit is terminated in accordance with its terms.

All defined terms used herein which are not otherwise defined shall have the same meaning as in the Letter of Credit.

WELLS FARGO BANK, N.A.,
as Deputy Registrar and Paying Agent

By: ____________________________
Title: __________________________
Date: __________________________
INTEREST DRAWING CERTIFICATE

Wells Fargo Bank, N.A. (the “Beneficiary”), hereby certifies:

1. The Beneficiary is the Deputy Registrar and Paying Agent.

2. The Beneficiary is entitled and required to, and hereby makes this Interest Drawing in the amount of $____________, with respect to the payment of interest due on the Bonds.

3. Payment by you pursuant to this drawing shall be made to ____________________________, ABA Number ________________, Account Number ____________________________, Attention: ____________________________, Re:__________________________.

All defined terms used herein which are not otherwise defined shall have the same meaning as in the Letter of Credit.

IN WITNESS WHEREOF, this Certificate has been executed this ____________ day of ________________________.

WELLS FARGO BANK, N.A.,
as Deputy Registrar and Paying Agent

By: ____________________________
Title: ___________________________
Date: ___________________________
REDEMPTION DRAWING AND REDUCTION CERTIFICATE

Bank of America, N.A.
Trade Services Department
One Fleet Way
Scranton, PA  18507

Wells Fargo Bank, N.A. (the “Beneficiary”), hereby certifies:

1. The Beneficiary is the Deputy Registrar and Paying Agent.

2. The Beneficiary is entitled and required to, and hereby makes this Redemption Drawing in the amount of $_____________, to pay the principal amount of and accrued interest on the Bonds in respect of any redemption of the Bonds.

3. Payment by the Bank pursuant to this drawing shall be made to ______________, ABA Number ______________, Account Number ______________, Attention: ______________, Re: ______________.

4. Of the amount stated in paragraph 2, $[insert amount] is attributable to the principal amount of Bonds redeemed.

All defined terms used herein which are not otherwise defined shall have the same meaning as in the Letter of Credit.

IN WITNESS WHEREOF, this Certificate has been executed this ________ day of ______________.

WELLS FARGO BANK, N.A.,
as Deputy Registrar and Paying Agent

By: ________________________________
Title: ________________________________
Date: ________________________________
LIQUIDITY DRAWING CERTIFICATE

Bank of America, N.A.
Trade Services Department
One Fleet Way
Scranton, PA  18507

Wells Fargo Bank, N.A. (the “Beneficiary”), hereby certifies:

1. The Beneficiary is the Deputy Registrar and Paying Agent.

2. The Beneficiary is entitled and required to, and makes this Liquidity Drawing in the amount of $______________ with respect to the payment of the purchase price of Bonds tendered for purchase other than pursuant to Section 405(f)(ii) of the Bond Terms Agreement.

3. Payment by the Bank pursuant to this drawing shall be made to ____________, ABA Number ____________, Account Number ____________, Attention: ____________, Re: ____________.

4. Of the amount stated in paragraph 2, $[insert amount] is attributable to the principal amount of Bonds purchased.

All defined terms used herein which are not otherwise defined shall have the same meaning as in the Letter of Credit.

IN WITNESS WHEREOF, this Certificate has been executed this ______ day of ________________.

WELLS FARGO BANK, N.A.,
as Deputy Registrar and Paying Agent

By: ________________________________
Title: ________________________________
Date: ________________________________
BANK MANDATORY TENDER DRAWING CERTIFICATE

Wells Fargo Bank, N.A. (the “Beneficiary”), hereby certifies:

1. The Beneficiary is the Deputy Registrar and Paying Agent.

2. The Beneficiary is entitled and required to, and makes this Bank Mandatory Tender Drawing in the amount of $______________, of which $__________ is drawn with respect to the payment of the portion of the purchase price of Bonds tendered for purchase pursuant to Section 405(f)(ii) of the Bond Terms Agreement corresponding to principal of such Bonds and $___________ of which is drawn with respect to the portion of the purchase price of such Bonds corresponding to interest.

3. Payment by the Bank pursuant to this drawing shall be made to ______________, ABA Number ______________, Account Number ______________, Attention: ______________, Re: ______________.

All defined terms used herein which are not otherwise defined shall have the same meaning as in the Letter of Credit.

IN WITNESS WHEREOF, this Certificate has been executed this _____ day of ______________.

WELLS FARGO BANK, N.A.,
as Deputy Registrar and Paying Agent

By: ________________________________
Title: ______________________________
Date: ______________________________
STATED MATURITY DRAWING CERTIFICATE

Wells Fargo Bank, N.A. (the “Beneficiary”), hereby certifies:

1. The Beneficiary is the Deputy Registrar and Paying Agent.

2. The Beneficiary is entitled and required to, and makes this Stated Maturity Drawing in the amount of $_______, of which $_______ is drawn with respect to the payment of the principal amount of Bonds maturing on their maturity dates and of which $_______ is drawn with respect to interest on such Bonds.

3. Payment by the Bank pursuant to this drawing shall be made to ____________, ABA Number ____________, Account Number ____________, Attention: ____________, Re: ____________.

All defined terms used herein which are not otherwise defined shall have the same meaning as in the Letter of Credit.

IN WITNESS WHEREOF, this Certificate has been executed this _____ day of ____________.

WELLS FARGO BANK, N.A.,
as Deputy Registrar and Paying Agent

By: _______________________________
Title: _____________________________
Date: _____________________________
Transfer Certificate

Bank of America, N.A.
Trade Services Department
One Fleet Way
Scranton, PA 18507

Reference is made to that certain Irrevocable Transferable Letter of Credit No. 68027212 dated July 1, 2008, as it may have been amended (the "Letter of Credit") which has been established by you in favor of Wells Fargo Bank, N.A., as Deputy Registrar and Paying Agent.

For value received, the undersigned beneficiary hereby irrevocably transfers to the following (the Transferee):

______________________________
[Name of Transferee]

______________________________
[Address]

all rights of the undersigned beneficiary to draw under the above-captioned Letter of Credit (the ‘Letter of Credit’) in its entirety. The Transferee has succeeded the undersigned as Trustee under the Resolution (as defined in the Letter of Credit).

By this transfer, all rights of the undersigned beneficiary in the Letter of Credit are transferred to the Transferee and the Transferee shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments of the Letter of Credit, whether increases in the amount to be drawn thereunder, extensions of the expiration date thereof, or other amendments, and whether such amendments now exist or are made after the date hereof. All amendments of the Letter of Credit are to be delivered directly to the Transferee without necessity of any consent of or notice to the undersigned beneficiary. The undersigned hereby certifies that the Transferee has become successor Trustee under the Indenture, and has accepted such appointment in writing.

The original of the Letter of Credit is returned herewith, and in accordance therewith we ask you to endorse the within transfer on the reverse thereof, and forward it directly to the Transferee with your customary notice of transfer.
IN WITNESS WHEREOF, this Certificate has been executed this ____ day of ______________________.

Name of Transferor

By: __________________________
[Name and Title of Authorized Officer Transferor]

Name of Transferee

[Name and Title of Authorized Officer Transferor]
NOTICE OF DEFAULT

Wells Fargo Bank, N.A.
Corporate Trust Services
301 E. Pine Street
Suite 800
Orlando, FL 32801

Ladies and Gentlemen:

Reference is hereby made to that certain Irrevocable Transferable Letter of Credit No. 68027212 dated July 1, 2008 as it may be amended (the “Letter of Credit”), established in favor of Wells Fargo Bank, N.A., as Deputy Registrar and Paying Agent. Pursuant to Section 405(f)(ii) of the Bond Terms Agreement, we hereby notify you that an Event of Default has occurred under the Letter of Credit and Reimbursement Agreement dated as of July 1, 2008 between Bank of America, N.A. and the City of Jacksonville, Florida and you are directed to cause a mandatory tender of the Bonds.

BANK OF AMERICA, N.A.

By: ________________________________
Its: ________________________________
Date: ________________________________
CERTIFICATE FOR THE REINSTATEMENT OF AMOUNTS

Bank of America, N.A.
Trade Services Department
One Fleet Way
Scranton, PA 18507

Wells Fargo Bank, N.A. (the “Beneficiary”), hereby certifies:

1. The Beneficiary is the Deputy Registrar and Paying Agent.

2. The amount of $_____________ paid to you today by or on behalf of the City is a payment made to reimburse you for all or a portion of a Liquidity Drawing.

3. Of the amount stated in paragraph 2, $[insert amount] is attributable to the principal of Bank Bonds.

4. Upon receipt of the amount drawn hereunder, you are hereby directed to reinstate the Available Amount by \[insert amount equal to the amount in paragraph 3 plus 35 days interest on such amount at 12% per annum\] and the Available Amount shall thereupon equal $[insert new Available Amount].

IN WITNESS WHEREOF, the Beneficiary has executed and delivered this Certificate as of the _____ day of ________________.

WELLS FARGO BANK, N.A.,
as Deputy Registrar and Paying Agent

By: _____________________________
Title: ____________________________
Date: _____________________________

Bank of America, N.A. hereby confirms that the Available Amount has been reinstated by the amount of $_____________.

All defined terms used herein which are not otherwise defined shall have the same meaning as in the Letter of Credit.

BANK OF AMERICA, N.A.

By: _____________________________
Its: _____________________________
Date: _____________________________
APPENDIX F

INFORMATION RELATING TO SUNTRUST BANK;
2008 CREDIT FACILITY PROVIDER AGREEMENT AND
2008 CREDIT FACILITY OF SUNTRUST BANK
[This Page Intentionally Left Blank]
APPENDIX “F”

Information Relating to SunTrust Bank

The information contained in this Appendix “F” to the Official Statement has been obtained from SunTrust Bank, a Georgia banking corporation (“SunTrust”) and a wholly-owned subsidiary of SunTrust Banks, Inc. This information is not to be construed as a representation by the Issuer or the Borrower.

SunTrust offers a full line of financial services for consumers and businesses. SunTrust serves nearly 3.8 million customer households and maintains over 400,000 commercial relationships through a regional organizational structure that encompasses 1,710 retail and specialized service branches and 2,804 ATMs located primarily in Florida, Georgia, Maryland, North Carolina, South Carolina, Tennessee, Virginia and the District of Columbia. SunTrust also offers 24-hour delivery channels including internet and telephone banking. In addition to traditional deposit, credit and trust and investment services offered by SunTrust, other SunTrust subsidiaries provide mortgage banking, commercial and auto leasing, credit-related insurance, asset management, discount brokerage and capital market services.

SunTrust Banks, Inc. is subject to the informational requirements of the Securities Exchange Act of 1934 and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the “Commission”). The file number of SunTrust Banks, Inc. with the Commission is No. 1-8918. Such reports, proxy statements and other information can be inspected and copied at the Public Reference Room of the Commission, Room 2120, 450 Fifth Street, N.W., Judiciary Plaza, Washington, D. C. 20549, and at the Commission’s Regional Offices in Chicago (Room 1204, Everett McKinley Dirkson Building, at 219 South Dearborn Street, Chicago, Illinois 60604), and New York (Room 1100, 26 Federal Plaza, New York, New York 10278). Copies of such material can be obtained from the Public Reference Section of the Commission, Washington, D. C. 20549 at prescribed rates.

SunTrust Banks, Inc. has agreed, upon written request, to provide without charge to each person to whom a copy of this Official Statement has been delivered a copy of the most recent Annual Report on Form 10-K, any Quarterly Reports on Form 10-Q, and any Current Reports on Form 8-K (in each case as filed with the Commission pursuant to the Securities Exchange Act of 1934), and the most recent publicly available portions of the quarterly Call Reports of SunTrust Bank delivered to the Comptroller of the Currency. Any such request should be directed to:

SunTrust Banks, Inc.
Post Office Box 4418
Atlanta, Georgia 30302
Attention: Raymond D. Fortin, Secretary
Telephone: (404) 588-7165

F-1
LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT
BETWEEN
SUNTRUST BANK
AND
CITY OF JACKSONVILLE, FLORIDA

Dated as of July 1, 2008
Relating to
$67,285,000 Capital Projects Revenue Bonds, Series 2008B

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LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT

THIS LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT (this "Agreement"), is dated as of July 1, 2008, and is by and between CITY OF JACKSONVILLE, FLORIDA, a municipality of the State of Florida (the "City") and SUNTRUST BANK, a Georgia banking corporation (the "Bank").

WITNESSETH

WHEREAS, the City and Wells Fargo Bank, National Association (the "Paying Agent") have entered into a Bonds Terms Agreement (the "Bond Terms Agreement"), dated as of June 1, 2008, which, together with the Bond Ordinance (as defined in the Bond Terms Agreement), authorizes the issuance and sale of the City’s Capital Projects Revenue Bonds, Series 2008B, in the original aggregate principal amount of $67,285,000.00 (the "Series 2008B Bonds"), and the City’s Capital Projects Revenue Bonds, Series 2008B, in the original aggregate principal amount of $67,285,000.00 (the "Series 2008B Bonds"), and together with the Series 2008B Bonds, the "Series 2008 Bonds"); and

WHEREAS, the proceeds from the sale of the Series 2008B Bonds are to be used by City for the purpose of refunding the Refunded Bonds and paying costs associated therewith; and

WHEREAS, the City has requested the Bank to issue an irrevocable direct pay letter of credit in the form attached hereto as Exhibit A (such letter of credit or any successor or substitute letter of credit issued by the Bank herein individually and collectively called the "Letter of Credit");

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, including the covenants, terms and conditions hereinafter appearing, and to induce the Bank to issue the Letter of Credit, the Bank and the City do hereby agree as follows:

ARTICLE 1 Definitions; Time.

1.1 Definitions. The terms defined in this Article I have, for all purposes of this Agreement, the meanings specified hereinabove or in this Article, unless defined elsewhere herein or the context clearly requires otherwise. Capitalized Terms not otherwise defined herein shall have the meanings ascribed to them in the Bond Terms Agreement or the Bond Ordinance.

"Agreement" means this Letter of Credit and Reimbursement Agreement, as the same may from time to time be amended, modified or supplemented in accordance with the terms hereof.

"Applicable Percentage" is defined in Section 3.5.

"Available Amount" has the meaning ascribed to that term in the Letter of Credit.
"Bank" means SunTrust Bank, its successors and assigns.  

"Bank Bonds" means all Series 2008B Bonds acquired by the Bank with the proceeds of a Liquidity Drawing. 

"Bond" is defined in the Bond Ordinance.  


"Business Day" means any day other than a Saturday, Sunday or day on which the office of the Bank at which drafts may be presented for payment pursuant to the Letter of Credit is lawfully closed.  

"City" means the City of Jacksonville, Florida, a municipality of the State of Florida.  

"City Documents" means this Agreement, the Bond Ordinance, the Bond Terms Agreement, the Remarketing Agreement, the Series 2008B Bonds and any other documents or instruments to which the City is a party relating to this Agreement, the Letter of Credit or the issuance of the Series 2008B Bonds.  

"Default" means any event or circumstance which, with the passage of time or the giving of notice, or both, would become an Event of Default.  

"Default Rate" means the lesser of (a) three percent (3%) over the Prime Rate and (b) the highest non-accusatory interest rate chargeable under the laws of the State of Florida.  

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, including any rules and regulations promulgated thereunder.  

"Event of Default" has the meanings set forth in Section 9.1 hereof.  

"Facility Fee" is defined in Section 3.5.  

"GAAP" means those principles of accounting set forth in pronouncements of the Governmental Accounting Standards Board and its predecessors or pronouncements of the American Institute of Certified Public Accountants or those principles of accounting which have other substantial authoritative support and are applicable in the circumstances as of the date of the application, as such principles are from time to time supplemented or amended.  

"Governor Body" means the City Council of the City.  

"Governmental Authority" means any national, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentation, authority, body, agency, bureau, central bank or comparable authority.  

"Indebtedness" means with respect to any Person, all indebtedness of such Person for borrowed money, all indebtedness of such Person for the acquisition of property other than purchase of products and merchandise in the ordinary course of business, obligations secured by and any lien on the property of such Person whether or not such obligation is assumed, all liability of such Person by way of endorsements (other than for collection or deposit in the ordinary course of business), all guarantees of Indebtedness of any other Person by such Person (including any agreement, contingent or otherwise, to purchase any obligation or property, or guarantee the Indebtedness or property constituting security therefor, or to advance or supply funds for such purpose or to maintain working capital or other balance sheet or income statement condition, or any other arrangement in substance effecting any of the foregoing), and all leases and other items which in accordance with GAAP are classified as liabilities on a balance sheet.  

"Letter of Credit Fee Calculation Amount" at any time means the maximum amount available to be drawn at any time under the Letter of Credit and the result of such maximum amount to assume compliance with all conditions for drawing and no reduction for (a) any amount drawn by any drawing referred to in the Letter of Credit, the amount of which, in whole or in part, is subject to reinstatement, or (b) any amount not available to be drawn because Series 2008B Bonds are held by or for the account of the City or are Bank Bonds.  

"Liquidity Advance" has the meaning ascribed to that term in Section 3.3 hereof.  

"Liquidity Advance Rate" means for the first thirty days of a Liquidity Advance, the Prime Rate, from day thirty-one through day ninety of a Liquidity Advance, the Prime Rate plus 1.00% per annum, and after ninety days the Prime Rate plus 2.0% per annum.  

"Liquidity Drawings" has the meaning ascribed to that term in the Letter of Credit.  

"Notch Downgrade" means the long-term ratings downgrade evidenced by the removal of a modifier or numerical qualifier. For example, a downgrade from AA to A- would be a Notch Downgrade, as is a downgrade from BBB- to BB+. Similarly, a downgrade from A3 to Ba1 or from Ba1 to Ba2 is a Notch Downgrade.  

"Obligations" shall mean all indebtedness or obligations of the City to the Bank under this Agreement.  

"Person" means an individual, partnership, corporation, trust, joint venture, unincorporated organization, association, or a government, or agency or political subdivision or instrumentality thereof.  

"Prime Rate" means the rate of interest per annum charged by the Bank to Prime Customers.  


"Series 2008B Bonds" means the $68,355,000.00 Capital Projects Revenue Bonds, Series 2008B.  

"Stated Expiration Date" means the expiration date of the Letter of Credit (initially July 15, 2011), as such date may be extended pursuant to the terms of the Letter of Credit or this Agreement.  

"Termination Date" means the last day a drawing is available under the Letter of Credit.  

1.2 Time. All references herein to times of day are references to the then-prevailing time in Jacksonville, Florida.  

ARTICLE 2 Representations and Warranties  

The City makes the following representations and warranties, each of which shall be deemed made as of the date of each drawing under the Letter of Credit:  

2.1 Organization and Existence. The City is a municipality of the State of Florida validly existing under the laws of the State of Florida with all requisite power and authority to execute and deliver, and to perform its obligations under, the other City Documents to which it is a party to and issue, execute and deliver the Series 2008B Bonds.  

2.2 Power and City. The execution, delivery and performance by the City of the City Documents and the issuance, execution and delivery of the Series 2008B Bonds have been duly authorized by all necessary action of the Governing Body, and all action on its part required for the lawful execution, delivery and performance thereof has been duly taken; and the City Documents, as of, or on the date of execution and delivery thereof, valid and binding obligations of the City enforceable against the City in accordance with their terms.  

2.3 Compliance with Laws and Contracts. Neither the execution and delivery by the City of this Agreement and the City Documents to which the City is a party, nor the consummation of the transactions herein and therein contemplated, nor compliance with the provisions hereof or thereof will violate any constitutional provision or any law, rule, regulation, order, writ, judgment, injunction, decree or award of any court or Governmental Authority, arbitration, agency or other instrumentality applicable to the City binding on the City, the City’s charter or the provisions of any indenture, instrument or agreement to which the City is a party or is subject, or by which it or its property is bound, or conflict with or constitute a default under or result in the creation or imposition of any security interest, lien, charge or encumbrance (other than the lien of the Bond Ordinance) on any of its assets pursuant to the provisions of any of the foregoing.  

2.4 Litigation. There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to the knowledge of the City, threatened against or affecting the City wherein an unfavorable decision, ruling or finding would materially adversely affect (i) the transactions contemplated by or the validity of this Agreement or any of the City Documents, (ii) the City’s capacity or authority to enter into similar agreements, (iii) the status of the City as a municipality of the State of Florida, or (iv) the City’s property, assets, operations or conditions, financial or otherwise, or its ability to perform its obligations under this Agreement or under the City Documents.  

2.5 Financial Statements. The audited financial statements of the City for the period ended September 30, 2007, as hereafter delivered to the Bank correctly and fairly present the financial condition of the City as of that date and the results of the operations of the City for such period, and were prepared in accordance with GAAP consistently applied except as stated in the notes thereto; and there has been no material adverse change in the condition, financial or otherwise, of the City since September 30, 2007, from that set forth in said financial statements as of, and for the period ended on, that date.  

2.6 Bonds; Parity of Obligations. The Bonds (including all Bank Bonds) will be entitled to the benefits of the Bond Ordinance. including a lien on the Pledged Revenues ranking equal to the lien thereon given to secure all other Bonds thereunder.  

2.7 Official Statement. The information contained in the Official Statement relating to the Bonds (other than the information concerning the Bank and the information under the caption “Book-Entry System” as to which the City makes no representation or warranty), is correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.  

2.8 Conformity. All consents, licenses, approvals, validations and authorizations of, and registrations, validations or declarations by or with any court or any Governmental Authority required to be obtained in connection with the execution, delivery, performance, validity or enforceability of this Agreement and the City Documents (including the Series 2008B Bonds) have been obtained and are in full force and effect.  

2.9 ERISA Requirements. The City has not incurred any material accumulated funding deficiency within the meaning of ERISA, or incurred any material liability to the Pension Benefit Guaranty Corporation established under ERISA (or any successor thereto under ERISA) in connection with any plan or benefit plan benefiting or to benefit by it or by any Person under common control with it (within the meaning of Section 414(c) of the Internal Revenue Code of 1986, as amended, or of Section 4000(a)(9) of ERISA), or in which its employees are entitled to participate. No Reportable Event (as defined in ERISA) in connection with any such plan has occurred or is continuing.  

2.10 Taxes. The City is a political subdivision or instrumentality described in Section 103 of the Code and is exempt from payment of all federal, state and local income taxes and is also exempt from payment of all property taxes except in connection with certain real estate owned by it but not currently used for tax-exempt purposes. The City has paid all taxes or assessments against it except such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided. The charges, accruals and reserves on its books in respect of any such taxes or other governmental charge are adequate.  

2.11 No Defaults. No Default or Event of Default exists hereunder or under any other City Document.  

2.12 Leases. The City is in material compliance with all federal, state, and local laws, except to the extent that the City is contesting the validity or application thereof or appealing or
otherwise seeking relief therefrom, so long as such acts do not affect the City’s obligation and ability to perform as required by this Agreement and the City Documents to which it is a party, including its obligation and ability to pay all amounts payable by it hereunder and thereunder.

2.13 City Documents. All representations and warranties of the City under the City Documents are true and correct in all material respects as if made on the date hereof.

2.14 Solvency. The City is solvent.

ARTICLE 3
Terms of Letter of Credit, Reimbursement and Other Payments

3.1 Letter of Credit. The Bank agrees, on the terms and conditions hereinafter set forth, to issue and deliver the Letter of Credit in favor of the Paying Agent in substantially the form of Exhibit A attached hereto upon fulfillment of the applicable conditions set forth in Article 9 hereof.

3.2 Reimbursement and Other Payments. Except as otherwise provided in Section 3.3 below, the City shall pay to the Bank, without setoff or counterclaim, in available funds:

(a) on the date that any amount is drawn under the Letter of Credit, a sum equal to such amount as drawn and paid under the Letter of Credit;

(b) on demand, interest on any and all amounts remaining unpaid by the City when due hereunder from the date such amounts become due until payment thereof in full, at a fluctuating interest rate per annum equal at all times to the Default Rate;

(c) on demand, any and all reasonable expenses incurred by the Bank in enforcing any rights under this Agreement and the other City Documents; and

(d) within fifteen days after written demand therefor, all charges, commissions, costs and expenses set forth in Sections 3.5, 3.6 and 3.10 hereof or otherwise payable hereunder.

(e) Upon any termination of this Agreement, the City agrees to pay all accrued and unpaid fees through and including the date of termination.

(f) If the City terminates this Agreement before the third anniversary of the date of issuance of the Letter of Credit, then the City shall pay to the Bank on demand a termination fee in the amount of $20,000.00.

3.3 Liquidity Advances

(a) If the Bank shall make any payment of that portion of the purchase price corresponding to principal and interest of the Series 2008B Bonds drawn under the Letter of Credit pursuant to a Liquidity Drawing and the conditions set forth in Section 3.4 have all been fulfilled, such payment shall constitute a Liquidity Advance made by the Bank to the City on the date and in the amount of such payment (a “Liquidity Advance”) payable as provided in this certificate and to restate the Letter of Credit in accordance therewith. Funds held by the Paying Agent as a result of sales of the Bank Bonds by the Remarketing Agent shall be paid to the Bank by the Paying Agent to be applied to the amounts owing by the City to the Bank pursuant to this Subsection 3.3(b). Upon payment to the Bank of the amount of such Liquidity Advance to be prepaid, together with accrued interest on such Liquidity Advance to the date of such prepayment on the amount to be prepaid, the principal amount outstanding of Liquidity Advances shall be reduced by the amount of such prepayment and interest shall cease to accrue on the amount prepaid.

(b) No event has occurred and is continuing which constitutes a Default or an Event of Default.

Unless the City shall have previously advised the Bank in writing or the Bank has actual knowledge that one or more of the above statements is no longer true, the City shall be deemed to have represented and warranted, on the date of payment by the Bank under the Letter of Credit pursuant to a Liquidity Drawing, that on the date of such payment the above statements are true and correct.

3.5 Commission, Interest and Fees

(a) The City shall pay to the Bank a nonrefundable fee (the “Facility Fee”) from and including the date of issuance of the Letter of Credit until the Termination Date at the rate of the Applicable Percentage of the Letter of Credit Fee Calculation Amount. Such Facility Fee shall be payable in arrears on the first day of each January, April, July and October, commencing October 1, 2008, and on the Termination Date.

(b) The Applicable Percentage shall initially be 0.52% per annum. During the continuance of an Event of Default the Applicable Percentage shall be increased by 1.50% per annum.

(c) The City shall pay to the Bank, upon each drawing under the Letter of Credit in accordance with its terms, a fee of $1.50 per $1,000.

(d) The City shall pay to the Bank, upon transfer, renewal or amendment of the Letter of Credit, a fee of $1,500.00.

(e) The City shall pay the fee of counsel to the Bank, Holland & Knight LLP, in the amount of $38,500.00, on the date of issuance.

3.6 Increased Costs Due to Change in Law. In the event of any change in any existing or future law, regulation, ruling or other interpretation having application to the Bank which shall either (a) impose, modify or make applicable any reserve, special deposit, capital requirement, assessment or similar requirement against the Letter of Credit or (b) impose on the Bank any other condition regarding the Letter of Credit, and the net result of any event or events referred to in clause (a) or (b) above shall be to increase the cost (including a reasonable allocation of resources) or decrease the yield to the Bank of issuing or maintaining the Letter of Credit (which increase in cost shall be the result of the Bank’s reasonable allocation of the aggregative of such cost increases or yield decreases resulting from such events), then, upon demand by the Bank, the City shall immediately pay to the Bank, from time to time as specified by the Bank, additional amounts which shall be sufficient to compensate the Bank for such increased cost or decreased yield. A statement of charges submitted by the Bank, shall be conclusive, absent manifest error, as to the amount owed. The Bank shall not be entitled to payment of any additional amounts hereunder except for amounts which shall be due from and after the date thirty days prior to the date the Bank shall have provided the City written notice of the event resulting in such increased cost or decreased yield and describing or setting forth the amount due from the City.

3.7 Computation. All payments of interest, commissions and fees under this Agreement shall be calculated on a per annum basis, based upon a year of 360 days and calculated for the actual number of days elapsed (actual/360 method).

3.8 Payment Procedures. All payments made by the City under this Agreement shall be made to the Bank at its offices described at the beginning of this Agreement and the City shall have the right to use any and all available funds at the Bank’s offices described at the beginning of this Agreement before 3:00 p.m. on the date when due. The Bank agrees that any and all payments under the Letter of Credit will be made by the Bank’s own funds.

3.9 Business Days. If the date for any payment hereunder falls on a day which is not a Business Day, then for all purposes of this Agreement the same shall be deemed to have fallen on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payments of interest or commission, as the case may be.

3.10 Reimbursement of Expenses. The City will pay upon demand all reasonable legal fees (computed without regard to any statutory presumption) incurred by the Bank in connection with the preparation, execution and delivery of this Agreement, the Letter of Credit, the City Documents, any and all other agreements and transactions contemplated hereby and thereby and by the City Documents (including any amendments hereto or thereto or consents or waivers hereunder or thereunder) and will also pay all fees, charges or taxes for the recording or filing of City Documents. The City will also pay upon demand for all reasonable out-of-pocket expenses of the Bank in connection with the administration of the Letter of Credit and this Agreement. The Bank will, upon demand, promptly reimburse the Bank for all amounts expended, advanced or incurred by the Bank to collect or satisfy any obligation of the City under this Agreement or any City Documents, or to enforce the rights of the Bank under this Agreement, or any City Document, which amounts will include, without limitation, all court costs, reasonable attorneys’ fees (whether or not suit be brought and including such costs and fees on appeal and in insolvency proceedings), fees of auditors and accountants and investigation
expenses incurred by the Bank in connection with any such matters. The City shall also pay to the Bank, demand any documentary stamp taxes, intangibles or other excise taxes payable on account of the execution, delivery or enforcement of this Agreement, the Letter of Credit or the City Document (including any amendments hereto or thereto) or the performance of any obligations thereunder (including the payment of drawings and the making of loans), and any penalties and/or interest incurred because of the failure of the Bank or the City to pay such taxes when due. The City acknowledges that it is not releasing any or the Bank’s counsel with respect to the applicability or non-applicability of any such taxes. The provisions of this paragraph shall survive payment in full and discharge of the City’s obligations to the Bank.

3.11 Extension of Expiration Date. At any time on or before the one hundred eightieth (108th) day prior to the Stated Expiration Date, the City may request an extension thereof of the Stated Expiration Date. Any such request must be in writing and shall be subject to the approval of the Bank in its sole discretion. Within sixty (60) days following receipt of a request for an extension of the Stated Expiration Date, the Bank shall give written notice to the City as to whether it elects to extend the Stated Expiration Date and the conditions, if any, of such extension; provided, that if the Bank fails to give any such notice, the Stated Expiration Date shall not be extended.

3.12 Obligations Absolute. The obligations of the City under this Agreement shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement, under all circumstances whatsoever, including, without limitation, the following circumstances:

(a) Any lack of validity or enforceability of the Letter of Credit, the Series 2008B Bonds, any of the other City Documents or any other agreement or instrument related thereto;

(b) Any amendment or waiver of or any consent to depart from the terms of the Letter of Credit, the Series 2008B Bonds, any of the other City Documents or any other agreement or instrument related thereto;

(c) The existence of any claim, setoff, defense or other right which any of the City, may have at any time against the Paying Agent, any beneficiary or any transferee of the Letter of Credit (or any Person for whom the Paying Agent, any such beneficiary or any such transferee may be acting), the Bank or any other Person, whether in connection with this Agreement, the other City Documents, the Letter of Credit, the Refunded Bonds or any unrelated transaction;

(d) Any statement, draft or other document presented under the Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect, or any statement therein being untrue or inaccurate in any respect whatsoever;

(e) The surrender, exchange or impairment of any security for the performance or observance of any of the terms of this Agreement; or

(f) Any other circumstance which might otherwise constitute a defense available to, or a discharge of, the City (other than payment, and then subject to the qualification

that obligations may be reinstated upon bankruptcy, notwithstanding payment in full of the City’s obligations to the Bank).

ARTICLE 4 Security

4.1 Security. This Agreement constitutes a "Reimbursement Obligation" within the meaning of the Bond Ordinance, and is entitle to the security provided for “Bonds" thereunder, including a lien on the Pledged Revenues ranking equal to the lien thereon given to secure all other Bonds thereunder.

4.2 Further Assurances. At the request of the Bank at any time or from time to time, the City will cause to be executed by its duly authorized officers any agreement, certificate, instrument or document, and will pay all connected costs, and to take such further action, which the Bank may reasonably deem necessary or advisable to create, protect or preserve the security interests of the Bank contemplated thereby or by the City Documents.

ARTICLE 5 Bank Bonds

5.1 Ownership. The City has authorized the Paying Agent and RemARKeting Agent to cause the ownership (beneficial ownership while a book-entry system for the registration of ownership is in effect) of all Bank Bonds to be registered in the name of the Bank. Bank Bonds registered in the name of the Bank will be released for purposes of delivery to the RemARKeting Agent upon payment pursuant to Section 3.5.

5.2 Payments on Bank Bonds. If, while the Bank or its designated agent holds Bank Bonds, the Paying Agent shall receive any interest payment in respect of such Bank Bonds, the Paying Agent shall hold, as agent for the Bank, the same in trust for the Bank and shall deliver the same forthwith to the Bank. All sums of money so paid in respect of such Bank Bonds which are received by the Paying Agent and paid to the Bank, or which shall be received directly by the Bank from the Paying Agent or paying agent, shall be credited against the obligation of the City to pay principal or interest to the Bank under Section 3.3.

5.3 Rights of the Bank. The Bank shall not be liable for failure to collect on the obligations of the City or realize upon the Bank Bonds or any collateral security or guarantee therefor, or any part thereof; or for any delay in so doing, nor shall it be under any obligation to take any action whatsoever with regard thereto. If an Event of Default has occurred and is continuing, the Bank may thereafter without notice exercise all rights, privileges or options pertaining to any Bank Bonds as absolute owner thereof, upon such terms and conditions as it may determine, all without liability except to the City for property actually received by it. In addition to the rights and remedies granted to it in this Agreement and in any other instrument or agreement securing, evidencing or relating to any of the obligations of the City, the Bank or its designated agent shall have the authority to exercise all the rights and remedies of a secured party under the Uniform Commercial Code of the State of Florida. The City shall be liable for the deficiency if the Bank Bonds and collateral security granted to the Bank in connection herewith are insufficient to pay all amounts to which the Bank is entitled, and for the fees of any attorneys employed by the Bank to collect such deficiency. The Bank shall have no duty to exercise any of the aforesaid rights, privileges or options and shall not be responsible for any failure to do so or delay in so doing.

5.4 Further Assurances. The City further agrees to do or cause to be done all such other reasonable acts and things as may be necessary to make any disposition or sale of any portion or all of the Bank Bonds permitted by this Agreement or the City Documents valid and binding and in compliance with applicable law, all at the City’s expense.

5.5 Sale of Bank Bonds. If the Bank shall sell or transfer the Bank Bonds pursuant to Section 5.3, the Bank shall obtain an acknowledgement from the purchaser or transferee that such Bank Bonds are no longer secured by the Letter of Credit and will not be rated on the basis of the Letter of Credit.

ARTICLE 6 Affirmative Covenants

Until all the Obligations to be performed and paid shall have been performed and paid in full, and for so long as the Letter of Credit shall be outstanding, unless the Bank shall otherwise consent in writing, the City will perform and observe all covenants and agreements imposed on it by this Article 6.

(a) Notices. The City will promptly furnish to the Bank notice of (i) the failure by the RemARKeting Agent or the Paying Agent to perform any of its obligations under the RemARKeting Agreement or the Bond Terms Agreement, (ii) each event or occurrence of which notice is required to be given to the Bank pursuant to this Agreement or any occurrence of any Default or Event of Default; (iv) any change in the ratings of the Bonds of which the City has actual knowledge; (v) any underlying ratings which may be assigned to any Bonds (or any changes in such ratings); (vi) any shadow rating (or changes therein) assigned to the Bonds of which the City has knowledge; and (vii) any litigation or governmental proceeding pending against the City in which the amount in controversy is in excess of $10,000,000 or is expected to have a material and adverse effect upon the financial condition of the City.

(b) Compliance With Laws. The City shall comply with all laws, rules and regulations, and with all final orders, writs, judgments, injunctions, decrees or awards to which it may be subject; provided, however, that the City may control the value or applications of enforcement or appeal and otherwise seek relief therefrom, and exercise any and all of the rights and remedies which it may have with regard thereto, so long as such acts do not affect the City’s obligation and ability to perform as required by this Agreement and the City Documents to which it is a party, including its obligation and ability to pay all amounts payable by it hereunder and thereunder.

(c) Use of Proceeds. The City shall use the proceeds of the Bonds solely for the purposes provided for in the Bond Terms Agreement.

(d) Related Obligations. The City shall promptly pay all amounts payable by it under this Agreement and the City Documents according to the terms hereof and thereof and shall duly perform each of its obligations under this Agreement and the other City Documents to
(v) such other information respecting the affairs, condition and/or operations, financial or otherwise, of the City as the Bank may from time to time reasonably request.

(f) **Inspection Rights.** The City will permit the Bank, upon reasonable notice and during normal business hours, to meet with officers, directors and employees of the City to discuss the affairs, finances, business and accounts of the City and to visit the City’s properties in order to enable the Bank to monitor the City’s compliance with the Agreement.

(g) **Amendments.** The City shall not amend, modify, terminate or permit the amendment, modification or termination of, or consent to, or permit or suffer to occur any action or omission which results in, or is equivalent to, an amendment, modification or termination of any City Document without the prior written consent of the Bank which consent shall not be unreasonably withheld or delayed.

(h) **Appointment of Successors.** The City shall not, without the prior written consent of the Bank, permit the appointment of a successor Paying Agent or Remarketing Agent. Any successor Paying Agent shall meet the requirements set forth in the Bond Terms Agreement. Any successor Remarking Agent shall be acceptable to the Bank.

(i) **Incorporation of Covenants.** The covenants of the City set forth in the Bond Ordinance and Bond Terms Agreement are hereby incorporated by reference in this Agreement for the benefit of the Bank. To the extent that any such incorporated provision permits any Person to waive compliance with or consent to such provision or requires that a document, opinion, report or other instrument or any event or condition be acceptable or satisfactory to any Person, for purposes of this Agreement, such compliance shall be waived, or such provision shall be consented to, only if it is waived or consented to, as the case may be, by the Bank and such document, opinion, report or other instrument shall be acceptable or satisfactory to the Bank. No amendment to such covenants (or the defined terms relating thereto) shall be effective to amend such incorporated covenants without the written consent of the Bank.

(j) **Maintenance of Existence.** The City will maintain its corporate existence. The City will not merge or consolidate with another entity or transfer substantially all of its assets to another entity in a way that adversely affects the City’s obligations under this Agreement or any of the City Documents.

(k) **Maintenance and Approvals; Filings, etc.** The City shall at all times maintain in effect, renew and comply with all the terms and conditions of all consents, licenses, approvals and authorizations as may be necessary or appropriate under any applicable law or regulation for its execution, delivery and performance of this Agreement and the City Documents to which it is a party.

(l) **Subsequent Documents and Instruments.** The City shall execute and deliver to the Bank (or as directed by the Bank) all such documents and instruments as may be necessary or reasonably required by the Bank, to enable the Bank to exercise and enforce its rights under this Agreement or with respect to the Bonds and to realize thereon, and the City shall record and file and re-record and re-file all such documents and instruments, at such time or times as the Bank may require.

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ARTICLE 7 Negative Covenants

Until all the Obligations to be performed and paid hereunder shall have been performed and paid in full, and for so long as the Letter of Credit shall be outstanding, unless the Bank shall otherwise consent in writing, the City covenants and agrees not to:

7.1 **Optional Redemption.** Except as required hereunder, take or permit the Paying Agent to take any action which would result in the optional redemption or prepayment of any portion of the Series 2008B Bonds without the Bank’s prior written consent unless funds of the City sufficient to fully reimburse the Bank for the draw on the Letter of Credit and any other amounts then owed to the Bank hereunder are either on deposit with the Paying Agent (with instructions to the Paying Agent to use such funds for such reimbursement) or on deposit with the Bank (with instructions to the Paying Agent to use such funds for such reimbursement) at the time the notice of redemption is sent by the Paying Agent and at all times thereafter until the redemption date. In addition, no Bonds other than the Series 2008B Bonds may be optionally redeemed unless simultaneously Series 2008B Bonds are also optionally redeemed in the same proportion to the total amount of Series 2008B Bonds as the proportion of such other Bonds being redeemed bears to the total amount of all other Bonds unless as of the date of giving of the notice of redemption of such other Bonds the City could issue one dollar of additional Bonds (having any interest rate and maturity date) in compliance with Section 2.02(d) of the Bond Ordinance. In addition, if any Series 2008B Bonds are optionally redeemed, Series 2008B Bonds and Series 2008B Bonds shall be redeemed in the same amounts.

ARTICLE 8 Conditions to Issuance of Letter of Credit

8.1 **Conditions of Issue.** On or prior to the date of issuance of the Letter of Credit, the City shall have furnished to the Bank, in form satisfactory to the Bank, the following:

(a) An executed original counterpart of this Agreement;

(b) Copies of each of the other City Documents;

(c) Evidence of compliance with the Bond Terms Agreement and Bond Ordinance;

(d) An opinion dated the date hereof addressed to, and in form and substance acceptable to, the Bank from counsel to the City, as to such matters as the Bank may require;

(e) A certificate of an authorized officer of the City relating to (i) the actions of the Governing Body authorizing the execution, delivery and performance of this Agreement and the other City Documents to which it is a party, (ii) incumbency and specimen signatures of officers, (iv) accuracy of the representations and warranties contained in the City Documents on and as of the date of issuance of the Letter of Credit, (v) absence of any event existing, or would result from the issuance of the Letter of Credit, which constitutes a Default, and (vi) such other matters as the Bank may require;

(f) The opinion of Bond Counsel, in form and substance satisfactory to the Bank and its counsel;

(g) Such other documents, instruments and certifications as the Bank may reasonably require.

ARTICLE 9 Default

9.1 **Events of Default.** Each of the following shall constitute an Event of Default under this Agreement:

(a) Failure of the City to pay when due any payment of principal, interest, commission, charge or expense hereunder or under any Bond; or

(b) The occurrence of an "Event of Default" under the Bond Terms Agreement or any of the other City Documents;

(c) The City defaults in the payment or performance of any other agreement, term or condition contained in any City Document after the expiration of any grace or cure period; or

(d) Any representation, warranty, certification or statement made by the City herein, or in any writing furnished by the City pursuant to this Agreement or any of the City Documents shall have been false, misleading or incomplete in any material respect on the date as of which made; or

(e) The City defaults in the performance or observance of any other agreement, covenant, term or condition contained herein, provided that if such default is capable of being cured, such default shall not be an Event of Default unless it shall not have been remedied 30 days after written notice thereof shall have been received by the City from the Bank; or

(f) The City shall make an assignment for the benefit of creditors, file a petition in bankruptcy, have entered against it an order for relief under the federal Bankruptcy Code or similar law of any foreign jurisdiction, generally fail to pay its debts as they come due (either as to number or amount), admit in writing its inability to pay its debts generally as they become due, make a voluntary assignment for the benefit of creditors, or by any voluntary assignment of any voluntary assignment for the benefit of creditors, commence any proceeding relating to it under any reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect, or by any act, indicate its consent to, approval of or acquiescence in any such proceeding for the appointment of any receiver of, or trustee or custodian (as defined in the federal Bankruptcy Code) for itself, or any substantial part of its property, or a trustee or a receiver shall be appointed for the City or for a substantial part of the property of the City and such appointment remains in effect for more than sixty (60) days, or a petition in bankruptcy or a reorganization shall be filed against the City and such petition shall not be dismissed within sixty (60) days after such filing; or
(g) The City shall default under any current or future Indebtedness to the Bank or its affiliates; or

(h) Any City Document becomes unenforceable in any respect deemed material by the Bank or the City shall allege that any such provision is unenforceable; or

(i) The long-term debt rating, without regard to credit enhancement, assigned to the Bonds by Moody’s, S&P or Fitch is withdrawn or suspended for credit reasons or is reduced below BBB- or Baa3.

then at any time thereafter, the Bank may (1) pursuant to Section 4.05(h)(ii) of the Bond Terms Agreement advise the Paying Agent that an Event of Default has occurred and instruct the Paying Agent to call the outstanding Series 2008B Bonds for mandatory tender for payment, (2) require the immediate payment in full of all Liquidity Advances, (3) proceed hereunder, and under the City Documents and, to the extent therein provided, under the City Documents, in such order as it may elect and the Bank shall have no obligation to proceed against any Person or exhaust any other remedy or remedies which it may have and without reserving to any other security, whether held by or available to the Bank, and (4) exercise all remedies as are granted or hereafter granted to the Paying Agent under the Bond Terms Agreement.

If an Event of Default shall have occurred and be continuing and there shall be outstanding all or any part of any Obligation, the City agrees that the Bank shall be subrogated to any and all rights of the beneficiary of the Letter of Credit (including the Paying Agent and the owners of the Series 2008B Bonds), and the City agrees that, upon request of the Bank, the City will promptly do such further acts and execute, acknowledge and deliver such documents as the Bank may reasonably request in order to implement the rights of the Bank.

9.2 No Remedy Excluding. No remedy herein conferred upon or reserved to the Bank is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder and the City Documents or now or hereafter existing at law or in equity or by statute. In addition to any other remedies, the Bank shall have all rights of a secured party after default with respect to any Collateral.

ARTICLE 10
Miscellaneous

10.1 Indemnification. The City agrees, to the extent permitted by law, to indemnify and hold harmless the Bank from and against any and all claims, damages, losses, liabilities and reasonable costs or expenses (including, without limitation, reasonable attorney’s fees and expenses) whatsoever which the Bank may incur (or which may be claimed against the Bank by any Person or entity whatsoever) by reason of, in connection with or relating to (a) the offering, sale, remarketing or resale of the Bonds (including, without limitation, by reason of any untrue statement or alleged untrue statement of any material fact contained or incorporated by reference in the City Documents, the Official Statement (other than with respect to the information relating to the Bank in Appendix F) or in any supplement or amendment thereof or remarketing circular in accordance therewith, or the omission or alleged omission to state therein

except in cases where it is expressly herein provided that such notice, request or demand is not effective until received by the party to whom it is addressed, in which event said notice, request or demand shall be effective only upon receipt by the addressee.

10.7 Amendment. This Agreement may be amended, modified or discharged only upon an agreement in writing of the City and the Bank.

10.8 Effect of Delay and Waivers. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof; but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Bank to exercise any remedy now or hereafter existing at law or in equity or by statute, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. In the event any provision contained in this Agreement should be breached by any party thereto thereafter waived by the other party so empowered to act, such waiver shall be limited to the particular breach hereunder. No waiver, amendment, release or modification of this Agreement shall be established by conduct, custom or course of dealing, but solely by an instrument in writing duly executed by the parties thereto and duly authorized by this Agreement.

10.9 Counterparts. This Agreement may be executed simultaneously in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

10.10 Severability. The invalidity or unenforceability of any one or more phrases, sentences, clauses or sections contained in this Agreement shall not affect the validity or enforceability of the remaining portions of this Agreement, or any part thereof.

10.11 Cost of Collection. The City shall be liable for the payment of all reasonable fees and expenses, including attorneys’ fees (regardless of whether suit is brought and including fees on appeal and insolvency proceedings), incurred in connection with the enforcement of this Agreement.

10.12 Participations. The City agrees and consents to the Bank’s sale or transfer, whether now or hereafter, of any or all interests in the rights and obligations of the Bank hereunder and under the Letter of Credit to one or more purchasers, whether related or unrelated to the Bank. The Bank may provide to any one or more purchasers, or potential purchasers, of participation interests as described herein, any information or knowledge the Bank may have or obtain about the City or the City’s reimbursement obligation relating to the Series 2008B Bonds. No sale or transfer by the Bank of any participation interest hereunder or under the Letter of Credit shall affect the rights of the City hereunder or obligations of the Bank hereunder and thereunder.

10.13 Set Off. The City may not grant anyone a right of setoff against Pledged Revenues and shall require that any depository of Pledged Revenues shall waive in writing any right of setoff.

10.14 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida without regard to conflict of law principles.
10.15 **References.** The words "herein," "hereof," "hereunder" and other words of similar import when used in this Agreement refer to this Agreement as a whole, and not to any particular article, section or subsection.

10.16 **Taxes, Etc.** Any taxes (excluding income taxes) payable or ruled payable by federal or state authority in respect of the Letter of Credit, this Agreement or the other City Documents shall be paid by the City, upon demand by the Bank, together with interest and penalties, if any. The Bank will notify the City promptly upon acquisition of knowledge that any tax may be due.

10.17 **Consent to Jurisdiction, Venue.** In the event that any action, suit or other proceeding is brought against the City by or on behalf of the Bank to enforce the observance or performance of any of the provisions of this Agreement or of any of the City Documents, including without limitation the collection of any amounts owing thereunder, the City hereby (i) irrevocably consents to the exercise of jurisdiction over the City, and to the extent permitted by applicable laws, their property, by the United States District Court, Northern District of Florida and by the Circuit Court, Duval County, Florida, and (ii) irrevocably waives any objection it might now or hereafter have or assert to the venue of any such proceeding in any court described in clause (i) above.

10.18 **No Usury.** Notwithstanding anything herein or in any other document or instrument, the City shall not be required to make any payments of interest or payments in the nature of interest which, when combined with all other such payments, would cause the violation of any usury or similar law applicable to the Bank and if any such excess amounts are charged or collected, such excess, together with interest thereon at the highest lawful rate from the date collected, shall automatically be applied to reduce the related extension of credit and if such extension of credit has been fully repaid, shall be paid to the City. The City hereby agrees that the provisions of this paragraph shall be in lieu of any other remedies available under the law.

10.19 **Consents.** If the consent or approval of the Bank is required under this Agreement or any related agreement, such consent may be given or withheld in the discretion of the Bank except as otherwise specifically provided in connection with such requirement.

10.20 **Effectiveness.** This Agreement shall become effective when executed and delivered by the last party to execute this Agreement.

10.21 **Waiver of Jury Trial.** This Section 10.21, including the paragraphs below, is referred to as the "Dispute Resolution Provision." This Dispute Resolution Provision is a material inducement for the parties entering into this Agreement.

(a) This Dispute Resolution Provision concerns the resolution of any controversies or claims between the parties, whether arising in contract, tort or by statute, that arise out of or relate to: (i) this Agreement (including any renewals, extensions or modifications); or (ii) any document related to this agreement (collectively a "Claim"). For the purposes of this Dispute Resolution Provision only, the term "party" shall include any parent corporation, subsidiary or affiliate of the Bank involved in the servicing, management or administration of any obligation described or evidenced by this agreement.

(b) The parties irrevocably and voluntarily waive any right they may have to a trial by jury in respect of any Claim.

10.22 **Prior Agreements Superseded.** This Agreement shall completely and fully supersede all prior understandings or agreements, both written and oral, between the City and the Bank relating to the issuance of the Letter of Credit, including those contained in any commitment letter between the Bank and the City executed in anticipation of the issuance of the Letter of Credit.

10.23 **USA Patriot Act Notice.** The Bank hereby notifies the City that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), the Bank is required to obtain, verify and record information that identifies the City, which information includes the name and address of the City and other information that will allow the Bank to identify the City in accordance with the Patriot Act.

IN WITNESS WHEREOF, the City and the Bank have caused this Agreement to be executed in their respective names and their respective seals to be hereunto affixed and attested by their duly authorized representatives, all as of the date first above written.

**Attest:**

CITY OF JACKSONVILLE, FLORIDA

By: ______________________________
Name: Neill W. McArthur, Jr.
Title: Corporate Secretary

SUNTRUST BANK

By: ______________________________
Name: John Peyton
Title: Mayor

By: ______________________________
Name: Bruce Barefoot
Title: Senior Vice President
IRREVOCABLE TRANSFERABLE LETTER OF CREDIT

July 1, 2008
U.S. $68,059,238.36
No. F852429
CUSIP: 46936E AK7

Wells Fargo Bank, N.A.
Corporate Trust Services
301 E. Pine Street
Suite 800
Orlando, FL 32801

Ladies and Gentlemen:

We hereby establish in your favor as Deputy Registrar and Paying Agent for the benefit of the holders of the Bonds (as hereinafter defined), our Irrevocable Transferable Letter of Credit No. F852429 for the account of City of Jacksonville, Florida (in such capacity, the “City”), whereby we hereby irrevocably authorize you to draw on us from time to time, a maximum aggregate amount not exceeding U.S. $68,059,238.36 (as reduced and reinstated as herein provided, the “Available Amount”), to pay principal of and accrued interest on, or the purchase price of, $67,285,000 in aggregate principal amount of the City of Jacksonville, Florida Capital Projects Revenue Bonds, Series 2008B issued by the City (the “Bonds”), in accordance with the terms hereof (said $68,059,238.36 having been calculated to be equal to $67,285,000.00, the aggregate outstanding principal amount of the Bonds, plus $774,238.46, which is 35 days’ accrued interest on said principal amount of the Bonds at the rate of twelve percent (12%) per annum (computed on the basis of a 365 day year and actual days elapsed) (the “Cap Interest Rate”). Draws may be made from and after the date hereof to and including 5:00 p.m. on the earliest to occur of the following dates (the “Termination Date”): (i) July 15, 2011 (as it may be extended, the “Expiration Date”), (ii) the date which is fifteen (15) days following the date of conversion (the “Conversion Date”) of all of the Bonds to a Short-Term Interest Rate Period or a Long-Term Interest Rate Period (as defined in the Bond Terms Agreement (the "Bond Terms Agreement") dated June 1, 2008 between you and the City), as such date is specified in a certificate received by us from you in the form of Exhibit A hereto, (iii) the date which is fifteen (15) days following our receipt from you of a certificate in the form set forth as Exhibit B hereto, (iv) the date on which a Bank Mandatory Tender Drawing (hereinafter defined) is honored by us, and (v) the date which is fifteen (15) days following receipt by you of a written notice from us in the form set forth as Exhibit I, provided we are not then in default of our payment obligations hereunder.

This credit is available to you at sight against presentation of the following documents (the “Payment Documents”):

A certificate (with all blanks appropriately completed) (i) in the form attached as Exhibit C hereto to pay accrued interest on the Bonds (an “Interest Drawing”), (ii) in the form attached as Exhibit D hereto to pay the principal amount of and accrued interest on the Bonds in respect of any redemption of the Bonds (a

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“Redemption Drawing,” (iii) in the form attached as Exhibit E hereto, to allow the Deputy Registrar and Paying Agent to pay the purchase price of Bonds tendered for purchase other than pursuant to Section 405(f)(ii) of the Bond Terms Agreement (a “Liquidity Drawing”), (iv) in the form attached as Exhibit F hereto, to pay the purchase price of Bonds tendered for purchase pursuant to 405(f)(ii) of the Bond Terms Agreement (a “Bank Mandatory Tender Drawing”), or (v) in the form attached as Exhibit G hereto to pay the principal amount of Bonds maturing on their maturity dates (a “Stated Maturity Drawing”), each certificate to state therein that it is given by your duly authorized officer and dated the date such certificate is presented hereunder.

Any defined terms which are not expressly defined in this paragraph shall have the same meaning herein as in the Bond Terms Agreement.

All references to time herein are to the then prevailing time in Jacksonville, Florida. All references to "days" hereunder are references to calendar days unless expressly provided otherwise.

All drawings shall be made by presentation of each Payment Document at our office at SunTrust Bank, 25 Park Place, 16th Floor, Atlanta, Georgia, 30303 Attn: Standby Letter of Credit Department or by facsimile at facsimile number 404-588-8129 (or such other place or facsimile number as we may from time to time specify to you in writing), (the "Payment Office of the Bank") without further need of documentation, it being understood that each Payment Document so submitted is to be the sole operative instrument of drawing.

We agree to honor and pay the amount of any Interest, Redemption, Liquidity, Acceleration or Stated Maturity Drawing if presented in compliance with all of the terms of this Letter of Credit. If any Interest, Redemption, Acceleration or Stated Maturity Drawing is presented at or prior to 10:00 a.m. on a Business Day, payment shall be made in immediately available funds by 1:00 p.m. on the same Business Day. If any Interest, Redemption, Acceleration or Stated Maturity Drawing is presented after 10:00 a.m. on a Business Day, payment shall be made in immediately available funds by 1:00 p.m. on the following Business Day. If any Liquidity Drawing is presented at or prior to 11:30 a.m. on a Business Day, payment shall be made in immediately available funds by 1:30 p.m. on the same Business Day. If any Liquidity Drawing is presented after 11:30 a.m. on a Business Day, payment shall be made in immediately available funds by 1:30 p.m. on the following Business Day. Payments made hereunder shall be made by wire transfer to you or by deposit into your account with us in accordance with the instructions specified by you in the applicable Payment Documents. “Business Day” means any day except a Saturday or Sunday or a day on which the Payment Office of the Bank is authorized by law to close and is in fact closed.

The Available Amount of this Letter of Credit will be reduced automatically by the amount of any drawing hereunder; provided, however, that the amount of any Interest Drawing hereunder shall be automatically and immediately reinstated upon our honoring of such Interest Drawing. In addition, our obligation to honor drawings hereunder will be automatically reinstated in an amount equal to the amount of funds received by us concurrently upon our receipt by us of funds and a certificate in the form attached hereto as Exhibit J.
This Letter of Credit is transferable one or more times in whole only to your successor as Deputy Registrar and Paying Agent. Any such transfer (including any successive transfer) shall be effective upon receipt by us of this Letter of Credit accompanied by a certificate in the form of Exhibit H hereto (which shall be conclusive evidence of such transfer) and a transfer fee of $2,500.00. Upon such presentation we shall forthwith transfer the same to your transferee.

Communications with respect to this Letter of Credit shall be in writing and addressed to us at SunTrust Bank, 25 Park Place, 16th Floor, Atlanta, Georgia, 30303, Attn: Standby Letter of Credit Department (or at such other address as may be designated in writing to you), specifically referring to the number of this Letter of Credit, except as provided above for presentment of Payment Documents via facsimile.

This credit is subject to the International Standby Practices (1998) (the “ISP98”), and shall, as to matters not governed by the ISP98, be governed by and construed in accordance with the laws of the State of Florida.

All payments made by us hereunder shall be made from our funds and not from the funds of any other Person.

This Letter of Credit sets forth in full the terms of our undertaking, and such undertaking shall not in any way be modified or amended by reference to any other document whatsoever.

SUNTRUST BANK

By: ____________________________
Its: Vice President
NOTICE OF CONVERSION DATE

SunTrust Bank
25 Park Place
16th Floor
Atlanta, Georgia 30303
Attn: Standby Letter of Credit Department

Reference is hereby made to that certain Irrevocable Transferable Letter of Credit No. F852429 dated July 1, 2008 (the “Letter of Credit”), which has been established by you for the account of City of Jacksonville, Florida in favor of the Paying Agent.

The Conversion Date occurred on [insert date]. The Letter of Credit shall terminate on [insert date] which is the date 15 days after such Conversion Date.

All defined terms used herein which are not otherwise defined herein shall have the same meaning as in the Letter of Credit.

WELLS FARGO BANK, N.A.,
as Paying Agent

By: ________________________________
Title: ______________________________
Date: ______________________________

NOTICE OF TERMINATION

SunTrust Bank
25 Park Place
16th Floor
Atlanta, Georgia 30303
Attn: Standby Letter of Credit Department

Reference is hereby made to that certain Irrevocable Transferable Letter of Credit No. F852429 dated July 1, 2008 (the “Letter of Credit”), which has been established by you for the account of City of Jacksonville, Florida in favor of the Paying Agent.

No Bonds remain Outstanding, all drawings required to be made under the Letter of Credit have been made and honored, or an Alternate Credit Facility (as defined in the Bond Terms Agreement) has been issued to replace the Letter of Credit and, accordingly, the Letter of Credit is terminated in accordance with its terms.

All defined terms used herein which are not otherwise defined shall have the same meaning as in the Letter of Credit.

WELLS FARGO BANK, N.A.,
as Paying Agent

By: ____________________________
Title: __________________________
Date: __________________________

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INTEREST DRAWING CERTIFICATE

SunTrust Bank
25 Park Place
16th Floor
Atlanta, Georgia 30303
Attn: Standby Letter of Credit Department

Wells Fargo Bank, N.A. (the “Beneficiary”), hereby certifies:

1. The Beneficiary is the Paying Agent.

2. The Beneficiary is entitled and required to, and hereby makes this Interest Drawing in the amount of $______________, with respect to the payment of interest due on the Bonds.

3. Payment by you pursuant to this drawing shall be made to ____________________________, ABA Number ________________, Account Number ____________________________, Attention: ____________________________, Re:__________________________.

All defined terms used herein which are not otherwise defined shall have the same meaning as in the Letter of Credit.

IN WITNESS WHEREOF, this Certificate has been executed this ____________ day of ____________________.

WELLS FARGO BANK, N.A.,
as Paying Agent

By: ____________________________
Title: ____________________________
Date: ____________________________
REDEMPTION DRAWING AND REDUCTION CERTIFICATE

SunTrust Bank
25 Park Place
16th Floor
Atlanta, Georgia 30303
Attn: Standby Letter of Credit Department

Wells Fargo Bank, N.A. (the “Beneficiary”), hereby certifies:

1. The Beneficiary is the Paying Agent.

2. The Beneficiary is entitled and required to, and hereby makes this Redemption Drawing in the amount of $_____________, to pay the principal amount of and accrued interest on the Bonds in respect of any redemption of the Bonds.

3. Payment by the Bank pursuant to this drawing shall be made to ______________, ABA Number ______________, Account Number ______________, Attention: ______________, Re: ______________.

4. Of the amount stated in paragraph 2, $[insert amount] is attributable to the principal amount of Bonds redeemed.

All defined terms used herein which are not otherwise defined shall have the same meaning as in the Letter of Credit.

IN WITNESS WHEREOF, this Certificate has been executed this ________ day of ______________.

WELLS FARGO BANK, N.A.,
as Paying Agent

By: ________________________________
Title: _______________________________
Date: _______________________________
LIQUIDITY DRAWING CERTIFICATE

Wells Fargo Bank, N.A. (the “Beneficiary”), hereby certifies:

1. The Beneficiary is the Paying Agent.

2. The Beneficiary is entitled and required to, and makes this Liquidity Drawing in the amount of $________________ with respect to the payment of the purchase price of Bonds tendered for purchase other than pursuant to Section 405(f)(ii) of the Bond Terms Agreement.

3. Payment by the Bank pursuant to this drawing shall be made to ______________, ABA Number ______________, Account Number ______________, Attention: ______________, Re: ______________.

4. Of the amount referenced in paragraph 2, $______________ relates to the principal portion of the purchase price of the tendered Bonds.

All defined terms used herein which are not otherwise defined shall have the same meaning as in the Letter of Credit.

IN WITNESS WHEREOF, this Certificate has been executed this _________ day of ________________.

WELLS FARGO BANK, N.A.,
as Paying Agent

By: ____________________________
Title: __________________________
Date: __________________________
BANK MANDATORY TENDER DRAWING CERTIFICATE

Wells Fargo Bank, N.A. (the “Beneficiary”), hereby certifies:

1. The Beneficiary is the Paying Agent.

2. The Beneficiary is entitled and required to, and makes this Bank Mandatory Tender Drawing in the amount of $________, of which $________ is drawn with respect to the payment of the portion of the purchase price of Bonds tendered for purchase pursuant to Section 405(f)(ii) of the Bond Terms Agreement corresponding to principal of such Bonds and $________ of which is drawn with respect to the portion of the purchase price of such Bonds corresponding to interest.

3. Payment by the Bank pursuant to this drawing shall be made to ______________, ABA Number ______________, Account Number ______________, Attention: ______________, Re: ______________.

All defined terms used herein which are not otherwise defined shall have the same meaning as in the Letter of Credit.

IN WITNESS WHEREOF, this Certificate has been executed this _____ day of ______________.

WELLS FARGO BANK, N.A.,
as Paying Agent

By: _______________________________
Title: _____________________________
Date: _____________________________
STATED MATURITY DRAWING CERTIFICATE

Wells Fargo Bank, N.A. (the “Beneficiary”), hereby certifies:

1. The Beneficiary is the Paying Agent.

2. The Beneficiary is entitled and required to, and makes this Stated Maturity Drawing in the amount of $________, of which $________ is drawn with respect to the payment of the principal amount of Bonds maturing on their maturity dates and of which $________ is drawn with respect to interest on such Bonds.

3. Payment by the Bank pursuant to this drawing shall be made to ______________, ABA Number __________, Account Number __________, Attention: ______________, Re: ______________.

All defined terms used herein which are not otherwise defined shall have the same meaning as in the Letter of Credit.

IN WITNESS WHEREOF, this Certificate has been executed this _____ day of ______________.

WELLS FARGO BANK, N.A.,
as Paying Agent

By: _____________________________
Title: _____________________________
Date: _____________________________
TRANSFER CERTIFICATE

SunTrust Bank
25 Park Place
16th Floor
Atlanta, Georgia 30303
Attn: Standby Letter of Credit Department

Reference is made to that certain Irrevocable Transferable Letter of Credit No. F852429 dated July 1, 2008, as it may have been amended (the “Letter of Credit”) which has been established by you in favor of Wells Fargo Bank, N.A., as Paying Agent.

The undersigned, a duly authorized officer or agent of [Name of Transferor], (“Transferor”) has transferred and assigned (and hereby confirms to you said transfer and assignment) all of its rights in and under said Letter of Credit to [Name of Transferee] (“Transferee”) and confirms that [Name of Transferor] no longer has any rights under or interest in said Letter of Credit.

Transferor and Transferee have indicated on the face of said Letter of Credit that it has been transferred and assigned to Transferee.

The undersigned, a duly authorized officer or agent of the Transferee, hereby certifies that the Transferee is a duly authorized Transferee under the terms of said Letter of Credit and is accordingly entitled, upon presentation of the documents called for therein, to receive payment thereunder.

IN WITNESS WHEREOF, this Certificate has been executed this _____ day of ____________________.

__________________________________________
Name of Transferor

By: ______________________________
[Name and Title of Authorized Officer
Transferor]

__________________________________________
Name of Transferee

[Name and Title of Authorized Officer
Transferor]
NOTICE OF DEFAULT

Wells Fargo Bank, N.A.
Corporate Trust Services
301 E. Pine Street
Suite 800
Orlando, FL 32801

Ladies and Gentlemen:

Reference is hereby made to that certain Irrevocable Transferable Letter of Credit No. F852429 dated July 1, 2008 as it may be amended (the “Letter of Credit”), established in favor of Wells Fargo Bank, N.A., as Paying Agent. Pursuant to Section 405(f)(ii) of the Bond Terms Agreement, we hereby notify you that an Event of Default has occurred under the Letter of Credit and Reimbursement Agreement dated as of July 1, 2008 between SunTrust Bank and the City of Jacksonville, Florida and you are directed to cause a mandatory tender of the Bonds.

SUNTRUST BANK

By: _________________________________
Its: _________________________________
Date: _______________________________
CERTIFICATE FOR THE REINSTATEMENT OF AMOUNTS

SunTrust Bank
25 Park Place
16th Floor
Atlanta, Georgia 30303
Attn: Standby Letter of Credit Department

Wells Fargo Bank, N.A. (the “Beneficiary”), hereby certifies:

1. The Beneficiary is the Paying Agent.

2. The amount of $_____________ paid to you today by or on behalf of the City is a payment made to reimburse you for all or a portion of a Liquidity Drawing.

3. Of the amount stated in paragraph 2, $[insert amount] is attributable to the principal of Bank Bonds.

4. Upon receipt of the amount drawn hereunder, you are hereby directed to reinstate the Available Amount by $[insert amount equal to the amount in paragraph 3 plus 35 days interest on such amount at 12% per annum] and the Available Amount shall thereupon equal $[insert new Available Amount].

IN WITNESS WHEREOF, the Beneficiary has executed and delivered this Certificate as of the ______ day of ________________.

Wells Fargo Bank, N.A.,
as Paying Agent

By: ____________________________
Title: ____________________________
Date: ____________________________

SunTrust Bank hereby confirms that the Available Amount has been reinstated by the amount of $_____________.

All defined terms used herein which are not otherwise defined shall have the same meaning as in the Letter of Credit.

SUNTRUST BANK

By: ____________________________
Its: ____________________________
Date: ____________________________
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