

ORDINANCE NO. 305

OF

THE CITY COUNCIL OF THE CITY OF
BONIFAY, FLORIDA

DATED AS OF June 29, 1998

AUTHORIZING THE ISSUANCE BY THE
CITY OF BONIFAY, FLORIDA OF NOT EXCEEDING
\$750,000 WATER AND SEWER REFUNDING REVENUE BONDS,
SERIES 1998

ORDINANCE TABLE OF CONTENTS

\$750,000 WATER AND SEWER REFUNDING REVENUE BONDS,.....	I
SERIES 1998.....	I
ARTICLE I.....	1
SECTION 1.01 DEFINITIONS.....	1
SECTION 1.02 AUTHORITY FOR THIS INSTRUMENT.....	4
SECTION 1.03 FINDINGS.....	4
SECTION 1.04 REFUNDING AUTHORIZED.	5
ARTICLE II.....	6
AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION.....	6
SECTION 2.01 AUTHORIZATION OF SERIES 1998 BONDS.....	6
SECTION 2.02 DESCRIPTION OF SERIES 1998 BONDS.	6
SECTION 2.03 PAYMENT OF SERIES 1998 BONDS.....	6
SECTION 2.04 REDEMPTION OF SERIES 1998 BONDS.	7
SECTION 2.05 EXECUTION OF SERIES 1998 BONDS.....	7
SECTION 2.06 NEGOTIABILITY, REGISTRATION, TRANSFER AND EXCHANGE.	8
SECTION 2.07 SERIES 1998 BONDS MUTILATED, DESTROYED, STOLEN OR LOST.....	9
SECTION 2.08 FORM OF SERIES 1998 BONDS.	9
(FORM OF SERIES 1998 BOND).....	10
CERTIFICATE OF AUTHENTICATION.....	15
ASSIGNMENT.....	16
ARTICLE III.....	17
SECTION 3.01 SERIES 1998 BONDS NOT TO BE GENERAL INDEBTEDNESS OF ISSUER.....	17
SECTION 3.02 SECURITY FOR SERIES 1998 BONDS.	17
SECTION 3.03 APPLICATION OF SERIES 1998 BOND PROCEEDS.	17
SECTION 3.04 COVENANTS OF THE ISSUER.....	18
A <i>Application of Provisions of Original Resolution.</i>	18
B <i>1998 Bond Reserve Account.</i>	18
C <i>There is hereby created within the Sinking Fund a Bond Amortization Account.</i>	19
ARTICLE IV.....	20
AMENDMENT OF ORIGINAL RESOLUTION.....	20
SECTION 4.01 AMENDMENT TO SECTION 3.04(H) OF ORIGINAL RESOLUTION.....	20
SECTION 4.02 AMENDMENT TO SECTION 3.04 CONCERNING COMPLIANCE WITH INTERNAL REVENUE CODE.	20
ARTICLE V.....	22
MISCELLANEOUS PROVISIONS.....	22
SECTION 5.01 DEFEASANCE.....	22
SECTION 5.02 MODIFICATION OR AMENDMENT.....	22
SECTION 5.03 SALE OF SERIES 1998 BONDS.....	22
SECTION 5.04 SEVERABILITY OF INVALID PROVISIONS.....	22
SECTION 5.05 TABLE OF CONTENTS AND HEADINGS NOT PART HEREOF.....	23

SECTION 5.06 CONFLICTS REPEALED.....23
SECTION 5.07 EFFECTIVE DATE.....24
EXHIBIT "A".....25
EXHIBIT "B".....26

ORDINANCE NO. 305

A ORDINANCE OF THE CITY OF BONIFAY, FLORIDA PROVIDING FOR THE REFUNDING OF CERTAIN OBLIGATIONS OF THE CITY OF BONIFAY, FLORIDA; AUTHORIZING THE ISSUANCE BY THE CITY OF NOT EXCEEDING \$750,000 PRINCIPAL AMOUNT OF WATER AND SEWER REFUNDING REVENUE BONDS, SERIES 1998, TO FINANCE A PART OF THE COST THEREOF; PLEDGING THE NET REVENUES OF SAID WATER AND SEWER SYSTEM TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SAID BONDS; ENTERING INTO CERTAIN COVENANTS AND AGREEMENTS WITH THE HOLDERS OF SAID BONDS; AUTHORIZING THE REFUNDING OF THE REMAINING BONDS OUTSTANDING OF THE \$750,000 CITY OF BONIFAY, FLORIDA WATER AND SEWER REVENUE BONDS, SERIES 1988; AMENDING RESOLUTION NO. 83-50 IN CERTAIN RESPECTS; PROVIDING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BONIFAY, FLORIDA, as follows:

ARTICLE I

GENERAL

SECTION 1.01 DEFINITIONS.

When used in this Instrument, the following terms shall have the following meanings, unless the text clearly otherwise requires:

"Agreement" or "Escrow Deposit Agreement" shall mean the Escrow Deposit Agreement attached hereto as Exhibit "A" and incorporated by reference herein between the Issuer and a trust company or a bank with trust powers, providing for payment of the Refunded Bonds if they are not redeemed simultaneously with issuance of the Series 1998 Bonds

"Amortization Installments" with respect to any Term Bonds of a series, shall mean an amount so designated which is established for the Term Bonds of such series, provided that (i) each such installment shall be deemed to be due on such interest or principal maturity date of each applicable year as is fixed by resolution of the Issuer and shall be a multiple of \$5,000, and (ii) the aggregate of such installments for such series shall equal the aggregate principal amount of Term Bonds of such series authenticated and delivered on original issuance.

"Authorized Depository" shall mean a state banking corporation or national banking association situated in the State of Florida, which is a member of the Federal Deposit Insurance Corporation and which is eligible under the laws of the State of Florida to receive municipal funds.

"Authorized Investments" shall mean any of the following which at the time are legal investments for the Issuer under applicable laws, for the moneys held under this Ordinance then proposed

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

"Bond Register" shall mean the registration books kept by the Registrar, hereinafter defined, for the purpose of registering ownership of the Series 1998 Bonds.

✓ **"1998 Bond Reserve Account"** shall mean the account in the Sinking Fund into which the Issuer shall deposit proceeds of the Series 1998 Bonds and monthly deposits for the purpose of maintaining a reserve fund for payment of the principal of and interest on the Series 1998 Bonds, but not for any other series of Bonds.

"1998 Bond Reserve Requirement" shall mean the lesser of (i) the Maximum Bond Service Requirement on the Series 1998 Bonds, (ii) 125% of the average annual bond service requirement on the Series 1998 Bonds or (iii) 10% of the net proceeds of the Series 1998 Bonds.

"Bonds" shall mean the Series 1998 Bonds, the Parity Obligations and any obligations issued hereafter by the Issuer pursuant to the provisions of Section 3.04 of the Original Resolution.

"Clerk" shall mean the City Clerk of the Issuer.

✓ **"Facilities"** shall mean the complete water and sewer system now owned, operated and maintained by the Issuer, together with any and all improvements, extensions and additions thereto hereafter constructed or acquired.

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

"Fiscal Year" shall mean the period commencing on October 1 of each year and continuing to and including the succeeding September 30.

"Government" shall mean the United States of America, acting through the U.S.D.A. Rural Development, formerly known as Rural Economic Community Development Agency, formerly known as Farmers Home Administration.

"Gross Revenues" shall mean all moneys derived from Rates, hereinafter defined, or otherwise received by the Issuer or accruing to it in the management and operation of the Facilities, all calculated in accordance with accepted accounting methods employed in the operation of public water and sewer systems similar to the Facilities.

"Holder" shall mean the registered owner of any outstanding Series 1998 Bond.

"Instrument" shall mean this Ordinance and all instruments amendatory hereof or supplemental hereto which may be hereafter duly adopted by the Issuer.

"Issuer" shall mean the City of Bonifay, Florida.

"Junior Lien Obligation" shall mean the Issuer's Water and Sewer System Junior Lien Revenue Bonds, Series 1990A and Series 1990B, authorized to be issued in the aggregate principal amounts of \$1,498,100 and \$427,600 respectively, pursuant to Resolution No. 89-20 adopted by the City Council of the Issuer on February 13, 1989, as amended and supplemented.

"Maximum Bond Service Requirement" shall mean, as of any particular date of calculation, the greatest amount of aggregate principal and interest coming due whether by maturity or sinking fund redemption on the Parity Obligations and the Series 1998 Bonds, for the then current or any future Fiscal Year.

"Net Revenues" shall mean Gross Revenues less Operating Expenses, hereinafter defined. "Operating Expenses" shall mean the current expenses, paid or accrued, for the operation, maintenance and repair of all facilities of the Facilities, as calculated in accordance with such accepted accounting methods, and shall include, without limiting the generality of the foregoing, insurance premiums, administrative expenses of the Issuer related solely to the Facilities, labor, cost of materials and supplies used for such operation and charges for the accumulation of appropriate reserves for current expenses not annually recurrent but which are such as may reasonably be expected to be incurred in accordance with such accepted accounting methods, but shall exclude payments into the Sinking Fund, the Reserve Account or the 1998 Reserve Account, and any allowance for depreciation or for renewals or replacements of capital assets of the Facilities.

"Original Resolution" shall mean the Issuer's Resolution No. 83-50 adopted October 24, 1983, as amended and supplemented, which authorized the issuance of not exceeding \$520,300 City of Bonifay, Florida Water and Sewer Revenue Bonds.

"Parity Obligations" shall mean the Issuer's Water and Sewer Revenue Bonds heretofore authorized to be issued pursuant to the Original Resolution, including the remaining bonds outstanding of (i) the \$520,300 City of Bonifay, Florida Water and Sewer Revenue Bonds, (ii) the not exceeding \$100,000 City of Bonifay, Florida Water and Sewer Revenue Bonds, Series 1986 and (iii) any obligations issued pursuant to Section 3.04 of the Original Resolution.

"Pledged Funds" shall mean the Net Revenues.

"Rates" shall mean the rates, fees, rentals and other charges to be made and collected by the Issuer for the use of the product, services and facilities to be provided by the Facilities .

"Refunded Bonds" shall mean the Issuer's outstanding Water and Sewer Revenue Bonds, Series 1988 authorized pursuant to the Original Resolution and Resolution No. 88-40, as supplemented, adopted by the City Council of the Issuer on September 26, 1988.

"Registrar" shall mean the Clerk or any bank or trust company hereafter duly appointed by resolution of the Issuer to serve as Registrar with respect to the Series 1998 Bonds.

"Reserve Account" shall mean the account in the Sinking Fund created pursuant to the provisions of Section 3.04(D) of the Original Resolution, into which the Issuer shall make monthly deposits for the purpose of maintaining a reserve fund for the payment of the principal of and interest on the Parity Obligations.

"Revenue Fund" shall mean the fund created pursuant to the provisions of Section 3.04(B) of the Original Resolution, into which all Gross Revenues shall be deposited by the Issuer.

"Series 1998 Bonds" shall mean the \$750,000 Water and Sewer Refunding Revenue Bonds, Series 1998 authorized to be issued pursuant to Section 2.01 hereof

"Sinking Fund" shall mean the Bond and Interest Sinking Fund created pursuant to the provisions of Section 3.04(D) of the Original Resolution, into which the Issuer shall make monthly deposits for the payment of the principal of and interest on the Series 1998 Bonds and the Parity Obligations.

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

SECTION 1.02 AUTHORITY FOR THIS INSTRUMENT.

This Instrument is adopted pursuant to the provisions of Part II, Chapter 166, Florida Statutes, as amended, Section 3.04(H) of the Original Resolution and other applicable provisions of law.

SECTION 1.03 FINDINGS.

It is hereby found and determined that;

(A) For the benefit of its inhabitants, the Issuer presently owns and operates the Facilities.

(B) The Issuer has previously issued the Refunded Bonds, of which \$550,000 aggregate principal amount was outstanding and unpaid as of June 1, 1998.

(C) It is necessary and desirable to refund the Refunded Bonds in order to achieve a reduction in annual debt service requirements, to repay such obligations and to thereby produce funding necessary to contribute to the efficient operation, repair and improvement of the System.

(D) The estimated cost of the refunding authorized herein is the sum of not exceeding \$750,000. Such costs shall be paid from the proceeds derived from the sale of the Series 1998 Bonds, together with other funds, if any, available to the Issuer.

(E) The revenues to be derived annually from the Rates are estimated to be sufficient to pay, as the same shall become due and payable, the principal of and interest on the Series 1998 Bonds, the Parity Obligations, the Junior Lien Obligations and the Operating Expenses. It is estimated that the remaining period of usefulness of the System will exceed forty-one years.

(F) It is deemed necessary and desirable to pledge the Pledged Funds to the payment of the principal of and interest on the Series 1998 Bonds. No part of the Pledged Funds has been pledged or hypothecated except with respect to the Series 1998 Bonds, the Parity Obligations, and the Junior Lien Obligation and except that the Pledged Funds have been pledged first to the payment of the principal of and interest on the Refunded Bonds which lien and pledge shall be defeased upon the issuance of the Series 1998 Bonds. The Original Resolution in Section 3.04(H) thereof provides for the issuance of additional parity obligations under the terms, limitations and conditions provided therein; and the Issuer will issue the Series 1998 Bonds as additional parity obligations within the authorization contained in Section 3.04(H) of the Original Resolution pursuant to written consent of the Government, owner and holder of all of the Parity Obligations, and its waiver of any of the provisions of Section 3.04(H) of the Original Resolution which are not otherwise complied with. The Series 1998 Bonds shall be payable on a parity and rank equally as to lien on and source and security for payment from the Pledged Funds, and in all other respects, with the Parity Obligations.

(G) This Instrument is declared to be and shall constitute a contract between the Issuer and the Holders; and the covenants and agreements herein set forth to be performed by the Issuer are and shall be for the equal benefit, protection and security of all of the Holders, all of which shall be of equal rank and without preference, priority or distinction of any of the Series 1998 Bonds over any other, except as hereinafter provided

(H) The principal of and interest on the Series 1998 Bonds and all required Sinking Fund, Reserve and other payments shall be limited obligations of the Issuer, payable solely from and secured by an irrevocable lien upon and pledge of the Pledged Funds, as provided herein and in the Original Resolution. The Series 1998 Bonds shall not constitute an indebtedness, liability, general or moral obligation, or a pledge of the faith, credit or taxing power of the Issuer, the State of Florida, or any political subdivision thereof, within the meaning of any constitutional or statutory provisions. Neither the State of Florida, nor any political subdivision thereof, nor the Issuer shall be obligated (1) to levy ad valorem taxes on any property to pay the principal of the Series 1998 Bonds, the interest thereon, the reserves therefor, or other costs incidental thereto or (2) to pay the same from any other funds of the Issuer, except from the Pledged Funds, in the manner provided herein. The Series 1998 Bonds shall not constitute a lien upon the Facilities, or any part thereof, or on any other property of the Issuer, but shall constitute a lien only on the Pledged Funds in the manner provided herein.

SECTION 1.04 REFUNDING AUTHORIZED.

The Issuer deems it necessary and in its best interest to provide for the refunding of the Refunded Bonds. The refunding program herein described will be advantageous to the Issuer by effecting an anticipated overall interest cost savings on the Refunded Bonds. The refunding of the Refunded Bonds is hereby authorized and shall be accomplished as provided in Section 3.03 hereof. The cost of the refunding authorized herein shall be deemed to include, without limitation, the fees of fiscal agents, financial advisors or consultants; administrative expenses relating solely to the refunding of the Refunded Bonds; the premiums and other costs of obtaining insurance on the Series 1998 Bonds; the creation and establishment of reasonable reserves for debt service; discount on sale of the Series 1998 Bonds; and such other costs and expenses as may be necessary or incidental to the financing herein authorized and the refunding of the Refunded Bonds.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION

SECTION 2.01 AUTHORIZATION OF SERIES 1998 BONDS.

Subject and pursuant to the provisions of this Instrument, obligations of the Issuer to be known as "Water and Sewer Refunding Revenue Bonds, Series 1998," are hereby authorized to be issued in an aggregate principal amount not exceeding Seven Hundred Fifty Thousand Dollars (\$750,000) for the purpose of providing funds to pay the cost of refunding the Refunded Bonds and for certain other purposes more fully described herein.

SECTION 2.02 DESCRIPTION OF SERIES 1998 BONDS.

The Series 1998 Bonds shall be dated as provided by subsequent resolution of the Issuer; shall bear interest at a rate or rates not exceeding the maximum rate permitted by law, payable on September 1 and March 1 of each year, commencing on September 1, 1998; principal shall be payable in the amounts and on September 1 of the years as determined by subsequent resolution of the Issuer in the denominations of \$5,000 each or any integral multiple thereof.

The interest payable on the Series 1998 Bonds on any interest payment date will be paid to the Holder in whose name such Series 1998 Bond shall be registered at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date.

SECTION 2.03 PAYMENT OF SERIES 1998 BONDS.

The Series 1998 Bonds shall be issued in fully registered form, shall be payable with respect to both principal and premium, if any, upon presentation and surrender on the date fixed for maturity or redemption thereof at the corporate trust office of the Paying Agent named by resolution of the Issuer adopted prior to the delivery of any 1998 Bonds; and shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public or private debts, all in accordance with and pursuant to the terms of this Ordinance and the Series 1998 Bonds. No Series 1998 Bond issued in fully registered form shall be or become valid or binding for any purpose unless the same shall have been duly executed by the manual signature of an authorized signatory of the Registrar. Interest on Series 1998 Bonds in registered form, when due and payable, shall be paid by check or draft mailed to the person in whose name the Series 1998 Bond is registered, at the address shown in the Bond Register, at the close of business on the 15th day of the month (whether or not a business day) next preceding the interest payment date for the Series 1998 Bonds (the "Record Date") irrespective of any transfer of the Series 1998 Bonds subsequent to such Record Date and prior to such interest payment date, unless the Issuer shall be in default in the payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the persons in whose names the Series 1998 Bonds are registered at the close of business on a special record date for the payment of defaulted interest as established by notice mailed by the Bond Registrar to the Registered Owners of the Series 1998 Bonds not less than fifteen days preceding such special record date. Such notice shall be mailed to the persons in whose names such Series 1998 Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing.

If the date for payment of the principal of, premium, if any, or interest on the Series 1998 Bonds shall be a Saturday, Sunday, legal holiday or a day on which the banking institutions in the county where the corporate trust office of the Paying Agent is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday or legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

From and after any maturity date or interest payment date of any of the Series 1998 Bonds or any date fixed for redemption as designated in any notice given pursuant to Section 2.04 hereof (deposit of moneys for the payment of the principal or redemption price of and/or interest on such Series 1998 Bonds having been made by the Issuer and notice of redemption having been given to the extent required hereunder), notwithstanding that any of such Series 1998 Bonds shall not have been surrendered for cancellation, no further interest shall accrue upon the principal of such Series 1998 Bonds after such date, no interest shall accrue upon the interest which shall have accrued and shall then be due on such date, and such Series 1998 Bonds shall cease to be entitled to any lien, benefit or security under this Instrument, and the Holders shall have no rights in respect of such Series 1998 Bonds except to receive payment of such principal or the redemption price thereof and unpaid interest accrued to the due date or redemption date.

SECTION 2.04 REDEMPTION OF SERIES 1998 BONDS.

The Series 1998 Bonds shall be subject to redemption as shall be determined by subsequent resolution of the Issuer adopted at or prior to the issuance of the Series 1998 Bonds.

At least thirty (30) days prior to the redemption date of any Series 1998 Bonds, notice of such redemption shall be given to the paying agents for such Series 1998 Bonds to be redeemed and to each of the registered owners thereof, by mail, at their respective addresses as they appear upon the Bond Register, but failure to mail any notice required by this sentence shall not adversely affect any redemption hereunder if such notice shall have been given in the manner required by this paragraph.

SECTION 2.05 EXECUTION OF SERIES 1998 BONDS.

The Series 1998 Bonds shall be executed in the name of the Issuer with the manual or facsimile signature of the Mayor and the corporate seal of the Issuer shall be impressed or imprinted thereon, attested and countersigned with the manual or facsimile signature of the Clerk. In case any one or more of the officers who shall have signed or sealed any of the Series 1998 Bonds or whose facsimile signature shall appear thereon shall cease to be such officer of the Issuer before the Series 1998 Bonds so signed and sealed have been actually sold and delivered such Series 1998 Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Series 1998 Bonds had not ceased to hold such office. Any Series 1998 Bond may be signed and sealed on behalf of the Issuer by such person who at the actual time of the execution of such Series 1998 Bond shall hold the proper office of the Issuer, although at the date of such Series 1998 Bonds such person may not have held such office or may not have been so authorized.

From time to time after the adoption of this Instrument, the Issuer may deliver executed Series 1998 Bonds to the Registrar for authentication, and the Registrar shall authenticate and deliver such Series 1998 Bonds in accordance with written instructions of the Issuer and not otherwise. No Series 1998 Bond shall be entitled to any benefit under this Instrument or be valid for any purpose unless there

appears on such Series 1998 Bond a certificate of authentication substantially in the form set forth in the form of the Series 1998 Bond set out in Section 2.08 hereof executed on behalf of the Registrar with the manual signature of an authorized officer of the Registrar. Such certificate of authentication executed as aforesaid on a Series 1998 Bond shall be conclusive evidence that such Series 1998 Bond has been authenticated and delivered under this Instrument.

✓ **SECTION 2.06 NEGOTIABILITY, REGISTRATION, TRANSFER AND
EXCHANGE.**

(A) Subject to the provisions regarding registration herein set forth, the Series 1998 Bonds shall be and shall have all the qualities and incidents of negotiable instruments under the law merchant and the laws of the State of Florida, and each successive Holder, accepting any Series 1998 Bonds, shall be conclusively deemed to have agreed that the same shall be and have all of said qualities and incidents of negotiable instruments.

(B) There shall be a Bond Registrar for the Series 1998 Bonds which shall be a bank or trust company located within or without the State of Florida. The Bond Registrar shall maintain the registration books of the Issuer and be responsible for the transfer and exchange of the Series 1998 Bonds. The Issuer hereby designates the Paying Agent to serve as Bond Registrar and Paying Agent. The Bond Registrar shall maintain the books for the registration of the transfer and exchange of the Series 1998 Bonds in compliance with the Florida Registered Public Obligations Act and the system of registration as established by the Issuer pursuant thereto.

The transfer of Series 1998 Bonds shall be registered on the Bond Register upon delivery to the Registrar of the Series 1998 Bonds to be transferred, accompanied by a written instrument or instruments of transfer in form and with guaranty of signatures satisfactory to the Registrar, duly executed by the Holder of the Series 1998 Bonds to be transferred, or by his attorney duly authorized in writing, containing such identification information for the transferee as the Registrar shall reasonably require.

In all cases of the transfer of any Series 1998 Bond, the Registrar shall enter the transfer of ownership in the Bond Register, and shall deliver in the name of the transferee or transferees a new registered Series 1998 Bond or Series 1998 Bonds, of authorized denominations of the same maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time in accordance with the provisions of this Instrument. The Issuer or the Registrar may charge the owner of such Series 1998 Bond for every such transfer sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer and may require that such charge be paid before any such new Series 1998 Bond shall be delivered.

New Series 1998 Bonds delivered upon any transfer shall be valid, limited obligations of the Issuer, evidencing the same debt as the Series 1998 Bonds surrendered, shall be payable solely from the Pledged Funds and shall be entitled to all of the security and benefits hereof to the same extent as the Series 1998 Bonds surrendered.

The Issuer and the Registrar may treat the registered owner of any Series 1998 Bond as the absolute owner thereof for all purposes, whether or not such Series 1998 Bond shall be overdue, and any notice to the contrary shall not be binding upon the Issuer or the Registrar.

(C) Prior to the delivery of any Series 1998 Bonds, the Mayor, on behalf of the Issuer and with the consent of the purchaser of such Series 1998 Bonds, may enter into an agreement in usual and customary form (the "Book Entry Agreement") with the Registrar and Paying Agent and with The

Depository Trust Company ("DTC") or any successor thereto, or other securities depository, with such changes in the Book Entry Agreement as may be approved by the Mayor, his execution thereof to be conclusive proof of his approval, and make such other provision and perform such further acts as may be necessary or convenient to provide for the distribution of such Series 1998 Bonds in book entry form. In connection therewith, the Mayor shall be authorized to execute and deliver an appropriate letter of representations regarding the book-entry system.

The Book Entry Agreement may provide that the Series 1998 Bonds shall be immobilized in the custody of DTC, with the beneficial owners of the Series 1998 Bonds having no right to receive the Series 1998 Bonds in the form of physical securities or certificates. In such event, ownership of the Series 1998 Bonds shall be shown by book entry on the system maintained and operated by DTC and its participants, and transfers of ownership of beneficial interests shall be made only by DTC and its participants, by book entry, the Issuer having no responsibility therefor. The Series 1998 Bonds in book entry form as set forth herein shall not be transferable or exchangeable, except for transfer to another depository or to another nominee of a depository, without further action by the Issuer.

SECTION 2.07 SERIES 1998 BONDS MUTILATED, DESTROYED, STOLEN OR LOST.

In case any Series 1998 Bond shall become mutilated, or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Series 1998 Bond of like tenor as the Series 1998 Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Series 1998 Bond, upon surrender and cancellation of such mutilated Series 1998 Bond, or in lieu of and substitution for the Series 1998 Bond destroyed, stolen or lost, and upon the Holder furnishing the Issuer satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur. If any such Series 1998 Bonds shall have matured or be about to mature, instead of issuing a substitute Series 1998 Bond the Issuer may pay the same, upon being indemnified as aforesaid, if such Series 1998 Bond be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Series 1998 Bonds issued pursuant to this section shall constitute original, additional contractual obligations on the part of the Issuer whether or not the lost, stolen or destroyed Series 1998 Bonds be at any time found by anyone, and such duplicate Series 1998 Bonds shall be entitled to equal and proportionate benefits and rights as to lien on and source and security for payment from the funds, as hereinafter pledged, to the same extent as all other Series 1998 Bonds issued hereunder.

SECTION 2.08 FORM OF SERIES 1998 BONDS.

The text of the Series 1998 Bonds shall be in substantially the following form, with only such omissions, insertions and variations as may be necessary and/or desirable and approved by the Mayor or the Clerk prior to the issuance thereof (which necessity and/or desirability and approval shall be presumed by the Issuer's delivery of the Series 1998 Bonds to the purchaser therefor:

(FORM OF SERIES 1998 BOND)

REGISTERED
No. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF FLORIDA
COUNTY OF HOLMES
CITY OF BONIFAY
WATER AND SEWER REFUNDING REVENUE BOND, SERIES 1998

INTEREST RATE: _____% MATURITY DATE: _____, 19____
DATED DATE: _____, 19____ CUSIP: _____

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

KNOW ALL MEN BY THESE PRESENTS that the City of Bonifay, Florida (hereinafter called the "Issuer"), for value received, hereby promises to pay to the order of the Registered Owner identified above, or registered assigns, as herein provided, on the Maturity Date set forth above, upon the presentation and surrender hereof, the Principal Amount set forth above, solely from the revenues hereinafter mentioned, and to pay solely from such revenues, interest on said sum from the Dated Date of this Series 1998 Bond or from the most recent interest payment date to which interest has been paid, at the Rate of Interest per annum set forth above, until the payment of such principal sum, such interest being payable September 1, 1998, and semiannually thereafter on the first days of March and September of each year. The principal of and premium, if any, on this Series 1998 Bond are payable upon presentation and surrender hereof on the date fixed for maturity or redemption at the principal office of _____ (the "Paying Agent" and "Registrar") in _____, Florida, or at the office designated for such payment of any successor thereof. The interest on this Series 1998 Bond, when due and payable, shall be paid by check or draft mailed to the Registered Owner, at his address as it appears on the Bond Register, at the close of business on the 15th day of the month (whether or not a business day) next preceding the interest payment date (the "Record Date"), irrespective of any transfer of this Series 1998 Bond subsequent to such Record Date and prior to such interest payment date, unless the Issuer shall be in default in payment of interest due on such interest payment date; except that the Registrar will, at the request of any Registered Owner of one million dollars (\$1,000,000) or more in aggregate principal amount of Series 1998 Bonds, make payments of interest on such Series 1998 Bonds by wire transfer to the account within the United States designated by such Registered Owner to the Registrar in writing at least five (5) days before the Record Date of such payments. In the event the Issuer shall be in default in the payment of interest due on such interest payment date, such defaulted interest shall be payable to the Registered Owner at the close of business on a special record date for the payment of defaulted interest as established by notice mailed by the Bond Registrar to the Registered Owner of this Series 1998 Bond not less than fifteen days preceding such special record date. Such notice shall be mailed to the person in whose name this Series 1998 Bond is registered at the close of business on the fifth (5th) day preceding the date of mailing. All amounts due hereunder shall be payable in any

coin or currency of the United States, which is, at the time of payment, legal tender for the payment of public or private debts.

The Series 1998 Bonds shall be subject to redemption prior to their maturity at the option of the Issuer as follows:

The Series 1998 Bonds maturing in the years ____ through ____, both inclusive, are not redeemable prior to their respective stated dates of maturity. The Series 1998 Bonds maturing in the year ____ and thereafter, are redeemable prior to their respective stated dates of maturity at the option of the Issuer, in whole or in part on any date on or after _____, from such maturities as the Issuer may elect (and by lot within a single maturity), at the following redemption prices (expressed as percentages of the principal amount of the Series 1998 Bonds so redeemed) plus accrued interest to the date fixed for redemption, if redeemed in the following years:

<u>Redemption Period</u> <u>(Both Dates Inclusive)</u>	<u>Redemption Price</u>
September 1, ____ through August 31, ____	____%
September 1, ____ through August 31, ____	____%
September 1, ____ and thereafter	100%

Mandatory Redemption.

The Series 1998 Bonds maturing on September 1, ____, are subject to mandatory redemption in part prior to maturity by lot, in such manner as shall be determined by the Registrar, through Amortization Installments by operation of the Bond Amortization Account, at redemption prices equal to 100% of the principal amount thereof, plus interest accrued to the date fixed for redemption, commencing on September 1, ____, and each September 1 thereafter in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>
-------------	-------------------------

* Maturity

Any such redemption, either in whole or in part, shall be made in the manner and upon the terms and conditions provided in the Authorizing Instrument, hereinafter defined.

Bonds in denominations greater than \$5,000 shall be deemed to be an equivalent number of Series 1998 Bonds of the denomination of \$5,000. In the event a Series 1998 Bond is of a denomination larger than \$5,000, a portion of such may be redeemed, but Series 1998 Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. In the event any of the Series 1998 Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the Series 1998 Bonds or portions thereof to be redeemed will be given by the Registrar (who shall be the Paying Agent for the Series 1998 Bonds, or such other person, firm or corporation as may from time to time be designated by the Issuer as the Registrar for the Series 1998 Bonds) by mailing a copy of the redemption notice by first-class mail to the Registered Owner of each Series 1998 Bond to be redeemed in whole or in part at the address shown on the registration books in the manner provided in the Authorizing Instrument. Failure to give such notice by mailing to any Registered Owner of Series 1998 Bonds, or any

defect therein, shall not affect the validity of any proceeding for the redemption of the Series 1998 Bonds. All Series 1998 Bonds so called for redemption will cease to bear interest after the specified redemption date provided funds for their redemption are on deposit at the place of payment at that time. Upon surrender of any Series 1998 Bond for redemption in part only, the Issuer shall issue and deliver to the Registered Owner thereof, the costs of which shall be paid by the Issuer, a new Series 1998 Bond or Series 1998 Bonds of authorized denominations in aggregate principal amount equal to the unredeemed portion surrendered.

Notice of such redemption shall be given in the manner required by the Authorizing Instrument described below.

This bond is one of an authorized issue of Series 1998 Bonds in the aggregate principal amount of \$750,000 issued to finance the cost of refunding certain outstanding obligations of the Issuer originally issued to pay the cost of the acquisition, construction and erection of extensions and improvements to the water and sewer facilities of the combined municipal water and sewer system of the Issuer (the "Facilities") and to pay certain costs of issuing the Series 1998 Bonds, all in full compliance with the Constitution and Statutes of the State of Florida, including particularly Chapter 166, Part II, Florida Statutes, as amended, and Resolution No. 83-50 duly adopted by the Issuer on October 24, 1983, as amended and supplemented, particularly as amended and supplemented by Ordinance No. 98-___, duly adopted by the Issuer on _____, 1998 (hereinafter collectively called the "Authorizing Instrument"), and is subject to all the terms and conditions of such Authorizing Instrument.

This Series 1998 Bond and the interest hereon are payable solely from and secured by a lien upon and a pledge of the Net Revenues to be derived from the operation of the Facilities, in the manner described in the Authorizing Instrument. It is expressly agreed by the owner of this Series 1998 Bond that the full faith and credit of the Issuer are not pledged to the payment of the principal of and interest on this Series 1998 Bond and that such owner shall never have the right to require or compel the exercise of the ad valorem taxing power of the Issuer to the payment of such principal and interest or the cost of maintaining, repairing and operating the Facilities. This Series 1998 Bond and the obligation evidenced hereby shall not constitute a lien upon the Facilities or any part thereof or upon any other property of the Issuer or situated within its corporate territorial limits, but shall constitute a lien only on the Net Revenues to be derived from the operation of the Facilities.

The Series 1998 Bonds are payable from the Net Revenues of the Facilities, on a parity equally and ratably, with the Issuer's Water and Sewer Revenue Bonds and Water and Sewer Revenue Bonds, Series 1985, heretofore authorized to be issued pursuant to the Issuer's Resolution No. 83-50 adopted October 24, 1983, and Resolution No. 84-250 adopted October 8, 1984, respectively (the "Parity Obligations").

In and by the Authorizing Instrument, the Issuer has covenanted and agreed with the owners of the Series 1998 Bonds that it will fix, establish, revise from time to time whenever necessary, maintain and collect always such fees, rates, rentals and other charges for the use of the product, services and facilities of the Facilities which will always produce cash revenues sufficient to pay, and out of such funds pay, as the same shall become due, the principal of and interest on the Parity Obligations and the Series 1998 Bonds, the necessary expenses of operating and maintaining the Facilities and all reserve, sinking fund or other payments required by the Authorizing Instrument, and that such rates, rentals, fees and other charges will not be reduced so as to be insufficient to provide funds for such purposes.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Series 1998 Bond exist, have happened and have been performed in regular and due form and time as required by the laws and Constitution of the

State of Florida applicable thereto, and that the issuance of the Series 1998 Bonds of this issue does not violate any constitutional, statutory, or charter limitation or provision.

This Series 1998 Bond is and has all the qualities and incidents of a negotiable instrument under Article 8 of the Uniform Commercial Code, the State of Florida, Chapter 678, Florida Statutes.

The transfer of this Series 1998 Bond is registerable by the Bondholder hereof in person or by his attorney or legal representative at the principal corporate trust office of the Registrar but only in the manner and subject to the conditions provided in the Authorizing Instrument and upon surrender and cancellation of this Series 1998 Bond.

This Series 1998 Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Authorizing Instrument until it shall have been authenticated by the execution by the Registrar of the certificate of authentication endorsed hereon.

The Series 1998 Bond has been designated by the Issuer as a "Qualified Tax Exempt Obligation" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended (the "Code"). The Issuer hereby covenants with the Registered Holders from time to time of this Series 1998 Bond that it will not take or permit any action which would cause this Series 1998 Bond not to be a "Qualified Tax Exempt Obligation" within the meaning of Section 265(b) of the Code, or which would cause the interest on this Series 1998 Bond to be included in the gross income, for Federal income tax purposes, of the holder hereof.

IN WITNESS WHEREOF, the City of Bonifay, Florida, has issued this Series 1998 Bond and has caused the same to be signed by the Mayor of its City Council and countersigned and attested to by its City Clerk, either manually or with facsimile signatures, and its seal or facsimile thereof to be affixed, impressed, imprinted, lithographed or reproduced hereon, all as of the ____ day of _____, 1998.

CITY OF BONIFAY, FLORIDA

(SEAL)

By: _____
Mayor

ATTESTED AND COUNTERSIGNED:

By: _____
City Clerk

CERTIFICATE OF AUTHENTICATION

This bond is one of the Series 1998 Bonds issued under the provisions of the within mentioned Authorizing Instrument

By: _____
Registrar, as Authenticating
Agent

Date of Authentication:

_____ By: (Manual Signature) _____
Authorized Officer

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

- TEN COM - as tenants in common
- TEN ENT - as tenants by the entireties
- JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT - _____ Custodian _____
(Cust.) (Minor)

under Uniform Gifts to Minors

Act _____
(State)

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

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned _____

(the "Transferor"), hereby sells, assigns, and transfers unto

_____ (Please insert name and Social Security or Federal Employer Identification number of assignee) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ (the "Transferee") as attorney to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed:

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

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

[END OF SERIES 1998 BOND FORM]

ARTICLE III

COVENANTS, SPECIAL FUNDS AND APPLICATION THEREOF

SECTION 3.01 SERIES 1998 BONDS NOT TO BE GENERAL INDEBTEDNESS OF ISSUER.

The Series 1998 Bonds shall not be or constitute general obligations or indebtedness of the Issuer as "bonds" within the meaning of Article VII, Section 12 of the Constitution of Florida, but shall be payable solely from and secured by a lien upon and a pledge of the Pledged Funds. No Holder shall ever have the right to compel the exercise of any ad valorem taxing power of the Issuer to pay the principal of or interest on any Series 1998 Bond or Operating Expenses, or be entitled to payment of such Series 1998 Bond from any moneys of the Issuer except from the Pledged Funds in the manner provided herein

SECTION 3.02 SECURITY FOR SERIES 1998 BONDS.

The payment of the principal of and interest on the Series 1998 Bonds shall be secured forthwith equally and ratably by a pledge of and lien upon the pledged Funds. The Issuer does hereby irrevocably pledge the Pledged Funds to the payment of the principal of and interest on the Series 1998 Bonds and to the payment into the Sinking Fund at the times provided of the sums required to secure to the Holders thereof the payment of the principal of and interest on the Series 1998 Bonds at the respective maturities thereof.

The Series 1998 Bonds are payable on a parity, equally and ratably, with the Parity Obligations.

SECTION 3.03 APPLICATION OF SERIES 1998 BOND PROCEEDS.

The Issuer shall simultaneously with the delivery of the Series 1998 Bonds to the purchasers thereof, apply the proceeds of the Series 1998 Bonds as follows:

(A) The accrued interest shall be deposited in the Sinking Fund created by Section 3.04(1) of the Original Resolution and shall be used only for the purpose of paying interest becoming due on the Series 1998 Bonds.

(B) A sum equal to the 1998 Bond Reserve Requirement shall be deposited to the 1998 Bond Reserve Account, which is hereby established and created.

(C) To the extent not reimbursed or provided therefor by the original purchaser of the Series 1998 Bonds, or provided for in the Escrow Deposit Agreement, the Issuer shall pay all costs and expenses in connection with the issuance and sale of the Series 1998 Bonds.

(D) From the proceeds of Series 1998 Bonds issued to refund the Refunded Bonds, a sum specified in the Escrow Deposit Agreement which together with the other funds described in the Escrow Deposit Agreement to be deposited in escrow, when invested as provided in the Escrow Deposit Agreement, will produce cash and maturing principal and interest on such investments which will be sufficient to pay, as of any date of calculation, the principal of and premium, if any, and interest on the Refunded Bonds as the same shall become due or are redeemed as provided by subsequent resolution or

ordinance of the Issuer, whichever is earlier and to pay the expenses specified in the Escrow Deposit Agreement, shall be deposited into the Escrow Account established in the Escrow Deposit Agreement, in the amounts sufficient for such purposes.

Simultaneously with the delivery of the Series 1998 Bonds to the original purchaser thereof, the Issuer shall enter into the Escrow Deposit Agreement in substantially the form attached as Exhibit "A" hereto (with such changes as the Council Mayor shall approve, such approval to be conclusively established by the execution thereof by such officer) with a bank or trust company approved by the Issuer, which shall provide for the deposit of sums into the Escrow Account and for the investment of such moneys so as to produce sufficient funds to make all of the payments described in Section 3.03 of this Ordinance. At the time of execution of the Escrow Deposit Agreement, the Issuer shall furnish to the Escrow Holder named therein appropriate documentation to demonstrate that the sums being deposited and the investments to be made will be sufficient for such purposes.

(E) The remaining proceeds of the sale of the Series 1998 Bonds shall be deposited to the Sinking Fund and if such proceeds shall be less than \$5,000 shall be used to pay interest on the Series 1998 Bonds and if such proceeds shall be more than \$5,000 shall be used to call or redeem Series 1998 Bonds at the earliest possible date.

SECTION 3.04 COVENANTS OF THE ISSUER.

So long as any of the principal of or premium, if any, or interest on any of the Series 1998 Bonds shall be outstanding and unpaid, or until provision for payment thereof shall have been made within the meaning of Section 5.01 hereof, the Issuer covenants with the Holders of the Series 1998 Bonds as follows

A Application of Provisions of Original Resolution.

The Series 1998 Bonds shall for all purposes (except as herein expressly changed or as expressly herein provided) be considered to be additional parity obligations issued under the authority of Section 3.04(H) of the Original Resolution and shall be entitled to all the protection and security provided therein for the Parity Obligations, as respectively issued, and shall be in all respects entitled to the same security, rights and privileges enjoyed by the Parity Obligations. The covenants and pledges contained in Section 3.04 of the Original Resolution shall be applicable to the Series 1998 Bonds in like manner as applicable to the Parity Obligations. The principal of, interest on and redemption premiums on the Series 1998 Bonds shall be payable from Net Revenues on deposit in the Sinking Fund established by the Original Resolution on a parity with the Parity Obligations, and payments shall be made into such Sinking Fund by the Issuer in the amounts required by Section 3.04(D) of the Original Resolution. The Reserve Account established by the Original Resolution shall be applicable pro rata to the Parity Obligations only and the Holders of the Series 1998 Bonds shall have no lien upon or claim for payment from the Reserve Account created in Section 3.04 of the Original Resolution.

B. 1998 Bond Reserve Account.

There is hereby created within the Sinking Fund the 1998 Bond Reserve Account into which the 1998 Bond Reserve Requirement shall be deposited from proceeds of the sale of the Series 1998 Bonds. On or before the fifteenth day of each month the Issuer shall transfer from the Revenue Fund on a parity with the payments to the Reserve Account created in Section 3.04(D) of the Original Resolution and

deposit to the credit of the 1998 Bond Reserve Account, such amount as may be necessary to maintain in the 1998 Bond Reserve Account the 1998 Bond Reserve Requirement. Moneys in the 1998 Bond Reserve Account shall be used only for paying the principal of and interest on the Series 1998 Bonds in the event that the other moneys in the Sinking Fund shall ever be insufficient to meet such payments.

C. There is hereby created within the Sinking Fund a Bond Amortization Account.

Revenues shall be used for deposit into the Bond Amortization Account, on a parity with the deposits to the Sinking Fund under Section 3.04 (D)(2) of the Original Resolution, in any year in which an Amortization Installment is due, such sums as will be sufficient to pay one-twelfth (1/12) of the Amortization Installment required to be made in such year. Such payments shall be credited to a separate special account for each series of Term Bonds outstanding, and if there shall be more than one stated maturity for Term Bonds of a series, then into a separate special account in the Bond Amortization Account for each such separate maturity of Term Bonds. The funds and investments in each such separate account shall be pledged solely to the payment of principal of the Term Bonds of the series or maturity within a series for which it is established and shall not be available for payment, purchase or redemption of Term Bonds of any other series or within a series, or for transfer to any other account in the Sinking Fund to make up any deficiencies in required payments therein. Upon the sale of any series of Term Bonds, the Issuer shall, by resolution, establish the amounts and maturities of such Amortization Installments for each series, and if there shall be more than one maturity of Term Bonds within a series, the Amortization Installments for the Term Bonds of each maturity. In the event the moneys deposited for retirement of a maturity of Term Bonds are required to be invested, in the manner provided below, then the Amortization Installments may be stated in terms of either the principal amount of the investments to be purchased on, or the cumulative amounts of the principal amount of investments required to have been purchased by, the payment date of such Amortization Installment.

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

The required deposits to the Sinking Fund and Bond Amortization Account therein shall be adjusted in order to take into account the amount of money currently on deposit therein.

ARTICLE IV

AMENDMENT OF ORIGINAL RESOLUTION

SECTION 4.01 AMENDMENT TO SECTION 3.04(H) OF ORIGINAL RESOLUTION.

Section 3.04(H) of the Original Resolution is hereby amended to include a paragraph (4) which shall read as follows:

(4) The Issuer shall have the right to issue one or more additional series of bonds for refunding purposes, which bonds may be secured by a parity lien on and ratably payable from the Net Revenues and any other security pledged to the Bonds, upon compliance with the requirements set forth in subparagraphs (b) and (c) of paragraph (2) and paragraph (3) above. However, the requirements of subparagraphs (b) and (c) of paragraph (2) shall not apply to any parity bonds issued to refund and defease any outstanding bonds if the principal and interest required to be paid in each year on such parity bonds is less than the principal and interest required to be paid in each year on the Bonds so refunded and defeased and such parity bonds do not mature later than such bonds so refunded. For purposes hereof "principal" due in any year with respect to any bonds for which amortization installments shall have been established shall mean the amortization installment for the applicable year, and the final maturity amount of such bonds shall be disregarded.

SECTION 4.02 AMENDMENT TO SECTION 3.04 CONCERNING COMPLIANCE WITH INTERNAL REVENUE CODE.

Section 3.04 of the Original Resolution is amended to include a new paragraph (W) in lieu of the paragraph (W) which is presently contained therein. Such paragraph (W) shall read as follows:

(W) TAX COMPLIANCE. While any of the Bonds shall remain outstanding, the Issuer shall comply with the following:

(1) The Issuer at all times while the Bonds and the interest thereon are outstanding will comply with all applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), in order to ensure that the interest on the Series 1998 Bonds will be excluded from gross income for Federal income tax purposes, except that the provisions of this paragraph (W) shall not apply to any bonds issued as taxable bonds. The Issuer hereby covenants with the Registered Owners of the Bonds that it will make no investment or other use of the proceeds of the Bonds or any other series of additional parity obligations issued under the Original Resolution or this Ordinance, the income on which is excluded from gross income for federal income tax purposes, which would cause such series of bonds to be "arbitrage bonds" as that term is defined in Section 148 of the Code and that it will comply with the requirements of that Section of the Code and regulations promulgated thereunder throughout the term of such series of Bonds.

(2) The Issuer shall establish a Rebate Fund, outside the lien of the Original Resolution and this Ordinance, which shall be a separate trust fund held by the Issuer, solely for the purposes hereof, and the amounts therein shall be applied solely as specified herein or in a letter of instructions in connection with the Issuer's certification of compliance with the provisions of Section 148 of the Code at the time of issuance of the Bonds. The Issuer shall engage an accountant or other person or firm of suitable experience to make such periodic calculations of the Issuer's rebate liability on the Bonds as shall be

required to comply with Section 148(e) of the Code and shall deposit to the credit of the Rebate Fund, hereby created, the full amount of the Issuer's accrued and unpaid rebate liability under Section 148(e) of the Code. The Issuer shall keep such records of the computations made pursuant to this Section as are required under Section 148(e) and other applicable provisions of the Code. The Issuer shall keep such records concerning the investments of the gross proceeds of the Bonds subject to Rebate and the investments of earnings from those investments as may be required in order to make the aforesaid computations. This subsection may be superseded or amended by new calculations accompanied by an opinion of nationally recognized bond counsel addressed to the Issuer to the effect that the use of the new calculations are in compliance with this Ordinance and will not cause the interest on the Bonds to become included in gross income for Federal income tax purposes.

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

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

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

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

ARTICLE V

MISCELLANEOUS PROVISIONS

SECTION 5.01 DEFEASANCE.

If, at any time, the Issuer shall have paid, or shall have made provision for payment of, the principal, interest and redemption premiums, if any, with respect to any Series 1998 Bonds, then, and in that event, the pledge of and lien on the Pledged Funds in favor of the Holders of such Series 1998 Bonds shall be no longer in effect. For purposes of the preceding sentence, deposit by the Issuer of cash and/or Federal Securities, or bank certificates of deposit fully secured as to principal and interest by Federal Securities (or deposit of any other securities or investments which may be authorized by law from time to time and sufficient under such law to effect such a defeasance), in irrevocable trust with a banking institution or trust company, for the sole benefit of the Holders, in an aggregate principal amount which, together with interest to accrue thereon, will be sufficient to make timely payment of the principal of and redemption premiums, if any, and interest accrued on and which shall thereafter accrue on such Series 1998 Bonds in accordance with their terms, the Registrar's and paying agents' fees and expenses with respect thereto and any other expenses occasioned by escrow arrangements or provision for redemption, shall be considered "provision for payment." Nothing herein shall be deemed to require the Issuer to call any outstanding Series 1998 Bonds for redemption prior to maturity pursuant to any applicable optional redemption provisions, or to impair the discretion of the Issuer in determining whether to exercise any such option for early redemption.

SECTION 5.02 MODIFICATION OR AMENDMENT.

No material modification or amendment of this Instrument may be made without the consent in writing of the Holders of two-thirds or more in principal amount of any Series 1998 Bonds then outstanding, provided, however, that no modification or amendment shall permit a change in the maturity of such Series 1998 Bonds or a reduction in the rate of interest thereon, or in the amount of the principal obligation, or affect the Issuer's unconditional covenants herein with respect to the maintenance and collection of sufficient Rates and to the application of the same as herein provided, or reduce the number of such Series 1998 Bonds the written consent of the Holders of which are required by this section for such modification or amendment, without the consent of the Holders.

SECTION 5.03 SALE OF SERIES 1998 BONDS.

The Series 1998 Bonds shall be sold pursuant to applicable law in such manner and upon such terms as the Issuer shall provide by resolution adopted at any time prior to the date of delivery thereof to the original purchasers thereof.

SECTION 5.04 SEVERABILITY OF INVALID PROVISIONS.

If any one or more of the covenants, agreements or provisions of this Instrument or of the Series 1998 Bonds should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed

separate from the remaining covenants, agreements and provisions of this Instrument and the Series 1998 Bonds.

SECTION 5.05 TABLE OF CONTENTS AND HEADINGS NOT PART HEREOF.

The Table of Contents preceding the body of this Instrument and the headings preceding the several articles and sections hereof shall be solely for convenience of reference and shall not constitute a part of this Instrument or affect its meaning, construction or effect.

SECTION 5.06 CONFLICTS REPEALED.

All resolutions or ordinances or parts thereof in conflict herewith are hereby repealed.

SECTION 5.07

EFFECTIVE DATE.

This Instrument shall take effect immediately upon its passage.

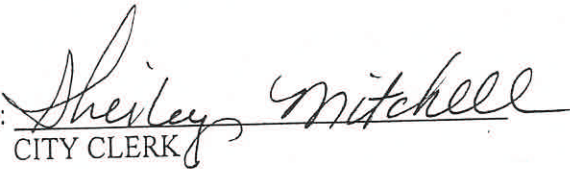
PASSED in regular session this 29th day of June, 1998.

CITY OF BONIFAY, FLORIDA

By: 
MAYOR

(SEAL)

ATTEST:

By: 
CITY CLERK