

On September 23, 2014, the City Commission authorized the issuance of Water and Sewer Revenue Refunding Bonds – Series 2014 (Series 2014 bonds), per City Ordinance No. 2014-50. The Series 2014 bonds were subsequently issued on September 26, 2014. The Series 2014 bonds were issued for the purpose of providing funds sufficient to accomplish the current refunding of the City's outstanding Water and Sewer Revenue Bonds, Series 2006B, which had an outstanding balance in the amount of \$17,945,000. As a result of the refunding the Series 2006B bonds are considered fully refunded and the outstanding balance has been removed from the financial statements. The City has pledged future water and sewer customer gross revenues, net of specified operating expenses (net revenues), to repay the Series 2014 bonds. The bonds are payable solely from water and sewer customer net revenues and are payable through 2020. The interest on the Series 2014 bonds is 1.68% through July 1, 2020, the scheduled maturity of the bonds.

CITY OF POMPANO BEACH,
BROWARD COUNTY, FLORIDA
I HEREBY CERTIFY that the foregoing is a true and
correct copy of Ordinance No. 2014-50
as filed in the office of City Clerk
WITNESS my hand and official Seal in the CITY OF
POMPANO BEACH, FLORIDA, this 25th day of
September, A.D. 2014
Asculata Hammond
Asculata Hammond Deputy City Clerk

CITY OF POMPANO BEACH, FLORIDA

WATER AND SEWER REFUNDING REVENUE BONDS, SERIES 2014

ORDINANCE NO. 2014-50

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ORDINANCE NO. 2014-50

AN ORDINANCE OF THE CITY OF POMPANO BEACH, FLORIDA PROVIDING FOR THE ISSUANCE OF ITS NOT EXCEEDING \$19,000,000 CITY OF POMPANO BEACH, FLORIDA WATER AND SEWER REFUNDING REVENUE BONDS, SERIES 2014 AS ADDITIONAL PARITY OBLIGATIONS UNDER ORDINANCE NO. 87-35 ENACTED BY THE CITY ON APRIL 21, 1987, AS AMENDED FROM TIME TO TIME, FOR THE PURPOSE OF PROVIDING FUNDS, TOGETHER WITH OTHER LEGALLY AVAILABLE FUNDS OF THE CITY, TO REFUND, ON A CURRENT BASIS, THE CITY'S OUTSTANDING WATER AND SEWER REFUNDING REVENUE BONDS, SERIES 2006B AND PAY COSTS OF ISSUANCE OF THE 2014 BONDS; AUTHORIZING THE REDEMPTION OF THE OUTSTANDING SERIES 2006B BONDS; AUTHORIZING APPLICATION OF AMOUNTS ON DEPOSIT IN THE FUNDS AND ACCOUNTS ESTABLISHED FOR THE SERIES 2006B BONDS IN CONNECTION WITH THE REFUNDING THEREOF; FIXING CERTAIN TERMS AND DETAILS OF THE 2014 BONDS; AUTHORIZING EXECUTION AND DELIVERY OF THE 2014 BONDS; APPROVING THE FORM, AND AUTHORIZING THE EXECUTION AND DELIVERY, OF AN ESCROW DEPOSIT AGREEMENT AND APPOINTING AN ESCROW AGENT THEREUNDER; AUTHORIZING THE NEGOTIATED SALE OF THE 2014 BONDS TO REGIONS CAPITAL ADVANTAGE, INC. (THE "LENDER"); DIRECTING THE APPLICATION OF THE PROCEEDS OF THE 2014 BONDS; PROVIDING CERTAIN TERMS FOR THE BENEFIT OF THE LENDER; APPOINTING THE INITIAL PAYING AGENT AND BOND REGISTRAR FOR THE 2014 BONDS; AUTHORIZING OTHER REQUIRED ACTIONS; PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE.

BE IT ENACTED BY THE CITY COMMISSION OF THE CITY OF POMPANO BEACH, FLORIDA:

SECTION 1. AUTHORITY FOR THIS ORDINANCE; DEFINITIONS. The City of Pompano Beach, Florida (the "City") is authorized to adopt this ordinance (the "2014 Ordinance") under the authority granted by the City Charter of the City, the Constitution and Statutes of the State of Florida, including particularly Chapter 166, Florida Statutes, as amended, and other applicable provisions of law. In consideration of the acceptance of the 2014 Bond (hereinafter defined) by those who shall own the same from time to time, the Bond Ordinance

(hereinafter defined) and this 2014 Ordinance shall be deemed to be and shall constitute a contract between the City and such Owners of the 2014 Bond. All capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed thereto in the Bond Ordinance or herein, unless otherwise provided or unless the context otherwise clearly requires. To the extent necessary to effectuate the terms and conditions hereof, the Bond Ordinance is hereby incorporated herein by this reference.

SECTION 2. FINDINGS. It is hereby found and determined that:

A. The City owns and operates the System. Ordinance No.87-35 duly enacted by the City Commission of the City (the “City Commission”) on April 21, 1987 (the “Original Bond Ordinance”), as amended by Ordinance Nos. 92-74 and 2000-65 duly enacted by the City Commission on September 29, 1992 and June 27, 2000, respectively (the “Amending Ordinances”), provides for the issuance of Bonds and Additional Parity Obligations for the purpose of financing the construction and/or acquisition of additions, extensions and improvements to the System and for refunding purposes.

B. The Original Bond Ordinance, as amended by the Amending Ordinances, is referred to herein as the “Original Ordinance.” The Original Ordinance, as amended by the hereinafter defined 2014 Amending Ordinance, is referred to herein as the “Bond Ordinance.”

C. The initial series of Bonds issued under the Original Bond Ordinance has matured. The City has previously issued its Water and Sewer Refunding Revenue Bonds, Series 2006B as Additional Parity Obligations issued for refunding purposes under the Original Ordinance (the “Series 2006B Bonds”). The Series 2006B Bonds are currently outstanding in the

aggregate principal amount of \$17,945,000 (the “Refunded Bonds”). The Refunded Bonds are the only Additional Parity Obligations currently outstanding under the Original Ordinance.

D. The City’s Financial Advisor has previously advised the City that, based on current market conditions, there is an opportunity to realize present value debt service savings by accomplishing the current refunding of the Refunded Bonds through the issuance of the 2014 Bond. In furtherance thereof, the City invited qualified financial institutions to submit proposals to make a loan to the City by purchasing the 2014 Bond.

E. The City Manager of the City and the City’s Finance Director, in consultation with the City’s Financial Advisor, determined that the proposal submitted by Regions Capital Advantage, Inc. (together with its permitted successors and assigns, the “Lender”) provided the most favorable terms and conditions to the City with respect to the loan to be evidenced by the 2014 Bond. The Lender’s proposal is in the form of a term sheet submitted to the City. Due to the present volatility of the market for tax exempt bonds such as the 2014 Bond, and the complexity of the transactions relating to the 2014 Bond, it is in the best interest of the City to sell the 2014 Bond to the Lender by a delegated, negotiated sale, rather than at a specified advertised date, in order to obtain the best possible interest rate for the 2014 Bond.

F. The City deems it to be in its best interest to issue its Water and Sewer Refunding Revenue Bonds, Series 2014 in the aggregate principal amount of not exceeding \$19,000,000 (the “2014 Bond”) pursuant to the Bond Ordinance and to apply the proceeds thereof, together with other legally available funds of the City, to accomplish the current refunding of the Refunded Bonds and to pay costs of issuance of the 2014 Bond.

G. The 2014 Bond shall be payable from and secured by a first lien on and pledge of the Net Revenues, on a parity with any Additional Parity Obligations that are hereafter issued under the Bond Ordinance in accordance with the terms and requirements thereof and Outstanding thereunder.

H. All of the provisions, covenants, pledges and conditions in the Bond Ordinance, as supplemented hereby, shall be applicable to the 2014 Bond herein authorized and such 2014 Bond shall constitute "Additional Parity Obligations" issued for refunding purposes within the meaning of the Bond Ordinance.

I. The Lender has not required, as condition to making the loan to be evidenced by the 2014 Bond, that the City make a deposit in connection with the 2014 Bond to the Reserve Account established under the Bond Ordinance. In view of the foregoing, and to provide the City with flexibility to determine whether any Additional Parity Obligations other than the 2014 Bond will be secured by a subaccount in the Reserve Account, and, if so secured, the amount to be deposited in such subaccount, the City will enact an ordinance (the "2014 Amending Ordinance") amending certain provisions of the Original Ordinance. The 2014 Amending Ordinance permits the 2014 Bond to be issued without being secured by the Reserve Account and provides flexibility for the City to determine whether to fund a subaccount in the Reserve Account in connection with the issuance of any Additional Parity Obligations other than the 2014 Bond and, if so funded, the amount to be deposited to such subaccount. The 2014 Amending Ordinance will become effective upon the issuance of the 2014 Bond.

J. It is now appropriate to authorize the issuance of the 2014 Bond and to determine the terms and details thereof.

K. The principal of, premium, if any, and interest on the 2014 Bond herein authorized and all sinking fund, reserve and other payments provided for in the Bond Ordinance shall be payable solely from the Net Revenues and, to the extent provided in the Bond Ordinance and herein, from the monies on deposit from time to time in the funds and accounts created under the Bond Ordinance (excluding any amounts on deposit in the Reserve Account, which shall not secure the 2014 Bond, and any amounts on deposit in the Rebate Fund) and it will not be necessary nor has there been authorized the levy of taxes on any property in the City to pay for same, and the 2014 Bond shall not constitute a lien upon any of the properties of the City, except the Net Revenues and the funds and accounts created under the Bond Ordinance (excluding any amounts on deposit in the Reserve Account, which shall not secure the 2014 Bond, and any amounts on deposit in the Rebate Fund), nor shall the 2014 Bond be secured by the credit or taxing power of the City or the general funds of the City not expressly pledged under the Bond Ordinance and hereunder.

**SECTION 3. APPROVAL AND AUTHORIZATION OF REFUNDING OF
REFUNDED BONDS; APPROVAL AND AUTHORIZATION OF THE 2014 BOND;
AUTHORIZATION OF REDEMPTION OF REFUNDED BONDS AND CONDITIONAL
NOTICE OF SUCH REDEMPTION; AUTHORIZATION OF APPLICATION OF
AMOUNTS ON DEPOSIT WITH RESPECT TO THE REFUNDED BONDS; LATE
CHARGES AND DEFAULT RATE.**

(a) The City hereby approves and authorizes the current refunding of the Refunded Bonds.

(b) Subject to the provisions of this Section 3 and the provisions of Section 6 hereof, the City hereby authorizes and approves the issuance of a series of Additional Parity Obligations in the initial aggregate principal amount of not exceeding \$19,000,000 to be known as the “City of Pompano Beach, Florida Water and Sewer Refunding Revenue Bonds, Series 2014” for the purpose of providing funds, together with other legally available funds of the City, to refund the Refunded Bonds on a current basis and pay costs of issuance of the 2014 Bond. The 2014 Bond shall be secured by a first lien on and pledge of the Net Revenues, on a parity with any Additional Parity Obligations hereafter issued and outstanding under the Bond Ordinance. All provisions, covenants, pledges and conditions of the Bond Ordinance shall be applicable to the 2014 Bond. Prior to the issuance and delivery of the 2014 Bond, all of the requirements of the Bond Ordinance, including Section 17.R thereof, relating to the issuance of Additional Parity Obligations shall be satisfied.

(c) The Lender is not requiring the City to secure the 2014 Bond by the Reserve Account or a subaccount therein and, accordingly, notwithstanding anything to the contrary in the Bond Ordinance, the 2014 Bond shall not be secured by the Reserve Account and there shall be no reserve account deposit in connection with the 2014 Bond.

(d) The 2014 Bond shall be in substantially the form set forth as Exhibit A hereto. The 2014 Bond shall be issued as one fully registered Term Bond without a coupon in an authorized denomination equal to the outstanding principal amount of the 2014 Bond from time to time. The 2014 Bond shall mature on July 1, 2020 (the “Maturity Date”). Amortization Installments on the 2014 Bond shall be payable annually in accordance with the amortization schedule to be attached to the 2014 Bond, commencing on July 1, 2015 and each July 1 thereafter through the Maturity Date, subject to the earlier redemption in whole of the 2014

Bond. Interest on the outstanding principal amount of the 2014 Bond shall be payable on each January 1 and July 1 (each, an "Interest Payment Date") commencing on January 1, 2015 through the Maturity Date or earlier date on which the 2014 Bond is redeemed in whole. Interest on the 2014 Bond shall accrue at the fixed rate of 1.68% per annum (the "Tax-Exempt Rate"), subject to adjustment to the Tax-Exempt Rate upon an "Event of Taxability" (as defined in the 2014 Bond), all as shall be more fully set forth in the 2014 Bond.

(e) Notwithstanding anything to the contrary in the Bond Ordinance, the 2014 Bond shall not be held in book-entry only form.

(f) The Refunded Bonds shall be redeemed by the City at the earliest practicable date following the issuance of the 2014 Bond at a redemption price of par, plus accrued interest, and without premium. The City hereby authorizes such redemption and authorizes, ratifies and confirms the delivery on behalf of the City of the letter, in the form attached hereto as Exhibit B, directing the escrow agent named in Section 5 hereof to give holders of the Refunded Bonds conditional notice of redemption prior to the date of issuance of the 2014 Bond.

(g) Amounts necessary to pay the redemption price of the Refunded Bonds shall be deposited to the escrow fund established for the Refunded Bonds (the "Escrow Fund") pursuant to the Escrow Deposit Agreement referred to in Section 5 hereof, including from moneys on deposit in the funds and accounts established under the Bond Ordinance for the Refunded Bonds. The final par amount of the 2014 Bond and the specific amounts to be applied as aforesaid shall be as set forth in a certificate (the "City Certificate") of the Mayor of the City or his designee (the "Mayor") and/or the City Manager of the City or his designee (the "City Manager") delivered on the date of issuance of the 2014 Bond.

(h) With respect to all amounts payable to the Lender pursuant to the 2014 Bond, the Bond Ordinance or this 2014 Ordinance which are not paid on the due date, in the case of amounts payable on a specified date, or which are not paid within ten (10) days of written notice to the City, in the case of amounts payable on demand, the City agrees to pay to the Lender on demand (i) a late charge of five percent (5%) of any such amount or amounts which shall not have been paid within fifteen (15) days of the due date as specified above and (ii) interest on such amount or amounts at an interest rate equal to the Default Rate (as hereinafter defined) for each day from the specified date of payment, or the date of written demand for payment, as the case may be, to the date such payment is made. For purposes of the foregoing, the term "Default Rate" shall mean, as of any date of determination, a per annum rate of interest equal to the Lender's Prime Rate (as hereinafter defined), plus three percent (3.00%), provided, however, the Default Rate shall never exceed the maximum rate of interest permitted by law and the term "Prime Rate" shall mean the per annum rate which the initial Registered Owner's affiliate Regions Bank announces from time to time to be its prime rate as in effect from time to time, which each change in the Prime Rate being effective from and including the date such change is announced as being effective.

SECTION 4. REDEMPTION PROVISIONS. The City may prepay the principal amount of the Outstanding 2014 Bond, in whole or in part, on any date, at a redemption price equal to the par amount of the 2014 Bond to be prepaid, without premium, together with accrued interest thereon to the date of prepayment.

In the event of any partial redemption of the 2014 Bond, each partial redemption shall be applied first to accrued interest, and then to reduce Amortization Installments coming due in inverse order of maturities. Notice of such redemption, specifying the desired redemption date, shall be sent to the Registered Owner of the 2014 Bond at least thirty (30) business days prior to the date of redemption (the "Redemption Notice"). Notwithstanding any provision of the Bond Ordinance to the contrary, no other notice of redemption of the 2014 Bond is required, nor is any optional redemption of 2014 Bond required to be made on an Interest Payment Date or in any specified minimum amount. The City may revoke any Redemption Notice, once given, up to five (5) business days prior to the redemption date specified in the Redemption Notice; thereafter such Redemption Notice shall be irrevocable. In the event of any optional redemption of 2014 Bond in accordance with their terms, the City shall, in accordance with the Bond Ordinance, prior to the redemption date, withdraw from the Bond Amortization Fund and/or Sinking Fund and set aside in separate accounts (which may include subaccounts in the Bond Amortization Fund and/or Sinking Fund established for the 2014 Bond) the respective amounts required for paying the interest on, and the principal of, the 2014 Bond so called for redemption.

SECTION 5. EXECUTION OF THE 2014 BOND; APPROVAL OF ESCROW DEPOSIT AGREEMENT. The Mayor and City Manager are each hereby authorized and directed to execute, and the City Clerk of the City or his or her designee (the "City Clerk") is hereby authorized to attest, the 2014 Bond and such officers are further authorized to cause the corporate seal of the City to be imprinted or reproduced thereon and to deliver the 2014 Bond to the Bond Registrar for authentication and delivery. Execution of the 2014 Bond by the Mayor and City Manager shall constitute conclusive approval thereof. The Escrow Deposit Agreement relating to the Refunded Bonds, substantially in the form submitted at this meeting and annexed

hereto as Exhibit C (the “Escrow Deposit Agreement”), is hereby approved, with such insertions, modifications and changes as may be approved by the Mayor, in consultation with the City Attorney and Bond Counsel. Upon such approval, the Mayor is authorized and directed to execute, and the City Clerk is authorized and directed to attest, the Escrow Deposit Agreement and such officers are authorized and directed to cause the corporate seal of the City to be imprinted or reproduced thereon. The execution of the Escrow Deposit Agreement by the Mayor shall constitute conclusive evidence of the approval thereof. U.S. Bank National Association is hereby appointed to serve as escrow agent under the Escrow Deposit Agreement.

SECTION 6. SALE OF THE 2014 BOND; ROLE OF LENDER.

(a) Based on the findings set forth in Section 2 hereof, the City Commission hereby awards the sale of the 2014 Bond to the Lender on a negotiated basis. The 2014 Bond is authorized to be sold to the Lender at a purchase price equal to the original aggregate principal amount of the 2014 Bond. As a condition to the delivery to the Lender of the 2014 Bond, the Lender shall deliver to the City a purchaser’s letter, substantially in the form attached hereto as Exhibit D hereto, and submit to the City the Disclosure Statement and Truth-in-Bonding Statement required by Section 218.385, Florida Statutes, substantially in the form attached hereto as Exhibit E.

(b) In connection with the purchase of the 2014 Bond, the Lender shall act solely as purchaser of the 2014 Bond for its own account (without a present intent to reoffer), and neither the Lender nor any of its affiliates shall act as a fiduciary for the City or in the capacity of broker, dealer, municipal securities underwriter or municipal advisor. Neither the Lender nor any of its affiliates has provided, and will not provide, financial, legal, tax, accounting or other

advice to or on behalf of the City with respect to the proposed issuance of the 2014 Bond. By enacting this 2014 Ordinance, the City hereby represents to the Lender that the City has sought and obtained financial, legal, tax, accounting and other advice (including as it relates to structure, timing, terms and similar matters) with respect to the proposed issuance of the 2014 Bond from its financial, legal and other advisors (including Public Financial Management, Inc., its financial advisor) and not the Lender or any of its affiliates.

Without limiting the generality of the foregoing, the City acknowledges that (i) neither the Lender nor any of its affiliates have or are recommending an action to the City; (ii) neither the Lender nor any of its affiliates is acting as an advisor to the City, and none of the Lender and its affiliates owes a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934, as amended, to the City; (iii) the Lender and its applicable affiliates are acting for their own respective interests; and (iv) the City has been advised and understands that it should discuss any information and material concerning the 2014 Bond with any and all internal or external advisors and experts that the City deems appropriate.

In connection with the Lender's purchase of the 2014 Bond, the City acknowledges and agrees that the Lender did not provide advice regarding the structure, timing, terms, and similar matters with respect to letters of credit, direct loans, municipal securities, or other extensions of credit that extends beyond the 2014 Bond, which the Lender will certify as a purchase for its own account.

SECTION 7. APPLICATION OF THE PROCEEDS OF THE 2014 BOND. The proceeds derived from the sale of the 2014 Bond shall be applied simultaneously with the

delivery thereof for the purposes stated in, and in a manner consistent with the City Certificate. The proceeds of the 2014 Bond used to pay costs of issuance of the 2014 Bond shall be deposited on the date of issuance of the 2014 Bond to a separate account, which account is hereby created and designated as the "2014 Bond Cost of Issuance Account." The specific amounts to be deposited into the 2014 Bond Cost of Issuance Account shall be set forth in the City Certificate. Any amounts remaining on deposit in the 2014 Bond Cost of Issuance Account on the date which is 180 days from the date of issuance of the 2014 Bond shall be transferred to the Bond Amortization Fund and/or Sinking Fund to pay the interest and Amortization Installment on the 2014 Bond next coming due.

SECTION 8. APPOINTMENT OF PAYING AGENT AND BOND REGISTRAR.

U.S. Bank National Association is hereby appointed to serve as initial Paying Agent and Bond Registrar for the 2014 Bond. The City Manager is hereby authorized to execute, and the City Clerk is hereby authorized to attest, without further act of the City, an agreement with such Paying Agent and Bond Registrar as necessary to reflect the obligations of such Paying Agent and Bond Registrar to accept and perform the respective duties imposed upon each, and to effectuate the transactions contemplated by the Bond Ordinance, as supplemented hereby.

SECTION 9. PARTICULAR COVENANTS. While the 2014 Bond is Outstanding and the Lender is the Registered Owner thereof:

(a) notwithstanding the provisions of Section 16 of the Bond Ordinance, no modification or amendment of the Bond Ordinance, this 2014 Ordinance or of any resolution or ordinance amendatory thereof or supplemental thereto or hereto may be made except with the written consent of the Lender;

(b) the City shall deliver to the Lender its comprehensive annual financial report no later than 210 days following the end of each Fiscal Year of the City and its annual budget within 30 days following the date of adoption thereof by the City Commission of the City;

(c) the City shall provide the Lender with such additional information as may be reasonably requested by the Lender in connection with the Revenues, the System and the 2014 Bond;

(d) the City knowingly, voluntarily, and intentionally waives any right it may have to a trial by jury, with respect to any litigation or legal proceedings involving the Lender based on or arising out of the Bond Ordinance, this 2014 Ordinance or the 2014 Bond, including any course of conduct, course of dealings, verbal or written statement or actions or omissions of any party which in any way relates to the Bond Ordinance, this 2014 Ordinance or the 2014 Bond;

(e) the City hereby ratifies, acknowledges and confirms all agreements, covenants and terms of the Bond Ordinance applicable to the 2014 Bond as Additional Parity Obligations and the obligations, covenants and agreements of the City under the 2014 Ordinance and the Bond Ordinance, including but not limited to the covenants in Section 17 thereof, shall be absolutely, unconditional and irrevocable, and the City covenants and agrees to timely pay in full in strict accordance herewith and therewith all amounts which may become due and owing and to timely observe and perform all agreements and covenants to be observed and performed by the City thereunder, such payment, observance and performance to be made hereunder under all circumstances. The City acknowledges that no act or omission of any kind at any time on the part of the Lender in respect of any matter whatsoever shall in any way affect or impair

any right, power or benefit of the Lender as a Bondholder under the Bond Ordinance or under this 2014 Ordinance;

(f) the reference to "this Ordinance" in subsection M(3) of Section 17) of the Bond Ordinance shall be deemed to mean the Bond Ordinance, as supplemented by this 2014 Ordinance, for all purposes of the Bond Ordinance and this 2014 Ordinance with respect to the 2014 Bond; and

(g) the City shall provide to the Lender (i) immediate notice by telephone, promptly confirmed in writing, of any event, action or failure to take any action of which the City has actual knowledge which constitutes an Event of Default under subsection M of Section 17 of the Bond Ordinance; and (ii) within thirty (30) days after service of process, written notice of all actions, suits and proceedings before any governmental authority, domestic or foreign, against the City relating to the System which, if such litigation were determined adversely, could have a material adverse effect on the System or the Revenues.

SECTION 10. TAX COVENANT. Notwithstanding anything to the contrary contained in the Bond Ordinance, the City covenants with the holders of the 2014 Bond that it shall comply with the requirements of the Internal Revenue Code of 1986, as amended (the "Code") necessary to maintain the exclusion of interest on the 2014 Bond from gross income for purposes of federal income taxation, including the payment of any amount required to be rebated to the U.S. Treasury pursuant to the Code, and, in particular, that it shall not make or direct the making of any investment or other use of proceeds of such 2014 Bond (or amounts deemed to be proceeds under the Code) in any manner which would cause the interest on such 2014 Bond to

be or become subject to federal income taxation, nor shall it fail to do any act which is necessary to prevent such interest from becoming subject to federal income taxation. The City further covenants that neither the City nor any other person under its control or direction will make any investment or other use of the proceeds of the 2014 Bond (or amounts deemed to be proceeds under the Code) in any manner which would cause the 2014 Bond to be a "private activity bond" as that term is defined in Section 141 of the Code (or any successor provision thereto), or an "arbitrage bond" as that term is defined in Section 148 of the Code (or any successor provision thereto) and that it will comply with such sections of the Code throughout the term of the 2014 Bond.

SECTION 11. GENERAL AUTHORITY. The Mayor, City Manager, City Clerk and any other proper officials of the City are hereby authorized to do all acts and things required of them by this 2014 Ordinance, the Bond Ordinance, the Escrow Deposit Agreement, or the 2014 Bond, or that may otherwise be desirable or consistent with accomplishing the full, punctual and complete performance of all the terms, covenants and agreements contained in any of the foregoing (including the purchase of investments for the Escrow Fund) and each member, employee, attorney and officer of the City is hereby authorized and directed to execute and deliver any and all papers and instruments and to cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated thereby.

SECTION 12. SEVERABILITY AND INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provision of law or contrary to the policy of express law, but not expressly prohibited or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the

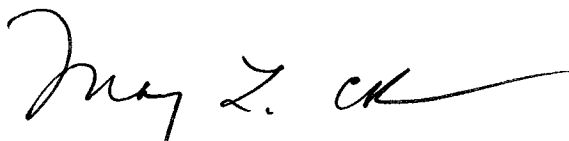
remaining covenants, agreements or provisions and shall in no way effect the validity of the other provisions hereof or of the 2014 Bond.

SECTION 13. BOND ORDINANCE TO CONTINUE IN FORCE. Except as herein expressly provided as to the 2014 Bond, the Bond Ordinance and all the terms and provisions thereof, are and shall remain in full force and effect.

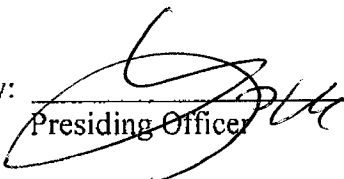
SECTION 14. EFFECTIVE DATE. This 2014 Ordinance shall be effective as the date of its passage and enactment.

PASSED AND ADOPTED on first reading this 9th day of September, 2014.

PASSED AND ENACTED on second reading this 23rd day of September, 2014.



City Clerk

By: 

Presiding Officer

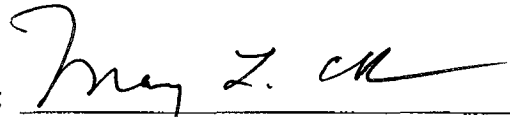
	FIRST READING	SECOND READING
MOTION	<u>Comr. R. Hardin</u>	<u>Comr. R. Hardin</u>
SECOND	<u>Comr. B. Dockswell</u>	<u>Comr. C. Burrie</u>
	<u>Comr. C. Burrie</u>	<u>Comr. B. Dockswell</u>
	<u>Comr. W. Poitier</u>	<u>Comr. W. Poitier</u>
	<u>Vice Mayor G. Brummer</u>	<u>Vice Mayor G. Brummer</u>
	<u>Mayor L. Fisher</u>	<u>Mayor L. Fisher</u>
	_____	_____

STATE OF FLORIDA)
) SS
COUNTY OF BROWARD)

I, Mary L. Chambers, the duly qualified and acting City Clerk of the City Commission of the City of Pompano Beach, Florida, do hereby certify according to the official records of said City in my possession that the above and foregoing constitutes a true and correct excerpt from the minutes of the public meeting of the City Commission of said City held on September 23, 2014, including an Ordinance adopted at said meeting, insofar as said minutes pertain to the matters above set out.

I further certify that the yeas and nays taken on the passage of said Ordinance have been or will immediately be entered on the minutes of said City Commission and that provision has been made for the preservation and indexing of said Ordinance which is open for inspection by the public at all reasonable times at my office in said City.

WITNESS my official signature and the official seal of the City of Pompano Beach this 25th day of September, 2014.

By: 
City Clerk

[SEAL]

EXHIBIT A

FORM OF 2014 BOND

**REGISTERED
NO. 1**

\$ _____

**UNITED STATES OF AMERICA
STATE OF FLORIDA
COUNTY OF BROWARD
CITY OF POMPAÑO BEACH
WATER AND SEWER REFUNDING REVENUE BOND, SERIES 2014**

INTEREST RATE

1.68%

(subject to adjustment as provided herein)

MATURITY DATE

July 1, 2020

DATED DATE

September 26, 2014

REGISTERED OWNER: REGIONS CAPITAL ADVANTAGE, INC.

PRINCIPAL AMOUNT: _____ MILLION DOLLARS

KNOW ALL MEN BY THESE PRESENTS, that the City of Pompano Beach, Florida (hereinafter called "City"), for value received, hereby promises to pay to the registered owner designated above, or registered assigns, solely from the Net Revenues and other special funds hereinafter mentioned, on the Maturity Date specified above (unless this 2014 Bond, as hereinafter defined, shall have been called for redemption prior to maturity and payment of the redemption price shall have been duly made or provided for), the Principal Amount shown above and to pay, solely from such special funds, interest thereon from the Dated Date shown above at the Interest Rate per annum specified above (the "Tax-Exempt Rate"), subject to adjustment as provided herein), payable on January 1, 2015 and semiannually thereafter on July 1 and January 1 in each year through the Maturity Date shown above or earlier redemption in whole of this 2014 Bond. The interest due hereunder shall be computed based on a 360 day year of twelve (12) thirty (30) day months. The City shall pay to the Registered Owner on each July 1, commencing July 1, 2015, payments of Amortization Installments sufficient to fully amortize the Principal Amount shown above through the Maturity Date or earlier redemption in whole of this 2014 Bond, based on the amortization schedule attached hereto, at which time the unpaid and outstanding Principal Amount, together with all accrued interest shall be due and payable. The principal of, premium, if any, and interest on this 2014 Bond are payable in lawful money of the United States of America.

Notwithstanding any other provision hereof, if for any reason the interest on this 2014 Bond becomes includable in the gross income of the Registered Owner for Federal income tax purposes as a result of an Event of Taxability (hereinafter defined), interest on the outstanding principal amount of this 2014 Bond shall bear interest from the earliest effective date of such Event of Taxability at a rate per annum equal to 2.35% per annum (the "Taxable Rate").

For purposes of the foregoing paragraph and this 2014 Bond, the term "Event of Taxability" shall mean, and shall occur when, (i) the Registered Owner receives written notice from the City, supported by a written opinion of bond counsel to the City, that interest on this 2014 Bond is Taxable (as hereinafter defined) or (ii) the Internal Revenue Service (the "Service") shall issue a final determination in writing that interest on this 2014 Bond is Taxable; provided, that an Event of Taxability shall not be deemed to have occurred until and unless the City is afforded reasonable opportunity (at the expense of the City and for a period not to exceed 2 years) to pursue any judicial or administrative remedy available to the City with respect to such determination and avail itself of such opportunity by appropriate proceedings diligently pursued.

Upon the occurrence of an Event of Taxability, the City shall pay to the Registered Owner:

(1) additional interest on this 2014 Bond in an amount by which (i) the interest which would have accrued on this 2014 Bond at the Taxable Rate during the period beginning on the Taxability Date (hereinafter defined) and ending on the earlier to occur of the date of conversion to the Taxable Rate or the date of payment in full and retirement of this 2014 Bond, exceeds (ii) the interest actually paid on this 2014 Bond for such period; and

(2) all costs, expenses, interest, penalties, attorneys' fees and other losses which shall have been paid or are payable by the Registered Owner as a result of such Event of Taxability.

For purposes of the foregoing, (i) the term "Taxable" shall mean that interest on this 2014 Bond is includable in gross income in the computation of federal income tax liability; provided that interest on this 2014 Bond shall not be deemed "Taxable" because interest is includable in any calculation of income for purposes of an alternative minimum tax or any other type of taxation other than the regular federal tax imposed on income; and (ii) the term "Taxability Date" shall mean the earliest date from which interest on this 2014 Bond is determined to be Taxable.

The obligation of the City to pay such additional interest and such other costs, expenses, interest, penalties, attorneys' fees and other losses shall survive, and remain in full force and effect from and after, the payment in full and retirement of this 2014 Bond and the termination of the Ordinance (as hereinafter defined).

The City shall promptly advise the Registered Owner in writing of any notice or inquiry received by it from the Service questioning the exemption from Federal income tax of the interest on this 2014 Bond and the Registered Owner shall promptly advise the City in writing of any such notice or inquiry by the Service received by it.

This 2014 Bond represents all of an authorized issue of "Additional Parity Obligations" of the City designated as its Water and Sewer Refunding Revenue Bonds, Series 2014 (the "2014 Bond"), in the aggregate principal amount of \$_____ of like date, tenor and effect, except as to number, interest rate and date of maturity, issued as Additional Parity Obligations for refunding purposes under the Ordinance (as hereinafter defined), for the purpose of providing funds, together with other legally available funds of the City, to: (i) refund, on a current basis, the City's outstanding Water and Sewer Refunding Revenue Bonds, Series 2006B and (ii) pay the costs associated with the issuance of this 2014 Bond. The 2014 Bond is being issued under the authority of and in full compliance with the City Charter of the City, the Constitution and Statutes of the State of Florida, including particularly Chapter 166, Florida Statutes, as amended, and Ordinance No. 87-35 duly enacted by the City on April 21, 1987, as amended from time to time (the "Bond Ordinance"), as supplemented by Ordinance No. 2014-50 duly enacted by the City on September 23, 2014 (the "Series Ordinance" and together with the Bond Ordinance, the "Ordinance") and other applicable provisions of law, and is subject to all the terms and conditions of the Ordinance, the terms and conditions of which are hereby incorporated herein by this reference. Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed thereto in the Ordinance. Modifications or alterations of the Ordinance or of any ordinances or Ordinances supplemental thereto may be made only to the extent and in the circumstances permitted by the Ordinance.

This 2014 Bond is issued as a registered Additional Parity Obligation without a coupon in an Authorized Denomination equal to the Outstanding principal amount of this 2014 Bond from time to time. This 2014 Bond and the interest thereon is payable solely from and secured by a first lien upon and pledge of the Net Revenues and the amounts on deposit in the funds and accounts established under the Bond Ordinance, excluding amounts on deposit in the Reserve Account which does not secure this 2014 Bond, and in the Rebate Fund, in the manner provided in the Ordinance.

The full faith and credit of the City is not pledged for the payment of this 2014 Bond and this 2014 Bond does not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation. It is expressly agreed by the holder of this 2014 Bond that such holder shall never have the right to require or compel the levy or pledge of ad valorem taxes for the payment of the principal of and interest on this 2014 Bond or for the making of any sinking fund or other payment provided for in the Ordinance. This 2014 Bond and the indebtedness evidenced hereby shall not constitute a lien upon any other property of or in the City, but shall constitute a lien only upon the Net Revenues and the amounts on deposit in the funds and accounts established under the Bond Ordinance, excluding amounts on deposit in the Reserve Account which does not secure this 2014 Bond and the Rebate Fund, in the manner provided in the Ordinance.

Additional Parity Obligations on a parity with this 2014 Bond may be issued by the City from time to time upon the conditions and within the limitations and in the manner provided in the Bond Ordinance.

No deposit to the Reserve Account shall be made in connection with the issuance of this 2014 Bond and no subaccount in the Reserve Account shall be established under the

Ordinance for this 2014 Bond. This 2014 Bond shall not be secured by, or entitled to any benefit from, amounts held in the Reserve Account or any subaccount Reserve Account created therein for the benefit of Additional Parity Obligations issued under the Bond Ordinance.

The City may prepay the principal amount of this Outstanding 2014 Bond in whole or in part on any date, at a redemption price equal to the par amount of the 2014 Bond to be prepaid, without premium, together with accrued interest thereon to the date of prepayment. In the event of any partial redemption of this 2014 Bond each partial redemption shall be applied first to accrued interest, and then to Amortization Installments coming due in inverse order of maturities. Notice of redemption shall be given as provided in the Series Ordinance. On the date so designated for redemption, notice having been given in the manner and under the conditions hereinabove provided, and, monies for payment of the redemption price being held in separate accounts by an Authorized Officer or the Paying Agent in trust for the holders of this 2014 Bond or portion thereof to be redeemed, all as provided pursuant to the Ordinance, this 2014 Bond or portion thereof so called for redemption shall become and be due and payable at the redemption price provided for redemption of such 2014 Bond or portion thereof on such date, interest on this 2014 Bond or portion thereof so called for redemption shall cease to accrue, such 2014 Bond or portion thereof shall not be deemed to be Outstanding under the Ordinance and shall cease to be entitled to any lien, benefit or security under the Ordinance, and the holder of such 2014 Bond or portion thereof shall have no rights in respect thereof, except to receive payment of the redemption price thereof, including accrued interest to the date of redemption.

The original Registered Owner, and each successive Registered Owner of this 2014 Bond, shall be conclusively deemed to have agreed and consented to the following terms and conditions:

(1) The Bond Registrar shall maintain the books of the City for the registration of this 2014 Bond as provided in the Ordinance. Further, notwithstanding anything to the contrary in the Ordinance, this 2014 Bond may only be transferred or assigned in whole, but not in part, provided that the proposed transferee or assignee delivers to the City a purchaser's certificate in form and substance identical to that delivered to the City by the initial Registered Owner hereof.

(2) The City, the Paying Agent and the Bond Registrar shall deem and treat the person in whose name this 2014 Bond shall be registered upon the books kept by the Bond Registrar as the absolute owner of such 2014 Bond, whether such 2014 Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such 2014 Bond as the same becomes due, and for all other purposes. All such payments so made to any such Registered Owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such 2014 Bond to the extent of the sum or sums so paid, and the City, the Paying Agent and the Bond Registrar shall not be affected by any notice to the contrary.

(3) If less than all of this 2014 Bond is redeemed or defeased the City shall execute and the City, as Bond Registrar, shall authenticate and deliver, upon the surrender of this 2014 Bond, without charge to the Registered Owner, for the unpaid balance of the principal amount of this 2014 Bond so surrendered, a registered 2014 Bond in the appropriate Authorized Denomination.

Reference is made to the Ordinance for a more complete statement of the provisions thereof and of the rights and duties of the City and the Registered Owners. Copies of the Ordinance are on file and may be inspected at the office of the City Clerk. By the purchase and acceptance of this 2014 Bond, the Registered Owner hereof signifies assent to all of the provisions of the Ordinance.

This 2014 Bond is and has all the qualities and incidents of a negotiable instrument under the laws of the State of Florida. This 2014 Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Ordinance until the Certificate of Authentication hereon shall have been executed by the Bond Registrar.

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 2014 Bond exist, have happened and have been performed in regular and due form and time as required by the statutes and Constitution of the State of Florida applicable thereto; and that the issuance of this 2014 Bond, is authorized by and is in conformity with, and does not violate, any constitutional, statutory or charter limitation or provision.

[This Space Intentionally Left Blank]

IN WITNESS WHEREOF, the City of Pompano Beach, Florida, has issued this 2014 Bond and has caused the same to be executed by the manual or facsimile signature of its Mayor and City Manager and its corporate seal or a facsimile thereof to be affixed, impressed, imprinted, lithographed or reproduced hereon and attested by the manual or facsimile signature of its City Clerk, all as of the Dated Date shown above.

(SEAL)

**CITY OF POMPANO BEACH,
FLORIDA**

Mayor

City Manager

ATTEST:

City Clerk

BOND REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This Bond represents the 2014 Bond delivered pursuant and described in to the within-mentioned Ordinance.

U.S. BANK NATIONAL ASSOCIATION,
as Bond Registrar

By: _____

Name: _____

Title: _____

DATE OF AUTHENTICATION: September 26, 2014

AMORTIZATION SCHEDULE

EXHIBIT B

DOCUMENTS RELATED TO CONDITIONAL NOTICE OF REDEMPTION

[LETTERHEAD OF CITY]

DIRECTION TO MAIL NOTICE OF REDEMPTION AND TO REDEEM

U.S. Bank National Association
200 South Biscayne Blvd. Suite 1870
Miami, FL 33131

Re: City of Pompano Beach, Florida Water and Sewer Refunding Revenue Bonds, Series 2006B (the "2006B Bonds")

Ladies and Gentlemen:

The undersigned authorized representative of the City of Pompano Beach, Florida (the "City") hereby directs you, as the Bond Registrar and Paying Agent for the 2006B Bonds issued under Ordinance No. 87-37 enacted by the City on April 21, 1987, as amended, as supplemented by Ordinance No. 2005-57 enacted by the City on June 14, 2005 (collectively, the "Bond Ordinance"), to deliver to the holders of the outstanding 2006B Bonds a conditional notice of redemption in the form attached hereto (the "Redemption Notice"). The Redemption Notice shall be given at least thirty days prior to October 10, 2014 (the "Redemption Date"). You are directed to deliver such additional notices of redemption of 2006B Bonds at the times and to the parties as shall be required by the Bond Ordinance Indenture. The City further directs you to redeem the outstanding 2006B Bonds on the Redemption Date, subject to the deposit of moneys for that purpose with the escrow agent for the 2006B Bonds as described in the Redemption Notice.

All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Redemption Notice.

Dated this ____ day of September, 2014.

CITY OF POMPANO BEACH, FLORIDA

By: _____
City Manager

CONDITIONAL NOTICE OF REDEMPTION

City of Pompano Beach, Florida
Water and Sewer Refunding Revenue Bonds, Series 2006B (the "2006B Bonds")
Dated Date: May 18, 2006
Original Aggregate Principal Amount: \$35,915,000

Outstanding 2006B Bonds To Be Redeemed:

<u>Maturity (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP No.</u>
2015	\$2,695,000	4.000%	732223DF6
2016	\$2,800,000	4.125%	732223DG4
2017	\$2,915,000	4.125%	732223DH2
2018	\$3,040,000	4.500%	732223DJ8
2019	\$3,175,000	4.500%	732223DK5
2020	\$3,320,000	4.500%	732223DL3

THIS CONDITIONAL NOTICE OF REDEMPTION IS HEREBY GIVEN pursuant to the provisions of Ordinance No. 87-37 enacted by the City on April 21, 1987, as amended (the "Master Ordinance"), as supplemented by Ordinance No. 2005-57 enacted by the City on June 14, 2005 (the "Series Ordinance" and, collectively with the Master Ordinance, the "Bond Ordinance") under which the 2006B Bonds were issued and secured that the outstanding 2006B Bonds shown above to be redeemed (the "Refunded Bonds") have been conditionally called for redemption on October 10, 2014 (the "Redemption Date") at a redemption price equal to 100% of such Refunded Bonds to be redeemed (the "Redemption Price"), plus interest accrued on the Refunded Bonds to the Redemption Date, and without premium, subject to the following paragraph.

As contemplated by Section 5 of the Series Ordinance, the redemption of the Refunded Bonds on the Redemption Date is expressly conditioned upon the deposit with U.S. Bank National Association, as escrow agent, on or prior to the Redemption Date, of moneys sufficient to pay, on the Redemption Date, the Redemption Price, plus interest accrued on the Refunded Bonds to the Redemption Date. This notice will be of no force and effect unless such moneys are so deposited.

Refunded Bonds held in book-entry form need not be presented. To receive payment of the Redemption Price, plus interest accrued on the Refunded Bonds to the Redemption Date, you must present your certificate(s) to us on or prior to the Redemption Date. The certificate(s) should be delivered to the following addresses:

By Mail:
US Bank National Association
Corporate Trust Services
PO Box 64111
St. Paul, MN 55164-0111

By Hand or Overnight Mail:
US Bank National Association
Corporate Trust Services
111 Fillmore Ave E
St. Paul, MN 55107

Important: The provisions of the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Act") require Owners to submit their Taxpayer Identification Number, (either their social security or employer identification number, as appropriate) with each Refunded Bond presented for payment (whether by purchase or redemption). Failure to comply will subject the payment of the principal portion to the withholding of twenty-eight percent (28%) of such principal portion. To avoid being subject to such withholding, Owners should submit an IRS Form W-9 at the time the Refunded Bonds are presented for payment. Form W-9 is available from your local bank or broker.

*CUSIP numbers are included solely for the convenience of owners of the Refunded Bonds. Neither the Issuer nor the Trustee shall have any responsibility with respect to the selection or use of any CUSIP number, nor is any representation made as to the correctness or accuracy of any CUSIP Number, either as printed on the Refunded Bonds or as contained in this Conditional Notice of Redemption.

Dated as of this _____ day of _____, 2014.

U.S. BANK NATIONAL ASSOCIATION,
as Bond Registrar and Paying Agent

EXHIBIT C

FORM OF ESCROW DEPOSIT AGREEMENT

ESCROW DEPOSIT AGREEMENT

DATED AS OF SEPTEMBER 26, 2014

BETWEEN

THE CITY OF POMPANO BEACH, FLORIDA

AND

U.S. BANK NATIONAL ASSOCIATION,

AS ESCROW AGENT

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SCHEDULES

SCHEDULE A	Schedule of Debt Service on Refunded Bonds.....	Exhibit A-1
SCHEDULE B	Notices of Defeasance and Redemption.....	Exhibit B-1

ESCROW DEPOSIT AGREEMENT

This **ESCROW DEPOSIT AGREEMENT** (the "Agreement") is dated as of September 26, 2014 and is entered into by and between the **CITY OF POMPANO BEACH, FLORIDA**, a municipal corporation of the State of Florida (the "City") and **U.S. BANK NATIONAL ASSOCIATION**, Miami, Florida, as escrow agent (the "Escrow Agent").

W I T N E S S E T H:

WHEREAS, the City is a municipal corporation of the State of Florida; and

WHEREAS, the Escrow Agent is a national banking association with fiduciary powers, having a designated corporate trust office in Miami, Florida; and

WHEREAS, the City has previously issued and sold its Water and Sewer Refunding Revenue Bonds, Series 2006B currently outstanding in the aggregate principal amount of \$17,945,000 (the "Refunded Bonds") pursuant to Ordinance 87-35 enacted by the City on April 21, 1987, as amended (the "Master Ordinance") as supplemented by Ordinance No. 2005-57 enacted by the City on June 14, 2005 (the "Series Ordinance" and, collectively with the Master Ordinance, the "2006 Bond Ordinance"); and

WHEREAS, pursuant to the Master Ordinance, as supplemented by Ordinance No. 2014-50 enacted on September 23, 2014 (the "2014 Ordinance") with respect to the 2014 Bonds (hereinafter defined), City has authorized the current refunding and redemption of all of the Refunded Bonds; and

WHEREAS, in order to provide for the payment of the Refunded Bonds, the City has authorized the issuance of its \$17,355,000 Water and Sewer Refunding Revenue Bonds, Series 2014 (the "2014 Bonds") pursuant to the Master Ordinance, as supplemented by the 2014 Ordinance (collectively, the "2014 Bond Ordinance"); and

WHEREAS, a sufficient portion of the proceeds of the 2014 Bonds, together with other funds of the City lawfully available therefor, will be deposited in the trust fund created herein and used to satisfy the obligations of the City evidenced by the Refunded Bonds; and

WHEREAS, the moneys deposited in the trust fund created herein will be sufficient to pay the principal and interest coming due on the Refunded Bonds by optional redemption thereof on October 10, 2014, after giving requisite conditional notice of redemption as required by the Bond Ordinance (the "Redemption Date"), such payment and redemption to be irrevocably provided for herein; and

WHEREAS, the City and the Escrow Agent desire to enter into this Agreement to provide for the taking of certain actions so as to accomplish the payment of the Refunded Bonds;

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto, intending to be legally bound, hereby covenant and agree as follows:

SECTION 1. RECITALS; SCHEDULES. The City represents that the foregoing recitations are true and correct and are hereby incorporated into this Agreement by reference thereto. All Schedules annexed hereto shall without further referral be deemed incorporated herein and made a part hereof.

SECTION 2. CREATION OF ESCROW FUND.

(a) Receipt of a copy certified in writing by the City to be a true and correct copy of the 2006 Bond Ordinance and the 2014 Bond Ordinance are hereby acknowledged by the Escrow Agent. Reference or citation herein to any provisions of the 2006 Bond Ordinance or the 2014 Bond Ordinance shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if the same were fully set forth herein.

(b) The City hereby exercises the right granted by the 2006 Bond Ordinance to refund and defease the Refunded Bonds and to discharge and satisfy its obligations to the Owners (as defined in the 2006 Bond Ordinance) of the Refunded Bonds.

(c) There is hereby created and designated a special and irrevocable escrow fund to be known as the "Pompano Beach, Florida Water and Sewer Refunding Revenue Bonds, Series 2006B Escrow Fund" (the "Escrow Fund"). The Escrow Fund shall be held in the custody of the Escrow Agent, in its capacity as a fiduciary and escrow agent, as a trust fund for the benefit of the holders of the Refunded Bonds. The Escrow Fund shall be held by the Escrow Agent separate and apart from other funds of the City or the Escrow Agent.

SECTION 3. DEPOSIT OF MONEYS AND INVESTMENT AND REINVESTMENT THEREOF.

(a) Concurrently with the execution of this Agreement, the City herewith deposits and the Escrow Agent hereby acknowledges receipt from the City of \$18,157,470.16 (which consists of \$17,290,565.47 of the proceeds of the 2014 Bonds and \$866,904.69 in the Sinking Fund established under the Master Ordinance). The foregoing amounts are hereby referred to as the "Total Cash."

(b) The Escrow Agent is hereby directed to hold the Total Cash uninvested, except as otherwise provided herein. Notwithstanding the foregoing, the Total Cash held by the Escrow Agent will be deemed invested for purposes hereof at the federal funds rate in effect from time to time during the period during which the Escrow Agent holds such Total Cash, all or in part, and the amounts deemed earned thereon shall be treated as Escrow Agent fees payable to Escrow Agent hereunder.

(c) The City represents that the Total Cash will be sufficient to pay, upon the redemption thereof, the principal and interest on the Refunded Bonds in accordance with the

schedule set forth on Schedule A attached hereto and, accordingly, the Refunded Bonds shall be deemed refunded and defeased and no longer entitled to the covenants, agreements, obligations and liens of the City under the 2006 Bond Ordinance. The Escrow Agent makes no representations regarding the adequacy of any deposit under the Escrow Agreement, and, provided the Escrow Agent has complied with its obligations hereunder it shall not be liable for any deficiencies in any deposit under the Escrow Agreement, and shall not be required to make disbursements from the Escrow Fund except from funds deposited therein by the City.

SECTION 4. ESCROW FUND CONSTITUTES IRREVOCABLE TRUST FUND.

The Escrow Agent shall apply the Total Cash in accordance with the provisions hereof. The Escrow Agent shall have no power or duty to invest any cash held hereunder or to sell, transfer, substitute or otherwise dispose of the Escrow Securities held hereunder, except as provided in this Agreement. The Escrow Agent, acting in its capacity as escrow agent, agrees that the Total Cash on deposit in the Escrow Fund will be held in trust for the holders of the Refunded Bonds and kept separate and distinct from all other funds of the City and Escrow Agent. The Escrow Fund created hereby shall be irrevocable and the holders of the Refunded Bonds shall have an express lien on and security interest in all amounts deposited in the Escrow Fund, until used and applied in accordance herewith. The City shall take or cause to be taken all action necessary to preserve the aforesaid security so long as any of the Refunded Bonds remain unpaid.

SECTION 5. TRANSFERS FROM ESCROW FUND. The City hereby directs, and the Escrow Agent hereby agrees, to take all actions required to be taken by it under the 2006 Bond Ordinance in order to effectuate this Agreement and to pay the Refunded Bonds, in the amounts and at the times provided in Schedule A attached hereto. The Escrow Agent shall, no later than the interest or principal payment or redemption date for the Refunded Bonds, transfer solely from funds on deposit in the Escrow Fund to the paying agent for the Refunded Bonds amounts sufficient to pay, when due, the principal of, redemption premium, if any, and interest on the Refunded Bonds, all as specified on Schedule A hereto.

SECTION 6. REINVESTMENT OF CERTAIN MONEYS REMAINING IN ESCROW FUND.

(a) At the written direction of an authorized officer of the City, and upon compliance with clause (b) hereof, the Escrow Agent may invest in direct obligations of the United States of America (the "Escrow Securities"), from time to time, any uninvested cash in the Escrow Fund not immediately needed to make payments of principal and interest on the Refunded Bonds as specified on Schedule A hereto. Subject to compliance with clause (b) hereof, any interest income resulting from investment of monies pursuant to this clause (a) shall be transferred to the City as its absolute property, free from the trust created by the 2006 Bond Ordinance, the 2014 Bond Ordinance and this Agreement.

(b) The foregoing transaction may be effected only if: (i) in the opinion of counsel with expertise in the field of tax-exempt finance such transactions will not, under the statutes, rules and regulations then in force and applicable: (A) cause the interest on the Refunded Bonds and 2014 Bonds not to be excluded from gross income for federal income

tax purposes; or (B) violate any provisions of Florida law or of any documents, instruments or resolutions of the City relating to the Refunded Bonds; and (ii) a nationally recognized firm of independent certified public accountants shall certify to the City and Escrow Agent that the cash remaining on hand in the Escrow Fund after the transactions are completed, together with the maturing principal of the Escrow Securities and interest due thereon, will be sufficient to pay when due the Refunded Bonds, upon the redemption thereof, all of the principal of and interest on the Refunded Bonds. The City shall pay the costs of providing such opinions and certifications together with all fees and expenses (including reasonable attorneys' fees and expenses) incurred by the Escrow Agent in connection with such foregoing transactions (it being agreed that additional Escrow Agent fees will be due and payable to Escrow Agent if the amounts in the Escrow Fund are invested).

(c) The Escrow Agent covenants to take no action in the investment, reinvestment or security of the Escrow Fund other than as provided for in this Agreement; provided, however, the Escrow Agent shall be under no duty to inquire whether the Escrow Securities as deposited in the Escrow Fund are properly invested under the Code, and provided further that the Escrow Agent may rely in good faith on and shall have no liability for following any or all specific directions in this Agreement or otherwise given by the City or bond counsel in the investment or reinvestment of the Escrow Fund.

SECTION 7. PAYMENT TO ESCROW AGENT; LIABILITY OF ESCROW AGENT.

(a) The City hereby appoints the Escrow Agent as escrow agent under this Agreement and, by execution of this Agreement, the Escrow Agent accepts the duties and obligations as escrow agent hereunder. The Escrow Agent further represents that it has all the requisite power, and has taken all corporate actions necessary, to enter into and execute this Agreement.

(b) The Escrow Agent agrees to pay solely from moneys on deposit in the Escrow Fund, the principal, redemption premium, if any, and interest on the Refunded Bonds as aforesaid notwithstanding any failure by the City to pay when due any fees or expenses of the Escrow Agent or any paying agent relating to the Refunded Bonds. It is expressly understood that any such fees or expenses incurred by the Escrow Agent acting as escrow agent hereunder will be reimbursed by the City.

(c) In consideration of the services rendered by the Escrow Agent under this Agreement, the Issuer agrees to and shall pay a one-time fee of \$250 to the Escrow Agent, and any other fees and expenses as agreed to in writing by the parties hereto.

(d) The Escrow Agent shall not be liable in connection with the performance of its duties hereunder except for its own gross negligence or willful misconduct or failing to comply with any of its obligations hereunder. The Escrow Agent shall not be liable for any loss resulting from any investment made pursuant to the terms and provisions of this Agreement. The Escrow Agent shall not incur any liability with respect to: (i) any action

taken or omitted to be taken in good faith upon advice of its counsel or counsel to the City given with respect to any questions relating to the duties and responsibilities of the Escrow Agent hereunder; or (ii) any action taken or omitted to be taken in reliance upon any document, including any written notice or instructions provided for in this Agreement, not only reliance as to its due execution and the validity and effectiveness of its provisions but also as to the truth and accuracy of any information contained herein, which the Escrow Agent shall in good faith believe to be genuine, provided that such document has been signed or presented by the purported proper person or persons and conforms with the provisions of this Agreement.

(e) The Escrow Agent acknowledges that it has no lien, security interest or right of set-off whatsoever upon the cash and Escrow Securities in the Escrow Fund for any such payment.

(f) The Escrow Agent may act in reliance upon any signature believed by it to be genuine, and may assume that any person purporting to give any notice or receipt of advice or make any statements in connection with the provisions hereof has been duly authorized to do so.

(g) The Escrow Agent may act relative hereto in reliance upon advice of counsel with expertise in the field of tax-exempt finance in reference to any matter connected herewith.

(h) On or before November 15, 2014, the Escrow Agent shall submit to the City a report covering all money it shall have received and all payments it shall have made under the provisions of this Agreement. Such report shall also list any Escrow Securities on deposit with Escrow Agent on the date of the report and all cash held by it as proceeds of the collection of principal of and interest on any Escrow Securities on deposit in the Escrow Fund.

SECTION 8. INDEMNIFICATION. The City hereby agrees, to the extent permitted by law, to indemnify the Escrow Agent and hold it harmless from any and all claims, liabilities, losses, actions, suits or proceedings at law or in equity brought by third parties, or any other expenses, fees or charges of any character or nature which it may incur or with which it may be threatened by reason of such third party threats or proceedings, except in the case of Escrow Agent's own willful misconduct or gross negligence; and in connection therewith to indemnify the Escrow Agent against any and all expenses, including reasonable attorneys' fees and the costs of defending any action, suit or proceeding or resisting any claim, including appellate proceedings.

The Escrow Agent shall not be required to institute or defend any action or legal process involving any matter referred to herein which in any manner affects it or its duties or liabilities hereunder unless or until requested to do so by the City and then only upon receiving full indemnity in an amount and of such character as it shall reasonably require, against any and all claims, liabilities, judgments, attorneys' fees and any other expenses of every kind in relation thereto,

including appellate proceedings. The indemnification described in this Section shall survive the termination of this Agreement.

SECTION 9. RESIGNATION, DISCHARGE, REMOVAL, MERGER OF ESCROW AGENT.

(a) The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing, executed by the Owners of not less than fifty-one percent (51%) in aggregate principal amount of the Refunded Bonds then outstanding, such instruments to be filed with the City, and notice in writing given by such Owners to all of the Owners of the Refunded Bonds, not less than sixty (60) days before such removal is to take effect as stated in such instrument or instruments. A copy of any instrument filed with the City under the provisions of this paragraph shall be delivered by first-class, postage prepaid mail by the City to the Escrow Agent.

The Escrow Agent may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provisions of this Agreement with respect to the duties and obligations of the Escrow Agent by any court of competent jurisdiction upon the application of the Owners of not less than five percent (5%) in aggregate principal amount of the Refunded Bonds then outstanding.

(b) The Escrow Agent may be removed at any time with or without cause upon written notice by the City to the Escrow Agent delivered not less than sixty (60) days before such removal is to take effect.

(c) The Escrow Agent may resign and be discharged of its duties hereunder provided that the Escrow Agent has given at least sixty (60) days' written notice to the City of such resignation, specifying the date when such resignation will take effect, but no such resignation shall take effect unless a successor Escrow Agent shall have been appointed in accordance with clause (d) below and the requirements of clause (e) below have been met, in which event such resignation shall take effect immediately.

(d) If at any time hereafter the Escrow Agent shall resign, be removed, be dissolved or otherwise become incapable of acting, or shall be taken over by any governmental official, agency, department or board, or taken under the control of a receiver, or for any other reason, the position of Escrow Agent shall become vacant, the City shall immediately appoint an Escrow Agent to fill such vacancy. No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall be a corporation with trust powers organized under the banking laws of the United States.

(e) Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the City an instrument in writing accepting such appointment hereunder and thereupon such successor Escrow Agent, without any further act, deed or conveyance, shall become fully vested with all the rights, immunities,

powers, trusts, duties and obligations of its predecessor. Such predecessor Escrow Agent nevertheless, on the written request of the City, shall execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, powers and trust of such predecessor hereunder. Furthermore, every predecessor Escrow Agent shall deliver all escrowed documents, cash and Escrow Securities held by it to the successor Escrow Agent; provided, however, that before any such delivery is required to be made, all fees, advances and expenses of the retiring or removed Escrow Agent shall be paid in full. Should any transfer, assignment or instrument in writing from the City be required by any successor Escrow Agent for more fully and certainly vesting in such successor Escrow Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instruments in writing shall, on request, be executed, acknowledged and delivered by the City. The Escrow Agent shall not be responsible or obligated to act pursuant to this Agreement after the effective date of its removal as Escrow Agent hereunder.

(f) Any corporation into which the Escrow Agent, or any successor to it in the trust created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or reorganization to which Escrow Agent or any successor to it shall be a party shall, if approved in writing by the City (which approval shall not be unreasonably withheld), be the successor Escrow Agent under this Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

SECTION 10. NOTICES. The City hereby confirms its direction dated September ___, 2014 to U.S. Bank National Association, as Bond Registrar and Paying Agent for the Refunded Bonds to send, and the Escrow Agent hereby confirms that the conditional notice of redemption (the "Redemption Notice") in the form annexed hereto as Schedule B has been sent. The City hereby directs the Escrow Agent to send, and the Escrow Agent hereby agrees to send, the notice of defeasance (the "Defeasance Notice") in the form annexed hereto as Schedule B. The Redemption Notice was sent and the Defeasance Notice will be sent at the times and to the persons required by the Bond Ordinance, and containing the information set forth therein. The Redemption Notice was sent not less than thirty days and not more than sixty days prior to the Redemption Date by mailing a copy of the notice by first class mail, postage prepaid, to the registered Owners of the Refunded Bonds at their addresses appearing on the registration books of the Bond Registrar for the Refunded Bonds. The Defeasance Notice shall be delivered by mailing a copy of the notice by first class mail, postage prepaid, to the registered Owners of the Refunded Bonds at their addresses appearing on the registration books of the Bond Registrar for the Refunded Bonds. The City shall pay all costs associated with giving the Redemption Notice and Defeasance Notice as provided herein and the 2006 Bond Ordinance. The Defeasance Notice shall be sent promptly following the date hereof, but in no event later than ten (10) Business Days after the date hereof. The Escrow Agent confirms that additional redemption notices were given by U.S. Bank National Association to Owners of the Refunded Bonds and other parties as required by the 2006 Bond Ordinance.

SECTION 11. TRANSFER OF FUNDS AFTER ALL PAYMENTS REQUIRED BY THIS AGREEMENT ARE PROVIDED FOR OR MADE. Whenever all principal of, redemption premium and interest on all the Refunded Bonds have been paid, all excess cash and Escrow Securities in the Escrow Fund shall, at the written request of the City, be transferred by the Escrow Agent to the Trustee for deposit to the Bond Amortization Fund and/or Sinking Fund, to be applied as provided in the 2014 Bond Ordinance, free from the trust created by this Agreement. The Escrow Agent shall not invest or reinvest any of the cash or Escrow Securities to be so transferred until such transfer is complete.

SECTION 12. TERMINATION. Except as otherwise expressly provided herein, this Agreement shall terminate when the principal of, redemption premium, if any, and interest on all Refunded Bonds have been paid by the Escrow Agent to the Paying Agent. The Escrow Agent shall thereupon be released and discharged with respect hereto.

SECTION 13. AMENDMENTS. This Agreement is made for the benefit of the City and the Owners from time to time of the Refunded Bonds and it shall not be repealed, revoked, rescinded, altered, amended or supplemented in whole or in part without: (a) the written consent of the Owners of one hundred percent (100%) in principal amount of the unpaid Refunded Bonds at the time such proposed change is made; (b) the written consent of the Escrow Agent; and (c) the written opinion of counsel with expertise in the field of tax-exempt finance that such action will not materially adversely affect the rights of the Owners of the Refunded Bonds; provided, however, that the City and the Escrow Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (i) to cure any ambiguity or formal defect or omission in this Agreement; or
- (ii) to grant to or confer upon the Escrow Agent for the benefit of such holders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Escrow Agent; or
- (iii) to subject to this Agreement additional funds, securities or properties.

The Escrow Agent shall be entitled to rely exclusively upon an opinion of bond counsel with expertise in the field of tax-exempt finance with respect to compliance with this Section 13, including the extent, if any, to which any change, modification, addition or elimination affects the rights of such holders or that any instrument executed hereunder complies with the conditions or provisions of this Section 13. The City shall pay the costs of providing such opinion.

SECTION 14. MISCELLANEOUS.

(a) All notices, demands or other communications given hereunder shall be in writing and shall only be deemed duly given upon mailing by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the City: City of Pompano Beach, Florida
 100 W. Atlantic Boulevard
 Pompano Beach, Florida 33060
 Attention: City Manager

If to the Escrow Agent: U.S. Bank National Association
 200 S. Biscayne Boulevard, Suite 1870
 Miami, Florida 33131
 Attention: Corporate Trust Department

(b) This Agreement may be signed in several counterparts. Each will be an original, but all of them together constitute the same instrument.

(c) If any one or more of the covenants or agreements provided in this Agreement on the part of the City or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way effect the validity of the remaining provisions of this Agreement.

(d) All the covenants, promises and agreements in this Agreement contained by or on behalf of the City or by or on behalf of the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns.

(e) This Agreement shall be governed by the applicable law of the State of Florida.

(f) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legatees, assigns and transferees, as the case may be. The Escrow Agent shall not be charged with notice or knowledge of any ancillary document, fact or information not specifically set forth herein. The Escrow Agent shall undertake to perform only such duties as are expressly set forth herein and no additional or implied duties or obligations shall be read into the Escrow Agreement against the Escrow Agent.

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed by their duly authorized officers and, in the case of the City, its corporate seal to be hereunto affixed and attested, in each case, as of the date first above written.

CITY OF POMPANO BEACH, FLORIDA

Attest:

City Clerk

[SEAL]

By: _____
Mayor

**U.S. BANK NATIONAL ASSOCIATION, as
Escrow Agent**

By: _____

Title: Assistant Vice President

SCHEDULE A

SCHEDULE OF DEBT SERVICE ON REFUNDED BONDS

<u>Period Ending (Redemption Date)</u>	<u>Interest</u>	<u>Principal Redeemed</u>	<u>Total</u>
10/10/14	\$212,470.16	\$17,945,000.00	\$18,157,470.16

SCHEDULE B

FORMS OF NOTICES

NOTICE OF DEFEASANCE

City of Pompano Beach, Florida
Water and Sewer Refunding Revenue Bonds, Series 2006B (the "2006B Bonds")

Dated Date: May 18, 2006

Original Aggregate Principal Amount: \$35,915,000

Outstanding 2006B Bonds:

<u>Maturity (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP No.</u>
2015	\$2,695,000	4.000%	732223DF6
2016	\$2,800,000	4.125%	732223DG4
2017	\$2,915,000	4.125%	732223DH2
2018	\$3,040,000	4.500%	732223DJ8
2019	\$3,175,000	4.500%	732223DK5
2020	\$3,320,000	4.500%	732223DL3

NOTICE IS HEREBY GIVEN that for the payment of all unpaid principal and interest on the above-referenced outstanding 2006B Bonds (the "Refunded Bonds") there has been deposited in escrow with U.S. Bank National Association, Miami, Florida, as escrow agent, refunding bond proceeds and other funds which are held in cash.

Such cash has been calculated to be adequate to pay the unpaid principal and interest on the Refunded Bonds as same become due by optional redemption on October 10, 2014 (the "Redemption Date").

The Refunded Bonds are deemed to have been paid within the meaning of Ordinance No. 87-37 enacted by the City on April 21, 1987, as amended, as supplemented by Ordinance No. 2005-57 enacted by the City on June 14, 2005, under which the 2006B Bonds were issued and secured.

Important: The provisions of the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Act") require Owners to submit their Taxpayer Identification Number, (either their social security or employer identification number, as appropriate) with each Refunded Bond presented for payment (whether by purchase or redemption). Failure to comply will subject the payment of the principal portion to the withholding of twenty-eight percent (28%) of such principal portion. To avoid being subject to such withholding, Owners should submit an IRS Form W-9 at the time the Refunded Bonds are presented for payment. Form W-9 is available from your local bank or broker.

**CUSIP numbers are included solely for the convenience of owners of the Refunded Bonds. Neither the Issuer nor the Trustee shall have any responsibility with respect to the selection or use of any CUSIP number, nor is any representation made as to the correctness or accuracy of any CUSIP Number, either as printed on the Refunded Bonds or as contained in this Notice of Defeasance.*

Dated as of this ____ day of September, 2014.

U.S. Bank National Association, as Escrow
Agent

CONDITIONAL NOTICE OF REDEMPTION

City of Pompano Beach, Florida
Water and Sewer Refunding Revenue Bonds, Series 2006B (the "2006B Bonds")

Dated Date: May 18, 2006

Original Aggregate Principal Amount: \$35,915,000

Outstanding 2006B Bonds To Be Redeemed:

<u>Maturity (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP No.</u>
2015	\$2,695,000	4.000%	732223DF6
2016	\$2,800,000	4.125%	732223DG4
2017	\$2,915,000	4.125%	732223DH2
2018	\$3,040,000	4.500%	732223DJ8
2019	\$3,175,000	4.500%	732223DK5
2020	\$3,320,000	4.500%	732223DL3

THIS CONDITIONAL NOTICE OF REDEMPTION IS HEREBY GIVEN pursuant to the provisions of Ordinance No. 87-37 enacted by the City on April 21, 1987, as amended (the "Master Ordinance"), as supplemented by Ordinance No. 2005-57 enacted by the City on June 14, 2005 (the "Series Ordinance" and, collectively with the Master Ordinance, the "Bond Ordinance") under which the 2006B Bonds were issued and secured that the outstanding 2006B Bonds shown above to be redeemed (the "Refunded Bonds") have been conditionally called for redemption on October 10, 2014 (the "Redemption Date") at a redemption price equal to 100% of such Refunded Bonds to be redeemed (the "Redemption Price"), plus interest accrued on the Refunded Bonds to the Redemption Date, and without premium, subject to the following paragraph.

As contemplated by Section 5 of the Series Ordinance, the redemption of the Refunded Bonds on the Redemption Date is expressly conditioned upon the deposit with U.S. Bank National Association, as escrow agent, on or prior to the Redemption Date, of moneys sufficient to pay, on the Redemption Date, the Redemption Price, plus interest accrued on the Refunded Bonds to the Redemption Date. This notice will be of no force and effect unless such moneys are so deposited.

Refunded Bonds held in book-entry form need not be presented. To receive payment of the Redemption Price, plus interest accrued on the Refunded Bonds to the Redemption Date, you must present your certificate(s) to us on or prior to the Redemption Date. The certificate(s) should be delivered to the following addresses:

By Mail:

By Hand or Overnight Mail:

US Bank National Association
Corporate Trust Services
PO Box 64111
St. Paul, MN 55164-0111

US Bank National Association
Corporate Trust Services
111 Fillmore Ave E
St. Paul, MN 55107

Important: The provisions of the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Act") require Owners to submit their Taxpayer Identification Number, (either their social security or employer identification number, as appropriate) with each Refunded Bond presented for payment (whether by purchase or redemption). Failure to comply will subject the payment of the principal portion to the withholding of twenty-eight percent (28%) of such principal portion. To avoid being subject to such withholding, Owners should submit an IRS Form W-9 at the time the Refunded Bonds are presented for payment. Form W-9 is available from your local bank or broker.

*CUSIP numbers are included solely for the convenience of owners of the Refunded Bonds. Neither the Issuer nor the Trustee shall have any responsibility with respect to the selection or use of any CUSIP number, nor is any representation made as to the correctness or accuracy of any CUSIP Number, either as printed on the Refunded Bonds or as contained in this Conditional Notice of Redemption.

Dated as of this ____ day of September, 2014.

U.S. BANK NATIONAL ASSOCIATION, as
Bond Registrar and Paying Agent

EXHIBIT D

FORM OF INVESTOR LETTER

City Commission
City of Pompano Beach, Florida

Re: \$_____ City of Pompano Beach, Florida Water and Sewer Refunding Revenue Bonds, Series 2014 (the "2014 Bond")

Ladies and Gentlemen:

This letter is being provided in connection with the purchase of the above-referenced 2014 Bond which was delivered to us by the City of Pompano Beach, Florida (the "City") as of the date hereof.

1. We are engaged in the business of purchasing obligations similar to the 2014 Bond or the business of entering into loan transactions evidenced by obligations similar to the 2014 Bond.

2. We are purchasing the 2014 Bond from the City for our own account as evidence of a privately placed and negotiated loan and not for, with a current view to, or in connection with, any resale or distribution. We have no present plans or intentions to sell or transfer or otherwise dispose of any portion of the 2014 Bond. We understand that the 2014 Bond may be transferred or assigned in whole, but not in part, subject to the terms and conditions set forth in the 2014 Bond. We will notify any proposed transferee or assignee from us of the resale restrictions set forth in the 2014 Bond.

3. We are a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended (the "1933 Act"), and we have sufficient knowledge and experience in financial and business matters, including the purchase and ownership of taxable and tax-exempt obligations, to be capable of evaluating the merits and risks of our purchase of the 2014 Bond.

4. We are able to bear the economic risk of our purchase of the 2014 Bond.

5. We acknowledge that the 2014 Bond does not represent a general obligation of the City, the State of Florida or any political subdivision thereof and is not payable from taxes or any moneys provided by or to the City, other than those described in the 2014 Bond, and we further acknowledge that no covenant, stipulation, obligation or agreement contained in any documents related to the issuance of the 2014 Bond is or shall be deemed to be a covenant, agreement or obligation of any present or future board member, officer or employee of the City in his or her individual capacity.

6. We acknowledge and agree that the 2014 Bond has not been and will not be registered under the 1933 Act or the securities or Blue Sky laws of any state and are not listed on any stock or securities exchange.

7. We understand that no offering, statement, prospectus, offering circular, official statement or other disclosure document containing material information with respect to the City and the 2014 Bond is being or has been prepared, and that, with due diligence, we have made our own inquiry and analysis with respect to the City, the 2014 Bond and the security therefor.

8. We have received all financial and other information regarding the 2014 Bond that we have requested and which we consider relevant or necessary to make an informed decision to purchase the 2014 Bond. We have made our own inquiry into the creditworthiness of the 2014 Bond and the City, we have received all the information that we have requested from the City or any agents or representatives thereof, and we have been afforded a reasonable opportunity to ask questions about the terms and conditions of the offering of the 2014 Bond and the security therefor, and the City, and have received, to the best of our knowledge, complete and satisfactory answers to all such questions.

Dated this 26th day of September, 2014.

Yours very truly,

REGIONS CAPITAL
ADVANTAGE, INC.

By: _____

Title: _____

EXHIBIT E

FORM OF DISCLOSURE/TRUTH IN BONDING STATEMENT

City Commission
City of Pompano Beach, Florida

Re: \$_____ City of Pompano Beach, Florida Water and Sewer Refunding Revenue Bonds, Series 2014 (the "2014 Bond")

Ladies and Gentlemen:

In connection with the proposed issuance of the above-captioned 2014 Bond, Regions Capital Advantage, Inc. (the "Lender") has agreed to purchase the 2014 Bond. All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the ordinance authorizing the issuance of the 2014 Bond (the "Series Ordinance").

The purpose of this letter is to furnish pursuant to the provisions of Sections 218.385(2) and (6), Florida Statutes, as amended, certain information in respect to the arrangement contemplated for the placement and sale of the 2014 Bond as follows:

(a) An itemized list setting forth the nature and estimated amounts of expenses to be incurred by the Lender in connection with the issuance of the 2014 Bond is set forth below:

Lender's Counsel Fee (Bryant Miller Olive, P.A.): \$_____ (paid by City)

(b) No "finder" as that term is defined in Section 218.386, Florida Statutes, as amended, has entered into an understanding with the Lender for any paid or promised compensation or valuable consideration, directly or indirectly, expressly or implied, to act solely as an intermediary between the City and the Lender or to exercise or attempt to exercise any influence to effect any transaction in the purchase of the 2014 Bond.

(c) The underwriting spread to be paid by the City will be:

\$0.00

(d) No other fee, bonus or other compensation is estimated to be paid by the Lender in connection with the issuance of the 2014 Bond to any person not regularly employed or retained by the Lender (including any "finder," as defined in Section 218.386(1)(a), Florida Statutes, as amended), except as specifically enumerated as expenses to be incurred and paid by the Lender as set forth in paragraph (a) above.

(e) Truth-in-Bonding Statement -- The City is proposing to issue the 2014 Bond for the purpose of providing funds, together with other legally available funds of the City, to refund the City's outstanding Water and Sewer Refunding Revenue Bonds, Series 2006B (the "Refunded Bonds") and pay costs of issuance of the 2014 Bond. The 2014 Bond is expected to be repaid over a period of approximately ____ years, through maturity on July 1, 2020 (the "Maturity Date"). Assuming an initial interest rate of ____% per annum through the Maturity Date, the total interest paid over the life of the 2014 Bond will be \$_____.

The source of repayment or security for the 2014 Bond is limited solely to the Net Revenues of the System. The authorization of the debt or obligation evidenced by the 2014 Bond will result in approximately \$_____ of Net Revenues of the System not being available to the City to finance other projects of the City each year for the approximately ____ year period from the date of issuance of the 2014 Bond to the Maturity Date. According to the City, the Net Revenues were previously pledged to the payment of debt service on the Refunded Bonds.

(f) The name and address of the Lender is set forth below:

Regions Capital Advantage, Inc.
1900 5th Avenue North, Suite 2400
Birmingham, Alabama 35203

We understand that the City does not require any further disclosure from the Lender, pursuant to Section 218.385(6), Florida Statutes, as amended.

Dated as of this 26th day of September, 2014.

Yours very truly,

REGIONS CAPITAL
ADVANTAGE, INC.

By: _____

Title: _____

Financial Guaranty in 1993 terminates on July 1, 2013. The Reserve Account Policy in the amount of \$3,610,945 issued by Financial Guaranty in 2000 terminates on July 1, 2020, the scheduled final maturity date of the Series 2006 Bonds. This latter Reserve Account Policy will be sufficient to satisfy the Debt Service Reserve Requirement as it will exist from and after July 1, 2013 for the Series 2006 Bonds.

Generally, Financial Guaranty requires among other things, (i) that, so long as it has not failed to comply with its payment obligations under the Reserve Account Policies, it be granted the power to exercise any remedies available at law or under the authorizing document other than (A) acceleration of the Bonds or (B) remedies which would adversely affect holders in the event that the City fails to reimburse Financial Guaranty for any draws on the Reserve Account Policies, and (ii) that any amendment or supplement to or other modification of the principal legal documents be subject to Financial Guaranty's consent.

The Reserve Account Policies are not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law or by the Florida Insurance Guaranty Association (Florida Insurance Code, Sec. 631.50 et seq).

RATE COVENANT

The City has adopted a rate covenant and has covenanted in the Bond Ordinance to collect such fees, rentals and other charges for the use of the System as will always provide Gross Revenues in each Fiscal Year sufficient to pay one hundred twenty per centum (120%) of the Debt Service Requirement on the Series 2006 Bonds in such Fiscal Year, plus one hundred per centum (100%) of all reserve or other payments, including the Cost of Operation and Maintenance of the System and the payment of any Policy Costs.

ADDITIONAL PARITY OBLIGATIONS

No Additional Parity Obligations payable from the Net Revenues of the System on a parity with the Series 2006 Bonds shall be issued after the issuance of the Series 2006 Bonds except for the construction and/or acquisition of additions, extensions and improvements to the System, or for refunding purposes, and except upon the conditions and in the manner as follows:

A certificate of the Finance Director, shall be filed with the City, stating that the Net Revenues for the preceding Fiscal Year or twelve (12) consecutive months of the eighteen (18) months immediately preceding the date of sale of the Additional Parity Bonds are equal to at least 1.20 times the highest Debt Service Requirement in any succeeding Fiscal Year on (i) all bonds outstanding under the Bond Ordinance and all Additional Parity Obligations, if any, then outstanding; and (ii) the Additional Parity Obligations with respect to which such certificate is made and that such Net Revenues are equal to at least 100% of the Policy costs then due and owing under the Reserve Policy for the Series 2006 Bonds. The Net Revenues for such preceding Fiscal Year or twelve (12) month period may be adjusted by the Qualified Independent Consultant under certain conditions, for which reference is made to the Bond Ordinance set forth in full as Appendix B herein. The foregoing does not apply to Additional Parity Obligations issued for refunding purposes, provided that the Maximum Debt Service Requirement for all

Bonds issued under the Bond Ordinance that will be outstanding after issuance of such Additional Parity Obligations (excluding any bonds being defeased by proceeds of such Additional Parity Obligations) is not greater than the maximum Debt Service Requirement for all bonds issued under the Bond Ordinance that were outstanding prior to issuance of the Additional Parity Obligations for refunding purposes.

The City shall not be in default in performing any of the covenants and obligations assumed under the Bond Ordinance, and all payments required by the Bond Ordinance to have been made into the accounts and funds, as provided thereunder, shall have been made to the full extent required.

ADDITIONAL COVENANTS

The City additionally covenants with the holders of the Series 2006 Bonds regarding, among other things, no mortgage or sale of the System, insurance, no free service, enforcement of collections, no competing facilities, and defeasance of the Series 2006 Bonds. For a more complete description of the covenants of the City, reference is made to the Bond Ordinance, attached hereto as Appendix B. Pursuant to the Bond Ordinance and a written agreement to be entered into by the City and the Bond Insurer, various provisions apply to the Series 2006 Bonds, while they are insured by the Bond Insurer, requiring certain information, reports and notices to be provided by the City to the Bond Insurer and imposing certain agreements, covenants and obligations upon the City for the benefit of the Bond Insurer. Among other matters, these provisions require the Bond Insurer to consent to certain actions that may have otherwise been permitted by the Bond Ordinance, consent in lieu of Bondholders to amendments and supplements to the Bond Ordinance and entitle the Bond Insurer, upon an event of default described in the Bond Ordinance, to control and direct the enforcement of rights and remedies granted to Bondholders pursuant to the Bond Ordinance.

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APPENDIX B

**BOND ORDINANCE NO. 87-35,
AS SUPPLEMENTED AND AMENDED**

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AN ORDINANCE OF THE CITY OF POMPANO BEACH, FLORIDA, COMBINING THE CITY'S WATER SYSTEM AND SEWER SYSTEM INTO ONE COMBINED SYSTEM FOR FINANCING PURPOSES; AUTHORIZING THE REFUNDING OF PRESENTLY OUTSTANDING WATER SYSTEM REVENUE BONDS, SERIES 1982, OF THE CITY AND THE CONSTRUCTION AND ACQUISITION OF ADDITIONS, EXTENSIONS AND IMPROVEMENTS TO THE COMBINED WATER AND SEWER SYSTEM; PROVIDING FOR THE ISSUANCE OF NOT EXCEEDING \$15,000,000 WATER AND SEWER REVENUE BONDS, SERIES 1987, TO BE APPLIED TO SUCH PURPOSES; PROVIDING FOR THE PAYMENT OF SAID BONDS; MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; PROVIDING AN EFFECTIVE DATE.

WHEREAS, pursuant to law, ten (10) days' notice has been given by publication in a paper of general circulation in the City, notifying the public of this proposed ordinance and of a public hearing in the Commission Meeting Room of the City of Pompano Beach, Florida; and

WHEREAS, a public hearing before the City Commission was held pursuant to the published notice described above at which hearing the parties in interest and all other citizens so desiring had an opportunity to be and were in fact heard; now, therefore

BE IT ENACTED BY THE CITY OF POMPANO BEACH, FLORIDA:

SECTION 1. AUTHORITY FOR THIS ORDINANCE. This ordinance is enacted pursuant to the provisions of Chapter 166, Part II, Florida Statutes, and other applicable provisions of law.

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

A. "Act" shall mean Chapter 166, Part II, Florida Statutes, and other applicable provisions of law.

B. "Additional Parity Obligations" shall mean additional obligations issued in compliance with the terms, conditions and limitations contained herein and which shall have an equal lien on the Net Revenues, as herein defined, and rank equally in all

-1-

savings accounts, (c) deposit accounts, or (d) depository receipts of a bank, savings and loan associations and mutual savings banks;

(4) certificates of deposit issued by commercial banks, savings and loans associations and mutual savings banks, either in excess of FDIC or FSLIC insurance or without FDIC or FSLIC insurance, properly secured at all times, by collateral security described in (1) and (2) above;

(5) commercial paper rated in one of the two highest rating categories by at least two nationally recognized rating agencies or commercial paper backed by a letter of credit or line of credit rated in one of the two highest rating categories;

(6) written repurchase agreements with any bank, savings institution or trust company which is insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, or with any broker-dealer with retail customers which falls under Securities Investors Protection Corporation protection, provided that such repurchase agreements are fully secured by (i) above or obligations of any agency of instrumentality of the United States of America, and provided further that (ii) such collateral is held by the Issuer or any agent acting solely for the Issuer during the term of such repurchase agreement, (iii) such collateral is not subject to liens or claims of third parties, (iv) such collateral has a market value (determined at least once every 14 days) at least equal to the amount invested in the repurchase agreement, (v) the Issuer has a perfected first security interest in the collateral, (vi) the agreement shall be for a term not longer than 270 days and (vii) the failure to maintain such collateral at the level required in (iii) above will require the Issuer to liquidate the collateral;

(7) pre-refunded municipal obligations consisting of any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government-

respects with the Bonds initially issued under this Ordinance.

C. "Amortization Installment" with respect to any Current Interest Paying Term Bonds shall mean an amount so designated which is established for the Current Interest Paying Term Bonds, 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 subsequent resolution of the Issuer, and (ii) the aggregate of such installments shall equal the aggregate principal amount of Current Interest Paying Term Bonds authenticated and delivered on original issuance; and with respect to any Term Bonds issued as Capital Appreciation Bonds, shall mean the Compounded Amounts so designated by subsequent resolution of the Issuer, provided that each such installment shall be deemed to be due on such date of each applicable year as is fixed by subsequent resolution of the Issuer.

D. "Authorized Investments" shall mean any of the following if and to the extent the same are at the time legal for investment of municipal funds:

(1) direct obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America;

(2) bonds, debentures or notes or other evidence of indebtedness payable in cash issued by any one or a combination of any of the following federal agencies whose obligations represent full faith and credit of the United States of America: Export Import Bank of the United States, Federal Financing Bank, Farmer's Home Administration, Federal Housing Administration, Maritime Administration, Public Housing Authority, Government National Mortgage Association;

(3) the following investments fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation: (a) certificates of deposit, (b)

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tal unit of any such state (i) which are not callable at the option of the obligor prior to maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice, (ii) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Government Obligations which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, 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 appropriate, (iii) which fund is sufficient, as verified by an independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this subsection D(7) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this subsection D(7), as appropriate and (iv) which are rated in the highest rating category of either Standard & Poor's Corporation or Moody's Investors Service, or any successors thereto;

(8) money market funds rated AAA by Standard & Poor's;

(9) investment agreements approved by the Municipal Bond Insurer; and

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

E. "Bond Registrar" shall mean such bank or trust company, located within or without the State of Florida, who shall maintain the registration books of the Issuer and who shall cause the registration, registration of transfer, and reissuance of the Bonds within a commercially reasonable time according to the then

current industry standards and who also may be the paying agent for the Bonds and interest thereon.

F. "Bonds" shall mean the Water and Sewer Revenue Bonds, Series 1987, herein authorized to be issued.

G. "Capital Appreciation Bonds" shall mean Bonds the interest on which (1) shall be compounded periodically; (2) shall reach their principal amount at a date certain either on or prior to maturity and which shall be payable at maturity or upon earlier redemption of the principal amounts thereof; and (3) shall be determined by reference to the Compounded Amounts until reaching their principal amounts.

H. "Capital Appreciation/Income Bonds" shall mean Bonds which are Capital Appreciation Bonds to a date certain prior to maturity and which thereafter become Current Interest Paying Bonds to maturity.

I. "Compounded Amounts" with respect to any Capital Appreciation Bonds shall mean the amounts so designated in a subsequent resolution of the Issuer, representing principal and interest accrued on such Capital Appreciation Bonds either to maturity or to a date certain prior to maturity.

J. "Cost of Operation and Maintenance" of the System shall mean the current expenses, paid or accrued, of operation, maintenance and repair of the System as calculated in accordance with generally accepted accounting principles, but shall not include expenses not annually recurring, such as any reserve for renewals and replacements, extraordinary repairs or conditions, any allowance for depreciation, or any debt service requirement.

K. "Current Interest Paying Bonds" shall mean Bonds the interest on which shall be payable on a semiannual basis.

L. "Debt Service Requirement" for any Fiscal Year, as applied to the Bonds shall mean the sum of:

(1) The amount required to pay the interest becoming due on the Current Interest Paying Bonds during such Fiscal Year, except to the extent that such interest shall have

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to mature in such year.

M. "Debt Service Reserve Requirement" shall mean, as of any particular date of calculation, either (i) the greatest Debt Service Requirement for the then current or any future Fiscal Year, or (ii) such lesser amount equal to the maximum amount permitted as a reasonably required reserve by the Internal Revenue Code of 1986, as amended, and the regulations of the Internal Revenue Service promulgated thereunder.

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

O. "Escrow Deposit Agreement" shall mean that certain Escrow Deposit Agreement by and between the Issuer and a bank or trust company to be selected and named by the Issuer prior to the delivery of the Bonds, which agreement shall be in substantially such form as shall be determined by subsequent resolution of the Issuer.

P. "Federal Securities" shall mean, collectively,

- (1) cash;
- (2) direct obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America ("Government Obligations"); or
- (3) pre-refunded municipal obligations consisting of 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 (i) which are not callable at the option of the obligor prior to maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice, (ii) which are

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been provided by payments into the Sinking Fund out of Bond proceeds for a specified period of time. The interest due in any ensuing Fiscal Year on Current Interest Paying Bonds which have a variable rate of interest shall be assumed to be one hundred ten percent (110%) of the greater of (i) the daily average interest rate on such variable rate Bonds during the twelve months ending with the month preceding the date of calculation, or such shorter period that such Bonds shall have been outstanding, or (ii) the rate of interest on such variable rate Bonds on the date of calculation.

(2) The aggregate amount required to pay the principal becoming due on Current Interest Paying Bonds for each Fiscal Year. For purposes of this definition: (i) the stated maturity date of any Current Interest Paying Term Bonds shall be disregarded and the Amortization Installments applicable to such Current Interest Paying Term Bonds in such year shall be deemed to mature in such year; and (ii) the principal amount of any Current Interest Paying Term Bonds having (a) a single principal maturity and no Amortization Installments therefor and (b) the final Amortization Installment for any Current Interest Paying Term Bonds if such final Amortization Installment exceeds an amount equal to 20% of the maximum principal amount of such series of Current Interest Paying Bonds due in any Fiscal Year, (hereinafter called "Designated Maturity Bonds"), shall be calculated as if the amount of such single maturity or final Amortization Installment, as the case may be, had been issued over a term of 25 years and was payable in approximately equal annual payments of principal and interest.

(3) The aggregate amount required to pay the Compounded Amounts due on any Capital Appreciation Bonds maturing in such Fiscal Year. For purposes of this definition: (a) the stated maturity date of any Capital Appreciation Term Bond shall be disregarded and the Amortization Installments applicable to such Capital Appreciation Term Bonds in such year shall be deemed

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fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Government Obligations which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, 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 appropriate, (iii) which fund is sufficient, as verified by an independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this subsection P(3) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this subsection N(3), as appropriate and (iv) which are rated in the highest rating category of either Standard & Poor's Corporation or Moody's Investors Service, or any successors thereto.

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

R. "Gross Revenues" or "Revenues" shall mean all income or earnings, including installation and connection charges (but not Impact Fees) and including income from investments deposited in the Revenue Fund, derived by the Issuer from the operation of the System.

S. "Holder of Bonds" or "Bondholders" or any similar term shall mean any person who shall be the Registered Owner of any such Bond or Bonds, or his transferee.

T. "Impact Fees" shall mean the fees and charges, other than installation and connection charges, levied upon and collected from new users of the System.

U. "Issuer" or "City" shall mean the City of Pompano Beach, Florida.

V. "Municipal Bond Insurer" shall mean a firm or cor-

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poration which issues a policy of insurance guaranteeing payment of the principal of and interest on the Bonds.

W. "Net Revenues" of the System shall mean the Revenues or Gross Revenues, as defined in Subsection Q above, after deduction of the Cost of Operation and Maintenance, as defined in Subsection J above.

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

Y. "Record Date" shall mean the 15th day of the month immediately preceding any interest payment date for the Bonds.

Z. "Refunded Bonds" shall mean the Issuer's outstanding Water System Revenue Bonds, Series 1982, dated April 1, 1983.

AA. "Registered Owner" shall mean the owner of any Bond or Bonds as shown on the registration books of the Issuer maintained by the Bond Registrar.

BB. "Serial Bonds" shall mean Bonds which shall be stated to mature in semiannual or annual installments.

CC. "System" shall mean the water system and the sewer system now owned, operated and maintained by the Issuer, which are being combined by this Ordinance into a single combined and consolidated water and sewer system, together with any and all improvements, extensions and additions to said combined System hereafter constructed or acquired, together with all lands or interests therein, including, but not limited to, plants, buildings, machinery, franchises, pipes, mains, fixtures, equipment, pumping stations, and all property, real or personal, tangible or intangible, now or hereafter owned or used in connection therewith.

DD. "Term Bonds" shall mean Bonds which shall be stated

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issuance of the Bonds herein authorized. The refunding program herein described will be advantageous to the Issuer, by (1) restructuring the debt service for the System to anticipate future capital requirements, and (2) changing certain covenants contained in the proceedings which authorized the Refunded Bonds.

G. It is necessary and desirable and in the interest of the health and welfare of the City of Pompano Beach and its inhabitants that there be constructed additions extensions and improvements to said combined System (hereinafter called the "Project"), together with other purposes necessary, appurtenant or incidental thereto.

The Project described above shall be constructed and undertaken in accordance with plans and specifications therefor approved by the City Council.

H. The cost of the construction of the refunding and of the Project referred to shall be deemed to include, without being limited to, the acquisition of any lands or interest therein, any fixtures or equipment or properties deemed necessary or convenient therefor, engineering, financial and legal expenses, bond discount, if any, municipal bond insurance, if any, provisions for reserves, expenses for plans, specifications and surveys, expenses of estimates of costs and of revenues, administrative expenses for establishing the escrow for the Refunded Bonds, interest accrued on the Bonds for a reasonable period from the date of issuance thereof, and such other expenses as may be necessary or incidental to the financing authorized by this resolution, and the construction and acquisition of the Project authorized by this Ordinance and the placing of same in operation.

I. The estimated funds needed for the refunding as above described shall be derived from the sale of the Bonds herein authorized and other funds of the Issuer available therefor.

An amount which, together with the income on the investment thereof, will be sufficient to effect the refunding will be

to mature on one date and which shall be subject to mandatory redemption by operation of the Bond Amortization Fund or otherwise designated as such by resolution of the Issuer adopted prior to the delivery thereof.

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

A. The Issuer now owns, operates and maintains a separate water system for the supply and distribution of water to its inhabitants and others, and a separate sewer system for the collection, treatment and disposal of sewage and wastewater.

B. It is deemed necessary and desirable and in the best financial interest of the City of Pompano Beach and its inhabitants that said water system and said sewer system be combined and consolidated into a single Water and Sewer System for financial and other purposes; and said water system and sewer system are hereby combined and consolidated into a single Water and Sewer System.

C. The Issuer derives and will continue to derive revenue from rates, fees, rentals and other charges made and collected for the services of the System. Such revenues are not now pledged or encumbered in any manner except to the payment of the Refunded Bonds, the pledges of which, together with all other pledges to said Refunded Bonds, will be defeased upon the issuance of the Bonds herein authorized.

D. The Issuer has previously issued the Refunded Bonds, of which the estimated sum of not exceeding \$16,925,000 principal amount is presently outstanding and unpaid.

E. The Issuer has previously advance defeased all of its outstanding water revenue bonds and sewer revenue bonds, except for the Refunded Bonds, which had a lien on and pledge of the revenues of the water system and the sewer system, respectively.

F. The Issuer deems it necessary and in its best interest to provide for the refunding of the Refunded Bonds through the

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deposited in an irrevocable escrow account established for the holders of the Refunded Bonds, and invested in Federal Securities. The principal amounts of such Federal Securities together with the interest earnings thereon will be sufficient to make timely payments of all presently outstanding principal, interest and redemption premiums, if any, in respect to the Refunded Bonds and all costs associated with the acquisition and subsequent management of such Federal Securities.

J. The principal of and interest on the Bonds and all required sinking fund, reserve and other payments shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. The Issuer shall never be required to levy ad valorem taxes on any property within its corporate territory to pay the principal of and interest on the Bonds or to make any of the required sinking fund, reserve or other payments, and such Bonds shall not constitute a lien upon any property owned by or situated within the corporate territory of the Issuer.

K. The estimated Net Revenues to be derived from the operation of the System will be sufficient to pay all principal of and interest on the Bonds to be issued hereunder, as the same become due, and to make all required sinking fund, reserve or other payments required by this Ordinance.

SECTION 4. ORDINANCE TO CONSTITUTE CONTRACT. In consideration of the acceptance of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Issuer and such holders and, so long as any of the Bonds are insured by it or held by it as subrogee of such holders following payment on a municipal bond insurance policy, the Municipal Bond Insurer, if any. The covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the legal holders of any and all of such Bonds, all of which shall be of equal rank and without preference, priority or distinction of any of the Bonds

over any other thereof, except as expressly provided therein and herein.

SECTION 5. AUTHORIZATION OF REFUNDING OF REFUNDED BONDS AND OF CONSTRUCTION AND ACQUISITION OF PROJECT. There is hereby authorized the refunding of the Refunded Bonds, in the manner herein provided. There is also hereby authorized the construction and acquisition of the Project.

SECTION 6. AUTHORIZATION OF BONDS. Subject and pursuant to the provisions of this Ordinance, obligations of the Issuer to be known as "Water and Sewer Revenue Bonds, Series 1987" are hereby authorized to be issued in the aggregate principal amount of not exceeding Thirty Five Million Dollars (\$35,000,000).

SECTION 7. DESCRIPTION OF BONDS. The Bonds may be issued in one or more installments; each installment shall be dated as of a date to be fixed by subsequent resolution of the Issuer, but not later than the date of issuance. The Bonds of each installment shall bear an identifying suffix letter (if more than one installment is to be issued), shall be issued in such denominations, shall be numbered, shall bear interest at not exceeding the maximum rate authorized by applicable law, payable at such times, and shall mature on such dates and in such years and in such amounts, all as are fixed by subsequent resolution of the Issuer adopted at or prior to the sale of the Bonds. A special description relating to any of the Bonds may be set forth in parenthesis immediately below the title of the Bonds, in the discretion of the Issuer.

The Bonds shall be issued in fully registered form without coupons; shall be issued as Current Interest Paying Bonds (including Variable Interest Rate Bonds) or as Capital Appreciation Bonds or Capital Appreciation/Income Bonds and as Serial Bonds or Term Bonds or a combination thereof; shall be payable with respect to both principal and interest at such bank or banks to be determined by the Issuer prior to the delivery of the Bonds; shall be payable in lawful money of the United States of America;

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or may not have been so authorized.

If the Bonds are validated, a certification as to Circuit Court validation, in the form hereinafter provided, shall be executed with the facsimile signature of any present or future Mayor.

SECTION 9. NEGOTIABILITY. The Bonds shall be and have all the qualities and incidents of negotiable instruments under the laws of the State of Florida, and each successive holder, in accepting any of the Bonds, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the laws of the State of Florida.

SECTION 10. REGISTRATION. The Bonds shall be issued only as fully registered bonds without coupons. The City shall, prior to the proposed date of delivery of the Bonds, by resolution designate the Bond Registrar and, if applicable, paying agent. The Bond Registrar shall be responsible for maintaining the books for the registration of and for the transfer of the Bonds, in compliance with an Agreement to be executed between the City and such bank as Bond Registrar as parties on or prior to the delivery date of the Bonds. Such Agreement shall set forth in detail the duties, rights, and responsibilities of the parties to the Agreement.

Upon surrender to the Bond Registrar for transfer or exchange of any Bond, duly endorsed for transfer or accompanied by an assignment or written authorization for exchange, whichever is applicable, duly executed by the Registered Owner or his attorney duly authorized in writing, the Bond Registrar shall deliver in the name of the Registered Owner or the transferee or transferees, as the case may be, a new fully registered Bond or Bonds of authorized denominations of the same maturity and interest rate for the aggregate principal amount which the Registered Owner is entitled to receive; provided, however, that Current Interest Paying Bonds may only be exchanged for new Current Interest Paying Bonds and Capital Appreciation Bonds or Capital Appreciation/

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and shall bear interest from such date, but not earlier than the date of the Bonds, as is fixed by resolution of the Issuer adopted at or prior to the sale of the Bonds, payable by mail to the Registered Owners at their addresses as they appear on the registration books. If Term Bonds are issued, Amortization Installments therefor shall be fixed in the subsequent resolution referred to above. If Capital Appreciation Bonds or Capital Appreciation/Income Bonds are issued, Compounded Amounts and other details therefor shall also be fixed in the subsequent resolution referred to above.

SECTION 8. EXECUTION OF BONDS. The Bonds shall be executed in the name of the City by the Mayor and countersigned by the City Manager and the corporate seal of the City or a facsimile thereof shall be affixed thereto or reproduced thereon. The signatures of the Mayor and the City Manager may be either manual or facsimile signatures imprinted or reproduced on the Bonds. The Bond Registrar's Certificate of Authentication shall appear on the Bonds, and no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Ordinance unless such certificate shall have been duly executed on such Bond. The authorized signature for the Bond Registrar shall be either manual or in facsimile; provided, however, that at least one of the signatures, including that of the authorized signature for the Bond Registrar, appearing on the Bonds shall at all times be a manual signature. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the City before the Bonds so signed and sealed shall have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the City by such person as at the actual time of the execution of such Bonds shall hold the proper office, although at the date of such Bonds such person may not have held such office

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Income Bonds may only be exchanged for new Capital Appreciation Bonds or Capital Appreciation/Income Bonds, as the case may be.

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

The City and the Bond Registrar may require payment from the Registered Owner or transferee only of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in connection with any exchange or transfer of Bonds. Such charges and expenses shall be paid before any such new Bond shall be delivered.

Interest shall be paid on such dates as are set forth in a subsequent resolution to the Registered Owners whose names appear on the books of the Bond Registrar as of 5:00 p.m. (local time, at the office of the Bond Registrar) on the Record Date.

New Bonds delivered upon any transfer or exchange shall be valid obligations of the City, evidencing the same debt as the Bonds surrendered, shall be secured by this Ordinance, and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

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

Notwithstanding the foregoing provisions of this Section 10, the City reserves the right, on or prior to the delivery of the Bonds, to amend or modify the foregoing provisions relating to registration of the Bonds in order to comply with all applicable

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laws, rules, and regulations of the United States Government and the State of Florida relating thereto.

SECTION 11. DISPOSITION OF OBLIGATIONS PAID OR REPLACED.

Whenever any Bond shall be delivered to the Bond Registrar for cancellation, upon payment of the principal amount thereof or for replacement or transfer or exchange, such Bond shall, after cancellation, either be retained by the Bond Registrar for a period of time specified in writing by the City or at the option of the City, shall be destroyed by the Bond Registrar and counterparts of a certificate of destruction evidencing such destruction shall be furnished to the City.

SECTION 12. BONDS MUTILATED, DESTROYED, STOLEN OR LOST.

In case any Bond shall become mutilated, or be destroyed, stolen or lost, the City, acting through the Bond Registrar, may in its discretion issue and deliver a new Bond of like tenor as the Bonds so mutilated, destroyed, stolen, or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Registered Owner furnishing proof of his ownership and the loss thereof (if lost, stolen or destroyed) and satisfactory indemnity and complying with such other reasonable regulations and conditions as the City may prescribe and paying such expense as the City and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar. If any such Bonds shall have matured or be about to mature, instead of issuing a substitute Bond, the City may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Bonds issued pursuant to this Section shall constitute original, additional, contractual obligations on the part of the City, whether or not the lost, stolen or destroyed Bonds be at any time found by anyone and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien, source and security for payment, pursuant to this

Ordinance, from the Net Revenues, to the same extent as all other Bonds issued under this Ordinance.

SECTION 13. PROVISIONS FOR REDEMPTION. The Bonds or any portions thereof shall be subject to redemption prior to their respective stated dates of maturity, at the option of the City, at such times and in such manner as shall be determined by subsequent resolution adopted prior to the sale thereof.

Notice of such redemption shall, at least thirty (30) days prior to the redemption date (i) be filed with the paying agent, and (ii) be mailed, postage prepaid, to all Registered Owners of Bonds to be redeemed at their addresses as they appear of record on the books of the Bond Registrar as of forty-five (45) days prior to the date fixed for redemption. Interest shall cease to accrue on any Bond duly called for prior redemption on the redemption date, if payment thereof has been duly provided. The privilege of transfer or exchange of any of the Bonds so called for redemption is suspended for a period commencing 15 days preceding the mailing of the notice of redemption and ending on the date fixed for redemption.

SECTION 14. FORM OF BONDS. The text of the Bonds, together with the Certificate of Validation and the Bond Registrar's Certificate of Authentication, shall be substantially of the following tenor, with such omissions, insertions and variations as may be necessary and/or desirable and authorized or permitted by this Ordinance or any subsequent resolution adopted prior to the issuance thereof, or as may be necessary if the Bonds or portions thereof are issued as Capital Appreciation Bonds, Capital Appreciation/Income Bonds or bear a variable rate of interest, or as may be necessary to comply with applicable laws, rules and regulations of the United States Government and the State of Florida in effect upon the issuance thereof:

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No. _____ CUSIP: _____
\$ _____
UNITED STATES OF AMERICA
STATE OF FLORIDA
CITY OF POMPANO BEACH
WATER AND SEWER REVENUE BOND, SERIES 1987
RATE OF INTEREST _____ MATURITY DATE _____ DATE OF ORIGINAL ISSUE _____
REGISTERED OWNER: _____
PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS, that the City of Pompano Beach, Florida (hereinafter called "City"), for value received hereby promises to pay to the Registered Owner designated above, or registered assigns, solely from the special funds hereinafter mentioned, on the Maturity Date specified above the principal sum shown above, upon the presentation and surrender hereof at the corporate trust office of _____, as Paying Agent and Bond Registrar, and to pay solely from such special funds interest thereon from the date of this Bond or from the most recent interest payment date to which interest has been paid, whichever is applicable, until payment of such sum, at the rate per annum set forth above, payable on _____, and semiannually thereafter on _____ 1 and _____ 1 in each year, by check or draft mailed to the registered owner at his address as it appears, at 5:00 P.M. on the fifteenth day of the month preceding the applicable interest payment date, on the registration books of the City kept by the Bond Registrar. The principal of, premium, if any, and interest on this Bond are payable in lawful money of the United States of America.

This Bond is one of an authorized issue of bonds in the aggregate principal amount of not exceeding \$35,000,000 of like tenor and effect, except as to (installment), date, number, interest rate and date of maturity, issued to finance the cost of refunding the City's outstanding Water System Revenue Bonds, Series 1982, and of constructing additions, extensions and impro-

vements to the combined water and sewer system (the "System") of the City, under the authority of and in full compliance with the Constitution and Statutes of the State of Florida, including particularly Chapter 166, Part II, Florida Statutes, and other applicable provisions of law, and an ordinance duly enacted by the City Commission of the City on the _____ day of _____, 1987, as supplemented (hereinafter collectively called "Ordinance") and is subject to all the terms and conditions of such Ordinance.

This Bond and the interest thereon are payable solely from and secured by a first lien upon and pledge of the net revenues derived by the City from the operation of the System, in the manner provided in the Ordinance. This Bond does not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation.

It is expressly agreed by the holder of this Bond that such holder shall never have the right to require or compel the levy of ad valorem taxes for the payment of the principal of and interest on this Bond or for the making of any sinking fund or other payment provided for in the Ordinance. This Bond and the indebtedness evidenced thereby shall not constitute a lien upon any other property of or in the City, but shall constitute a lien only upon the net revenues of the System, in the manner provided in said Ordinance.

(To be inserted where appropriate on face of bond:
"REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE SIDE HEREOF, AND SUCH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH ON THIS SIDE.")

This Bond may be transferred only upon the books of the City kept by the Bond Registrar under the Ordinance upon surrender thereof at the principal office of the Bond Registrar with an assignment duly executed by the Registered Owner or his duly authorized attorney, but only in the manner, subject to the limitations and upon payment of a sum sufficient to cover any tax, fee

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or governmental charge, if any, that may be imposed in connection with such transfer, as provided in the Ordinance, and upon surrender and cancellation of this Bond. Upon any such transfer, there shall be executed in the name of the transferee, and the Bond Registrar shall deliver, a new registered bond or bonds in the same aggregate principal amount and series, maturity and interest rate of the authorized denominations as the surrendered bond.

In like manner, subject to such conditions and upon the payment of a sum sufficient to cover any tax, fee or governmental charge, if any, that may be imposed in connection with such exchange, as the Registered Owner of this Bond may surrender the same (together with a written authorization for exchange satisfactory to the Bond Registrar duly executed by the Registered Owner or his duly authorized attorney) in exchange for an equal aggregate principal amount of fully registered bonds in authorized denominations of the same series, maturity and interest rate as this Bond.

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

This Bond is and has all the qualities and incidents of a negotiable instrument under the laws of the State of Florida.

(Insert redemption provisions).

Notice of such redemption shall be given in the manner required by the Ordinance.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Ordinance until the certificate of authentication hereon shall

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ASSIGNMENT

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

PLEASE INSERT NAME, ADDRESS AND SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

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

Dated: _____

Signature guaranteed: _____

(Bank, Trust Company or Firm)

(Authorized Officer)

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

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have been executed by the Bond Registrar.

IN WITNESS WHEREOF, the City of Pompano Beach, Florida, has issued this Bond and has caused the same to be executed by the manual or facsimile signature of its Mayor, and its corporate seal or a facsimile thereof to be affixed, impressed, imprinted, lithographed or reproduced hereon and attested by the manual or facsimile signature of its City Manager, all as of the first day of _____, 198__.

CITY OF POMPAÑO BEACH, FLORIDA

(SEAL)

Mayor

ATTEST:

City Manager

VALIDATION CERTIFICATE (If Bonds Validated)

This Bond is one of a series of Bonds which were validated and confirmed by judgment of the Circuit Court for Broward County, Florida, rendered on the _____ day of _____, 198__.

Mayor

BOND REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the bonds of the issue described in the within-mentioned Ordinance.

As Bond Registrar

By _____
Authorized Signature

Date of Authentication

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SECTION 15. APPLICATION OF BOND PROCEEDS. The proceeds, including accrued interest and premium, if any, received from the sale of any or all of the Bonds shall be applied by the Issuer, simultaneously with their delivery to the purchaser thereof, as follows:

A. The accrued interest plus, at the option of the Issuer, an amount which, together with such accrued interest, will equal the amount of interest on the Bonds for a reasonable period of time from the date of issuance of the Bonds, shall be deposited in the Sinking Fund herein created and shall be used only for the purpose of paying interest becoming due on the Bonds.

B. A sum which, together with other legally available funds of the Issuer deposited therein on the date of delivery of the Bonds, will equal the Debt Service Reserve Requirement on the Bonds shall be deposited into the Reserve Account hereinafter created and established.

C. To the extent not paid or reimbursed therefor by the original purchaser of the Bonds, the Issuer shall pay all costs and expenses in connection with the preparation, issuance and sale of the Bonds.

D. 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, and together with the investment income thereon, will be sufficient to pay the principal of, interest and redemption premiums, if any, on the Refunded Bonds as the same shall become due or may be redeemed, shall be deposited into the Escrow Account established by the Escrow Deposit Agreement in the respective amounts sufficient for such purposes. Further, an amount sufficient to pay the costs and expenses incurred in connection with the issuance and sale of the Bonds may be deposited in a separate Expense Account and disbursed under the Escrow Deposit Agreement, if not paid under C above.

Simultaneously with the delivery of the Bonds necessary to accomplish the refunding program specified in this Ordinance,

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the Issuer shall enter into the Escrow Deposit Agreement in such form as shall be fixed by subsequent resolution of the Issuer adopted prior to the issuance of the Bonds, with a bank or trust company approved by the Issuer, which shall provide for the deposit of sums into the Escrow Account established therein, and for the investment of such moneys in appropriate Federal Securities so as to produce sufficient funds to make all of the payments described in the first paragraph of this subsection 15D 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 balance of such funds shall be deposited into the "City of Pompano Beach 1987 Water and Sewer Construction Fund" (hereinafter called "Construction Fund") (which is hereby created and established, and used only for payment of the costs of the Project. Any funds on deposit in the Construction Fund which, in the opinion of the City, acting upon the recommendation of the Director of Finance of the City, are not immediately necessary for expenditure may be invested in Authorized Investments, as herein defined, maturing at such times as the moneys in the Construction Fund will be needed for their intended purposes. All such securities shall be held by the depository bank, and all income derived therefrom shall be deposited into the Construction Fund; provided, however, that the City may from time to time at its sole option deposit such income or any portion thereof to the Sinking Fund. All expenditures or disbursements from the Construction Fund shall be made only after such expenditures or disbursements shall have been approved in writing by the Director of Finance or his designee. The date of the completion of the Project shall be determined by the City Engineer who shall certify such fact in writing to the governing body of the City.

Such funds shall be kept separate and apart from all

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in the "City of Pompano Beach, Water and Sewer System Revenue Fund" (hereinafter called "Revenue Fund"), hereby created and established. Such Revenue Fund shall constitute a trust fund for the purposes herein provided, and shall be kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner herein provided.

B. DISPOSITION OF REVENUES. All Revenues at any time remaining on deposit in the Revenue Fund shall be disposed of on or before the 25th day of each month, commencing in the month immediately following the delivery of the Bonds only in the following manner and in the following order of priority:

(1) Revenues shall first be used for deposit into a fund to be known as the "Operation and Maintenance Fund" which is hereby established, of such sums as are necessary to pay the Costs of Operation and Maintenance of the System for the then current month.

(2) Revenues shall next be applied and allocated to a separate fund which is hereby created and designated City of Pompano Beach Water and Sewer System Sinking Fund" (hereinafter called the "Sinking Fund"), in such sums as will be sufficient to pay one-sixth (1/6) of all interest becoming due on the Current Interest Paying Bonds on the next semiannual interest payment date therefor (if Bonds with a variable rate of interest are outstanding the Issuer shall deposit in lieu of the one-sixth (1/6) interest deposit described above, the interest actually accruing on such Bonds for such month, assuming the interest rate thereon on the first day of such month will continue through the end of such month, plus any deficiencies in interest deposits for the preceding month) one-sixth (1/6) or one-twelfth (1/12), as the case may be, of all principal maturing on the Current Interest Paying Serial Bonds authorized hereto on the next maturity date, and one-sixth (1/6) or one-twelfth (1/12), as the case may be, of the Compounded Amount next becoming due on any Serial Capital Appreciation Bonds whether by reason of maturity or earlier redemption

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other funds of the City and the moneys on deposit therein shall be withdrawn, used and applied by the City solely for the purposes set forth herein.

SECTION 16. SPECIAL OBLIGATIONS OF ISSUER. Neither the Bonds nor interest thereon shall be or constitute a general indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from and secured by a first lien upon and a pledge of the Net Revenues of the System as herein provided. No holder or holders of any Bonds issued hereunder shall ever have the right to require or compel the exercise of the ad valorem taxing power of the Issuer or taxation in any form of any property therein for payment thereof, or be entitled to payment of such principal and interest from any other funds of the Issuer except from the Net Revenues in the manner provided herein.

Until payment has been provided for as herein permitted, the payment of the principal of and interest on the Bonds shall be secured forthwith equally and ratably by an irrevocable first lien on the Net Revenues, as defined herein, derived from the operation of the System, prior and superior to all other liens or encumbrances on such Net Revenues, and the Issuer does hereby irrevocably pledge such Net Revenues from the System to the payment of the principal of and interest on the Bonds, the reserves therefor, and for all other required payments.

SECTION 17. COVENANTS OF THE ISSUER. For as long as any of the principal of and interest on any of the Bonds shall be outstanding and unpaid, or until payment has been provided for as herein permitted, or until there shall have been set apart in the Sinking Fund and the Reserve Account therein a sum sufficient to pay when due the entire principal of the Bonds remaining unpaid, together with interest accrued or to accrue thereon, the Issuer covenants with the holders of any and all Bonds as follows:

A. REVENUE FUND. The Gross Revenues derived from the operation of the System shall, upon receipt thereof, be deposited

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thereof, to be subsequently determined by resolution of the Issuer prior to the delivery of the particular issue of Bonds, and an amount sufficient to pay the fees and charges of the Bond Registrar and paying agents. In the event the first interest payment date or first principal maturity date shall occur either more or less than six (6) months or twelve (12) months, as the case may be, after the delivery of any of the Bonds, then the payments required above shall be adjusted accordingly to provide for the payment of such principal and interest. On a parity therewith, Revenues shall simultaneously be applied and allocated to the "City of Pompano Beach Water and Sewer System Revenue Bonds, Bond Amortization Fund" (hereinafter called the "Bond Amortization Fund"), hereby created and established, to the extent required, in such sums as will be equal to one-sixth (1/6) of the amount of the Amortization Installment required to be made on the next semiannual payment date or one-twelfth (1/12) of the Amortization Installment required to be made on the next annual payment date for Term Bonds. Such allocations 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 then into a separate special account in the Bond Amortization Fund for each such separate maturity of Term Bonds. The Amortization Installments may be due either annually or semi-annually, but in any event, the required payments as set forth above shall be made monthly commencing in the first month which is six (6) months or twelve (12) months, as the case may be, prior to the date on which the Amortization Installment is required to be made pursuant to this subsection (2). Failure to make any such application and allocation into the Bond Amortization Fund on the due date thereof shall constitute an event of default under this Ordinance.

Credit shall be allowed against the total interest, Amortization Installments and principal due on the next interest and principal payment dates, respectively, for any other funds on

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hand and available for such purposes in the Sinking Fund and Bond Amortization Fund.

Upon the sale of Term Bonds, if any, the Issuer shall, by resolution, establish the amounts and maturities of such Amortization Installments and if there shall be more than one maturity of Term Bonds the Amortization Installments for the Term Bonds of each maturity.

(3) Moneys remaining in the Revenue Fund shall next be applied by the Issuer to maintain in a Reserve Account in the Sinking Fund, which Reserve Account is hereby created and established, a sum equal to the Debt Service Reserve Requirement on the Bonds. Such sum shall initially be deposited therein from the proceeds of sale of the Bonds. Thereafter in the event the moneys, or any portion thereof, on deposit in said Reserve Account shall be used to make up any deficiency in the Sinking Fund or the Bond Amortization Fund, such moneys shall be replaced and such Reserve Account made whole within eleven (11) months after such use to make up any such deficiency, from the first moneys available in the Revenue Fund after all required current payments for Cost of Operation and Maintenance and all current applications and allocations to the Sinking Fund and Bond Amortization Fund, including all deficiencies for prior payments have been made in full, either by depositing such replacement moneys into said Reserve Account in one lump sum or by the deposit monthly into said Reserve Account of an amount equal to 1/12th of the difference between the amount remaining on deposit in said Reserve Account and the Debt Service Reserve Requirement on the Bonds. No further application or allocation of funds shall be required to be made into said Reserve Account when there has been deposited therein and as long as there shall remain on deposit therein a sum equal to the Debt Service Reserve Requirement on the Bonds. The value of the Authorized Investments on deposit in the Reserve Account shall be determined annually on the last day of the Fiscal Year by an Independent Qualified Consultant, using the lower of

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become due on the Bonds then outstanding by operation of the Bond Amortization Fund.

(5) Revenues shall next be applied and allocated to a "City of Pompano Beach Water and Sewer System Renewal, Replacement and Improvement Fund" (hereinafter called the "Renewal, Replacement and Improvement Fund"), hereby created and established. The amount of such monthly application and allocation in any Fiscal Year shall be one-twelfth (1/12) of a sum to be determined by resolution of the Issuer adopted prior to such Fiscal Year, which amount shall be, for such year, not less than five per centum (5%) of the Gross Revenues for the preceding Fiscal Year. However, no such monthly application and allocation shall be required whenever the unappropriated balance in such Fund shall equal at least one per centum (1%) of the gross book value of the fixed assets of the System, as determined in the audit required by Subsection 17G hereof. The moneys in the Renewal, Replacement and Improvement Fund shall be used only for the purpose of paying the cost of extensions, enlargements or additions to, or the replacement of capital assets of the System or for unusual or extraordinary repairs thereto, or non recurring expenses, and only with the prior approval of the City Commission of the Issuer, except that the moneys in said Fund shall first be used to supplement the Reserve Account whenever necessary to prevent a default in the payment of principal, Amortization Installments and interest on the Bonds and to restore any deficiency in such Reserve Account. However, when moneys applied to and allocated to the Renewal, Replacement and Improvement Fund exceed the required amount such excess may be withdrawn and applied and allocated to the Revenue Fund.

(6) Thereafter the balance of any revenues remaining after the above required payments (including deficiencies for prior payments) have been made may be used by the Issuer for any lawful purpose.

(7) The Revenue Fund, the Sinking Fund, the Bond

Amortized cost or market method of valuation. Upon such valuation, any deficiency in such Reserve Account shall be made up in the manner provided above.

Moneys in the Reserve Account shall be used only for the purpose of the payment of maturing Amortization Installments or principal of or interest on the Bonds when the other moneys allocated to the Sinking Fund and Bond Amortization Fund are insufficient therefor, and for no other purpose. However, if and whenever the moneys applied and allocated to the Reserve Account (except investment income to be deposited into the Revenue Fund as hereinafter provided) exceed the Debt Service Reserve Requirement on all then outstanding Bonds, such excess may be withdrawn and applied and allocated into the Renewal and Replacement Fund, or if the maximum amount required to be applied and allocated is then so applied and allocated in the Renewal and Replacement Fund, then into the Revenue Fund.

(4) Upon the issuance of any Additional Parity Obligations under the terms, limitations and conditions as herein provided, the applications and allocations into the Sinking Fund (including the Reserve Account therein), and if Term Bonds are issued, into the Bond Amortization Fund, shall be increased in such amounts as are necessary to make the payments required above for the principal of, interest on and reserves for such Additional Parity Obligations, and, if Term Bonds are issued, the Amortization Installments with respect thereto, all on the same basis as hereinabove provided with respect to the Bonds initially issued under this Ordinance.

The Issuer shall not be required to make any further applications or allocations to the Sinking Fund, the Bond Amortization Fund or the Reserve Account when the aggregate sums applied and allocated thereto are and remain at least equal to the sum of all of the annual Debt Service Requirements then due and becoming due in all ensuing years for the Bonds then outstanding, plus the amount of redemption premiums, if any, then due and thereafter to

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Amortization Fund, the Reserve Account and the Renewal, Replacement and Improvement Fund, and any other special funds herein established and created shall constitute trust funds for the purposes provided herein for such funds. All such funds shall be continuously secured in the same manner as municipal deposits are authorized to be secured by the laws of the State of Florida.

Moneys on deposit in the Revenue Fund, the Sinking Fund and the Bond Amortization Fund may be invested and reinvested only in Authorized Investments, as herein defined, maturing not later than the date on which the moneys therein will be needed. Moneys applied and allocated to the Renewal, Replacement and Improvement Fund may be invested and reinvested in Authorized Investments maturing not later than five (5) years from the date of investment. The moneys in the Reserve Account, to the extent that the yield on the investment thereof is not restricted pursuant to regulations of the Internal Revenue Service relating to "arbitrage bonds", may be invested and reinvested in Authorized Investments, provided such investments mature not later than the final maturity date of the Bonds. Any and all income received by the Issuer from such investments shall be deposited into the Revenue Fund on the next business day following the receipt thereof. The cash required to be accounted for in each of the foregoing funds and accounts established herein may be deposited in a single bank account, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the cash on deposit therein for the various purposes of such funds or accounts as herein provided. The designation and establishment of the various funds and accounts in and by this Ordinance shall not be construed to require the establishment of any completely independent, self-balancing funds or accounts, as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenues and assets of the System for certain purposes to establish certain priorities for application of such revenues and assets as herein

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provided.

C. OPERATION OF BOND AMORTIZATION FUND. Moneys held for the credit of the Bond Amortization Fund shall be applied to the retirement of Term Bonds as follows:

(1) Subject to the provisions of paragraph (4) below, the Issuer shall endeavor to purchase Term Bonds then outstanding, at the most advantageous price obtainable with reasonable diligence, such price not to exceed the principal of such Term Bonds and the redemption premium which would be applicable if the moneys applied to such purchase were otherwise applied to the redemption of Term Bonds under paragraphs (3) or (4) below. The Issuer shall pay the interest accrued on such Term Bonds to the date of delivery thereof from the Sinking Fund and the purchase price from the Bond Amortization Fund, but no such purchase shall be made by the Issuer within the period of forty-five (45) days immediately preceding any interest payment date on which such Term Bonds are subject to call for redemption except from moneys in excess of the amounts set aside or deposited for the redemption of Term Bonds.

(2) Subject to the provisions of paragraph (4) below, the Issuer shall call for redemption on each interest payment date on which Term Bonds are subject to redemption from moneys in the Bond Amortization Fund such amount of Term Bonds then subject to redemption as will exhaust the moneys then held in the Bond Amortization Fund as nearly as may be practicable. Prior to calling Term Bonds for redemption the Issuer shall withdraw from the Sinking Fund and from the Bond Amortization Fund and set aside in separate accounts or deposit with the Paying Agents the respective amounts required for paying the interest and principal on the Term Bonds so called for redemption.

(3) Moneys in the Bond Amortization Fund shall be applied by the Issuer in each Fiscal Year to the retirement of Term Bonds then outstanding in the following order:

(i) The Term Bonds of each series to the extent of

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

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

(4) The Issuer shall deposit into the Bond Amortization Fund, Amortization Installments for the amortization of the principal of the Current Interest Paying Term Bonds, and for the payment of the Compounded Amounts for the Capital Appreciation Term Bonds, together with any deficiencies for prior required deposits into the Bond Amortization Fund, such Amortization Installments to be in such amounts (or calculable amounts) and to be due on such date or dates and in such years as shall be determined by resolution of the governing body of the Issuer at or prior to the sale of the Bonds.

After all other required payments have been made, the Issuer shall pay from the Revenue Fund all expenses in connection

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with any such purchase or redemption.

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

The Issuer shall annually prepare and adopt on or prior to the beginning of each Fiscal Year, a detailed budget of the estimated income and expenditures for operation and maintenance of the System during such Fiscal Year. The Issuer shall make available a copy of such annual budget to any Holder or Holders of Bonds upon request.

E. RATE ORDINANCE. The Issuer has adopted or will adopt a rate ordinance and thereby will fix, establish and maintain such rates and will collect such fees, rentals and other charges for the use of the product, services and facilities of the System and revise the same from time to time, whenever necessary, as will always provide Gross Revenues in each Fiscal Year sufficient to pay one hundred twenty per centum (120%) of the Debt Service Requirement on the Bonds and any additional obligations issued on a parity with the Bonds, in such Fiscal Year, plus one hundred per centum (100%) of all reserve or other payments, including the cost of operation and maintenance of the System, herein required to be made in such Fiscal Year. Such rates, fees, rentals or other charges shall not be reduced so as to be insufficient to provide Gross Revenues adequate for such purposes.

The Issuer further covenants and agrees that the Issuer will annually within sixty (60) days after adoption of the budget described in Subsection D hereof, revise such fees, rates, rentals and other charges for the use of the product, services and facilities of the System to the extent necessary to comply with the rate covenant contained in the preceding paragraph.

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The Issuer will not reduce its schedule of rates, fees, rentals and other charges unless (i) the Issuer is not in default of any covenant or provision of this Ordinance, (ii) all required current payments under this Ordinance have been made in full, and (iii) the Independent Qualified Consultant shall certify that the proposed reduced schedule will provide sufficient Revenues in each Fiscal Year to comply with all covenants and required payments under this Ordinance.

F. ACCOUNTING RECORDS. The Issuer shall maintain separately identifiable accounting records for the operation of the System by the use of an enterprise fund as such term is commonly used in governmental accounting and any Bondholder shall have the right at all reasonable times to inspect all records, accounts and data of the Issuer relating thereto.

G. ANNUAL AUDIT. The Issuer shall, immediately after the close of each Fiscal Year, cause the books, records and accounts relating to the System to be properly audited by a recognized independent firm of certified public accountants, which audit may be a part of the City's comprehensive annual financial report, and shall require the auditors to complete their reports within one hundred eighty (180) days after the close of the Fiscal Year. Such audit shall contain, but not be limited to, the statements required by generally accepted accounting principles applicable to governmental units, and a certificate by the auditors disclosing any default on the part of the Issuer of any covenant herein. A copy of such annual audit shall be made available to any Bondholder upon request.

H. NO MORTGAGE OR SALE OF THE SYSTEM. The Issuer irrevocably covenants, binds and obligates itself not to sell, lease, encumber or in any manner dispose of the System as a whole until all of the Bonds shall have been paid in full as to both principal and interest; provided, however, that the Issuer may dispose of the System as a whole prior to the payment of all of the Bonds upon the condition that, at or prior to the closing of the sale,

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the Issuer shall deposit into irrevocable escrow sufficient funds, or Federal Securities the principal of and interest on which will be sufficient to pay when due all of the then outstanding Bonds, and the unpaid interest thereon, to maturity or to a redemption date then irrevocably determined by the Issuer pursuant to the terms fixed for redemption of the Bonds, and if redeemed, all redemption premiums which will be due on the redemption date.

The Issuer may sell or dispose of, for fair market value, any properties or parts of the System which the Qualified Independent Consultant will certify in writing are not necessary for the continued operation of the System and that the sale or disposal of which will not adversely affect the Revenues to be derived from the System to such an extent that the Issuer will fail to comply with the covenants of the Ordinance, and particularly the covenants contained in Subsection 17V hereof.

The proceeds derived from any sale or disposal of any properties or parts of the System as provided for in the above paragraph shall, in the discretion of the Issuer, be (1) deposited in the Renewal, Replacement and Improvement Fund and used exclusively for the purpose of paying the cost of extensions, enlargements or additions to, or the replacement of capital assets of the System and for unusual or extraordinary repairs thereto, or for the construction or acquisition of additions, extensions and improvements to the System, or (2) for the purchase or retirement of the Bonds; provided, however, that if the Qualified Independent Consultant shall certify that proceeds are necessary for the purposes stated in (1) above, such proceeds shall remain in the Renewal, Replacement and Improvement Fund until such certified requirements are satisfied and the proceeds shall not be used for any other purpose allowed by this Ordinance.

I. INSURANCE. For so long as any of the Bonds are outstanding, the Issuer will make adequate provision to maintain adequate fire and windstorm insurance on all buildings and structures of the works and properties of the System which are subject

to loss through fire or windstorm, public liability insurance and other insurance of such types and in such amounts as are normally carried in the operation of similar public water and sewer utilities within the State of Florida, for all of which insurance the Issuer may be either a wholly or partial self insurer. Any such insurance shall be placed with nationally recognized and reputable insurers or under authorized self-insurance programs or any combination of both and shall be carried for the benefit of the holders of the Bonds. All moneys received for losses under any of such insurance, except public liability, and for diminutive items which are not integral for the operation of the System and which are not revenue producing, are hereby pledged by the Issuer as security for the Bonds, until and unless such proceeds are used to remedy the loss or damage for which such proceeds are received, either by repairing the property damaged or replacing the property destroyed with due diligence after the receipt of such proceeds.

J. NO FREE SERVICE. The Issuer will not render or cause to be rendered any free services of any nature by its System. The Issuer, including its departments, agencies and instrumentalities, shall avail itself of the services provided by the System, or any part thereof, and the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged to the Issuer and any such department, agency or instrumentality. Such charges shall be paid as they accrue, and the Issuer shall transfer from its relevant funds sufficient sums to pay such charges. The revenues so received shall be deemed to be Revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

K. MANDATORY CUT OFF. The Issuer shall establish a written policy consistent with sound business judgment for the disconnection from the System of any customer who fails to pay for services rendered by the System, and shall enforce such policy diligently and fairly.

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L. ENFORCEMENT OF COLLECTIONS. The Issuer will diligently enforce and collect the rates, fees and other charges for the services of the System herein pledged; will take all reasonable steps, actions and proceedings for the enforcement and collection of such rates, charges and fees as shall become delinquent; and will maintain accurate records with respect thereof. All such fees, rates, charges and revenues herein pledged shall, as collected, be held in trust to be applied as herein provided and not otherwise.

M. EVENTS OF DEFAULT. It shall be an event of default under this Ordinance if:

(1) The Issuer shall fail to pay the principal, Amortization Installments and interest on the Bonds when due, whether at maturity, by call for redemption, or otherwise.

(2) The Issuer shall fail to deposit or pay within ten (10) days after the due date thereof any other required deposit or payment under this Ordinance;

(3) The Issuer shall fail to comply with any other covenant made in this Ordinance, which failure shall continue for more than thirty (30) days; or

(4) a decree or order for relief under the Federal Bankruptcy Code shall have been entered with respect to the Issuer; or any order or decree by a court having jurisdiction shall have been entered: (i) adjudging the Issuer bankrupt or insolvent under any similar applicable state or Federal law and any such order for relief, decree or order shall have continued undischarged and unstayed for a period of ninety (90) days; or (ii) providing for the appointment of a receiver or trustee or assignee in bankruptcy or insolvency of the Issuer shall have been entered and such decree or order shall have remained in force undischarged and unstayed for a period of ninety (90) days.

N. REMEDIES. Any holder of Bonds issued under the provisions hereof or any trustee acting for the holders of such Bonds may 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 of Florida, or granted and contained herein, and may enforce and compel the performance of all duties herein required or by any applicable statutes to be performed by the Issuer or by any officer thereof, including, but not limited to, the duty of the Issuer to remedy any event of default herein prescribed.

Nothing herein, however, shall be construed to grant to any holder of such Bonds any lien on any property of or within the corporate boundaries of the Issuer.

O. REPORT REGARDING SYSTEM. The Engineer shall provide the Issuer with competent counsel affecting the economical and efficient operation of the System and in connection with the making of capital improvements and renewals and replacements to the System. The Issuer shall annually cause to be prepared by the Engineer a report or survey of the System, with respect to the management of the properties thereof, the sufficiency of the rates and charges for services, the proper maintenance of the properties of the System, and the necessity for capital improvements and recommendations therefor. Such a report or survey shall also show any failure of the Issuer to perform or comply with the covenants herein contained.

If any such report or survey of the Engineer shall set forth that the provisions hereof or any reasonable recommendations of such Engineer have not been complied with, the Issuer shall immediately take such reasonable steps as are necessary to comply with such requirements and recommendations. Copies of each report or survey shall be placed on file with the City Clerk of the Issuer and shall be open to the inspection of any holder of Bonds or other interested parties.

P. NO COMPETING FACILITIES. To the full extent permitted by law, the Issuer will not grant, or cause, consent to, or allow the granting of, any franchise or permit to any person,

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firm, corporation or body, or agency or instrumentality whatsoever, for the furnishing of water and sewer services which will materially compete with those of the System.

Q. ISSUANCE OF OTHER OBLIGATIONS. Except under the conditions and in the manner provided herein, the Issuer will not issue any other obligations payable from the Net Revenues of the System, nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge having priority to or being on a parity with the lien of the Bonds and the interest thereon, upon said Net Revenues. All other obligations issued by the Issuer, other than the Bonds herein authorized and Additional Parity Obligations provided for in Subsection R below, payable from such Net Revenues shall be, and shall contain an express statement that such obligations are, junior and subordinate in all respects to the Bonds and any such Additional Parity Obligations, as to lien on and source and security for payment from the Net Revenues.

R. ISSUANCE OF ADDITIONAL PARITY OBLIGATIONS. No Additional Parity Obligations payable on a parity from the Net Revenues of the System with the Bonds issued pursuant to this Ordinance shall be issued after the issuance of the Bonds herein authorized, except for the construction and/or acquisition of additions, extensions and improvements to the System, or for refunding purposes, and except upon the conditions and in the manner herein provided:

(1) There shall have been obtained and filed with the Issuer not later than the date of delivery of such Additional Parity Obligations, a certificate of an Independent Certified Public Accountant of suitable experience and responsibility: (a) stating that the books and records of the Issuer relating to the collection and receipt of the Revenues derived from the operation of the Water and Sewer System have been audited by him; (b) setting forth the amount of Net Revenues, as defined herein, received by the Issuer for either the preceding Fiscal Year or for

any twelve (12) consecutive months of the eighteen (18) months immediately preceding the date of sale of such Additional Parity Obligations with respect to which such certificate is made, at the option of the Issuer, and (c) stating that the Net Revenues for such preceding Fiscal Year or twelve (12) month period are equal to at least 1.30 times the highest Debt Service Requirement in any succeeding Fiscal Year on (i) all Bonds and all Additional Parity Obligations, if any, then outstanding and (ii) the Additional Parity Obligations with respect to which such certificate is made.

(2) If desirable, the Net Revenues for such preceding Fiscal Year or twelve (12) month period may be adjusted by the Qualified Independent Consultant as follows: (a) to reflect for such preceding Fiscal Year or twelve (12) month period changes made in the rates, fees, rentals or other charges for the operation of the System placed in effect prior to the date of the certificate provided for in paragraph (1), above; (b) to reflect any change in such Net Revenues caused by any new projects, including the acquisition of any existing water and/or sewer systems, of the System having been placed into use and operation subsequent to the date of commencement of such preceding Fiscal Year or twelve (12) month period, as the case may be, and prior to the date of such certificate provided for in paragraph (1) above; (c) to include the estimated Net to be derived during the third full Fiscal Year commencing after the date upon which the proposed Additional Parity Obligations are delivered pursuant to the certificate referred to in subparagraph (1) above, on account of (i) the project to be constructed or acquired from the proceeds of such proposed Additional Parity Obligations, and (ii) projects under construction on the date of issuance of the proposed Additional Parity Obligations.

(3) For purposes of determining the highest Debt Service Requirement for the issuance of Additional Parity Obligations which will bear a variable rate of interest, the interest on such proposed Additional Parity Obligations shall be

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deemed to be the interest rate quoted in The Bond Buyer 25 Revenue Bond Index for the last week of the month preceding the date of sale of such Additional Parity Obligations, as published in The Bond Buyer or if that index is no longer published, an interest rate equal to 80% of the yield for outstanding Treasury bonds having an equivalent maturity as the Additional Parity Obligations proposed to be issued, or if there are no such Treasury bonds having equivalent maturities, 80% of the lowest prevailing prime rate of any of the five largest commercial banks in the United States ranked by assets. If none of the foregoing are available, such interest rate shall be that selected by a Qualified Independent Consultant. If Additional Parity Obligations are payable at the option of the holder, the "put" date or dates shall be ignored and the stated maturity dates thereof shall be used for purposes of calculating the average Debt Service Requirement for such variable rate Additional Parity Obligations.

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

(5) The Issuer shall not be in default in performing any of the covenants and obligations assumed hereunder, and all payments herein required to have been made into the accounts and funds, as provided hereunder, shall have been made to the full extent required.

(6) The Issuer covenants that it will not issue Designated Maturity Bonds (as defined in Subsection 2L(2)(ii) hereof) as Additional Parity Obligations as long as Bonds insured by a Municipal Bond Insurer remain outstanding unless (i) the Issuer obtains the consent of such Municipal Bond Insurer to such issuance, which consent shall not be unreasonably withheld or (ii) the Issuer covenants at the time of issuance of such Designated Maturity Bonds either to establish a credit facility which insures payment of the principal of such Bonds on the date of maturity

thereof or to refund such Bonds, in either case at a date not later than five years preceding the stated maturity thereof.

S. CONNECTIONS WITH SYSTEM. The Issuer will, to the full extent permitted by law, require all lands, buildings and structures within the service area which can use the facilities and services of the System, to connect with and use the facilities and services of the System, and to cease all other means and methods for the supply of water and the collection, purification, treatment and disposal of sewage and waste matter.

T. TAX EXEMPTION. The Issuer at all times while the Bonds and the interest thereon are outstanding will comply with the requirements of the Internal Revenue Code of 1986, and any valid and applicable rules and regulations promulgated thereunder, to the extent necessary to preserve the exemption from federal income taxation of the interest on the Bonds, and will adopt any procedures necessary for such compliance.

U. PAYMENT FROM NET REVENUES. The Issuer will duly and punctually pay or cause to be paid from the Net Revenues of the System, the principal of, and interest and premium, if any, on the Bonds.

SECTION 18. MODIFICATION OR AMENDMENT. No adverse material modification or amendment of this Ordinance or of any ordinance or resolution amendatory hereof or supplemental hereto may be made without the consent in writing of the holders of fifty-one percent (51%) or more in principal amount of the Bonds then outstanding; provided, however, that in the event the Issuer obtains a policy of municipal bond insurance covering the Bonds, then only the consent of the Municipal Bond Insurer shall be required; provided, further, that no modification or amendment shall permit a change in the maturity of the Bonds or a reduction in the rate of interest thereon or in the amount of principal obligation thereof or affecting the promise of the Issuer to pay the principal of and interest on the Bonds as the same shall become due from the Net Revenues of the System or reduce the per-

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centage of the Holders of the Bonds required to consent to any adverse material modification or amendment hereof without the consent of the Holders of all Bonds and the Municipal Bond Insurer; and provided further, however, that the Issuer may at any time amend this Ordinance to provide for the issuance or exchange of Bonds in coupon form, if and to the extent that doing so will not affect the tax exempt status of the interest on the Bonds.

SECTION 19. SALE OF BONDS. The Bonds shall be issued and sold at public or private sale at one time or from time to time and at such price or prices consistent with the provisions of the Act and the requirements of this Ordinance as the Issuer shall hereafter determine by resolution; provided that the first sale of such Bonds shall provide proceeds at least sufficient to carry out the refunding program hereinbefore set forth.

SECTION 20. VALIDATION AUTHORIZED. If the Mayor, the City Manager and the City Attorney shall determine in their discretion to validate the Bonds, the City Attorney is authorized and directed to prepare and file proceedings to validate the Bonds in the manner provided by law.

SECTION 21. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Bonds issued hereunder.

SECTION 22. PUBLICATION OF NOTICE OF REFUNDING. Within thirty (30) days after the delivery of the Bonds, the Issuer shall cause to be published one time in a financial journal of general circulation in the City and State of New York, a notice of the advance refunding of the Refunded Bonds.

SECTION 23. USE OF FUNDS SET ASIDE FOR REFUNDING BONDS.

The moneys and investments in the funds and accounts established in the proceedings authorizing the issuance of the Refunded Bonds shall be transferred to one or more of the corresponding funds and accounts established in this Ordinance or, at the option of the Issuer, shall be deposited in escrow for payment of the Refunded Bonds pursuant to the Escrow Deposit Agreement described in Section 15 hereof. The distribution of such moneys and investments among the various accounts, funds and Escrow Deposit Agreements shall be made as determined by the Director of Finance of the City prior to the delivery of any of the Bonds.

SECTION 24. DEFEASANCE. If, at any time, the Issuer shall have paid, or shall have made provision for payment of, the principal, interest and redemption premiums, if any, with respect to the Bonds, then, and in that event, the pledge of and lien on the Revenues in favor of the holders of the Bonds shall be no longer in effect. For purposes of the preceding sentence, deposit of Federal Securities in irrevocable trust with a banking institution or trust company, for the sole benefit of the Bondholders, in respect to which such Federal Securities, the principal and interest received will be sufficient to make timely payment of the principal, interest, and redemption premiums, if any, on the outstanding Bonds, shall be considered "provision for payment". Nothing herein shall be deemed to require the Issuer to call any of the outstanding Bonds for redemption prior to maturity pursuant to any applicable optional redemption provisions, or to impair the discretion of the Issuer in determining whether to exercise any such option for early redemption.

In the event that, prior to such defeasance, the principal and/or interest due on any of the Bonds shall have been paid by the Municipal Bond Insurer pursuant to its municipal bond insurance policy, the Bonds so paid shall remain outstanding, shall not be defeased and not be considered paid by the Issuer, and the lien and pledge of the Pledged Funds and all covenants,

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agreements and other obligations of the Issuer to the Registered Owners of such Bonds shall continue to exist and the Municipal Bond Insurer shall be subrogated to the rights of such Registered Owners.

Further, in the event that at any time after such defeasance has occurred, as above provided, a deficiency of cash or securities is found to exist in the escrow account, the Issuer covenants that it will, within seven (7) business days after being notified of such deficiency by the escrow holder of the escrow account, make up such deficiency from any funds or securities legally available to it in order that said escrow account shall be fully sufficient for the purpose of defeasing the Bonds.

SECTION 25. REPEAL OF INCONSISTENT ORDINANCES AND RESOLUTIONS. All ordinances or resolutions or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

SECTION 26. EFFECTIVE DATE. This Ordinance shall take effect upon its enactment in the manner provided by law.

ATTEST:


Geraldine H. Howell
City Clerk


Mayor

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PASSED FIRST READING this 7th day of APRIL, 1987.

PASSED SECOND READING this 21st day of APRIL, 1987.

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CITY OF POMPAÑO BEACH, FLORIDA

WATER AND SEWER REVENUE BONDS

ORDINANCE NO. 92-74Adopted September 29, 1992ORDINANCE NO. 92-92-74City Commission of the
City of Pompano Beach, FloridaRE: Proposed Amendments to Bond Ordinance 87-35 enacted by
the City of Pompano Beach, Florida on April 27, 1987
(the "Bond Ordinance")

Ladies and Gentlemen:

Municipal Bond Investors Assurance Corporation, a New York stock insurance company ("MBIA") is the insurer of the \$27,820,000 City of Pompano Beach, Florida Water and Sewer Revenue Bonds, Series 1987 issued under and secured by the above referenced Bond Ordinance. MBIA hereby consents, as required by Section 18 of the Bond Ordinance, to the proposed adoption by the City Commission of the City of Pompano Beach, Florida of certain amendments to the Bond Ordinance, which amendments are set forth in Exhibit A annexed hereto and made a part hereof.

Very truly yours,

MUNICIPAL BOND INVESTORS ASSURANCE
CORPORATIONBy: P. M. C. SingerTitle: Vice PresidentDate: 9/14/92

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AN ORDINANCE SUPPLEMENTING AND AMENDING ORDINANCE NO. 87-35 ENACTED BY THE CITY COMMISSION OF THE CITY OF POMPAÑO BEACH, FLORIDA ON APRIL 27, 1987 ENTITLED "AN ORDINANCE OF THE CITY OF POMPAÑO BEACH, FLORIDA, COMBINING THE CITY'S WATER SYSTEM AND SEWER SYSTEM INTO ONE COMBINED SYSTEM FOR FINANCING PURPOSES; AUTHORIZING THE REFUNDING OF PRESENTLY OUTSTANDING WATER SYSTEM REVENUE BONDS, SERIES 1982, OF THE CITY AND THE CONSTRUCTION AND ACQUISITION OF ADDITIONS, EXTENSIONS AND IMPROVEMENTS TO THE COMBINED WATER AND SEWER SYSTEM; PROVIDING FOR THE ISSUANCE OF NOT EXCEEDING \$35,000,000 WATER AND SEWER REVENUE BONDS, SERIES 1987, TO BE APPLIED TO SUCH PURPOSES; PROVIDING FOR THE PAYMENT OF SAID BONDS; MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; PROVIDING AN EFFECTIVE DATE" TO AUTHORIZE THE DEPOSIT OF AN INSURANCE POLICY TO THE CREDIT OF THE RESERVE ACCOUNT AND SET FORTH CERTAIN MATTERS RELATING THERETO; TO REVISE THE DEFINITION OF "COST OF OPERATION AND MAINTENANCE"; TO AMEND THE REQUIREMENTS FOR ISSUING ADDITIONAL BONDS; TO AMEND THE REQUIREMENTS OF THE RATE COVENANT SET FORTH IN SAID ORDINANCE; TO PERMIT THE CITY TO SELL TO THIRD PARTIES CERTAIN OF ITS OPTIONAL REDEMPTION RIGHTS WITH RESPECT TO BONDS ISSUED AS ADDITIONAL PARITY OBLIGATIONS PURSUANT TO THE ORDINANCE; TO CREATE A RATE STABILIZATION FUND; TO PERMIT AMOUNTS IN THE RATE STABILIZATION FUND TO BE TAKEN INTO ACCOUNT IN DETERMINING COMPLIANCE WITH THE RATE COVENANT IN SAID ORDINANCE; AND TO PROVIDE AN EFFECTIVE DATE.

BE IT ENACTED BY THE CITY OF POMPAÑO BEACH, FLORIDA:

SECTION 1. AUTHORITY FOR THIS ORDINANCE. The City of Pompano Beach, Florida (the "Issuer") is authorized to adopt this ordinance under the authority granted by the provisions of Chapter 166, Florida Statutes, as amended, and other applicable provisions of law.

SECTION 2. FINDINGS. It is hereby found and determined that:

A. On April 27, 1987, the City Commission of the Issuer enacted Ordinance No. 87-35, the title of which is quoted in the title of this ordinance (the "Bond Ordinance") authorizing, among other matters, the issuance of the Issuer's Water and Sewer Revenue Bonds, Series 1987.

B. The Issuer now desires to supplement and amend the Bond Ordinance in the manner described herein, pursuant to Section 18 of the Bond Ordinance, which permits such amendments with the consent of the "Municipal Bond Insurer" as such term is defined in the Bond Ordinance. Municipal Bond Investors Assurance Corporation is the Municipal Bond Insurer for purposes of the Bond Ordinance and has heretofore delivered to the Issuer its written consent to the amendments to the Bond Ordinance set forth herein.

C. All capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed thereto in the Bond Ordinance, unless otherwise provided or unless the context otherwise clearly requires. To the extent necessary to effectuate the terms and conditions hereof, the Bond Ordinance is hereby incorporated herein by this reference. All matters underlined herein shall indicate additions to the Bond Ordinance and all matters crossed-out herein shall indicate deletions from the Bond Ordinance.

SECTION 3. SUPPLEMENT AND AMENDMENTS TO BOND ORDINANCE. The Bond Ordinance is hereby supplemented and amended as follows:

A. The definition of "Cost of Operation and Maintenance" set forth in Section 2.J of the Bond Ordinance is hereby amended and supplemented as follows:

"J. 'Cost of Operation and Maintenance' of the System shall mean the current expenses, paid or accrued, of operation, maintenance and repair of the System as calculated in accordance with the generally accepted accounting principles, but shall not include expenses not annually recurring, such as any reserve for renewals and replacements, extraordinary repairs or conditions, any allowance for depreciation or amortization, any debt service requirement or any general administrative charges payable to the General Fund."

B. The definition of "Gross Revenues" or "Revenues" set forth in Section 2.R of the Bond Ordinance is hereby amended and supplemented as follows:

"R. 'Gross Revenues' or 'Revenues' shall mean all income or earnings, including installation and connection charges (but not Impact Fees) and including income from investments deposited in the Revenue Fund, derived by the Issuer from the operation of the System; provided, however, that any Revenue available to be used by the Issuer for any lawful purpose under Section 17.R.(6) hereof which was deposited in the Rate Stabilization Fund and used by the Issuer to pay the Cost of Operation and Maintenance of the System shall be deemed to be Revenues, when so used, for the purpose of determining compliance by the Issuer with the rate covenants contained in Section 17.R. hereof and with the requirements of Section 17.R.(1) hereof relating to the issuance of Additional Parity Obligations."

C. Section 2 of the Bond Ordinance is hereby amended and supplemented to add three new definitions immediately after the definition of "Registered Owner" as follows:

"BB. 'Reserve Account Policy' shall mean an insurance policy, surety bond, irrevocable letter of credit or other credit agreement or similar facility maintained by the issuer in lieu of or in partial substitution for cash or securities on deposit in the Reserve Account created hereunder."

CC. 'Reserve Policy Costs' shall mean costs of repayment of draws on all Outstanding Reserve Account Policies and related reasonable expenses incurred by all Reserve Account Sureties, together with interest thereon at a rate set by the Related ordinance or resolution or an agreement between the Issuer and the Related Reserve Account Surety.

DD. 'Reserve Account Surety' shall mean the firm or corporation that issues a Reserve Account Policy for a series of bonds issued hereunder.

The definitions presently lettered "BB" through "DD" in the Bond Ordinance are hereby deemed relettered to accommodate the inclusion of the new definitions above.

D. Section 13 of the Bond Ordinance is hereby amended and supplemented to add the following at the end thereof:

"The Issuer shall be entitled to exercise any right of optional redemption established by subsequent resolution with respect to Additional Parity Obligations issued hereunder (the "Optional Redemption Bonds") only to the extent it has not sold the rights to call the Optional Redemption Bonds for mandatory tender for purchase (the "Option Rights") as provided below, which Option Rights are or were exercisable on the proposed redemption date for the Optional Redemption Bonds of the maturity of Optional Redemption Bonds proposed to be redeemed. If Option Rights have been sold for a portion of the Optional Redemption Bonds of a particular maturity which are or were exercisable on the redemption date, the Issuer shall be entitled

to call for redemption on that redemption date a principal amount of Optional Redemption Bonds of that maturity equal to the principal amount for which Option Rights have not been sold.

The Optional Redemption Bonds shall be subject to mandatory tender for purchase at the same time and price and upon the same notice requirements as applicable to the optional redemption of the Optional Redemption Bonds, if so provided in the final Official Statement with respect to the Optional Redemption Bonds and the Purchase Contract approved and executed by the Mayor or Vice-Mayor of the Issuer pursuant to the authority and guidelines provided herein. Any Optional Redemption Bond so purchased shall remain Outstanding within the meaning of this Ordinance and shall not be deemed paid unless delivered to the Bond Registrar with express instructions to cancel the debt evidenced thereby.

The Issuer hereby reserves the right to sell its Option Rights to one or more third parties as provided herein and by subsequent resolution of the Issuer specifying the Optional Redemption Bonds with respect to which such rights may be exercised and the terms and conditions applicable to the exercise of such rights, including redemption prices and dates. Any such sale will transfer to the purchaser all or a portion of the Issuer's rights to require the mandatory tender for purchase of an identified maturity and identified principal amount of the Optional Redemption Bonds for an identified period of time prior to the maturity of those Optional Redemption Bonds. If such sale is made, the Issuer will not have the right to call for prior redemption an amount of Optional Redemption Bonds equal to the amount of Optional Redemption Bonds for which Option Rights have been sold, with the same maturity as the maturity of the Optional Redemption Bonds with respect to which the Option Rights have been sold for the period which those Option Rights may have been exercised.

In the event the Issuer sells all or any portion of its Option Rights, the following terms and conditions shall apply:

(a) The Option Rights so sold shall be evidenced by certificates (the "Call Right Certificates") executed by the Mayor or Vice-Mayor of the Issuer and attested by the Clerk of the Issuer and authenticated by the Bond Registrar. Each Call Right Certificate shall identify the maturity and principal amount of Optional Redemption Bonds to which it applies and the time period (the "Option Period") during which the Option Right evidenced by the Call Right Certificate is exercisable. No single Call Right Certificate shall be issued for more than one maturity of the Optional Redemption Bonds. The Call Right Certificates shall represent the right to require a tender for purchase of an amount of Optional Redemption Bonds of \$5,000 or any integral multiple thereof or any larger minimum denomination specified in the Issuer resolution authorizing the sale of the Call Right Certificates.

(b) The form of the Call Right Certificates shall be as provided by resolution of the Issuer adopted before the sale of the Option Rights. The resolution of the Issuer shall contain provisions for the registration, transfer and exchange of Call Right Certificates under such circumstances, at such times and upon payment of such fees as provided therein and shall provide for the appointment of a fiscal agent (which shall be a bank or trust company either within or without the State) for the Option Rights (the "Fiscal Agent"). If so provided in that instrument, the Issuer may provide for a book-entry system for the Option Rights which in substance conforms to the provisions of this subsection dealing with Call Right Certificates.

(c) In order to exercise the Option Right represented by a Call Right Certificate, the Call Right Certificate, the purchase price and written instructions which designate the purchase date and, if less than all of the Optional Redemption Bonds to which the Call Right Certificate pertains are to be purchased, the principal amount to be purchased, must be delivered to the Fiscal Agent not less than 45 nor more than 90 days

before the purchase date. The purchase date must be between 45 and 90 days after the delivery of the Call Right Certificate. The purchase price and written instructions to the Fiscal Agent must be a date that is included in the Option Period specified in the Call Right Certificate. The purchase date may not be a date between the Record Date and corresponding interest payment date with respect to the Optional Redemption Bonds. If mutually agreeable to the owner of the Option Rights and the Fiscal Agent, the Fiscal Agent may invest the purchase price delivered to it by such owner in Federal securities which mature on or before the purchase date. Any interest or other gain on such Federal securities, net of any fee of the Fiscal Agent, shall be the property of and be remitted to the owner of the Call Right Certificate.

(d) Upon receipt of a Call Right Certificate, the purchase price and instructions provided in paragraph (c) above, the Bond Registrar shall proceed to select, by lot, an Optional Redemption Bond or Optional Redemption Bonds to be tendered for purchase, which Optional Redemption Bond or Optional Redemption Bonds are subject to mandatory tender for purchase during the Option Period specified in the Call Right Certificate, with a maturity and a principal amount equal to that specified in the Call Right Certificate (or instructions if only a portion of the Optional Redemption Bonds to which the Call Right Certificate pertains are being purchased). Such selection shall be made between 30 and 45 days prior to the purchase date. A portion of any Optional Redemption Bond in a denomination that exceeds \$5,000 may be called for mandatory tender for purchase pursuant to this section, and if so called, the Bond Registrar shall authenticate and deliver a new Optional Redemption Bond for the unpurchased portion of that Optional Redemption Bond to the registered owner thereof.

(e) Any Optional Redemption Bond called for mandatory tender for purchase must be delivered to the Bond Registrar on the purchase date and upon such delivery, the

purchase price will be paid by the Fiscal Agent to the registered owner thereof. If the purchase date is an interest payment date for the Optional Redemption Bonds, the interest due on the Optional Redemption Bonds shall be paid as provided in the resolution setting forth the Optional Redemption Bonds with respect to which Optional Rights may be sold. Any Optional Redemption Bond so called for mandatory tender which is not so presented on the purchase date shall be treated as purchased by the owner of the Option Right being exercised for all purposes hereof. Upon subsequent receipt of such Optional Redemption Bond or satisfactory indemnity from the registered owner thereof, the purchase price of such Optional Bond shall be paid to the registered owner of such deemed purchased bond. In no event shall the registered owner of any Optional Redemption Bond which is called for mandatory tender for purchase be entitled to interest accruing after the purchase date. The Bond Registrar shall cancel any Optional Redemption Bonds tendered for mandatory purchase and issue a new Optional Redemption Bond in the same principal amount and with the same interest rate, maturity date, form and tenor (except that such Optional Redemption Bond shall state that it is an Optional Redemption Bond which is not subject to mandatory tender for purchase or optional redemption for the time period during which the Option Right evidenced by the Call Right Certificate being exchanged for such Optional Redemption Bond was exercisable) to the owner of the Call Right Certificate pursuant to which the Optional Redemption Bond was called for mandatory tender for purchase. The Bond Registrar shall note on the registration records that such Optional Redemption Bond is not subject to mandatory tender for purchase or optional redemption for the designated period of time. If a book-entry system is then employed for the Optional Redemption Bonds, the Bond Registrar shall require that the new Optional Redemption Bond so issued be registered in the name of and delivered to the person designated by the securities depository which is holding certificates pursuant to the book-entry system.

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(g) Between 180 and 30 days prior to the execution by the issuer of a contract for sale of any Option Rights hereunder, the issuer shall cause the Bond Registrar to give notice of the proposed sale by certified or registered mail to the registered owner of the Optional Redemption Bonds. Such notice shall state that it is a notice of proposed sale of Option Rights with respect to the Optional Redemption Bonds and shall include the name and address of a person or entity from which additional information concerning the proposed sale may be obtained. In addition, such notice may list, but is not required to list, the maturities with respect to which the Option Rights are proposed to be sold and the CUSIP numbers of those maturities. Any error in such maturities or CUSIP numbers or any other error in such notice shall not affect the ability of the issuer to proceed with the sale of the Option Rights. Actual receipt of mailed notice by the registered owner of any Optional Redemption Bond shall not be a condition precedent to the sale of the Option Rights with respect to the Optional Redemption Bond or any other Optional Redemption Bond. A certificate by the Bond Registrar that such notice has been given as herein provided shall be conclusive as against all parties.

(h) Notwithstanding anything contained herein any provisions herein dealing with the Option Rights or the Call Right Certificates may be amended by the issuer prior to the sale of the Option Rights as provided in Section 18 hereof, provided that no such amendment may be made which adversely affects or changes the security for or payment of the Optional Redemption Bonds, or manner of making such payment, or which permits Optional Redemption Bonds to be called for mandatory tender for purchase prior to the dates specified or at prices less than those specified in the Purchase Contract and the final Official Statement with respect to the Optional Redemption Bonds, permits less than 30 days mailed notice to the registered owner of any Optional Redemption Bond called for mandatory tender for purchase or permits the issuer to sell Option Rights without mailing the notice of the sale of Option Rights required by subsection (g) above.

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(i) If the owner of Option Rights is also the owner of an Optional Redemption Bond of the maturity to which the Option Rights exercise Call Right Certificate pertains, which Optional Redemption Bond is subject to mandatory tender for purchase during the Option Period specified in the Call Right Certificate, that Option Rights owner may present to the Bond Registrar the Call Right Certificate and the Optional Redemption Bond and request that the Registrar cancel the Call Right Certificate and designate the Optional Redemption Bond to be an Optional Redemption Bond which is not subject to mandatory tender for purchase or optional redemption during the Option Period specified in the Call Right Certificate. Upon receipt of such Call Right Certificate, the Optional Redemption Bond and request, the Bond Registrar shall so designate the Optional Redemption Bond on its records and on the Optional Redemption Bond itself (by stamping or other appropriate means of identification or by issuing a replacement Optional Redemption Bond) and that Optional Redemption Bond or any Optional Redemption Bond thereafter issued in a transfer or exchange for that Optional Redemption Bond shall not be subject to mandatory tender for purchase or optional redemption during the designated period. The Bond Registrar is not required to honor such a request if it is made within the 15-day period preceding the selection of Optional Redemption Bonds of the same maturity as the Optional Redemption Bond presented for prior redemption or mandatory tender for purchase nor to honor such a request with respect to an Optional Redemption Bond which has been selected for prior redemption or mandatory tender for purchase. The Bond Registrar may charge the Option Rights owner a fee to compensate it for its expenses in connection with the exchange contemplated by this subsection and shall charge the Option Rights owner for any tax or governmental charge imposed in connection therewith. At the request of the owner, the issuer and the Bond Registrar shall cooperate in obtaining a new CUSIP number, if needed or desirable, for such Optional Redemption Bond.

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The foregoing notwithstanding, the issuer shall not sell Option Rights as provided above unless there has been received and filed with the issuer an opinion of nationally recognized bond counsel to the effect that the sale of such Option Rights and the application of the proceeds from such sale in the manner provided in the resolution of the issuer providing for such sale is within the corporate powers of the issuer, is a legal, valid and binding obligation of the issuer under applicable law, and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Optional Redemption Bonds.

E. Section 17 of the Bond Ordinance is hereby amended and supplemented to add a new subsection AA following subsection A thereof to read as follows:

"AA. RATE STABILIZATION FUND. There is hereby created the "City of Pompano Beach Water and Sewer System Rate Stabilization Fund" (hereinafter called the "Rate Stabilization Fund"). The issuer may, from time to time, for the purpose of prevention or mitigating future increases in rates and charges, deposit funds remaining in the Revenue Fund pursuant to Section 17.B(6) hereof in the Rate Stabilization Fund. Any monies deposited in the Rate Stabilization Fund shall be trust funds to be held and applied, prior to application of same in the Operation and Maintenance Fund, to the payment of the cost of Operation and Maintenance of the System."

F. Section 17.B.(1) of the Bond Ordinance is hereby amended and supplemented as follows:

"(1) Revenues shall be used for deposit into a non-pledged fund to be known as the "Rebate Fund" which is hereby established. At the time and in the amounts required to be transferred in order to comply with the arbitrage rebate covenants of the issuer made at the time of issuance of each series of bonds issued hereunder. Thereafter, revenues shall first be used for deposit into a fund to be known as the "Operation and Maintenance Fund" which is hereby established, of such sums as are necessary to pay the Costs of Operation and Maintenance of the System for the then current month."

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G. Section 17.8 of the Bond Ordinance is hereby amended and supplemented to add the following new paragraph at the end of subsection (3) thereof:

"Notwithstanding the foregoing, the issuer may satisfy in whole or in part the requirement of this subsection by purchasing a Reserve Account Policy equal to all or part of the Debt Service Reserve Requirement on the Bonds issued hereunder, such that at all times the combination of monies on deposit in the Reserve Account and the amount of the Reserve Account Policy is equal to the Debt Service Reserve Requirement. The conditions for withdrawal of monies under the Reserve Account Policy and the priority that the payment of Reserve Account Policy Costs may enjoy under this subsection shall be established by the related ordinance or resolution of the issuer authorizing the purchase of a Reserve Account Policy. The obligations to pay Reserve Account Policy Costs may rank ahead of all requirements of this Section 17.8, except subsections (1) and (2) hereof.

H. Section 17.9 of the Bond Ordinance is hereby amended and supplemented as follows:

"E. Rate Ordinance. The issuer has adopted or will adopt a rate ordinance and thereby will fix, establish and maintain such rates and collect such fees, rentals and other charges for the use of the product, services and facilities of the System and will, from time to time, whenever necessary, request a Qualified Independent Consultant to make recommendations as to a revision of such fees, rentals and other charges and file a copy of such request with the Finance Director of the issuer, and upon receiving such recommendations will make such revisions as may be necessary or proper. It will always provide Gross Revenues in each Fiscal Year sufficient to pay one hundred twenty per centum (120%) of the Debt Service Requirement on the Bonds and any additional obligations issued on a parity with the Bonds, in such Fiscal Year, plus one hundred per centum (100%) of all reserve or other payments, including the cost of operation and

maintenance of the System and the payment of any Reserve Account Policy Costs, herein required to be made in such Fiscal Year. Such rates, fees, rentals or other charges shall not be reduced so as to be insufficient to provide Gross Revenues adequate for such purposes.

The Issuer will not reduce its schedule of rates, fees, rentals and other charges unless (i) the Issuer is not in default of any covenant or provision of this Ordinance, (ii) all required current payments under this Ordinance have been made in full, and (iii) the Independent Qualified Consultant shall certify that the proposed reduced schedule will provide sufficient Revenues in each Fiscal Year to comply with all covenants and required payments under this Ordinance."

Notwithstanding anything to the contrary herein, the failure to meet the covenant contained in the preceding paragraph will not constitute an event of default hereunder if the City complies as nearly as practicable with the recommendations of the Qualified Independent Consultant in respect of rates, fees, rentals and other charges and Net Revenues are sufficient to pay the principal of, redemption premium, if any, and interest on bonds issued hereunder that are payable in such Fiscal Year.

The Issuer will not reduce its schedule of rates, fees, rentals and other charges unless (i) the Issuer is not in default of any covenant or provision of this Ordinance, (ii) all required current payments under this Ordinance have been made in full, and (iii) the Independent Qualified Consultant shall certify that the proposed reduced schedule will provide sufficient Revenues in each Fiscal Year to comply with all covenants and required payments under this Ordinance."

I. Subsection (1) of Section 17.9 of the Bond Ordinance is hereby supplemented and amended as follows:

"(1) There shall have been obtained and filed with the Issuer not later than the date of delivery of said Additional Parity Obligations, a certificate of the Finance Director of the issuer, containing the following information: (a) setting forth the amount of Net Revenues, as defined herein, received by the Issuer for either the preceding Fiscal Year or for any twelve (12) consecutive months of the eighteen (18) months immediately preceding the date of sale of Additional Parity Obligations with respect to which such certificate is made, at the option of the Issuer, and (b) stating that the Net Revenues for such preceding Fiscal Year or twelve (12) month period are equal to at least 120% times the highest Debt Service Requirement in any succeeding Fiscal Year on (i) all Bonds and all Additional Parity Obligations, if any, then outstanding and (ii) Additional Parity Obligations with respect to which such certificate is made. Notwithstanding anything contained herein to the contrary, the requirements of this Section 17.9(1) shall not apply to Additional Parity Obligations issued for refunding purposes provided that the maximum Debt Service Requirement for all bonds issued hereunder that will be outstanding after issuance of such Additional Parity Obligations (excluding any bonds being refunded by proceeds of such Additional Parity Obligations) is not greater than the maximum Debt Service Requirement for all bonds issued hereunder that were outstanding prior to issuance of the Additional Parity Obligations for refunding purposes.

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Notwithstanding anything contained herein to the contrary, the requirements of this Section 17.9(1) shall not apply to Additional Parity Obligations issued for refunding purposes provided that the maximum Debt Service Requirement for all bonds issued hereunder that will be outstanding after issuance of such Additional Parity Obligations (excluding any bonds being refunded by proceeds of such Additional Parity Obligations) is not greater than the maximum Debt Service Requirement for all bonds issued hereunder that were outstanding prior to issuance of the Additional Parity Obligations for refunding purposes.

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SECTION 4. BOND ORDINANCE TO CONTINUE IN EFFECT. Except as herein expressly provided, the Bond Ordinance and all the terms and provisions thereof, are and shall remain in full force and effect.

SECTION 5. ORDINANCE EFFECTIVE. This ordinance shall take effect immediately upon its adoption.

Passed this 22nd day of September, 1992 on first reading.
Adopted this 25th day of September, 1992 on second reading.

ATTEST:

Mary L. Chandler
City Clerk

CITY OF POMPAU BEACH, FLORIDA

Ruth D. Brown
Mayor

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1/8/2000/9

CITY OF POMPANO BEACH
Broward County, Florida

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF POMPANO BEACH, FLORIDA, AMENDING ORDINANCE NO. 87-35 ENACTED BY THE CITY COMMISSION OF THE CITY ON APRIL 27, 1987, AS SAME HAS BEEN AMENDED AND SUPPLEMENTED TO THE DATE HEREOF, TO MODIFY THE DEFINITION OF AUTHORIZED INVESTMENTS SET FORTH THEREIN; PROVIDING AN EFFECTIVE DATE.

WHEREAS, pursuant to law, ten (10) days' notice has been given by publication in a paper of general circulation in the City, notifying the public of this proposed ordinance and of a public hearing in the City Commission Chambers of the City of Pompano Beach; and

WHEREAS, a public hearing before the City Commission was held pursuant to the published notice described above, at which hearing the parties in interest and all other citizens so desiring had an opportunity to be and were, in fact, heard; now, therefore,

BE IT ENACTED BY THE CITY OF POMPANO BEACH, FLORIDA:

SECTION 1: AUTHORITY FOR THIS ORDINANCE. The City of Pompano Beach, Florida, (the "City") is authorized to adopt this ordinance (the "Ordinance") under the authority granted by the provisions of Chapter 166, Florida Statutes, as amended, and other applicable provisions of law.

SECTION 2: FINDINGS. It is hereby found and determined that:

A. Pursuant to Ordinance No. 87-35 enacted by the City Commission of the City ("City Commission") on April 27, 1987 (the "Original Bond Ordinance"), as amended and supplemented to the date hereof (collectively, the "Bond Ordinance"), the City has previously issued and sold its Water and Sewer Revenue Bonds, Series 1993, its Water and Sewer

Refunding Revenue Bonds, Series 1993 and its Water and Sewer Revenue Bonds, Series 2000 (collectively, the "Outstanding Bonds").

B. The City now desires to amend the Original Bond Ordinance in the manner described herein pursuant to Section 18 of the Original Bond Ordinance, which permits such amendments with the consent of the providers of municipal bond insurance with respect to the Outstanding Bonds, MBIA Insurance Company and Financial Guaranty Insurance Company (collectively, the "Insurers"). The Insurers have previously delivered to the City their written consent to the amendment to the Original Bond Ordinance set forth herein.

C. All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Bond Ordinance. To the extent necessary to effectuate the terms and conditions hereof, the Bond Ordinance is hereby incorporated herein by this reference. All matters underlined herein shall indicate additions to the Original Bond Ordinance and all matters crossed-out herein shall indicate deletions from the Original Bond Ordinance.

SECTION 3: AMENDMENT TO ORIGINAL BOND ORDINANCE. Subsection (6) of the definition of "Authorized Investments" in Section 2.D. of the Original Indenture is hereby amended as follows:

"(6) written repurchase agreements with any bank, savings institution or trust company which is insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, or with any broker-dealer with retail customers which falls under Securities Investors Protection protection, provided that such repurchase agreements are fully secured by (i) above or obligations of any agency or instrumentality of the United States of America, and provided further that (i) such collateral is held by the Issuer or any agent acting solely for the Issuer during the term of such repurchase agreement, (ii) such collateral is not subject to liens or claims of third parties, (iii) such collateral has a market value (determined at least once every 14 days) at least equal to the amount invested in the repurchase agreement, (iv) the Issuer has a perfected first security interest in the collateral, (v) the agreement shall be for a term not longer than 270 days ~~three years~~, and (vi) the failure to maintain such collateral at the level required in (iii) above will require the Issuer to liquidate the collateral;"

SECTION 4: BOND ORDINANCE TO CONTINUE IN EFFECT. Except as herein expressly provided, the Bond Ordinance and all the terms and provisions thereof, are and shall remain in full force and effect.

SECTION 5: EFFECTIVE DATE. This Ordinance shall become effective upon passage.

PASSED FIRST READING this 13th day of June, 2000.

PASSED SECOND READING this 27th day of June, 2000.


WILLIAM F. GRIFFIN, MAYOR

ATTEST:


MARY L. CHAMBERS, CITY CLERK

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CITY OF POMPAÑO BEACH, FLORIDA
WATER AND SEWER REFUNDING REVENUE BONDS, SERIES 2005

AMENDED AND RESTATED ORDINANCE NO. 2005-57

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(i)

AMENDED AND RESTATED ORDINANCE NO. 2005-57

AN ORDINANCE OF THE CITY OF POMPAÑO BEACH, FLORIDA
AMENDING AND RESTATING IN ITS ENTIRETY ORDINANCE NO. 2002-
04 ENACTED ON OCTOBER 9, 2001 ENTITLED:

"AN ORDINANCE OF THE CITY OF POMPAÑO BEACH, FLORIDA PROVIDING FOR THE ISSUANCE OF NOT EXCEEDING \$45,000,000 CITY OF POMPAÑO BEACH, FLORIDA WATER AND SEWER REFUNDING REVENUE BONDS, SERIES 2001 AS ADDITIONAL PARITY OBLIGATIONS UNDER ORDINANCE NO. 87-35 ENACTED ON APRIL 27, 1987, AS AMENDED AND SUPPLEMENTED, FOR THE PRINCIPAL PURPOSE OF REFUNDING ALL OR A PORTION OF THE CITY'S OUTSTANDING WATER AND SEWER REVENUE BONDS, SERIES 1993 AND/OR WATER AND SEWER REVENUE BONDS, SERIES 2000; FIXING CERTAIN TERMS AND DETAILS OF SUCH BONDS; AUTHORIZING A PUBLIC SALE OF SUCH BONDS; DIRECTING THE APPLICATION OF THE PROCEEDS OF SUCH BONDS; APPROVING THE FORM OF AND AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FINAL OFFICIAL STATEMENT; APPOINTING THE PAYING AGENT AND BOND REGISTRAR FOR SUCH BONDS AND AUTHORIZING THE EXECUTION AND DELIVERY OF AGREEMENTS BETWEEN THE CITY AND THE PAYING AGENT AND BOND REGISTRAR; AUTHORIZING A MUNICIPAL BOND INSURANCE POLICY AND RESERVE ACCOUNT INSURANCE POLICY AND AUTHORIZING THE EXECUTION AND DELIVERY OF AGREEMENTS WITH THE PROVIDERS OF SUCH INSURANCE; AUTHORIZING THE FORM OF AND THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE CERTIFICATE; AUTHORIZING THE FORM OF AND THE EXECUTION AND DELIVERY OF ESCROW DEPOSIT AGREEMENTS; APPOINTING AN ESCROW AGENT AND AUTHORIZING APPOINTMENT OF A VERIFICATION AGENT; AUTHORIZING AND RATIFYING OTHER REQUIRED ACTIONS; PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE."

; PROVIDING FOR THE ISSUANCE OF NOT EXCEEDING \$47,000,000
CITY OF POMPAÑO BEACH, FLORIDA WATER AND SEWER

REFUNDING REVENUE BONDS, SERIES 2005 AS ADDITIONAL PARITY OBLIGATIONS UNDER ORDINANCE NO. 87-35 ENACTED ON APRIL 27, 1987, AS AMENDED AND SUPPLEMENTED, FOR THE PRINCIPAL PURPOSE OF REFUNDING ALL OR A PORTION OF THE CITY'S OUTSTANDING WATER AND SEWER REVENUE BONDS, SERIES 1993 AND/OR WATER AND SEWER REVENUE BONDS, SERIES 2000; FIXING CERTAIN TERMS AND DETAILS OF SUCH BONDS; APPROVING THE FORM OF A FINAL DETAILED NOTICE OF BOND SALE AND AUTHORIZING A PUBLIC SALE OF SUCH BONDS; DIRECTING THE APPLICATION OF THE PROCEEDS OF SUCH BONDS; APPROVING THE FORM OF AND AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FINAL OFFICIAL STATEMENT; APPOINTING THE PAYING AGENT AND BOND REGISTRAR FOR SUCH BONDS AND AUTHORIZING THE EXECUTION AND DELIVERY OF AGREEMENTS BETWEEN THE CITY AND THE PAYING AGENT AND BOND REGISTRAR; AUTHORIZING A MUNICIPAL BOND INSURANCE POLICY AND, IF DETERMINED TO BE NECESSARY, A RESERVE ACCOUNT INSURANCE POLICY AND AUTHORIZING THE EXECUTION AND DELIVERY OF AGREEMENTS WITH THE PROVIDERS OF SUCH INSURANCE; AUTHORIZING THE FORM OF AND THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE CERTIFICATE; AUTHORIZING THE FORM OF AND THE EXECUTION AND DELIVERY OF ESCROW DEPOSIT AGREEMENTS; APPOINTING AN ESCROW AGENT AND AUTHORIZING APPOINTMENT OF A VERIFICATION AGENT; AUTHORIZING AND RATIFYING OTHER REQUIRED ACTIONS; PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE.

BE IT ENACTED BY THE CITY COMMISSION OF THE CITY OF POMPAÑO BEACH, FLORIDA:

SECTION 1. AMENDMENT AND RESTATEMENT. On October 9, 2001 the City of Pompano Beach, Florida (the "City") enacted Ordinance No. 2002-04 (the "Original Ordinance"). The City now desires to amend and restate the Original Ordinance in its entirety hereby.

SECTION 2. AUTHORITY FOR THIS ORDINANCE. The City is authorized to enact this amended and restated ordinance (the "Ordinance") under the authority granted by the provisions of Chapter 166, Florida Statutes, as amended, the City Charter of the City, and other applicable provisions of law. In consideration of the acceptance of the 2005 Bonds (herein defined) by those who shall own the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the City and such Bondholders.

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

A. Pursuant to Ordinance No. 87-35 enacted by the City Commission of the City (the "City Commission") on April 27, 1987, as amended and supplemented to the date hereof (the "Bond Ordinance"), the City has previously issued and sold, and there are currently Outstanding, its Water and Sewer Revenue Bonds, Series 1993 (the "1993 Bonds") and Water and Sewer Revenue Bonds, Series 2000 (the "2000 Bonds").

B. The Bond Ordinance authorizes the issuance of Additional Parity Obligations thereunder for refunding purposes, payable from the Net Revenues on a parity with Bonds that are Outstanding under the Bond Ordinance.

C. The City's Co-Financial Advisors have indicated that based on current market conditions, there is an opportunity for the City to realize significant present value interest-cost savings by accomplishing the current refunding of all or a portion of the 1993 Bonds and/or the advance refunding of all or a portion of the 2000 Bonds.

D. The City hereby determines that it is necessary, desirable and in the best interests of the City to authorize the current refunding and defeasance of all or a portion of the 1993 Bonds and/or the advance refunding and defeasance of all or a portion of the 2000 Bonds, as shall be designated by the City pursuant to Sections 4(b) and 7 hereof (collectively, the "Refunded Bonds"), subject to the requirements set forth in Section 7 hereof. In furtherance thereof and pursuant to the Bond Ordinance, the City deems it to be in its best interest to issue its Water and Sewer Refunding Revenue Bonds, Series 2005 in one or more Series in the aggregate principal amount of not exceeding \$47,000,000 (the "2005 Bonds") and to apply the proceeds thereof to refund and defease the Refunded Bonds and for such other purposes set forth herein.

E. All of the provisions, covenants, pledges and conditions in the Bond Ordinance shall be applicable to the 2005 Bonds herein authorized and such 2005 Bonds shall constitute "Additional Parity Obligations" issued for refunding purposes within the meaning of the Bond Ordinance.

F. The principal of and interest on the 2005 Bonds herein authorized and all sinking fund, reserve and other payments provided for in the Bond Ordinance shall be payable solely from the Net Revenues and, to the extent provided in the Bond Ordinance, from the monies on deposit from time to time in the funds and accounts created under the Bond Ordinance, and it will not be necessary nor has there been authorized the levy of taxes or any property in the City to pay for same, and the 2005 Bonds shall not constitute a lien upon any of the properties of the City, except the Net Revenues and the funds and accounts created under the Bond Ordinance, nor shall the 2005 Bonds be secured by the credit or taxing power of the City or the general funds of the City not expressly pledged under the Bond Ordinance.

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(c) The 2005 Bonds shall be initially issued as a single registered bond for each maturity. The 2005 Bonds will be dated as of the date specified in the final Official Statement (hereinafter defined), shall be issued in denominations of \$5,000 or integral multiples thereof, and will bear interest payable semi-annually on July 1 and January 1 of each year, commencing on the date specified in the final Official Statement. The 2005 Bonds shall mature not later than twenty (20) years from their date of issuance and, subject to Section 7 hereof, shall bear interest at a rate per annum not exceeding the maximum rate permitted by law. Notwithstanding anything to the contrary set forth in the Bond Ordinance, payments of interest on the 2005 Bonds may be made by the Paying Agent for the 2005 Bonds by wire transfer to any Registered Owners of at least \$500,000 in aggregate principal amount of 2005 Bonds.

(d) A book-entry-only system of registration is hereby authorized for the 2005 Bonds. So long as the City shall maintain a book-entry-only system with respect to the 2005 Bonds, the following provisions shall apply:

The 2005 Bonds shall initially be issued in the name of Cede & Co. as nominee for The Depository Trust Company ("DTC"), which will act as securities depository for the 2005 Bonds and so long as the 2005 Bonds are held in book-entry-only form, Cede & Co. shall be considered the registered owner for all purposes hereof and of the Bond Ordinance. On original issue, the 2005 Bonds shall be deposited with DTC, which shall be responsible for maintaining a book-entry-only system for recording the ownership interests of its participants ("DTC Participants"), and other institutions who clear through or maintain a custodial relationship with DTC Participants ("Indirect Participants"). The DTC Participants and Indirect Participants will be responsible for maintaining records with respect to the beneficial ownership interests of individual purchasers of the 2005 Bonds ("Beneficial Owners").

Principal and interest prior to and at maturity shall be payable directly to Cede & Co. in care of DTC. Disbursal of such amounts to DTC Participants shall be the responsibility of DTC. Payments to Indirect Participants shall be the responsibility of DTC Participants, and payments by DTC Participants and Indirect Participants to Beneficial Owners shall be the responsibility of DTC Participants and Indirect Participants and not of DTC, the Registrar or the City.

The 2005 Bonds shall initially be issued in the form of one fully registered Bond for each maturity. Individuals may purchase beneficial interests in the amount of \$5,000 or integral multiples thereof in book-entry-only form, without certificated 2005 Bonds, through the DTC Participants and Indirect Participants.

DURING THE PERIOD FOR WHICH CEDE & CO. IS REGISTERED OWNER OF THE 2005 BONDS, ANY NOTICE TO BE PROVIDED TO ANY REGISTERED OWNER WILL BE PROVIDED TO CEDE & CO. DTC SHALL BE RESPONSIBLE FOR NOTICE TO DTC PARTICIPANTS AND DTC PARTICIPANTS SHALL BE RESPONSIBLE FOR NOTICE TO INDIRECT PARTICIPANTS, AND DTC PARTICIPANTS AND INDIRECT PARTICIPANTS SHALL BE RESPONSIBLE FOR NOTICE TO BENEFICIAL OWNERS.

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G. All capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed thereto in the Bond Ordinance, unless otherwise provided or unless the context otherwise clearly requires. To the extent necessary to effectuate the terms and conditions hereof, the Bond Ordinance is hereby incorporated herein by this reference.

SECTION 4. AUTHORIZATION AND APPROVAL OF THE 2005 BONDS AND REFUNDING OF REFUNDED BONDS.

(a) Subject to the provisions of Section 7 hereof, the City hereby authorizes and approves the issuance of Bonds in one or more Series in the initial aggregate principal amount of not exceeding \$47,000,000 to be known as the "City of Pompano Beach, Florida Water and Sewer Refunding Revenue Bonds, Series 2005" for the purpose of providing funds, together with other legally available funds of the City, to refund and defease the Refunded Bonds (on a current refunding basis with respect to 1993 Bonds, if any, comprising the Refunded Bonds and on an advance refunding basis with respect to the 2000 Bonds, if any, comprising the Refunded Bonds), pay the premiums for a municipal bond insurance policy, if determined to be necessary in accordance herewith, a Reserve Account Policy, and pay costs of issuance of the 2005 Bonds. The 2005 Bonds shall be issued pursuant to the Bond Ordinance as Additional Parity Obligations issued for refunding purposes within the meaning of the Bond Ordinance and shall be secured equally and ratably under the Bond Ordinance with the (i) Outstanding 1993 Bonds and Outstanding 2000 Bonds that are not refunded by proceeds of the 2005 Bonds and remain Outstanding after issuance of the 2005 Bonds, if any, and (ii) any Additional Parity Obligations hereafter issued and Outstanding under the Bond Ordinance. All provisions, covenants, pledges and conditions of the Bond Ordinance shall be applicable to the 2005 Bonds.

(b) The refunding and defeasance of the Refunded Bonds from proceeds of the 2005 Bonds and other legally available funds of the City, including sums presently on deposit in the funds and accounts established under the Bond Ordinance, is hereby authorized (on a current refunding basis with respect to 1993 Bonds, if any, comprising the Refunded Bonds and on an advance refunding basis with respect to the 2000 Bonds, if any, comprising the Refunded Bonds). The specific 1993 Bonds and/or 2000 Bonds to be refunded and which will constitute the Refunded Bonds shall be set forth in the Award Certificate referred to in Section 7 hereof. If the Award Certificate indicates that the Refunded Bonds include all or a portion of both the 1993 Bonds and the 2000 Bonds, the 2005 Bonds may be issued in two series as shall be set forth in the final Official Statement, with the proceeds of one series being applied to accomplish the current refunding of all or a portion of the 1993 Bonds to be refunded and the proceeds of the other series being applied to accomplish the advance refunding of all or a portion of the 2000 Bonds to be refunded. Currently with or prior to the delivery of the 2005 Bonds, a portion of the sums on deposit in the funds and accounts established under the Bond Ordinance shall be transferred and deposited to the credit of the Escrow Fund established under the hereinafter mentioned Escrow Agreement, if it is determined by the City's Finance Director to be necessary or advisable to make such transfer, after consultation with the City's Bond Counsel and Co-Financial Advisors, and the specific amounts to be so transferred and deposited shall be as set forth in a certificate executed by the Finance Director and delivered at the time of issuance of the 2005 Bonds.

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The City has entered into a customary letter of representations with DTC providing for such a book-entry-only system (the "DTC Agreement"). Such agreement may be terminated at any time by DTC or the City (subject to DTC's policies and procedures). In the event of such termination, the City shall select another securities depository or discontinue such book-entry-only system. If the City does not replace DTC, the Registrar will register and deliver to the Beneficial Owners replacement 2005 Bonds in the form of fully registered 2005 Bonds in denominations of \$5,000 or integral multiples thereof, in accordance with instructions from Cede & Co.

SECTION 5. REDEMPTION PROVISIONS. The redemption provisions of the 2005 Bonds shall be as set forth in the form of the Preliminary Official Statement attached hereto as Exhibit A (the "Preliminary Official Statement"). Notice of redemption shall be provided as set forth in the Bond Ordinance. Notwithstanding anything to the contrary set forth in the Bond Ordinance, in the case of an optional redemption, the notice of redemption may state that (1) it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Bond Registrar or a fiduciary institution acting as escrow agent no later than the redemption date or (2) the City retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described herein. Any such notice of Conditional Redemption shall be captioned "Conditional Redemption." Any Conditional Redemption may be rescinded at any time prior to the redemption date if the City delivers a written direction to the Bond Registrar directing the Bond Registrar to rescind the redemption notice. The Bond Registrar shall give prompt notice of such rescission to the affected bondholders. Any 2005 Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and neither the rescission nor the failure by the City to make such funds available shall constitute an Event of Default under the Bond Ordinance.

SECTION 6. EXECUTION OF THE 2005 BONDS. The Mayor of the City (the "Mayor") or Vice-Mayor of the City (the "Vice-Mayor") and the City Manager of the City (the "City Manager") are hereby authorized to execute, and the City Clerk of the City (the "City Clerk") is hereby authorized to attest, by manual or facsimile signature, each of the 2005 Bonds and to deliver the 2005 Bonds to the Bond Registrar for authentication and delivery. The 2005 Bonds shall be substantially in the form set forth in the Bond Ordinance as the bond form for the Outstanding Bonds. Execution of the 2005 Bonds by the Mayor and City Manager shall constitute conclusive evidence of the approval thereof.

SECTION 7. PUBLIC SALE OF THE 2005 BONDS. It is hereby found, ascertained, determined and declared by the City that a public sale of the 2005 Bonds is in the best interest of the City and is hereby authorized, approved and ratified. The preparation and publication of the official detailed notice of bond sale, certificate with respect to issue price and related documents in the forms set forth in the Preliminary Official Statement attached hereto as Exhibit A (the "Preliminary Official Statement") are hereby authorized and approved. The preparation of a summary notice of bond sale summarizing the official detailed notice of bond sale is hereby authorized and approved. The Mayor or Vice-Mayor and the City Manager are hereby authorized to execute the official detailed notice of bond sale. The Mayor or Vice-Mayor of the City and the City Manager, in consultation with the

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City's Co-Financial Advisors, are hereby authorized to award the 2005 Bonds to the bidder naming the lowest true interest cost to the City over the life of the 2005 Bonds (the "Purchaser"), provided that the (a) initial aggregate par amount of the 2005 Bonds does not exceed \$47,000,000, (b) City shall realize one or more of the following: (i) a present value savings as a result of the refunding of all or a portion of the 1993 Bonds of not less than three percent (3%) of the principal amount of the 1993 Bonds to be refunded and/or (ii) a present value savings as a result of the refunding of all or a portion of the 2000 Bonds of not less than three percent (3%) of the principal amount of the 2000 Bonds to be refunded and/or (iii) a present value savings as a result of the refunding of all or a portion of the 1993 Bonds and all or a portion of the 2000 Bonds, on a combined basis, of not less than three percent (3%) of the principal amount of the 1993 Bonds and 2000 Bonds to be refunded; and (c) 2005 Bonds do not mature more than twenty (20) years from their date of issuance. The award and the designation of the 1993 Bonds and/or 2000 Bonds that constitute the Refunded Bonds shall be evidenced by the execution of a certificate by the Mayor or Vice-Mayor and the City Manager (the "Award Certificate"). The Mayor or Vice-Mayor and the City Manager are hereby authorized and directed to take all action necessary to consummate the sale of the 2005 Bonds upon the terms and conditions set forth herein and in the official detailed notice of bond sale.

SECTION 8. APPLICATION OF THE 2005 BOND PROCEEDS. The proceeds derived from the sale of the 2005 Bonds shall be applied simultaneously with the delivery thereof for the purposes stated in, and in a manner consistent with, the hereinafter mentioned Official Statement. The specific amounts to be deposited in the funds and accounts created under the Bond Ordinance and to the applicable Escrow Fund created under the hereinafter defined Escrow Agreements shall be as set forth in a certificate executed by the City Manager and delivered at the time of issuance of the 2005 Bonds.

SECTION 9. PRELIMINARY OFFICIAL STATEMENT; OFFICIAL STATEMENT. The Preliminary Official Statement relating to the 2005 Bonds in substantially the form submitted at this meeting and attached hereto as Exhibit A is hereby authorized and approved with respect to the information therein contained, with such insertions, modifications and deletions as are approved by the City Manager, in consultation with the City's Co-Financial Advisors and Bond Counsel. The distribution and use of the Preliminary Official Statement in connection with the public offering for sale of the 2005 Bonds is hereby authorized and approved. The execution by the City Manager of a certificate deeming the Preliminary Official Statement final within the meaning of Rule 15c2-12 of the Securities and Exchange Act of 1934 is hereby authorized and approved. The City Manager is hereby authorized to have prepared, and the Mayor or Vice-Mayor and the City Manager are hereby authorized to execute, and the City Clerk is hereby authorized to attest, a final Official Statement dated the date of the award of the 2005 Bonds containing such information as necessary to confirm the details of the 2005 Bonds and such other insertions, modifications, and changes as may be approved by the Mayor or Vice-Mayor and City Manager (the "Official Statement"). The delivery, upon such execution, of the Official Statement, to the Purchaser for use by it in connection with the sale and distribution of the 2005 Bonds is hereby authorized and approved. The execution and delivery of the Official Statement by the Mayor or Vice-Mayor and the City Manager shall constitute conclusive evidence of the approval thereof.

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the redemption date, on the earliest practicable date following issuance of the 2005 Bonds. In the event it is determined in accordance herewith to accomplish the advance refunding of all or a portion of the 2000 Bonds, the Mayor or Vice-Mayor and City Manager are hereby authorized and directed to execute, and the City Clerk is hereby authorized to attest, the 2000 Escrow Deposit Agreement (the "2000 Escrow Agreement"), in substantially the form submitted at this meeting and attached hereto as Exhibit D, with such insertions, modifications and changes as may be approved by the Mayor or Vice-Mayor and City Manager. The City acknowledges that the 2000 Escrow Agreement will provide for any of the 2000 Bonds to be refunded that mature on July 1, 2008 and thereafter to be irrevocably called for redemption on July 1, 2007 at a redemption price of 101%, expressed as a percentage of the principal amount of the such 2000 Bonds to be redeemed on that date, together with interest accrued through the redemption date. The execution and delivery of the 1993 Escrow Agreement and/or 2000 Escrow Agreement by the Mayor or Vice-Mayor and City Manager shall constitute conclusive evidence of the approval thereof. Wachovia Bank, National Association, Miami, Florida is hereby appointed as Escrow Agent (the "Escrow Agent") under the 1993 Escrow Agreement and the 2000 Escrow Agreement. The City Manager, in consultation with the City's Co-Financial Advisors, is hereby authorized to appoint a qualified firm to act as verification agent with respect to any 1993 Bonds and 2000 Bonds comprising the Refunded Bonds.

SECTION 14. TAX COVENANT. The City covenants with the holders of the 2005 Bonds that it shall comply with the requirements of the Internal Revenue Code of 1986, as amended (the "Code") necessary to maintain the exclusion of interest on the 2005 Bonds from gross income for purposes of federal income taxation, including the payment of any amount required to be related to the U.S. Treasury pursuant to the Code, and, in particular, that it shall not make or direct the making of any investment or other use of proceeds of such 2005 Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause the interest on such 2005 Bonds to be or become subject to federal income taxation, nor shall it fail to do any act which is necessary to prevent such interest from becoming subject to federal income taxation. The City further covenants that neither the City nor any other person under its control or direction will make any investment or other use of the proceeds of the 2005 Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause the 2005 Bonds to be "private activity bonds" as that term is defined in Section 141 of the Code (or any successor provision thereto), or "arbitrage bonds" as that term is defined in Section 148 of the Code (or any successor provision thereto) and that it will comply with such sections of the Code throughout the term of the 2005 Bonds.

SECTION 15. GENERAL AUTHORITY. The Mayor, Vice-Mayor, City Manager, City Clerk and any other proper officials of the City are hereby authorized to do all acts and things required of them by this Ordinance, the Bond Ordinance, the Preliminary Official Statement, the Official Statement, the 2005 Bonds, the DTC Agreement or that may otherwise be desirable or consistent with accomplishing the full, punctual and complete performance of all the terms, covenants and agreements contained in any of the foregoing, including the execution of any documents or instruments relating to the purchase of Federal Securities (including a reinvestment or forward purchase agreement) and each member, employee, attorney and officer of the City is hereby authorized and directed to execute and deliver any and all papers and instruments and to cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated thereby. The application by the City for Federal Securities may be filed on behalf of the City by

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SECTION 10. APPOINTMENT OF PAYING AGENT AND BOND REGISTRAR. Wachovia Bank National Association, Miami, Florida is hereby appointed as Paying Agent and Bond Registrar for the 2005 Bonds. The Mayor or Vice-Mayor and the City Manager are hereby authorized to execute, and the City Clerk is hereby authorized to attest, without further act of the City, agreements with such Paying Agent and Bond Registrar as necessary to reflect the obligation of such Paying Agent and Bond Registrar to accept and perform the respective duties imposed upon each, and to effectuate the transactions contemplated, by this Ordinance and the Bond Ordinance.

SECTION 11. INSURANCE MATTERS. The City Manager, in consultation with the City's Co-Financial Advisors, is hereby authorized to obtain a municipal bond insurance policy with respect to the 2005 Bonds. If necessary to cause the amount on deposit to the credit of the Reserve Account to be equal to the Debt Service Reserve Requirement for the 2005 Bonds and any Bonds that are Outstanding under the Bond Ordinance upon issuance of the 2005 Bonds, the City Manager, in consultation with the City's Co-Financial Advisors, is hereby authorized to a Reserve Account Policy for such purpose. Upon consultation with the City's Co-Financial Advisors and Bond Counsel, the Mayor or Vice-Mayor and City Manager are hereby authorized to execute, and the City Clerk is hereby authorized to attest, without further act of the City, agreements with the providers of the municipal bond insurance policy and Reserve Account Policy, if any, as necessary to reflect the requirements of such providers with respect to the 2005 Bonds.

SECTION 12. CONTINUING DISCLOSURE. The Continuing Disclosure Certificate, substantially in the form attached as Exhibit B (the "Continuing Disclosure Certificate"), is hereby authorized and approved, with such insertions, modifications and deletions as are approved by the City Manager, in consultation with the City's Co-Financial Advisors and Bond Counsel. The Mayor or Vice-Mayor and the City Manager are hereby authorized to execute, and the City Clerk is hereby authorized to attest, the Continuing Disclosure Certificate. The execution and delivery of the Continuing Disclosure Certificate by the Mayor or Vice-Mayor and the City Manager constitutes conclusive evidence of the approval thereof. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Ordinance or the Bond Ordinance, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an event of default; however, any Holder of the 2005 Bonds or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with its obligations under this Section. For purposes of this Section, "Beneficial Owner" shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

SECTION 13. EXECUTION OF ESCROW DEPOSIT AGREEMENTS. In the event it is determined in accordance herewith to accomplish the current refunding of all or a portion of the 1993 Bonds, the Mayor or Vice-Mayor and City Manager are hereby authorized and directed to execute, and the City Clerk is hereby authorized to attest, the 1993 Escrow Deposit Agreement (the "1993 Escrow Agreement"), in substantially the form submitted at this meeting and attached hereto as Exhibit C, with such insertions, modifications and changes as may be approved by the City Manager, in consultation with the City's Co-Financial Advisors and Bond Counsel. The City acknowledges that the 1993 Bonds to be refunded, if any, will be irrevocably called for redemption as provided in the 1993 Escrow Agreement, without premium, together with interest accrued through

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either Bond Counsel, the Co-Financial Advisors, the Escrow Agent or the Purchaser. All actions of the Mayor, Vice-Mayor, City Manager, City Clerk and any other proper officials of the City heretofore taken to implement this Ordinance, the Bond Ordinance, the Preliminary Official Statement, the Official Statement, the 2005 Bonds, the DTC Agreement or in accomplishing the full, punctual and complete performance of all the terms, covenants and agreements contained in any of the foregoing are hereby ratified and confirmed.

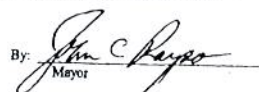
SECTION 16. SEVERABILITY AND INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provision of law or contrary to the policy of express law, but not expressly prohibited or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way effect the validity of the other provisions hereof or of the 2005 Bonds.

SECTION 17. BOND ORDINANCE TO CONTINUE IN FORCE. Except as herein expressly provided as to the 2005 Bonds, the Bond Ordinance and all the terms and provisions thereof, are and shall remain in full force and effect. The Original Ordinance is hereby deemed amended and restated in its entirety hereby.

SECTION 18. EFFECTIVE DATE. This Ordinance shall be effective as its second reading.

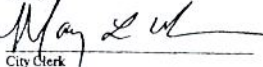
PASSED AND ENACTED on first reading this 24 day of May, 2005.

PASSED AND ENACTED on second reading this 14 day of June, 2005.

By:  Mayor

(Seal)

ATTEST:


City Clerk

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STATE OF FLORIDA)
) SS
COUNTY OF BROWARD)

We, the undersigned members of the City Commission of the City of Pompano Beach, Florida, recognizing that the purchasers and subsequent owners of the Water and Sewer Refunding Revenue Bonds, Series 2005 of the City of Pompano Beach, Florida, referred to in the foregoing Ordinance, will have accepted such 2005 Bonds in reliance upon this certificate, do hereby certify, individually and collectively, that no two or more of us, meeting together in any meeting which was not open to the public or of which the public did not have notice, reached any prior conclusion as to whether the action taken by said Ordinance or any part thereof should or should not be taken by said City Commission or should be recommended as an action to be taken or not to be taken by said City Commission:

WITNESS our Official Signatures:

[Signature]
Mayor
[Signature]
Vice-Mayor
[Signature]
Commissioner
[Signature]
Commissioner
[Signature]
Commissioner
[Signature]
Commissioner

The foregoing instrument was acknowledged before me this ____ day of _____, 2005, by
as _____ for City of Pompano Beach, Florida.

[SEAL]

Personally Known _____
or Produced Identification _____
Type of Identification Produced _____

STATE OF FLORIDA
COUNTY OF BROWARD

The foregoing instrument was acknowledged before me this 9th day of March, 2006 by JOHN C. RAYSON, as Mayor of the City of Pompano Beach, Florida, a municipal corporation, on behalf of the municipal corporation, who is personally known to me.

NOTARY'S SEAL:

[Signature]
NOTARY PUBLIC, STATE OF FLORIDA

(Name of Acknowledger Typed, Printed or Stamped)

Commission Number _____

STATE OF FLORIDA
COUNTY OF BROWARD

The foregoing instrument was acknowledged before me this 9th day of March, 2006 by SUSAN FOSTER, as Vice Mayor of the City of Pompano Beach, Florida, a municipal corporation, on behalf of the municipal corporation, who is personally known to me.

NOTARY'S SEAL:

[Signature]
NOTARY PUBLIC, STATE OF FLORIDA

(Name of Acknowledger Typed, Printed or Stamped)

Commission Number _____

STATE OF FLORIDA
COUNTY OF BROWARD

The foregoing instrument was acknowledged before me this 9th day of March, 2006 by GEORGE BRUMMER as Commissioner of the City of Pompano Beach, Florida, a municipal corporation, on behalf of the municipal corporation, who is personally known to me.

NOTARY'S SEAL:

[Signature]
NOTARY PUBLIC, STATE OF FLORIDA

(Name of Acknowledger Typed, Printed or Stamped)

Commission Number _____

STATE OF FLORIDA
COUNTY OF BROWARD

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11-A

The foregoing instrument was acknowledged before me this 9th day of March, 2006 by LAMAR FISHER, as Commissioner of the City of Pompano Beach, Florida, a municipal corporation, on behalf of the municipal corporation, who is personally known to me.

NOTARY'S SEAL:

[Signature]
NOTARY PUBLIC, STATE OF FLORIDA

(Name of Acknowledger Typed, Printed or Stamped)

Commission Number _____

STATE OF FLORIDA
COUNTY OF BROWARD

The foregoing instrument was acknowledged before me this 9th day of March, 2006 by KAY MCGINN, as Commissioner of the City of Pompano Beach, Florida, a municipal corporation, on behalf of the municipal corporation, who is personally known to me.

NOTARY'S SEAL:

[Signature]
NOTARY PUBLIC, STATE OF FLORIDA

(Name of Acknowledger Typed, Printed or Stamped)

Commission Number _____

STATE OF FLORIDA
COUNTY OF BROWARD

The foregoing instrument was acknowledged before me this 9th day of March, 2006 by PAT LARKINS as Commissioner of the City of Pompano Beach, Florida, a municipal corporation, on behalf of the municipal corporation, who is personally known to me.

NOTARY'S SEAL:

[Signature]
NOTARY PUBLIC, STATE OF FLORIDA

(Name of Acknowledger Typed, Printed or Stamped)

Commission Number _____

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BOND DEBT SERVICE

City of Pompano Beach Water & Sewer Revenue
Series 2014 Refunding of Series 2006B

Final Numbers

Loan Provider: Regions Capital Advantage

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
01/01/2015			76,940.50	76,940.50	
07/01/2015	2,915,000	1.680%	145,782.00	3,060,782.00	3,137,722.50
01/01/2016			121,296.00	121,296.00	
07/01/2016	2,790,000	1.680%	121,296.00	2,911,296.00	3,032,592.00
01/01/2017			97,860.00	97,860.00	
07/01/2017	2,835,000	1.680%	97,860.00	2,932,860.00	3,030,720.00
01/01/2018			74,046.00	74,046.00	
07/01/2018	2,890,000	1.680%	74,046.00	2,964,046.00	3,038,092.00
01/01/2019			49,770.00	49,770.00	
07/01/2019	2,935,000	1.680%	49,770.00	2,984,770.00	3,034,540.00
01/01/2020			25,116.00	25,116.00	
07/01/2020	2,990,000	1.680%	25,116.00	3,015,116.00	3,040,232.00
	17,355,000		958,898.50	18,313,898.50	18,313,898.50

