



**DISTRICT ENERGY SYSTEM
REVENUE BOND RESOLUTION**

Adopted June 15, 2004

TABLE OF CONTENTS

	Page
ARTICLE I.....	1
101. Definitions.....	1
102. Authority for the Resolution.....	20
103. Resolution to Constitute Contract.....	20
ARTICLE II THE BONDS.....	21
201. Authorization of Bonds.....	21
202. General Provisions for Issuance of Bonds of Each Series.....	21
203. Bonds Other Than Refunding Bonds and Reimbursement Obligations.....	23
204. Refunding Bonds.....	24
205. Reimbursement Obligations.....	25
206. Special Provisions Relating to Capital Appreciation Bonds, Deferred Income Bonds and Reimbursement Obligations.....	26
207. Capital Lease Obligations.....	27
ARTICLE III GENERAL TERMS AND PROVISIONS OF BONDS.....	27
301. Medium of Payment; Form and Date; Letters and Numbers.....	27
302. Legends.....	28
303. Execution and Authentication.....	28
304. Interchangeability of Bonds.....	29
305. Negotiability, Transfer and Registry.....	29
306. Regulations with Respect to Exchanges and Transfers.....	29
307. Bonds Mutilated, Lost, Stolen or Destroyed.....	30
308. Payment of Interest on Bonds; Interest Rights Preserved.....	30
309. Book Entry Bonds.....	31
ARTICLE IV REDEMPTION OF BONDS.....	34
401. Privilege of Redemption and Redemption Price.....	34
402. Redemption of Bonds.....	34
403. Selection of Bonds to be Redeemed.....	34
404. Notice of Redemption.....	34
405. Payment of Redeemed Bonds.....	35
ARTICLE V ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF.....	36
501. The Pledge Effected by the Resolution.....	36
502. Establishment of Funds and Accounts.....	36

TABLE OF CONTENTS

	Page
503. Construction Fund	37
504. Revenues and Revenue Fund	38
505. Payment of Operation and Maintenance Expenses	38
506. Payments into Certain Funds	38
507. Debt Service Fund -- Debt Service Account	40
508. Debt Service Fund -- Debt Service Reserve Account	42
509. Establishment of Initial Subaccount in the Debt Service Reserve Account and Application Thereof.	43
510. Subordinated Indebtedness Fund	48
511. Rate Stabilization Fund	48
512. Renewal and Replacement Fund	49
513. Cancellation and Destruction of Bonds	49
514. Credits Against Sinking Fund Installments	50
515. Subordinated Indebtedness	50
516. Purchases of Bonds	50
ARTICLE VI DEPOSITORIES OF MONEYS, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS	50
601. Depositories	50
602. Deposits	51
603. Investment of Certain Funds	51
604. Valuation and Sale of Investments	52
ARTICLE VII PARTICULAR COVENANTS OF JEA	53
701. Payment of Bonds	53
702. Extension of Payment of Bonds	53
703. Offices for Servicing Bonds	53
704. Further Assurance	53
705. Power to Issue Bonds and Pledge Revenues and Other Funds	54
706. Power to Fix and Collect Rates, Fees and Charges	54
707. Creation of Liens; Sale and Lease of Property	54
708. Annual Budget	56
709. Operation and Maintenance of the System	56
710. Rates, Fees and Charges	56
711. Maintenance of Insurance	58

TABLE OF CONTENTS

	Page
712.Reconstruction; Application of Insurance Proceeds; Condemnation Awards	58
713.Accounts and Reports.....	59
714.Payment of Taxes and Charges	59
715.Additional Utility Functions	60
716.General	60
ARTICLE VIII REMEDIES OF HOLDERS OF THE BONDS	60
801.Events of Default.....	60
802.Accounting and Examination of Records After Default.....	62
803.Application of Revenues and Other Moneys After Default.....	62
804.Appointment of Receiver	64
805.Remedies Not Exclusive	64
806.Effect of Waiver and Other Circumstances.....	64
807.Notice of Default.....	65
ARTICLE IX THE FIDUCIARIES	65
901.Paying Agents	65
902.Responsibilities of Fiduciaries	65
903.Evidence on Which Fiduciaries May Act	66
904.Compensation.....	66
905.Certain Permitted Acts	66
906.Merger or Consolidation	66
907.Adoption of Authentication.....	67
ARTICLE X SUPPLEMENTAL RESOLUTIONS.....	67
1001.Supplemental Resolutions Effective Without Delivery of Counsel’s Opinion as to No Material Adverse Effect and Without Consent of Holders of the Bonds.....	67
1002.Supplemental Resolutions Effective Upon Delivery of Counsel’s Opinion as to No Material Adverse Effect	68
1003.Supplemental Resolutions Effective with Consent of Holders of the Bonds.....	69
1004.General Provisions	69
ARTICLE XI AMENDMENTS.....	69
1101.Mailing	69
1102.Powers of Amendment.....	70
1103.Consent of Holders of the Bonds	70

TABLE OF CONTENTS

	Page
1104.Modifications by Unanimous Consent.....	71
1105.Exclusion of Bonds	72
1106.Notation on Bonds.....	72
ARTICLE XII MISCELLANEOUS	72
1201.Defeasance	72
1202.Evidence of Signatures of Holders of the Bonds and Ownership of Bonds	77
1203.Moneys Held for Particular Bonds.....	78
1204.Preservation and Inspection of Documents.....	78
1205.Parties Interested Herein	78
1206.No Recourse on the Bonds	78
1207.Publication of Notice; Suspension of Publication; Notice to Credit Enhancers	78
1208.Action by Credit Enhancer When Action by Holders of the Bonds Required.....	79
1209.Severability of Invalid Provisions	79
1210.Holidays	79
ARTICLE XIII EFFECTIVE DATE	80
1301.Effective Date.....	80
 Exhibit A -	 A-1
Exhibit B -	B-1

NOW, THEREFORE, be it resolved by JEA as follows:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

101. **Definitions.** The following terms shall, for all purposes of the Resolution, have the following meanings:

Account or **Accounts** shall mean, as the case may be, each or all of the accounts established in subsection 1 of Section 502.

Accountant's Certificate shall mean a certificate signed by an independent certified public accountant of recognized national standing or a firm of certified public accountants of recognized national standing, selected by JEA, who may be the accountant or firm of accountants who regularly audit the books of JEA relating to the System.

Accreted Value shall mean, as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the Supplemental Resolution authorizing such Capital Appreciation Bond on which interest on such Bond is to be compounded (hereinafter, a "Periodic Compounding Date") next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Capital Appreciation Bonds set forth in the Supplemental Resolution authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Accreted Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the Supplemental Resolution authorizing such Capital Appreciation Bonds, Accreted Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months.

Accrued Aggregate Debt Service shall mean, as of any date of calculation, an amount equal to the sum of the amounts of accrued Debt Service with respect to all Series, calculating the accrued Debt Service with respect to each Series at an amount equal to the sum of (i) interest on the Bonds of such Series accrued and unpaid and to accrue to the end of the then current calendar month, and (ii) Principal Installments due and unpaid and that portion of the Principal Installments for such Series next due which would have accrued (if deemed to accrue in the manner set forth in the definition of Debt Service) to the end of such calendar month; provided, however, that (i) there shall be excluded from the calculation of Accrued Aggregate Debt Service any Principal Installments which are Refundable Principal Installments, (ii) the principal and interest portions of the Accreted Value of Capital Appreciation Bonds or the Appreciated Value of Deferred Income Bonds shall be included in the calculation of Accrued Aggregate Debt Service at the times and in the manner provided in subsection 1 of Section 206 and (iii) if the calculation of the Debt Service Reserve Requirement for any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund takes into account Accrued

Aggregate Debt Service, then, for purposes of such calculation, Accrued Aggregate Debt Service shall be calculated only with respect to the Bonds of the Series secured thereby.

Act shall mean Article 21 of the Charter of the City, as amended and readopted by Chapter 80-515, Laws of Florida, Special Acts of 1980, as subsequently amended by Chapter 92-341, Laws of Florida, Special Acts of 1992 and as thereafter amended in accordance with the terms thereof.

Additionally Secured Series shall mean a Series of Bonds for which the payment of the principal or sinking fund Redemption Price, if any, of, and interest on, the Bonds of such Series shall be secured, in addition to the pledge created pursuant to subsection 1 of Section 501 hereof in favor of all of the Bonds, by amounts on deposit in a separate subaccount to be designated therefor in the Debt Service Reserve Account in the Debt Service Fund.

Adjusted Aggregate Debt Service for any period shall mean, as of any date of calculation, the Aggregate Debt Service for such period except that (a) if any Refundable Principal Installment for any Series of Bonds is included in Aggregate Debt Service for such period, Adjusted Aggregate Debt Service shall mean Aggregate Debt Service determined (i) in the case of Refundable Principal Installments with respect to Bonds other than Commercial Paper Notes and Medium-Term Notes, as if each such Refundable Principal Installment had been payable, over a period extending from the due date of such Principal Installment through the later of (x) the 30th anniversary of the issuance of such Series of Bonds or (y) the 10th anniversary of the due date of such Refundable Principal Installment, in installments which would have required equal annual payments of principal and interest over such period and (ii) in the case of Refundable Principal Installments with respect to Commercial Paper Notes or Medium-Term Notes, in accordance with the then current Commercial Paper Payment Plan or Medium-Term Note Payment Plan, as applicable, with respect thereto, and (b) the principal and interest portions of the Accreted Value of Capital Appreciation Bonds or the Appreciated Value of Deferred Income Bonds shall be included in the calculation of Adjusted Aggregate Debt Service at the times and in the manner provided in subsection 1 of Section 206 hereof. Interest deemed payable in any Fiscal Year after the actual due date of any Refundable Principal Installment of any Series of Bonds shall be calculated at such rate of interest as JEA, or a banking or financial institution or financial advisory firm selected by JEA, determines would be a reasonable estimate of the rate of interest that would be borne on Bonds maturing at the times determined in accordance with the provisions of the preceding sentence, determined as of the date of such calculation.

Aggregate Debt Service for any period shall mean, as of any date of calculation, the sum of the amounts of Debt Service for such period with respect to all Series; provided, however, that (a) for purposes of estimating Aggregate Debt Service for any future period (i) any Variable Rate Bonds, Commercial Paper Notes and Medium-Term Notes Outstanding during such period shall be assumed to bear interest during such period at the greater of (X) the actual rate of interest then borne by such Variable Rate Bonds or (Y) the Certified Interest Rate applicable thereto and (ii) any Option Bonds Outstanding during such period shall be assumed to mature on the stated maturity date thereof and (b) the principal and interest portions of the Accreted Value of Capital Appreciation Bonds or the Appreciated Value of Deferred Income Bonds shall be included in the calculation of Aggregate Debt Service at the times and in the manner provided in subsection 1 of Section 206; and provided, further, that if the calculation of

the Debt Service Reserve Requirement for any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund takes into account Aggregate Debt Service, then, for purposes of such calculation, Aggregate Debt Service shall be calculated only with respect to the Bonds of the Series secured thereby.

Alternate Variable Rate Taxable Index shall mean such index as, at the time, is in general use as a proxy for short-term interest rates on debt obligations of state and local governments the interest on which is not excluded from gross income for federal income tax purposes, as determined by an Authorized Officer of JEA.

Alternate Variable Rate Tax-Exempt Index shall mean such index as, at the time, is in general use as a proxy for short-term interest rates on debt obligations of state and local governments the interest on which is excluded from gross income for federal income tax purposes, as determined by an Authorized Officer of JEA.

Annual Budget shall mean the annual budget or budgets of the System, as amended or supplemented, adopted or in effect for a particular Fiscal Year as provided in Section 708.

Annual Net Revenues shall mean, with respect to any Fiscal Year, the Revenues during such Fiscal Year, determined on an accrual basis, minus the sum of (a) Operation and Maintenance Expenses during such Fiscal Year, determined on an accrual basis, to the extent paid or to be paid from Revenues, (b) the Aggregate Debt Service with respect to such Fiscal Year, and (c) debt service payable during such Fiscal Year with respect to all other obligations issued by JEA (including, without limitation, Subordinated Indebtedness) in connection with the System, determined on an accrual basis.

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

Authenticating Agent shall mean an officer of JEA, a transfer agent duly registered pursuant to the Securities Exchange Act of 1934, as amended (or successor provision

of law), or a bank or trust company or national banking association at the time appointed by a Bond Registrar as its agent to authenticate Commercial Paper Notes or Medium-Term Notes.

Authorized Newspaper shall mean a newspaper or financial journal customarily published at least once a day for at least five days (other than legal holidays) in each calendar week and printed in the English language, which is of general circulation in the Borough of Manhattan, City and State of New York (which may include The Bond Buyer and The Wall Street Journal).

Authorized Officer of JEA shall mean (a) the Chair, the Vice Chair or the Secretary of the Governing Body, (b) the Managing Director and Chief Executive Officer, the Vice President and Chief Operating Officer, Vice President Financial Services or the Director, Financial Management Services of JEA (or any officer of JEA hereafter serving in a capacity equivalent to that of any of the foregoing officers) or (c) any other officer or employee of JEA authorized to perform specific acts or duties by resolution duly adopted by the Governing Body.

Average Annual Adjusted Aggregate Debt Service shall mean, as of any date of calculation, the arithmetic average of the Adjusted Aggregate Debt Service for the then current and each future Bond Year.

Bearer Commercial Paper Note shall mean any Commercial Paper Note that, in accordance with the Supplemental Resolution authorizing the Series of which such Commercial Paper Note is a part, is issued in bearer form, not registrable as to principal or face amount.

BMA Municipal Swap Index shall mean the rate determined on the basis of an index based upon the weekly interest rates of tax-exempt variable rate issues included in a database maintained by Municipal Market Data or any successor indexing agent which meets specific criteria established by The Bond Market Association.

Bond or **Bonds** shall mean any bonds, notes or other obligations or evidences of indebtedness, as the case may be, authenticated and delivered under and Outstanding pursuant to the Resolution but shall not mean Subordinated Indebtedness or Bond Anticipation Notes.

Bond Anticipation Notes shall mean notes or other evidences of indebtedness from time to time issued in anticipation of the issuance of Bonds, the proceeds of which have been or are required to be applied to one or more of the purposes for which Bonds may be issued, the payment of which notes is to be made from the proceeds of the Bonds in anticipation of the issuance of which said notes are issued.

Bond Registrar shall mean the officer of JEA, such transfer agent duly registered pursuant to the Securities Exchange Act of 1934, as amended (or successor provision of law), or such bank or trust company organized under the laws of the United States of America or of any State of the United States of America or national banking association, located within or without the State of Florida, appointed by JEA to perform the duties of Bond Registrar enumerated in Section 703 with respect to one or more Series of Bonds.

Bond Year shall mean the 12 month period commencing on October 1 in any year and ending on September 30 of the following year.

Book Entry Bond shall mean a Bond authorized to be issued to, and issued to and, except as provided in subsection 4 of Section 309, restricted to being registered in the name of, a Securities Depository for the participants in such Securities Depository or the beneficial owners of such Bond.

Capital Appreciation Bonds shall mean any Bonds issued under the Resolution as to which interest is (i) compounded periodically on dates that are specified in the Supplemental Resolution authorizing such Capital Appreciation Bonds and (ii) payable only at the maturity, earlier redemption or other payment thereof pursuant to the Resolution or the Supplemental Resolution authorizing such Capital Appreciation Bonds.

Capital Lease Obligations shall mean all Bonds issued pursuant to Section 207 and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III or Section 405 or Section 1106 and the Supplemental Resolution authorizing such Capital Lease Obligations.

Certified Interest Rate shall mean, as of any date of determination:

(i) with respect to (A) any Commercial Paper Notes or Medium-Term Notes or (B) any Variable Rate Bonds maturing on a particular date that were, at the date of the original issuance thereof, the subject of a Counsel's Opinion to the effect that the interest thereon is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest equal to the lesser of (1) the average of the Variable Rate Tax-Exempt Index for the five (5) years preceding such date of determination and (2) the average rate of interest borne by such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, for the twelve (12) months preceding such date of determination; provided, however, if such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be are then being issued or shall not have been Outstanding for twelve (12) months, then the rate of interest determined pursuant to this clause (i) shall be the rate determined pursuant to the foregoing subclause (1),

(ii) with respect to (A) any Commercial Paper Notes or Medium-Term Notes or (B) any Variable Rate Bonds maturing on a particular date that were not, at the date of the original issuance thereof, the subject of a Counsel's Opinion to the effect that the interest thereon is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest equal to the lesser of (a) the average of the Variable Rate Taxable Index for the five (5) years preceding such date of determination and (b) the average rate of interest borne by such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, for the twelve (12) months preceding such date of determination; provided, however, if such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, are then being issued or shall not have been Outstanding for twelve (12) months, then the rate of interest determined pursuant to this clause (ii) shall be the rate determined pursuant to the foregoing subclause (a); and

(iii) for purposes of calculating the Debt Service Reserve Requirement for any particular subaccount in the Debt Service Reserve Account in the Debt Service Fund and with respect to (A) any Commercial Paper Notes or Medium-Term Notes or (B) any

Variable Rate Bonds maturing on a particular date, the interest rate set forth in a certificate of an Authorized Officer of JEA executed on or prior to the date of the initial issuance of such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may, as determined as follows: a Certified Interest Rate shall be that rate of interest determined by JEA, or a banking or financial institution or financial advisory firm selected by JEA, as the rate of interest such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, would bear if, assuming the same maturity date, terms and provisions (other than interest rate) as such proposed Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, and on the basis of JEA's credit ratings with respect to the Bonds (other than Bonds for which credit enhancement is provided by a third party), such proposed Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, were issued at a fixed interest rate.

City shall mean the City of Jacksonville, Florida.

Code shall mean the Internal Revenue Code of 1986, or any successor, and the applicable regulations (including final, temporary and proposed) promulgated by the United States Department of the Treasury thereunder, including Treasury Regulations issued pursuant to Sections 103 and 141 through 150, inclusive, of said Internal Revenue Code of 1986.

Commercial Paper Note shall mean any Bond which (a) has a maturity date which is not more than 365 days after the date of issuance thereof and (b) is designated as a Commercial Paper Note in the Supplemental Resolution authorizing such Bond.

Commercial Paper Payment Plan shall mean, with respect to any Series of Commercial Paper Notes and as of any time, the then current Commercial Paper Payment Plan for such Notes contained in a certificate of an Authorized Officer of JEA delivered pursuant to clause (7) of Section 2.02 hereof and setting forth the sources of funds expected to be utilized by JEA to pay the principal of and interest on such Commercial Paper Notes; *provided, however*, that if any Commercial Paper Payment Plan provides for the refunding of any Commercial Paper Note with proceeds of Bonds other than Commercial Paper Notes or Medium-Term Notes that JEA intends to pay from Revenues, the principal of such Commercial Paper Notes shall, for purposes of the Commercial Paper Payment Plan, be assumed to come due over a period commencing with the due date of the Commercial Paper Note and ending not later than the earlier of (x) the 40th anniversary of the first issuance of Commercial Paper Notes of such Series or (y) the 30th anniversary of the due date of the Commercial Paper Note to be refunded, in installments such that the principal and interest payable on such Commercial Paper Notes in each Fiscal Year in such period will be equal to the principal and interest payable on such Commercial Paper Notes in each other Fiscal Year in such period.

Construction Fund shall mean the Construction Fund established in subsection 1 of Section 502.

Consulting Engineer shall mean the engineer or engineering firm or corporation, if any, retained by JEA to perform the acts and carry out the duties provided for such Consulting Engineer in the Resolution. In the event that JEA shall retain an engineer or engineering firm or corporation as aforesaid, such engineer or engineering firm or corporation shall have a favorable reputation for skill and experience in such work.

Contract Debts shall mean any obligations of JEA under a contract, lease, installment sale agreement, bulk purchase agreement or otherwise to make payments out of Revenues for property, services or commodities whether or not the same are made available, furnished or received.

Costs shall mean, the costs, expenses and liabilities paid or incurred or to be paid or incurred by JEA in connection with the planning, engineering, designing, acquiring, constructing, installing, financing, repairing, extending, improving, reconstructing, retiring and disposing of the System or any part thereof and the obtaining of all governmental approvals, certificates, permits and licenses with respect thereto (including, for this purpose, any acquisition by JEA of an interest in an existing facility), including, but not limited to, any good faith or other similar payment or deposits required in connection with the acquisition or construction of such part of the System, the cost of acquisition by or for JEA of real and personal property or any interests therein, costs of physical construction or acquisition of such part of the System, and costs of JEA incidental to such construction or acquisition, all costs relating to injury and damage claims relating to such part of the System, all costs relating to the settlement or renegotiation of any contract entered into in connection with any such part of the System, the cost of any indemnity or surety bonds and premiums on insurance, preliminary investigation and development costs, engineering fees and expenses, contractors' fees and expenses, the costs of labor, materials, equipment and utility services and supplies, legal and financial advisory fees and expenses, interest and financing costs, including, without limitation, bank commitment and letter of credit fees, bond insurance and indemnity premiums, discounts to the underwriters or other purchasers thereof, if any, amounts required to be paid under any interest rate exchanges or swaps, cash flow exchanges, options, caps, floors or collars, in each case made in connection with the issuance of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA relating to the System, fees and expenses of the Fiduciaries, administration and general overhead expense and costs of keeping accounts and making reports required by the Resolution, amounts, if any, required by the Resolution to be paid into the Debt Service Fund to provide, among other things, for interest accruing on Bonds and to provide for the Debt Service Reserve Requirement or to be paid into the Revenue Fund or the Renewal and Replacement Fund for any of the respective purposes thereof, payments when due (whether at the maturity of principal or the due date of interest or upon redemption) on any indebtedness of JEA, including Bonds, Bond Anticipation Notes and Subordinated Indebtedness, issued to finance or refinance any of the foregoing, and all federal, state and local taxes and payments in lieu of taxes in connection with the System, or any part thereof, and working capital and reserves for any of the foregoing and shall include reimbursements to JEA for any of the above items theretofore paid by or on behalf of JEA. It is intended that this definition be broadly construed to encompass all costs, expenses and liabilities of JEA related to the System which on the date of the Resolution or in the future shall be permitted to be funded with the proceeds of Bonds pursuant to the provisions of Florida law.

Counsel's Opinion shall mean an opinion signed by an attorney or firm of attorneys of recognized standing in the field of law relating to municipal bonds (who may be counsel to JEA) selected by JEA.

Credit Enhancement shall mean, with respect to the Bonds of a Series, a maturity within a Series or an interest rate within a maturity, the issuance of an insurance policy, letter of credit, surety bond or any other similar obligation, whereby the issuer thereof becomes

unconditionally obligated to pay when due, to the extent not paid by JEA or otherwise, the principal of and interest on such Bonds.

Credit Enhancer shall mean any person or entity which, pursuant to a Supplemental Resolution, is designated as a Credit Enhancer and which provides Credit Enhancement for the Bonds of a Series, a maturity within a Series or an interest rate within a maturity.

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

Date of Issuance shall mean, with respect to any Series of Bonds, the date upon which such Bonds are or have been authenticated and delivered by the Bond Registrar therefor.

Debt Service for any period shall mean, as of any date of calculation and with respect to any Series, an amount equal to the sum of (i) interest accruing during such period on Bonds of such Series, except to the extent that such interest is to be paid from deposits into the Debt Service Account in the Debt Service Fund made from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA (including amounts, if any, transferred thereto from the Construction Fund) and (ii) that portion of each Principal Installment for such Series which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Series (or, (x) in the case of Bonds other than Reimbursement Obligations, if (1) there shall be no such preceding Principal Installment due date or (2) such preceding Principal Installment due date is more than one year prior to the due date of such Principal Installment, then, from a date one year preceding the due date of such Principal Installment or from the Date of Issuance of Bonds of such Series, whichever date is later, and (y) in the case of Reimbursement Obligations, in accordance with the terms thereof and the Supplemental Resolution authorizing such Reimbursement Obligations), except to the extent that such Principal Installment is paid or to be paid from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA. Such interest and Principal Installments for such Series shall be calculated on the assumption that (x) no Bonds (except for Option Bonds actually tendered for payment prior to the stated maturity thereof and paid, or to be paid, from Revenues) of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof, (y) the principal amount of Option Bonds tendered for payment before the stated maturity thereof and paid, or to be paid, from Revenues, shall be deemed to accrue on the date required to be paid pursuant to such tender and (z) the principal and interest portions of the Accreted Value of Capital Appreciation Bonds or the Appreciated Value of Deferred Income Bonds shall be included in the calculation of Debt Service at the times and in the manner provided in subsection 1 of Section 206; provided, however, that if the calculation of the Debt Service Reserve Requirement for any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund takes into account Debt Service, then, for purposes of such

calculation, Debt Service shall be calculated only with respect to the Bonds of the Series secured thereby.

Notwithstanding anything to the contrary contained herein, (a) if JEA has in connection with any Bonds entered into a Designated Swap Obligation which provides that, in respect of a notional amount corresponding to the principal amount or issue price of such Bonds, JEA is to pay to a Designated Swap Obligation Provider an amount determined based upon a variable rate of interest and the Designated Swap Obligation Provider is to pay to JEA an amount determined based upon a fixed rate of interest, then, for purposes of calculating Debt Service with respect to such Bonds for purposes of clause (1) of subsection 1 of Section 203 hereof and Section 710 hereof, it will be assumed that such Bonds bear interest at a rate equal to the sum of (1) the lesser of (A) the average of the variable rate payable by JEA pursuant to such Designated Swap Obligation for the five (5) years preceding the date of determination, calculating such rate based upon the method, formula or index with respect thereto set forth in such Designated Swap Obligation and (B) the average of the actual rates paid by JEA pursuant to such Designated Swap Obligation for the twelve (12) months preceding such date of determination; provided, however, if such Designated Swap Obligation shall not have been in effect for twelve (12) months, then the rate of interest determined pursuant to this clause (1) shall be the rate determined pursuant to the foregoing subclause (A) and (2) the difference (whether positive or negative) between (X) the fixed rate of interest on such Bonds and (Y) the fixed rate of interest payable to JEA pursuant to such Designated Swap Obligation and (b) if JEA has in connection with any Variable Rate Bonds, Commercial Paper Notes or Medium-Term Notes entered into a Designated Swap Obligation which provides that, in respect of a notional amount of such Variable Rate Bonds, Commercial Paper Notes or Medium-Term Notes, as the case may be, JEA is to pay to a Designated Swap Obligation Provider an amount determined based upon a fixed rate of interest and the Designated Swap Obligation Provider is to pay to JEA an amount determined based upon a variable rate of interest, then, for purposes of calculating Debt Service with respect to such Variable Rate Bonds, Commercial Paper Notes or Medium-Term Notes, as the case may be, for purposes of clause (1) of subsection 1 of Section 203 hereof and Section 710 hereof, it will be assumed that such Variable Rate Bonds, Commercial Paper Notes or Medium-Term Notes, as the case may be, bear interest at the fixed rate of interest payable by JEA pursuant to such Designated Swap Obligation.

Debt Service Fund shall mean the Debt Service Fund established in subsection 1 of Section 502.

Debt Service Reserve Requirement shall mean, with respect to each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund, unless otherwise specified in the Supplemental Resolution establishing such subaccount, as of any date of calculation, an amount equal to the lesser of (a) 10 percent of the original principal amount of the Bonds of all issues (as defined for federal income tax purposes) secured thereby (or, if the Bonds of any such issue are issued at an issue price (as computed for federal income tax purposes) of greater than 102 percent or less than 98 percent of the principal amount thereof, ten percent of such issue price), and (b) the maximum amount of interest included in Aggregate Debt Service on the Bonds of all Series secured thereby then Outstanding for the current or any future Bond Year (excluding interest (other than accrued interest paid in connection with the initial issuance thereof) on such Bonds to be paid from deposits in the Debt Service Account in the Debt Service Fund made from the proceeds of Bonds, Subordinated Indebtedness or other evidences of

indebtedness of JEA); provided, however, that in no event may an increase in the Debt Service Reserve Requirement for any subaccount resulting from the issuance of an additional issue (as defined for federal income tax purposes) of Bonds exceed ten percent of the original principal amount of the Bonds of such issue (or, if the Bonds of such issue are issued at an issue price (as computed for federal income tax purposes) of greater than 102 percent or less than 98 percent of the principal amount thereof, ten percent of such issue price).

Defaulted Interest shall have the meaning given to such term in Section 308.

Defeasance Securities shall mean, unless otherwise provided with respect to the Bonds of a Series in the Supplemental Resolution authorizing such Bonds,

(a) any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies set forth in clause (c) below to the extent unconditionally guaranteed by the United States of America, which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof or as to which an irrevocable notice of redemption of such securities on a specified redemption date has been given and such securities are not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof,

(b) 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 prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such bonds or other obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall be also specified in such instructions, (ii) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (a) above 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 redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this clause (b), as appropriate, (iii) as to which the principal of and interest on the bonds and obligations of the character described in clause (a) above on deposit in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (b) 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 clause (b), as appropriate and (iv) which at the time of their purchase hereunder are rated "AAA" by Standard & Poor's and, if rated by Moody's Investors Service, are rated "Aaa" by such agency,

(c) obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any state or political subdivision which are not callable for redemption prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall also be specified in such instructions, and which shall be rated in the highest whole rating category by two nationally recognized rating agencies,

(d) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in clauses (a) and (c) of this definition provided that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination by federal, state, or territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000, or obligations described in the foregoing clause (c), in any such case, which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof or as to which an irrevocable notice of redemption of such obligations on a specified redemption date has been given and such obligations are not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof,

(e) deposits in interest-bearing time deposits or certificates of deposit which shall not be subject to redemption or repayment prior to their maturity or due date other than at the option of the depositor or holder thereof or as to which an irrevocable notice of redemption or repayment of such time deposits or certificates of deposit on a specified redemption or repayment date has been given and such time deposits or certificates of deposit are not otherwise subject to redemption or repayment prior to such specified date other than at the option of the depositor or holder thereof, and which are fully secured by obligations described in clause (a) or clause (b) of the definition to the extent not insured by the Federal Deposit Insurance Corporation,

(f) agreements or contracts with insurance companies or other financial institutions, or subsidiaries or affiliates thereof (hereinafter in this paragraph referred to as "Providers"), (i) whose outstanding unsecured senior indebtedness or claims-paying ability, as the case may be, shall be rated, or who shall have a "financial programs rating" or other equivalent rating, in the highest whole rating category by at least two nationally recognized statistical rating organizations or (ii) whose obligations under such agreements or contracts shall be unconditionally guaranteed by another insurance company or other financial institution, or subsidiary or affiliate thereof, whose outstanding unsecured senior indebtedness or

claims-paying ability, as the case may be, shall be rated, or who shall have a “financial programs rating” or other equivalent rating, in the highest whole rating category by at least two nationally recognized statistical rating organizations, pursuant to which agreements or contracts the Provider shall be absolutely, unconditionally and irrevocably obligated to repay the moneys invested by JEA and interest thereon at a guaranteed rate, without any right of recoupment, counterclaim or set off. The Provider may have the right to assign its obligations under any Investment Agreement to any other insurance company or other financial institution, or subsidiary or affiliate thereof; provided, however, that such assignee also shall be an insurance company or other financial institution, or subsidiary or affiliate thereof, satisfying the requirements set forth in either clause (i) or clause (ii) of the preceding sentence, and

(g) upon compliance with the provisions of subsection 6 of Section 1201, such securities (I) as are described in clause (a) of this definition and (II) as are described in clause (d) of this definition so long as such securities evidence ownership of the right to payments of principal and/or interest on obligations described in clause (a) of such definition, in each case provided that, notwithstanding such clauses, such securities which are subject to redemption prior to maturity at the option of the issuer thereof on a specified date or dates.

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

Depository shall mean any bank, trust company, national banking association, savings and loan association, savings bank or other banking association selected by JEA as a depository of moneys and securities held under the provisions of the Resolution.

Designated Swap Obligation shall mean, to the extent from time to time permitted by law, any interest rate swap transaction (i) which is entered into by JEA for the purpose of converting synthetically the interest rate on any particular Bonds from a fixed rate to a variable rate or from a variable rate to a fixed rate (regardless of whether such Designated Swap Obligation shall have a term equal to the remaining term of such Bonds) and (ii) which has been designated in a certificate of an Authorized Officer of JEA filed with the records of JEA as such (which certificate shall specify the Bonds with respect to which such Designated Swap Obligation is entered into).

Designated Swap Obligation Provider shall mean any person with whom JEA enters into a Designated Swap Obligation.

Escrow Agent shall mean, with respect to the refunding or defeasance of any particular Bond or Bonds at any one time, the entity with which moneys or investments shall be deposited in trust for the Holders of such Bond or Bonds to be refunded or defeased, and who shall agree, through an appropriate agreement with JEA, to perform the duties of Escrow Agent

with respect to such Bond or Bonds as provided in the Resolution or the Supplemental Resolution authorizing the Series of which such Bond or Bonds are a part.

Event of Default shall have the meaning given to such term in Section 801.

Fiduciary or **Fiduciaries** shall mean the Bond Registrars, the Paying Agents, any Escrow Agent in respect of the refunding or defeasance of Bonds and any Authenticating Agent, or any or all of them, as may be appropriate.

Fiscal Year shall mean the 12 month period established by the Governing Body or provided by law from time to time as the fiscal year for the System, and which, as of the date of adoption of this Resolution, is the 12 month period commencing on October 1 of any year and ending on September 30 of the following year.

Fund or **Funds** shall mean, as the case may be, each or all of the Funds established in Section 502.

Governing Body shall mean the governing body of JEA as set forth in the Charter of the City, as amended from time to time.

Highest Rating Category shall mean (i) if the Bonds are rated by a Rating Agency, that each Rating Agency has assigned a rating in the highest rating given by that Rating Agency for that general category of security or obligation, and (ii) if the Bonds are not rated (and, consequently, there is no Rating Agency), that Standard and Poors' or Moody Ratings Service has assigned a rating in the highest rating given by that rating agency for that general category of security or obligation.

Holder shall mean (i) any person who shall be the registered owner of any Bond or Bonds other than Bearer Commercial Paper Notes and (ii) any person who shall be the bearer of any Bearer Commercial Paper Note or Notes.

Investment Securities shall mean and include any securities, obligations or investments that, at the time, shall be permitted by Florida law for investment of JEA's funds.

JEA shall mean JEA, a body politic and corporate, or, if JEA shall be abolished, the authority, board, body, commission or agency succeeding to the principal functions and obligations thereof.

Medium-Term Note shall mean any Bond which (a) has a maturity date which is more than 365 days, but not more than 15 years, after the date of issuance thereof and (b) is designated as a Medium-Term Note in the Supplemental Resolution authorizing such Bond.

Medium-Term Note Payment Plan shall mean, with respect to any Series of Medium-Term Notes and as of any time, the then current Medium-Term Note Payment Plan for such Notes contained in a certificate of an Authorized Officer of JEA delivered pursuant to clause (8) of Section 2.02 hereof and setting forth the sources of funds expected to be utilized by JEA to pay the principal of and interest on such Medium-Term Notes; *provided, however*, that if any Medium-Term Note Payment Plan provides for the refunding of any Medium-Term Note with proceeds of Bonds other than Commercial Paper Notes or Medium-Term Notes, that JEA intends to pay from Revenues, the principal of such Medium-Term Notes shall, for purposes of

the Medium-Term Note Payment Plan, be assumed to come due over a period commencing with the due date of the Medium-Term Note and ending not later than the earlier of (x) the 40th anniversary of the first issuance of Medium-Term Notes of such Series or (y) the 30th anniversary of the due date of the Medium-Term Note to be refunded, in installments such that the principal and interest payable on such Medium-Term Notes in each Fiscal Year in such period will be equal to the principal and interest payable on such Medium-Term Notes in each other Fiscal Year in such period.

Net Revenues shall mean, for any period, the Revenues during such period, determined on an accrual basis, minus the Operation and Maintenance Expenses during such period, determined on an accrual basis, to the extent paid or to be paid from Revenues.

One-Month LIBOR Rate shall mean, as of any date of determination, the offered rate for deposits in U.S. dollars for a one-month period which appears on the Telerate Page 3750 at approximately 11:00 A.M., London time, on such date, or if such date is not a date on which dealings in U.S. dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market.

Operation and Maintenance Expenses shall mean the current expenses, paid or accrued, of operation, maintenance and repair of the System, including administration costs, as calculated in accordance with generally accepted accounting principles, and shall include all Contract Debts. Notwithstanding the foregoing, Operation and Maintenance Expenses shall not include any reserve for renewals or replacements or any allowance for depreciation or amortization and there shall be included in Operation and Maintenance Expenses only that portion of the total administrative, general and other expenses of JEA which are properly allocable to the System.

Option Bonds shall mean Bonds which by their terms may be tendered by and at the option of the Holder thereof for payment by JEA prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the Holder thereof.

Outstanding shall mean, as of any particular time, Bonds theretofore or thereupon being authenticated and delivered under the Resolution except:

(i) Bonds cancelled (or, in the case of Book Entry Bonds, to the extent provided in subsection 6 of Section 309, portions thereof deemed to have been cancelled) by the Bond Registrar therefor at or prior to such date;

(ii) Bonds (or portions of Bonds) for the payment or redemption of which moneys, equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held in trust under the Resolution and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given as provided in Article IV or in the Supplemental Resolution authorizing the Series of which such Bonds are a part or provision shall have been made for the giving of such notice;

(iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to Article III or Section 405 or 1106 unless proof satisfactory to JEA is presented that any such Bonds are held by a bona fide purchaser in due course; and

(iv) Bonds (or, in the case of Book Entry Bonds, to the extent provided in subsection 8 of Section 309, portions thereof) deemed to have been paid as provided in subsection 2 of Section 1201 or in the Supplemental Resolution authorizing the Series of which such Bonds are a part.

Paying Agent shall mean an officer of JEA, a transfer agent duly registered pursuant to the Securities Exchange Act of 1934, as amended, or a bank or trust company organized under the laws of any state of the United States of America or a national banking association appointed to act in such capacity hereunder.

Principal Installment shall mean, as of any date of calculation and with respect to any Series, so long as any Bonds thereof are Outstanding, (i) the principal amount of Bonds (including, in the case of any Option Bond, the principal amount thereof tendered for payment prior to the stated maturity thereof and paid, or to be paid, from Revenues) of such Series due (or so tendered for payment and paid, or to be so paid) on a certain future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance (determined as provided in Section 514) of any Sinking Fund Installments due on a certain future date for Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments, or (iii) if such future dates coincide as to different Bonds of such Series, the sum of such principal amount of Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date plus such applicable redemption premiums, if any.

Prudent Utility Practice shall mean, in respect of any particular utility industry, any of the practices, methods and acts which, in the exercise of reasonable judgment, in the light of the facts, including but not limited to the practices, methods and acts engaged in or approved by a significant portion of such utility industry prior thereto, known at the time the decision was made, would have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. It is recognized that Prudent Utility Practice is not intended to be limited to the optimum practice or act to the exclusion of all others, but rather is a spectrum of possible practices, methods or acts which could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition.

Rate Stabilization Fund shall mean the Rate Stabilization Fund established in subsection 1 of Section 502.

Rating Agency means any nationally recognized statistical rating agency then maintaining a rating on all or a portion of the Bonds at the request of JEA.

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

Refundable Principal Installment shall mean any Principal Installment for any Series of Bonds which JEA intends to pay with moneys which are not Revenues, provided that (i) in the case of Bonds other than Commercial Paper Notes or Medium-Term Notes,, such intent shall have been expressed in the Supplemental Resolution authorizing such Series of Bonds, (ii) in the case of Commercial Paper Notes, such intent shall be expressed in the then current Commercial Paper Payment Plan for such Commercial Paper Notes and (iii) in the case of Medium-Term Notes, such intent shall be expressed in the then current Medium-Term Note Payment Plan for such Medium-Term Notes; and *provided, further*, that such Principal Installment shall be a Refundable Principal Installment only through the penultimate day of the month preceding the month in which such Principal Installment comes due or such earlier time as JEA no longer intends to pay such Principal Installment with moneys which are not Revenues.

Refunding Bonds shall mean Bonds authenticated and delivered pursuant to Section 204, whether issued in one or more Series, and all Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III or Section 405 or Section 1106.

Regular Record Date shall have the meaning given to such term in Section 308.

Reimbursement Obligations shall mean all Bonds issued pursuant to Section 205 and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III or Section 405 or Section 1106 and the Supplemental Resolution authorizing such Reimbursement Obligations.

Renewal and Replacement Fund shall mean the Renewal and Replacement Fund established in subsection 1 of Section 502.

Renewal and Replacement Requirement shall mean, at any date of calculation, either (i) an amount equal to ten percent (10%) of the sum of (a) the aggregate amount of Bonds Outstanding under the Resolution, and (b) the aggregate amount of all other obligations issued by JEA in connection with the System (including, without limitation, Subordinated Indebtedness) outstanding and unpaid (or as to which provision for payment has not been made in accordance with the terms thereof) or (ii) such greater or lesser amount as the Consulting Engineer shall certify as reasonable and necessary for the purposes of the Renewal and Replacement Fund.

Resolution shall mean this resolution, sometimes referred to herein as the "District Energy System Revenue Bond Resolution," as from time to time amended or supplemented by Supplemental Resolutions in accordance with the terms hereof.

Revenue Fund shall mean the Revenue Fund established in subsection 1 of Section 502.

Revenues shall mean (i) all revenues, income, rents, service fees and receipts properly allocable to the System resulting from ownership and operation of the System,

excluding customer deposits and any other deposits subject to refund unless such deposits have become property of JEA, (ii) the proceeds of any insurance covering business interruption loss relating to the System and (iii) interest received or to be received on any moneys or securities held pursuant to the Resolution and paid or required to be paid into the Revenue Fund. For any purpose of the Resolution that requires the computation of Revenues with respect to any period of time, "Revenues" shall include such amounts resulting, received or to be received, as the case may be, during such period, determined on an accrual basis, plus (x) the amounts, if any, paid from the Rate Stabilization Fund into the Revenue Fund during such period, but only to the extent provided in subsection 4 of Section 511 (excluding from (x) amounts included in the Revenues for such period representing interest earnings transferred from the Rate Stabilization Fund to the Revenue Fund pursuant to Section 603) and minus (y) the amounts, if any, paid from the Revenue Fund into the Rate Stabilization Fund during such period.

Second Highest Rating Category shall mean (i) if the Bonds are rated by a Rating Agency, that each Rating Agency has assigned a rating not lower than the second highest rating category given by that Rating Agency for that general category of security or obligation and (ii) if the Bonds are not rated (and, consequently, there is no Rating Agency), that Standard and Poors' or Moody Ratings Service has assigned a rating not lower than the second highest rating given by that rating agency for that general category of security or obligation.

Securities Depository shall mean, with respect to a Book Entry Bond, the person, firm, association or corporation specified in the Supplemental Resolution authorizing the Bonds of the Series of which such Book Entry Bond is a part to serve as the securities depository for such Book Entry Bond, or its nominee, and its successor or successors and any other person, firm, association or corporation which may at any time be substituted in its place pursuant to the Resolution or such Supplemental Resolution.

Series shall mean all of the Bonds identified pursuant to the Supplemental Resolution authorizing such Bonds as a separate Series of Bonds, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III or Section 405 or Section 1106.

Sinking Fund Installment shall mean an amount so designated which is required by a Supplemental Resolution authorizing the Bonds of a Series to be paid into the Debt Service Account in the Debt Service Fund by a specified date for application (on or prior to the due date of such Sinking Fund Installment and pursuant to subsection 2 of Section 507) to the retirement by purchase, redemption or payment at maturity of a portion of the Bonds of a particular maturity or an interest rate within a maturity of such Series equal in principal amount to such Sinking Fund Installment.

Special Record Date shall have the meaning given to such term in Section 308.

Subordinated Indebtedness shall mean an evidence of indebtedness (which may include capitalized leases) referred to in, and complying with the provisions of, Section 515.

Subordinated Indebtedness Fund shall mean the Subordinated Indebtedness Fund established in subsection 1 of Section 502.

Supplemental Resolution shall mean any resolution supplemental to or amendatory of the Resolution adopted by JEA in accordance with Article X hereof.

System shall mean each and every part of the district energy facilities owned and operated by JEA for supply, transmission and distribution of chilled water, process steam or similar thermal energy, now existing or hereafter acquired by lease, contract, purchase or otherwise or constructed, including any interest or participation of JEA in any facilities in connection with said system, together with all additions, betterments, extensions and improvements to said system or any part thereof hereafter constructed or acquired and together with all lands, easements, licenses and rights of way and all other works, property or structures and contract rights and other tangible and intangible assets now or hereafter owned or used in connection with or related to said System; provided, however, that upon compliance with the provisions of Section 715, the term System shall be deemed to include other utility functions added to the System that are, in accordance with Prudent Utility Practice, reasonably related to the services provided by the System. Notwithstanding the foregoing definition of the term System, such term shall not include the existing electric system or water and sewer system owned by JEA or any bulk power supply utilities or systems now owned or hereafter acquired by JEA (other than facilities transferred from the existing system upon establishment of the district energy system as provided by Resolution of JEA), nor shall it include any properties or interests in properties of JEA (a) which JEA determines shall not constitute a part of the System for the purpose of the Resolution at the time of the acquisition thereof by JEA or (b) as to which there shall be filed with the records of JEA a certificate of the Consulting Engineer stating, in its opinion, that the exclusion of such properties or interests in properties from the System will not materially impair the ability of JEA to comply during the current or any future Fiscal Year with the provisions of Section 710.

Trust Estate shall mean (i) the proceeds of the sale of the Bonds, (ii) the Revenues, and (iii) all Funds and Accounts established by the Resolution (other than the Debt Service Reserve Account in the Debt Service Fund and the Renewal and Replacement Fund), including the investments and investment income, if any, thereof.

Variable Rate Bond shall mean any Bond not bearing interest throughout its term at a specified rate or specified rates determined at the time of issuance of the Series of Bonds of which such Bond is one.

Variable Rate Taxable Index shall mean the One-Month LIBOR Rate or, if the One-Month LIBOR Rate no longer shall be available, the Alternate Variable Rate Taxable Index.

Variable Rate Tax-Exempt Index shall mean the BMA Municipal Swap Index or, if the BMA Municipal Swap Index no longer shall be available, the Alternate Variable Rate Tax-Exempt Index.

Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, corporations, districts, agencies and bodies.

102. Authority for the Resolution. The Resolution is adopted pursuant to the provisions of the Act.

103. Resolution to Constitute Contract. In consideration of the acceptance of any and all of the Bonds by those who shall hold the same from time to time, the Resolution shall be deemed to be and shall constitute a contract between JEA and the Holders from time to time of the Bonds; and the pledge made in the Resolution and the covenants and agreements therein set forth to be performed on behalf of JEA shall, except as expressly set forth in the Resolution or in a Supplemental Resolution, be for the equal benefit, protection and security of the Holders of any and all of the Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or permitted by the Resolution.

ARTICLE II

THE BONDS

201. Authorization of Bonds. 1. JEA is hereby authorized to issue from time to time, as hereinafter provided, Bonds of JEA to be designated as "District Energy System Revenue Bonds." The aggregate principal amount of the Bonds which may be executed, authenticated and delivered under the Resolution is not limited except as may hereafter be provided in the Resolution or in any Supplemental Resolution or as may be limited by law.

2. The Bonds may, if and when authorized by JEA pursuant to one or more Supplemental Resolutions, be issued in one or more Series. The Bonds of each Series may be issued at one time or from time to time in such manner as shall be determined by JEA in the Supplemental Resolution authorizing the Bonds of such Series. The designation of each Series, in addition to the name "District Energy System Revenue Bonds," shall include such further appropriate particular designation added to or incorporated in the title for the Bonds of such Series as JEA may determine. Each Bond shall bear upon its face the designation so determined by JEA for the Series to which it belongs.

3. Nothing in the Resolution shall be deemed to preclude or restrict the consolidation into a single Series for purposes of issuance and sale of Bonds otherwise permitted by the Resolution to be issued at the same time in two or more separate Series, provided that solely for the purpose of satisfying the requirements of Section 202, Section 203, Section 204, Section 205 or Section 207, as the case may be, the Bonds otherwise permitted by the Resolution to be issued as a separate Series shall be considered separately as if such Bonds were to be issued as a separate Series. In the event that separate Series are combined for purposes of issuance and sale, they may be issued under a single Supplemental Resolution notwithstanding any other provision of the Resolution.

202. General Provisions for Issuance of Bonds of Each Series. When authorized pursuant to a Supplemental Resolution, the officers of JEA specified in Section 303 may execute all (but not less than all) the Bonds of each Series for issuance under the Resolution and deliver such Bonds to the Bond Registrar or the Authenticating Agent therefor for completion, authentication and delivery. Such Bond Registrar or such Authenticating Agent, as appropriate, shall authenticate and deliver such Bonds to JEA or upon its order, but only upon satisfaction by JEA of the conditions specified in Article X of the Resolution and in the Supplemental Resolution authorizing the Series of which such Bonds are a part and upon satisfaction by JEA of the following conditions:

(1) with respect to the initial Series of Bonds to be issued pursuant to the Resolution, filing with the records of JEA of a copy of the ordinance(s) and/or resolution(s) enacted by the City Council of the City approving this District Energy System Revenue Bond Resolution and the issuance of Bonds, certified by the Council Secretary of the City;

(2) receipt of a Counsel's Opinion to the effect that (a) JEA has the right and power under the Act as amended to the date of such Opinion to adopt the Resolution, and the Resolution has been duly and lawfully adopted by JEA, is in full force and effect and is valid and binding upon JEA in accordance with its terms, and no other authorization for the Resolution is required; (b) the Resolution creates the valid pledge which it purports to create of the Trust Estate and, if such Series of Bonds shall be an Additionally Secured Series, the separate subaccount in the Debt Service Reserve Account in the Debt Service Fund established for the benefit of such Bonds, subject to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution; and (c) the Bonds of such Series are (or, if less than all of the Bonds of such Series are to be issued on the date of first issuance of such Bonds, that the Bonds of such Series not to be so issued on such date, when duly executed, authenticated and delivered, will be) valid and binding obligations of JEA as provided in the Resolution and are entitled to the benefits of the Resolution and of the Act as amended to the date of such Opinion, and such Bonds have been (or, when duly executed, authenticated and delivered, will be) duly and validly authorized and issued in accordance with law, including the Act as amended to the date of such Opinion, and in accordance with the Resolution. Such Opinion may take exception as to the effect of, or for restrictions or limitations imposed by or resulting from, bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights and may state that no opinion is being rendered as to the availability of any particular remedy. No opinion need be expressed as to the priority of the pledge created by the Resolution over the rights of other persons in the Trust Estate and, if applicable, such separate subaccount in the Debt Service Reserve Account in the Debt Service Fund;

(3) adoption of a Supplemental Resolution authorizing such Bonds, which shall specify such terms and conditions relative to the Bonds of such Series, and such other matters relative thereto, as JEA may determine;

(4) deposit of the amount, if any, required by the Supplemental Resolution to be deposited in the Debt Service Account in the Debt Service Fund for the payment of interest on Bonds and, if such Series shall be an Additionally Secured Series, the amount, if any, necessary for deposit in the separate subaccount in the Debt Service Reserve Account in the Debt Service Fund designated therefor so that the amount on deposit in such subaccount shall equal the Debt Service Reserve Requirement related

thereto calculated immediately after the authentication and delivery of such Series of Bonds; provided, however, that a Supplemental Resolution establishing a separate subaccount in the Debt Service Reserve Account in the Debt Service Fund may provide that, in lieu of maintaining all or a portion of the moneys or investments required to be maintained in such separate subaccount in the Debt Service Reserve Account in the Debt Service Fund, there may be credited to said subaccount at any time an irrevocable surety bond, an insurance policy, a letter of credit or any other similar obligation, or any combination thereof, of the type specified therein, or such amount may be deposited thereafter from Revenues or otherwise, in such manner as may be specified therein;

(5) except in the case of any Series of Refunding Bonds issued pursuant to the authority contained in subsection 1 of Section 204, execution by an Authorized Officer of JEA of a certificate stating that upon the issuance of such Series JEA will not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Resolution;

(6) in the case of each Series of Bonds any portion of the proceeds of which is to be deposited in the Debt Service Account in the Debt Service Fund (other than any accrued interest that is to be applied to the payment of interest on the Bonds of such Series on the interest payment date next following the date of issuance of such Bonds), execution by an Authorized Officer of JEA of a certificate setting forth the then estimated application of such proceeds so deposited for the payment of interest on any particular Series of Bonds, whether or not such Series of Bonds is then Outstanding, or then being issued, or to be issued thereafter;

(7) in the case of a Series of Commercial Paper Notes, execution by an Authorized Officer of JEA of a certificate setting forth the Commercial Paper Payment Plan with respect to such Commercial Paper Notes. Such certificate shall be amended from time to time by a new certificate of an Authorized Officer of JEA to reflect changes, if any, in the expectations of JEA with respect to the sources of funds to be utilized to pay principal of and interest on such Commercial Paper Notes;

~~(8) in the case of a Series of Medium-Term Notes, execution by an Authorized Officer of JEA of a certificate setting forth the Medium-Term Note Payment Plan with respect to such Medium-Term Notes. Such certificate shall be amended from time to time by a new certificate of an Authorized Officer of JEA to reflect changes, if any, in the expectations of JEA with respect to the sources of funds to be utilized to pay principal of and interest on such Medium-Term Notes; and~~

(9) delivery of such further documents, moneys and securities as are required by the provisions of Section 203, 204, 205 or 206 or Article X or any Supplemental Resolution adopted pursuant to Article X.

203. Bonds Other Than Refunding Bonds and Reimbursement

Obligations. 1. One or more Series of Bonds may be issued at any time for any lawful purpose of JEA relating to the System except that any Series of Refunding Bonds shall be issued pursuant to Section 204 hereof and any Series of Reimbursement Obligations shall be issued pursuant to Section 205 hereof. Bonds of each such Series shall be authenticated and delivered only upon compliance with the terms and conditions set forth in Section 202 and upon satisfaction by JEA of the following conditions:

(1) except upon issuance of the initial Series of Bonds to be issued pursuant to the Resolution, execution by an Authorized Officer of JEA of a certificate (a) setting forth the amounts of Net Revenues for any twelve (12) consecutive month period within the twenty-four (24) consecutive months immediately preceding the date of issuance of the Bonds of the Series with respect to which such certificate is being given; and (b) stating such Net Revenues for such twelve (12) consecutive month period is at least equal to the greater of (X) 115 percent of the Average Annual Adjusted Aggregate Debt Service (calculating such Average Annual Adjusted Aggregate Debt Service with respect to (I) the Bonds of all Series then Outstanding and (II) the Bonds of the Series with respect to which such certificate is given) or (Y) the sum of (i) the Average Annual Adjusted Aggregate Debt Service (calculated as aforesaid) and (ii) the amount most recently determined to be required to be deposited in the Renewal and Replacement Fund for the then current, or a previous, Fiscal Year; provided, however, that the Net Revenues for such twelve (12) month period may be adjusted for the purposes of such certificate (a) to reflect for such period revisions in the rates, fees, rentals and other charges of JEA for the product and services of the System made after the commencement of such period and preceding the date of issuance of the Bonds of the Series with respect to which such certificate is given; (b) to reflect any increase in Net Revenues due to any new facilities of the System having been placed into use and operation subsequent to the commencement of such period and prior to the date of issuance of such Bonds; and (c) to include an amount equal to the average annual contribution to Net Revenues for the first three full Fiscal Years commencing after the date of acquisition thereof, estimated to be made by facilities anticipated to be acquired and expected to be placed into use and operation within two years of the date of such certificate; and

(2) execution by an Authorized Officer of JEA of a certificate stating that upon the issuance of such Series JEA will not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Resolution.

2. The proceeds, including accrued interest, of each Series of Bonds authorized under this Section 203 shall be applied simultaneously with the delivery of such Bonds as provided in the Supplemental Resolution authorizing such Series.

204. Refunding Bonds. 1. One or more Series of Refunding Bonds may be issued at any time to refund all or any Outstanding Bonds. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make the deposits required by the provisions of the Supplemental Resolution authorizing such Bonds.

2. In addition to the conditions set forth in Section 202, the Bonds of each Series of Refunding Bonds issued pursuant to subsection 1 of this Section 204 may be authenticated and delivered only upon satisfaction of the following conditions:

(a) JEA shall provide instructions (which may be revocable) to the Escrow Agent for the Bonds to be refunded, satisfactory to it, to give due notice of redemption, if applicable, of all the Bonds to be refunded on a redemption date or dates specified in such instructions;

(b) if the Bonds to be refunded are not to be redeemed or paid at maturity within the next succeeding 60 days, JEA shall provide instructions to the Escrow Agent for such Bonds, satisfactory to it, to give due notice of defeasance in the manner provided for in the Resolution or the Supplemental Resolution authorizing the Bonds of the Series being refunded; and

(c) JEA shall provide either (i) moneys (including moneys withdrawn and deposited pursuant to subsection 5 of Section 507 and subsection 5 of Section 508) in an amount sufficient to effect payment at the applicable Redemption Price of the Bonds to be redeemed and at the principal amount of the Bonds to be paid at maturity, together with accrued interest on such Bonds to the redemption date or maturity date, as applicable, which moneys shall be held by the Escrow Agent for such Bonds in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded, or (ii) Defeasance Securities in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications and any moneys, as shall be necessary to comply with (X) the provisions of subsection 3 of Section 1201 or (Y) the provisions relating to defeasance of the Bonds being refunded set forth in the Supplemental Resolution authorizing the Bonds of the Series being refunded, as applicable, which Defeasance Securities and moneys shall be held in trust and used only as provided in said provisions.

~~3. The proceeds, including accrued interest, of the Refunding Bonds of each Series shall be applied simultaneously with the delivery of such Bonds for the refunding purposes thereof in the manner provided in the Supplemental Resolution authorizing such Series of Refunding Bonds.~~

205. Reimbursement Obligations. One or more Series of Reimbursement Obligations may be issued concurrently with the issuance of the Bonds of a Series authorized pursuant to the provisions of Section 203, 204 or 207 hereof for which Credit Enhancement or liquidity support is being provided with respect to such Bonds (or a maturity or maturities or interest rate within a maturity thereof) by a third-party. Such Reimbursement Obligations shall be issued for the purpose of evidencing JEA's obligation to repay any advances or loans made to, or on behalf of, JEA in connection with such Credit Enhancement or liquidity support; provided,

however, that the stated maximum principal amount of any such Series of Reimbursement Obligations shall not exceed the aggregate principal amount of the Bonds with respect to which such Credit Enhancement or liquidity support is being provided, and such number of days' interest thereon as JEA shall determine prior to the issuance thereof, but not in excess of 366 days' interest thereon, computed at the maximum interest rate applicable thereto.

206. Special Provisions Relating to Capital Appreciation Bonds, Deferred Income Bonds and Reimbursement Obligations.

1. The principal and interest portions of the Accreted Value of Capital Appreciation Bonds or the Appreciated Value of Deferred Income Bonds becoming due at maturity or by virtue of a Sinking Fund Installment shall be included in the calculations of accrued and unpaid and accruing interest or Principal Installments made under the definitions of Debt Service, Accrued Aggregate Debt Service, Adjusted Aggregate Debt Service and Aggregate Debt Service only from and after the date (the "Calculation Date") which is one year prior to the date on which such Accreted Value or Appreciated Value, as the case may be, becomes so due, and the principal and interest portions of such Accreted Value or Appreciated Value shall be deemed to accrue in equal daily installments from the Calculation Date to such due date.

2. For the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, or (ii) receiving payment of a Capital Appreciation Bond if the principal of all Bonds is declared immediately due and payable following an Event of Default, as provided in Section 801 of the Resolution or (iii) computing the principal amount of Bonds held by the Holder of a Capital Appreciation Bond in giving to JEA any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its then current Accreted Value.

3. For the purposes of (i) receiving payment of the Redemption Price if a Deferred Income Bond is redeemed prior to maturity, or (ii) receiving payment of a Deferred Income Bond if the principal of all Bonds is declared immediately due and payable following an Event of Default, as provided in Section 801 of the Resolution or (iii) computing the principal amount of Bonds held by the Holder of a Deferred Income Bond in giving to JEA any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever, the principal amount of a Deferred Income Bond shall be deemed to be its then current Appreciated Value.

4. Notwithstanding anything to the contrary contained in the Resolution, in the event that any Variable Rate Bonds contain provisions that allow the principal amount thereof to be repaid on an accelerated basis in the event that such Bonds are purchased by the Credit Enhancer therefor or the provider of liquidity support therefor and, in either such case, are not remarketed, for purposes of the additional bonds test contained in clause (1) of subsection 1 of Section 203, such accelerated repayment shall not be taken into account, and compliance with such test shall be determined based upon the scheduled due date(s) of the Principal Installments for such Bonds, irrespective of any such accelerated repayment.

5. Except as otherwise provided in a Supplemental Resolution authorizing a Series of Reimbursement Obligations, for the purposes of (i) receiving payment of a Reimbursement Obligation, whether at maturity, upon redemption or if the principal of all Bonds is declared immediately due and payable following an Event of Default, as provided in Section 801 of the Resolution or (ii) computing the principal amount of Bonds held by the Holder of a

Reimbursement Obligation in giving to JEA any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever, the principal amount of a Reimbursement Obligation shall be deemed to be the actual principal amount that JEA shall owe thereon, which shall equal the aggregate of the amounts advanced to, or on behalf of, JEA in connection with the Bonds of the Series or maturity or interest rate within a maturity for which such Reimbursement Obligation has been issued to evidence JEA's obligation to repay any advances or loans made in respect of the Credit Enhancement or liquidity support provided for such Bonds, less any prior repayments thereof.

207. Capital Lease Obligations. 1. One or more Series of Bonds constituting Capital Lease Obligations may be issued for the purpose of evidencing JEA's obligation to make payments under leases or lease purchase agreements pursuant to which JEA shall lease or acquire additions or improvement to the System.

2. In addition to the conditions set forth in Section 202 and Section 203, the Bonds of each Series of Bonds constituting Capital Lease Obligations issued pursuant to subsection 1 of this Section 207 may be authenticated and delivered only upon satisfaction of the following conditions:

(1) execution by an Authorized Officer of JEA of a certificate (a) stating that the related lease or lease purchase agreement is a capital or financing lease under generally accepted accounting principles, (b) attaching a schedule setting forth the interest components and the principal components of the related lease or lease purchase payments;

(2) the Supplemental Resolution authorizing such Series of Bonds (a) shall specifically designate such Bonds as Capital Lease Obligations issued under and entitled to the benefits and security provided under the Resolution, and (b) shall set forth the terms of such Capital Lease Obligations and the form thereof, which form may be incorporated into or be the related lease or lease purchase agreement; and

(3) execution by an Authorized Officer of JEA of a certificate stating that upon the issuance of such Series JEA will not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Resolution.

3. The principal and interest components of lease payments evidenced by Capital Lease Obligations shall constitute the principal thereof and interest thereon and shall be included in the calculations of interest or Principal Installments made under the definition of Debt Service.

4. JEA may enter into leases (which may be characterized as capital leases or otherwise under generally accepted accounting principles) which are not Capital Lease Obligations hereunder and are not entitled to the benefits and security provided under the Resolution. Current payments under such other leases may be made as Operation and Maintenance Expenses or may constitute Subordinated Indebtedness.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

301. Medium of Payment; Form and Date; Letters and Numbers. 1. The Bonds of each Series shall be payable, with respect to interest, principal and Redemption Price, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts or such other currency as may be specified in the Supplemental Resolution authorizing the Series of which such Bonds are a part.

2. Unless otherwise provided in a Supplemental Resolution, the Bonds of each Series shall be issued in the form of fully registered Bonds without coupons, *provided, however*, that Commercial Paper Notes may be issued in bearer form, not registrable as to principal or face amount. The Bonds of each Series shall be in substantially the form set forth in the Supplemental Resolution authorizing the Series of which such Bonds are a part.

3. Each Bond shall be lettered and numbered as provided in the Supplemental Resolution or Supplemental Resolutions authorizing the Series of which such Bond is a part and so as to be distinguished from every other Bond.

4. The Bonds of each Series shall be dated the date of their authentication, except as otherwise may be provided in the Supplemental Resolution authorizing the Series of which such Bonds are a part, and shall bear interest as provided in such Supplemental Resolution.

302. Legends. The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of the Resolution as may be necessary or desirable to comply with custom, the rules of any securities exchange or commission or brokerage board, or otherwise, as may be determined by JEA prior to the authentication and delivery thereof.

303. Execution and Authentication. 1. The Bonds shall be executed in the name of JEA by the manual or facsimile signature of its Chair or Vice Chair and its corporate seal (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced thereon and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary, or in such other manner as may be required or permitted by law. 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 before the Bonds so signed and sealed shall have been authenticated and delivered by the Bond Registrar therefor, such Bonds may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed or sealed such Bonds had not ceased to hold such offices. Any Bond of a Series may be signed and sealed on behalf of JEA by such persons as at the time of the execution of such Bonds shall be duly authorized or hold the proper office in JEA, although at the date borne by the Bonds of such Series such persons may not have been so authorized or have held such office.

2. Any Bonds which have been validated in accordance with the provisions of Chapter 75, Florida Statutes, may have imprinted thereon a certificate of validation in substantially the form set forth in the Supplemental Resolution authorizing the Series of which

such Bonds are a part. Such certificate of validation shall be executed with the facsimile signature of the Chair or the Vice-Chair of JEA.

3. The Bonds of each Series shall bear thereon a certificate of authentication, in the form set forth in the Supplemental Resolution authorizing the Series of which such Bonds are a part, executed manually by the Bond Registrar therefor. Only such Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under the Resolution, and no such Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Bond Registrar therefor. Such certificate of the Bond Registrar upon any Bond executed on behalf of JEA shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under the Resolution and that the Holder thereof is entitled to the benefits of the Resolution.

304. Interchangeability of Bonds. Except as otherwise provided in a Supplemental Resolution, the Bonds, upon surrender thereof at the office of the Bond Registrar therefor with a written instrument of transfer satisfactory to such Bond Registrar, duly executed by the registered owner or its duly authorized attorney, may, at the option of the registered owner thereof, and upon payment by such registered owner of any charges which such Bond Registrar may make as provided in Section 306, be exchanged for an equal aggregate principal amount of Bonds of the same Series, maturity, interest rate and redemption provisions of any other authorized denominations.

305. Negotiability, Transfer and Registry. 1. Title to any Bearer Commercial Paper Note shall pass by delivery as a negotiable instrument payable to bearer.

2. Except as otherwise provided in a Supplemental Resolution, the Bonds (other than Bearer Commercial Paper Notes) shall be transferable only upon the books of JEA, which shall be kept for such purposes at the respective offices of the Bond Registrar(s) therefor, by the registered owner thereof or by its attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to such Bond Registrar duly executed by the registered owner or its duly authorized attorney. Upon the transfer of any Bond, there shall be issued in the name of the transferee a new Bond or Bonds of the same aggregate principal amount and Series, maturity, interest rate and redemption provisions as the surrendered Bond.

3. JEA and each Fiduciary may deem and treat the person in whose name any Bond shall be registered upon the books of JEA as the absolute owner of such Bond, whether ~~such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the~~ principal or Redemption Price, if any, of and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or upon its order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither JEA nor any Fiduciary shall be affected by any notice to the contrary.

4. JEA and each Fiduciary may deem and treat the bearer of any Bearer Commercial Paper Note as the absolute owner of such Bearer Commercial Paper Note, whether such Bearer Commercial Paper Note shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes, and all such payments so made to any such owner or upon its order shall be valid and effectual to satisfy and discharge the liability upon such Bearer

Commercial Paper Note to the extent of the sum or sums so paid, and neither JEA nor any Fiduciary shall be affected by any notice to the contrary.

306. Regulations with Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging or transferring Bonds is exercised, the appropriate officers of JEA shall execute and the Bond Registrar therefor shall authenticate and deliver Bonds in accordance with the provisions of the Resolution. All Bonds surrendered in any such exchanges or transfers shall forthwith be delivered to the Bond Registrar therefor and cancelled or retained by such Bond Registrar. For every such exchange or transfer of Bonds, JEA or the Bond Registrar therefor may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Unless otherwise provided in a Supplemental Resolution, neither JEA nor the Bond Registrar therefor shall be required (a) to transfer or exchange Bonds of any Series for the period next preceding any interest payment date for the Bonds of such Series beginning with the Regular Record Date for such interest payment date and ending on such interest payment date, or for the period next preceding any date for the proposed payment of Defaulted Interest with respect to such Bonds beginning with the Special Record Date for the date of such proposed payment and ending on the date of such proposed payment, (b) to transfer or exchange Bonds of any Series for a period beginning 15 days before the mailing of any notice of redemption and ending on the day of such mailing, or (c) to transfer or exchange any Bonds called for redemption.

307. Bonds Mutilated, Lost, Stolen or Destroyed. If any Bond becomes mutilated or is lost, stolen or destroyed, an Authorized Officer of JEA may cause to be executed and the Bond Registrar therefor shall authenticate and deliver a new Bond of like Series, date of issue, maturity date, principal amount, interest rate per annum and redemption provisions as the Bond so mutilated, lost, stolen or destroyed, provided that (i) in the case of such mutilated Bond, such Bond is first surrendered to JEA, (ii) in the case of any such lost, stolen or destroyed Bond, there is first furnished evidence of such loss, theft or destruction satisfactory to such Authorized Officer of JEA together with indemnity satisfactory to such Authorized Officer of JEA, (iii) all other reasonable requirements of such Authorized Officer of JEA are complied with, and (iv) expenses in connection with such transaction are paid by the Holder. Any Bond surrendered for exchange shall be cancelled. Any such new Bonds issued pursuant to this Section in substitution for Bonds alleged to be lost, stolen or destroyed shall constitute original additional contractual obligations on the part of JEA, whether or not the Bonds so alleged to be lost, stolen or destroyed be at any time enforceable by anyone, and shall be equally secured by, and entitled to equal and proportionate benefits with all other Bonds issued under the Resolution in, the Trust Estate and, if such new Bond shall be part of an Additionally Secured Series, in the amounts on deposit in the separate subaccount in the Debt Service Reserve Account in the Debt Service Fund established for the benefit of such Series. If any such Bond lost, stolen or destroyed shall have matured or be about to mature, instead of issuing a new Bond pursuant to this Section, an Authorized Officer of JEA may cause the same to be paid, upon being indemnified as aforesaid, without surrender thereof.

308. Payment of Interest on Bonds; Interest Rights Preserved. Interest on any Bond which is payable, and is punctually paid or duly provided for, on any interest payment date shall be paid to the person in whose name that Bond is registered at the close of business on the date (hereinafter, the "Regular Record Date") which is the 15th day of the calendar month

next preceding such interest payment date (or such other date as may be provided in the Supplemental Resolution authorizing the Series of which such Bond is a part).

Any interest on any Bond which is payable, but is not punctually paid or duly provided for, on any interest payment date (hereinafter, "Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date by virtue of having been such owner; and such Defaulted Interest shall be paid by JEA to the persons in whose names the Bonds are registered at the close of business on a date (hereinafter, the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner. JEA shall notify the Bond Registrar therefor in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, and at the same time JEA shall deposit with the Paying Agents an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agents for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Section provided. Thereupon such Bond Registrar shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by such Bond Registrar of the notice of the proposed payment. Such Bond Registrar shall promptly notify JEA of such Special Record Date and, in the name and at the expense of JEA, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each Holder of a Bond at its address as it appears upon the registry books, not less than 10 days prior to such Special Record Date. Such Bond Registrar may, in its discretion, in the name and at the expense of JEA, cause a similar notice to be published at least once in an Authorized Newspaper, but such publication shall not be a condition precedent to the establishment of such Special Record Date.

Subject to the foregoing provisions of this Section, each Bond delivered under the Resolution upon transfer of or in exchange for or in lieu of any other Bond shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond.

309. Book Entry Bonds. 1. Anything in the Resolution to the contrary notwithstanding, if and to the extent provided in the Supplemental Resolution authorizing the Bonds of the Series of which such Bond is a part, any Bond may be authorized and issued as a Book Entry Bond.

2. For all purposes of the Resolution, the Holder of a Book Entry Bond shall be ~~the Securities Depository therefor and neither JEA nor any Fiduciary shall have any~~ responsibility or obligation to the beneficial owner of such Bond or to any direct or indirect participant in such Securities Depository. Without limiting the generality of the foregoing, neither JEA nor any Fiduciary shall have any responsibility or obligation to any such participant or to the beneficial owner of a Book Entry Bond with respect to (i) the accuracy of the records of the Securities Depository or any participant with respect to any beneficial ownership interest in such Bond, (ii) the delivery to any participant of the Securities Depository, the beneficial owner of such Bond or any other person, other than the Securities Depository, of any notice with respect to such Bond, including any notice of the redemption thereof, or (iii) the payment to any participant of the Securities Depository, the beneficial owner of such Bond or any other person, other than the Securities Depository, of any amount with respect to the principal or Redemption

Price of, or interest on, such Bond. JEA and the Fiduciaries may treat the Securities Depository therefor as, and deem such Securities Depository to be, the absolute owner of a Book Entry Bond for all purposes whatsoever, including (w) payment of the principal or Redemption Price of, and interest on, such Bond, (x) giving notices of redemption and of other matters with respect to such Bond, (y) registering transfers with respect to such Bond and (z) giving to JEA any notice, consent, request or demand pursuant to the Resolution for any purpose whatsoever. The Paying Agents shall pay the principal or Redemption Price of, and interest on, a Book Entry Bond only to or upon the order of the Securities Depository therefor, and all such payments shall be valid and effective to satisfy fully and discharge JEA's obligations with respect to such principal or Redemption Price, and interest, to the extent of the sum or sums so paid. Except as otherwise provided in subsection 4 of this Section 309 or in any Supplemental Resolution authorizing a Book Entry Bond, no person other than the Securities Depository shall receive a Bond or other instrument evidencing JEA's obligation to make payments of the principal or Redemption Price thereof, and interest thereon.

3. JEA, in its sole discretion and without the consent of any other person, may, by notice to the Bond Registrar therefor and a Securities Depository, terminate the services of such Securities Depository with respect to the Book Entry Bonds for which such Securities Depository serves as securities depository if JEA determines that (i) the Securities Depository is unable to discharge its responsibilities with respect to such Bond or (ii) a continuation of the requirement that all of the Bonds issued as Book Entry Bonds be registered in the registration books of JEA in the name of the Securities Depository is not in the best interests of the beneficial owners of such Bonds or of JEA. Additional or other terms and provisions relating to the termination or resignation of a Securities Depository may be provided in the Supplemental Resolution authorizing a Book Entry Bond.

4. Upon the termination of the services of a Securities Depository with respect to a Book Entry Bond pursuant to clause (ii) of subsection 3 of this Section 309, such Bond shall no longer be restricted to being registered in the registration books kept by the Bond Registrar therefor in the name of a Securities Depository. Upon the termination of the services of a Securities Depository with respect to a Book Entry Bond pursuant to clause (i) of subsection 3 of this Section 309, JEA may within 90 days thereafter appoint a substitute securities depository which, in the opinion of JEA, is willing and able to undertake the functions of Securities Depository under the Resolution upon reasonable and customary terms. If no such successor can be found within such period, such Book Entry Bond shall no longer be restricted to being registered in the registration books kept by such Bond Registrar in the name of a Securities Depository. In the event that a Book Entry Bond shall no longer be restricted to being registered in the registration books kept by such Bond Registrar in the name of a Securities Depository, (a) JEA shall execute and such Bond Registrar shall authenticate and deliver, upon presentation and surrender of the Book Entry Bond, Bond certificates as requested by the Securities Depository so terminated of like Series, principal amount, maturity, interest rate and redemption provisions, in authorized denominations, to the identifiable beneficial owners in replacement of such beneficial owners' beneficial ownership interests in such Book Entry Bond and (b) JEA shall notify such Bond Registrar and the Paying Agents that such Bond is no longer restricted to being registered in the registration books kept by such Bond Registrar in the name of a Securities Depository.

5. Anything in the Resolution to the contrary notwithstanding, payment of the Redemption Price of a Book Entry Bond, or portion thereof, called for redemption prior to

maturity may be paid to the Securities Depository by check or draft mailed to the Securities Depository or by wire transfer. Anything in the Resolution to the contrary notwithstanding, such Redemption Price may be paid without presentation and surrender to the Paying Agent of the Book Entry Bond, or portion thereof, called for redemption; provided, however, that payment of (a) the principal payable at maturity of a Book Entry Bond and (b) the Redemption Price of a Book Entry Bond as to which the entire principal amount thereof has been called for redemption shall be payable only upon presentation and surrender of such Book Entry Bond to the Paying Agent; and provided, further, that no such Redemption Price shall be so payable without presentation and surrender unless the Securities Depository therefor shall have procedures in effect that provide for the reduction, on its records, of the aggregate amount of securities (and related positions therein) held by it upon such payment without presentation and surrender. Anything in the Resolution to the contrary notwithstanding, upon any such payment to the Securities Depository without presentation and surrender, for all purposes of (i) the Book Entry Bond as to which such payment has been made and (ii) the Resolution, the unpaid principal amount of such Book Entry Bond Outstanding shall be reduced automatically by the principal amount so paid. In such event, the Paying Agent shall notify forthwith the Bond Registrar therefor as to the particular Book Entry Bond as to which such payment has been made, and the principal amount of such Bond so paid, and such Bond Registrar shall note such payment on the registration books of JEA maintained by it, but failure to make any such notation shall not affect the automatic reduction of the principal amount of such Book Entry Bond Outstanding as provided in this subsection.

6. For all purposes of the Resolution authorizing or permitting the purchase of Bonds, or portions thereof, by, or for the account of, JEA for cancellation, and anything in the Resolution to the contrary notwithstanding, a portion of a Book Entry Bond may be deemed to have been purchased and cancelled without surrender thereof upon delivery to the Bond Registrar therefor of a certificate executed by JEA and a participant of the Securities Depository therefor to the effect that a beneficial ownership interest in such Bond, in the principal amount stated therein, has been purchased by, or for the account of, JEA through the participant of the Securities Depository executing such certificate; provided, however, that any purchase for cancellation of the entire principal amount of a Book Entry Bond shall be effective for purposes of the Resolution only upon surrender of such Book Entry Bond to such Bond Registrar; and provided, further, that no portion of a Book Entry Bond may be deemed to have been so purchased and cancelled without surrender thereof unless the condition set forth in the second proviso to the second sentence of subsection 5 of this Section 309 shall have been satisfied. Anything in the Resolution to the contrary notwithstanding, upon delivery of any such certificate to such Bond Registrar, for all purposes of (i) the Book Entry Bond to which such certificate relates and (ii) the Resolution, the unpaid principal amount of such Book Entry Bond Outstanding shall be reduced automatically by the principal amount so purchased. In such event, such Bond Registrar shall note such reduction on the registration books of JEA maintained by it, but failure to make any such notation shall not affect the automatic reduction of the principal amount of such Book Entry Bond Outstanding as provided in this subsection.

7. Anything in the Resolution to the contrary notwithstanding, a Securities Depository may make a notation on a Book Entry Bond (i) redeemed in part or (ii) purchased by, or for the account of, JEA in part for cancellation, to reflect, for informational purposes only, the date of such redemption or purchase and the principal amount thereof redeemed or deemed cancelled, but failure to make any such notation shall not affect the automatic reduction of the

principal amount of such Book Entry Bond Outstanding as provided in subsection 5 or 6 of this Section 309, as the case may be.

8. Anything in the Resolution to the contrary notwithstanding, in the case of a Book Entry Bond, JEA shall be authorized to defease, redeem or purchase (by or for the account of JEA), or issue Refunding Bonds to refund, less than all of the entire Outstanding principal amount thereof (in portions thereof of \$5,000 or integral multiples thereof, or such other denominations as shall be specified in the Supplemental Resolution authorizing such Book Entry Bond), and in the event of such partial defeasance, redemption, purchase or refunding, the provisions of the Resolution relating to the defeasance, redemption, purchase or refunding of a Bond or Bonds shall be deemed to refer to the defeasance, redemption, purchase or refunding of a portion of a Bond.

ARTICLE IV

REDEMPTION OF BONDS

401. Privilege of Redemption and Redemption Price. Bonds subject to redemption prior to maturity pursuant to their terms or the terms of the Resolution shall be redeemable, upon notice given as provided in this Article IV, at such times, at such Redemption Prices and upon such terms in addition to the terms contained in this Article IV as may be specified in such Bonds or in the Supplemental Resolution authorizing the Series of which such Bonds are a part.

402. Redemption of Bonds. In the case of any redemption of Bonds, JEA shall give written notice to the Bond Registrar(s) therefor and the Paying Agents of the redemption date, of the Series, and of the principal amounts of the Bonds of each maturity of such Series and of the Bonds of each interest rate within a maturity to be redeemed (which Series, maturities, interest rates within a maturity and principal amounts thereof to be redeemed shall be determined by JEA in its sole discretion, subject to any limitations with respect thereto contained in the Resolution or any Supplemental Resolution authorizing the Series of which such Bonds are a part). Such notice shall be filed with such Bond Registrars and the Paying Agents for the Bonds to be redeemed at least 40 days prior to the redemption date (or such shorter period (a) as shall be specified in the Supplemental Resolution authorizing the Series of the Bonds to be redeemed or (b) as shall be acceptable to such Bond Registrars and Paying Agents). In the event notice of redemption shall have been given as in Section 404 provided, and unless such notice shall have been revoked or shall cease to be in effect in accordance with the terms thereof, there shall be paid on or prior to the redemption date to the appropriate Paying Agents an amount which, in addition to other moneys, if any, available therefor held by such Paying Agents, will be sufficient to redeem on the redemption date at the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, all of the Bonds to be redeemed.

403. Selection of Bonds to be Redeemed. If less than all of the Bonds of like maturity or interest rate within a maturity of any Series shall be called for prior redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected in such manner as JEA in its discretion may deem fair and appropriate; provided, however, that for any Bond of a denomination of more than the minimum denomination for such Series, the portion of such Bond to be redeemed shall, unless otherwise specified in the Supplemental Resolution relating to such Series, be in a principal amount equal to such minimum denomination or an integral multiple

thereof, and that, in selecting portions of such Bonds for redemption, each such Bond shall be treated as representing that number of Bonds of such minimum denomination which is obtained by dividing the principal amount of such Bond to be redeemed in part by the amount of such minimum denomination.

404. Notice of Redemption. When any Bonds shall become subject to redemption, JEA shall give notice, or provide for the giving of notice, of the redemption of such Bonds, which notice shall specify the Series, maturities and interest rates within maturities of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds of any like Series, maturity and interest rate are to be redeemed the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date, if there shall be sufficient moneys available therefor, then there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be mailed by first class mail, postage prepaid, by or on behalf of JEA, not less than 30 days nor more than 60 days prior to the redemption date, to the Holders of any Bonds or portions of Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry books, *provided, however*, that if any Bond to be redeemed shall be a Bearer Commercial Paper Note, such notice shall also be given by publication once a week for at least two successive weeks in the Authorized Newspapers. Failure to give notice of redemption by mail, or any defect in such notice, to the Holder of any Bond shall not affect the validity of the proceedings for the redemption of any other Bonds. Notwithstanding the foregoing, a Supplemental Resolution authorizing the Bonds of a Series may specify a different method for the giving of a notice of redemption, or a different time by which such notice shall be given.

405. Payment of Redeemed Bonds. Notice having been given in the manner provided in Section 404 or in the manner provided in the Supplemental Resolution authorizing the Bonds of a Series, on the redemption date so designated, (a) unless such notice shall have been revoked or shall cease to be in effect in accordance with the terms thereof and (b) if there shall be sufficient moneys available therefor, then the Bonds or portions thereof so called for redemption shall become due and payable on such redemption date at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, if presentation and surrender shall be required hereby, upon presentation and surrender thereof at the office specified in such notice, such Bonds, or portions thereof, shall be paid at the Redemption Price, plus interest accrued and unpaid to the redemption date. If there shall be drawn for redemption less than all of a Bond, if presentation and surrender thereof are required hereby, JEA shall execute and the Bond Registrar shall authenticate and the Paying Agent shall deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, Bonds of like Series, maturity, interest rate and redemption provisions in any of the authorized denominations. If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof of any like Series, maturity and interest rate to be redeemed, together with interest to the redemption date, shall be held by the Paying Agents so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date interest on the Bonds or portions thereof of such Series, maturity

and interest rate so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

ARTICLE V

ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

501. The Pledge Effected by the Resolution. 1. The Bonds are special obligations of JEA payable from and secured by the funds pledged therefor. There is hereby pledged for the payment of the principal and Redemption Price of, and interest on, the Bonds in accordance with their terms and the provisions of the Resolution, subject only to the provisions of the Resolution permitting or requiring the application thereof for the purposes and on the terms and conditions set forth in the Resolution, the Trust Estate. The Trust Estate shall immediately be subject to the lien of this pledge without physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against JEA, without regard to whether such parties have notice thereof.

2. There are hereby pledged, as additional security for the payment of the principal or sinking fund Redemption Price, if any, of, and interest on, the Bonds of each Additionally Secured Series secured thereby, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution, amounts on deposit in any separate subaccount established in the Debt Service Reserve Account in the Debt Service Fund, including the investments and investment income, if any, thereof. Such amounts on deposit in any separate subaccount established in the Debt Service Reserve Account in the Debt Service Fund shall immediately be subject to the lien of this pledge without physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against JEA, without regard to whether such parties have notice thereof.

3. Nothing contained in the Resolution shall be construed to prevent JEA from acquiring, constructing or financing through the issuance of its bonds, notes or other evidences of indebtedness any facilities which do not constitute a part of the System for the purposes of the Resolution; provided that such bonds, notes or other evidences of indebtedness shall not be payable out of or secured by the Revenues or any Fund or Account held under the Resolution and neither the cost of such facilities nor any expenditure in connection therewith or with the financing thereof shall be payable from the Revenues or from any such Fund or Account.

4. The Bonds shall not be or constitute general obligations or indebtedness of the City or JEA as "bonds" within the meaning of the Constitution of the State of Florida, but shall be payable solely from and secured by a lien upon and pledge of the amounts herein provided. No Holder or Holders of any Bonds issued hereunder shall ever have the right to compel the exercise of the ad valorem taxing power of the City or JEA, if any, or taxation in any form of any real property in the City to pay such Bonds or interest thereon or be entitled to payment of such principal and interest from any other funds of the City or JEA except from the special funds in the manner provided herein.

502. Establishment of Funds and Accounts. 1. The following Funds and Accounts, to be held by JEA, are hereby established:

(1) Construction Fund;

(2) Revenue Fund;

(3) Debt Service Fund, which shall consist of a Debt Service Account and a Debt Service Reserve Account, and with in such Debt Service Reserve Account an Initial Subaccount;

(4) Subordinated Indebtedness Fund;

(5) Rate Stabilization Fund; and

(6) Renewal and Replacement Fund;

provided, however, that if and to the extent provided in a Supplemental Resolution authorizing Subordinated Indebtedness, the Subordinated Indebtedness Fund shall be held by the entity specified in such Supplemental Resolution.

2. There may be established within any Fund or Account established hereunder such further accounts or subaccounts as an Authorized Officer of JEA may determine.

503. Construction Fund. 1. There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of any Supplemental Resolution and there may be paid into the Construction Fund, at the option of JEA, any moneys received for or in connection with the System by JEA from any other source, unless required to be otherwise applied as provided by the Resolution. Amounts in the Construction Fund shall be applied to the payment of the Costs of the System in the manner provided in this Section 503 or for any other lawful purpose of JEA relating to the System.

2. The proceeds of insurance maintained pursuant to the Resolution against physical loss of or damage to the System or of contractors' performance bonds or other assurances of completion with respect thereto, pertaining to the period of construction or acquisition thereof, shall, upon receipt by JEA, be paid into the Construction Fund.

3. JEA shall withdraw amounts from the Construction Fund for the payment of amounts due and owing on account of the Costs of the System upon determination of an Authorized Officer of JEA (or such officer's designee) that an obligation in the amount to be paid from the Construction Fund has been incurred by JEA and that each item thereof is a proper and reasonable charge against the Construction Fund, and that such amount has not been paid theretofore.

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

5. Amounts credited to the Construction Fund which JEA determines at any time to be in excess of the amounts required for the purposes thereof shall be deposited in the Debt

Service Reserve Account in the Debt Service Fund, if and to the extent necessary to make the amount in any separate subaccount therein equal to the Debt Service Reserve Requirement related thereto (or, if such excess shall be less than the amount necessary to make up the deficiencies with respect to all of the separate subaccounts in the Debt Service Reserve Account, then such excess shall be applied ratably, in proportion to the deficiency in each such subaccount), and any balance of such excess, upon written determination of an Authorized Officer of JEA, shall be deposited in the Revenue Fund and may be used in accordance with the provisions of subsection 2 of Section 506 hereof; provided, however, that the amount of any such deposit to the Revenue Fund shall not constitute or be deemed to constitute Revenues for any purpose of the Resolution.

6. Nothing in this Section 503 shall be construed to prevent JEA from permanently discontinuing the acquisition or construction of any portion of the System, the Costs of which are at the time being paid out of the Construction Fund, if the Governing Body determines by resolution that such discontinuance is necessary or desirable in the conduct of the business of JEA and not disadvantageous to the Holders of the Bonds.

504. Revenues and Revenue Fund. 1. All Revenues shall be deposited promptly by JEA to the credit of the Revenue Fund.

2. At any time and from time to time JEA may deposit in the Revenue Fund from any source such additional amounts as JEA deems necessary or desirable; provided, however, that any such amount shall not constitute or be deemed to constitute Revenues for any purpose of the Resolution.

505. Payment of Operation and Maintenance Expenses. 1. Operation and Maintenance Expenses shall be paid from the Revenue Fund as they become due and payable.

2. If and to the extent provided in a Supplemental Resolution authorizing Bonds of a Series, amounts from the proceeds of such Bonds may be deposited in the Revenue Fund and set aside therein as working capital or as reserves for Operation and Maintenance Expenses; provided, however, that any such amount shall not constitute or be deemed to constitute Revenues for any purpose of the Resolution. JEA may also from time to time set aside additional amounts in the Revenue Fund as working capital or as reserves for Operation and Maintenance Expenses; provided, however, that unless any such amount shall be described in the first sentence of the definition of Revenues in Section 101, such amount shall not constitute or be deemed to constitute Revenues for any purpose of the Resolution.

506. Payments into Certain Funds. 1. As soon as practical in each month after the deposit of Revenues in the Revenue Fund and payment of Operation and Maintenance Expenses pursuant to Section 505, but in any case not later than the last day of such month, JEA shall withdraw from the Revenue Fund, to the extent of amounts available therein, and deposit in the following Funds and Accounts in the following order the amounts set forth below:

(a) in the Debt Service Fund, (i) for credit to the Debt Service Account, an amount at least equal to the amount, if any, required so that the balance in said Account shall equal the Accrued Aggregate Debt Service as of the last day of the then current month; provided that (A) for the purposes of computing the amount to be deposited in said Account, there shall be excluded from the balance in said

Account the amount, if any, set aside in said Account from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA (including amounts, if any, transferred thereto from the Construction Fund) for the payment of interest on Bonds less that amount of such proceeds to be applied in accordance with the Resolution to the payment of interest accrued and unpaid and to accrue on Bonds to the last day of the then current calendar month; and (B) any amount deposited into said Account during any month that is in excess of the minimum amount required to be deposited therein during such month may, upon written determination of an Authorized Officer of JEA, be deemed to be accumulated therein with respect to (1) any Sinking Fund Installment or (2) any principal amount of Bonds (including, in the case of any Option Bond, the principal amount thereof tendered for payment prior to the stated maturity thereof) due (or so tendered for payment) on a certain future date for which no Sinking Fund Installments have been established or (3) some combination of (1) and (2), and interest thereon; and (ii) thereafter, for deposit in each separate subaccount in the Debt Service Reserve Account, the amount, if any, required so that the balance in each such subaccount shall equal the Debt Service Reserve Requirement related thereto as of the last day of the then current month (or, if the amount on deposit in the Revenue Fund shall not be sufficient to make the deposits required to be made pursuant to this clause (ii) with respect to all of the separate subaccounts in the Debt Service Reserve Account, then such amount on deposit in the Revenue Fund shall be applied ratably, in proportion to the amount necessary for deposit into each such subaccount);

(b) in the Subordinated Indebtedness Fund, an amount at least equal to the amount, if any, as shall be required to be deposited therein in the then current month to pay principal or sinking fund installments of and premiums, if any, and interest on each issue of Subordinated Indebtedness coming due in such month, whether as a result of maturity or prior call for redemption, and to provide reserves therefor, as required by the Supplemental Resolution authorizing such issue of Subordinated Indebtedness;

(c) in the Rate Stabilization Fund, the amount, if any, budgeted for deposit into such Fund for the then current month as set forth in the then current Annual Budget or the amount otherwise determined by JEA to be credited to such Fund for the month; and

(d) in the Renewal and Replacement Fund, an amount at least equal to the sum of (i) one-twelfth (1/12th) of ten percent (10%) of the Annual Net Revenues of the System for the preceding Fiscal Year and (ii) such additional amount as shall make the total annual payment into such Fund during the Fiscal Year of which such month shall be a part equal to at least five percent (5%) of the Revenues of the System for the preceding Fiscal Year; provided, however, that so long as there shall be held in the Renewal and Replacement Fund an amount which shall be at least equal to the Renewal and Replacement Requirement, no deposits shall be required to be made into the Renewal and Replacement Fund; and provided, further, however, that the failure of JEA to make such payment into the Renewal and Replacement Fund in any month shall not constitute an Event of

Default hereunder, provided that any deficiencies therefor shall have been restored prior to the end of the Fiscal Year of which such month shall be a part and provided further that the full amount required to be deposited in said Renewal and Replacement Fund in such Fiscal Year shall have been deposited therein by the end of such Fiscal Year.

2. The balance of any moneys remaining in the Revenue Fund after the above required payments have been made may be used by JEA for any lawful purpose of JEA (including, but not limited to, (a) the purchase, redemption or provision for payment of any of the Bonds and (b) transfers to any utility system owned and/or operated by JEA currently or in the future) not otherwise prohibited by the Resolution; provided, however, that none of the remaining moneys shall be used for any purpose other than those specified in subsection 1 of this Section unless all current payments, including all deficiencies in prior payments, if any, have been made in full and unless JEA shall have complied fully with all the covenants and provisions of the Resolution.

3. Notwithstanding the provisions of subsection 1 of this Section 506, so long as there shall be held in the Debt Service Fund an amount sufficient to pay in full all Outstanding Bonds in accordance with their terms (including the maximum amount of principal or applicable sinking fund Redemption Price and interest which could become payable thereon), no deposits shall be required to be made into the Debt Service Fund.

507. Debt Service Fund -- Debt Service Account. 1. JEA shall pay out of the Debt Service Account to the respective Paying Agents (i) on or before each interest payment date for any of the Bonds, the amount required for the interest payable on such date; (ii) on or before each Principal Installment due date, the amount required for the Principal Installment payable on such due date; and (iii) on or before any redemption date for the Bonds, the amount required for the payment of interest on the Bonds then to be redeemed. Such amounts shall be applied by the Paying Agents on and after the due dates thereof. JEA shall also pay out of the Debt Service Account the accrued interest included in the purchase price of Bonds purchased for retirement.

2. Amounts accumulated in the Debt Service Account with respect to any Sinking Fund Installment (together with amounts accumulated therein with respect to interest on the Bonds for which such Sinking Fund Installment was established) may be applied by JEA, on or prior to the 40th day preceding the due date of such Sinking Fund Installment, to (i) the purchase of Bonds of the Series, maturity and interest rate within each maturity for which such Sinking Fund Installment was established, or (ii) the redemption at the applicable sinking fund Redemption Price of such Bonds, if then redeemable by their terms. All purchases of any Bonds pursuant to this subsection 2 shall be made at prices not exceeding the applicable sinking fund Redemption Price of such Bonds plus accrued interest, and such purchases shall be made in such manner as JEA shall determine. The applicable sinking fund Redemption Price (or principal amount of maturing Bonds) of any Bonds so purchased or redeemed shall be deemed to constitute part of the Debt Service Account until such Sinking Fund Installment date, for the purpose of calculating the amount of such Account. As soon as practicable after the 40th day preceding the due date of any such Sinking Fund Installment, JEA shall proceed to call for redemption, by giving notice as provided in Section 404 or the Supplemental Resolution authorizing the Bonds of the Series, maturity and interest rate within each maturity for which such Sinking Fund Installment was established, on such due date such Bonds (except in the case

of Bonds maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment after making allowance for any Bonds purchased or redeemed which JEA has determined to apply as a credit against such Sinking Fund Installment as provided in Section 514. JEA shall pay out of the Debt Service Account to the appropriate Paying Agents, on or before such redemption date or maturity date, the amount required for the redemption of the Bonds so called for redemption or for the payment of such Bonds then maturing, and such amount shall be applied by such Paying Agents to such redemption or payment.

3. Amounts accumulated in the Debt Service Account with respect to any principal amount of Bonds (including, in the case of any Option Bond, the principal amount thereof tendered for payment prior to the stated maturity thereof) due (or so tendered for payment) on a certain future date for which no Sinking Fund Installments have been established (together with amounts accumulated therein with respect to interest on such Bonds) may be applied by JEA, on or prior to the due date thereof, to (i) the purchase of such Bonds or (ii) the redemption at the principal amount of such Bonds, if then redeemable by their terms. All purchases of any Bonds pursuant to this subsection 3 shall be made at prices not exceeding the principal amount of such Bonds plus accrued interest, and such purchases shall be made in such manner as JEA shall determine. The principal amount of any Bonds so purchased or redeemed shall be deemed to constitute part of the Debt Service Account until such due date, for the purpose of calculating the amount of such Account.

4. The amount, if any, deposited in the Debt Service Account from the proceeds of each Series of Bonds shall be set aside in such Account and applied to the payment of interest on Bonds in accordance with certificates of Authorized Officers of JEA filed with the records of JEA pursuant to paragraph (6) of Section 202 or, in the event that JEA shall modify or amend any such certificate by a subsequent certificate signed by an Authorized Officer of JEA and filed with the records of JEA, then in accordance with the most recent such certificates or amended certificates. The amount, if any, deposited in the Debt Service Account from the proceeds of Subordinated Indebtedness or other evidences of indebtedness of JEA shall be set aside in such Account and applied to the payment of interest on Bonds in accordance with certificates of Authorized Officers of JEA filed with the records of JEA at the time of any such deposit or, in the event that JEA shall modify or amend any such certificate by a subsequent certificate signed by an Authorized Officer of JEA and filed with the records of JEA, then in accordance with the most recent such certificates or amended certificates.

5. In the event of the refunding or defeasance of any Bonds, JEA may withdraw from the Debt Service Account in the Debt Service Fund all or any portion of the amounts accumulated therein and deposit such amounts with the Escrow Agent for the Bonds being refunded or defeased to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Bonds being refunded or defeased; provided that such withdrawal shall not be made unless (a) immediately thereafter the Bonds being refunded or defeased shall be deemed to have been paid pursuant to subsection 2 of Section 1201, and (b) the amount remaining in the Debt Service Account in the Debt Service Fund, after giving effect to the issuance of any obligations being issued to refund any Bonds being refunded and the disposition of the proceeds thereof, shall not be less than the requirement of such Account pursuant to paragraph (a) of subsection 1 of Section 506. In the event of such refunding or defeasance, JEA may also withdraw from the Debt Service Account in the Debt Service Fund all or any portion of

the amounts accumulated therein and deposit such amounts in any Fund or Account under the Resolution; provided that such withdrawal shall not be made unless items (a) and (b) referred to hereinabove have been satisfied; and provided further, that, at the time of such withdrawal, there shall exist no deficiency in any Fund or Account held under the Resolution.

508. Debt Service Fund -- Debt Service Reserve Account. 1. There shall be established in the Debt Service Reserve Account in the Debt Service Fund one or more separate subaccounts, each of which subaccounts shall be for the benefit and security of one or more Series of Bonds, in the manner and to the extent provided in Section 509 or the Supplemental Resolution establishing such subaccount, as the case may be.

2. If on any day on which the principal or sinking fund Redemption Price of or interest on the Bonds shall be due the amount on deposit in the Debt Service Account in the Debt Service Fund (exclusive of amounts, if any, set aside in said Account from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA (including amounts, if any, transferred thereto from the Construction Fund) for the payment of interest on Bonds on a future date) shall be less than the amount required to pay such principal, Redemption Price or interest, then JEA shall apply amounts from each separate subaccount in the Debt Service Reserve Account to the extent necessary to cure the deficiency that exists with respect to the Additionally Secured Series of the Bonds secured thereby.

3. Whenever the moneys on deposit in any subaccount established in the Debt Service Reserve Account shall exceed the Debt Service Reserve Requirement related thereto, and after giving effect to any surety bond, insurance policy, letter of credit or other similar obligation that may be credited to such subaccount in accordance with the provisions of the Supplemental Resolution establishing such subaccount or Section 509, as the case may be, such excess shall be deposited in the Revenue Fund and applied as provided in subsection 2 of Section 506 hereof; provided, however, that the amount of any such deposit to the Revenue Fund shall not constitute or be deemed to constitute Revenues for any purpose of the Resolution.

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

5. In the event of the refunding or defeasance of any Bonds of an Additionally Secured Series, JEA may withdraw from the separate subaccount in the Debt Service Reserve Account established for the benefit of the Bonds of such Additionally Secured Series all or any portion of the amounts accumulated therein and deposit such amounts with the Escrow Agent for the Bonds being refunded or defeased to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Bonds being refunded or defeased; provided that such withdrawal shall not be made unless (a) immediately thereafter the Bonds being refunded or defeased shall be deemed to have been paid pursuant to subsection 2 of Section 1201, and (b) the amount remaining in such separate subaccount in the Debt Service Reserve Account, after giving effect to any surety bond, insurance policy, letter of credit or other similar obligation that may be

credited to such subaccount in accordance with the provisions of the Supplemental Resolution establishing such subaccount, and after giving effect to the issuance of any obligations being issued to refund any Bonds being refunded and the disposition of the proceeds thereof, shall not be less than the Debt Service Reserve Requirement related thereto. In the event of such refunding or defeasance, JEA may also withdraw from such separate subaccount in the Debt Service Reserve Account all or any portion of the amounts accumulated therein and deposit such amounts in any Fund or Account under the Resolution; provided that such withdrawal shall not be made unless items (a) and (b) referred to hereinabove have been satisfied; and provided further, that, at the time of such withdrawal, there shall exist no deficiency in any Fund or Account held under the Resolution.

6. In addition to or in lieu of maintaining moneys or investments in a subaccount in the Debt Service Reserve Account JEA, in the Supplemental Resolution or Supplemental Resolutions authorizing the Series of Bonds additionally secured by such subaccount, may provide for the deposit into such subaccount of other available monies of JEA, from the sources and otherwise subject to such limitations as shall be provided in such Supplemental Resolution or Supplemental Resolutions.

509. Establishment of Initial Subaccount in the Debt Service Reserve Account and Application Thereof. 1. There is hereby established an Initial Subaccount in the Debt Service Reserve Account in the Debt Service Fund. Amounts held by JEA in the Initial Subaccount shall constitute a trust fund for the benefit of the Holders of the Bonds of any Series, if and to the extent that the Supplemental Resolution authorizing such Bonds provides that such Bonds shall be additionally secured by amounts on deposit in the Initial Subaccount; provided, however, that if the Bonds of any Series hereafter issued are to be additionally secured by amounts on deposit in the Initial Subaccount, then it shall be a condition precedent to the authentication and delivery of such Bonds that the amount on deposit in the Initial Subaccount, after giving effect to any surety bond, insurance policy or letter of credit that may be credited to the Initial Subaccount in accordance with the provisions of subsection 3 of this Section, and after giving effect to the issuance of such Bonds, shall not be less than the Debt Service Reserve Requirement for the Initial Subaccount. The Bonds of any Series that are additionally secured by amounts on deposit in the Initial Subaccount as aforesaid are herein referred to collectively as the "Initial Subaccount Additionally Secured Bonds".

2. If on any day on which the principal or sinking fund Redemption Price of or interest on the Bonds shall be due the amount on deposit in the Debt Service Account in the Debt Service Fund (exclusive of amounts, if any, set aside in said Account from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA (including amounts, if any, transferred thereto from the Construction Fund) for the payment of interest on Bonds on a future date) shall be less than the amount required to pay such principal, Redemption Price or interest, then JEA shall apply amounts from the Initial Subaccount to the extent necessary to cure the deficiency that exists with respect to the Initial Subaccount Additionally Secured Bonds.

3. In lieu of maintaining moneys or investments in the Initial Subaccount, JEA at any time may cause to be deposited into the Initial Subaccount for the benefit of the Holders of the Initial Subaccount Additionally Secured Bonds an irrevocable surety bond, an insurance policy or a letter of credit (referred to herein as a "reserve fund credit instrument") satisfying the

requirements set forth below in an amount equal to the difference between the Debt Service Reserve Requirement for the Initial Subaccount and the sums of moneys or value of Investment Securities then on deposit in the Initial Subaccount, if any.

(a) A surety bond or insurance policy issued by a company licensed to issue an insurance policy guaranteeing the timely payment of debt service on the Initial Subaccount Additionally Secured Bonds (a “municipal bond insurer”) may be deposited in the Initial Subaccount to meet the Debt Service Reserve Requirement for the Initial Subaccount if the claims paying ability of the issuer thereof shall be rated in the Highest Rating Category by each Rating Agency.

(b) A surety bond or insurance policy issued by an entity other than a municipal bond insurer may be deposited in the Initial Subaccount to meet the Debt Service Reserve Requirement for the Initial Subaccount.

(c) An unconditional irrevocable letter of credit issued by a bank may be deposited in the Initial Subaccount to meet the Debt Service Reserve Requirement for the Initial Subaccount if the issuer thereof is rated at least the Second Highest Rating Category by each Rating Agency. The letter of credit shall be payable in one or more draws upon presentation by the beneficiary thereof of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal or interest on the Initial Subaccount Additionally Secured Bonds. The draws shall be payable within two days of presentation of the sight draft. The letter of credit shall be for a term of not less than three years. The issuer of the letter of credit shall be required to notify JEA and the beneficiary thereof, not later than 30 months prior to the stated expiration date of the letter of credit, as to whether such expiration date shall be extended, and if so, shall indicate the new expiration date.

(d) If such notice indicates that the expiration date shall not be extended, JEA shall deposit in the Initial Subaccount an amount sufficient to cause the cash or Investment Securities on deposit in the Initial Subaccount, together with any other qualifying reserve fund credit instruments, to equal the Debt Service Reserve Requirement for the Initial Subaccount, such deposit to be paid in equal installments on at least a semi-annual basis over the remaining term of the letter of credit, unless the reserve fund credit instrument is replaced by a reserve fund credit instrument meeting the requirements in any of clauses (a) through (c) above. The letter of credit shall permit a draw in full not less than two weeks prior to the expiration or termination of such letter of credit if the letter of credit has not been replaced or renewed. The beneficiary of the letter of credit shall draw upon the letter of credit prior to its expiration or termination unless an acceptable replacement is in place or the Initial Subaccount is fully funded in its required amount.

(e) The use of any reserve fund credit instrument pursuant to this subsection 3 shall be subject to receipt of an opinion of counsel to JEA as to the due authorization, execution, delivery and enforceability of such instrument in accordance with its terms, subject to applicable laws affecting creditors’ rights generally, and, in the event the issuer of such credit instrument is not a domestic entity, an opinion of foreign counsel. In addition, the use of an irrevocable letter of credit shall be subject to receipt of an opinion of counsel acceptable to JEA and the Credit Enhancer, if any,

for the Bonds Additionally Secured by the Initial Subaccount and in form and substance satisfactory to JEA and the Credit Enhancer, if any, for the Bonds Additionally Secured by the Initial Subaccount to the effect that payments under such letter of credit would not constitute avoidable preferences under Section 547 of the U.S. Bankruptcy Code or similar state laws with avoidable preference provisions in the event of the filing of a petition for relief under the U.S. Bankruptcy Code or similar state laws by or against JEA.

(f) The obligation to reimburse the issuer of a reserve fund credit instrument for any fees, expenses, claim or draws upon such reserve fund credit instrument shall be subordinate to the payment of debt service on the Bonds. Subject to the second and third succeeding sentences, the right of the issuer of a reserve fund credit instrument to payment or reimbursement for claims or draws under such reserve fund credit instrument and to payment or reimbursement of its fees and expenses shall be on a parity with the cash replenishment of the Initial Subaccount. The reserve fund credit instrument shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If the revolving feature is suspended or terminated for any reason, the right of the issuer of the reserve fund credit instrument to reimbursement will be subordinated to cash replenishment of the Initial Subaccount to an amount equal to the difference between the full original amount available under the reserve fund credit instrument and the amount then available for further draws or claims. If (i) the issuer of a reserve fund credit instrument becomes insolvent or (ii) the issuer of a reserve fund credit instrument defaults in its payment obligations thereunder or (iii) the claims-paying ability of the issuer of the insurance policy or surety bond falls below the Highest Rating Category (as rated by any Rating Agency) or (iv) the rating of the issuer of the letter of credit falls below the Second Highest Rating Category (as rated by any Rating Agency), the obligation to reimburse the issuer of the reserve fund credit instrument shall be subordinate to the cash replenishment of the Initial Subaccount.

(g) If (i) the revolving reinstatement feature described in the preceding clause (f) is suspended or terminated or (ii) the rating of the claims paying ability of the issuer of the surety bond or insurance policy falls below the Highest Rating Category (as rated by any Rating Agency) or (iii) the rating of the issuer of the letter of credit falls below the Second Highest Rating Category (as rated by any Rating Agency), JEA shall either (X) deposit into the Initial Subaccount an amount sufficient to cause the cash or Investment Securities on deposit in the Initial Subaccount to equal the Debt Service Reserve Requirement for the Initial Subaccount, such amount to be paid over the ensuing five years in equal installments deposited at least semi-annually or (Y) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in any of clauses (a) through (c) above within six months of such occurrence. In the event (1) the rating of the claims-paying ability of the issuer of the surety bond or insurance policy falls below "A" or (2) the rating of the issuer of the letter of credit falls below "A" or (3) the issuer of the reserve fund credit instrument defaults in its payment obligations or (4) the issuer of the reserve fund credit instrument becomes insolvent, JEA shall either (X) deposit into the Initial Subaccount an amount sufficient to cause the cash or Investment Securities on deposit

in the Initial Subaccount to equal to Debt Service Reserve Requirement for the Initial Subaccount, such amount to be paid over the ensuing year in equal installments on at least a monthly basis or (Y) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in any of clauses (a) through (c) above within six months of such occurrence.

(h) Where applicable, the amount available for draws or claims under the reserve fund credit instrument may be reduced by the amount of cash or value of Investment Securities deposited in the Initial Subaccount pursuant to clause (X) of the final sentence of the preceding clause (g).

(i) In the event that a reserve fund credit instrument shall be deposited into the Initial Subaccount as aforesaid, any amounts owed by JEA to the issuer of such reserve fund credit instrument as a result of a draw thereon or a claim thereunder, as appropriate, shall be included in any calculation of debt service requirements required to be made pursuant to the Resolution for purposes of clause (1) of subsection 1 of Section 203 and subsection 1 of Section 710 of the Resolution.

(j) The beneficiary of any reserve fund credit instrument shall ascertain the necessity for a claim or draw upon such reserve fund credit instrument and provide notice to the issuer of the reserve fund credit instrument in accordance with its terms prior to each interest payment date for the Bonds of any Initial Subaccount Additionally Secured Bonds.

(k) Cash on deposit in the Initial Subaccount shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any reserve fund credit instrument. If and to the extent that more than one reserve fund credit instrument is deposited in the Initial Subaccount, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

510. Subordinated Indebtedness Fund. 1. Subject to subsection 3 hereof, amounts in the Subordinated Indebtedness Fund shall be applied to the payment of the principal or sinking fund installments of and interest and premium on each issue of Subordinated Indebtedness and reserves therefor in accordance with the provisions of, and subject to the priorities and limitations and restrictions provided in, the Supplemental Resolution authorizing each issue of Subordinated Indebtedness.

2. At any time and from time to time JEA may deposit in the Subordinated Indebtedness Fund for the payment of the principal or sinking fund installments of and interest and premium on each issue of Subordinated Indebtedness amounts received from the proceeds of additional issues of Subordinated Indebtedness or amounts received from any other source.

3. If at any time the amounts in the Debt Service Account or any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund shall be less than the current requirements of such Account or subaccount, respectively, pursuant to paragraph (a) of subsection 1 of Section 506, and there shall not be on deposit in the Renewal and Replacement Fund available moneys sufficient to cure such deficiency, then there shall be withdrawn from the Subordinated Indebtedness Fund for deposit in the Debt Service Account or such separate

subaccount(s) in the Debt Service Reserve Account, as the case may be, the amount necessary to make up such deficiency (or, if the amount in said Fund shall be less than the amount necessary to make up the deficiencies with respect to the Debt Service Account and all of the separate subaccounts in the Debt Service Reserve Account, then the amount in said Fund shall be applied first to make up the deficiency in the Debt Service Account, and any balance remaining shall be applied ratably to make up the deficiencies with respect to the separate subaccounts in the Debt Service Reserve Account, in proportion to the deficiency in each such subaccount).

511. Rate Stabilization Fund. 1. Each month JEA shall transfer from the Rate Stabilization Fund to the Revenue Fund the amount budgeted for transfer into such Fund for the then current month as set forth in the then current Annual Budget or the amount otherwise determined by JEA to be deposited into such Fund for the month.

2. At any time and from time to time JEA may transfer for deposit in the Rate Stabilization Fund from any source such amounts as JEA deems necessary or desirable; such amounts to be applied for purposes of the Rate Stabilization Fund in accordance with subsection 3 of this Section 511; provided, however, any such amounts deposited into the Rate Stabilization Fund pursuant to this subsection 2 shall not constitute or be deemed to constitute Revenues for any purpose of the Resolution.

3. JEA may, from time to time, withdraw amounts on deposit in the Rate Stabilization Fund and (i) transfer such amounts to any other Fund or Account established under the Resolution, (ii) use such amounts to purchase or redeem Bonds, or (iii) use such amounts to otherwise provide for the payment of Bonds or interest thereon.

4. In the event that amounts on deposit in the Rate Stabilization Fund shall be transferred to the Revenue Fund as provided in subsection 1 or 3 of this Section, the amount so transferred shall constitute Revenues as provided in clause (x) of the last sentence of the definition thereof to the extent (and only to the extent) that such amount was deposited to the Rate Stabilization Fund pursuant to paragraph (c) of subsection 1 of Section 506.

512. Renewal and Replacement Fund. 1. Amounts in the Renewal and Replacement Fund shall be applied to the Costs of the System, the payment of extraordinary operation and maintenance costs and contingencies and payments with respect to the prevention or correction of any unusual loss or damage in connection with all or part of the System, all to the extent not paid as Operation and Maintenance Expenses or from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA. Amounts in the Renewal and Replacement Fund also may be applied (a) to the purchase, redemption, payment or provision for payment of Bonds or interest thereon or (b) upon determination of the Governing Body, to the payment of the costs of enlargements, extensions, improvements and replacements of capital assets of any other utility system owned and operated by JEA and not constituting a part of the System.

2. If and to the extent provided in the Supplemental Resolution authorizing Bonds of a Series or Subordinated Indebtedness, amounts from the proceeds of such Bonds or Subordinated Indebtedness may be deposited in the Renewal and Replacement Fund for any purpose of such Fund.

3. No payments shall be made from the Renewal and Replacement Fund if and to the extent that the proceeds of insurance or other moneys recoverable as the result of damage, if any, are available to pay the costs otherwise payable from such Fund.

4. If at any time the amounts in the Debt Service Account or any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund shall be less than the current requirements of such Account or subaccount, respectively, pursuant to paragraph (a) of subsection 1 of Section 506, then JEA shall transfer from the Renewal and Replacement Fund for deposit in the Debt Service Account or such separate subaccount(s) in the Debt Service Reserve Account, as the case may be, the amount necessary to make up such deficiency (or, if the amount in said Fund shall be less than the amount necessary to make up the deficiencies with respect to the Debt Service Account and all of the separate subaccounts in the Debt Service Reserve Account, then the amount in said Fund shall be applied first to make up the deficiency in the Debt Service Account, and any balance remaining shall be applied ratably to make up the deficiencies with respect to the separate subaccounts in the Debt Service Reserve Account, in proportion to the deficiency in each such subaccount).

5. If at any time the amounts in the Subordinated Indebtedness Fund shall be less than the current requirement of such Fund and the amounts on deposit in the Debt Service Account and each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund shall equal the current requirements of such Account and subaccounts, respectively, pursuant to paragraph (a) of subsection 1 of Section 506 and such amounts are not required for the payment of Operation and Maintenance Expenses, then JEA shall transfer from the Renewal and Replacement Fund for deposit in the Subordinated Indebtedness Fund the amount necessary (or all the moneys in the Renewal and Replacement Fund if less than the amount necessary) to make up such deficiency.

513. Cancellation and Destruction of Bonds. Except as provided in Section 309, and except as may be otherwise provided with respect to Option Bonds in the Supplemental Resolution providing for the issuance thereof, all Bonds paid or redeemed, either at or before maturity, shall be delivered to the Bond Registrar(s) therefor when such payment or redemption is made, and such Bonds, together with all Bonds purchased by JEA and delivered to such Bond Registrar(s) for cancellation, shall thereupon promptly be cancelled (other than Book Entry Bonds, to the extent provided in subsection 6 of Section 309, that have been deemed to have been cancelled). Bonds so cancelled may at any time be destroyed by such Bond Registrar(s), who shall execute a certificate of destruction in duplicate by the signature of one of its authorized officers describing the Bonds so destroyed, and one executed certificate shall be filed with JEA and the other executed certificate shall be retained by such Bond Registrar(s).

514. Credits Against Sinking Fund Installments. If at any time Bonds of any Series, maturity and interest rate within a maturity for which Sinking Fund Installments shall have been established are (i) purchased or redeemed other than pursuant to subsection 2 of Section 507 or (ii) deemed to have been paid pursuant to subsection 2 of Section 1201 and, with respect to such Bonds which have been deemed paid, irrevocable instructions have been given to the Escrow Agent therefor to redeem or purchase the same on or prior to the due date of the Sinking Fund Installment to be credited under this Section 514, JEA may from time to time and at any time determine the portions, if any, of such Bonds so purchased, redeemed or deemed to have been paid and not previously applied as a credit against any Sinking Fund Installment

which are to be credited against future Sinking Fund Installments. Such determination shall include the amounts of such Bonds to be applied as a credit against such Sinking Fund Installment or Installments and the particular Sinking Fund Installment or Installments against which such Bonds are to be applied as a credit; provided, however, that none of such Bonds may be applied as a credit against a Sinking Fund Installment to become due less than 40 days after such determination is made. Except as provided in Section 309 with respect to Book Entry Bonds, all such Bonds to be applied as a credit shall be surrendered to the Bond Registrar(s) therefor for cancellation on or prior to the due date of the Sinking Fund Installment against which they are being applied as a credit. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

515. Subordinated Indebtedness. JEA may, at any time, or from time to time, issue Subordinated Indebtedness for any lawful purpose of JEA related to the System, which Subordinated Indebtedness shall be payable out of, and may be secured by a pledge of, such amounts in the Subordinated Indebtedness Fund as may from time to time be available for the purpose of payment thereof as provided in Section 510; provided, however, that any pledge shall be, and shall be expressed to be, subordinate in all respects to the pledge of the Trust Estate created by the Resolution as security for the Bonds.

516. Purchases of Bonds. Any purchase of Bonds (or portions thereof) by or at the direction of JEA pursuant to the Resolution may be made with or without tenders of Bonds and at either public or private sale, in such manner as JEA may determine.

ARTICLE VI

DEPOSITORIES OF MONEYS, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

601. Depositories. 1. All moneys held by JEA under the Resolution shall be deposited with one or more Depositories in the name of JEA and shall be held by JEA in trust and applied only in accordance with the provisions of the Resolution, and each of the Funds and Accounts established by the Resolution shall be a trust fund for the purposes thereof.

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

602. Deposits. 1. All Revenues and moneys held by any Depository under the Resolution may be placed on demand, savings or time deposit, if and as directed by JEA, provided that such deposits shall permit the moneys so held to be available to use at the time when needed. Any such deposit may be made in the commercial banking department of any Fiduciary which may honor checks and drafts on such deposit with the same force and effect as if it were not such Fiduciary. All moneys held by any Fiduciary, as such, may be deposited by such Fiduciary in its banking department on demand or, if and to the extent directed by JEA and

acceptable to such Fiduciary, on savings or time deposit, provided that such moneys on deposit be available for use at the time when needed. Such Fiduciary shall allow and credit on such moneys such interest, if any, as it customarily allows upon similar funds of similar size and under similar conditions or as required by law.

2. All moneys held under the Resolution by any Depository shall be held in such manner as may then be required by applicable Federal or State of Florida laws and regulations and applicable state laws and regulations of the state in which such Depository is located, regarding security for, or granting a preference in the case of, the deposit of public or trust funds or, in the absence of such laws and regulations, shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by lodging with any other bank, trust company or national banking association or any Federal Reserve Bank, as custodian, as collateral security, such securities as are described in clauses (i), (ii), (iii), (iv) and (vi) of the definition of Defeasance Securities in Section 101 having a market value not less than the amount of such moneys; provided, however, that, to the extent permitted by law, it shall not be necessary for the Fiduciaries to give security under this subsection 2 for the deposit of any moneys with them held in trust and set aside by them for the payment of the principal or Redemption Price of or interest on any Bonds, or for any Depository to give security for any moneys which shall be represented by obligations or certificates of deposit purchased as an investment of such moneys.

3. All moneys deposited with each Depository shall be credited to the particular Fund or Account to which such moneys belong.

603. Investment of Certain Funds. Unless further limited as to maturity by the provisions of a Supplemental Resolution, moneys held in the Funds and Accounts established under the Resolution may be invested and reinvested by JEA in Investment Securities which will provide moneys not later than such times as shall be needed for payments to be made from such Funds and Accounts. In making any investment in any Investment Securities with moneys in any Fund or Account established under the Resolution and held by JEA, JEA may combine such moneys with moneys in any other Fund or Account held by JEA, but solely for purposes of making such investment in such Investment Securities.

Interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) earned on any moneys or investments in such Funds and Accounts, other than the Construction Fund, shall be paid into the Revenue Fund. Interest earned on any moneys or investments in the Construction Fund shall be held in such Fund for the purposes thereof or, upon written determination of an Authorized Officer of JEA, paid into the Revenue Fund.

If on any day one or more of the Investment Securities on deposit in any Fund or Account established under the Resolution shall be sold, redeemed or otherwise liquidated, any net profit realized by JEA as a result of such sale, redemption or liquidation of all such Investment Securities may, upon determination of an Authorized Officer of JEA, be transferred to the Revenue Fund; provided, however, that no such transfer shall be made if, on the immediately preceding date of valuation of such Fund or Account, as the case may be, the amount on deposit therein shall have been less than the amount required to be on deposit therein as provided in the Resolution.

Nothing contained herein shall prevent JEA, to the extent permitted by law, from entering into securities lending agreements or bonds borrowed agreements ("lending agreements") with banks which are members of the Federal Deposit Insurance Corporation, having capital stock, surplus and undivided earnings aggregating at least \$25,000,000 and government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, secured by securities, which are obligations described in the definition of Investment Securities in Section 101, provided that each such lending agreement (i) is in commercially reasonable form and is for a commercially reasonable period, and (ii) results in a transfer to JEA of legal title to, or a grant to JEA of a prior perfected security interest in, identified securities which are obligations described in the definition of Investment Securities and which are free and clear of any claims by third parties and are segregated in a custodial or trust account held by a third party (other than the borrower) as the agent solely of, or in trust solely for the benefit of, JEA, provided that such securities acquired or pledged pursuant to such lending agreements shall have a current market value not less than 102% of the market value of the securities loaned by JEA under such agreement. Any Investment Securities loaned by JEA under any such agreement shall be released from the lien of the pledge of the Trust Estate created hereunder, but only if all rights of JEA under the lending agreement (including, but not limited to, the monetary obligations to JEA of the bank and/or government bond dealer party to such agreement) and any related collateral agreement and all rights of JEA to the identified securities transferred or pledged to JEA in connection therewith are substituted for the securities loaned, and such rights of JEA are hereby declared to be subject to the lien of the pledge of the Trust Estate created hereunder to the same extent that the loaned Investment Securities formerly were subject.

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

In computing the amount in any Fund created under the provisions of the Resolution for any purpose provided in the Resolution, obligations purchased as an investment of moneys therein shall be valued at the amortized cost of such obligations. Such computation shall be determined as of September 30 in each year. In the event that JEA causes to be deposited in any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund, pursuant to the provisions of the Supplemental Resolution establishing such subaccount or Section 509, as the case may be, an irrevocable surety bond, an insurance policy, a letter of credit or any other similar obligation, such surety bond, insurance policy, letter of credit or other obligation shall be valued at the lesser of the face amount thereof or the maximum amount available thereunder.

ARTICLE VII

PARTICULAR COVENANTS OF JEA

JEA covenants and agrees with the Holders of the Bonds as follows:

701. Payment of Bonds. JEA shall duly and punctually pay or cause to be paid, but solely from the Trust Estate, and, in the case of the Bonds of each Additionally Secured Series, the separate subaccount in the Debt Service Reserve Account in the Debt Service Fund with respect thereto, the principal or Redemption Price, if any, of every Bond and the interest

thereon, at the dates and places and in the manner provided in the Bonds, according to the true intent and meaning thereof.

702. Extension of Payment of Bonds. JEA shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement, and in case the maturity of any of the Bonds or the time for payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under the Resolution, to the benefit of the Resolution or to any payment out of Revenues or Funds established by the Resolution, including the investments and investment income, if any, thereof, or the moneys (except moneys held in trust for the payment of particular Bonds or claims for interest pursuant to the Resolution) held by JEA or the Fiduciaries, except subject to the prior payment of the principal of all Bonds Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest. Nothing herein shall be deemed to limit the right of JEA to issue Option Bonds or Refunding Bonds and neither such issuance nor the exercise by the Holder of any Option Bond of any of the rights appertaining to such Option Bond shall be deemed to constitute an extension of maturity of Bonds.

703. Offices for Servicing Bonds. Except as may be otherwise provided in any Supplemental Resolution with respect to any Series of Bonds, JEA shall at all times maintain one or more agencies where Bonds may be presented for payment and shall at all times maintain one or more agencies where Bonds may be presented for registration, transfer or exchange, and where notices, demands and other documents may be served upon JEA in respect of the Bonds or of the Resolution. JEA hereby appoints each Bond Registrar to maintain an agency for the registration, transfer or exchange of Bonds, and for the service upon JEA of such notices, demands and other documents and the Bond Registrars shall continuously maintain or make arrangements to provide such services. JEA hereby appoints the Paying Agent or Agents as its respective agents to maintain such agencies for the payment or redemption of Bonds.

704. Further Assurance. At any and all times JEA shall, as far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming all and singular the rights, Revenues and other moneys, securities and funds hereby pledged, or intended so to be, or which JEA may become bound to pledge.

705. Power to Issue Bonds and Pledge Revenues and Other Funds. JEA is duly authorized under all applicable laws to create and issue the Bonds and to adopt the Resolution and to pledge the Trust Estate and, in the case of the Bonds of each Additionally Secured Series, the separate subaccount in the Debt Service Reserve Account in the Debt Service Fund with respect thereto, in the manner and to the extent provided in the Resolution. Except to the extent otherwise provided in the Resolution, the Trust Estate and each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto superior to, or of equal rank with, the respective pledges created by the Resolution, and all corporate or other action on the part of JEA to that end has been and will be duly and validly taken. The Bonds and the provisions of the Resolution are and will be the valid and legally enforceable obligations of JEA

in accordance with their terms and the terms of the Resolution. JEA shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Trust Estate and each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund and all the rights of the Holders of the Bonds under the Resolution against all claims and demands of all persons whomsoever.

706. Power to Fix and Collect Rates, Fees and Charges. JEA has, and will have as long as any Bonds are Outstanding, good right and lawful power to acquire, construct, reconstruct, improve, maintain, operate and repair the System and to fix, establish, maintain and collect rates, fees and charges with respect to the use of the capability of and sale of the output, capacity or service of the System, subject to the terms of contracts relating thereto and subject to the jurisdiction of any applicable regulatory authority.

707. Creation of Liens; Sale and Lease of Property. 1. JEA shall not issue any bonds, notes, debentures or other evidences of indebtedness of similar nature, other than the Bonds, payable out of or secured by a security interest in or pledge of the Trust Estate or any portion thereof, any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund or other moneys, securities or funds held or set aside by JEA or by the Fiduciaries under the Resolution and shall not create or cause to be created any lien or charge on the Trust Estate or any portion thereof, any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund or such moneys, securities or funds; provided, however, that nothing contained in the Resolution shall prevent JEA from issuing, if and to the extent permitted by law, (a) Bond Anticipation Notes or other evidences of indebtedness payable out of, and which may be secured by a pledge of (i) the proceeds of sale of Bonds or investment income therefrom, or (ii) amounts in the Construction Fund derived from the proceeds of sale of said Bond Anticipation Notes or investment income therefrom as may from time to time be available for payment of such Bond Anticipation Notes or other evidences of indebtedness (including redemption premiums, if any, and interest thereon) as part of the Costs of the System, or (iii) Revenues to be derived on and after such date as the pledge of the Revenues provided in the Resolution shall be discharged and satisfied as provided in Section 1201, or (b) Subordinated Indebtedness.

2. No part of the System shall be sold, mortgaged, leased or otherwise disposed of, except as follows:

(a) JEA may dispose of, sell or exchange at any time and from time to time any property or facilities constituting part of the System only if (i) JEA shall determine that such property or facilities are not needed or useful in the operation of the System, or (ii) the net book value of the property or facilities disposed of, sold or exchanged is not more than 15% of the net book value of the property and facilities of the System, or (iii) there shall be filed with the records of JEA a certificate of the Consulting Engineer stating, in its opinion, that the disposal, sale or exchange of such property or facilities will not materially impair the ability of JEA to comply during the current or any future Fiscal Year with the provisions of Section 710. The proceeds of any sale or exchange of any property or facilities constituting a part of the System not used to acquire other property necessary or desirable for the safe or efficient operation of the System shall forthwith be deposited in the Revenue Fund; provided, however, that the amount of any such

deposit to the Revenue Fund shall not constitute or be deemed to constitute Revenues for any purpose of the Resolution;

(b) JEA may lease or make contracts or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights with respect to, any part of the System, provided that any such lease, contract, license, arrangement, easement or right (i) does not impede the operation by JEA or its agents of the System and (ii) does not materially adversely affect the rights or security of the Holders of the Bonds under the Resolution. Any payments received by JEA under or in connection with any such lease, contract, license, arrangement, easement or right in respect of the System or any part thereof shall constitute Revenues;

(c) The limitations imposed upon JEA by clauses (a) and (b) of this subsection 2 shall not apply to any disposition of property by JEA where: (i) such property is leased back to JEA under a lease having a term of years (including renewal options) (X) of not less than 75% of the remaining useful life of the property as estimated by JEA computed from the date of disposition and lease if such property is disposed of by sale or a lease for more than 90% of the remaining estimated useful life or any other means of disposition except as set forth in the following clause (Y), or (Y) 75% of the term of the lease out by JEA if such property is disposed of by a lease for less than 90% of the useful life of the property so estimated, (ii) fair value to JEA (as determined by JEA) is received by JEA for the property subject to such transaction, and (iii) there shall have been delivered to the Governing Body a Counsel's Opinion to the effect that the disposition and lease will not have a material adverse effect on the interests of the Holders of Outstanding Bonds (in rendering such opinion, such counsel may rely on such certifications of (a) any banking or financial institution serving as financial advisor to JEA, as to financial and economic matters, (b) the Consulting Engineer, as to matters within its field of expertise and (c) such other experts, as to matters within their fields of expertise as it, in its reasonable judgment, determines necessary or appropriate). The proceeds of any such transaction not used to acquire other property necessary or desirable for the safe or efficient operation of the System shall forthwith be deposited in the Revenue Fund; provided, however, that the amount of any such deposit to the Revenue Fund shall not constitute or be deemed to constitute Revenues for any purpose of the Resolution;

(d) JEA may permanently discontinue the acquisition or construction of any portion of the System as provided in paragraph 6 of Section 503; and

(e) JEA may acquire by lease or lease purchase additions and improvements to the System. The agreement pursuant to which such lease or lease purchase is made may provide that upon termination of such lease or lease purchase JEA shall be obligated to return the property subject to such lease or lease purchase, or such portion thereof as has not been fully paid for, to the lessor or its designee.

708. Annual Budget. Not less than 30 days prior to the beginning of each Fiscal Year, JEA shall prepare and file with the records of JEA an Annual Budget for the ensuing Fiscal Year which shall set forth in reasonable detail the estimated Revenues, payments with respect to all obligations assumed or incurred by JEA with respect to the System (including, without limitation, the Bonds and any Subordinated Indebtedness) and Operation and Maintenance Expenses and other expenditures for the System for such Fiscal Year, and which shall include appropriations for the estimated payments with respect to such obligations for such Fiscal Year, the estimated Operation and Maintenance Expenses for the System for such Fiscal Year, including provisions for any general reserve for Operation and Maintenance Expenses or other reserves determined necessary or desirable by JEA and the estimated amount to be expended during such Fiscal Year from the Renewal and Replacement Fund. Such Annual Budget also shall set forth such detail with respect to such Revenues, payments with respect to such obligations, Operation and Maintenance Expenses and other expenditures and may set forth such additional material as JEA may determine. JEA shall at any time, as necessary, adopt an amended Annual Budget for the remainder of the then current Fiscal Year.

709. Operation and Maintenance of the System. JEA shall at all times use its best efforts to operate or cause to be operated the System properly and in an efficient and economical manner, consistent with Prudent Utility Practice, and shall use its best efforts to maintain, preserve, reconstruct and keep the same or cause the same to be so maintained, preserved, reconstructed and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or use its best efforts to cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation of the System may be properly and advantageously conducted.

710. Rates, Fees and Charges. 1. JEA shall at all times fix, establish, maintain, charge and collect rates, fees and charges for the use or the sale of the output, capacity or service of the System which shall be sufficient to provide Net Revenues in each Bond Year which shall be at least equal to the greater of (i) 115 percent of the Aggregate Debt Service for such Bond Year, provided, however, that any Principal Installment which is a Refundable Principal Installment may be excluded from Aggregate Debt Service for purposes of the foregoing but only to the extent that JEA intends to pay such Principal Installment from sources other than Revenues, and (ii) the amount which, together with other available funds, shall be sufficient for the payment of:

(a) the amount to be paid during such Bond Year into the Debt Service Account in the Debt Service Fund (other than amounts required to be paid into such Account out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA);

(b) the amount, if any, to be paid during such Bond Year into each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund (other than amounts required to be paid into any such subaccount out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA);

(c) the amount, if any, to be paid during such Bond Year into the Subordinated Indebtedness Fund (other than amounts required to be paid into

such Fund out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA);

(d) the amount, if any, to be paid during such Bond Year into the Renewal and Replacement Fund (other than amounts required to be paid into such Fund out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA); and

(e) all other charges and liens whatsoever payable out of Revenues during such Bond Year.

2. JEA will not furnish or supply or cause to be furnished or supplied any use, output, capacity or service of the System, free of charge to any person, firm or corporation, public or private. However, JEA shall not be required to charge the City, including its departments, agencies or instrumentalities, for any use, output, capacity or service of the System to the extent (and only to the extent) that the cost of such use, output, capacity or service is included in the rates, fees or charges imposed by JEA on all customers of the System or a specified class or classes or category or categories thereof. Except as provided in the preceding sentence, whenever the City, including its departments, agencies and instrumentalities, shall avail itself of the product, facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged to the City and any such department, agency or instrumentality. Such charges shall be paid as they accrue, and the City shall transfer to JEA sufficient sums to pay such charges. Such charges shall be paid as they accrue, and the City shall transfer to JEA sufficient sums to pay such charges. Whenever JEA shall avail itself of the product, facilities or services provided by the System, or any part thereof, for the use or benefit of another of JEA's utility systems JEA shall fairly allocate the costs of such product, facilities or services and charge to such other utility system such costs. The revenues so received from the City or charged by JEA to such other utility system shall be deemed to be Revenues derived from the operation of the System, and shall be applied, deposited and accounted for in the same manner as other Revenues derived from operation of the System.

711. Maintenance of Insurance. 1. JEA shall at all times keep or cause to be kept the properties of the System which are of an insurable nature and of the character usually insured by those operating properties similar to such properties of the System insured against loss or damage by fire and from other causes customarily insured against and in such relative amounts as are usually obtained. JEA shall at all times maintain or cause to be maintained insurance or reserves against loss or damage from such hazards and risks to the person and property of others as are usually insured or reserved against by those operating properties similar to the properties of the System.

2. JEA shall also use its best efforts to maintain or cause to be maintained any additional or other insurance which it shall deem necessary or advisable to protect its interests and those of the Holders of the Bonds.

3. Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing and shall be payable to JEA.

712. Reconstruction; Application of Insurance Proceeds; Condemnation

Awards. 1. If any useful portion of the System shall be damaged or destroyed or taken by any governmental authority under the power of eminent domain or otherwise ("Condemnation"), JEA shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the reconstruction or replacement thereof, unless there shall be filed with the records of JEA a certificate of an Authorized Officer of JEA setting forth a determination by JEA that, taking into account all relevant facts and circumstances, including, if and to the extent JEA deems appropriate, the advice of the Consulting Engineer as to engineering matters, its attorneys as to legal matters and other consultants and advisors, such reconstruction or replacement is not in the interest of JEA and the Holders of the Bonds. Except as provided in subsection 2 of Section 503, the proceeds of any insurance paid or award received on account of such damage, destruction (other than any business interruption loss insurance or insurance proceeds deposited in the Construction Fund pursuant to subsection 2 of Section 503) or Condemnation shall be held by JEA in a special account and made available for, and to the extent necessary be applied to, the cost of such reconstruction or replacement. Pending such application, such proceeds may be invested by JEA in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed to pay such costs of reconstruction or replacement. Interest earned on such account or investments shall be deposited in the Revenue Fund. Any such proceeds not applied within 36 months after receipt thereof by JEA to repairing or replacing damaged, destroyed or taken property, or in respect of which notice in writing of intention to apply the same to the work of repairing or replacing the property damaged, destroyed or taken shall not have been filed with the records of JEA within such 36 months, or which JEA shall at any time determine are not to be so applied, unless otherwise applied, shall, upon written determination of an Authorized Officer of JEA, be deposited in the Revenue Fund; provided, however, that the amount of any such deposit to the Revenue Fund shall not constitute or be deemed to constitute Revenues for any purpose of the Resolution. Notwithstanding the foregoing, in the event that payments for any such repairing or replacing of property damaged, destroyed or taken prior to the availability of proceeds of insurance or Condemnation therefor are made from the Renewal and Replacement Fund, or from other funds of JEA not held in any Fund or Account established pursuant to the Resolution, such proceeds when received shall be deposited in the Renewal and Replacement Fund to the extent of such payments therefrom, or shall be paid over to JEA, free and clear of any trust, lien or pledge securing the Bonds or otherwise existing under the Resolution, as appropriate.

2. If the proceeds of insurance or Condemnation authorized by this Section to be applied to the reconstruction or replacement of any portion of the System are insufficient for such purpose, the deficiency may be supplied out of moneys in the Renewal and Replacement Fund.

3. The proceeds of business interruption loss insurance, if any, shall be paid into the Revenue Fund.

713. Accounts and Reports. 1. JEA shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in accordance with generally accepted accounting principles (or other comprehensive basis of accounting) in which complete and correct entries shall be made of its transactions relating to the System, the amount of Revenues and the application thereof and each Fund and Account established under the Resolution, and which, together with all other books and papers of JEA, including insurance

policies, relating to the System, shall, subject to the terms thereof, at all times be subject to the inspection of the Holders of an aggregate of not less than 5% in principal amount of the Bonds then Outstanding or their representatives duly authorized in writing.

2. JEA shall annually, within 120 days after the close of each Fiscal Year, file with the records of JEA and otherwise as provided by law, a copy of an annual report for such Fiscal Year, accompanied by an Accountant's Certificate, relating to the System and including reasonably detailed information relating to the following: (i) the assets and liabilities of the System as of the end of such Fiscal Year; (ii) the Revenues and Operation and Maintenance Expenses of the System for such Fiscal Year; and (iii) a summary, with respect to each Fund and Account, and each subaccount thereof, established under the Resolution, of the receipts therein and disbursements therefrom during such Fiscal Year and the amount held therein at the end of such Fiscal Year. Such Accountant's Certificate shall state whether or not, to the knowledge of the signer, JEA is in default with respect to any of the covenants, agreements or conditions on its part contained in the Resolution, and if so, the nature of such default.

3. The reports, statements and other documents required to be prepared or obtained by JEA pursuant to any provisions of the Resolution shall be available for the inspection of Holders of the Bonds at the office of JEA and shall be mailed to each Holder of a Bond who shall file a written request therefor with JEA. JEA may charge each Holder of a Bond requesting such reports, statements and other documents a reasonable fee to cover reproduction, handling and postage.

714. Payment of Taxes and Charges. JEA will from time to time duly pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental charges, or required payments in lieu thereof, lawfully imposed upon the properties of JEA or upon the rights, revenues, income, receipts, and other moneys, securities and funds of JEA when the same shall become due (including all rights, moneys and other property transferred, assigned or pledged under the Resolution), and all lawful claims for labor and material and supplies, except those taxes, assessments, charges or claims which JEA shall in good faith contest by proper legal proceedings if JEA shall in all such cases have set aside on its books reserves deemed adequate with respect thereto.

715. Additional Utility Functions. JEA may expand the utility functions of the System as permitted by the proviso contained in the definition of "System" in Section 101, only if JEA files with the books and records of JEA a certified copy of resolutions of the Governing Body to the effect that the addition of such utility functions (a) will not impair the ability of JEA to comply during the current or any future Fiscal Year with the provisions of the Resolution, including specifically Section 710 and (b) will not materially adversely affect the rights of the Holders of the Bonds. In making the determinations to be set forth in such resolutions, the Governing Body may rely upon such certificates and opinions of its Consulting Engineer, independent certified public accountants, bond counsel, financial advisors or other appropriate advisors as the Governing Body shall deem necessary or appropriate.

716. General. 1. JEA shall at all times maintain its corporate existence (or, if JEA shall be dissolved or abolished, a successor shall be named to assume the rights and obligations of JEA) and shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of JEA under the provisions of the Act and the Resolution.

2. Upon the date of authentication and delivery of any of the Bonds, all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed prior to and in connection with the issuance of such Bonds shall exist, have happened and have been performed, and the issuance of such Bonds, together with all other obligations of JEA, shall comply in all respects with the applicable laws of the State of Florida.

ARTICLE VIII

REMEDIES OF HOLDERS OF THE BONDS

801. **Events of Default.** If one or more of the following Events of Default shall happen:

(i) if default shall be made in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise (determined without giving effect to any payments made with funds provided by any Credit Enhancer pursuant to any Credit Enhancement);

(ii) if default shall be made in the due and punctual payment of any installment of interest on any Bond or the unsatisfied balance of any Sinking Fund Installment therefor (except when such Sinking Fund Installment is due on the maturity date of such Bond), when and as such interest installment or Sinking Fund Installment shall become due and payable (determined without giving effect to any payments made with funds provided by any Credit Enhancer pursuant to any Credit Enhancement) and such default shall continue for a period of 30 days;

(iii) if default shall be made by JEA in the performance or observance of any other of the covenants, agreements or conditions on its part in the Resolution or in the Bonds contained, and such default shall continue for a period of 60 days after written notice thereof to JEA by the Holders of not less than 10% in principal amount of the Bonds Outstanding;

(iv) if there shall occur the dissolution (without a successor being named to assume the rights and obligations) or liquidation of JEA or the filing by JEA of a voluntary petition in bankruptcy, or adjudication of JEA as a bankrupt, or assignment by JEA for the benefit of its creditors, or the entry by JEA into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to JEA in any proceeding for its reorganization instituted under the provisions of the Bankruptcy Code, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter enacted; or

(v) if an order or decree shall be entered, with the consent or acquiescence of JEA, appointing a receiver or receivers of the System, or any part thereof, or of the rents, fees, charges or other revenues therefrom,

or if such order or decree, having been entered without the consent or acquiescence of JEA, shall not be vacated or discharged or stayed within 90 days after the entry thereof;

then, and in each and every such case, so long as such Event of Default shall not have been remedied, unless the principal of all the Bonds shall have already become due and payable, the Holders of not less than 25% in principal amount of the Bonds Outstanding (by notice in writing to JEA), may declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything contained to the contrary in the Resolution or in any of the Bonds notwithstanding; provided, however, that in the event that a Supplemental Resolution authorizing Bonds for which Credit Enhancement is being provided provides that the principal of such Bonds, and the accrued interest thereon, may not be declared due and payable immediately (nor such declaration be rescinded and annulled, as provided in the following sentence) without the consent in writing of the Credit Enhancer therefor, then such Bonds, and the interest accrued thereon, shall not become due and payable immediately as aforesaid (nor may such declaration be rescinded and annulled, as provided in the following sentence) without such written consent, and, in that event, the remedies available to the Holders of such Bonds (or such Credit Enhancer, on behalf of such Holders) shall be limited to those set forth in Sections 802, 804 and 805. The right of the Holders of not less than 25% in principal amount of the Bonds to make such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before the Bonds shall have matured by their terms, all overdue installments of interest upon the Bonds, together with interest on such overdue installments of interest to the extent permitted by law and all other sums then payable by JEA under the Resolution (except the principal of, and interest accrued since the next preceding interest date on, the Bonds due and payable solely by virtue of such declaration) shall either be paid by or for the account of JEA or provision shall be made for such payment, and all defaults under the Bonds or under the Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good or adequate provision shall be made therefor, then and in every such case the Holders of 25% in principal amount of the Bonds Outstanding, by written notice to JEA, may rescind such declaration and annul such default in its entirety, but no such rescission or annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

802. Accounting and Examination of Records After Default. 1. JEA covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and account of JEA and all other records relating to the System shall at all times be subject to the inspection and use of the Holders and of their agents and attorneys.

2. JEA covenants that if an Event of Default shall have happened and shall not have been remedied, JEA, upon demand of the Holders of not less than 25% in principal amount of the Bonds at the time Outstanding, will account, as if it were the trustee of an express trust, for all Revenues and other moneys, securities and funds pledged or held under the Resolution for such period as shall be stated in such demand.

803. Application of Revenues and Other Moneys After Default. 1. During the continuance of an Event of Default, JEA, shall apply all moneys, securities, funds and Revenues held or received by JEA under the Resolution (other than amounts on deposit in any

separate subaccount in the Debt Service Reserve Account in the Debt Service Fund) as follows and in the following order:

(i) Operation and Maintenance Expenses -- to the payment of the amounts required for Operation and Maintenance Expenses and for the reasonable renewals, repairs and replacements of the System necessary in the judgment of JEA to prevent a loss of Revenues;

(ii) Principal or Redemption Price and Interest -- to the payment of the interest and principal or Redemption Price then due on the Bonds, as follows:

(a) unless the principal of all the Bonds shall have become or have been declared due and payable,

First: Interest -- to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, together with accrued and unpaid interest on the Bonds theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: Principal or Redemption Price -- to the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; or

(b) if the principal of all the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds; and

(iii) Subordinated Indebtedness -- to the payment of principal, redemption price and interest then due on Subordinated Indebtedness in

accordance with the Supplemental Resolution(s) authorizing such Subordinated Indebtedness.

During the continuance of an Event of Default, JEA shall apply all amounts on deposit in each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund as follows and in the following order:

(a) unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: Interest -- to the payment to the persons entitled thereto of all installments of interest then due on the Bonds of each Additionally Secured Series secured by such separate subaccount in the order of the maturity of such installments, together with accrued and unpaid interest on the Bonds of such Additionally Secured Series theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any such installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: Principal or Redemption Price -- to the payment to the persons entitled thereto of the unpaid principal or sinking fund Redemption Price of any Bonds of such Additionally Secured Series which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all such Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or sinking fund Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; or

(b) if the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds of each Additionally Secured Series secured by such separate subaccount without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any such Bond over any other such Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds.

2. If and whenever all overdue installments of interest on all Bonds, together with the reasonable and proper charges, expenses and liabilities of the Fiduciaries, and all other sums payable by JEA under the Resolution including the principal and Redemption Price of and

accrued unpaid interest on all Bonds which shall then be payable by declaration or otherwise, shall either be paid by or for the account of JEA, and all defaults under the Resolution or the Bonds shall be made good, JEA and the Holders shall be restored, respectively, to their former positions and rights under the Resolution. No such restoration of JEA and the Holders to their former positions and rights shall extend to or affect any subsequent default under the Resolution or impair any right consequent thereon.

804. Appointment of Receiver. If an Event of Default shall happen and shall not have been remedied, the Holders of the Bonds shall be entitled as a matter of right, upon application to a court of competent jurisdiction, to have appointed a receiver of the System.

805. Remedies Not Exclusive. No remedy by the terms of the Resolution conferred upon or reserved to the Holders of the Bonds is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or existing at law or in equity or by statute on or after the date of adoption of the Resolution.

806. Effect of Waiver and Other Circumstances. 1. No delay or omission of any Holder of a Bond to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default or be an acquiescence therein; and every power and remedy given by this Article to the Holders of the Bonds may be exercised from time to time and as often as may be deemed expedient by the Holders of the Bonds.

2. Prior to the declaration of maturity of the Bonds as provided in Section 801, the Holders of not less than a majority in principal amount of the Bonds at the time Outstanding, or their attorneys-in-fact duly authorized, may on behalf of the Holders of all of the Bonds waive any past default under the Resolution and its consequences, except a default in the payment of interest on or principal or Redemption Price, if any, of any of the Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

807. Notice of Default. JEA shall promptly mail written notice of the occurrence of any Event of Default to each Holder of Bonds then Outstanding at its address, if any, appearing upon the registry books of JEA, and, if Bearer Commercial Paper Notes shall be Outstanding, JEA shall also publish such notice once a week for at least two successive weeks in the Authorized Newspapers.

ARTICLE IX

THE FIDUCIARIES

901. Paying Agents. 1. JEA shall appoint one or more Paying Agents for the Bonds of each Series, and may at any time or from time to time appoint one or more other Paying Agents. Each Paying Agent shall be an officer of JEA, a transfer agent duly registered pursuant to the Securities Exchange Act of 1934, as amended, or a bank or trust company organized under the laws of any state of the United States or a national banking association, having capital stock, surplus and undivided earnings aggregating at least \$25,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

2. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by the Resolution by executing and delivering to JEA a written acceptance thereof.

3. Unless otherwise provided, the principal offices of the Paying Agents are designated as the respective offices or agencies of JEA for the payment of the interest on and principal or Redemption Price of the Bonds.

4. Any Paying Agent may at any time resign and be discharged of the duties and obligations created by the Resolution by giving at least 60 days' written notice to JEA and the other Paying Agents, provided that no such resignation shall be effective until a successor shall have been appointed. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and signed by an Authorized Officer of JEA, provided that no such removal shall be effective until a successor shall have been appointed. In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys and records held by it in such capacity to its successor.

902. Responsibilities of Fiduciaries. The recitals of fact herein and in the Bonds contained shall be taken as the statements of JEA and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of the Resolution or of any Bonds or as to the security afforded by the Resolution, and no Fiduciary shall incur any liability in respect thereof. Each Bond Registrar shall, however, be responsible for its representation contained in its certificate of authentication on the Bonds. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid by such Fiduciary in accordance with the provisions of the Resolution to JEA or to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect thereof, or to advance any of its own moneys, unless properly indemnified. No Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence, misconduct or default.

903. Evidence on Which Fiduciaries May Act. 1. Each Fiduciary, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document furnished to it pursuant to any provision of the Resolution, shall examine such instrument to determine whether it conforms to the requirements of the Resolution and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be counsel to JEA, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Resolution in good faith and in accordance therewith.

2. Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Resolution, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer of JEA, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of the Resolution upon the faith thereof; but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

3. Except as otherwise expressly provided in the Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by JEA to any Fiduciary shall be sufficiently executed in the name of JEA by an Authorized Officer of JEA.

904. Compensation. JEA shall pay to each Fiduciary from time to time reasonable compensation for all services rendered under the Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under the Resolution, in accordance with the agreements made from time to time between JEA and the Fiduciary. Subject to the provisions of Section 902, JEA further agrees to indemnify and save each Fiduciary harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to its negligence, misconduct or default.

905. Certain Permitted Acts. Any Fiduciary may become the owner of any Bonds, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Holders of the Bonds or to effect or aid in any reorganization growing out of the enforcement of the Bonds or the Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Bonds then Outstanding.

906. Merger or Consolidation. Any company into which any Fiduciary may be merged or converted or with which it may be consolidated, or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company organized under the laws of any state of the United States or a national banking association and shall be authorized by law to perform all the duties imposed upon it by the Resolution, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

907. Adoption of Authentication. In case any of the Bonds shall have been authenticated but not delivered, any successor Bond Registrar may adopt the certificate of authentication of any predecessor Bond Registrar so authenticating such Bonds and deliver such Bonds so authenticated; and in case any of the said Bonds shall not have been authenticated, any successor Bond Registrar may authenticate such Bonds in the name of the predecessor Bond Registrar, or in the name of the successor Bond Registrar, and in all such cases such certificate shall have the full force which it is anywhere in said Bonds or in the Resolution provided that the certificate of the Bond Registrar shall have.

ARTICLE X

SUPPLEMENTAL RESOLUTIONS

1001. Supplemental Resolutions Effective Without Delivery of Counsel's Opinion as to No Material Adverse Effect and Without Consent of Holders of the Bonds. For any one or more of the following purposes and at any time or from time to time, a

Supplemental Resolution of JEA may be adopted, which, upon its adoption and compliance with the provisions of Section 1004, shall be fully effective in accordance with its terms:

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

(2) to add to the covenants and agreements of JEA in the Resolution other covenants and agreements to be observed by JEA which are not contrary to or inconsistent with the Resolution as theretofore in effect;

(3) to add to the limitations and restrictions in the Resolution other limitations and restrictions to be observed by JEA which are not contrary to or inconsistent with the Resolution as theretofore in effect;

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

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

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

(7) if and to the extent authorized in a Supplemental Resolution authorizing an Additionally Secured Series of Bonds, to specify the qualifications of any provider of an obligation similar to a surety bond, insurance policy or letter of credit for deposit into the particular subaccount in the Debt Service Reserve Account securing the Bonds of such Additionally Secured Series;

(8) to modify any of the provisions of the Resolution in any other respect whatever, provided that (i) such modification shall be, and be expressed to be, effective only after all Bonds of each Series Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding, and (ii) such Supplemental Resolution shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental

Resolution and of Bonds issued in exchange therefor or in place thereof;
and

(9) to authorize Subordinated Indebtedness and, in connection therewith, specify and determine any matters and things relative to such Subordinated Indebtedness which are not contrary to or inconsistent with the Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Subordinated Indebtedness.

1002. Supplemental Resolutions Effective Upon Delivery of Counsel's Opinion as to No Material Adverse Effect. For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted, which, upon (i) delivery of a Counsel's Opinion to the effect that the provisions of such Supplemental Resolution will not have a material adverse effect on the interests of the Holders of Outstanding Bonds (in rendering such opinion, such counsel may rely on such certifications of (a) any banking or financial institution serving as financial advisor to JEA, as to financial and economic matters, (b) the Consulting Engineer, as to matters within its field of expertise and (c) such other experts, as to matters within their fields of expertise as it, in its reasonable judgment, determines necessary or appropriate) and (ii) compliance with the provision of Section 1004, shall be fully effective in accordance with its terms:

(1) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution;

(2) to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable and are not contrary to or inconsistent with the Resolution as theretofore in effect; or

(3) to make any other modification to or amendment of the Resolution which such counsel in its reasonable judgment shall determine will not have a material adverse effect on the interests of Holders of the Bonds.

Notwithstanding any other provision of the Resolution, in determining whether the interests of the Holders of Outstanding Bonds are materially adversely affected, such counsel shall consider the effect on the Holders of any Bonds for which Credit Enhancement has been provided without regard to such Credit Enhancement.

1003. Supplemental Resolutions Effective with Consent of Holders of the Bonds. At any time or from time to time, a Supplemental Resolution may be adopted subject to consent by Holders of the Bonds in accordance with and subject to the provisions of Article XI, which Supplemental Resolution, upon compliance with the provisions of said Article XI, shall become fully effective in accordance with its terms as provided in said Article XI.

1004. General Provisions. 1. The Resolution shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article X and Article XI. Nothing in this Article X or Article XI contained shall affect or limit the right or obligation of JEA to adopt, make, do, execute, acknowledge or deliver any

resolution, act or other instrument pursuant to the provisions of Section 704 or the right or obligation of JEA to execute and deliver to any Fiduciary any instrument which elsewhere in the Resolution it is provided shall be delivered to said Fiduciary.

2. Any Supplemental Resolution referred to and permitted or authorized by Section 1001 or 1002 may be adopted by JEA without the consent of any of the Holders of the Bonds, but shall become effective only on the conditions, to the extent and at the time provided in said Sections, respectively. Prior to the effectiveness of any such Supplemental Resolution JEA shall secure a Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon JEA in accordance with its terms.

3. No Supplemental Resolution shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

4. Promptly following the adoption thereof, JEA shall send to each Credit Enhancer a copy of each Supplemental Resolution adopted pursuant to Section 1002 or Article XI of the Resolution, together with a full transcript of all proceedings relating to the adoption thereof.

ARTICLE XI

AMENDMENTS

1101. Mailing. Any provision in this Article for the mailing of a notice or other paper to Holders of the Bonds shall be fully complied with if it is mailed postage prepaid (i) to each Holder of affected Bonds then Outstanding at its address, if any, appearing upon the registry books of JEA and (ii) to each Holder of any affected Bearer Commercial Paper Note who shall have filed with JEA an address for notices.

1102. Powers of Amendment. Any modification or amendment of the Resolution and of the rights and obligations of JEA and of the Holders of the Bonds thereunder, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in Section 1103 (i) of the Holders of not less than a majority in principal amount of the Bonds affected by such modification or amendment Outstanding at the time such consent is given, and (ii) in case the modification or amendment changes the terms of any Sinking Fund Installment, of the Holders of not less than a majority in principal amount of the Bonds of the particular Series and maturity entitled to such Sinking Fund Installment and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purpose of this Section, a Series shall

be deemed to be affected by a modification or amendment of the Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series. JEA may in its discretion determine whether or not in accordance with the foregoing powers of amendment Bonds of any particular Series or maturity or any particular Commercial Paper Notes or Medium-Term Notes would be affected by any modification or amendment of the Resolution and any such determination shall, absent manifest error, be binding and conclusive on JEA and all Holders of Bonds. For the purpose of this Section, a change in the terms of redemption of any Outstanding Bond shall be deemed only to affect such Bond, and shall be deemed not to affect any other Bond. For the purpose of this Section, the Holders of any Bonds may include the initial Holders thereof, regardless of whether such Bonds are being held for resale.

1103. Consent of Holders of the Bonds. JEA may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 1102 to take effect when and as provided in this Section. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto), together with a request to affected Holders of the Bonds for their consent thereto, shall be mailed by JEA to affected Holders of the Bonds (but failure of any affected Holder of a Bond to receive such copy and request shall not affect the validity of the Supplemental Resolution when consented to as in this Section provided); *provided, however*, that if any Bearer Commercial Paper Notes shall then be Outstanding, JEA shall also publish such copy, summary or reference and such request for consent in the Authorized Newspapers at least once a week for two successive weeks. Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with JEA (a) the written consents of Holders of the percentages of affected Outstanding Bonds specified in Section 1102 and (b) a Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted and filed by JEA in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon JEA in accordance with its terms, and (ii) a notice shall have been mailed as hereinafter in this Section 1103 provided. It shall not be necessary that the consents of Holders of Bonds approve the particular form of wording of the proposed modification or amendment or of the proposed Supplemental Resolution effecting such modification or amendment, but it shall be sufficient if such consents approve the substance of the proposed amendment or modification. Each such consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 1202. A certificate or certificates executed by an Authorized Officer of JEA stating that such Officer has examined such proof and that such proof is sufficient in accordance with Section 1202 shall be *prima facie* evidence that the consents have been given by the Holders of the Bonds described in such certificate or certificates. Any such consent shall be binding upon the Holder of the affected Bonds giving such consent and, anything in Section 1202 to the contrary notwithstanding, upon any subsequent Holder of such affected Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof) unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing with JEA, prior to the time when the written statement of JEA hereinafter in this Section 1103 provided for is filed, such revocation. The fact that a consent has not been revoked may likewise be proved by a certificate of an Authorized Officer of JEA filed with the records of JEA to the effect that no revocation thereof is on file with JEA. At any time after the Holders of the required percentages of affected Bonds shall have filed their consents to the Supplemental Resolution, an Authorized Officer of JEA shall make and file with the records of JEA a written statement that the Holders of such required

percentages of affected Bonds have filed consents. Such written statements shall be *prima facie* evidence that such consents have been so filed. At any time thereafter, notice stating in substance that the Supplemental Resolution adopted by JEA on a stated date (a copy of which is on file with JEA) has been consented to by the Holders of the required percentages of affected Bonds and will be effective as provided in this Section 1103, may be given to affected Holders of the Bonds by JEA by mailing such notice to affected Holders of the Bonds (but failure of any affected Holder of a Bond to receive such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section 1103 provided) not more than 90 days after the Holders of the required percentages of affected Bonds shall have filed their consents to the Supplemental Resolution and the written statement of an Authorized Officer of JEA hereinabove provided for is filed. JEA shall file with its records proof of the mailing of such notice. A record, consisting of the certificates or statements required or permitted by this Section 1103 to be made by JEA, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon JEA, the Fiduciaries and the Holders of all Bonds at the expiration of 40 days after the filing with the records of JEA of the proof of the mailing of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such 40 day period; provided, however, that any Fiduciary and JEA during such 40 day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

1104. Modifications by Unanimous Consent. The terms and provisions of the Resolution and the rights and obligations of JEA and of the Holders of the Bonds thereunder may be modified or amended in any respect upon the adoption by JEA of a Supplemental Resolution and the consent of the Holders of all of the affected Bonds then Outstanding, such consents to be given as provided in Section 1103 except that no notice to affected Holders of the Bonds by mailing (or publication) shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the records of JEA of the written assent thereto of such Fiduciary in addition to the consent of the affected Holders of the Bonds.

1105. Exclusion of Bonds. Bonds owned or held by or for the account of JEA shall not be deemed Outstanding for the purpose of consent or other action or any calculation of affected Outstanding Bonds provided for in this Article XI, and JEA shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, an Authorized Officer of JEA shall file with the records of JEA a certificate as to all Bonds so to be excluded.

1106. Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as in Article X or this Article XI provided may, if JEA so determines, bear a notation by endorsement or otherwise in form approved by JEA as to such action, and in that case upon demand of the Holder of any Bond Outstanding at such effective date and presentation of its Bond for the purpose at the principal office of the Bond Registrar therefor or upon any transfer or exchange of any Bond Outstanding at such effective date, suitable notation shall be made on such Bond or upon any Bond issued upon any such transfer or exchange by such Bond Registrar as to any such action. If JEA shall so determine, new Bonds so modified as

in the opinion of JEA to conform to such action shall be prepared, authenticated and delivered, and upon demand of the Holder of any Bond then Outstanding shall be exchanged, without cost to such Holder, for Bonds of the same Series, principal amount, maturity, interest rate and redemption provisions then Outstanding, upon surrender of such Bonds. Any action taken as in Article X or this Article XI provided shall be effective and binding upon all Holders of Bonds notwithstanding that the notation is not endorsed on all Bonds.

ARTICLE XII

MISCELLANEOUS

1201. Defeasance. 1. If JEA shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then the pledge of the Trust Estate and each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund, and all covenants, agreements and other obligations of JEA to the Holders of the Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Fiduciaries shall pay over or deliver to JEA all moneys or securities held by them pursuant to the Resolution which are not required for the payment of principal or Redemption Price, if applicable, of and interest on Bonds. If JEA shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of any Outstanding Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Resolution, such Bonds shall cease to be entitled to any lien, benefit or security under the Resolution, and all covenants, agreements and obligations of JEA to the Holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

2. Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Paying Agents (through deposit by JEA of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in subsection 1 of this Section 1201. In addition, any Outstanding Bonds shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection 1 of this Section (a) upon compliance with the provisions of subsection 3 of this Section or (b) if JEA shall have satisfied all of the conditions precedent to such Bonds being so deemed to have been paid set forth in the Supplemental Resolution authorizing the Series of which such Bonds are a part.

3. Subject to the provisions of subsections 4 through 8 of this Section 1201, any Outstanding Bonds shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection 1 of this Section 1201 if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, JEA shall have given to the Escrow Agent therefor instructions accepted in writing by such Escrow Agent to give as provided in Article IV notice of redemption of such Bonds (other than Bonds which have been purchased or otherwise acquired by JEA as hereinafter provided prior to the giving of such notice of redemption) on said date, (b) there shall have been deposited with the Escrow Agent therefor either moneys (including moneys withdrawn and deposited pursuant to subsection 5 of Section 507 and subsection 5 of Section 508) in an amount which shall be sufficient, or

Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with such Escrow Agent at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said Bonds are not to be redeemed or paid at maturity within the next succeeding 60 days, JEA shall have given such Escrow Agent in form satisfactory to it instructions to give, as soon as practicable, by first-class mail, postage prepaid, to the Holders of such Bonds at their last addresses appearing on the books of JEA kept at the office of the Bond Registrar(s) therefor a notice that the deposit required by clause (b) above has been made with such Escrow Agent and that said Bonds are deemed to have been paid in accordance with this Section 1201 and stating such maturity or redemption date upon which moneys are expected, subject to the provisions of subsection 8 of this Section 1201, to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds (other than Bonds which have been purchased or otherwise acquired by JEA and delivered to such Escrow Agent as hereinafter provided prior to the giving of the notice of redemption referred to in clause (a) hereof). Any notice given pursuant to the preceding sentence with respect to Bonds which constitute less than all of the Outstanding Bonds of any maturity within a Series shall specify the letter and number or other distinguishing mark of each such Bond. The Escrow Agent shall, as and to the extent necessary, apply moneys held by it pursuant to this Section 1201 to the retirement of said Bonds in amounts equal to the unsatisfied balances (determined as provided in Section 514) of any Sinking Fund Installments with respect to such Bonds, all in the manner provided in the Resolution. The Escrow Agent shall, if so directed by JEA (i) prior to the maturity date of Bonds deemed to have been paid in accordance with this Section 1201 which are not to be redeemed prior to their maturity date or (ii) prior to the giving of the notice of redemption referred to in clause (a) above with respect to any Bonds deemed to have been paid in accordance with this Section 1201 which are to be redeemed on any date prior to their maturity, apply moneys deposited with it in respect of such Bonds and redeem or sell Defeasance Securities so deposited with the Escrow Agent and apply the proceeds thereof to the purchase of such Bonds and, except as provided in Section 309 with respect to Book Entry Bonds, the Escrow Agent shall immediately thereafter surrender all such Bonds so purchased to the Bond Registrar(s) therefor for cancellation; provided, however, that the moneys and Defeasance Securities remaining on deposit with the Escrow Agent after the purchase and cancellation of such Bonds (or, in the case of a purchase of a portion of Book Entry Bonds, the deemed cancellation thereof in accordance with subsection 6 of Section 309) shall be sufficient to pay when due the Principal Installments or Redemption Price, if applicable, and interest due or to become due on all Bonds, in respect of which such moneys and Defeasance Securities are being held by the Escrow Agent on or prior to the redemption date or maturity date thereof, as the case may be. If, at any time (i) prior to the maturity date of Bonds deemed to have been paid in accordance with this Section 1201 which are not to be redeemed prior to their maturity date or (ii) prior to the giving of the notice of redemption referred to in clause (a) with respect to any Bonds deemed to have been paid in accordance with this Section 1201 which are to be redeemed on any date prior to their maturity, JEA shall purchase or otherwise acquire any such Bonds and, except as provided in Section 309 with respect to Book Entry Bonds, deliver such Bonds to the Escrow Agent prior to their maturity date or redemption date, as the case may be, the Escrow Agent shall immediately surrender all such Bonds so delivered to the Bond Registrar(s) therefor for cancellation; such delivery of Bonds to the Escrow Agent (or, in the case of a purchase of Book Entry Bonds, the deemed cancellation thereof in accordance with subsection 6 of Section 309) shall be accompanied by directions from JEA to the Escrow Agent as to the manner in

which such Bonds are to be applied against the obligation of the Escrow Agent to pay or redeem Bonds deemed paid in accordance with this Section 1201. The directions given by JEA to the Escrow Agent referred to in the preceding sentences shall also specify the portion, if any, of such Bonds so purchased or delivered and cancelled or deemed cancelled to be applied against the obligation of the Escrow Agent to pay Bonds deemed paid in accordance with this Section 1201 upon their maturity date or dates and the portion, if any, of such Bonds so purchased or delivered and cancelled or deemed cancelled to be applied against the obligation of the Escrow Agent to redeem Bonds deemed paid in accordance with this Section 1201 on any date or dates prior to their maturity. In the event that on any date as a result of any purchases, acquisitions and cancellations or deemed cancellations of Bonds as provided in this Section 1201 the total amount of moneys and Defeasance Securities remaining on deposit with the Escrow Agent under this Section 1201 is in excess of the total amount which would have been required to be deposited with the Escrow Agent on such date in respect of the remaining Bonds in order to satisfy clause (b) of this subsection 3 of Section 1201, the Escrow Agent shall, if requested by JEA, pay the amount of such excess to JEA free and clear of any trust, lien or pledge securing said Bonds or otherwise existing under the Resolution. Except as otherwise provided in this subsection 3 of Section 1201 and in subsections 4 through 8 of this Section 1201, neither Defeasance Securities nor moneys deposited with the Escrow Agent pursuant to this Section 1201 nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Securities deposited with the Escrow Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to JEA as received by the Escrow Agent, free and clear of any trust, lien or pledge securing said Bonds or otherwise existing under the Resolution, and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to JEA as received by the Escrow Agent, free and clear of any trust, lien or pledge securing said Bonds or otherwise existing under the Resolution.

4. For purposes of determining whether Variable Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Defeasance Securities and moneys, if any, in accordance with the first sentence of subsection 3 of Section 1201, the interest to come due on such Variable Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the maximum rate permitted by the terms thereof; provided, however, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than such maximum rate for any period, the total amount of moneys and Defeasance Securities on deposit with the Escrow Agent for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited with the Escrow Agent on such date in respect of such Variable Rate Bonds in order to satisfy the first sentence of subsection 3 of Section 1201, the Escrow Agent shall, if requested by JEA, pay the amount of such excess to JEA free and clear of any trust, lien or pledge securing the Bonds or otherwise existing under the Resolution.

5. Option Bonds shall be deemed to have been paid in accordance with the first sentence of subsection 3 of this Section 1201 only if, in addition to satisfying the requirements of clauses (a) and (c) of such sentence, there shall have been deposited with the Escrow Agent moneys (including moneys withdrawn and deposited pursuant to subsection 5 of Section 507 and subsection 5 of Section 508) in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; provided, however, that if, at the time a deposit is made with the Escrow Agent pursuant to subsection 3 of this Section, the options originally exercisable by the Holder of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this subsection 5. If any portion of the moneys deposited with the Escrow Agent for the payment of the principal of and premium, if any, and interest on Option Bonds is not required for such purpose the Escrow Agent shall, if requested by JEA, pay the amount of such excess to JEA free and clear of any trust, lien or pledge securing said Bonds or otherwise existing under the Resolution.

6. Defeasance Securities described in clause (g) of the definition thereof may be included in the Defeasance Securities deposited with the Escrow Agent in order to satisfy the requirements of clause (b) of subsection 3 of this Section 1201 only if the determination as to whether the moneys and Defeasance Securities to be deposited with the Escrow Agent in order to satisfy the requirements of such clause (b) would be sufficient to pay when due either on the maturity date thereof or, in the case of any Bonds to be redeemed prior to the maturity date thereof, on the redemption date or dates specified in any notice of redemption to be given by the Escrow Agent or in the instructions to give a notice of redemption provided to the Escrow Agent in accordance with subsection 3 of this Section 1201, the principal and Redemption Price, if applicable, and interest on the Bonds which will be deemed to have been paid as provided in subsection 3 of this Section 1201 is made both (i) on the assumption that the Defeasance Securities described in such clause (g) were not redeemed at the option of the issuer prior to the maturity date thereof and (ii) on the assumptions that such Defeasance Securities would be redeemed by the issuer thereof at its option on each date on which such option could be exercised, that as of such date or dates interest ceased to accrue on such Defeasance Securities and that the proceeds of such redemption would not be reinvested by the Escrow Agent.

7. In the event that after compliance with the provisions of subsection 6 of this Section 1201 the Defeasance Securities described in clause (g) of the definition thereof are included in the Defeasance Securities deposited with the Escrow Agent in order to satisfy the requirements of clause (b) of subsection 3 of this Section 1201 and any such Defeasance Securities are actually redeemed by the issuer thereof prior to their maturity date, then the Escrow Agent at the direction of JEA, provided that the aggregate of the moneys and Defeasance Securities to be held by the Escrow Agent, taking into account any changes in redemption dates or instructions to publish notice of redemption given to the Escrow Agent by JEA in accordance with subsection 8 of this Section 1201, shall at all times be sufficient to satisfy the requirements of clause (b) of subsection 3 of this Section 1201, shall reinvest the proceeds of such redemption in Defeasance Securities.

8. In the event that after compliance with the provisions of paragraph 6 of this Section 1201 the Defeasance Securities described in clause (g) of the definition thereof are included in the Defeasance Securities deposited with the Escrow Agent in order to satisfy the

requirements of clause (b) of subsection 3 of this Section 1201, then any notice of redemption to be given by the Escrow Agent and any set of instructions relating to a notice of redemption given to the Escrow Agent may provide, at the option of JEA, that any redemption date or dates in respect of all or any portion of the Bonds to be redeemed on such date or dates may at the option of JEA be changed to any other permissible redemption date or dates and that redemption dates may be established for any Bonds deemed to have been paid in accordance with this Section 1201 upon their maturity date or dates at any time prior to the actual giving of any applicable notice of redemption in the event that all or any portion of any Defeasance Securities described in clause (g) of the definition thereof have been called for redemption pursuant to an irrevocable notice of redemption or have been redeemed by the issuer thereof prior to the maturity date thereof; no such change of redemption date or dates or establishment of redemption date or dates may be made unless taking into account such changed redemption date or dates or newly established redemption date or dates the moneys and Defeasance Securities on deposit with the Escrow Agent including any Defeasance Securities deposited with the Escrow Agent in connection with any reinvestment of redemption proceeds in accordance with subsection 7 of this Section 1201 pursuant to clause (b) of subsection 3 of this Section 1201 would be sufficient to pay when due the principal and Redemption Price, if applicable, and interest on all Bonds deemed to have been paid in accordance with subsection 3 of this Section 1201 which have not as yet been paid.

9. Anything in the Resolution to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for six years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for six years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds become due and payable, shall, at the written request of JEA, be repaid by the Fiduciary to JEA, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Holders of the Bonds shall look only to JEA for the payment of such Bonds; provided, however, that before being required to make any such payment to JEA the Fiduciary shall, at the expense of JEA, cause to be published at least twice, at an interval of not less than seven days between publications, in an Authorized Newspaper, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall not be less than 30 days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to JEA.

1202. Evidence of Signatures of Holders of the Bonds and Ownership of Bonds. 1. Any request, consent, revocation of consent or other instrument which the Resolution may require or permit to be signed and executed by the Holders of the Bonds may be in one or more instruments of similar tenor, and shall be signed or executed by such Holders or by their attorneys appointed in writing. Proof of the execution of any such instrument, or of an instrument appointing any such attorney, shall be sufficient for any purpose of the Resolution (except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to JEA, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(1) The fact and date of the execution by any Holder of a Bond or its attorney of such instrument may be proved by a guarantee of the signature thereon

by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgements of deeds, that the person signing such request or other instrument acknowledged to such person the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature, guarantee, certificate or affidavit shall also constitute sufficient proof of the authority of such officer or member.

(2) The amount of Bearer Commercial Paper Notes held by any person executing any instrument as a Holder, the date of such person's holding such Bearer Commercial Paper Notes, and the numbers and other identification thereof, may be proved by a certificate, which need not be acknowledged or verified, in form satisfactory to an Authorized Officer of JEA, executed by an Authorized Officer of JEA or by a member of a financial firm or by an officer of a bank, trust company, insurance company, or financial corporation or other depository wherever situated, or by a registered representative of a securities firm or corporation which is a member of the National Association of Securities Dealers, Inc., showing at the date therein mentioned that such person exhibited to such member, officer or registered representative or had on deposit with such depository the Bearer Commercial Paper Notes described in such certificate. Such certificate may be given by a member of a financial firm or by an officer of any bank, trust company, insurance company or financial corporation or depository or by a registered representative of a securities firm or corporation which is a member of the National Association of Securities Dealers, Inc. with respect to Bearer Commercial Paper Notes owned by it. In addition to the foregoing provisions, JEA may from time to time make such reasonable regulations as it may deem advisable permitting other proof of holding of Bearer Commercial Paper Notes.

2. The ownership of Bonds (other than Bearer Commercial Paper Notes) and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books.

3. Any request or consent by the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by JEA or any Fiduciary in accordance therewith.

1203. Moneys Held for Particular Bonds. The amounts held by any Fiduciary for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bonds entitled thereto.

1204. Preservation and Inspection of Documents. All documents received by any Fiduciary under the provisions of the Resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of JEA, any other Fiduciary, and by Holders of the Bonds and their agents and their representatives, any of whom may make copies thereof.

1205. Parties Interested Herein. Nothing in the Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or corporation, other than JEA, the Fiduciaries, the Holders of the Bonds and any Credit Enhancers, any right, remedy or claim under or by reason of the Resolution or any covenant, condition or stipulation thereof; and all the covenants, stipulations, promises and agreements in the Resolution contained by and on behalf of JEA shall be for the sole and exclusive benefit of JEA, the Fiduciaries, the Holders of the Bonds and any Credit Enhancers; provided, however, that the foregoing shall not be construed so as to limit or restrict JEA's right to covenant in any other instrument for the benefit of any other entity that JEA will comply with any or all of such covenants, stipulations, promises or agreements, and that JEA will not amend, modify, supplement or change the same.

1206. No Recourse on the Bonds. No recourse shall be had for the payment of the principal of or interest on the Bonds or for any claim based thereon or on the Resolution against any present or former member or officer of JEA or any person executing the Bonds.

1207. Publication of Notice; Suspension of Publication; Notice to Credit Enhancers. 1. Any publication to be made under the provisions of the Resolution in successive weeks or on successive dates may be made in each instance upon any business day of the week and need not be made in the same Authorized Newspaper for any or all of the successive publications but may be made in a different Authorized Newspaper.

2. If, because of the temporary or permanent suspension of the publication or general circulation of any Authorized Newspaper or for any other reason, it is impossible or impractical to publish any notice pursuant to the Resolution in the manner herein provided, then such publication in lieu thereof shall constitute a sufficient publication of such notice.

3. All notices and other documents required or permitted to be given to Holders of Bonds also shall be given to each Credit Enhancer, at the address to be specified by it by notice in writing to JEA.

1208. Action by Credit Enhancer When Action by Holders of the Bonds Required. Except as otherwise provided in a Supplemental Resolution authorizing Bonds for which Credit Enhancement is being provided, if not in default in respect of any of its obligations with respect to Credit Enhancement for the Bonds of a Series, or a maturity within a Series, the Credit Enhancer for, and not the actual Holders of, the Bonds of a Series, or a maturity within a Series or an interest rate within a maturity, for which such Credit Enhancement is being provided, shall be deemed to be the Holder of Bonds of any Series, or maturity within a Series or an interest rate within a maturity, as to which it is the Credit Enhancer at all times for the purpose of (i) giving any approval or consent to the effectiveness of any Supplemental Resolution or any amendment, change or modification of the Resolution as specified in Sections 1003, 1102, 1103 and 1104 or any other provision hereof, which requires the written approval or consent of Holders; provided, however, that the provisions of this Section shall not apply to any change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto and (ii) giving any approval or consent, exercising any remedies or taking any other action in accordance with the provisions of Article VIII hereof.

1209. Severability of Invalid Provisions. If any one or more of the covenants or agreements provided in the Resolution on the part of JEA or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of the Resolution.

1210. Holidays. Except as may be provided otherwise in a Supplemental Resolution, if the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in the Resolution, shall be a legal holiday or a day on which banking institutions in the cities in which are located the principal offices of the Paying Agents are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in the Resolution, and no interest shall accrue for the period after such nominal date.

ARTICLE XIII

EFFECTIVE DATE

1301. Effective Date. This District Energy System Revenue Bond Resolution shall become effective upon the earliest to occur of (i) the date on which the first Series of Bonds is issued hereunder or (ii) the date on which the first issue of Subordinated Indebtedness is issued in accordance herewith.

Approved and adopted by JEA on June 15, 2004.

JEA

By /s/ Martha T. Lanahan
Chairwoman

Attest:

 /s/ Christine R. Milton
Secretary

Form Approved:

 /s/ Richard A. Mullaney
Assistant General Counsel

