

**THIRD AMENDMENT TO
SECOND SUPPLEMENTAL SUBORDINATED
UTILITIES SYSTEM REVENUE BOND RESOLUTION**

WHEREAS, pursuant to (a) a resolution of the City of Gainesville, Florida (the "City") entitled "Utilities System Revenue Bond Resolution", adopted by the City on June 6, 1983, as heretofore amended and supplemented (the "Resolution"), (b) a resolution of the City, supplemental to the Resolution, entitled "Subordinated Utilities System Revenue Bond Resolution", adopted by the City on January 26, 1989, as heretofore supplemented (the "Subordinated Resolution"), and (c) a resolution of the City, supplemental to the Subordinated Resolution, entitled "Second Supplemental Subordinated Utilities System Revenue Bond Resolution", adopted by the City on October 5, 1992, as heretofore amended and supplemented (the "Second Supplemental Subordinated Resolution"), the City heretofore has authorized the issuance from time to time of its Utilities System Commercial Paper Notes, Series C (the "Series C Commercial Paper Notes") and its Utilities System Subordinated Bank Bonds, Series A (the "Series A Bank Bonds"); and

WHEREAS, pursuant to (a) a resolution of the City entitled "Second Amendment to Second Supplemental Subordinated Utilities System Revenue Bond Resolution", adopted by the City on September 23, 1996 (the "Second Amendment") and (b) agenda item no. 970861, approved by the City Commission of the City at a regular meeting duly called and held on February 9, 1998, the City increased the aggregate principal amount of the Series C Commercial Paper Notes and the Series A Bank Bonds that may be Outstanding at any one time to \$85,000,000, in order to finance an additional portion of the Cost of Acquisition and Construction of the System (such terms, and all other capitalized terms used herein without definition, having the respective meanings assigned thereto in the Resolution or, if not defined therein, in the Second Supplemental Subordinated Resolution); and

WHEREAS, the amendments to the Second Supplemental Subordinated Resolution contained in the Second Amendment did not provide for the application of the proceeds to be received by the City from the issuance of such additional principal amount of the Series C Commercial Paper Notes; and

WHEREAS, clause 3 of Section 1002 of the Resolution authorizes the City to adopt a Supplemental Resolution (including a Supplemental Subordinated Resolution, as such term is defined in the Subordinated Resolution), without the consent of the Holders of Outstanding Bonds, for the purpose of making any modification or amendment of the Resolution (including any Supplemental Resolution) which the Trustee determines will not have a material adverse effect on the interests of Bondholders; and

WHEREAS, clause 3 of Section 10.02 of the Subordinated Resolution authorizes the City to adopt a Supplemental Subordinated Resolution, without the consent of the Holders of Outstanding Subordinated Bonds, for the purpose of making any modification or amendment of the Subordinated Resolution (including any Supplemental Subordinated Resolution), upon the delivery of an Opinion of Counsel to the effect that the provisions of such Supplemental Subordinated Resolution will not have a material adverse effect on the interests of the Holders of Outstanding Subordinated Bonds; and

WHEREAS, it is hereby determined to be necessary and desirable that the Second Supplemental Subordinated Resolution be amended in the manner provided herein in order to provide for the application of the proceeds to be received by the City from the issuance of such additional principal amount of the Series C Commercial Paper Notes;

NOW, THEREFORE, BE IT RESOLVED by the City Commission of the City of Gainesville, Florida as follows:

ARTICLE I

AUTHORITY

SECTION 101. Supplemental Subordinated Resolution. This Third Amendment to Second Supplemental Subordinated Utilities System Revenue Bond Resolution (this "Third Amendment") (a) is supplemental to, and is adopted in accordance with Article X of, the Resolution and (b) is supplemental to, and is adopted in accordance with Article X of, the Subordinated Resolution.

SECTION 102. Authority for this Third Amendment. This Third Amendment is adopted (i) pursuant to the provisions of the Act, (ii) in accordance with clause 3 of Section 1002 of the Resolution and (iii) in accordance with clause 3 of Section 10.02 of the Subordinated Resolution.

ARTICLE II

AMENDMENT OF SECOND SUPPLEMENTAL SUBORDINATED RESOLUTION TO PROVIDE FOR THE APPLICATION OF THE PROCEEDS OF ADDITIONAL SERIES C COMMERCIAL PAPER NOTES

SECTION 201. Amendment of Section 202 of the Second Supplemental Subordinated Resolution. The first paragraph of Section 202 of the Second Supplemental Subordinated Resolution is hereby amended to read in its entirety as follows (with additions indicated by double-underscoring and deletions being struck-through):

The Series C Commercial Paper Notes may be issued during the period commencing on the Effective Date and ending on October 5, 2022 (or, if such day is not a Business Day (as defined in the Credit Agreement), the next preceding Business Day), for purposes of (i) paying the principal of, and interest on, maturing Series B Notes, (ii) repaying amounts owed under the Series B Bank Notes, (iii) financing a portion of the Cost of Acquisition and Construction of the System and ~~(iii)~~ (iv) paying the principal of, and interest on, maturing Series C Commercial Paper Notes and borrowings under the Credit Agreement.

SECTION 202. Amendment of Section 207 of the Second Supplemental Subordinated Resolution. Section 207 of the Second Supplemental Subordinated Resolution is hereby amended to read in its entirety as follows (with additions indicated by double-underscoring and deletions being struck-through):

SECTION 207. Use of Series C Commercial Paper Note Proceeds.

Except as provided in the following ~~three~~ two sentences, all Series C Commercial Paper Note proceeds shall be credited by the Issuing Agent to the Series C CP Note Payment Account and applied to the payment of principal of, and interest on, maturing Series C Commercial Paper Notes and, upon instructions of the City, to the payment of principal of, and interest on, the Series A Bank Bonds. On any date on which Series C Commercial Paper Notes are being issued to pay the principal of, and interest on, Series B Note(s) maturing on such date, all or a portion of the proceeds thereof, in an amount which, together with other moneys held by the Paying Agent under the Subordinated Indebtedness Resolution No. 2, shall equal the principal of, and interest on, the Series B Note(s) maturing on such date, shall be transferred to the Paying Agent under the Subordinated Indebtedness Resolution No. 2, for deposit in the CP Note Payment Account (as defined in the Subordinated Indebtedness Resolution No. 2). On any date on which Series C Commercial Paper Notes are being issued to repay amounts owed under the Series B Bank Notes, all or a portion of the proceeds thereof, in an amount which, together with other moneys being transferred on such date by or at the direction of the City to (or on behalf of) the holders of the Series B Bank Notes, shall equal the amounts owed under the Series B Bank Notes on such date, shall be transferred to (or on behalf of) the holders of the Series B Bank Notes. On any date on which Series C Commercial Paper Notes are being issued to finance a portion of the Cost of Acquisition and Construction of the System, so long as, immediately prior to and after giving effect to such issuance, no Tender Event (as defined in the Credit Agreement) shall have occurred and be continuing, all of the proceeds thereof shall be wired to the City for deposit in the Construction Fund, and shall be applied to the payment of such Cost of Acquisition and Construction of the System. Until so applied all proceeds of the Series C Commercial Paper Notes shall be held in cash and shall not be invested.

SECTION 203. Amendment of Section 401 of the Second Supplemental Subordinated Resolution. Paragraph 3 of Section 401 of the Second Supplemental Subordinated Resolution is hereby amended to read in its entirety as follows (with additions indicated by double-underscoring):

3. Amounts on deposit in the Series C CP Note Payment Account shall be applied to the payment of the principal of, and interest on, the Series C CP Notes and the Series A Bank Bonds or, upon direction of an Authorized Officer of the City (or a Designee thereof), so long as no Tender Event (as defined in the Credit Agreement) shall have occurred and be continuing, shall be wired to the City for deposit in the Construction Fund, and applied to the payment of a portion of the Cost of Acquisition and Construction of the System.

ARTICLE III

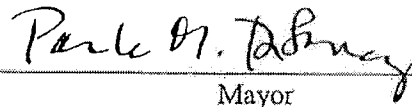
EFFECTIVE DATE

SECTION 301. Effective Date. This Third Amendment shall be effective upon (i) the delivery to the Trustee of a copy hereof certified by an Authorized Officer of the City,

(ii) the filing with the City of an instrument in writing made by the Trustee consenting hereto, in substantially the form attached hereto as Annex A and (iii) receipt by the City of an Opinion of Counsel as required by Section 10.02 of the Subordinated Resolution.

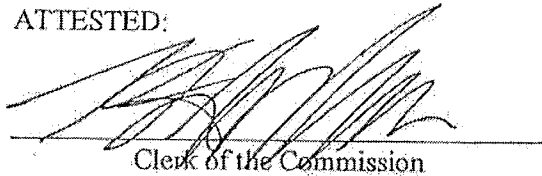
Third Amendment to Second Supplemental Subordinated Utilities System Revenue Bond Resolution approved and adopted January 25, 1999.

THE CITY OF GAINESVILLE, FLORIDA



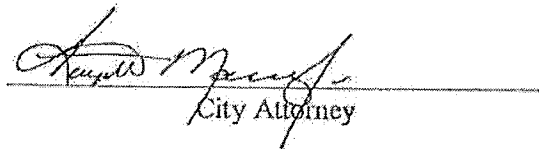
Mayor

ATTESTED:



Clerk of the Commission

Approved as to Form and Legality:



City Attorney

CONSENT OF TRUSTEE

_____, 1999

The undersigned, as Trustee, under Resolution R-83-27, incorporating by reference and adopting the Utilities System Revenue Bond Resolution of the City of Gainesville, Florida (the "City") adopted on June 6, 1983 (the "Bond Resolution"), as heretofore amended and supplemented, hereby acknowledges the filing with it of a copy of the Third Amendment to Second Supplemental Subordinated Utilities System Revenue Bond Resolution (the "Third Amendment") adopted by the City on January 25, 1999, certified by an Authorized Officer of the City pursuant to Section 1002 of the Bond Resolution, and hereby consents to the adoption of the Third Amendment.

FIRST TRUST OF NEW YORK,
NATIONAL ASSOCIATION

By _____
Authorized Officer

[SEAL]

Attest:

Title: