

JAN 27 1998 *pe/bs*

RESOLUTION NO. 98-B-02

BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF ORANGE COUNTY, FLORIDA, AS FOLLOWS:

SECTION 1. DEFINITIONS. Capitalized terms used in this supplemental resolution shall have the meanings set forth in Resolution No. 98-B-01, adopted on January 13, 1998 (the "1998 Series Resolution"), except as such definitions may be hereinafter amended or defined.

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

(A) Pursuant to the 1998 Series Resolution, the County determined it to be in the best interest of the County and the users of the Water Utilities System to issue the Series 1998 Bonds in accordance with the terms of Resolution No. 92-B-06, adopted on June 12, 1992 (as amended and supplemented, the "Bond Resolution") for the principal purpose of refunding the Refunded Bonds in order to achieve debt service savings.

(B) The County's Co-Financial Advisors have advised the County that it is cost efficient and in the best financial interest of the County to fund the Reserve Account Requirement with respect to the Series 1998 Bonds by purchasing a surety bond in connection with the issuance of the Series 1998 Bonds.

(C) The County has determined that it necessary and desirable to supplement and amend the 1998 Series Resolution for the purpose of creating the Series 1998 Bonds Reserve Account Subaccount with respect to the Series 1998 Bonds and to approve the funding of such subaccount with the Surety Bond (herein defined).

(D) On January 14, 1998, Ambac Assurance Corporation, a Wisconsin domiciled stock insurance company ("Ambac Assurance") delivered its Commitment for Surety Bond (the "Surety Commitment") pursuant to which Ambac Assurance agrees, subject to certain conditions set forth in the Surety Commitment, to issue its surety bond guarantying certain payments into the Series 1998 Bonds Reserve Account Subaccount with respect to the Series 1998 Bonds (the "Surety Bond"), as provided in and subject to the limitations set forth in the Surety Bond.

SECTION 3. RESERVE ACCOUNT REQUIREMENT. There is hereby created and established in the Bond Reserve Account the "Series 1998 Bonds Reserve Account Subaccount" into which will be deposited the Surety Bond in an amount equal to

the Reserve Account Requirement with respect to the Series 1998 Bonds. The Reserve Account Requirement with respect to the Series 1998 Bonds shall be an amount equal to the lesser of the three measures set forth in the definition of "Reserve Account Requirement" in the Bond Resolution.

SECTION 4. SURETY BOND. The County hereby approves the Surety Commitment, a copy of which is attached hereto as Exhibit A, and authorizes the Series 1998 Bonds Reserve Account Subaccount to be funded by the Surety Bond issued by Ambac Assurance simultaneously with the delivery of the Series 1998 Bonds and further authorizes that the premium for the Surety Bond be paid from the proceeds of the Series 1998 Bonds. So long as the Surety Bond is in effect and deposited to the credit of the Series 1998 Bonds Reserve Account Subaccount, the following terms and provisions from the Surety Commitment shall be controlling in the event of any conflict between the following terms and provisions and the terms and provisions of the Bond Resolution or the 1998 Series Resolution:

(A) Consents

(1) Consent of Ambac Assurance.

Any provision of this supplemental resolution, the 1998 Series Resolution or the Bond Resolution expressly recognizing or granting rights in or to Ambac Assurance may not be amended in any manner which affects the rights of Ambac Assurance hereunder without the prior written consent of Ambac Assurance.

(2) Consent of Ambac Assurance in Addition to Bondholder Consent.

Unless otherwise provided in this Section, Ambac Assurance's consent shall be required in addition to Bondholder consent, when required, for the following purposes: (a) execution and delivery of any supplemental resolution or any amendment, supplement or change to or modification of this supplemental resolution, the 1998 Series Resolution or the Bond Resolution; (b) removal of the Bond Registrar or selection and appointment of any successor bond registrar; and (c) initiation or approval of any action not described in (a) or (b) above which requires Bondholder consent.

(B) Information to be Given to Ambac Assurance

- (1) While the Surety Bond is in effect, the County or the Bond Registrar, as appropriate, shall furnish the following to Ambac Assurance:**
 - (a) as soon as practicable after the filing thereof, a copy of any financial statement of the County and a copy of any audit and annual report of the County;**
 - (b) a copy of any notice to be given to the registered owners of the Series 1998 Bonds and any certificate rendered pursuant to this supplemental resolution, the 1998 Series Resolution or the Bond Resolution relating to the security for the Series 1998 Bonds; and**
 - (c) such additional information Ambac Assurance may reasonably request.**
- (2) The County will permit Ambac Assurance to discuss the affairs, finances and accounts of the County or any information Ambac Assurance may reasonably request regarding the security for the Series 1998 Bonds with appropriate officers of the County. The County or the Bond Registrar, as appropriate, will permit Ambac Assurance to have access to the Water Utility System and to have access to and make copies of all books and records relating to the Series 1998 Bonds at any reasonable time.**
- (3) Notwithstanding any other provision of this supplemental resolution, the 1998 Series Resolution or the Bond Resolution, the County or the Bond Registrar, as appropriate, shall immediately notify Ambac Assurance if at any time there are insufficient moneys to make any payments of principal and interest as required and immediately upon the occurrence of (a) any event of default under this supplemental resolution, the 1998 Series Resolution or the Bond Resolution; or (b) any payment default under any related security agreement.**
- (4) Ambac Assurance shall be included as party to be notified under the Continuing Disclosure Undertaking to be executed by the County with respect to the Series 1998 Bonds.**

(C) Payment Procedures Under the Surety Bond

(1) As long as the Surety Bond shall be in full force and effect, the County and the Bond Registrar, if appropriate, agree to comply with the following provisions:

(a) In the event and to the extent that moneys on deposit in the available funds and accounts under the Bond Resolution, plus all amounts on deposit in and credited to the Series 1998 Bonds Reserve Account Subaccount hereunder in excess of the amount of the Surety Bond, are insufficient to pay the amount of principal and interest coming due, then upon the later of: (i) one (1) day after receipt by the General Counsel of Ambac Assurance of a demand for payment in the form attached to the Surety Bond as Attachment 1 (the "Demand for Payment"), duly executed by the Bond Registrar certifying that payment due under the 1998 Series Resolution or the Bond Resolution has not been made to the Bond Registrar; or (ii) the payment date of the Obligations as specified in the Demand for Payment presented by the Bond Registrar to the General Counsel of Ambac Assurance, then Ambac Assurance will make a deposit of funds in an account with the Bond Registrar or its successor, in New York, New York, sufficient for the payment to the Bond Registrar, of amounts which are then due to the Bond Registrar under the 1998 Series Resolution or the Bond Resolution (as specified in the Demand for Payment) up to but not in excess of the Surety Bond Coverage (as such term is defined in the Surety Bond); provided, however, that in the event that the amount on deposit in, or credited to, the Series 1998 Bonds Reserve Account Subaccount, in addition to the amount available under the Surety Bond, includes amounts available under a letter of credit, insurance policy, surety bond or other such funding instrument (the "Additional Funding Instrument"), draws on the Surety Bond and any such Additional Funding Instrument shall be made on a pro rata basis to fund the insufficiency.

(b) the Bond Registrar, if appropriate, shall, after submitting to Ambac Assurance the Demand for Payment as provided in (a) above, make available to Ambac Assurance all records relating to the funds and accounts maintained under this supplemental resolution, the 1998 Series Resolution or the Bond Resolution.

- (c) the Bond Registrar, if appropriate, shall, upon receipt of moneys received from the draw on the Surety Bond, as specified in the Demand for Payment, credit the Series 1998 Bonds Reserve Account Subaccount to the extent of moneys received pursuant to such Demand for Payment.
- (d) the Series 1998 Bonds Reserve Account Subaccount shall be replenished in the following priority: (i) principal and interest on the Surety Bond and any Additional Funding Instrument shall be paid from first available Pledged Revenues on a pro rata basis; and (ii) after all such amounts are paid in full, amounts necessary to deposit into the Series 1998 Bonds Reserve Account Subaccount an amount equal to the Reserve Account Requirement, after taking into account the amounts available under the Surety Bond shall be deposited from next available Pledged Revenues.

SECTION 5. SEVERABILITY AND INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Series 1998 Bonds.

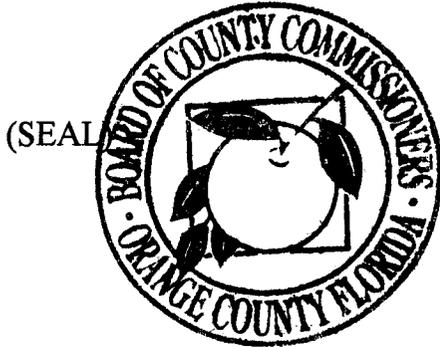
SECTION 6. EFFECT ON 1998 SERIES RESOLUTION. Except as herein expressly provided, the 1998 Series Resolution and the terms and provisions thereof, are and shall remain in full force and effect.

SECTION 7. EFFECTIVE DATE. This supplemental resolution shall become effective immediately upon its adoption.

ADOPTED, at a meeting of the Board this 27th day of January, 1998.

ORANGE COUNTY, FLORIDA

By: The Board of County Commissioners



Linda W. Chapin

Linda W. Chapin, County Chairman

ATTEST: Martha O. Haynie, County Comptroller
As Clerk of the Board of County Commissioners

By: *[Signature]*

Assistant Deputy Clerk

EXHIBIT A

AMBAC ASSURANCE SURETY COMMITMENT

AMBAC ASSURANCE CORPORATION – COMMITMENT FOR SURETY BOND

Issuer: **ORANGE COUNTY, FLORIDA**

Commitment Number:
SB15992

Date of Commitment:
January 14, 1998

Expiration Date:
April 14, 1998

Premium: 1.35% of the Debt Service Reserve
Fund Requirement

Bonds: \$51,005,000 Water Utilities System Refunding Revenue
Bonds, Series 1998, dated January 15, 1998, maturing on
October 1, 2027.

Surety Bond Amount: \$4,671,995

Ambac Assurance Corporation (“Ambac” or “Ambac Assurance”), A Wisconsin Stock Insurance Company, hereby commits to issue a Surety Bond (the “Commitment”) relating to the Debt Service Reserve Fund for the above-described debt obligations (the “Bonds”), substantially in the form attached hereto, subject to the terms and conditions contained herein or added hereto (see conditions set forth herein).

To extend this Commitment after the expiration date set forth above, an oral (subsequently confirmed in writing) or written request for renewal must be submitted to Ambac at least one business day prior to such expiration date. Ambac reserves the right to refuse to grant a renewal or may renew this Commitment subject to additional terms and conditions.

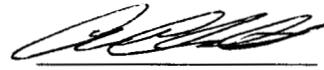
The Surety Bond (the “Surety”) shall be issued if the following conditions are satisfied:

1. Ambac shall receive an opinion of counsel or a certificate of an officer of the Issuer or ultimate obligor stating that the information supplied to Ambac in order to obtain the Surety and the documents to be executed and delivered in connection with the issuance and sale of the Bonds do not contain any untrue or misleading statement of a material fact and do not fail to state a material fact required to be stated therein or necessary in order to make the information contained therein not misleading.
2. No event shall occur which would permit any purchaser of the Bonds, otherwise required, not to be required to purchase the Bonds on the date scheduled for the issuance and delivery thereof.
3. There shall be no material change in or affecting the Bonds, the Issuer or ultimate obligor (including, but not limited to, the security for the Bonds), the Official Statement, if any (or any similar disclosure document), including any financial statements therein contained, the financing documents or any legal opinions to be executed and delivered in connection with the issuance and sale of the Bonds, or any other information submitted to Ambac in order to obtain the Surety, from the descriptions thereof provided to Ambac at any time prior to the issuance of the Bonds and there shall not have occurred or come to the attention of the issuer or purchaser any material change of fact or law adverse to the interests of Ambac, unless approved by Ambac in writing.

4. Unless expressly waived in whole or in part by Ambac, the financing documents shall contain a) the terms and provisions provided in the Ambac STANDARD PACKAGE transmitted herewith, and b) any provisions or comments given orally by Ambac.
5. AMBAC will prepare, and the Issuer will execute, a Guaranty Agreement in the form (with such revisions as AMBAC and the Issuer agree to) contained in the Standard Package.
6. No later than five (5) business days prior to closing, Ambac shall be provided with:
 - (a) proposed copies of all financing documents, and
 - (b) the proposed official statement (or any similar disclosure document); and
 - (c) the proposed various legal opinions delivered in connection with the issuance and sale of the Bonds, including, without limitation, the unqualified approving opinion of bond counsel rendered by a law firm acceptable to Ambac. The form of bond counsel's approving opinion must be acceptable to Ambac. The form of bond counsel's approving opinion shall indicate that the Issuer must comply with certain covenants under and pursuant to the Internal Revenue Code of 1986, as amended and that the Issuer has the legal power to comply with such covenants. Ambac shall also be provided with executed copies of all financing documents, including but not limited to the Official Statement (or any similar disclosure document) and the various legal opinions rendered. The executed opinion of bond counsel shall be addressed to Ambac or in lieu thereof, a letter shall be provided to Ambac to the effect that Ambac may rely on such opinion as if it were addressed to Ambac and such letter shall be delivered with an executed opinion; and
 - (d) any provisions of the Purchase Contract or Bond Purchase Agreement referencing Ambac or the issuer of the Surety in general. If such provisions are not received in a timely manner or if provisions are inserted in the Purchase Contract or Bond Purchase Agreement without Ambac Assurance's knowledge, compliance with such provisions may not be possible; and
 - (e) a letter from bond counsel or counsel to the purchaser or otherwise from another counsel acceptable to Ambac to the effect that the financing documents, the Official Statement (or any similar disclosure document) and the various legal opinions executed and delivered in connection with the issuance and sale of the Bonds, are substantially in the forms previously submitted to Ambac for review, with only such amendments, modifications or deletions as may be approved by Ambac; and
 - (f) a copy of any insurance policy, surety bond, guaranty or indemnification or any other policy, contract or agreement which provides for payment of all or any portion of the debt, the costs of reconstruction, the loss of business income or in any way secures, ensures or enhances the income stream anticipated to pay the Bonds; and
 - (g) a certified or cashier's check for or evidence of wire transfer of an amount equal to the payment for the Surety at the time of the issuance and delivery of the Bonds. Wire transfer shall be used for any payment for the Surety in an amount greater than \$100,000; and
 - (h) the final debt service schedule.

7. Ambac Assurance must receive at least (5) business days prior to closing an opinion addressed to Ambac by counsel acceptable to Ambac that the Guaranty Agreement is a legal, valid and binding obligation of the Obligor thereof, enforceable in accordance with its terms.
8. At least five (5) business days prior to closing, Ambac must receive certification by a nationally recognized accounting firm that the securities invested are sufficient to pay the prior bonds.
9. Ambac must receive an opinion of Counsel acceptable to Ambac that the Prior Bonds have been legally defeased.
10. Funds held by the Escrow Trustee for the payments of the refunded bonds must be held as cash fully insured by or the Federal Deposit Insurance Corporation or invested in direct obligations of the United States of America.
11. Ambac must receive, at least five (5) business days prior to closing, a draft opinion of bond counsel or special tax counsel acceptable to Ambac, addressed to Ambac, a telecopy of the executed opinion on the day of closing (212-208-3444) and an executed original following closing, to the effect that the refunding and escrow are in full compliance with all applicable Federal and State arbitrage regulations.
12. Ambac must receive, at least five (5) business days prior to closing, draft opinions of issuer's counsel and escrow agent's counsel and a telecopy of the executed opinion on the day of closing (212-208-3444) regarding the validity, binding nature and enforceability of the escrow agreement.
13. If a forward supply contract is used:
 - (i) Securities delivered to the escrow agreement must be non-callable U.S. Government obligations which do not mature later than the date on which needed to pay debt service on the refunded bonds.
 - (ii) The CPA verification must be in a form and substance satisfactory to Ambac and must opine that the escrow is sufficient to be defease the refunded bonds whether or not the forward supply contract provider delivers securities to the escrow.
 - (iii) The forward supply contract must specify that (a) the purchase price of the securities delivered to the escrow must not exceed the amount of cash received from maturing securities in the escrow, as specified in the verification, and (b) the maturity value of the securities in the escrow must not be less than the purchase price paid for such securities.
 - (iv) The forward supply contract provider shall have no recourse to the escrow upon any failure of the issuer or escrow agent to perform its obligations under the forward supply contract. Other than the payment of the purchase price for the securities to be delivered pursuant to the forward supply contract, no payments of any other kind may be made from the escrow in respect to the forward supply contract.
 - (v) The forward supply contract provider must be at least A by a nationally recognized rating agency.

(vi) The forward supply contract shall be in form and substance satisfactory to Ambac.

A handwritten signature in black ink, consisting of several loops and flourishes, positioned above a horizontal line.

Authorized Officer