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Handwritten initials

February 27, 1998

HAND DELIVERED

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Application to issue and sell up to \$300 million in long-term debt and preferred equity securities and to have outstanding a maximum of \$300 million in short-term unsecured promissory notes during the twelve months ending November 30, 1997 by Tampa Electric Company;
DOCKET NO. 960822-EI

Dear Ms. Bayo:

Pursuant to Rule 35-8.009, Fla. Admin. Code, and this Commission's Order No. PSC-96-1237-POF-EI issued October 7, 1996, we enclose an original and three copies of Tampa Electric Company's Consummation Report regarding the issuance and sale of securities during the fiscal year ended December 31, 1997.

ACK Please acknowledge receipt and filing of the above by stamping
AFA the duplicate copy of this letter and returning same to this
writer.

APP
CAF Thank you for your assistance in connection with this matter.

CMU

Sincerely,

CTR

EAG

LEG

James H. Ausley
James H. Ausley

LIN JDB/pp
OPC Enclosures

RCH

SEC

WAS

OTH

DOCUMENT NUMBER-DATE

98743 FEB 27 88

FPSC-RECORDS/REPORTING

ORIGINAL

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

IN RE: APPLICATION OF TAMPA ELECTRIC
COMPANY TO ISSUE AND SELL UP TO
\$300 MILLION IN LONG-TERM DEBT AND
PREFERRED EQUITY SECURITIES AND
HAVE OUTSTANDING A MAXIMUM OF
\$300 MILLION IN SHORT-TERM UNSECURED
PROMISSORY NOTES DURING THE TWELVE
MONTHS ENDING NOVEMBER 30, 1997.

DOCKET 960899-EI
FILED: 2/27/98

CONSUMMATION REPORT

The applicant, Tampa Electric Company (the "Company"), pursuant to Commission Order No. PSC-96-1237-FOF-EI dated Oct. 7, 1996, submits the following information.

1. Fact of Issue

On Dec. 1, 1996, the Polk County Industrial Authority (the Authority) issued \$75,000,000 of Solid Waste Disposal Facility Revenue Bonds (Tampa Electric Company Project), Series 1996 (the bonds), for the purpose of financing or reimbursing the Company for the cost of acquisition, construction and installation of certain solid waste disposal facilities of the coal gasification combined cycle power plant of the Company.

2. Terms and Conditions

The bonds, due December 1, 2030, bear interest at a long-term fixed rate of 5.85 percent. Interest is payable semi-annually on June 1 and December 1 of each year commencing June 1, 1997. The bonds are subject to conversion to an alternative method for establishing the interest rate at the option of the Company on or after Dec. 1, 2006.

3. Net Proceeds from the Bonds

\$75,000,000	Bond issue
<u>543,750</u>	Underwriting fee
\$74,456,250	Net proceeds

DOCUMENT NUMBER-DATE

02713 FEB 27 98

FPSC-RECORDS/REPORTING

4. Statement of Capitalization

Statements of capitalization, pretax interest coverage, debt interest requirements and preferred stock dividend requirements as of the end of the Dec. 31, 1996 fiscal year are as follows:

Capital structure	
Short-term debt	\$ 98,600,000
Long-term debt	662,147,809
Preferred stock	19,960,000
Common equity	<u>1,127,178,586</u>
	<u>\$1,907,886,395</u>

Pretax interest coverages	
Including AFUDC	4.97 times
Excluding AFUDC	4.54 times

Debt interest requirements	\$53,666,226
Preferred stock dividends	\$ 1,766,924

5. Expenses of the Issue

The bonds were offered to the public at an initial offering price of 100.00 percent. The transaction was underwritten as indicated below.

Goldman, Sachs & Co. 85 Broad Street New York, NY 10004	\$45,000,000.00
Citicorp Securities, Inc. 399 Park Avenue New York, NY, 10043	<u>30,000,000.00</u>
	<u>\$75,000,000.00</u>

Actual expenses incurred to date in the bond transaction are as follows:

Underwriting fee (.725%)	\$543,750.00
Fees of underwriter's counsel	10,295.00
Legal fees and expenses of Company counsel	82,134.70
Fees of the Authority (incl. counsel)	57,939.05
Rating agency fees	5,000.00
Printing	8,971.24
Trustee fees and expenses (incl. counsel)	9,700.00
Fees and expenses of accountants	<u>7,500.00</u>
Total	<u>\$725,290.09</u>

The company also submits the following exhibits:

Exhibits

- A. Official Statement**
- B. Loan and Trust Agreement**
- C. Opinion of Counsel**
- D. Bond Purchase Agreement**
- E. Representation and Indemnity Agreement**

Respectfully submitted this
23rd day of February 1998

TAMPA ELECTRIC COMPANY

By: 
Sandra W. Callahan
Treasurer

NEW ISSUE

In the opinion of Bond Counsel, under existing law as of the date of this Official Statement and assuming continued compliance with the applicable requirements of the Internal Revenue Code after the issuance of the Bonds and the collection of the other conditions described under the caption "Tax Exemption", interest on the Bonds will be excluded from gross income for federal income tax purposes, except for interest on any Bond during any period while it is owned by a "substantial user" of the Project or a "related person" within the meaning of the Internal Revenue Code. Interest on the Bonds is treated as a preference item, however, for purposes of the federal alternative minimum tax imposed on individuals and corporations. Under Florida Statutes §192.31, as in effect on the date of this Official Statement, the Bonds, their transfer and the income therefrom will be free from taxation in the State of Florida, except for taxes imposed by Chapter 222, Florida Statutes, as amended, on interest, income or profits on debt obligations owned by corporations. Issuance of the Bonds is subject to the receipt of a favorable tax opinion of Bond Counsel. See "Tax Exemption" herein.

\$75,000,000

POLK COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

(Florida)

Solid Waste Disposal Facility Revenue Bonds

(Tampa Electric Company Project),

Series 1996

Dated: December 1, 1996

Due: December 1, 2030

The Bonds will be limited obligations of the Authority and are payable solely from the payments to be made under a Loan and Trust Agreement by

TAMPA ELECTRIC COMPANY

The Bonds shall bear interest at a Daily Interest Rate, a Weekly Interest Rate, a Long-Term Interest Rate or a Short Term Interest Rate, at the applicable rate therefor described herein. The initial interest rate shall be a Long-Term Interest Rate of 5.85% per annum for a Long-Term Interest Rate Period ending December 1, 2030. The Bonds are subject to conversion to an alternate method for establishing the interest rate at the option of the Company on or after December 1, 2006.

The Bonds will be issuable as fully registered Bonds without coupons during any Short-Term Interest Rate Period in the denomination of multiples of \$5,000 with a minimum denomination of \$100,000; during any Daily Interest Rate Period or Weekly Interest Rate Period in the denomination of \$100,000 and multiples thereof; and during any Long-Term Interest Rate Period in the denomination of \$5,000 and multiples thereof and will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company, New York, New York. Purchases of the Bonds will be made in book-entry form. Principal of and premium, if any, on the Bonds will be payable at the corporate trust office of The Bank of New York, the Trustee, Paying Agent, Tender Agent and Registrar for the Bonds.

The principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent to Cede & Co. So long as DTC or its nominee remains the registered owner of the Bonds, disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the beneficial owners of the Bonds is the responsibility of DTC Participants and Indirect Participants. See "THE BONDS — Book-Entry System" herein.

The Bonds are subject to purchase at the option of the Company on or after December 1, 2006, as is more fully described herein. The Bonds are also subject to mandatory and optional redemption by Tampa Electric Company as described herein. The right of Bondowners to retain Bonds subject to mandatory purchase or, under certain circumstances, redemption, is more fully described herein.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY. THE BONDS WILL NOT CONSTITUTE A DEBT OF THE AUTHORITY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF UNDER ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER AND SHALL NEVER CONSTITUTE A CHARGE OR PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF SUCH ENTITY. THE AUTHORITY HAS NO TAXING POWER.

Price: 100% plus interest from December 1, 1996

The Bonds are offered when, as and if issued by the Authority, subject to the approving opinion of Palmer & Dodge LLP, Boston, Massachusetts, as Bond Counsel, and certain other conditions. Sheila M. McDavitt, Esq. Counsel for the Company, will pass upon certain legal matters for the Company. Certain legal matters will be passed upon for the Underwriters by Ropes & Gray, Boston, Massachusetts, Counsel for the Underwriters, and for the Authority by Mark F. Caparini, Esq. Bartow, Florida, Counsel for the Authority. Delivery of the Bonds is anticipated on or about December 12, 1996, in New York, New York.

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment.

Goldman, Sachs & Co.

Citicorp Securities, Inc.

Dated: December 5, 1996

No dealer, salesman or any other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering contained herein, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority, the Company or the Underwriters. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the securities offered hereby, or any such offer or solicitation of such offer of the securities offered hereby to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful. The delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SECURITIES OFFERED HEREBY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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NOTICE TO NEW HAMPSHIRE INVESTORS: IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FORGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

OFFICIAL STATEMENT

\$75,000,000

POLK COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

(Florida)

SOLID WASTE DISPOSAL FACILITY REVENUE BONDS

(Tampa Electric Company Project),

Series 1996

INTRODUCTORY STATEMENT

This Official Statement of the Polk County Industrial Development Authority (the "Authority"), a public body corporate and politic and a public instrumentality created pursuant to the laws of the State of Florida, sets forth certain information concerning the sale of \$75,000,000 aggregate principal amount of the Authority's Solid Waste Disposal Facility Revenue Bonds (Tampa Electric Company Project), Series 1996 (the "Bonds"), to be dated as of the date stated on the cover page and to mature on December 1, 2009 (the "Maturity Date"), subject to prior redemption by the Authority or repurchase by Tampa Electric Company, a Florida corporation (the "Company") as hereinafter described.

The Bonds are being issued to finance or reimburse the Company for the cost of acquisition, construction and installation of certain solid waste disposal facilities (the "Project") of the coal gasification combined cycle power plant (the "Unit") of the Company in southwest Polk County, Florida.

The Bonds will be issued under and pursuant to a Loan and Trust Agreement, dated as of December 1, 1996 (the "Agreement"), among the Authority, the Company and The Bank of New York, as trustee (the "Trustee"). Pursuant to the Agreement, the proceeds of the Bonds will be loaned to the Company. The principal of the loan and interest thereon to be made to the Company under the Agreement is payable in installments (the "Revenues") due on the dates, in the amounts and in the manner necessary for the Authority to cause payment to be made to the holders of the Bonds of the principal of and premium, if any, and interest on the Bonds when and as the same shall become due, and will be assigned to the Trustee for such purpose pursuant to the Agreement.

The Bonds may bear interest at a Daily Interest Rate, a Weekly Interest Rate, a Short-Term Interest Rate or a Long-Term Interest Rate as hereinafter described. The Bonds shall initially bear interest at a Long-Term Interest Rate for a Long-Term Interest Rate Period ending December 1, 2006. The Bonds are subject to conversion to an alternate method for establishing the interest rate at the option of the Company on or after December 1, 2006. See "THE BONDS".

The Bonds are subject to mandatory and optional redemption by the Authority. See "THE BONDS -- Redemption of Bonds."

The Bonds are limited obligations of the Authority, secured solely by a pledge and assignment by the Authority to the Trustee of certain of the Authority's rights under the Agreement, including its right to the Revenues and the Subordinated Security Interest (hereinafter defined).

The Bonds will not be deemed to constitute a debt, liability or obligation of any authority or county, or the State of Florida or any political subdivision thereof, including, without limitation, the Authority or Polk County, Florida. The Authority has no taxing power.

There follow in this Official Statement brief descriptions of the Authority, the Project, the Bonds and summaries of certain provisions of the Agreement as well as other matters. The descriptions and summaries herein do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document. Terms not defined herein shall have the meanings set forth in the respective documents, copies of which may be obtained from the Underwriters whose names appear on the cover page hereof. Information concerning the Company is included in Appendix A attached hereto.

THE AUTHORITY

The Authority is a public body corporate and politic and a public instrumentality created pursuant to the laws of the State of Florida. The Authority is authorized by Chapter 66-1510, as amended of the Laws of Florida and Parts II and III of Chapter 139, Florida Statutes (the "Act") to issue the Bonds to finance a portion of the cost of the acquisition, construction and installation of the Project and to secure the Bonds as herein described.

Rule 3E-400.003: Rules for Government Securities, promulgated by the Florida Department of Banking and Finance, Division of Securities, under Section 517.60(1), Florida Statutes ("Rule 3E-400.003"), requires the Authority to disclose each and every default as to the payment of principal and interest with respect to an obligation issued by the Authority after December 31, 1975. Rule 3E-400.003 further provides, however, that if the Authority in good faith believes that such disclosures would not be considered material by a reasonable investor, such disclosures may be omitted.

The Authority, in the case of the Bonds (as well as all other bonds of the Authority), is merely a conduit for payment, in that the Bonds do not constitute a general debt, liability or obligation of the Authority, but are instead secured by payments of the Company under the Agreement and by other security discussed herein. The Authority has not previously issued Bonds secured by payments of the Company. The Bonds are not being offered on the basis of the financial strength of the Authority. Based on the foregoing, in the opinion of Palmer & Dodge LLP, Bond Counsel, any prior default with respect to an obligation issued by the Authority would not be considered material by a reasonable investor in the Bonds. Based on such opinion, the Authority would not be considered such default would not be material to a reasonable investor. Accordingly, the Authority has not taken affirmative steps to contact the various trustees of other similar bond issues of the Authority to determine the existence of prior defaults and although the Authority is aware of the existence of certain defaults, such defaults are not described in this Official Statement.

THE PROJECT

The proceeds of the Bonds will be used to finance a portion of the cost of certain solid waste disposal facilities of the Unit including the following:

Cool Gasifier Slag Disposal Facility,
Cool Handling Solid Waste Disposal Facility, and
Industrial Wastewater Solid Waste Disposal Facility

Use of Proceeds

The Authority expects to deposit the aggregate proceeds, excluding accrued interest, if any, received upon the sale of the Bonds in the Construction Fund which will be applied to finance the Project.

THE BONDS

Description of the Bonds

The Bonds will be issued in the aggregate principal amount of \$75,000,000, will be dated as of the date specified on the cover page of this Official Statement, except as otherwise provided in the Agreement, will mature on the date specified on the cover page of this Official Statement, will be issued in Authorized Denominations and bear interest as described herein under "THE BONDS -- Description of Interest Rate Periods and Interest Rates" and are being initially offered at the price set forth on the cover page of this Official Statement.

The Bonds shall initially bear interest at a Long-Term Interest Rate of 5.85% per annum for a Long-Term Interest Rate Period ending December 1, 2006. The Bonds will be subject to conversion to a Daily Interest Rate, Weekly Interest Rate, Short-Term Interest Rate or new Long-Term Interest Rate on or after December 1, 2006.

The principal of and premium, if any, on the Bonds shall be payable at the corporate trust office of The Bank of New York, as paying agent (the "Paying Agent"), interest on the Bonds shall be paid by check or draft mailed on the Interest Payment Date to the registered owner thereof as of the Record Date for such Interest Payment Date, at the address shown on the registration books of the Authority kept by The Bank of New York, as bond registrar (the "Registrar") as of the close of business on the applicable record date, or, except for interest in respect of a Long-Term Interest Rate Period, interest shall be paid by wire transfer to the accounts with commercial banks located within the United States of America of those beneficiaries which shall have provided wire transfer instructions to the Paying Agent before the close of business on such Record Date, but, in the case of interest payable in respect

of a Short-Term Segment that is not in the Book Entry System, only upon presentation of such Bond for exchange or transfer in accordance with the provisions of the Agreement.

Bonds may be exchanged for fully registered Bonds of any Authorized Denomination at the corporate trust office of the Registrar. The Authority or the Registrar may make a charge for every such exchange or for any registration of transfer of Bonds sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or registration of transfer, and such charge shall be paid before any such new Bond shall be delivered.

If any Bond is mutilated, lost, stolen or destroyed, the Authority shall execute and deliver a replacement Bond. The Authority and the Trustee may require satisfactory proof and indemnification and payment of all legal, printing and other expenses and any governmental charges in connection with replacing any Bond.

Security for the Bonds

The Bonds will be limited obligations of the Authority payable solely from the Revenues to be paid by the Company pursuant to the Agreement. In the Agreement, the Company has agreed to make payments on the dates, in the amounts and in the manner necessary to pay the principal of and premium, if any, and interest on the Bonds when and as the same shall become due. The Company has also granted to the Authority a subordinated security interest (the "Subordinated Security Interest") in the Project to secure the Company's obligations relating to the Bonds, which Subordinated Security Interest is subordinate to the lien of the Company's First Mortgage Bonds and to any future security interest or lien securing obligations of the Company under any indenture or other instrument which expressly provides that such security interest or lien shall be superior to the Subordinated Security Interest. See "THE LOAN AND TRUST AGREEMENT - Creation of Subordinated Security Interest." The Authority has pledged and assigned to the Trustee, as security for the payment of the principal of and premium, if any, and interest on the Bonds, its rights under the Agreement, including its rights to the Revenues and the Subordinated Security Interest, except its rights to payment of certain taxes and expenses and to indemnification.

Although the Company has not elected to do so, it may in the future elect to issue a series of First Mortgage Bonds (the "First Mortgage Bonds") under its Indenture of Mortgage, dated as of August 1, 1946 (the "First Mortgage"), in such amounts and maturities and bearing such rates of interest as shall coincide with the principal and interest becoming due on the Bonds, all as further described in "THE LOAN AND TRUST AGREEMENT - Pledge of First Mortgage Bonds."

The Bonds, together with interest and premium, if any, thereon, will not be deemed to constitute a debt, liability or obligation of any authority or entity of the State of Florida or any political subdivision thereof, including, without limitation, the Authority and Polk County. Neither any authority or entity nor the State of Florida or any political subdivision thereof, including, without limitation, the Authority and Polk County, Florida, is obligated to pay the principal of the Bonds or the interest or premium, if any, thereon, except from the Revenues, and neither the general faith and credit nor the taxing power of any authority or entity of the State of Florida or any political subdivision thereof, including, without limitation, the Authority or Polk County, is pledged for the payment of the principal of, premium, if any, or interest on the Bonds. The Authority has no taxing power.

The Bank of New York is the Trustee, Tender Agent, Paying Agent and Registrar under the Agreement. Its corporate trust office is located at Towermen Plaza, 19161 Centurian Parkway, Jacksonville, Florida 32256. One or more co-paying agents may be appointed, and the Paying Agent, any co-paying agent, the Tender Agent and the Registrar may be removed or replaced by the Company.

Prior to the first remarketing of the Bonds, the Company shall appoint a Remarketing Agent. The Remarketing Agent may be removed or replaced by the Company.

Book-Entry System

The Depository Trust Company (DTC) will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond certificate will be issued for the Bonds in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-

entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system from the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor CEDE & Co. will consent or vote with respect to Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and premium, if any, and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the applicable payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on such date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Underwriters or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Authority, the Trustee or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Tender Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of Bonds in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Company. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Company may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources (including DTC) that the Authority, the Company and the Underwriters believe to be reliable, but the Authority, the Company and the Underwriters take no responsibility for the accuracy thereof.

None of the Authority, the Company, the Underwriters, the Paying Agent or the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in any Bond or for maintaining, supervising or reviewing any records relating to such beneficial interests.

Determination of Interest Rate Periods and Interest Rates

The following are definitions of certain terms used in the Agreement and used in this Official Statement:

"Authorized Denominations" means with respect to any Long-Term Interest Rate Period, \$5,000 or any multiple thereof; with respect to any Daily Interest Rate Period or Weekly Interest Rate Period, \$100,000 or any multiple thereof; and, with respect to any Short-Term Interest Rate Period, \$100,000 or any multiple of \$3,000 in excess of \$100,000.

"Authorized Officer" means: (i) in the case of the Authority, the Chairman, Vice Chairman, Secretary or Assistant Secretary and when used with reference to an act or document of the Authority also means any other person authorized to perform the act or execute the document; and (ii) in the case of the Company, the President, any Vice President, the Treasurer, any Assistant Treasurer or the Secretary and any other person designated by one of the foregoing officers.

"Business Day" means a day on which banks in each of the cities in which the principal offices of the Trustee, the Paying Agent, and, if applicable, the Tender Agent and the Remarketing Agent are located, are not required or authorized to remain closed and on which the New York Stock Exchange is not closed.

"Daily Interest Rate" means the rate of interest during each Daily Interest Rate Period determined by the Remarketing Agent either on each Business Day for such Business Day or on the next preceding Business Day for the Business Day next succeeding such date of determination and may be determined by the Remarketing Agent for any day that is not a Business Day on any such day during which there shall be active trading in tax-exempt obligations comparable to the Bonds for such day.

"Daily Interest Rate Period" means each period during which Bonds bear interest at Daily Interest Rates.

"Debt Service Fund" means the fund established with the Trustee or the Paying Agent pursuant to the Agreement.

"Interest Payment Date" means (i) with respect to any Daily Interest Rate Period, the first Business Day of each calendar month, (ii) with respect to any Weekly Interest Rate Period, the first Wednesday of each calendar month, or if such Wednesday shall not be a Business Day, the next succeeding Business Day, (iii) with respect to any Long-Term Interest Rate Period, the first day of the sixth calendar month following the effective date of such Long-Term Interest Rate Period, and the first day of each successive sixth calendar month, if any, of such Long-Term Interest Rate Period, (iv) with respect to any Short-Term Segment, the Business Day next succeeding the last day thereof and (v) with respect to each Interest Rate Period, in addition to the dates described above the day next succeeding the last day of each Interest Rate Period. Interest shall be payable through each Interest Payment Date on the basis of a year of 365 or 366 days and actual days elapsed in Short-Term, Daily and Weekly Interest Rate Periods and a 360-day year consisting of twelve 30-day months in Long-Term Interest Rate Periods.

"Interest Rate Period" means any Daily Interest Rate Period, Weekly Interest Rate Period, Short-Term Interest Rate Period and Long-Term Interest Rate Period.

"Long-Term Interest Rate" means the interest rate during each Long-Term Interest Rate Period determined by the Remarketing Agent on a Business Day selected by it not more than fifteen days prior to the first day of the Long-Term Interest Rate Period.

"Long-Term Interest Rate Period" means each period during which a Long-Term Interest Rate is in effect, which shall be a period of more than 270 days as determined by the Company.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Company, with notice to the Trustee and the Authority.

"Record Date" means with respect to any Interest Payment Date in respect of a Daily Interest Rate Period, a Weekly Interest Rate Period or a Short-Term Segment, the Business Day next preceding such Interest Payment Date.

and, with respect to any Interest Payment Date in respect of a Long-Term Interest Rate Period, the fifteenth day next preceding such Interest Payment Date.

"S&P" means Standard & Poor's, a division of The McGraw-Hill Companies, Inc., its successors and assigns, and, if such entity shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Company, with notice to the Trustee and the Authority.

"Short-Term Interest Rate" means the rate of interest during each Short-Term Interest Rate Period determined by the Remarketing Agent on the first day of each Short-Term Segment or on a Business Day selected by the Remarketing Agent not more than five Business Days prior to the first day of such Short-Term Segment.

"Short-Term Interest Rate Period" means each period, comprised of one or more Short-Term Segments, during which Bonds bear interest at Short-Term Interest Rates.

"Short-Term Segment" means a period from one to 270 days within a Short-Term Interest Rate Period during which a Short-Term Interest Rate is in effect.

"Weekly Interest Rate" means the rate of interest during each Weekly Interest Rate Period determined by the Remarketing Agent no later than 9:30 a.m. on the first day of each new Weekly Interest Rate Period and thereafter no later than 9:30 a.m. on the Business Day next preceding Wednesday of each week during such period.

"Weekly Interest Rate Period" means each period during which Bonds bear interest at Weekly Interest Rates.

The term of the Bonds will be divided into consecutive Interest Rate Periods during each of which the Bonds will bear interest as described below.

SO LONG AS THE BOOK-ENTRY SYSTEM IS IN EFFECT, A BENEFICIAL OWNER SHALL GIVE NOTICE TO ELECT TO HAVE ITS BONDS PURCHASED OR TENDERED, THROUGH ITS PARTICIPANT, TO THE TENDER AGENT, AND SHALL, EFFECT DELIVERY OF SUCH BONDS BY CAUSING THE DIRECT PARTICIPANT TO TRANSFER THE PARTICIPANT'S INTEREST IN THE BOND, ON DTC'S RECORDS, TO THE TENDER AGENT. THE REQUIREMENT FOR PHYSICAL DELIVERY OF BONDS IN CONNECTION WITH A DEMAND FOR PURCHASE OR A MANDATORY PURCHASE WILL BE DEEMED SATISFIED WHEN THE OWNERSHIP RIGHTS IN THE BONDS ARE TRANSFERRED BY DIRECT PARTICIPANTS ON DTC'S RECORDS.

Long-Term Interest Rate Period

Determination of Long-Term Interest Rate. During each Long-Term Interest Rate Period, the Bonds shall bear interest at the Long-Term Interest Rate determined by the Remarketing Agent on a Business Day selected by the Remarketing Agent not more than 15 days prior to the effective date of such Long-Term Interest Rate Period.

The Long-Term Interest Rate shall be the rate determined by the Remarketing Agent on such date, as being the lowest interest rate which in the judgment of the Remarketing Agent on the basis of prevailing financial market conditions, would permit the sale of the Bonds, at a price (without regard to accrued interest) equal, as nearly as practicable, to the principal amount thereof. In no event shall the Long-Term Interest Rate be greater than 14% per annum.

Adjustment to or Continuation of Long-Term Interest Rate. The interest rate borne by the Bonds shall be adjusted to or continued as a Long-Term Interest Rate upon receipt by the Authority, the Paying Agent, the Trustee and the Remarketing Agent, of a written notice from the Company, which notice shall specify the duration of the Long-Term Interest Rate Period during which the Bonds shall bear interest at such rate. Such notice may specify two or more consecutive Long-Term Interest Rate Periods and, if it so specifies, shall specify the duration of each such Long-Term Interest Rate Period as provided in this paragraph. Such notice shall specify the effective date of such Long-Term Interest Rate Period which shall be (1) a Business Day not earlier than the 15th day following the fifth Business Day after receipt by the Paying Agent and the Trustee of such notice from the Company, (2) in the case of an adjustment from a Long-Term Interest Rate Period, a day on which the Bonds could be redeemed at the option of the Company or the day immediately following the last day of such Long-Term Interest Rate Period, and (3) in the case of an adjustment from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period determined in accordance with clause (1) or (2) below under "THE BONDS--Short-Term Interest Rate Period--Adjustment from Short-Term Interest Rate Period." Such notice shall specify the last day of such Long-Term Interest Rate Period (which shall be either the day preceding the Maturity Date of the Bonds, or a day which both immediately precedes a Business Day and is more than 270 days after such effective date) and, if given during a Long-Term Interest Rate Period, may also specify a date or dates prior to such effective

date on or prior to which owners of the Bonds may deliver (1) notice regarding the purchase of their Bonds and (2) such Bonds.

If, by the fifth Business Day preceding the 15th day prior to the last day of any Long-Term Interest Rate Period, the Paying Agent and the Trustee shall not have received notice of the Company's election that during the next succeeding Interest Rate Period, the Bonds shall bear interest at a Daily Interest Rate, a Weekly Interest Rate, a Short-Term Interest Rate or a Long-Term Interest Rate, the next succeeding Interest Rate Period shall be a Short-Term Interest Rate Period with a Short-Term Segment that has a duration of one day.

Notice of Adjustment to or Cancellation of Long-Term Interest Rate Period. The Paying Agent shall give notice of an adjustment to a (or cancellation of another) Long-Term Interest Rate Period to the owners of the Bonds not less than 15 days prior to the effective date of such Long-Term Interest Rate Period or each effective date in the case of an adjustment from a Short-Term Interest Rate Period in accordance with clause 2 under "THE BONDS--Short-Term Interest Rate Period--Adjustment from Short-Term Interest Rate Period." Such notice shall state (1) that the interest rate on the Bonds will be adjusted to, or continue to be, a Long-Term Interest Rate, (2) the effective date and the last day of such Long-Term Interest Rate Period, (3) that the Long-Term Interest Rate for such Long-Term Interest Rate Period will be determined on or prior to the effective date thereof, (4) how such Long-Term Interest Rate may be obtained from the Remarketing Agent, (5) the Interest Payment Dates after such effective date, (6) that owners of Bonds will have the right to have their Bonds purchased on such effective date, (7) the procedures for such purchase, (8) that, during such Long-Term Interest Rate Period, owners of Bonds will not have the right to require the purchase of Bonds, except on the day following the last day of such Long-Term Interest Rate Period, and (9) the redemption provisions that will pertain to the Bonds during such Long-Term Interest Rate Period.

Weekly Interest Rate Period

Determination of Weekly Interest Rate. During each Weekly Interest Rate Period, the Bonds shall bear interest at the Weekly Interest Rate, determined by the Remarketing Agent no later than 9:30 a.m. on the first day of each new Weekly Interest Rate Period and thereafter no later than 9:30 a.m. on the Business Day next preceding Wednesday of each week during such Weekly Interest Rate Period.

The Weekly Interest Rate shall be the rate determined by the Remarketing Agent to be the lowest interest rate which, in its judgment on the basis of prevailing financial market conditions, would permit the sale of Bonds during the Weekly Interest Rate Period, at a price (without regard to accrued interest) equal, as nearly as practicable, to the principal amount thereof. If the Remarketing Agent shall not have determined a Weekly Interest Rate for any period, or if for any reason a Weekly Interest Rate so determined for any period shall be held to be invalid or unenforceable by a court of law, the Weekly Interest Rate for such period shall be the same as the Weekly Interest Rate for the immediately preceding period. In no event shall the Weekly Interest Rate be greater than 14% per annum.

The first Weekly Interest Rate determined for each Weekly Interest Rate Period shall apply to the period commencing on the first day of such period and ending on the next succeeding Tuesday. Thereafter, each Weekly Interest Rate shall apply to the period commencing on Wednesday and ending on the next succeeding Tuesday; provided, however, if any such Tuesday shall be the day next preceding the first Wednesday of a month which shall not be a Business Day, then the Weekly Interest Rate for such period shall not end on such Tuesday, but shall continue to the day next preceding the first Business Day next succeeding such Wednesday, and the Weekly Interest Rate for the next succeeding period shall apply to the period commencing on such first Business Day and provided, further, if a Weekly Interest Rate Period shall end on a day other than Tuesday, the last Weekly Interest Rate for such Weekly Interest Rate Period shall apply to the period commencing on the Wednesday preceding the last day of such Weekly Interest Rate Period and ending on such last day.

Adjustment to Weekly Interest Rate. The Interest Rate borne by the Bonds shall be adjusted to a Weekly Interest Rate upon receipt by the Authority, the Paying Agent, the Trustee and the Remarketing Agent of a written notice by the Company, which notice shall specify the effective date of such adjustment to a Weekly Interest Rate Period which shall be (1) a Business Day not earlier than the 15th day following the fifth Business Day after receipt by the Paying Agent and the Trustee of such notice, (2) in the case of an adjustment from a Long-Term Interest Rate Period, a day on which the Bonds could be redeemed at the option of the Company or the day immediately following the last day of the then current Long-Term Interest Rate Period, and (3) in the case of an adjustment from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period determined in accordance with clause (1) or (2) above under "THE BONDS -- Short-Term Interest Rate Period -- Adjustment from Short-Term Interest Rate Period." Such notice, if given during a Long-Term Interest Rate Period, may also specify a date or dates prior to such effective date on or prior to which owners of the Bonds may deliver (1) notice demanding the purchase of their Bonds and (2) such Bonds.

Notice of Adjustment to Weekly Interest Rate Period. The Paying Agent shall give notice of an adjustment to a Weekly Interest Rate Period to the owners of the Bonds not less than 15 days prior to the effective date (or each effective date in the case of an adjustment from a Short-Term Interest Rate Period in accordance with clause (2) below under "THE BONDS--Short-Term Interest Rate Period--Adjustment from Short-Term Interest Rate Period") of such Weekly Interest Rate Period. Such notice shall state (1) that the interest rate on the Bonds will be adjusted to a Weekly Interest Rate, (2) the effective date of such Weekly Interest Rate Period, (3) the method by which the Weekly Interest Rate shall be determined, (4) the interest Payment Dates after such effective date, (5) that owners of Bonds will have the right to have their Bonds purchased on such effective date, (6) the procedures of such purchase, (7) that, subsequent to such effective date, the owners of Bonds will have the right to require the purchase of their Bonds on any Business Day upon not less than seven days' notice, (8) the procedures of such purchase, and (9) the redemption provisions that will pertain to the Bonds during such Weekly Interest Rate Period. If such notice is given during a Short-Term Interest Rate Period or a Long-Term Interest Rate Period, such notice also shall state that all or portions of Bonds not in Authorized Denominations are thereby called for redemption.

Daily Interest Rate Period

Determination of Daily Interest Rate. During each Daily Interest Rate Period, Bonds shall bear interest at the Daily Interest Rate, which shall be determined by the Remarketing Agent either on each Business Day for such Business Day or on the next preceding Business Day for the Business Day next succeeding such date of determination and may be determined by the Remarketing Agent for any day that is not a Business Day on any such day during which there shall be active trading in tax-exempt obligations comparable to the Bonds for such day.

The Daily Interest Rate shall be the interest rate determined by the Remarketing Agent to be the lowest interest rate which, in its judgment on the basis of prevailing financial market conditions, would permit the sale of the Bonds during the Daily Interest Rate Period at a price (without regard to accrued interest) equal, as nearly as practicable, to the principal amount thereof; provided, however, that with respect to any day that is not a Business Day, if the Remarketing Agent shall not have determined a Daily Interest Rate for any such day, the Daily Interest Rate shall be the same as the Daily Interest Rate for the immediately preceding day.

If for any reason a Daily Interest Rate so determined for any day shall be held to be invalid or unenforceable by a court of law or if the Remarketing Agent shall not have determined a Daily Interest Rate, the Daily Interest Rate for such day shall be the same as the Daily Interest Rate for the immediately preceding Daily Interest Rate Period. In no event shall the Daily Interest Rate be greater than 14% per annum.

Adjustment to Daily Interest Rate. The interest rate borne by the Bonds shall be adjusted to a Daily Interest Rate upon receipt by the Authority, the Paying Agent, the Trustee and the Remarketing Agent of a written notice from the Company, which notice shall specify the effective date of the adjustment to a Daily Interest Rate which shall be (1) a Business Day not earlier than the 15th day following the fifth Business Day after the receipt by the Paying Agent and the Trustee of such notice, (2) in the case of an adjustment from a Long-Term Interest Rate Period, a day on which the Bonds could be redeemed at the option of the Company or the day immediately following the last day of the then current Long-Term Interest Rate Period, and (3) in the case of an adjustment from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period determined in accordance with clause (1) or (2) below under "THE BONDS--Short-Term Interest Rate Period--Adjustment from Short-Term Interest Rate Period." Such notice, if given during a Long-Term Interest Rate Period, may also specify the date or dates prior to such effective date on or prior to which the owners of the Bonds may deliver (1) notice regarding purchase of their Bonds and (2) such Bonds.

Notice of Adjustment to Daily Interest Rate Period. The Paying Agent shall give notice of an adjustment to a Daily Interest Rate Period to the owners of the Bonds not less than 15 days prior to the effective date (or each effective date in the case of an adjustment from a Short-Term Interest Rate Period in accordance with clause (2) below under "THE BONDS--Short-Term Interest Rate Period--Adjustment from Short-Term Interest Rate Period") of such Daily Interest Rate Period. Such notice shall state (1) that the interest rate on the Bonds will be adjusted to a Daily Interest Rate, (2) the effective date of such Daily Interest Rate Period, (3) the method by which the Daily Interest Rate shall be determined, (4) the interest Payment Dates after such effective date, (5) that owners of Bonds will have the right to have their Bonds purchased on such effective date, (6) the procedures of such purchase, (7) that, subsequent to such effective date, the owners of Bonds will have the right to require the purchase of Bonds on any Business Day, (8) the procedures of such purchase, and (9) the redemption provisions that will pertain to the Bonds during such Daily Interest Rate Period. If such notice is given during a Short-Term Interest Rate Period or a Long-Term Interest Rate Period, such notice also shall state that all or portions of Bonds not in Authorized Denominations are thereby called for redemption.

Short-Term Interest Rate Period

Determination of Short-Term Segments and Short-Term Interest Rates. During each Short-Term Interest Rate Period, each Bond will bear interest during each Short-Term Segment for such Bond at the Short-Term Interest Rate for such Bond. The Short-Term Segment and Short-Term Interest Rate for each Bond will be determined by the Remarketing Agent on the first day of each Short-Term Segment or on a Business Day selected by the Remarketing Agent not more than five Business Days prior to the first day of such Short-Term Segment. Each Short-Term Segment will be for a period of not more than 270 days, as determined by the Company and reported to the Remarketing Agent, or if the Company does not report its determination, as determined by the Remarketing Agent based on its judgment of prevailing financial market conditions to be the period which, together with all other Short-Term Segments for all Bonds then outstanding, will most likely result in the lowest overall interest expense on the Bonds over the next succeeding 270 days; provided, however, that any such Bond purchased on behalf of the Company and remaining unsold in the hands of the Remarketing Agent as of the close of business on the effective date of the Short-Term Segment for such Bond will have a Short-Term Segment of one day or, if such Short-Term Segment would not end on a day immediately preceding a Business Day, a Short-Term Segment of more than one day ending on the day immediately preceding the next Business Day; provided further, however, that (x) each Short-Term Segment shall end on a day which immediately precedes a Business Day or on the day prior to the Maturity Date, and (y) if for any reason a Short-Term Segment for any Bond so determined shall be held to be invalid or unenforceable by a court of law, or if the Remarketing Agent fails to determine a Short-Term Segment, such Short-Term Segment shall be one day in length.

The Short-Term Interest Rate for each Short-Term Segment for each Bond will be the rate of interest determined by the Remarketing Agent to be the lowest interest rate which, in its judgment on the basis of prevailing financial market conditions, would permit the sale of Bonds for such Short-Term Segment at a price (without regard to accrued interest) equal, as nearly as practicable, to the principal amount thereof; provided, however, that (x) if for any reason a Short-Term Interest Rate so determined for any Short-Term Segment shall be held to be invalid or unenforceable by a court of law or if the Remarketing Agent fails to determine the Short-Term Interest Rate, the Short-Term Segment shall automatically convert to a period of one day and the Short-Term Interest Rate shall be equal to 100% of the Prime Commercial Paper A-1/P-1 (30 day) rate shown in the table captioned "Short-Term Tax-Exempt Yields" in the edition of *The Bond Buyer* published on the day on which such rate is determined or, if such rate is not published on that day, the most recent publication of such rate; and (y) in no event shall any Short-Term Interest Rate be greater than 14% per annum.

Adjustment to Short-Term Interest Rate. The interest rate borne by the Bonds will be adjusted to a Short-Term Interest Rate upon receipt by the Authority, the Paying Agent, the Trustee and the Remarketing Agent of a written notice from the Company, which notice shall specify the effective date of the Short-Term Interest Rate Period which shall be (1) a Business Day not earlier than the 15th day following the fifth Business Day after the date of receipt by the Paying Agent and Trustee of such notice; (2) in the case of an adjustment from a Long-Term Interest Rate Period, a day on which the Bonds could be redeemed at the option of the Company or the day immediately following the last day of such Long-Term Interest Rate Period; provided, however, that, if prior to the Company's giving such notice any Bonds shall have been called for redemption and such redemption shall not have been effected, the effective date of such Short-Term Interest Rate Period will not precede such redemption date. Such notice, if given during a Long-Term Interest Rate Period, may also specify the date prior to such effective date on or prior to which owners of the Bonds may deliver (i) notices regarding the election to have their Bonds purchased and (2) such Bonds. During each Short-Term Interest Rate Period commencing on the date so specified and ending, with respect to each Bond, on the day immediately preceding the effective date of the next succeeding Interest Rate Period, each Bond shall bear interest at a Short-Term Interest Rate during each Short-Term Segment for such Bond.

Notice of Adjustment to Short-Term Interest Rate Period. The Paying Agent shall give notice of an adjustment to a Short-Term Interest Rate Period to the owners of the Bonds not less than 15 days prior to the effective date of such Short-Term Interest Rate Period. Such notice shall state (1) that during such Short-Term Interest Rate Period, each Bond will have consecutive Short-Term Segments during each of which such Bond will bear a Short-Term Interest Rate, (2) the effective date of such Short-Term Interest Rate Period, (3) that owners of Bonds will have the right to have their Bonds purchased on such effective date, (4) the procedures of such purchase, (5) that for each Bond, a Short-Term Segment and a Short-Term Interest Rate therefor will be determined not later than the first day of each such Short-Term Segment, (6) how such Short-Term Segments and Short-Term Interest Rates may be obtained from the Remarketing Agent, (7) that interest on each Bond will be paid on the day next succeeding each Short-Term Segment, but only upon presentation of such Bond, (8) that, subsequent to such effective date, each Bond shall be purchased on the day following the last day of each Short-Term Segment with respect thereto unless the owner of such Bond shall elect to retain such Bond, (9) the procedure for making such election, and (10) the redemption provisions that will apply to the Bonds during each Short-Term Interest Rate Period. If such notice is given during a Long-Term Interest Rate Period, such notice shall also state that all or that portion of Bonds not in Authorized Demonstrations are thereby called for redemption.

Adjustment from Short-Term Interest Rate Period. As a condition precedent to the election during a Short-Term Interest Rate Period to adjust to a different interest rate period, the Company shall select (which selection shall be contained in the Company's notice directing an adjustment to a Daily Interest Rate Period or a Weekly Interest Rate Period, or directing an adjustment to or continuation of a Long-Term Interest Rate Period) one of the following two alternatives:

(1) determine Short-Term Segments of such duration that, as soon as possible, all Short-Term Segments shall end on the same date, not less than the 15th day following the fifth Business Day after the receipt by the Paying Agent and the Trustee of the Company's election effecting such election; or

(2) determine Short-Term Segments that will, in the judgment of the Remarketing Agent, best promote an orderly transition to the next succeeding interest rate period.

If the alternative in clause (1) above shall be selected, the date on which all Short-Term Segments so determined shall end shall be the last day of the then current Short-Term Interest Rate Period and the day next succeeding such date shall be the effective date of the Daily Interest Rate Period, the Weekly Interest Rate Period or the Long-Term Interest Rate Period elected by the Company. If the alternative in clause (2) above shall be selected, beginning not less than the 15th day following the fifth Business Day after receipt by the Trustee and the Paying Agent of the direction of the Company effecting such election, the day next succeeding the last day of the then current Short-Term Segment with respect to such Bond shall be, with respect to such Bond, the effective date of the Daily Interest Rate Period, the Weekly Interest Rate Period or the Long-Term Interest Rate Period elected by the Company. The Remarketing Agent, promptly upon the determination thereof, shall give written notice of such last day and such effective date to the Authority, the Company, the Paying Agent and the Trustee.

An adjustment from a Short-Term Interest Rate Period, as described under clause (2) above, may result in some of the Bonds bearing interest at a Daily Interest Rate, Weekly Interest Rate or Long-Term Interest Rate while other Bonds continue to bear interest at Short-Term Interest Rates. The references in this Official Statement to Short-Term Interest Rate Periods and Short-Term Segments therein, Daily Interest Rates and Periods, Weekly Interest Rates and Periods and Long-Term Interest Rates and Periods refer, during any such transitional period, to those Bonds bearing interest at such interest Rates.

Determinations Binding

The establishment and determination of the various interest rates, interest indices and the basis therefor and the various interest rate periods referred to herein by the Remarketing Agent, as the case may be, shall be conclusive and binding upon the Remarketing Agent, the Paying Agent, the Trustee, the Authority, the Company and the owners of the Bonds.

Failure to Adjust Interest Rate Period

In the event that an attempted adjustment from the Weekly Interest Rate Period or the Daily Interest Rate Period to another interest rate period as provided in the Agreement does not become effective, the Weekly Interest Rate Period or the Daily Interest Rate Period then in effect, as the case may be, shall continue in effect.

In the event that an attempted adjustment from the Short-Term Interest Rate Period does not become effective, the affected Bonds shall automatically convert to a Short-Term Interest Rate with a Short-Term Segment of one day.

In the event that an attempted adjustment from the Long-Term Interest Rate Period to another interest rate period or the continuation of the Long-Term Interest Rate Period as provided in the Agreement does not become effective for any reason, including the failure to determine a Long-Term Interest Rate, the affected Bonds shall automatically be subject to purchase by the Company in lieu of redemption as provided under the heading "Purchase by Company in Lieu of Redemption" and thereafter, unless otherwise directed by the Company, shall automatically convert to the Short-Term Interest Rate Period with a Short-Term Segment of one day. In such event, the Remarketing Agent shall immediately notify the Company, the Tender Agent, the Trustee and the Paying Agent of the failure to adjust from the Long-Term Interest Rate.

Notwithstanding any direction in this heading to the contrary, any purchases of Bonds or mandatory redemptions of Bonds (and purchases in lieu of certain mandatory redemptions) which would have taken place on the proposed effective date of such adjustment shall take place as if such attempted adjustment were in fact effective.

Purchase of Bonds

Daily Interest Rate Period. During any Daily Interest Rate Period and on the day (which must be a Business Day) next succeeding the last day of each Daily Interest Rate Period, any Bond shall be purchased from the owner of such Bond by the Tender Agent or the Remarketing Agent on any Business Day at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase upon (i) delivery by the owner of such Bond to the Tender Agent at its principal office or to the Remarketing Agent at its principal office, by no later than 11:00 a.m., New York, New York time, on such Business Day, of an irrevocable written notice or an irrevocable telephonic notice, which states the principal amount and number of such Bond and (ii) delivery of such Bond to the Tender Agent (if such notice was delivered to the Tender Agent) at its principal office, or the Remarketing Agent (if such notice was delivered to the Remarketing Agent) at its principal office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent or the Remarketing Agent, as the case may be, executed in blank by the owner of such Bond with the signature of such owner guaranteed by a bank, trust company or member firm of the New York Stock Exchange, at or prior to 12:00 noon, New York, New York time, on such Business Day.

Weekly Interest Rate Period. During any Weekly Interest Rate Period and on the day (which must be a Business Day) next succeeding the last day of each Weekly Interest Rate Period, any Bond shall be purchased from its owner by the Tender Agent on any Business Day at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase, upon (i) delivery by the owner of such Bond to the Tender Agent at its principal office of an irrevocable written notice or an irrevocable telephonic notice, promptly confirmed by teletype or other writing which states the principal amount and number of such Bond and the date on which the same shall be purchased, which date shall be a Business Day not prior to the seventh day next succeeding the date of the delivery of such notice to the Tender Agent, and (ii) delivery of such Bond to the Tender Agent at its principal office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the owner of such Bond with the signature of such owner guaranteed by a bank, trust company or member firm of the New York Stock Exchange, at or prior to 10:00 a.m., New York, New York time, on the date specified in such notice.

On Day Next Succeeding the Last Day of Each Long-Term Interest Rate Period or Short-Term Segment. On the day next succeeding the last day of each Short-Term Segment or Long-Term Interest Rate Period, any Bond shall be purchased from its owner by the Tender Agent, at a purchase price equal to the principal amount thereof upon (i) delivery by the owner of such Bond to the Tender Agent at its principal office on or prior to the date specified for such delivery in the notice of the adjustment to such Interest Rate Period delivered as described under the captions "THE BONDS--Short-Term Interest Rate Period--Notice of Adjustment to Short-Term Interest Rate"; "THE BONDS--Daily Interest Rate Period--Notice of Adjustment to Daily Interest Rate"; "THE BONDS--Weekly Interest Rate Period--Notice of Adjustment to Weekly Interest Rate"; and "THE BONDS--Long-Term Interest Rate Period--Notice of Adjustment to or Continuation of Long-Term Interest Rate", or, if no such date shall have been so specified, on or prior to (A) in the case of a Short-Term Segment not later than 3:00 p.m., New York time, on the second Business Day (or if a Short-Term Segment has a term of only one day, then not later than 3:00 p.m., New York, New York time on the Business Day) prior to such day or, (B) in the case of a Long-Term Interest Rate Period the seventh day preceding the first day of the next succeeding Interest Rate Period, of an irrevocable written notice or an irrevocable telephonic notice promptly confirmed by teletype or other writing, which states the principal amount and number of such Bond, and (ii) delivery of such Bond to the Tender Agent at its principal office accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the owner of such Bond with the signature of such owner guaranteed by the bank, trust company or member firm of the New York Stock Exchange, at or prior to 10:00 a.m., New York, New York time, on the date specified for such delivery in the notice of the adjustment to such Interest Rate Period delivered as described under the captions "THE BONDS--Short-Term Interest Rate Period--Notice of Adjustment to Short-Term Interest Rate"; "THE BONDS--Daily Interest Rate Period--Notice of Adjustment to Daily Interest Rate"; "THE BONDS--Weekly Interest Rate Period--Notice of Adjustment to Weekly Interest Rate"; and "THE BONDS--Long-Term Interest Rate Period--Notice of Adjustment to or Continuation of Long-Term Interest Rate", or, if no such date shall have been so specified, on the first day of the next succeeding Interest Rate Period.

On Day Next Succeeding Last Day of a Short-Term Interest Rate Period. On the day next succeeding the last day of each Short-Term Interest Rate Period for a Bond, such Bond shall be purchased from its owner by the Tender Agent, at a purchase price equal to the principal amount thereof unless such owner shall deliver to the Tender Agent at its principal office not later than 3:00 p.m., New York, New York time, on the second Business Day (or if a Short-Term Segment has a term of only one day, then not later than 3:00 p.m., New York, New York time on the Business Day) prior to such day, such Bond together with written notice which states the principal amount and number of such Bond and that such Bond shall not be so purchased. The purchase price of any Bond so purchased shall be payable only upon surrender of such Bond to the Tender Agent at its principal office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the owner of such Bond

with the signature of such owner guaranteed by a bank, trust company or member firm of the New York Stock Exchange.

Remarketing of Bonds

Upon the giving of notice to the Tender Agent or the Remarketing Agent by the owner of any Bond as described under the caption "THE BONDS--Purchase of Bonds," the Remarketing Agent shall offer for sale and use its best efforts to sell at the best available price the Bonds referred to in such notice on the date on which such Bonds are to be purchased; provided that the Remarketing Agent shall not sell any Bond if the amount to be received from the sale of such Bond is less than the purchase price to be paid for such Bond.

Purchase of Bonds by Paying Agent or Remarketing Agent

On the date Bonds are to be purchased by the Remarketing Agent as described in "THE BONDS--Purchase of Bonds--Daily Interest Rate Period," and on the date any Bonds are to be purchased by the Tender Agent as described in "THE BONDS--Purchase of Bonds," the Tender Agent or Remarketing Agent, as the case may be, shall purchase such Bonds at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase. Funds for the payment of such purchase price shall be derived from the following sources in the order of priority indicated:

- (a) proceeds of the sale of such Bonds by the Tender Agent or Remarketing Agent; and
- (b) moneys furnished by the Company for such purpose pursuant to its obligations under the Agreement.

Irrevocable Notice or Failure to Give Notice Deemed to be Tender of Bond. The giving of notice or the failure to give notice shall constitute the irrevocable tender for purchase of each Bond with respect to which such notice shall have been given or not given, as the case may be, irrespective of whether such Bond shall be delivered as provided above. Upon the purchase by the Tender Agent or the Remarketing Agent, as the case may be, of each Bond so tendered or deemed to be tendered, such Bond shall cease to bear interest payable to the former owner of such Bond, who thereafter shall have no rights with respect thereto, other than the right to receive the purchase price thereof upon surrender of such Bond to the Tender Agent or the Remarketing Agent, as the case may be, and such Bond shall no longer be deemed outstanding.

Redemption of Bonds

Optional Redemption - Short-Term Interest Rate Period. On the day next succeeding the last day of any Short-Term Segment during any Short-Term Interest Rate Period with respect to any Bond, such Bond shall be subject to optional redemption by the Authority, at the written direction of the Company, in whole or in part, at 100% of its principal amount, plus accrued interest, if any, to the redemption date.

Optional Redemption - Daily Interest Rate Period or Weekly Interest Rate Period. On any Business Day during a Daily Interest Rate Period or a Weekly Interest Rate Period, and on the day next succeeding the last day of each such Interest Rate Period, the Bonds are subject to optional redemption by the Authority, at the written direction of the Company, in whole or in part, at 100% of their principal amount, plus accrued interest, if any, to the redemption date.

Optional Redemption - Present Long-Term Interest Rate Period. The Bonds will be initially issued in the Long-Term Interest Rate Period and shall be subject to optional redemption by the Authority, at the written direction of the Company, in whole at any time or in part from time to time, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued interest, if any, to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
December 1, 2006 to November 30, 2007, inclusive	102%
December 1, 2007 to November 30, 2008, inclusive	101%
December 1, 2008 and thereafter	100%

Optional Redemption - Future Long-Term Interest Rate Period. During any Long-Term Interest Rate Period, and on the day next succeeding the last day of each Long-Term Interest Rate Period, the Bonds shall be subject to optional redemption by the Authority, at the written direction of the Company, in whole at any time or in part from time to time, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued interest, if any, to the redemption date.

<u>Length of Rate Period</u>	<u>No Call Period</u>	<u>Redemption Price</u>
Greater than 15 years	10 years	102%, declining by 1% on each succeeding anniversary of the redemption period after the no call period until reaching 100% and thereafter at 100%.
Greater than 12 but less than or equal to 15 years	8 years	102%, declining by 1% on each succeeding anniversary of the redemption period after the no call period until reaching 100% and thereafter at 100%.
Greater than 9 but less than or equal to 12 years	6 years	101%, declining by 1% on the next anniversary of the redemption period after the no call period and thereafter at 100%.
Greater than 6 but less than or equal to 9 years	4 years	100-1/2%, declining by 1/2% on the next anniversary of the redemption period after the no call period and thereafter at 100%.
Greater than 3 but less than or equal to 6 years	2 years	100-1/2%, declining by 1/2% on the next anniversary of the redemption period after the no call period and thereafter at 100%.
Greater than 1 but less than or equal to 3 years	1 year	100%
1 year or less		100%

Bonds not subject to optional redemption until commencement of next Long-Term Interest Rate Period

Mandatory Redemption on First Day of Certain Interest Rate Periods. The Bonds shall be subject to mandatory redemption by the Authority at a redemption price specified under the heading "THE BONDS--Redemption of Bonds--Redemption Prices" below (i) on the first day of each Long-Term Interest Rate Period which follows a Daily Interest Rate Period, a Weekly Interest Rate Period or a Long-Term Interest Rate Period (other than a Long-Term Interest Rate Period immediately succeeding a Long-Term Interest Rate Period of more than one year in duration, both of which shall be equal in length, as nearly as possible); (ii) on the first day of each Daily Interest Rate Period and Weekly Interest Rate Period which follows a Long-Term Interest Rate Period; and (iii) on the first day of each Short-Term Interest Rate Period; provided, that there shall not so be redeemed (a) Bonds which shall have been tendered for purchase and purchased by the Tender Agent or Resubmitting Agent as described under the heading "THE BONDS--Purchase of Bonds" either on such redemption date or on any day during the 10-day period preceding such redemption date, (b) Bonds or portions of principal amount thereof which will be in Authorized Designations on such redemption date with respect to which the Tender Agent shall have received directions not to so redeem the same from the owners thereof as described under the heading "THE BONDS--Redemption of Bonds--Waiver of Redemption by Owner," (c) Bonds issued in exchange for or upon the registration of transfer of Bonds and such portions of principal amount thereof to its classes (a) and (b) above, and (d) Bonds or such portions of principal amount thereof purchased by the Company as described under the heading "THE BONDS--Redemption of Bonds--Purchase by Company in Lieu of Redemption."

Mandatory Redemption of Bonds Not in Authorized Designations. That portion of any Bond which causes such Bond to be not then in an Authorized Designation shall be subject to mandatory redemption by the Authority at the redemption price specified under the heading "THE BONDS--Redemption of Bonds--Redemption Prices" below on the first day of each Daily Interest Rate Period, Weekly Interest Rate Period, Short-Term Interest Rate Period and Long-Term Interest Rate Period.

Redemption Price. Any redemption payment to the two immediately preceding paragraphs shall be at the redemption price of 100% of the principal amount of such Bonds or, in the case of a redemption on the first day of an Interest Rate Period which shall be provided by a Long-Term Interest Rate Period and which shall commence prior to the day originally established as the last day of such preceding Long-Term Interest Rate Period, at a redemption price equal to the redemption price as described under the heading "THE BONDS--Redemption of Bonds--Optional Redemption--Long-Term Interest Rate Period" which would have been applicable to the Bonds on such redemption date if such preceding Long-Term Interest Rate Period had continued to the day originally established as its last day.

Waiver of Redemption by Owner of the Bonds. Any owner of the Bonds may direct the Tender Agent not to redeem its Bonds (or portions of principal amount thereof in Authorized Denominations) upon the occurrence of the events described under the heading "THE BONDS--Redemption Bonds--Mandatory Redemption on First Day of Certain Interest Rate Periods," by delivering to the Tender Agent at its principal office on or prior to the date on which the notice described under the heading "THE BONDS--Purchase of Bonds" is required to be delivered for Bonds to be purchased on the date for such redemption (or in the case of any Bond bearing interest at a Short-Term Interest Rate, not to be purchased), the date of such redemption as instrument which (1) states that such person is the owner of such Bond and specifies the number and denomination of such Bond, (2) states that such owner has knowledge of the Interest Rate Period to commence on such redemption date, (3) if applicable, states that the redemption price will be at a premium, and (4) directs the Authority not to redeem such Bond or portion of principal amount thereof specified therein. Any instrument so delivered to the Tender Agent shall be irrevocable with respect to the redemption for which such instrument was delivered and shall be binding upon subsequent owners of such Bond or portion of principal amount thereof, including Bonds issued in exchange therefor or upon the registration of transfer thereof; but such instrument shall have no effect upon any subsequent redemption of Bonds.

Special Mandatory Redemption Upon Transferability. The Bonds are subject to special mandatory redemption prior to maturity at any time, as a whole or in part if such partial redemption will preserve the exclusion from gross income for Federal income tax purposes of interest on the remaining Bonds outstanding (and if in part, to be selected by the Paying Agent or DTC by lot or other customary means) at a redemption price equal to the principal amount thereof, plus interest accrued to the redemption date, without premium, in the event that the interest payable on any Bond has become subject to Federal income tax in accordance with the Agreement. Any such redemption shall be made not later than 180 days from the date of such determination.

Extraordinary Optional Redemptions. The Bonds are subject to extraordinary optional redemption as a whole at the option of the Company on any date selected by the Company, but not less than 45 days nor more than 180 days after the Company shall have given notice of its exercise of the right to prepay the Bonds, at a redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date if:

- (i) in the opinion of the Company, the continued operation by the Company of the Unit is impracticable, uneconomical or undesirable due to (A) the imposition of taxes or other liabilities or burdens not being imposed as of the date of the Bonds, (B) changes in technology or in the economic availability of raw materials or operating supplies or equipment or (C) destruction of or damage to all or a substantial portion of the Unit; provided, however, that the Company may not exercise its right to redeem the Bonds for reasons described in this clause (i) if any portion of the redemption price is to be paid from the proceeds of tax-exempt bonds; or
- (ii) all or substantially all of the Unit have been condemned or taken by eminent domain; or
- (iii) the operation by the Company of the Unit shall have been enjoined or the Company shall have been prevented from carrying on normal operations at the Unit for a period of six months or more; or
- (iv) in the event the First Mortgage Bonds have been issued, all or substantially all the mortgaged and pledged property constituting tangible property which at the time shall be subject to the lien of the First Mortgage as a first lien shall be released from the lien of the First Mortgage pursuant to the provisions thereof, and available moneys in the hands of the trustee or trustees at the time serving as such under the First Mortgage, including any moneys deposited by the Company available for the purpose, are sufficient to redeem all the first mortgage bonds of all series issued pursuant to the First Mortgage at the redemption prices (together with accrued interest to the date of redemption) specified therein applicable to the redemption thereof upon the happening of such event.

Purchase by Company in Lieu of Redemption. Bonds or portions thereof called for and subject to redemption upon the occurrence of events described under "THE BONDS--Redemption of Bonds--Mandatory Redemption on First Day of Certain Interest Rate Periods" shall be purchased by the Company as specified in the Agreement on the date on which such Bonds or portions of Bonds were to have been redeemed at a purchase price equal to the price at which such Bonds or portions of Bonds were to have been redeemed, if the Company shall give

notice to the Paying Agent, the Tender Agent, the Trustee, and the Remarketing Agent before such date specifying the principal amount of Bonds or portions thereof to be so purchased.

Bonds or portions thereof called for and subject to purchase by the Company pursuant to the third paragraph under the heading "Failure to Adjust Interest Rate Period" shall be purchased by the Company on the date of the failure to convert from or determine the Long-Term Interest Rate at a purchase price equal to the principal amount thereof.

The Tender Agent shall pay the purchase price of Bonds or portions thereof to be so purchased by the Company from monies deposited with the Tender Agent by the Company. If sufficient funds are not available for the purchase of all Bonds tendered on any delivery date on which Bonds are to be purchased, no purchase shall be consummated.

Bonds or portions thereof to be purchased by the Company which are not delivered to the Tender Agent on the date on which such Bonds or portions of Bonds were to have been redeemed shall be deemed to have been purchased by the Company, and the Company shall be the owner of such Bonds or portions of Bonds for all purposes under the Agreement, but subject to the provisions of the Agreement, whereupon interest accruing after such date on such Bonds or portions of Bonds shall no longer be payable to the former owners thereof but shall be paid to the Company.

Notice of Redemption. Notice of the call for any redemption of Bonds or any portion thereof identifying the Bonds or portions thereof to be redeemed, specifying the redemption date, the redemption price, the place and manner of payment and that from the redemption date interest will cease to accrue, shall be given by the Paying Agent by mailing a copy of the redemption notice by first-class mail to the owner of each Bond to be redeemed in whole or in part at the address shown on the registration books. Such notice shall be given at least 15 days prior to the date fixed for redemption; provided, however, that failure to duly give such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds with respect to which no such failure or defect occurred.

With respect to any notice of redemption of Bonds in accordance with the heading "THE BONDS--Redemption of Bonds--Mandatory Redemption on First Day of Certain Interest Rate Periods," such notice, in addition, shall state (A) the Interest Rate Period to commence on such redemption date, (B) that owners of the Bonds may direct the Paying Agent not to so redeem Bonds and the procedures for doing so, and (C) that all Bonds so called for redemption shall be redeemed, except: (1) Bonds which shall have been purchased in accordance with the heading "THE BONDS--Purchase of Bonds" on such redemption date or on any day during the 10-day period preceding such redemption date, (2) Bonds or portions of principal amount thereof which will be in Authorized Denominations on such redemption date with respect to which the Tender Agent shall have received direction not to so redeem the same from the owners thereof in accordance with the heading "THE BONDS--Redemption of Bonds--Waiver of Redemption by Owner," (3) Bonds issued in exchange for or upon the registration of transfer of Bonds referred to in clauses (1) and (2) above, and (4) Bonds or such portions of principal amount thereof purchased by the Company in accordance with the heading "THE BONDS--Redemption of Bonds--Purchase by Company in Lieu of Redemption."

Any notice mailed as provided under this heading shall be conclusively presumed to have been duly given, whether or not the owner of the Bond receives the notice.

Selection of Bonds for Redemption. If less than all of the Bonds are called for redemption, the Paying Agent shall select the Bonds or portions thereof to be redeemed, in such manner as in the Paying Agent's sole discretion it shall deem appropriate and fair. The Paying Agent shall promptly notify the Authority and the Company in writing of the Bonds or portions thereof selected for redemption; provided, however, that in connection with any redemption of Bonds the Paying Agent shall first select for redemption any Bonds held by the Tender Agent or the Remarketing Agent, if any, for the account of the Company or held of record by the Company. If it is determined that one or more, but not all, of the portions of principal amount represented by any such Bond is to be called for redemption, then, upon notice of intention to redeem such portion or portions, the owner of such Bond shall forthwith surrender such Bond to the Paying Agent for (a) payment to the owner of the Bond of the redemption price of the portion or portions of principal amount called for redemption, and (b) delivery to the owner of the Bond of a new Bond or Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of the Bond. New Bonds representing the unredeemed balance of the principal amount of such Bonds shall be issued to the owner thereof, without charge therefor. If the owner of any such Bond shall fail to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the portion or portions of principal amount called for redemption (and to that extent only).

THE LOAN AND TRUST AGREEMENT

The following is a summary of certain provisions of the Agreement, not including the provisions summarized above describing the Bonds.

Payments by the Company

The Company will pay to the Trustee or the Paying Agent, as appropriate, for the account of the Authority an amount equal to the aggregate principal amount of the Bonds plus interest thereon at the rate paid on the Bonds and premium, if any. Such amounts will be paid in installments due on the dates, in the amounts and in the manner provided in the Agreement for the payment of the principal of said premium, if any, and interest on the Bonds whether at maturity, upon redemption or otherwise.

Payments for Bonds Delivered for Purchase

In consideration of the issuance of the Bonds by the Authority, but for the benefit of the owners of the Bonds, the Company will pay to the Tender Agent or the Remarketing Agent, as the case may be, amounts equal to the amounts to be paid by the Tender Agent or the Remarketing Agent, as the case may be, pursuant to the Agreement for the purchase of outstanding Bonds, such amounts to be paid by the Company on the dates such payments by the Tender Agent are to be made.

Obligation Absolute

The Company's obligation to make payments of principal, interest and premium, if any, and to make, or cause to be made, payments to the Tender Agent or the Remarketing Agent, as the case may be, for the purchase of Bonds is absolute and unconditional, and the Company (1) will not suspend or discontinue payments, (2) will perform and observe all of its other covenants contained in the Agreement, and (3) except as permitted in the Agreement, will not terminate the Agreement for any reason. If sufficient funds are not available to the Tender Agent or the Remarketing Agent, as the case may be, for the purchase of all Bonds tendered, the Tender Agent or the Remarketing Agent, as the case may be, shall be under no obligation to consummate the purchase.

Creation of Subordinated Security Interest

As security for the performance by the Company of its obligations under the Agreement, the Company has granted to the Authority a Subordinated Security Interest in the Project. The Authority has assigned the Subordinated Security Interest to the Trustee for the benefit of the Bondowners. The security interest granted (including the Authority's rights of possession or representation of the Project or any rights conferred upon the Authority under the Uniform Commercial Code of the State of Florida or otherwise) shall at all times be subject to (1) the rights of the holders of the first mortgage bonds of the Company, including the First Mortgage Bonds, issued and outstanding or to be issued under the lien of the First Mortgage, and (2) any future security interest or lien created to secure any indebtedness or other obligations of the Company now existing, to be issued in the future, or incurred under any indenture or other instrument which expressly provides that any such security interest or lien securing such indebtedness or obligations shall be superior to the security interest granted. The Subordinated Security Interest may be released with respect to any part of the Project which has been released from the lien of the First Mortgage or the lien of any other future security interest or lien superior to the Subordinated Security Interest.

Priority of First Mortgage Bonds

Although the Company has not elected to do so, in order to provide collateral security for the Company's obligations to make payments of principal, premium, if any, and interest on the Bonds, the Company may elect to issue and deliver to the Trustee a series of First Mortgage Bonds, registered in the name of the Trustee, which shall have the same stated rate or rates of interest prior to maturity, payable at the same times, and which shall become due in the same principal amount or amounts, either by redemption or by maturity, on the same date or dates, as the Bonds. The First Mortgage Bonds shall be held subject to the terms and provisions of the Agreement and the First Mortgage.

To exercise this election, the Company shall, not less than 14 days prior to the proposed date of delivery of the First Mortgage Bonds, (1) give to the Authority and the Trustee written notice that designates the date on which such First Mortgage Bonds will be delivered, and (2) deliver to the Trustee and the Authority a written opinion of Bond Counsel to the effect that such election and the delivery of such First Mortgage Bonds will not cause the interest on the Bonds to become includable in gross income for federal income tax purposes.

Indemnification

The Company has agreed to indemnify the Authority, the Paying Agent, the Registrar, the Tender Agent, the Remarketing Agent and the Trustee against claims arising out of the construction or operation of the Project and to pay or bond and discharge and indemnify and hold harmless the Authority from and against (1) any lien or charge upon payments by the Company to or for the account of the Authority and (2) any taxes, assessments, impositions and other charges of any federal, state or municipal government or political body in respect of the Project. The Company shall also protect and hold the Authority, the Paying Agent, the Tender Agent, the Registrar, the Remarketing Agent and the Trustee harmless against any claim or liability arising from the Agreement, the bond resolution, the issuance of the Bonds and all transactions pertaining thereto, including, but not limited to any loss or damage to property or any injury to or death of any person that may be sustained by any cause pertaining to the Project or to the use thereof, in excess of any insurance proceeds available to the Authority in connection with the Project.

Assignment; Merger

Under certain conditions, the Company may assign its interest in the Agreement and lease or sell the Project, in whole or in part. No such assignment, lease or sale will operate to relieve the Company from its primary liability for its obligation to make the payments of principal of, premium, if any, and interest on the Bonds or to make payments with respect to the purchase of Bonds.

The Company may consolidate with or merge into, or sell or otherwise transfer all or substantially all of its assets to, another corporation incorporated under the laws of one of the states of the United States and qualified to do business in the State of Florida if the surviving, resulting or transferee corporation, if not the Company, assumes in writing all obligations of the Company under the Agreement.

Pledge and Security

Pursuant to the Agreement, the Authority has pledged to the Trustee all payments by the Company under the Agreement to secure the payment of the principal of and premium, if any, and interest on the Bonds. The Authority has also pledged and assigned to the Trustee all its other rights and interests under the Agreement (other than its rights to indemnification and reimbursement of expenses contained in the Agreement).

Deposit of Bond Proceeds

The proceeds of the sale of the Bonds shall be deposited first to the Debt Service Fund in an amount equal to the accrued interest, if any, paid by the purchasers of the Bonds, second to reimburse the Company for expenditures on costs of the Project, and then the remaining balance to the Construction Fund.

Investments

The moneys in the Debt Service Fund and the Construction Fund will, at the direction of the Company, be invested in securities or obligations specified in the Agreement. All income or other gain from such investments will be credited, and any loss will be charged, to the particular fund from which the investments were made.

Establishment of Funds

The following funds shall be established and maintained with the Trustee (or, in certain cases, with the Paying Agent, as set forth below) for the account of the Company, to be held in trust and applied subject to the provisions of the Agreement:

Debt Service Fund;
Construction Fund; and
First Mortgage Bond Fund.

The Construction Fund and First Mortgage Bond Fund shall be established and maintained by the Trustee. The Debt Service Fund shall be established and maintained by the Trustee if the Trustee also serves as the Paying Agent, and otherwise shall be established and maintained by the Paying Agent.

Debt Service Fund

The moneys and investments held in the Debt Service Fund shall be applied, except as otherwise provided, to the payment of the principal, premium, if any, and interest on the Bonds.

Construction Fund

Moneys in the Construction Fund are held by the Trustee in trust and are to be applied to the payment of the cost of the Project and, pending such application, are subject to a lien and charge in favor of the holders of the Bonds.

Upon completion of the Project, any balance remaining in the Construction Fund shall be (1) applied to the redemption of Bonds at the earliest date permitted, or (2) applied to other purposes which, in the opinion of nationally recognized bond counsel, are not inconsistent with the provisions of the Act as then in effect and shall not affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

First Mortgage Bond Fund

All payments, if any, made on the First Mortgage Bonds shall be deposited to the First Mortgage Bond Fund. Any funds in the First Mortgage Bond Fund shall be transferred to the Debt Service Fund and applied first to any amounts which the Company may be required to pay to the Trustee or the Paying Agent, as appropriate, and the balance, if any, shall be applied to the redemption of Bonds.

Application of Moneys

If available moneys in the Debt Service Fund are not sufficient on any day to pay all principal, premium, if any, and interest on the outstanding Bonds then due or overdue, such moneys (other than any sum in the Debt Service Fund irrevocably set aside for the redemption of particular Bonds or required to purchase Bonds under outstanding purchase contracts) shall, after payment of all charges and disbursements of the Trustee and the Paying Agent in accordance with the Agreement, be applied first to the payment of interest in the order in which the same became due, including interest on overdue principal, and second to the payment of principal and premium, if any, without regard to the order in which the same became due (in proportion to the amounts due). Whenever moneys are to be applied pursuant to this paragraph, such moneys shall be so applied from time to time as the Trustee or the Paying Agent shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee or the Paying Agent shall apply moneys pursuant to this paragraph it shall fix the date (which shall be the first of a month unless the Trustee or the Paying Agent shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal paid on such date shall cease to accrue. The Trustee or the Paying Agent shall give such notice as it may deem appropriate of the fixing of any such date. When interest or a portion of the principal is to be paid on an overdue Bond, the Paying Agent may require presentation of the Bond for endorsement of the payment.

Payments by the Company

On the date on which a payment of principal or interest is due, the Company shall pay to the Trustee or the Paying Agent, as appropriate, for deposit in the Debt Service Fund an amount equal to such payment less the amount, if any, in the Debt Service Fund and available therefor.

The payments to be made under the foregoing paragraph shall be appropriately adjusted to reflect the date of issue of Bonds, accrued interest deposited in the Debt Service Fund, if any, and any purchase or redemption of Bonds so that there will be available on each payment date in the Debt Service Fund the amount necessary to pay the interest and principal and premium, if any, due or coming due on the Bonds and so that accrued interest will be applied to the installments of interest to which it is applicable.

At any time when any principal of the Bonds is overdue, the Company shall also have a continuing obligation to pay to the Trustee or the Paying Agent, as appropriate, for deposit in the Debt Service Fund an amount equal to interest on the overdue principal but the installment payments required as described above shall not otherwise bear interest. Premiums shall not bear interest.

Payments by the Company to the Trustee or the Paying Agent, as appropriate, for deposit in the Debt Service Fund under the Agreement shall discharge the obligation of the Company to the extent of such payments; provided, that if any moneys are invested in accordance with the Agreement and a loss results therefrom so that there are insufficient funds to pay principal and interest on the Bonds when due, the Company shall supply the deficiency.

Within thirty (30) days after notice, the Company shall also pay all expenditures (except general administrative expenses or overhead) reasonably incurred by the Authority by reason of the Agreement and the reasonable fees and expenses of the Trustee and the Paying Agent.

Defaults

Each of the following events will constitute an "Event of Default" under the Agreement:

(1) Failure by the Company to make when due any payment of principal, premium, if any, or interest on the Bonds or any payment required to be made with respect to the purchase of Bonds;

(2) Certain events of bankruptcy or insolvency relating to the Company shall have occurred;

(3) First Mortgage Bonds have been delivered in connection with the Bonds and a default under the First Mortgage shall have occurred and be continuing;

(4) A failure by the Company or the Authority to observe and perform any other covenant, condition, agreement or provision contained in the Bonds or the Agreement (other than a failure described in clause (1), (2) or (3) above), which failure shall continue for a period of 90 days after written notice given to the Authority and the Company by the Trustee, which notice may be given in the discretion of the Trustee and shall be given at the written request of the holders of not less than 25% in principal amount of Bonds then outstanding, unless such period is extended by the Trustee and the holders of a principal amount of Bonds not less than the principal amount of Bonds the holders of which requested such notice, in the case may be; provided, however, that the Trustee and the holders of such principal amount of Bonds, as the case may be, will be deemed to have agreed to an extension of such period if corrective action is initiated by the Authority or the Company on behalf of the Authority within such period and is being diligently pursued; or

(5) A trustee, receiver, custodian or similar official shall be appointed for the Company or for any substantial part of its property, and such official shall not be discharged within 60 days.

Remedies

Upon the occurrence and continuance of an Event of Default described in clauses (1), (3), (4) or (5) of the preceding paragraph, and further upon the condition that if any First Mortgage Bonds have been delivered, all First Mortgage Bonds outstanding shall have become immediately due and payable in accordance with the terms of the First Mortgage, the Trustee may, and at the written request of holders of not less than 25% in principal amount of Bonds then outstanding shall, by written notice to the Authority and to the Company, declare the Bonds to be immediately due and payable, and upon the occurrence of an event of default described in clause (2) of the preceding paragraph, the Bonds shall, without further action, become and be immediately due and payable, anything in the Agreement or in the Bonds to the contrary notwithstanding, and the Trustee shall give notice of acceleration to the Authority, the Paying Agent, the Tender Agent and the Remarketing Agent, and shall give notice thereof to holders of the Bonds.

The provisions described in the preceding paragraph, however, are subject to the condition that if after the principal of the Bonds shall have been so declared to be due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, the Company or the Authority shall cause to be deposited with the Trustee a sum sufficient to pay all matured installments of interest upon all Bonds and the principal of any and all Bonds which shall have become due otherwise than by reason of such declaration (with interest upon such principal at the rate per annum specified in the Agreement) and such amounts as shall be sufficient to cover reasonable compensation and reimbursement of expenses payable to the Trustee and Paying Agent, and all Events of Default under the Agreement other than nonpayment of the principal of Bonds which shall have become due by said declaration shall have been remedied, then, in every such case, such Event of Default shall be deemed waived and such declaration and its consequences rescinded and annulled, and the Trustee shall promptly give written notice of such waiver, rescission and annulment to the Authority, the Company, the Tender Agent, the Paying Agent and the Remarketing Agent, and shall give notice thereof to holders of the Bonds; but no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon. A waiver of default under the First Mortgage and a rescission and annulment of its consequences constitutes a waiver of the corresponding Event of Default under the Agreement, and a rescission and annulment of its consequences. The Trustee shall promptly give notice of such waiver as specified above.

Upon the occurrence of any Event of Default under the Agreement, the Trustee may proceed to pursue any available remedy to enforce the payment of the principal of, premium, if any, and interest on the Bonds then outstanding, including, without limitation, suits, actions or special proceedings in equity or at law. The Trustee is not required to take any action in respect of an Event of Default or to enforce the trusts created by the Agreement except upon the written request of the holders of not less than 25% in principal amount of the Bonds then outstanding and receipt of indemnity satisfactory to it. The holders of a majority in principal amount of Bonds then outstanding will have the right to direct the method and place of conducting all remedial proceedings under the Agreement.

No holder of any Bond will have any right to institute suit or to exercise any trust or power of the Trustee unless such holder has previously given the Trustee written notice of an Event of Default and unless also the holders of not less than 25% in principal amount of the Bonds then outstanding have made written request of the Trustee so to do, and unless satisfactory indemnity had been offered to the Trustee and the Trustee has not complied with such request within a reasonable time.

Notwithstanding any other provision in the Agreement, the right of the holder of any Bond to enforce the payment of the principal of, premium, if any, and interest on such Bond at or after the maturity thereof will not be impaired or affected.

Limitations on Bondowners' Remedies

Upon a failure of the Company to make a required debt service or purchase price payment when the same becomes due and payable, the Paying Agent shall so notify the Trustee and the Trustee shall give written notice of such default to the Authority and the Company. The Trustee shall not be required to take notice of any other breach or default by the Company or the Authority, and the Authority shall not be required to take notice of a breach or default by the Company, in each case unless given written notice thereof by the owners of at least 25% in principal amount of the outstanding Bonds. The Trustee shall give default notice and accelerate payment, and the Authority shall give default notice, in each case when so instructed in writing by the owners of at least 25% in principal amount of the outstanding Bonds. The Trustee shall institute legal proceedings to enforce the obligations of the Authority in accordance with the written directions of the owners of a majority in principal amount of the outstanding Bonds. Neither the Trustee nor the Authority shall be required to take remedial action (other than acceleration, in the case of the Trustee, or the giving of notice), unless reasonable indemnity is furnished for any expense or liability to be incurred therein.

Defeasance

When there are in the Debt Service Fund sufficient funds, or certain obligations issued or guaranteed by the United States as provided in the Agreement to pay principal amounts, bearing interest at such rates and with such maturities as will provide sufficient funds to pay or redeem the Bonds in full, and when all the rights of the Authority, the Trustee, the Remarketing Agent, the Tender Agent and the Paying Agent under the Agreement have been provided for, upon written notice from the Company to the Authority and Trustee, the Bondowners shall cease to be entitled to any benefit or security under the Agreement except the right to receive payment of the funds deposited and held for payment, and other rights which by their nature cannot be satisfied prior to or simultaneously with termination of the lien of the Agreement, the security interest, including the Subordinated Security Interest, created by the Agreement (except in such funds and investments) shall terminate, and the Authority and the Trustee shall execute and deliver such instruments as may be necessary to discharge the lien and security interests created under the Agreement; provided, however, that if any such Bonds are to be redeemed prior to the maturity thereof, the Trustee shall have taken all action necessary to redeem such Bonds and notice of such redemption shall have been duly mailed in accordance with the Agreement or irrevocable instructions so to mail shall have been given to the Trustee and the Paying Agent. Upon defeasance of the Agreement, the funds and investments required to pay or redeem the Bonds in full shall be irrevocably set aside for that purpose subject to the requirements of the Agreement, and moneys held for defeasance shall be invested only as provided above in this paragraph. Any funds or property held by the Trustee or the Paying Agent and not required for payment or redemption of the Bonds in full shall, after satisfaction of all the rights of the Authority and the Trustee, be distributed to the Company upon such indemnification, if any, as the Authority or the Trustee may reasonably require.

Removal of Trustee

The Trustee may be removed, and a successor Trustee appointed, by the holders of not less than a majority in aggregate principal amount of Bonds at the time outstanding.

Supplemental Agreements

The Agreement may be modified or amended by supplemental agreements without the consent of or notice to the owners of the Bonds for any of the following purposes:

- (1) To add to the covenants and agreements of the Authority or the Company contained in the Agreement other covenants and agreements thereafter to be observed, and to surrender any right or power therein reserved to or conferred upon the Authority or the Company;
- (2) To modify any of the provisions of the Agreement or release the Authority from any of the obligations, conditions or restrictions therein contained; provided, that no such modification or release shall be or become operative or effective which shall in any manner impair any of the rights of the owners of the Bonds or the Trustee.

and provided further, that the Trustee may in its sole discretion decline to enter into any such supplemental agreement which in its opinion may not afford adequate protection to the Trustee when the same shall become operative;

(3) To cure any ambiguity or to cure, correct or supplement any defect or inconsistent provision contained in the Agreement or in any supplemental agreement in a manner which, in the opinion of bond counsel of nationally recognized standing, is not adverse to the interests of the owners of the Bonds;

(4) To make such provision in regard to matters or questions arising under the Agreement as may be necessary or desirable and not inconsistent with the Agreement and not, in the opinion of bond counsel of nationally recognized standing, adverse to the interests of the owners of the Bonds;

(5) To comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended;

(6) To change the method for determining any interest rate or Interest Rate Period in a manner not to the prejudice of the Trustee or owners of the Bonds;

(7) To change the conversion notice periods and related purchase procedures in a manner not to the prejudice of the Trustee or the owners of the Bonds;

(8) To make any change which is required by Moody's, Duff & Phelps Credit Rating Co. or S&P in order to obtain or maintain a rating of the Bonds; or

(9) To make any other change which, in the opinion of bond counsel of nationally recognized standing, does not materially adversely affect the rights of the Authority or any owners of the Bonds.

Exclusive of supplemental agreements entered into for the purposes described in the preceding paragraphs, and not otherwise, the holders of not less than a majority in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, anything contained in the Agreement to the contrary notwithstanding, to consent to and approve the execution by the Company, the Authority and the Trustee of such other agreement or agreements supplemental to the Agreement as shall be deemed necessary and desirable by the Company for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Agreement or in any supplemental agreement; provided, however, that nothing in the Agreement contained shall permit, or be construed as permitting without the consent of the holders of the Bonds then outstanding affected thereby (1) an extension of the maturity of the principal of or premium, if any, or the interest on or redemption date of any Bond issued thereunder, or a change in the terms of the purchase of Bonds delivered to the Tender Agent, (2) a reduction in the principal amount of any Bond or premium thereon, or a change in the method of determining the rate of interest thereon, (3) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, (4) a reduction in the aggregate principal amount of the Bonds required for consent to such modification, amendment or supplemental agreement, or (5) impairment of the exemption from federal income taxation of interest on any of the outstanding Bonds.

THE TRUSTEE

The Bank of New York, the Trustee, is a depository for part of the Company's funds and has extended to the Company a line of credit.

DESCRIPTION OF RATINGS

Duff & Phelps Credit Rating Co., Moody's and S&P have assigned the ratings of AA, Aa3 and AA respectively, to the Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same at the following addresses: Duff & Phelps Credit Rating Co., 55 East Monroe Street, Chicago, Illinois 60603; Moody's, 99 Church Street, New York, New York 10007. S&P, 25 Broadway, New York, New York 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

CONTINUING DISCLOSURE

The Company has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the Bonds and the Authority will not provide any such information. The Company has undertaken all responsibilities for any continuing disclosure to owners of the Bonds as described below, and the Authority shall have no liability to the owners of the Bonds or any other person with respect to such disclosures.

In order to assist underwriters in complying with the requirements of paragraph (b)(5) of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, the Company has covenanted for the benefit of the owners (including beneficial owners) of the Bonds to provide certain financial information and operating data relating to the Company by not later than May 31 in each year commencing May 31, 1997 (the "Annual Report"), and to provide notice of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the Company with each Nationally Recognized Municipal Securities Information Repository and the appropriate state information depository, if any. The notices of material events will be filed by the Company with each Nationally Recognized Municipal Securities Information Repository (and with the appropriate state information depository, if any). The specific nature of the information to be contained in the Annual Report and the notices of material events is summarized below under the caption "Appendix C - Proposed Form of Continuing Disclosure Agreement."

TAX EXEMPTION

In the opinion of Palmer & Dodge LLP, Boston, Massachusetts, Bond Counsel, under existing law interest on the Bonds is excluded from the gross income of the recipient thereof for federal income tax purposes except for interest on any Bond while it is owned by a "substantial user" of the Project or a "related person" within the meaning of the applicable provision of the Internal Revenue Code (the "Code"). Interest on the Bonds is treated as a preference item, however, for purposes of the federal alternative minimum tax imposed on individuals and corporations.

The Code establishes certain requirements regarding the use of the Project, the expenditure and investment of proceeds of the Bonds, and the payment of rebates to the United States which must be continuously satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to remain excluded from gross income for federal income tax purposes. Failure to comply with these requirements could cause interest on the Bonds to become included in the gross income of the owners thereof retroactive to the date of issuance of the Bonds. The Company has covenanted in the Agreement to take all lawful action necessary under presently existing federal tax law to ensure that interest on the Bonds will remain excluded from gross income for federal income tax purposes and to refrain from taking any action which would cause interest on the Bonds to become included in such gross income, except with respect to any Bond owned by a substantial user of the Project or a related person. If interest on the Bonds is determined to be included in gross income for federal income tax purposes as a consequence of the Company's breach of its tax covenants in the Agreement, the Agreement provides that the Bonds shall be redeemed within 180 days at par plus accrued interest in whole, or to the extent required so that the remaining outstanding Bonds will not be subject to federal income tax. See "THE BONDS -- Redemption of Bonds - Mandatory Redemption Upon Taxability" herein.

Prospective purchasers of the Bonds should also be aware that the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution, for that portion of the owner's interest expenses allocated to interest on the Bonds. For insurance companies subject to the tax imposed by Section 831 of the Code, the deduction of losses incurred by 15 percent of the sum of certain items, including interest on the Bonds. In addition, interest on the Bonds earned by certain corporations could be subject to foreign branch profits tax imposed by Section 884 of the Code, and may be included in passive investment income subject to federal income taxation under Section 1375 of the Code applicable to certain S corporations. The Code also requires recipients of certain social security and certain railroad retirement benefits to take into account, in determining the portion of such benefits that are included in gross income, and receipt of investment income, including interest on the Bonds, may disqualify the recipient thereof from obtaining the earned income credit under Section 32(i) of the Code.

Under existing Florida law, Florida Statutes §199.31, the Bonds, their transfer and the income therefrom (including any profit on the sale thereof) are free from taxation by the state, or any local unit, political subdivision or instrumentality thereof, except for taxes imposed by Chapter 220, Florida Statutes, as amended, on interest, income or profits on debt obligations by corporations.

No assurance can be given that future legislation will not have adverse tax consequences for owners of the Bonds.

On the date of delivery of the Bonds, the original purchasers will be furnished with an opinion of Bond Counsel substantially in the form attached hereto as Appendix B.

UNDERWRITING

Goldman, Sachs & Co. and Citicorp Securities, Inc., as Underwriters, have agreed, subject to certain terms and conditions, to purchase the Bonds from the Authority at a discount of \$543,750, from the public offering price shown on the cover page. The Underwriters are committed to purchase all of the Bonds if any are purchased.

Citicorp Securities, Inc. and its affiliates have engaged and may engage in the future in transactions with and perform services for, including commercial banking and investment banking transactions, the Company and its affiliates in the ordinary course of business.

The Company has agreed to indemnify the Underwriters and the Authority against certain liabilities, including liabilities under the federal securities laws, in connection with certain portions of this Official Statement, including Appendix A hereto.

The Underwriters may offer and sell Bonds to certain dealers (including dealers depositing any of the Bonds into investment trusts) and others at prices lower than the public offering price stated on the cover page hereof. After the initial public offering, the public offering price may be changed from time to time by the Underwriters.

LEGALITY

Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of Palmer & Dodge LLP, Boston, Massachusetts, as Bond Counsel. Sheila M. McDevitt, Esq. Counsel for the Company, will pass upon certain legal matters for the Company. Certain legal matters will be passed upon for the Underwriters by Ropes & Gray, Boston, Massachusetts, Counsel for the Underwriters, and for the Authority by Mark F. Carpanini, Esq. Bartow, Florida, Counsel for the Authority.

This Official Statement has been duly authorized, executed and delivered by the Authority and the Company.

TAMPA ELECTRIC COMPANY

**FOLK COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY**

By: /s/ W. L. Griffin
Vice President-Controller
and Assistant Secretary

By: /s/George W. Harris, Jr.
Chairman

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**APPENDIX A
TAMPA ELECTRIC COMPANY(1)**

Tampa Electric Company (the "Company"), incorporated in Florida in 1899 and reincorporated in 1949, is an operating public utility engaged in the generation, purchase, transmission, distribution and sale of electric energy. The retail area served by the Company comprises approximately 2,000 square miles with an estimated population of over 1 million on Florida's central west coast, including the City of Tampa.

The Company is a subsidiary of TBCO Energy, Inc., a Florida corporation, the common stock of which is traded on the New York Stock Exchange.

The principal executive offices of the Company are located at TBCO Plaza, 702 North Franklin Street, Tampa, Florida 33602, telephone (813) 228-4111.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934 (the "1934 Act") and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "Commission"). Such reports and other information can be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, and the Commission's Regional Offices located at: Suite 1400, Northwest Atrium Center, 500 West Madison Avenue, Chicago, Illinois 60661; and 7 World Trade Center, 13th Floor, New York, New York 10007. Copies of such material can be obtained from the Public Reference Section of the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. In addition, such material can be inspected at the offices of the Company at TECO Plaza, 702 North Franklin Street, Tampa, Florida 33602.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company hereby incorporates by reference herein its most recently filed annual report with the Securities and Exchange Commission pursuant to the 1934 Act on Form 10-K and all other reports filed pursuant to Section 13(a) or 15(d) of the 1934 Act since the end of the fiscal year covered by such annual report. These reports currently consist of the following:

1. Annual Report on Form 10-K for the fiscal year ended December 31, 1995.
2. Quarterly Reports on Form 10-Q for the periods ended March 31, 1996, June 30, 1996 and September 30, 1996.
3. Current Reports on Form 8-K dated January 4, 1996, February 3, 1996, March 26, 1996, May 20, 1996, September 25, 1996, October 9, 1996, November 21, 1996 and December 5, 1996.

All documents hereafter filed by the Company pursuant to Section 13, 14 or 15(d) of the 1934 Act prior to the termination of the offering made by the Official Statement shall also be deemed to be incorporated by reference in this Appendix and to be a part hereof from the respective dates of filing of such documents.

The Company hereby undertakes to provide without charge to each person to whom a copy of this Official Statement has been delivered, at the written request of such person, a copy of any or all of the documents referred to above which have been or may be incorporated in this Appendix by reference, other than exhibits to such documents. Written requests for such copies should be directed to Roger H. Kessel, Secretary, Tampa Electric Company, P.O. Box 111, Tampa, Florida 33601.

The financial and other data contained in this Appendix is furnished solely to provide limited information regarding the Company and does not purport to be comprehensive. Such data is qualified in its entirety by reference to the detailed information and financial statements appearing in the documents incorporated herein by reference and, therefore, should be read together therewith.

INDEPENDENT ACCOUNTANTS

The financial statements of the Company included in its Annual Report on Form 10-K for the year ended December 31, 1995, incorporated herein by reference, have been audited by Coopers & Lybrand, independent accountants as set forth in their report dated January 15, 1996.

(1) The information contained in the Appendix to this Official Statement has been obtained from Tampa Electric Company and speaks as of December 5, 1996. The Authority and the Underwriters make no representation as to the accuracy and completeness of the information contained in this Appendix.

SELECTED INFORMATION

The following material is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Appendix or in the documents incorporated in this Appendix by reference.

BUSINESS INFORMATION

Business	Public electric utility serving West Central Florida, including Tampa.
Retail Service Area	2,000 square miles; estimated population over 1 million
Customers (December 31, 1995) ..	Residential 442,291
	Commercial 54,870
	Industrial 484
	Other 4,293
	<u>501,938</u>
Retail Megawatt-Hour Sales (1995)	14.6 million
Construction Expenditures (1995) .	\$335 million
Estimated Construction Expenditures (1996-2000)	\$747 million
Generation Mix (1995)	Coal 99%
	Oil 1%

FINANCIAL INFORMATION (Dollars in Millions)

	Twelve Months Ended <u>September 30, 1996</u> (Unaudited)	Years Ended(1)		
		December 31, <u>1995</u>	December 31, <u>1994</u>	December 31, <u>1993</u>
Income Statement Data:				
Operating Revenues	\$1,089.6(2)	\$1,092.3(3)	\$1,094.9	\$1,041.3
Operating Income (after tax) ...	162.1	163.3	147.1	154.1
Interest Charges	45.3	42.9	39.3	42.3
Net Income	139.1	133.7	110.1	106.7
Ratio of Earnings to Fixed Charges(4)	4.45	4.50	4.11(5)	3.98(6)
Outstanding <u>September 30, 1996</u>				
Capitalization:				
Long-Term Debt	\$587.1			
Preferred Stock	20.0			
Common Stock Equity	<u>1,145.9</u>			
Total Capitalization	<u>\$1,753.0</u>			

(1) Based upon audited financial statements of the Company.

(2) Net of \$58 million of deferred revenues in accordance with plans approved by the Florida Public Service Commission ("FPSC") for 1995 and 1996.

(3) Net of \$51 million of deferred revenues in accordance with a plan approved by the FPSC for 1995.

(4) For the purposes of calculating this ratio, earnings consist of income before income taxes and fixed charges. Fixed charges consist of interest on indebtedness, amortization of debt premium, the interest component of rentals, deferred interest costs and preferred stock dividend requirements.

(5) Includes the effect of a \$21 million pretax restructuring charge. Had this non-recurring charge been excluded from the calculation, the ratio would have been 4.52x for the period ended December 31, 1994.

(6) Includes the effect of a nonrecurring \$10 million pretax charge associated with an agreement approved by the FPSC resolving issues relating to prices paid for coal purchased from an affiliate. Had this charge been excluded from the calculation, the ratio would have been 4.17x for the period ended December 31, 1993.

APPENDIX B

Proposed Opinion of Bond Counsel

[Worksheet of Palmer & Dodge]

[December __, 1996]

**Polk County Industrial
Development Authority
P.O. Box 9005
Drawer AT01
Barrow, Florida 33630**

**Goldman, Sachs & Co.
85 Broad Street
New York, New York 10004**

**Citicorp Securities, Inc.
399 Park Avenue
New York, New York 10043**

**The Bank of New York, as Trustee
Towerman Plaza
10161 Centurian Parkway
Jacksonville, Florida 32256**

**\$75,000,000
Solid Waste Disposal Facility Revenue Bonds
(Tampa Electric Company Project),
Series 1996**

We have acted as bond counsel in connection with the issuance by the Polk County Industrial Development Authority (the "Authority") of the above-captioned bonds (the "Bonds").

The Bonds are being issued pursuant to a Loan and Trust Agreement dated as of December 1, 1996 (the "Agreement") among the Authority, The Bank of New York, as trustee (the "Trustee") and Tampa Electric Company (the "Company"). Under the Agreement, the Company has agreed to make payments to be used to pay when due the principal of and premium (if any) and interest on the Bonds, and such payments and other revenues under the Agreement (collectively, the "Revenues") and the rights of the Authority under the Agreement (except certain rights to indemnification, reimbursement and administrative fees) are pledged by the Authority as security for the Bonds. The Bonds are to be payable solely from Revenues.

Reference is made to the opinion of Shultz M. McDorick, Esq. counsel to the Company, of even date with respect to, among other matters, the corporate status, good standing and qualification to do business of the Company, the corporate power of the Company to enter into and perform the Agreement, the execution and delivery of the Agreement by the Company, and the extent to which the Agreement is binding upon and enforceable against the Company. Reference is also made to the opinion of even date of Mark F. Campanal, Esq. counsel to the Authority, as to the authority, procedures and action of the Authority in connection with the authorization of the Bonds, the Agreement and the Bond Purchase Agreement dated as of December 4, 1996 among the Authority, Goldman, Sachs & Co. and Citicorp Securities, Inc. (the "Bond Purchase Agreement"). We have relied upon the foregoing opinions of other counsel with respect to such matters in giving this opinion.

We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Authority and the Company contained in the Agreement, the certified proceedings and other certifications of public officials furnished to us, and certifications furnished to us by or on behalf of the Company, without undertaking to verify the same by independent investigation.

Based upon the foregoing we are of the opinion that, as of the date hereof and under existing law:

1. The Authority is a validly existing public body corporate and politic created under Chapter 69-1510 of the Laws of Florida, as amended, with all necessary power and authority to enter into and perform its obligations under the Agreement, the Bond Purchase Agreement and the Bonds.

2. The Agreement has been duly authorized, executed and delivered by the Authority and the Company and is a valid and binding obligation of each of the Authority and the Company enforceable against the Authority and the Company in accordance with its terms.

3. The Bonds have been duly authorized, executed and delivered by the Authority and are valid and binding special obligations of the Authority, payable solely from, and secured by an assignment and pledge by the Authority of, the Revenues.

4. Interest on the Bonds is excluded from the gross income of the owners thereof for federal income tax purposes except for interest on any Bond while it is owned by a "substantial user" of the facilities financed with the proceeds of the Bonds (the "Facilities") or by a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986 (the "Code"). Interest on the Bonds will, however, be treated as a preference item in calculating the alternative minimum tax imposed under the Code on individuals and corporations. We call your attention to the fact that failure by the Company or the Authority to comply subsequent to the issuance of the Bonds with certain federal tax law requirements, including requirements regarding the use of the Facilities, the expenditure and investment of Bond proceeds, and the payment of interest, if any, due to the United States, may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Company has covenanted in the Agreement to take such action as may be necessary under currently applicable federal income tax law to ensure that interest on the Bonds will remain excluded from gross income of the owners thereof for federal income tax purposes and to refrain from taking any action that would cause interest on the Bonds to be included in such gross income, except with respect to any Bond while it is owned by a substantial user or related person. If interest on the Bonds is determined to be included in gross income for federal income tax purposes as a consequence of the Company's breach of its tax covenants in the Agreement, the Agreement provides that the Bonds are to be redeemed within 180 days of the date of such determination at par plus accrued interest in whole, or in part to the extent necessary so that interest on the remaining outstanding Bonds will continue to be excluded from gross income for federal income tax purposes.

5. Under Florida Statutes §199.31, the Bonds, their transfer, and the income therefrom (including any profit on the sale thereof) will be free from taxation by the State of Florida or any local unit, political subdivision or instrumentality thereof, except for taxes imposed by Chapter 220, Florida Statutes, as amended, on interest, income or profits on debt obligations owned by corporations.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Agreement are subject to bankruptcy, insolvency, reorganization, receivership and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Yours faithfully,

APPENDIX C

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by the Tampa Electric Company (the "Company") and The Bank of New York (the "Trustee") in connection with the issuance of \$75,000,000 Polk County Industrial Development Authority Solid Waste Disposal Revenue Bonds (Tampa Electric Company Project), Series 1996 (the "Bonds"). The Bonds are being issued and the proceeds thereof loaned to the Company pursuant to the Loan and Trust Agreement dated as of December 1, 1996 (the "Agreement") among the Polk County Industrial Development Authority (the "Issuer"), the Company and the Trustee. The Company and the Trustee covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Company and the Trustee for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule. The Company and the Trustee acknowledge that the Issuer has undertaken no responsibility with respect to any reports notices or disclosures provided or required under this Disclosure Agreement, and has no liability to any person, including any Owner of the Bonds, with respect to any such reports, notices or disclosures.

SECTION 2. Definitions. In addition to the definitions set forth in the Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Company pursuant to, and as described in, Section 3 of this Disclosure Agreement.

"Dissemination Agent" shall mean the Company, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Company and which has filed with the Trustee a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"National Repository" shall mean any nationally recognized municipal securities information repository for purposes of the Rule. The current National Repositories are listed on Exhibit A attached hereto.

"Owners of the Bonds" shall mean the registered owners, including beneficial owners, of the Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Repository" shall mean each National Repository and each State Depository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State Depository" shall mean any public or private depository or entity designated by the State of Florida as a state information depository for the purpose of the Rule. As of the date of this Disclosure Agreement, there is no State Depository.

SECTION 3. Provision of Annual Reports.

(a) The Company shall, or shall cause the Dissemination Agent to, not later than May 31 of each year, commencing May 31, 1997, provide to each Repository a copy of the Company's Annual Report on Form

10-K for each fiscal year filed with the SEC (or any successor form adopted by the SEC) containing audited financial statements of the Company (or attaching thereto the annual report to shareholders if such information is incorporated by reference in such Form 10-K from such annual report). In the event that the Company no longer files such reports with the SEC under the Securities Exchange Act of 1934, as amended, it will deliver to each Repository within the time set forth in this paragraph, a copy of its audited financial statements, prepared in accordance with generally accepted accounting principles and operating data (within the meaning of the Rule), of the type incorporated by reference in the Official Statement dated December 5, 1996 with respect to the Bonds. The deliveries described in this paragraph may be accomplished by delivery of an instrument incorporating by reference material on file with the SEC. Not later than fifteen (15) business days prior to said date, the Company shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information; provided that the audited financial statements of the Company may be submitted, when available, separately from the balance of the Annual Report. If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and the Company shall provide the audited financial statements as soon as practicable after the audited financial statements become available.

(b) If by fifteen (15) business days prior to the date specified in subsection (a) for providing the Annual Report to the Repositories, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the Company, the issuer and the Dissemination Agent and notify them that the Trustee has not received the Annual Report.

(c) If an Annual Report has not been provided to the Repositories by the date required in subsection (a), the Dissemination Agent shall send a notice to each Repository in substantially the form attached as Exhibit B.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Depository, if any; and

(ii) file a report with the Company, the issuer and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided.

SECTION 4. Reserved.

SECTION 5. Reporting of Material Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds, to the extent known by the Company as applicable:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds.
7. Modifications to rights of the Owners of the Bonds.

8. **Bond calls.**
9. **Defeasance of the Bonds or any portion thereof.**
10. **Release, substitution or sale of property securing repayment of the Bonds.**
11. **Rating changes.**

(b) Whenever the Company obtains knowledge of the occurrence of a Listed Event, if such Listed Event is material under applicable federal securities laws, the Company shall promptly report the occurrence pursuant to subsection (d).

(c) If such Listed Event is not material the Company shall not report the occurrence pursuant to subsection (d).

(d) If the Company has concluded that it must report the occurrence of a Listed Event to comply with the Rule, the Company shall, or shall cause the Designation Agent to, file a notice of such occurrence with the Depositories, the Trustee and the Issuer.

SECTION 6. Termination of Suretying Obligation. The Company's obligations under this Disclosure Agreement shall terminate upon the legal debenture in accordance with the terms of the Agreement, prior redemption or payment in full of all of the Bonds.

SECTION 7. Designation Agent. The Company may, from time to time, appoint or engage a Designation Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any Designation Agent, with or without appointing a successor Designation Agent. If at any time there is no any other designated Designation Agent, the Company shall be the Designation Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Company and the Trustee may amend this Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the Company) and any provision of this Disclosure Agreement may be waived if such amendment or waiver is permitted by the Rule, as evidenced by an opinion of counsel expert in federal securities law, which may also include bond counsel to the Issuer, to the effect that such amendment or waiver would not cause the Disclosure Agreement to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Agreement shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

If the amendment pertains to the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall include a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Company to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to each Depository.

SECTION 9. Default. In the event of a failure of the Company or the Trustee to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of the Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall), or any Owner of Bonds may seek a court order for specific performance by the Company or Trustee of its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Agreement or the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Company or Trustee to comply with this Disclosure Agreement shall be an action for specific performance of the defaulting party's obligations hereunder and not for money damages in any amount.

SECTION 10. Duties, Remedies and Liabilities of Trustee and Dissemination Agent. Article VII of the Agreement is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Agreement. The Dissemination Agent (if other than the Company) shall have only such duties as are specifically set forth in this Disclosure Agreement. The Company agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Bonds under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 11. Obligations of Trustee. The Company and the Trustee hereby agree that the Trustee has no obligations hereunder to provide the Annual Report or any other information or any notices of the occurrence of Listed Events, regardless of whether the Trustee has actual knowledge thereof, to any person listed herein or otherwise; provided however, that the foregoing shall not limit in any respect the obligations of the Trustee under Section 3(b) hereof. The Trustee is a party hereto in order to allow the Trustee to enforce the Company's duties herein for the benefit of the Owners of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Agreement shall issue solely to the benefit of the Issuer, the Company, the Trustee, the Dissemination Agent, and the Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 14. Notices. Unless otherwise expressly provided, all notices to the Issuer, the Company, the Trustee, and the Dissemination Agent shall be in writing and shall be deemed sufficiently given if sent by registered or certified mail, postage prepaid, or delivered during a Business Day to such parties at the address specified in Section 1201 of the Agreement or, as to all of the foregoing, to such other address as the addressee shall have indicated by prior written notice to the one giving notice.

SECTION 15. Governing Law. This instrument shall be governed by the laws of the State of Florida.

IN WITNESS WHEREOF, the parties have caused this Disclosure Agreement to be duly executed under seal all as of the date hereof.

Date: _____

TAMPA ELECTRIC COMPANY

By _____

Title: _____

THE BANK OF NEW YORK, as Trustee

By _____

Authorized Agent

**EXHIBIT A
NATIONAL REPOSITORIES**

**Bloomberg Municipal Repositories
P.O. Box 840
Princeton, New Jersey 08542-0840
PH: (609) 279-3200
FAX: (609) 279-3062**

**Thompson Municipal Services, Inc.
The Bond Buyer NRMSEB
395 Hudson Street
New York, New York 10014
PH: (212) 807-3814
FAX: (212) 989-9282
Internet: Disclosure@Muller.com**

**Disclosure, Inc.
5161 River Road
Bethesda, Maryland 20816
Attn: Document Acquisitions/Municipal Securities
PH: (301) 951-1490 (for issuer-related questions)
(800) 638-8241 (for purchase of documents)
FAX: (301) 718-2329**

**Kenny Information Systems, Inc.
65 Broadway, 16th Floor
New York, New York 10006
Attn: Kenny Repository Services
PH: (212) 770-4995
FAX: (212) 797-7994**

**Moody's NRMSEB
Public Finance Information Center
99 Church Street
New York, New York 10007
PH: (800) 339-6306
FAX: (212) 553-1460**

**R.R. Donnelley Financial
Municipal Securities Disclosure Archive
559 Main Street
Hudson, Massachusetts 01749
PH: (800) 580-3670
FAX: (508) 562-1960**

EXHIBIT B

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of issuer: Polk County Industrial Development Authority

Name of issue: Solid Waste Disposal Facility Revenue Bonds (Tampa Electric Company Project), Series 1996

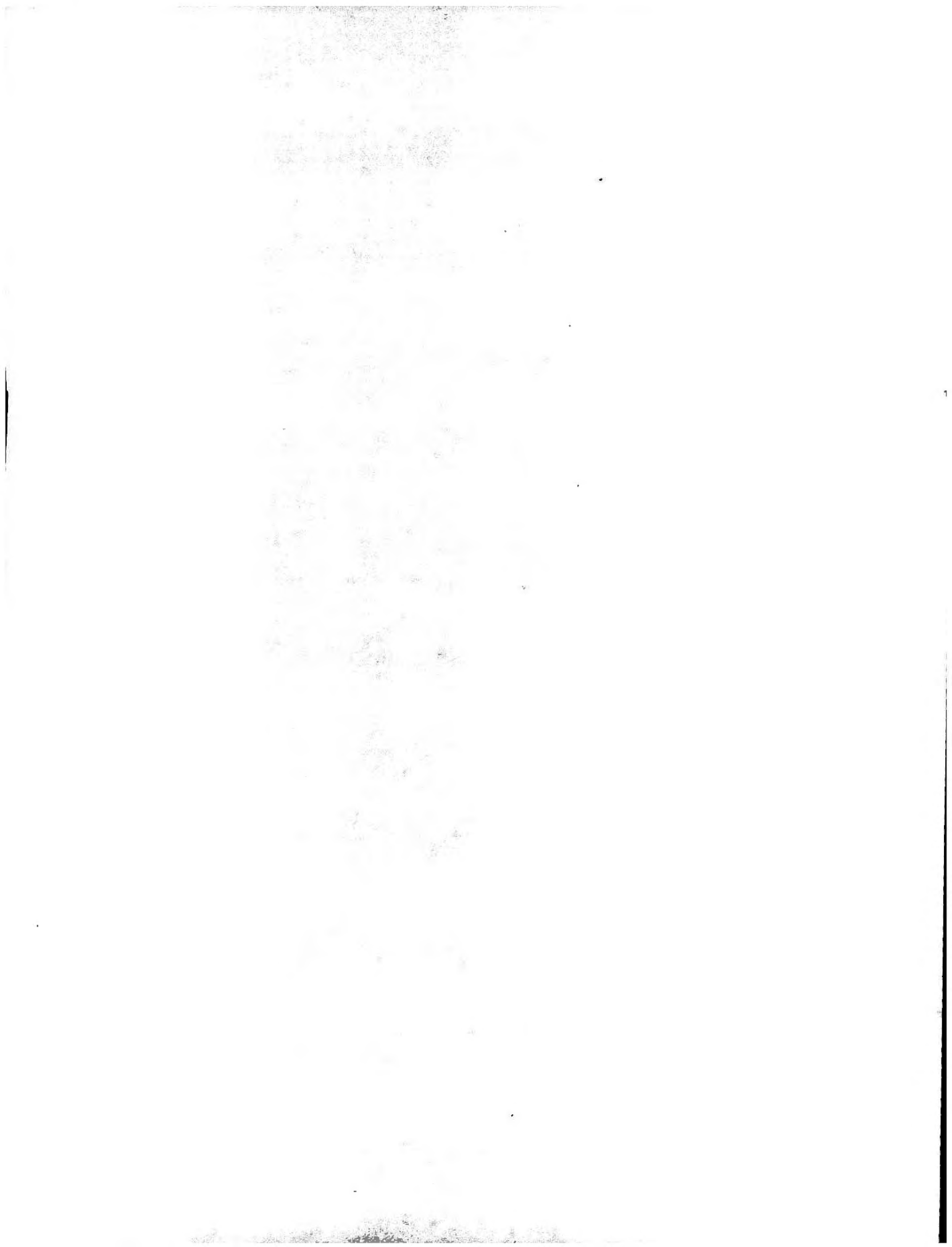
Date of issuance: December __, 1996

NOTICE IS HEREBY GIVEN that the Company has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated December __, 1996 between the Company and the Trustee. The Company anticipates that the Annual Report will be filed by _____.

Dated: _____

TAMPA ELECTRIC COMPANY

cc: Bank of New York, as Trustee





LOAN AND TRUST AGREEMENT

among

FOLK COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

and

TAMPA ELECTRIC COMPANY

and

THE BANK OF NEW YORK, as Trustee

Dated as of December 1, 1996

And Providing for the Issue of

\$75,000,000

**Folk County Industrial Development Authority
Solid Waste Disposal Facility Revenue Bonds
(Tampa Electric Company Project),
Series 1996**

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ARTICLE I: INTRODUCTION AND DEFINITIONS.

Section 101. Description of the Agreement and the Parties. This LOAN AND TRUST AGREEMENT (the "Agreement") is entered into as of December 1, 1996, by the POLK COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, a public body corporate and politic and a public instrumentality created pursuant to the laws of the State of Florida (the "Authority"), TAMPA ELECTRIC COMPANY, a Florida corporation (the "Company") and THE BANK OF NEW YORK, as trustee, a New York corporation duly organized and existing under the laws of the State of New York and having its designated corporate trust office in the City of Jacksonville, Florida, which is authorized under such laws to exercise corporate trust powers and is subject to examination by federal authorities (said banking association and any bank or trust company becoming successor trustee under this Agreement, the "Trustee").

This Agreement provides for the following transactions:

- (a) the Authority's issue of the Bonds;**
- (b) the Authority's loan of the proceeds of the Bonds to the Company for the purpose of financing the Project;**
- (c) the Company's repayment of the loan of Bond proceeds from the Authority through payment to the Trustee or the Paying Agent of all amounts necessary to pay principal, premium, if any, and interest on the Bonds issued by the Authority;**
- (d) the Company's grant of a subordinated security interest in the Project to secure its obligations under this Agreement; and**
- (e) the Authority's assignment to the Trustee in trust for the benefit and security of the Bondowners of the Revenues to be received hereunder and the rights to receive the same and the security therefor.**

In consideration of the mutual agreements contained in this Agreement and other good and valuable consideration, the receipt of which is hereby acknowledged, the Authority, the Company and the Trustee agree as set forth herein for their own benefit and for the benefit of the Bondowners.

Section 102. Definitions. In addition to terms defined elsewhere herein, the following terms have the following meanings in this Agreement, unless the context otherwise requires:

"Act" means the Constitution of the State of Florida, Chapter 69-1510, Laws of Florida, as amended, the Florida Industrial Development Financing Act, Parts II and III of Chapter 159, Florida Statutes, and other applicable provisions of law.

"Administrative Expenses" means the direct, out-of-pocket expenses incurred by the Authority pursuant to this Agreement and reasonable in amount and the compensation of the

Trustee, the Paying Agent, the Registrar, the Remarking Agent and the Tender Agent and the direct, out-of-pocket expenses of the Trustee, including fees and disbursements of its counsel, incurred by the Trustee and reasonable in amount.

"Authorized Delineations" means with respect to any Long-Term Interest Rate Period, \$5,000 or any multiple thereof; with respect to any Daily Interest Rate Period or Weekly Interest Rate Period, \$100,000 or any multiple thereof; and, with respect to any Short-Term Interest Rate Period, \$100,000 or any multiple of \$5,000 in excess of \$100,000.

"Authorized Officer" means: (i) in the case of the Authority, the Chairman or the Secretary, and when used with reference to an act or document of the Authority also means any other person authorized to perform the act or execute the document; and (ii) in the case of the Company, the President, any Vice President, the Treasurer, any Assistant Treasurer or the Secretary and any other person designated by one of the foregoing officers.

"Bond Counsel" means any externally recognized bond counsel selected by the Company and satisfactory to the Trustee and the Authority.

"Bondowners" means the registered owners of the Bonds from time to time as shown in the books kept by the Registrar as transfer agent.

Any reference to a majority or a particular percentage or proportion of the Bondowners shall mean the holders of the particular class of a majority or of the specified percentage or proportion in aggregate principal amount of all Bonds then outstanding under this Agreement, exclusive of any such Bonds held by the Remarking Agent or the Tender Agent (to the extent that they are holding Bonds in their respective capacities as such), the Company or the Authority or any agent or affiliates of said parties; provided, however, that for the purpose of determining whether the Trustee shall be protected in relying upon any direction or consent given or action taken by Bondowners, only the Bonds which such Trustee knows are so held shall be so excluded.

"Bond Resolutions" means the resolution adopted by the Authority on November 21, 1996 authorizing the issuance of the Bonds.

"Bonds" means the \$75,000,000 Park County Industrial Development Authority Solid Waste Disposal Facility Revenue Bonds (Tranga Electric Company Project), Series 1996 and any Bond or Bonds duly issued in exchange or replacement thereof.

"Business Day" means a day on which banks in each of the cities in which the designated offices of the Trustee, the Paying Agent and, if applicable, the Tender Agent and Remarking Agent are located are not required or authorized to remain closed and on which the New York Stock Exchange is not closed.

"Chairman" means the person at the time occupying the office of Chairman or Vice Chairman of the Authority or any successor to the principal functions thereof.

"Certified Resolution" means a copy of a resolution or resolutions certified by the Secretary of the Authority, under its seal, to have been duly adopted by the Authority and to be in full force and effect on the date of such certification.

"Construction Fund" means the fund established with the Trustee pursuant to Section 401.

"Continuing Disclosure Agreement" shall mean that certain Continuing Disclosure Agreement between the Company and the Trustee dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Counsel" means an attorney at law (who may be of counsel to the Authority or the Company) satisfactory to the Trustee.

"County" means Polk County, Florida.

"Daily Interest Rate" has the meaning assigned in Section 301.

"Daily Interest Rate Period" means each period during which Bonds bear interest at Daily Interest Rates.

"Debt Service Fund" means the fund established with the Trustee or the Paying Agent pursuant to Section 306.

"Duff & Phelps" means Duff & Phelps Credit Rating Co. a corporation organized and existing under the laws of the State of Illinois, its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Duff & Phelps" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Company, with notice to the Trustee and the Authority.

"Federal Tax Statement" means the Statement as to Tax-Exempt Status of the Bonds executed by the Company in connection with the original issuance of the Bonds and delivered to the Authority and the Trustee.

"First Mortgage" means the Indenture of Mortgage, dated as of August 1, 1946, as heretofore and hereafter supplemented and amended, currently by and between the Company and State Street Bank and Trust Company as trustee.

"First Mortgage Bond Fund" means the fund established with the Trustee pursuant to Section 308.

"First Mortgage Bonds" means the first mortgage bonds to be created by a supplemental indenture to the First Mortgage and, at the option of the Company, delivered to the Trustee pursuant to Section 203 as security for the Company's obligation to pay the principal of, premium, if any, and interest on the Bonds.

"Government or Equivalent Obligations" means (i) obligations issued or guaranteed by the United States of America; and (ii) certificates evidencing ownership of the right to the payment of the principal of and interest on obligations described in clause (i), provided that such obligations are held in the custody of a bank or trust company satisfactory to the Trustee or the Authority, as the case may be, in a special account separate from the general assets of such custodian.

"Interest Payment Date" means (i) with respect to any Daily Interest Rate Period, the first Business Day of each calendar month, (ii) with respect to any Weekly Interest Rate Period, the first Wednesday of each calendar month, or if such Wednesday shall not be a Business Day, the next succeeding Business Day, (iii) with respect to any Long-Term Interest Rate Period, the first day of the sixth calendar month following the effective date of such Long-Term Interest Rate Period, and the first day of each successive sixth calendar month, if any, of such Long-Term Interest Rate Period, (iv) with respect to any Short-Term Segment, the Business Day next succeeding the last day thereof and (v) with respect to each Interest Rate Period, in addition to the other dates described above, the day next succeeding the last day of each Interest Rate Period. Interest shall be payable through each Interest Payment Date on the basis of a year of 365 or 366 days and actual days elapsed in Short-Term, Daily and Weekly Interest Rate Periods and a 360-day year consisting of twelve 30-day months in Long-Term Interest Rate Periods.

"Interest Rate Period" means any Daily Interest Rate Period, Weekly Interest Rate Period, Short-Term Interest Rate Period and Long-Term Interest Rate Period.

"IRC" means the Internal Revenue Code of 1986, as it may be amended from time to time.

"Long-Term Interest Rate" has the meaning assigned in Section 301.

"Long-Term Interest Rate Period" means each period during which a Long-Term Interest Rate is in effect, which shall be a period of more than 270 days as determined by the Company.

"Maturity Date" means December 1, 2030.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Company, with notice to the Trustee and the Authority.

"Officer's Certificate" means a certificate signed by the Chairman of the Authority.

"Outstanding" when used to modify Bonds, refers to Bonds issued under this Agreement, excluding: (i) Bonds which have been exchanged, replaced or delivered to the Trustee for credit against a principal payment; (ii) Bonds which have been paid; (iii) Bonds

which have become due and for the payment of which moneys have been duly provided to the Trustee or the Paying Agent; and (iv) Bonds for which there have been irrevocably set aside sufficient funds, or Government or Equivalent Obligations bearing interest at such rates, and with such maturities as will provide sufficient funds, without reinvestment, to pay or redeem them, provided, however, that if any such Bonds are to be redeemed prior to maturity, the Company shall have taken all action necessary to redeem such Bonds and notice of such redemption shall have been duly mailed in accordance with this Agreement or irrevocable instructions so to mail shall have been given to the Trustee.

"Paying Agent" means the Paying Agent designated from time to time pursuant to Section 714. **"Principal Office"** of the Paying Agent means the office thereof designated as such in writing to the Authority, the Trustee, the Remarketing Agent and the Company.

"Permitted Investments" means (a) Government or Equivalent Obligations, (b) certificates of deposit or other interest-bearing obligations of any bank or trust company (including the Trustee and the trustee under the First Mortgage) authorized to engage in the banking business which shall have a combined capital, surplus and undivided profits aggregating not less than ten million dollars (\$10,000,000), (c) bonds and other obligations issued by or by authority of any state of the United States, any territory or possession of the United States, including the Commonwealth of Puerto Rico and agencies thereof, or any political subdivision of any of the foregoing, (d) commercial paper and other corporate debt securities rated, on the date of purchase, in one of the highest two categories by Moody's or S&P, (e) repurchase agreements with respect to any of the foregoing obligations or securities with any banking or financial institution (which may include the Trustee and the trustee under the First Mortgage) which has a combined capital, surplus and undivided profits of not less than ten million dollars (\$10,000,000), (f) auction-rate preferred stock rated, on the date of purchase, in the highest category by Moody's or S&P, (g) participation in 28-day auction-rate tax-exempt funds rated, on the date of purchase, in the highest category by Moody's or S&P, or (h) money market funds rated at least AAm or AAm-G by S&P.

"Project" means, collectively, certain solid waste disposal facilities of the Unit including any structures, machinery, fixtures, improvements and equipment, all as described in Exhibit A attached hereto, as the same may be amended from time to time, together with all additions thereto and substitutions therefor, less any deletions therefrom, as they may at any time exist.

"Rebate Year" means the year ending December 31.

"Record Date" means with respect to any Interest Payment Date in respect of a Daily Interest Rate Period, a Weekly Interest Rate Period or a Short-Term Segment, the Business Day next preceding such Interest Payment Date and, with respect to any Interest Payment Date in respect of a Long-Term Interest Rate Period, the fifteenth day next preceding such Interest Payment Date.

"Registered Owner" means the person or persons in whose name or names a particular Bond shall be registered on the books of the Authority kept for that purpose in accordance with the terms of this Agreement.

"Registrar" means the register appointed in accordance with Section 720. **"Principal Office"** of the Registrar shall mean the office thereof designated as such in writing to the Authority, the Trustee, the Remarking Agent and the Company.

"Remarking Agent" means the corporation, association, partnership or firm acting as Remarking Agent as provided herein, which may be the Company and any successor Remarking Agent appointed from time to time pursuant to Section 718. **"Principal Office"** of the Remarking Agent means the office designated as such in writing to the Authority, the Trustee, the Paying Agent and the Company.

"Revenues" means and includes all payments by or on behalf of the Company to or for the account of the Authority under this Agreement and all other revenues derived by the Authority from or in connection with this Agreement, including the income thereon and the investment thereof, if any, and any moneys received on the First Mortgage Bonds but not including payments with respect to the indemnification or reimbursement of certain expenses of the Authority under Sections 311(f)(D), 504 and 911 of this Agreement or under any other guaranty or indemnification agreement.

"S&P" means Standard & Poor's, a division of The McGraw-Hill Companies, Inc., its successors and their assigns, and, if such entity shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Company, with notice to the Trustee and the Authority.

"Secretary" means the person at the time occupying the office of the Secretary or Assistant Secretary of the Authority or any successor to the principal functions thereof.

"Short-Term Interest Rate Period" means each period, comprised of one or more Short-Term Segments, during which Bonds bear interest at Short-Term Interest Rates.

"Short-Term Segment" means a period from one to 270 days within a Short-Term Interest Rate Period during which a Short-Term Interest Rate is in effect.

"State" means the State of Florida.

"Tender Agent" means the tender agent appointed in accordance with Section 716.

"Principal Office" of the Tender Agent shall mean the office thereof designated in writing to the Authority, the Trustee, the Remarking Agent and the Company.

"Treasury Rate" means the interest rate applicable to 13-week United States Treasury bills determined by the Indexing Agent on the basis of the average per annum discount rate at which such 13-week Treasury bills shall have been sold at the most recent Treasury auction.

"Trustee" means The Bank of New York the designated corporate trust office of which is located in the City of Jacksonville, Florida, and its successor or successors as Trustee hereunder.

"UCC" means the Florida Uniform Commercial Code.

"Unit" means the integrated coal generation combined cycle power plant owned by the Company and located in southwest Polk County, and related support facilities, as they may at any time exist.

"Weekly Interest Data Period" means each period during which Bonds bear interest at Weekly Interest Rates.

Words importing persons include firms, associations and corporations, and the singular and plural form of words, shall be deemed interchangeable whenever appropriate.

ARTICLE II: THE ASSIGNMENT AND PLEDGE.

Section 201. The Assignment and Pledge of Revenues and Funds. The Authority assigns and pledges to the Trustee in trust upon the terms hereof (a) all Revenues to be received from the Company or derived from any security provided hereunder, including the subordinated security interest granted by the Company herein in the Project, and (b) all rights to receive such Revenues and the proceeds of such rights. This assignment and pledge does not include the rights of the Authority pursuant to Sections 311(9)(D), 504 and 911.

Section 202. Creation of Subordinated Security Interest. As security for the performance by the Company of its obligations under this Agreement, the Company hereby grants to the Authority a subordinated security interest in the Project and in each component thereof. It is agreed that the security interest hereby granted (including the Authority's rights of possession or representation of the Project or any rights conferred upon the Authority under the UCC or otherwise) is hereby made, and shall at all times be, subject to (i) the rights of the holders of the first mortgage bonds of the Company, including the First Mortgage Bonds, issued and outstanding or to be issued under the lien of the First Mortgage and (ii) any future security interest or lien created to secure any indentures or other obligations of the Company now existing or hereinafter issued or hereunder under any indenture or other instrument which expressly provides that any such security interest or lien securing such indentures or obligations shall be superior to the security interest hereby granted; provided that nothing in said First Mortgage or in such other instrument or indenture or in this section shall affect or diminish the obligations of the Company under this Agreement.

Section 203. Pledge of First Mortgage Bonds.

(a) In order to provide collateral security for the Company's obligations to make payments of principal, premium, if any, and interest on the Bonds, as required under this Agreement, the Company may elect to issue and deliver to the Trustee a series of First Mortgage Bonds (i) registered in the name of the Trustee, (ii) which shall have the same stated rate or rates of interest prior to maturity, payable at the same times, and (iii) which shall become due in the same principal amount or amounts, either by redemption, through operation of a sinking fund or by maturity, on the same date or dates, as the Bonds. The

First Mortgage Bonds shall be held subject to the terms and provisions of this Agreement and the First Mortgage.

(b) To exercise the election described in Subsection 203(a), the Company shall, not less than 14 days prior to the proposed date of delivery of the First Mortgage Bonds (i) give to the Authority and the Trustee and Moody's written notice that shall designate the date on which such series of First Mortgage Bonds shall be delivered and (ii) deliver to the Trustee and the Authority a written opinion of Bond Counsel to the effect that such election and the delivery of such series of First Mortgage Bonds will not cause the interest on the Bonds to become includable in gross income for federal income tax purposes.

Section 204. Further Acknowledgment. The Company, the Authority and the Trustee shall from time to time execute, deliver and register, record and file such instruments as the Authority or the Trustee may reasonably require to confirm, perfect or maintain the security created or intended to be created hereby.

Section 205. Defeasance. When there are in the Debt Service Fund sufficient funds, or Government or Equivalent Obligations in such principal amount, bearing interest at such rates and with such maturities as will provide sufficient funds to pay or redeem the Bonds in full, and when all the rights hereunder of the Authority, the Trustee, the Remarketing Agent, the Tender Agent and the Paying Agent have been provided for, upon written notice from the Company to the Authority and the Trustee, the Defeasance shall cease to be entitled to any benefit or security under this Agreement except the right to receive payment of the funds deposited and held for payment and other rights which by their nature cannot be satisfied prior to or simultaneously with termination of the lien hereof, the security interests created by this Agreement (except in such funds and investments) shall terminate, and the Authority and the Trustee shall execute and deliver such instruments as may be necessary to discharge the lien and security interests created hereunder; provided, however, that if any such Bonds are to be redeemed prior to the maturity thereof, the Trustee shall have taken all action necessary to redeem such Bonds and notes of such redemption shall have been duly mailed in accordance with this Agreement or irrevocable instructions so to mail shall have been given to the Trustee and the Paying Agent. Upon such defeasance, the funds and investments required to pay or redeem the Bonds in full shall be irrevocably set aside for that purpose, subject, however, to Section 603, and moneys held for defeasance shall be invested only as provided above in this section. Any funds or property held by the Trustee or the Paying Agent and not required for payment or redemption of the Bonds in full shall be distributed to the Company as provided in Section 603.

Section 206. Termination of Subordinated Security Interest. Upon satisfaction by the Company of all its obligations under this Agreement, or upon the satisfaction of the conditions as provided in Section 205, the Trustee shall cause the execution and delivery to the Company of such documents as shall be necessary to effect or to evidence the termination of the subordinated security interest, provided, however, that the subordinated security interest shall, upon the written request of the Company, be released with respect to any part of the Project which has been released from the lien of the First Mortgage pursuant to the provisions thereof or from the lien of any future security interest or lien superior to the security interest hereby granted. Upon written request of the Company, accompanied by

evidence of the release of the lien of the First Mortgage or other prior security interest or lien on any part of the Project, the Trustee shall execute and deliver to the Company releases or confirmatory certificates that such property is free of such subordinated security interest.

Section 207. Balance of First Mortgage Bonds. To the extent that (a) Bonds have been paid or become due and sufficient moneys are held by the Trustee in trust for the payment thereof, (b) Bonds are deemed to have been paid in accordance with Section 205 and (c) Bonds (other than Bonds which have been redeemed or called for redemption) have been delivered to, or have been acquired by, the Trustee and canceled and other Bonds of the same series shall not be issuable in lieu thereof, in substitution therefor, in exchange therefor or upon registration of transfer thereof, the obligation of the Company to make payments with respect to the principal, premium, if any, and interest on the First Mortgage Bonds, if issued, shall be satisfied and discharged and the Trustee shall release and surrender to the Company First Mortgage Bonds in an aggregate principal amount equal to the aggregate principal amount of such Bonds, bearing the same rate or rates of interest as such Bonds and becoming due, either by redemption through operation of a sinking fund or by maturity, on the same date or dates as such Bonds.

ARTICLE III: THE BORROWING.

Section 301. The Bonds.

(a) Details of the Bonds. (i) The Bonds shall be issued upon the Authority's written request in fully registered form and shall be numbered from 1 upwards in the order of their issuance, or in any other manner deemed appropriate by the Paying Agent and the Authority. The Bonds shall be issuable as fully registered bonds without coupons in Authorized Denominations.

(ii) Each Bond shall be dated December 1, 1996 and shall mature, subject to prior redemption, upon the terms and conditions hereinafter set forth, on the Maturity Date. Each Bond shall bear interest from the Interest Payment Date to which interest has been paid or duly provided for not preceding its date of authentication, unless (A) such date shall be prior to the first Interest Payment Date, in which case such Bond shall bear interest from December 1, 1996 or (B) such date of authentication shall be an Interest Payment Date to which interest on the Bonds has been paid in full or duly provided for, in which case such Bond shall bear interest from such date of authentication; provided, however, that if, as shown by the records of the Trustee, interest on the Bonds shall be in default, Bonds issued in exchange for Bonds surrendered for transfer or exchange shall bear interest from the last date to which interest has been paid in full or duly provided for on the Bonds or, if no interest has been paid or duly provided for on the Bonds, from December 1, 1996. Each Bond shall bear interest on overdue principal.

(iii) The Bonds shall be signed on behalf of the Authority by the manual or facsimile signature of the Chairman and the Secretary and the corporate seal of the Authority or a facsimile thereof shall be engraved or otherwise reproduced thereon. The

authenticating certificate of the Paying Agent shall be manually signed on behalf of the Paying Agent as authenticating agent.

(iv) In case any officer whose manual or facsimile signature shall appear on any Bond shall cease to be such officer before the delivery thereof, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if he or she had remained in office until after such delivery.

(v) Subject to Subsection 301(c), the principal of, premium, if any, and interest on the Bonds shall be payable in any coin or currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts, and such principal and premium, if any, shall be payable at the Principal Office of the Paying Agent, or its successor in trust. Payment of interest on any Interest Payment Date on any Bond shall be made to the Bondowner thereof as of the close of business on the Record Date immediately prior thereto and shall be made (A) by check or draft mailed on the Interest Payment Date to such Bondowner at his address as it appears on the registration books of the Authority or at such other address as is furnished the Registrar in writing by such Bondowner not later than the close of business on the Record Date immediately prior to an Interest Payment Date, or (B) except for interest in respect of a Long-Term Interest Rate Period, transmitted by wire transfer to the accounts with commercial banks located within the United States of America of those Bondowners which shall have provided wire transfer instructions to the Paying Agent prior to the close of business on such Record Date, but, in the case of interest payable in respect of a Short-Term Segment, only upon presentation of such Bond for exchange or transfer in accordance with the provisions hereof, except, in each case, that, if and to the extent that there shall be a default in the payment of the interest due on such Interest Payment Date, such defaulted interest shall be paid to the Bondowners in whose names any such Bonds are registered at the close of business on the fifth (5th) Business Day next preceding the date of payment of such defaulted interest.

(b) **Form of Bonds.** The Bonds shall be issued in substantially the form set forth in Exhibit B attached hereto with appropriate modifications to reflect the Interest Rate Period of the Bonds in effect from time to time.

(c) **Registration of Bonds in the Book-Entry Only System.** (i) The provisions of this Subsection 301(c) shall apply with respect to any Bond registered to CEDE & CO. or any other nominee of The Depository Trust Company ("DTC") while the Book-Entry Only System (meaning the system of registration described in paragraph (ii) of this Subsection 301(c)) is in effect. The Book-Entry Only System shall be in effect for any Interest Rate Period if so specified by the Company prior to conversion to that Interest Rate Period, subject to the provisions below concerning termination of the Book-Entry Only System. Until it revokes such specification in its discretion, the Company hereby specifies that the Book-Entry Only System shall be in effect while the Bonds are in Daily, Weekly, Short-Term, or Long-Term Interest Periods.

(ii) The Bonds shall be issued in the form of separate single authenticated fully registered Bonds in substantially the form provided for in Subsection

301(b) and in the amount of each separate stated maturity of each Bonds. On the date of original delivery thereof or date of conversion of the Bonds to an Interest Rate Period in which the Book-Entry Only System is in effect, as applicable, the Bonds shall be registered in the registry books of the Registrar in the name of CEDE & CO., as nominee of The Depository Trust Company as agent for the Authority in maintaining the Book-Entry Only System. With respect to Bonds registered in the registry books kept by the Registrar in the name of CEDE & CO., as nominee of DTC, the Authority, the Paying Agent, the Company and the Trustee shall have no responsibility or obligation to any Participant (which means securities brokers and dealers, banks, trust companies, clearing corporations and various other entities, some of whom or their representatives own DTC) or to any Beneficial Owner (which means, when used with reference to the Book-Entry Only System, the person who is considered the beneficial owner of the Bonds pursuant to the arrangements for book entry determination of ownership applicable to DTC) with respect to the following: (A) the accuracy of the records of DTC, CEDE & CO. or any Participant with respect to any ownership interest in the Bonds, (B) the delivery to any Participant, any Beneficial Owner or any other person, other than DTC, of any notice with respect to the Bonds, including any notice of redemption, or (C) the payment to any Participant, any Beneficial Owner or any other person, other than DTC, of any amount with respect to the principal or premium, if any, or interest on the Bonds. The Paying Agent shall pay all principal and premium, if any, and interest on the Bonds only to or upon the order of DTC, and all such payments shall be valid and effective fully to satisfy and discharge the Authority's obligations with respect to the principal of and premium, if any, and interest on Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Bond evidencing the obligation of the Authority to make payments of principal and premium, if any, and interest pursuant to this Agreement. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of CEDE & CO., the words "CEDE & CO." in this Agreement shall refer to such new nominee of DTC.

(iii) Upon receipt by the Trustee or the Paying Agent of written notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities, the Paying Agent shall issue, transfer and exchange Bonds as requested by DTC in appropriate amounts, and whenever DTC requests the Authority, the Paying Agent and the Trustee to do so, the Trustee, the Paying Agent and the Authority will, at the expense of the Company, cooperate with DTC in taking appropriate action after reasonable notice (A) to arrange for a substitute bond depository willing and able upon reasonable and customary terms to maintain custody of the Bonds or (B) to make available Bonds registered in whatever name or names the Bondowners transferring or exchanging Bonds shall designate.

(iv) In the event the Company determines that the Beneficial Owners should be able to obtain Bond certificates, the Company may so notify DTC, the Authority, the Paying Agent and the Trustee, whereupon DTC will notify the Participants of the availability through DTC of Bond certificates. In each event, the Paying Agent shall issue, transfer and exchange Bond certificates as requested by DTC in appropriate amounts and in authorized denominations. Whenever DTC requests the Paying Agent to do so, the Paying Agent will cooperate with DTC in taking appropriate action after reasonable notice to make

available Bonds registered in whatever name or names the Beneficial Owners transferring or exchanging Bonds shall designate.

(v) Notwithstanding any other provision of this Agreement to the contrary, so long as any Bond is registered in the name of CEDE & CO., as nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided in the Letter of Representation (the "Representation Letter"), as from time to time in effect. The form of such Representation Letter may be modified in a manner consistent with the provisions of this Agreement upon conversion or reconversion of the Bonds to an Interest Rate Period in which the Book-Entry Only System is in effect.

(vi) Notwithstanding any provision in Section 303 to the contrary, so long as all of the Bonds Outstanding are held in the Book-Entry Only System, if less than all of such Bonds of any one maturity are to be redeemed upon any redemption of Bonds hereunder, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by DTC in such manner as DTC may determine.

(vii) So long as the Book-Entry Only System is in effect, a Beneficial Owner shall elect to have its Bonds purchased or tendered through its Participant to the Tender Agent and shall effect delivery by causing the Participant to transfer the Participant's interest in the Bonds on DTC's books to the Tender Agent. The requirement for physical delivery of Bonds in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Participants on DTC's records.

(d) **Interest on the Bonds.** (i) The Bonds shall bear interest from and including the Date of the Bonds as shown on Exhibit B until payment of the principal or redemption price thereof shall have been made or provided for in accordance with the provisions hereof, whether at maturity, upon redemption or otherwise. Interest on the Bonds shall be paid on each Interest Payment Date. During any Interest Rate Period other than a Long-Term Interest Rate Period, interest on the Bonds shall be computed upon the basis of a 365 or 366-day year, as applicable, for the number of days actually elapsed. During any Long-Term Interest Rate Period, interest on the Bonds shall be computed upon the basis of a 360-day year, consisting of twelve (12) thirty (30) day months.

(ii) In the manner hereinafter provided, the term of the Bonds will be divided into consecutive Interest Rate Periods during which the Bonds shall bear interest at the Daily Interest Rate, the Weekly Interest Rate, the Short-Term Interest Rate or the Long-Term Interest Rate. The first Interest Rate Period shall commence on the date of initial authentication and delivery of the Bonds hereunder and shall be an Interest Rate Period elected by the Company. The Bonds shall initially bear interest at the rate or rates per annum established in accordance with such election by the Company and the provisions of this Agreement, except that the notice requirements of this Section 301 shall not be applicable.

(c) **Daily Interest Rate.** (i) **Determination of Daily Interest Rate.** During each Daily Interest Rate Period, the Bonds shall bear interest at the Daily Interest Rate, which shall be determined by the Remarketing Agent either on each Business Day for such Business Day or on the next preceding Business Day for the Business Day next succeeding such date of determination and may be determined by the Remarketing Agent for any day that is not a Business Day on any such day during which there shall be active trading in tax-exempt obligations comparable to the Bonds for such day. The Daily Interest Rate shall be the interest rate determined by the Remarketing Agent to be the lowest interest rate which in its judgment, on the basis of prevailing financial market conditions, would permit the sale of Bonds during the Daily Interest Rate Period at a price (without regard to accrued interest) equal, as nearly as practicable, to the principal amount thereof; provided, however, that (A) with respect to any day that is not a Business Day, if the Remarketing Agent shall not have determined a Daily Interest Rate for such day, the Daily Interest Rate shall be the same as the Daily Interest Rate for the immediately preceding day, (B) if, for any reason, a Daily Interest Rate so determined for any day shall be held to be invalid or unenforceable by a court of law or if the Remarketing Agent shall not have determined a Daily Interest Rate, the Daily Interest Rate for such day shall be the same as the Daily Interest Rate for the immediately preceding Daily Interest Rate Period; and (C) in no event shall the Daily Interest Rate exceed 14% per annum. The Remarketing Agent shall provide the Company, the Trustee and Paying Agent with immediate telephonic notice of each Daily Interest Rate, as determined, which notice shall be promptly confirmed in writing.

(ii) **Adjustment to Daily Interest Rate.** At any time, the Company, by written direction to the Authority, the Paying Agent, the Trustee and the Remarketing Agent, may elect that the Bonds shall bear interest at a Daily Interest Rate. Such direction (A) shall specify the effective date of such adjustment to a Daily Interest Rate (which shall be (1) a Business Day not earlier than the 15th day following the fifth Business Day after the date of receipt by the Paying Agent and the Trustee of such direction, (2) in the case of an adjustment from a Long-Term Interest Rate Period, the day immediately following the last day of the then current Long-Term Interest Rate Period or a day on which the Bonds would be redeemable pursuant to Section 309(a)(ii) if such adjustment should not occur and (3) in the case of an adjustment from a Short-Term Interest Rate Period, either (a) the day immediately following the last day of the then current Short-Term Interest Rate Period as determined in accordance with Section 301(b)(v)(ii) or (b) for each Bond, the day immediately following the last day of the last Short-Term Segment for such Bond in the then current Short-Term Interest Rate Period as determined in accordance with Section 301(b)(v)(iii); and (B) if given during a Long-Term Interest Rate Period, may specify a date or dates prior to such effective date on or prior to which Bondowners of the Bonds may deliver, pursuant to Section 309(a), (1) notices regarding the purchase of such Bonds and (2) such Bonds. During each Daily Interest Rate Period commencing on a date so specified or determined and ending on the day immediately preceding the effective date of the next succeeding Interest Rate Period, the interest rate borne by the Bonds shall be a Daily Interest Rate.

(iii) **Notice of Adjustment to Daily Interest Rate Period.** The Paying Agent shall give notice of an adjustment to a Daily Interest Rate Period to Bondowners not less than 15 days prior to the effective date (or each effective date in the

case of an adjustment from a Short-Term Interest Rate Period in accordance with the alternative set forth in clause II of Section 301(G)(iv)) of such Daily Interest Rate Period. Such notice shall state (1) that the interest rate on the Bonds will be adjusted to a Daily Interest Rate, (2) the effective date of such Daily Interest Rate Period, (3) the method by which the Daily Interest Rate shall be determined, (4) the Interest Payment Dates after such effective date, (5) that Bondowners will have the right to have their Bonds purchased on such effective date, (6) the procedure of such purchase, (7) that, subsequent to such effective date, Bondowners will have the right to require the purchase of Bonds on any Business Day, (8) the procedure of such purchase, and (9) the suspension provisions set forth in Section 303 which will apply during such Daily Interest Rate Period. The Paying Agent shall give notice of any mandatory suspensions of the Bonds which will apply on such effective date in accordance with the provisions of Section 303.

(f) **Weekly Interest Rate.** (i) **Determination of Weekly Interest Rate.** During each Weekly Interest Rate Period, the Bonds shall bear interest at the Weekly Interest Rate, which shall be determined by the Remarking Agent no later than 9:30 a.m. on the first day of each new Weekly Interest Rate Period and thereafter no later than 9:30 a.m. on the Business Day next preceding Wednesday of each week during such period. The Weekly Interest Rate shall be the interest rate determined by the Remarking Agent to be the lowest interest rate which in its judgment, on the basis of prevailing financial market conditions, would permit the sale of Bonds during the Weekly Interest Rate Period at a price (without regard to accrued interest) equal, as nearly as practicable, to the principal amount thereof; provided, however, that (A) if the Remarking Agent shall not have determined a Weekly Interest Rate for any period or if, for any reason, a Weekly Interest Rate so determined for any period shall be held to be invalid or unenforceable by a court of law, the Weekly Interest Rate for such period shall be the same as the Weekly Interest Rate for the immediately preceding period, and (B) in no event shall the Weekly Interest Rate exceed 14% per annum. The first Weekly Interest Rate determined for each Weekly Interest Rate Period shall apply to the period commencing on the first day of such period and ending on the next succeeding Tuesday. Thereafter, each Weekly Interest Rate shall apply to the period commencing on Wednesday and ending on the next succeeding Tuesday; provided, however, if any such Tuesday shall be the day next preceding the first Wednesday of a month which shall not be a Business Day, then the Weekly Interest Rate for such period shall not end on such Tuesday, but shall continue to the day next preceding the first Business Day next succeeding such Wednesday and the Weekly Interest Rate for the next succeeding period shall apply to the period commencing on such first Business Day and provided, further, if a Weekly Interest Rate Period shall end on a day other than Tuesday, the last Weekly Interest Rate for such Weekly Interest Rate Period shall apply to the period commencing on the Wednesday preceding the last day of such Weekly Interest Rate Period and ending on such last day. The Remarking Agent shall provide the Company, the Trustee and the Paying Agent with immediate telephonic notice of each Weekly Interest Rate, as determined, which notice shall be promptly confirmed in writing.

(ii) **Adjustment to Weekly Interest Rate.** At any time, the Company, by written direction to the Authority, the Paying Agent, the Trustee and the Remarking Agent, may elect that the Bonds shall bear interest at a Weekly Interest Rate. Such direction (A) shall specify the effective date of such adjustment to a Weekly Interest

Rate (which shall be (1) a Business Day not earlier than the 15th day following the fifth Business Day after the date of receipt by the Paying Agent and the Trustee of such direction, (2) in the case of an adjustment from a Long-Term Interest Rate Period, the day immediately following the last day of the then current Long-Term Interest Rate Period or a day on which the Bonds would be redeemable pursuant to Section 303(a)(iii) if such adjustment should not occur and (3) in the case of an adjustment from a Short-Term Interest Rate Period, either (a) the day immediately following the last day of the then current Short-Term Interest Rate Period as determined in accordance with Section 301(g)(v)(D) or (b) for each Bond, the day immediately following the last day of the last Short-Term Segment for such Bond in the then current Short-Term Interest Rate Period as determined in accordance with Section 301(g)(v)(D); and (D) if given during a Long-Term Interest Rate Period, may specify a date or dates prior to such effective date on or prior to which Bondowners of the Bonds may deliver, pursuant to Section 303(c), (1) notice regarding the purchase of such Bonds and (2) such Bonds. During each Weekly Interest Rate Period commencing on a date so specified or determined and ending on the day immediately preceding the effective date of the next succeeding Interest Rate Period, the interest rate borne by the Bonds shall be a Weekly Interest Rate.

(iii) **Notice of Adjustment to Weekly Interest Rate Period.** The Paying Agent shall give notice of an adjustment to a Weekly Interest Rate Period to Bondowners not less than 15 days prior to the effective date (or each effective date in the case of an adjustment from a Short-Term Interest Rate Period in accordance with the alternative set forth in clause II of Section 301(g)(v)) of such Weekly Interest Rate Period. Such notice shall state (1) that the interest rate on the Bonds will be adjusted to a Weekly Interest Rate, (2) the effective date of such Weekly Interest Rate Period, (3) the method by which the Weekly Interest Rate shall be determined, (4) the Interest Payment Dates after such effective date, (5) that Bondowners will have the right to have their Bonds purchased on such effective date, (6) the procedure of such purchase, (7) that, subsequent to such effective date, Bondowners will have the right to require the purchase of Bonds on any Business Day upon not less than seven days' notice, (8) the procedures of such purchase, and (9) the redemption provisions set forth in Section 305 which will apply during such Weekly Interest Rate Period. The Paying Agent shall give notice of any mandatory redemption of the Bonds which will apply on such effective date in accordance with the provisions of Section 303.

(g) **Short-Term Interest Rate.** (i) **Determination of Short-Term Segments and Short-Term Interest Rates.** (A) During each Short-Term Interest Rate Period, each Bond shall bear interest during each Short-Term Segment for such Bond at the Short-Term Interest Rate for such Bond. The Short-Term Segment and Short-Term Interest Rate for each Bond shall be determined by the Remarketing Agent on the first day of each Short-Term Segment or on a Business Day selected by the Remarketing Agent not more than five Business Days prior to the first day of such Short-Term Segment. Each Short-Term Segment shall be a period of not more than 770 days, as determined by the Company and reported to the Remarketing Agent, or if the Company does not so report its determination, as determined by the Remarketing Agent based on its judgment of prevailing financial market conditions to be the period which, together with all other Short-Term Segments for all Bonds then Outstanding, will most likely result in the lowest overall interest expense on the Bonds

over the next succeeding 270 days; provided, however, that any such Bond purchased on behalf of the Company and remaining unsold in the hands of the Remarketing Agent as of the close of business on the effective date of the Short-Term Segment for such Bond shall have a Short-Term Segment of one day or, if such Short-Term Segment would not end on a day immediately preceding a Business Day, a Short-Term Segment of more than one day ending on the day immediately preceding the next Business Day; provided, further, however, that (X) each Short-Term Segment shall end on either a day which immediately precedes a Business Day or on the day prior to the Maturity Date, and (Y) if for any reason a Short-Term Segment for any Bond so determined shall be held to be invalid or unenforceable by a court of law, or if the Remarketing Agent fails to determine a Short-Term Segment such Short-Term Segment shall be one day in length.

(B) The Short-Term Interest Rate for each Short-Term Segment for each Bond shall be the rate of interest determined by the Remarketing Agent to be the lowest interest rate which in its judgment, on the basis of prevailing financial market conditions, would permit the sale of such Bond for such Short-Term Segment at a price (without regard to accrued interest) equal, as nearly as practicable, to the principal amount thereof; provided, however, that (X) if for any reason a Short-Term Interest Rate so determined for any Short-Term Segment shall be held to be invalid or unenforceable by a court of law or if the Remarketing Agent fails to determine the Short-Term Interest Rate, the Short-Term Segment shall automatically convert to a period of one day and the Short-Term Interest Rate shall be equal to 100% of the Prime Commercial Paper A-1/P-1 (30 day) rate shown in the table captioned "Short-Term Tax-Exempt Yields" in the edition of The Bond Buyer published on the day on which such rate is determined or, if such rate is not published on that day, the most recent publication of such rate; and (Y) in no event shall any Short-Term Interest Rate be greater than 14% per annum.

(C) The Remarketing Agent shall provide the Company, the Trustee and the Paying Agent with immediate telephonic notice of each Short-Term Segment and Short-Term Interest Rate, as determined, which notice shall be promptly confirmed in writing.

(H) Adjustment to Short-Term Interest Rates. At any time, the Company, by written direction to the Authority, the Paying Agent, the Trustee and the Remarketing Agent, may elect that the Bonds shall bear interest at Short-Term Interest Rates. Such direction (A) shall specify the effective date of the Short-Term Interest Rate Period during which the Bonds shall bear interest at Short-Term Interest Rates (which shall be (1) a Business Day not earlier than the 15th day following the fifth Business Day after the date of receipt by the Paying Agent and the Trustee of such direction, and (2) in the case of an adjustment from a Long-Term Interest Rate Period, the day immediately following the last day of the then current Long-Term Interest Rate Period or a day on which the Bonds would be redeemable pursuant to Section 303(a)(9)(B) if such adjustment should not occur; provided, however, that, if prior to the Company making such election any Bonds shall have been called for redemption and such redemption shall not have theretofore been effected, the effective date of such Short-Term Interest Rate Period shall not precede such redemption date); and (B) if given during a Long-Term Interest Rate Period, may specify the date prior to such effective date on or prior to which Bondholders of the Bonds may deliver, pursuant to Section 302, (1) notice regarding the election to have their Bonds purchased and (2) such

Bonds. During each Short-Term Interest Rate Period commencing on the date so specified and ending, with respect to each Bond, on the day immediately preceding the effective date of the next succeeding Interest Rate Period with respect to such Bond, each Bond shall bear interest at a Short-Term Interest Rate during each Short-Term Segment for such Bond.

(iii) **Notice of Adjustment to Short-Term Interest Rate Period.**

The Paying Agent shall give notice of an adjustment to a Short-Term Interest Rate Period to Bondowners not less than 15 days prior to the effective date of such Short-Term Interest Rate Period. Such notice shall state (1) that during such Short-Term Interest Rate Period, each Bond will have consecutive Short-Term Segments during each of which such Bond will bear a Short-Term Interest Rate, (2) the effective date of such Short-Term Interest Rate Period, (3) that Bondowners will have the right to have their Bonds purchased on such effective date, (4) the procedures of such purchase, (5) that, for each Bond, a Short-Term Segment and a Short-Term Interest Rate thereafter will be determined not later than the first day of each such Short-Term Segment, (6) how such Short-Term Segments and Short-Term Interest Rates may be obtained from the Remarking Agent, (7) that interest on each Bond will be paid on the day next succeeding each Short-Term Segment but only upon presentation of such Bond, (8) that, subsequent to such effective date, each Bond shall be purchased on the day following the last day of each Short-Term Segment with respect thereto unless the Bondowner of such Bond shall elect to retain such Bond, (9) the procedures of such election, and (10) the redemption provisions set forth in Section 303 that will apply to the Bonds during such Short-Term Interest Rate Period. The Paying Agent shall give notice of any mandatory redemptions of the Bonds which will apply on such effective date in accordance with the provisions of Section 303.

(iv) **Adjustment from Short-Term Interest Rate Period.** As a

condition precedent to the election during a Short-Term Interest Rate Period to adjust to a different Interest Rate Period for the Bonds pursuant to Section 301(e)(ii), (f)(ii) or (h)(ii), the Company shall select, which selection shall be contained in the Company's notice given pursuant to Section 301(e)(ii), (f)(ii) or (h)(ii), as the case may be, an alternative from the immediately succeeding clauses (i) and (ii) and, in accordance with such selection, the Remarking Agent shall effect one of such alternatives: (i) determine Short-Term Segments of such duration that, as soon as possible, all Short-Term Segments shall end on the same date, not less than the 15th day following the fifth Business Day after the receipt by the Paying Agent and the Trustee of the direction of the Company effecting such election; or (ii) determine Short-Term Segments, that will, in the judgment of the Remarking Agent, best promote an orderly transition to the next succeeding Interest Rate Period. If the alternative in clause (i) above shall be selected, the date on which all Short-Term Segments so determined shall end shall be the last day of the then current Short-Term Interest Rate Period and the day next succeeding such date shall be the effective date of the Daily Interest Rate Period, the Weekly Interest Rate Period or the Long-Term Interest Rate Period elected by the Company. If the alternative in clause (ii) above shall be selected, beginning not less than the 15th day following the fifth Business Day after the receipt by the Paying Agent and the Trustee of the direction of the Company effecting such election, the day next succeeding the last day of the then current Short-Term Segment with respect to each Bond shall be, with respect to such Bond, the effective date of the Daily Interest Rate Period, the Weekly Interest Rate Period or the Long-Term Interest Rate Period elected by the Company. The

Remarketing Agent, promptly upon the determination thereof, shall give written notice of such last day and such effective dates to the Authority, the Company, the Paying Agent and the Trustee.

(v) During any period with respect to the transition of the Bonds from a Short-Term Interest Rate Period to the next succeeding Interest Rate Period in accordance with the alternative set forth in clause (iii) of Section 301(G)(v), Bonds bearing interest at a Short-Term Interest Rate shall be governed by the provisions of this Agreement applicable to Short-Term Interest Rate Periods and Bonds bearing interest at the Daily Interest Rate, Weekly Interest Rate or Long-Term Interest Rate, as the case may be, shall be governed by the provisions of this Agreement applicable to such Interest Rate Periods.

(h) **Long-Term Interest Rate.** (i) **Determination of Long-Term Interest Rate.** During each Long-Term Interest Rate Period, the Bonds shall bear interest at the Long-Term Interest Rate determined by the Remarketing Agent on a Business Day selected by it, not more than 15 days prior to the first day of such Long-Term Interest Rate Period. The Long-Term Interest Rate shall be the rate determined by the Remarketing Agent on such date and filed on such date with the Paying Agent, the Trustee and the Company, by written notice or by telephone promptly confirmed by teletype or other writing, as being the lowest interest rate which, in the judgment of the Remarketing Agent, on the basis of prevailing financial market conditions, would permit the sale of the Bonds on such Business Day at a price (without regard to accrued interest) equal, so nearly as practicable, to the principal amount thereof, and in no event shall the Long-Term Interest Rate exceed 14% per annum.

(ii) **Adjustment to or Continuation of Long-Term Interest Rate.** At any time, the Company, by written direction to the Authority, the Paying Agent, the Trustee and the Remarketing Agent, may elect that the Bonds shall bear, or continue to bear, interest at a Long-Term Interest Rate, and if it shall so elect, shall determine the duration of the Long-Term Interest Rate Period during which the Bonds shall bear interest at such Long-Term Interest Rate. As a part of such election, the Company also may determine that the initial Long-Term Interest Rate Period shall be followed by successive Long-Term Interest Rate Periods and, if the Company so elects, shall specify the duration of each such successive Long-Term Interest Rate Period as provided in this paragraph (ii). Such direction shall (A) specify the effective date of each Long-Term Interest Rate Period (which shall be (1) a Business Day not earlier than the 15th day following the 6th Business Day after the date of receipt by the Paying Agent and the Trustee of such election, (2) in the case of an adjustment from a Short-Term Interest Rate Period, either (a) the day immediately following the last day of the then current Short-Term Interest Rate Period as determined in accordance with Section 301(G)(v)(D) or (b) for each Bond, the day immediately following the last day of the last Short-Term Segment for such Bond in the then current Short-Term Interest Rate Period as determined in accordance with Section 301(G)(v)(D) and (3) in the case of an adjustment from a Long-Term Interest Rate Period, the day immediately following the last day of the then current Long-Term Interest Rate Period or a day on which the Bonds would be redeemable pursuant to Section 303(v)(ii) if such adjustment should not occur; provided, however, that if prior to the Company's making such election, any Bonds shall have been called for redemption and such redemption shall not have theretofore been effected, the effective date of such Long-Term Interest Rate Period shall not precede such redemption

date); (B) shall specify the last day of each Long-Term Interest Rate Period, or, if successive Long-Term Interest Rate Periods shall have been designated, the last day of each such Long-Term Interest Rate Period (which shall be either the day prior to the Maturity Date, or a day which both immediately precedes a Business Day and is more than 270 days after the effective date thereof); and (C) if given during a Long-Term Interest Rate Period, may specify a date or dates prior to such effective date on or prior to which Bondowners may deliver, pursuant to Section 303(c), (1) notice regarding the purchase of such Bonds and (2) such Bonds. If the Company shall designate successive Long-Term Interest Rate Periods, but shall not, with respect to the second or any subsequent Long-Term Interest Rate Period, specify any of the information described in clauses (A), (B) or (C) above, the Company, by written direction to the Authority, the Paying Agent, the Trustee and the Remarketing Agent, given not later than the fifth Business Day preceding the 16th day prior to the first day of such successive Long-Term Interest Rate Period, shall specify any of such information not previously specified with respect to such Long-Term Interest Rate Period. During the Long-Term Interest Rate Period commencing and ending on the dates so determined and during each successive Long-Term Interest Rate Period, if any, the interest rate borne by the Bonds shall be a Long-Term Interest Rate. If, by the fifth Business Day preceding the 15th day prior to the last day of any Long-Term Interest Rate Period, the Paying Agent and the Trustee shall not have received notice of the Company's election that, during the next succeeding Interest Rate Period, the Bonds shall bear interest at a Daily Interest Rate, a Weekly Interest Rate, a Short-Term Interest Rate or a Long-Term Interest Rate, the next succeeding Interest Rate Period shall be a Short-Term Interest Rate Period with a Short-Term Segment that has a duration of one day.

(iii) **Notice of Adjustment to or Continuation of Long-Term Interest Rate Period.** The Paying Agent shall give notice of an adjustment to a (or the continuation of another) Long-Term Interest Rate Period to Bondowners not less than 15 days prior to the effective date (or each effective date in the case of an adjustment from a Short-Term Interest Rate Period in accordance with the alternative set forth in clause II of Section 301(g)(iv)) of such Long-Term Interest Rate Period. Such notice shall state (1) that the interest rate on the Bonds will be adjusted to or continue to be, a Long-Term Interest Rate, (2) the effective date and the last day of such Long-Term Interest Rate Period, (3) that the Long-Term Interest Rate for such Long-Term Interest Rate Period will be determined on or prior to the effective date thereof, (4) how such Long-Term Interest Rate may be obtained from the Remarketing Agent, (5) the Interest Payment Dates after such effective date, (6) that Bondowners will have the right to have their Bonds purchased on such effective date, (7) the procedures of such purchase, (8) that, during such Long-Term Interest Rate Period, Bondowners will not have the right to require the purchase of Bonds, except on the day following the last day of such Long-Term Interest Rate Period, and (9) the redemption provisions set forth in Section 303 which will apply during such Long-Term Interest Rate Period. The Trustee shall give notice of any mandatory redemptions of the Bonds which will apply on such effective date in accordance with the provisions of Section 303.

(i) (Reserved).

(j) **Determinations of Remarketing Agent Bidding.** The establishment and determination of each Daily Interest Rate, Weekly Interest Rate, Long-Term Interest

Rate and Short-Term Interest Rate by the Remarking Agent, shall be conclusive and binding upon the Remarking Agent, the Paying Agent, the Trustee, the Authority, the Company and the Bondowner.

(k) **Failure to Adjust Interest Rate.** (i) In the event that an attempted adjustment from the Weekly Interest Rate Period or the Daily Interest Rate Period to another Interest Rate Period as herein provided does not become effective, the Weekly Interest Rate Period or the Daily Interest Rate Period then in effect, as the case may be, shall continue in effect.

(ii) In the event that an attempted adjustment from the Short-Term Interest Rate Period does not become effective, the affected Bonds shall remain in the Short-Term Interest Rate Period, and automatically convert to a Short-Term Segment of one day.

(iii) In the event that an attempted adjustment from the Long-Term Interest Rate Period to another Interest Rate Period or the continuation of the Long-Term Interest Rate Period as herein provided does not become effective for any reason, including the failure to determine a Long-Term Interest Rate, the affected Bonds shall automatically be subject to purchase by the Company in lieu of redemption as provided in Subsection 303(k) and thereafter, unless otherwise directed by the Company, shall automatically convert to the Short-Term Interest Rate Period with a Short-Term Segment of one day. In such event, the Remarking Agent shall immediately notify the Company, the Tender Agent, the Trustee and the Paying Agent of the failure to adjust from the Long-Term Interest Rate.

(iv) **Notwithstanding any direction in this Subsection 301(k) to the contrary,** any purchases of Bonds or mandatory redemptions of Bonds (and purchases in lieu of certain mandatory redemptions) which would have taken place on the proposed effective date of such adjustment shall take place as if such attempted adjustment were in fact effective.

Section 302. Purchase of Bonds.

(a) **Daily Interest Rate Period.** During any Daily Interest Rate Period and on the day (which must be a Business Day) next succeeding the last day of each Daily Interest Rate Period, any Bond shall be purchased from its Bondowner by the Tender Agent or the Remarking Agent on any Business Day at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase, upon (i) delivery by the Bondowner to the Tender Agent at its Principal Office or the Remarking Agent at its Principal Office, by no later than 11:00 a.m. on such Business Day, of an irrevocable written notice or an irrevocable telephonic notice, which states the principal amount and number of such Bond, and (ii) delivery of such Bond to the Tender Agent (if such notice was delivered to the Tender Agent) at its Principal Office or the Remarking Agent (if such notice was delivered to the Remarking Agent) at its Principal Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent or the Remarking Agent, as the case may be, executed in blank by the Bondowner thereof with the signature of such Bondowner guaranteed by a bank, trust company or member firm of the New York Stock Exchange, at or prior to 12:00 noon, on such Business Day.

(b) Weekly Interest Rate Period. During any Weekly Interest Rate Period and on the day (which must be a Business Day) next succeeding the last day of each Weekly Interest Rate Period, any Bond shall be purchased from its Bondowner by the Tender Agent on any Business Day at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase, upon (i) delivery by the Bondowner to the Tender Agent at its Principal Office of an irrevocable written notice or an irrevocable telephonic notice, promptly confirmed by telecopy or other writing, which states the principal amount and number of such Bond and the date on which the same shall be purchased, which date shall be a Business Day not prior to the seventh day next succeeding the date of the delivery of such notice to the Tender Agent, and (ii) delivery of such Bond to the Tender Agent at its Principal Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Bondowner thereof with the signature of such Bondowner guaranteed by a bank, trust company or member firm of the New York Stock Exchange, at or prior to 10:00 a.m., on the date specified in such notice.

(c) On Day Next Succeeding the Last Day of Each Short-Term Segment or Long-Term Interest Rate Period. On the day next succeeding the last day of each Short-Term Segment or Long-Term Interest Rate Period, any Bond shall be purchased from its Bondowner by the Tender Agent, at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase upon (i) delivery by the Bondowner of such Bond to the Tender Agent at its Principal Office on or prior to the date specified for such delivery in the notice of the adjustment of such Interest Rate Period delivered pursuant to Section 301(e)(iii), (f)(iii), (g)(iii), or (h)(iii), or, if no such date shall have been so specified, (A), in the case of a Short-Term Segment, 3:00 p.m., on the second Business Day (or if a Short-Term Segment has a term of only one day, then not later than 3:00 p.m., on the Business Day) prior to such day or (B), in the case of a Long-Term Interest Rate Period, on or prior to the seventh day preceding the first day of the next succeeding Interest Rate Period, of an irrevocable written notice or an irrevocable telephonic notice promptly confirmed by telecopy or other writing, which states the principal amount and number of such Bond, and (ii) delivery of such Bond to the Tender Agent at its Principal Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Bondowner thereof with the signature of such Bondowner guaranteed by a bank, trust company or member firm of the New York Stock Exchange, at or prior to 10:00 a.m., on the date specified for such delivery in the notice of the adjustment of such Interest Rate Period delivered pursuant to Section 301(e)(iii), (f)(iii), (g)(iii) or (h)(iii), or, if no such date shall have been so specified, on the first day of the next succeeding Interest Rate Period.

(d) On Day Next Succeeding Last Day of Each Short-Term Interest Rate Period. On the day next succeeding the last day of each Short-Term Interest Rate Period for a Bond, such Bond shall be purchased from its Bondowner by the Tender Agent, at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase unless such Bondowner shall deliver to the Tender Agent at its Principal Office not later than 3:00 p.m., on the second Business Day (or if a Short-Term Segment has a term of only one day, then not later than 3:00 p.m., on the Business Day) prior to such day, such Bond together with written notice which states the principal amount and number of such Bond and that such Bond shall not be so purchased. The purchase price of any Bond so

purchased shall be payable only upon surrender of such Bond to the Tender Agent at its Principal Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Bondowner thereof with the signature of such Bondowner guaranteed by a bank, trust company or member firm of the New York Stock Exchange.

(e) Irrevocable Notice or Failure to Give Notice Deemed to be Tender of Bond. The giving of notice as provided in Section 302(a), (b) or (c) or the failure to give notice as provided in Section 302(d) shall constitute the irrevocable tender for purchase of each Bond with respect to which such notice shall have been given or not given, as the case may be, irrespective of whether such Bond shall be delivered as provided in such sections. Upon the purchase as provided in such sections by the Tender Agent or the Remarketing Agent, as the case may be, of each Bond so tendered to be tendered, such Bond shall cease to bear interest payable to the former Bondowner thereof, who thereafter shall have no rights with respect thereto, other than the right to receive the purchase price thereof upon surrender of such Bond to the Tender Agent or the Remarketing Agent, as the case may be, and such Bond shall be no longer outstanding.

(f) Purchase of Bonds Delivered to Remarketing Agent. On the date Bonds are to be purchased pursuant to Section 302(a) by the Remarketing Agent, the Remarketing Agent shall purchase, but only from the funds specified in the next sentence, such Bonds from the Bondowners thereof at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase. Funds for the payment of such purchase price shall be derived first from the proceeds of the sale of such Bonds pursuant to Section 313, and second from moneys furnished by the Company to the Remarketing Agent pursuant to Section 311 of this Agreement. If sufficient funds are not available to the Remarketing Agent for the purchase of all Bonds tendered, no purchase shall be consummated.

(g) Purchase of Bonds Delivered to the Tender Agent. On the date Bonds are to be purchased pursuant to Section 302 by the Tender Agent, the Tender Agent shall purchase, but only from the funds specified in the next sentence, such Bonds from the Bondowners thereof at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase. Funds for the payment of such purchase price shall be derived first from proceeds of the sale of such Bonds pursuant to Section 313, and second from moneys furnished by the Company to the Paying Agent pursuant to Section 311. If sufficient funds are not available to the Tender Agent for the purchase of all Bonds tendered, no purchase shall be consummated.

(h) Duty of Paying Agent to Hold Purchase Price for Bondowner. It shall be the duty of the Paying Agent to hold in a separate trust account the moneys for the purchase price of any Bond required to be delivered to the Tender Agent in accordance with this Section 302 or Section 302(d) and not so delivered, without liability for interest thereon, for the benefit of the former Bondowner, who shall thereafter be restricted exclusively to such moneys, for any claim of whatever nature on his part under this Agreement or on, or with respect to, such Bond. Any moneys so deposited with and held by the Paying Agent not so applied to the purchase of Bonds within one year after the date of purchase shall be

paid by the Paying Agent to the Company upon the written direction of an Authorized Officer of the Company and thereafter the former Bondowners shall be entitled to look only to the Company for payment of such purchase price, and then only to the extent of the amount so repaid, and the Company shall not be liable for any interest thereon and shall not be regarded as a trustee of such moneys and the Paying Agent shall have no further responsibility with respect to such moneys.

(I) **Duty of Remanufacturing Agent to Hold Purchase Price for Bondowner.** It shall be the duty of the Remanufacturing Agent to hold in a separate trust account the moneys for the purchase price of any Bond required to be delivered to the Remanufacturing Agent in accordance with Section 307(a) and not so delivered, without liability for interest thereon, for the benefit of the former Bondowner, who shall thereafter be restricted exclusively to such moneys, for any claim of whatever nature on his part under this Agreement or on, or with respect to, such Bond. Any moneys so deposited with and held by the Remanufacturing Agent not so applied to the purchase of Bonds within one year after the date of purchase shall be paid by the Remanufacturing Agent to the Company upon the written direction of an Authorized Officer of the Company and thereafter the former Bondowners shall be entitled to look only to the Company for payment of such purchase price, and then only to the extent of the amount so repaid, and the Company shall not be liable for any interest thereon and shall not be regarded as a trustee of such moneys and the Remanufacturing Agent shall have no further responsibility with respect to such moneys.

(I) **Delivery of Purchased Bonds.** (1) Bonds sold by the Remanufacturing Agent pursuant to Section 313 shall be delivered to the purchasers thereof. Bonds purchased by the Remanufacturing Agent with moneys from the Company (and not from the proceeds of remanufactured Bonds) shall, at the direction of the Company, be (A) delivered to the Remanufacturing Agent for remanufacturing, (B) canceled or (C) delivered to the Company.

(II) Bonds purchased by the Tender Agent with moneys from the Company (and not from the proceeds of remanufactured Bonds) shall, at the direction of the Company, be (A) delivered to the Remanufacturing Agent for remanufacturing, (B) canceled or (C) delivered to the Company.

Section 303. **Redemption of the Bonds.**

(a) **Optional Redemption.** (I) During a Daily or Weekly Interest Rate Period. On any Business Day during a Daily Interest Rate Period or a Weekly Interest Rate Period, and on the day next succeeding the last day of such Interest Rate Period, the Bonds shall be subject to optional redemption by the Authority, at the written direction of the Company, in whole or in part, at 100% of their principal amount, plus accrued interest, if any, to the redemption date.

(II) During a Short-Term Interest Rate Period. On the day next succeeding the last day of any Short-Term Segment with respect to any Bond, such Bond shall be subject to optional redemption by the Authority, at the written direction of the Company, in whole or in part, at 100% of its principal amount plus accrued interest, if any, to the redemption date.

(iii) **During a Long-Term Interest Rate Period.** During any Long-Term Interest Rate Period, and on the day next succeeding the last day of each Long-Term Interest Rate Period, the Bonds shall be subject to optional redemption by the Authority, at the written direction of the Company, during the periods specified below, in whole at any time or in part from time to time, at the redemption prices (expressed as percentages of principal amount) hereinafter indicated plus accrued interest, if any, to redemption date:

**Length of Long-Term
Interest Rate Period
(expressed in years)**

Redemption Prices

greater than 15

after 10 years at 102%, declining by 1% on each succeeding anniversary to 100% and thereafter at 100%

less than or equal to 15
and greater than 12

after 8 years at 102%, declining by 1% on each succeeding anniversary to 100% and thereafter at 100%

less than or equal to 12
and greater than 9

after 6 years at 101%, declining by 1% on the next anniversary to 100% and thereafter at 100%

less than or equal to 9 and
greater than 6

after 4 years at 100-1/2%, declining by 1/2 of 1% on the next anniversary to 100% and thereafter at 100%

less than or equal to 6 and
greater than 3

after 2 years at 100-1/2%, declining by 1/2 of 1% on the next anniversary to 100% and thereafter at 100%

less than or equal to 3 and
greater than 1

after 1 year at 100%

1 year or less

only on day next succeeding last day of period at 100%

(b) **Mandatory Redemption on First Day of Certain Interest Rate Periods.** The Bonds shall be subject to mandatory redemption by the Authority at the redemption prices specified in Section 303(4) as follows: (i) on the first day of each Long-Term Interest Rate Period which follows a Daily Interest Rate Period, a Weekly Interest Rate Period or a Long-Term Interest Rate Period (other than a Long-Term Interest Rate Period immediately succeeding a Long-Term Interest Rate Period of more than one year in duration, both of which shall be equal in length, as nearly as possible taking into account the requirements of Section 301(h)(10)); (ii) on the first day of each Daily Interest Rate Period and Weekly Interest Rate Period which follows a Long-Term Interest Rate Period; and (iii) on the first day of each Short-Term Interest Rate Period; provided, that there shall not be so redeemed (A) Bonds which shall have been purchased in accordance with Section 302 on

such redemption date or on any day during the 10-day period preceding such redemption date, (B) Bonds or portions of principal amount thereof which will be in Authorized Denominations on such redemption date with respect to which the Tender Agent shall have received directions not to so redeem the same from the owners thereof in accordance with Section 303(h), (C) Bonds issued in exchange for or upon the registration of transfer of Bonds and such portions of principal amount referred to in classes (A) and (B) above, and (D) Bonds or such portions of principal amount thereof purchased by the Company in accordance with Section 303(k).

(c) **Mandatory Redemption of Bonds Not in Authorized Denominations.** That portion of any Bond which causes such Bond to be not then in an Authorized Denomination shall be subject to mandatory redemption by the Authority at the redemption prices specified in Section 303(d) on the first day of each Daily Interest Rate Period, Weekly Interest Rate Period, Short-Term Interest Rate Period and Long-Term Interest Rate Period.

(d) **Redemption Price with Respect to Certain Redemptions.** Any redemption pursuant to Section 303(b) or (c) shall be at the redemption price of 100% of the principal amount of the Bonds or, in the case of a redemption on the first day of an Interest Rate Period which shall be preceded by a Long-Term Interest Rate Period and which shall commence prior to the day originally established as the last day of such preceding Long-Term Interest Rate Period, at a redemption price equal to the redemption price set forth in Section 303(a)(iii) which would have been applicable to the Bonds on such redemption date if such preceding Long-Term Interest Rate Period had continued to the day originally established as its last day.

(e) **Special Mandatory Redemption Upon Taxability.** If, as a result of the failure of the Company to observe any covenant, agreement or representation in this Agreement, a court of competent jurisdiction or any administrative agency finally determines (such determination not to be considered final unless the Company has been given written notice and, if it so desires, has been afforded an opportunity, at the Company's expense, to contest, either directly or in the name of any Bondowner, any such determination or until the conclusion of any appellate review if sought by the Company) that the interest payable on any Bond is includable for federal income tax purposes in the gross income, as defined in Section 61 of the IRC, of any Bondowner (other than a "substantial user" of the Project or a "related person," as defined in the IRC), the Bonds shall be subject to special mandatory redemption prior to maturity, as a whole, or in part if such partial redemption will preserve the exclusion from gross income for federal income tax purposes of interest on the remaining Bonds outstanding (and if in part, to be selected by the Paying Agent or by DTC, as applicable, by lot or in any other customary manner as determined by the Paying Agent or by DTC, as applicable) at a redemption price equal to the principal amount thereof, plus interest accrued to the redemption date, without premium. The Company will give notice to the Authority, the Trustee and the Paying Agent in writing of the amount of Bonds to be redeemed and of the date selected for such redemption not later than 90 days after the date of such final determination, such redemption date to be not more than 90 days after the date of such written notice.

(I) **Extraordinary Optional Redemption.** The Bonds are subject to redemption prior to maturity at the option of the Company, by notice to the Trustee, the Paying Agent and the Authority, in whole, at any time, at a redemption price equal to the principal amount of the outstanding Bonds, plus accrued interest thereon to the date of redemption, without premium, on any date selected by the Company, but not less than 45 days after nor more than 180 days after the Company shall have given notice of its exercise of the right to make such payment. The Company may exercise its right to cause the Bonds to be redeemed at its option, if

(1) in the opinion of the Company, the continued operation by the Company of the Unit is impracticable, uncommercial or unadvisable due to (A) the imposition of taxes or other liabilities or burdens not being imposed as of the date of the Bonds, (B) changes in technology or in the economic viability of raw materials or operating supplies or equipment or (C) destruction of or damage to all or a substantial portion of the Unit; provided, however, that the Company may not exercise its right to redeem the Bonds for reasons described in this clause (1) if any portion of the redemption price is to be paid from the proceeds of tax-exempt Bonds; or

(2) all or substantially all of the Unit shall have been condemned or taken by eminent domain; or

(3) the operation by the Company of the Unit shall have been prevented from carrying on normal operations at such Unit for a period of six months or more; or

(iv) in the event the First Mortgage Bonds have been issued, all or substantially all the mortgaged and pledged property constituting borable property (as defined in the First Mortgage) which at the time shall be subject to the lien of the First Mortgage as a first lien shall be returned from the lien of the First Mortgage pursuant to the provisions thereof, and available moneys in the hands of the trustee or trustees at the time serving as such under the First Mortgage, including any moneys deposited by the Company available for the purpose, are sufficient to redeem all the first mortgage bonds of all series issued pursuant to the First Mortgage at the redemption prices (together with accrued interest to the date of redemption) specified therein applicable to the redemption thereof upon the happening of such event.

For purposes of clause (1) of this subsection 303(b), the "opinion of the Company" shall be expressed to the Authority and the Trustee by delivery of a certified copy of a resolution of the Board of Directors of the Company or the Executive Committee thereof stating that it is the opinion of said Board of Directors or Executive Committee that the circumstances, situations or conditions described in subsections (A), (B) or (C) of such clause (1) exist to the extent required for the Company to exercise the option provided.

(g) **Payment of Redemption Price and Accrued Interest.** Whenever Bonds are called for redemption, the accrued interest thereon shall become due on the redemption date and shall be paid from the Debt Service Fund to the extent available therein. To the extent not otherwise provided, the Company shall deposit with the Paying Agent prior

to the redemption date a sufficient sum to pay the redemption price of and accrued interest on the Bonds.

(h) Waiver of Redemption by Bondowner. Any Bondowner may direct the Tender Agent not to redeem its Bonds (or portions of principal amount thereof in Authorized Denominations) pursuant to Section 303(b) by delivering to the Tender Agent at its Principal Office on or prior to the date on which the notice specified in Section 302 is required to be delivered for Bonds to be purchased (or in the case of any Bond bearing interest at a Short-Term Interest Rate, not to be purchased) on the date for such redemption, a written instrument which (1) states that such person is the Bondowner and specifies the number and denomination of such Bond, (2) states that such Bondowner has knowledge of the Interest Rate Period to commence on such redemption date, (3) if applicable, that the redemption price will be at a premium, and (4) directs the Authority not to redeem such Bond or portion of principal amount thereof specified therein. Any instrument delivered to the Tender Agent in accordance with this section shall be irrevocable with respect to the redemption for which such instrument was delivered and shall be binding upon subsequent owners of such Bond or portion of principal amount thereof, including Bonds issued in exchange therefor or upon the registration of transfer thereof; but such instrument shall have no effect upon any subsequent redemption of Bonds.

(i) Notice of Redemption. (i) Notice of the call for any redemption of Bonds or any portion thereof (which shall be in Authorized Denominations, except as provided in Section 303(c)) pursuant to this Section 303 identifying the Bonds or portions thereof to be redeemed, specifying the redemption date, the redemption price, the place and manner of payment and that from the redemption date interest will cease to accrue, shall be given by the Paying Agent by mailing a copy of the redemption notice by first-class mail to the owner of each Bond to be redeemed in whole or in part at the address shown on the registration books. In the case of a redemption pursuant to Section 303(b) or (c), such notice shall be given as a part of the notice given pursuant to Section 301(e)(iii), (f)(iii), (g)(iii) or (h)(iii), and, in the case of any other redemption hereunder, such notice shall be given at least 15 days prior to the date fixed for redemption to the owners of Bonds to be redeemed; provided, however, that failure to duly give such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds with respect to which no such failure or defect occurred. Upon presentation and surrender of Bonds so called for redemption in whole or in part at the place or places of payment, such Bonds or portions thereof shall be redeemed.

(ii) With respect to any notice of redemption of Bonds in accordance with Section 303(b), such notice, in addition, shall state (A) the Interest Rate Period to commence on such redemption date, (B) that Bondowners may direct the Paying Agent not to so redeem Bonds and the procedures for doing so, and (C) that all Bonds so called for redemption shall be redeemed, except (1) Bonds which shall have been purchased in accordance with Section 302 on such redemption date or on any day during the 10-day period preceding such redemption date, (2) Bonds or portions of principal amount thereof which will be in Authorized Denominations on such redemption date with respect to which the Tender Agent shall have received direction not to so redeem the same from the owners thereof in accordance with Section 303(h), (3) Bonds issued in exchange for or upon the

registration of transfer of Bonds referred to in clauses (1) and (2) above, and (4) Bonds or such portions of principal amount thereof purchased by the Company in accordance with Section 303(k).

(iii) Any notice mailed as provided in this section shall be conclusively presumed to have been duly given, whether or not the Bondowner receives the notice.

(j) Partial Redemption of Bonds. (i) In case a Bond is of a denomination larger than the minimum Authorized Denomination, all or a portion of such Bond may be redeemed provided the principal amount not being redeemed is in an Authorized Denomination.

(ii) Upon surrender of any Bond for redemption in part only, the Paying Agent shall authenticate and deliver to the owner thereof, without cost to the Bondowner, a new Bond or Bonds of Authorized Denominations in aggregate principal amount equal to the unredeemed portion of the Bond surrendered.

(k) Purchases by Company in Lieu of Redemption. (i) Bonds or portions thereof called for and subject to redemption pursuant to Section 303(b) shall be purchased by the Company on the date upon which such Bonds or portions of Bonds were to have been redeemed at a purchase price equal to the price at which such Bonds or portions of Bonds were to have been redeemed. If the Company shall give written notice to the Trustee, the Paying Agent, the Tender Agent and the Redeeming Agent before such date specifying the principal amount of Bonds or portions of Bonds to be so purchased.

(ii) Bonds or portions thereof called for and subject to purchase by the Company pursuant to Section 301(f)(iii) shall be purchased by the Company on the date of the failure to convert from or determine the Long-Term Interest Rate at a purchase price equal to the principal amount thereof.

(iii) The Tender Agent shall pay the purchase price of Bonds or portions thereof to be so purchased by the Company from moneys deposited with the Tender Agent by the Company (which moneys must be deposited with the Tender Agent by the Company on or prior to such purchase date). If sufficient funds are not available for the purchase of all Bonds tendered on any delivery date on which Bonds are to be purchased, no purchase shall be consummated.

(iv) Bonds or portions thereof purchased by the Tender Agent pursuant to this Section 303(k) shall be delivered by the Tender Agent to or for the account of the Company within five (5) Business Days thereafter.

(v) Any other provisions of this Agreement to the contrary notwithstanding, Bonds or portions thereof purchased by the Company pursuant to this Section 303(k) shall not be retransferred or delivered by the Paying Agent to the purchasers thereof except in Authorized Denominations (which may be accomplished by exchanging, by or at the direction of the Company, Bonds or portions thereof which are not in such

Authorized Denominations for a Bond or Bonds which are in Authorized Denominations in accordance with the provisions of this Agreement).

(v) Bonds or portions of Bonds to be purchased by the Company which are not delivered to the Tender Agent on the date on which such Bonds or portions of Bonds were to have been redeemed shall be deemed to have been purchased by the Company, and the Company shall be the owner of such Bonds or portions of Bonds for all purposes under this Agreement, but subject to the provisions of this Agreement, whereupon interest accruing after such date on such Bonds or portions of Bonds shall no longer be payable to the former owners thereof but shall be paid to the Company. Subject to and in accordance with the provisions of this Agreement, the Paying Agent shall authenticate a new Bond or Bonds in an aggregate principal amount equal to the principal amount of Bonds or portions of Bonds purchased in accordance with this Section 303(K), whether or not the Bonds or portions of Bonds so purchased are presented by the owners thereof, bearing a number or numbers not contemporaneously outstanding. The Paying Agent shall maintain a record of the serial numbers of the Bonds or portions of Bonds deemed to have been purchased by the Company, together with the names and addresses of the former owners thereof.

(l) **Substitution of Bonds for Redemption.** Subject to the provisions of Section 301(c)(v) if less than all of the Bonds are called for redemption, the Paying Agent shall select the Bonds or portions thereof to be redeemed, in such manner as in the Paying Agent's sole discretion it shall deem appropriate and fair. The Paying Agent shall promptly notify the Authority and the Company in writing of the Bonds or portions thereof selected for redemption; provided, however, that in consultation with any redemption of Bonds the Paying Agent shall first select for redemption any Bonds held by the Tender Agent or the Remarketing Agent, if any for the account of the Company or held of record by the Company. If it is determined that one or more, but not all, of the portions of principal amount represented by any such Bond is to be called for redemption, then, upon notice of intention to redeem such portion or portions, the owner of such Bond shall forthwith surrender such Bond to the Paying Agent for (a) payment to such Bondowner of the redemption price of the portion or portions of principal amount called for redemption, and (b) delivery to such Bondowner of a new Bond or Bonds in the aggregate principal amount of the undetermined balance of the principal amount of the Bond. New Bonds representing the undetermined balance of the principal amount of such Bonds shall be issued to the owner thereof, without charge therefor. If the owner of any such Bond shall fail to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the portion or portions of principal amount called for redemption (and to that extent only).

Section 304. Application of Bond Proceeds. Upon the receipt of the proceeds of the initial sale of the Bonds, including accrued interest, if any, the Authority shall make payments from such proceeds as follows: (a) a sum equal to the accrued interest, if any, on the Bonds shall be deposited in the Debt Service Fund; and (b) the balance shall be deposited in the Construction Fund.

Section 305. Reserved.

Section 306. Debt Service Fund.

(a) A Debt Service Fund is hereby established and maintained by the Trustee if the Trustee also serves as the Paying Agent, and otherwise the Debt Service Fund shall be established and maintained by the Paying Agent, and moneys shall be deposited therein as provided in this Agreement. Accrued interest, if any, received upon the sale of Bonds shall be deposited in the Debt Service Fund. The moneys in the Debt Service Fund and any investments held as part of such Fund shall be held in trust and, except as otherwise provided, shall be applied solely to the payment of the principal, redemption premium, if any, and interest on the Bonds. If at any time the amount deposited by the Company in the Debt Service Fund with respect to payments currently due pursuant to Section 311 is in excess of the amount required to be so deposited, the Trustee or the Paying Agent, as appropriate, shall, upon the request of the Company, transfer such excess to the Company unless there is then an Event of Default known to the Trustee or the Paying Agent, as appropriate, with respect to payments to the Debt Service Fund or to the Trustee, the Paying Agent or the Authority, in which case the excess shall be applied to such payments.

(b) The Company shall deposit moneys into the Debt Service Fund for the payment of Bonds in immediately available funds at the opening of business on the date on which the payment is required to be made hereunder.

Section 307. Reserved.

Section 308. First Mortgage Bond Fund. A First Mortgage Bond Fund is hereby established with the Trustee. There shall be deposited to the credit of the First Mortgage Bond Fund all payments, if any, made on the First Mortgage Bonds, if any. The moneys in the First Mortgage Bond Fund shall be held by the Trustee in trust in the Debt Service Fund and applied first to the amounts which the Company may be required to pay to the Trustee or the Paying Agent, as appropriate, and the balance, if any, shall be applied to the redemption of Bonds and, pending such application, shall be subject to a lien and charge in favor of the Bondowners.

Section 309. Expenses of Issue. The Company shall pay from its own funds all expenses of issue of the Bonds, including underwriting charges as may be agreed, in excess of the expenses permitted to be paid from the proceeds of the Bonds. No more than 2% of the proceeds of the Bonds shall be used to pay such expenses.

Section 310. Application of Moneys. If available moneys in the Debt Service Fund are not sufficient on any day to pay all principal, redemption premium, if any, and interest on the Outstanding Bonds then due or overdue, such moneys (other than any sum in the Debt Service Fund irrevocably set aside for the redemption of particular Bonds or required to purchase Bonds under outstanding purchase contracts) shall, after payment of all charges and disbursements of the Trustee and Paying Agent in accordance with this Agreement, be applied first to the payment of interest, including interest on overdue principal, in the order in which the same became due (pro rata with respect to interest which became due at the same time) and second to the payment of principal and redemption premium, if any, without regard to the order in which the same became due (in proportion to the amounts due). For

this purpose interest on overdue principal shall be treated as coming due on the first day of each month. Whenever moneys are to be applied pursuant to this section, such moneys shall be applied by the Trustee or the Paying Agent from time to time, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee or the Paying Agent shall apply such moneys pursuant to this section, it shall fix the date (which shall be the first of a month unless the Trustee or the Paying Agent shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal paid on such date shall come to accrue. The Trustee or the Paying Agent shall give such notice as it may deem appropriate of the fixing of any such date. When interest or a portion of the principal is to be paid on an overdue Bond, the Paying Agent may require presentation of the Bond for enforcement of the payment.

Section 311. Payments by the Company.

(a) **Debt Service.** (i) Not later than the opening of business on the Business Day on which a payment of principal or interest is due, the Company shall pay or cause to be paid to the Trustee or the Paying Agent, as appropriate, for deposit in the Debt Service Fund an amount available on such payment date equal to such payment less the amount, if any, in the Debt Service Fund and available thereto.

(ii) The payments to be made under the foregoing subsection shall be appropriately adjusted to reflect the date of issue of Bonds, accrued interest deposited in the Debt Service Fund, if any, and any purchase or redemption of Bonds so that there will be available on each payment date in the Debt Service Fund the amount necessary to pay the interest and principal and premium, if any, due or coming due on the Bonds and so that accrued interest will be applied to the installments of interest to which it is applicable.

(iii) At any time when any principal of the Bonds is overdue, the Company shall also have a continuing obligation to pay to the Trustee or the Paying Agent, as appropriate, for deposit in the Debt Service Fund an amount equal to interest on the overdue principal but the installment payments required under this section shall not otherwise bear interest. Redemption premiums shall not bear interest.

(iv) Payments by the Company to the Trustee or the Paying Agent, as appropriate, for deposit in the Debt Service Fund under this Agreement shall discharge the obligation of the Company to the extent of such payments; provided, that if any moneys are invested in accordance with this Agreement and a loss results therefrom so that there are insufficient funds to pay principal and interest on the Bonds when due, the Company shall supply the deficiency.

(b) **Additional Payments.** (i) Within thirty (30) days after notice from the Authority, the Company shall pay to the Authority all expenditures (except general administrative expenses or overhead) reasonably incurred by the Authority by reason of this Agreement.

(ii) Within thirty (30) days after notice from the Trustee, the Company shall pay to the Trustee its reasonable fees and expenses as set forth in Section 702 of this Agreement.

(iii) Within thirty (30) days after notice from the Paying Agent, the Company shall pay to the Paying Agent its reasonable fees and expenses, as set forth in Section 702 of this Agreement.

(c) **Company's Purchase of Bonds.** If the amount received by the Paying Agent or the Remarketing Agent for the purchase of Bonds tendered pursuant to Section 302 is not sufficient to pay the purchase price of such Bonds on the date when due, the Company shall pay the amount of such deficiency to the Paying Agent or the Remarketing Agent, as the case may be, in accordance with Section 313(c). Bond certificates shall not be issued, transferred or exchanged with respect to Bonds the purchase price of which has been paid by the Company ("~~Borrower Bonds~~") until transferred pursuant to the following sentence. Borrower Bonds shall, upon written instructions of the Company to the Paying Agent, be canceled or transferred to the Remarketing Agent for delivery to or at the direction of any purchaser of such Bonds from the Company. Any Borrower Bond shall not be subject to purchase under Section 302.

Section 312. Unconditional Obligation. To the extent permitted by law, the obligation of the Company to make payments to the Authority, the Paying Agent and the Trustee under this Agreement shall be absolute and unconditional, shall be binding and enforceable in all circumstances whatsoever, shall not be subject to setoff, recoupment or counterclaim and shall be a general obligation of the Company to which the full faith and credit of the Company are pledged.

Section 313. Remarketing of Bonds Tendered. (a) **Notice of Tendered Bonds.** By 11:00 a.m., on the date the Tender Agent receives notice by any Bondowner in accordance with Section 302(a) and promptly but in no event later than the Business Day following the day on which the Tender Agent receives notice from any Bondowner of its demand to have the Tender Agent purchase Bonds pursuant to Section 302(b) or (c) and promptly after the Tender Agent receives notice from any Bondowner under Section 302(d) of its election not to have a Bond purchased, the Tender Agent shall give telegraphic, teletype or telephonic notice to the Remarketing Agent and the Company specifying the principal amount of Bonds which such Bondowner has demanded to have purchased or not to have purchased, as the case may be, and shall promptly deliver a copy of such written notice from the Bondowner to the extent received to each of such parties. Not later than 12:00 noon, on the date on which Bonds are to be purchased pursuant to Section 302(a), and not later than 3:00 p.m., on the Business Day next preceding the date on which Bonds are to be purchased under Section 302(b), (c) or (d), the Remarketing Agent shall give telegraphic or telephonic notice, promptly confirmed in writing, to the Paying Agent, the Trustee and the Company specifying the names, addresses, and taxpayer identification numbers of the purchasers of, and the principal amount and denominations of, such Bonds, if any, to be sold by it pursuant to subsection (b) of this section, the purchase price at which the Bonds are to be sold, and their date of sale.

(b) Remarketing of Bonds by the Remarketing Agent. Upon the giving of notice to the Remarketing Agent by any Bondowner in accordance with Section 302(a), the Remarketing Agent shall offer for sale and use its best efforts to sell at the best available price the Bonds referred to in such notice on the date on which such Bonds are to be purchased as provided in Section 302(a). Upon the giving of notice to the Tender Agent by any Bondowner in accordance with Section 302(a), (b) or (c) and the giving of notice to the Remarketing Agent as provided in Section 313(a) with respect to such notices, and upon each date upon which Bonds are to be purchased in accordance with Section 302(d) unless the Tender Agent gives notice to the Remarketing Agent as provided in Section 313(a) that a Bondowner has elected not to have a Bond purchased under Section 302(d), the Remarketing Agent shall offer for sale and use its best efforts to sell at the best available price such Bonds on the date such Bonds are to be purchased in accordance with Section 302.

(c) Procedure and Source of Payment. Not later than 12:00 noon, on the date of purchase of Bonds tendered pursuant to Section 302, the Remarketing Agent shall give notice to the Company, the Paying Agent, the Tender Agent and the Trustee, promptly confirmed in writing to the Company, of the aggregate amount which the Remarketing Agent has received for the purchase of such Bonds. If the Paying Agent has not received such notice from the Remarketing Agent by 1:00 P.M., on the purchase date for the purchase of Bonds tendered to the Tender Agent, the Paying Agent will arrange to obtain an amount from the Company, at the time and in the manner described in the following sentence, which is sufficient to purchase all Bonds tendered to the Tender Agent pursuant to Section 302. Not later than 2:00 P.M., on the purchase date, the Company shall pay to the Paying Agent in immediately available funds the amount necessary to purchase the Bonds tendered to the Tender Agent pursuant to Section 302, for which the Remarketing Agent has not received the purchase price, and the Company shall pay to the Remarketing Agent in immediately available funds the amounts necessary to purchase the Bonds tendered to the Remarketing Agent pursuant to Section 302(a) for which the Remarketing Agent has not received the purchase price. The Remarketing Agent shall transfer to the Paying Agent all amounts received by the Remarketing Agent for the purchase of Bonds tendered to the Tender Agent in immediately available funds by 3:00 P.M., on the purchase date, provided, however, that in the event that any Bond is sold by the Remarketing Agent at a price in excess of the purchase price thereof, such excess shall be paid to the Company.

(d) No Sales After Events of Default. Anything in this Agreement to the contrary notwithstanding, if there shall have occurred and be continuing an Event of Default described in the first paragraph of Section 901, there shall be no sales of Bonds pursuant to this section.

Section 314. Mutilated, Destroyed, Lost or Stolen Bonds. In the event any Bond or temporary Bond is mutilated, lost, stolen or destroyed, the Paying Agent may authenticate a new Bond duly executed by the Authority of like date and denomination as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Paying Agent, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Paying Agent evidence of such loss, theft or destruction satisfactory to the Paying Agent, together with indemnity to the Authority and the Paying Agent satisfactory to them. In the event any such Bond shall have matured,

Instead of issuing a duplicate Bond, the Paying Agent on behalf of the Authority may pay the same without surrender thereof. The Authority and the Paying Agent may charge the Bondowner with their reasonable fees and expenses in this connection. The Authority shall cooperate with the Paying Agent in connection with the issue of replacement Bonds, but nothing in this section shall be construed in derogation of any rights which the Authority, the Company or the Paying Agent may have to receive indemnification against liability, or payment or reimbursement of expenses, in connection with the issue of a replacement Bond. All Bonds shall be held and owned upon the express condition that the foregoing provisions are, to the extent permitted by law, exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, and shall preclude any and all other rights or remedies.

Section 315. Temporary Bonds. Pending preparation of definitive Bonds, or by agreement with the purchasers of all Bonds, the Authority may issue and, upon its request, the Paying Agent shall authenticate, in lieu of definitive Bonds, one or more temporary printed or typewritten Bonds in Authorized Denominations of substantially the tenor recited above. Upon request of the Authority, the Paying Agent shall authenticate definitive Bonds in exchange for any temporary Bonds upon surrender of an equal principal amount of temporary Bonds. Until so exchanged, temporary Bonds shall have the same rights, remedies and security hereunder as definitive Bonds.

Section 316. Cancellation and Destruction of Bonds. All Bonds paid or redeemed, either at or before maturity shall be delivered to the Paying Agent when such payment or redemption is made, and such Bonds, together with all Bonds purchased by the Paying Agent and all Bonds surrendered in any exchanges or transfers, shall thereupon be promptly canceled. Bonds so canceled may at any time be cremated or otherwise destroyed by the Paying Agent, which shall execute a certificate of cremation or destruction in duplicate by the signature of one of its authorized officers describing the Bonds so cremated or otherwise destroyed, and one executed certificate shall be filed with the Company and the other executed certificate shall be retained by the Paying Agent.

Section 317. Refunding Bonds. The Authority may issue, and expressly reserves the right to issue, to the extent permitted by law, refunding bonds under another indenture to refund all or any principal amount of the Bonds; provided, however, that the net proceeds of any such bonds used to refund all or any principal amount of the Bonds shall be paid directly to the Trustee for the Bondowners and shall not come into the possession or control of the Company.

ARTICLE IV: THE PROJECT.

Section 401. Construction Fund. A Construction Fund is hereby established and maintained by the Trustee and moneys shall be deposited therein as provided by this Agreement.

The moneys in the Construction Fund shall be held by the Trustee in trust and, subject to the provisions of Sections 403 and 404 of this Agreement, shall be applied to the

payment of the cost of the Project and, pending such application, shall be subject to a lien and charge in favor of the holders of the Bonds issued and outstanding under this Agreement and for the further security of such holders until paid out or transferred as herein provided.

Section 402. Payments From Construction Fund. Payment of the cost of the Project shall be made from the Construction Fund. All payments from the Construction Fund shall be subject to the provisions and restrictions set forth in this Article.

Section 403. Items of Cost. For the purposes of this Agreement, the cost of the Project shall embrace all the costs, but only the costs, permitted by the Act of acquiring, constructing and installing the Project and, without intending thereby to limit or restrict any proper definition of such cost under the Act, shall include:

(a) Payment to the Company of such amounts, if any, as shall be necessary to reimburse the Company in full for all advances and payments made by it or for its account at any time prior to or after the delivery of the Bonds for expenditures in connection with the acquisition of any property required for the Project, including payment of any short-term, temporary or other borrowings, bonds, notes or other evidences of indebtedness (including any unpaid fees, charges or costs in connection therewith), the proceeds of which have been applied to the payment of items of the cost of the Project, the preparation of plans and specifications for the Project (including any preliminary study or planning of the Project or any aspect thereof and any reports or analyses concerning the Project), the acquisition, construction and installation of the Project including reimbursement to the Company for allowance for interest paid on indebtedness incurred for the Project during construction prior to the date of the Bonds, interest on the Bonds during construction which shall mean a period beginning with the date of delivery of the Bonds and ending on the date the acquisition, construction and installation for the Project shall have been completed, except if the Project shall consist of facilities which will be placed in service at different times, the date of which interest may be paid from Bond proceeds will be the date upon which the facilities financed from Bond proceeds will be placed in service and all real or personal property deemed necessary in connection with the Project, or any one or more of said expenditures (including architectural, engineering and supervisory services).

(b) Payment for labor, services, materials and supplies used or furnished in site improvement and in the acquisition, construction and installation of the Project, all as provided in the plans and specifications therefor, payment for the cost of the acquisition, construction and installation of utility services or other facilities, and all real and personal property deemed necessary in connection with the Project and payment for the miscellaneous expenses incidental to any of the foregoing items.

(c) To the extent not paid by a contractor in connection with any part of the Project, payment of the premiums on all insurance required to be taken out and maintained until the completion date, or reimbursement thereof, if paid by the Company.

(d) Payment of the taxes, assessments and other charges, if any, that may become payable until the completion date, or reimbursement thereof, if paid by the Company.

(e) Payment of expenses incurred with approval of the Company in seeking to enforce any remedy against any contractor or subcontractor in respect of any default under a contract relating to the Project.

(f) Payment, as they become due, of the fees and expenses of the Paying Agent properly incurred under this Agreement that may become due until the Completion Date.

(g) Payment of any other costs and expenses relating to the acquisition, construction and installation of the Project (including testing).

(h) Payment of costs of issuing the Bonds, but only in an amount not in excess of 2% of the sale proceeds of the Bonds.

Section 404. Disbursements. Payments from the Construction Fund shall be made by the Trustee to or upon the order of the Company in accordance with the provisions of this Section, but no such payment shall be made unless and until the Trustee shall receive a requisition, prepared and signed by an Authorized Officer of the Company, stating:

(a) the item number of each such payment;

(b) the name of the person, firm or corporation to whom each such payment is due;

(c) the respective amounts to be paid;

(d) the purpose by general classification for which each obligation to be paid was incurred;

(e) that obligations in the stated amounts have been incurred and are presently due and payable and that each item thereof is a proper charge against the Construction Fund and has not been the subject of a previous withdrawal from the Construction Fund;

(f) that to the best of his knowledge, there has not been filed with or served upon the Company notice of any lien, right or attachment upon, or claim affecting the right of any such persons, firms or corporations to receive payment of, the respective amounts stated in such requisition which has not been released or will not be released simultaneously with the payment of such obligation;

(g) that, after giving effect to such requisition, not less than 95% of the proceeds of the Bonds and any investment earnings thereon will have been used to

provide "solid waste disposal facilities" within the meaning of Section 142(e)(6) of the IRC; and

(b) that after giving effect to the payment of the redemption, the use of all proceeds of the Bonds and any investment earnings thereon complies with the limitations contained in the Federal Tax Statement.

Upon receipt of any such requisition, the Trustee shall pay such obligation from the Construction Fund. If prior to payment of any loans in a requisition the Company should for any reason desire not to pay such loan, the Company shall give written notice of such decision to the Trustee (and the Trustee may conclusively rely upon such written notice). In making any disbursement the Trustee shall pay each such obligation directly to the Company or to any payee designated by an Authorized Officer of the Company, as set forth in such requisition.

Section 405. Returns on Requisitions. All requisitions received by the Trustee, as required in this Article as conditions of payment from the Construction Fund, may be conclusively relied upon by the Trustee, and shall be retained by the Trustee, subject at all reasonable times to examination by the Company, the Issuer and the agents and representatives thereof.

Section 406. Completion of the Project.

(a) Upon the receipt by the Trustee of a certificate of an Authorized Officer of the Company to the effect that the Project has been completed, any balance remaining in the Construction Fund (other than amounts retained by the Trustee to pay costs not then due and payable or for which the liability for payment is in dispute) shall be (i) applied to the redemption of Bonds at the earliest date permitted by this Agreement or (ii) applied to such other purposes as shall, in the opinion of Board Counsel, not be inconsistent with the provisions of the Act as it shall then be in effect and not cause the interest on any of the Bonds to become subject to federal income taxes then in effect, which opinion shall be in writing and filed by the Company with the Authority and the Trustee prior to the application of any such amount. From time to time as the proper disposition of the amounts retained in the Construction Fund shall be determined, to the extent that such amounts are not to be paid out by the Trustee pursuant to Section 404 hereof, upon notification by the Company, the Trustee shall deposit such amounts in the Debt Service Fund to be applied as aforesaid. Until such time as the proceeds remaining in the Construction Fund are applied as set forth above, such proceeds shall not be invested at a yield which exceeds the yield on the Bonds, except to the extent approved in an opinion of Bond Counsel.

(b) In the event that the Company exercises an option under this Agreement to effect the redemption of all the Bonds then outstanding, the Trustee shall, upon the written direction of the Company, deposit in the Debt Service Fund, on the date the prepayment is made, any balance remaining in the Construction Fund.

(c) If the principal of all outstanding Bonds shall have become due and payable in accordance with Section 901 of this Agreement, the Trustee shall forthwith deposit in the Debt Service Fund any balance remaining in the Construction Fund.

(d) If any acceleration shall be recinded in accordance with Section 902 hereof, the Trustee shall transfer from the Debt Service Fund to the Construction Fund an amount, not to exceed the balance then to the credit of the Debt Service Fund, equal to the amount previously transferred pursuant to clause (c) of this Section 406 from the Construction Fund to the Debt Service Fund.

Section 407. Transfer of Money from Fund on Repurchase or Redemption of Bonds. Whenever the Company shall exercise its option or shall be required under Section 203 of this Agreement to deposit with the Trustee money or Government or Equivalent Obligations in an amount sufficient to discharge this Agreement, any amounts remaining in the Construction Fund shall be paid over to the Debt Service Fund to be held by the Trustee in order to provide for the proper and timely redemption of the Bonds in accordance with this Agreement, such payment to the Trustee to be made immediately prior to the deposit by the Company of such money or Government or Equivalent Obligations.

Section 408. Rebate.

(a) **Payment of Rebate to the United States.** (i) No later than sixty (60) days after the close of the fifth Rebate Year following the date of issue of the Bonds (or any earlier date that may be required) and the close of each fifth Rebate Year thereafter, the Company shall pay to the United States on behalf of the Authority the full amount then required to be paid under IRC §140(i) and the regulations thereunder (the "Rebate Provision"). Within sixty (60) days after the Bonds of a series have been paid in full, the Company shall pay to the United States on behalf of the Authority the full amount then required to be paid under the Rebate Provision. Each such payment shall be made to the Internal Revenue Service Center, Philadelphia, Pennsylvania, 19255 or any successor location specified by the Internal Revenue Service, accompanied by a Form 8038-T (or other similar information reporting form) prepared by the Institution.

(ii) No later than fifteen (15) days prior to each date on which a payment could become due under Paragraph (a)(i) (a "Rebate Payment Date"), the Company shall deliver to the Authority and the Trustee a certificate either summarizing the determination that no amount is required to be paid or specifying the amount then required to be paid pursuant to Paragraph (a)(i). If the certificate specifies an amount to be paid, (A) such certificate shall be accompanied by a completed Form 8038-T, which is to be signed by an officer of the Authority, and shall include a certification stating that the Form 8038-T is accurate and complete, and (B) no later than ten (10) days after the Rebate Payment Date the Company shall furnish to the Authority and the Trustee a certificate stating that such amount has been timely paid.

(b) **Records.** The Company, the Trustee and the Authority shall keep such records as will enable them to fulfill their responsibilities under this section and the Rebate Provision.

(c) **Interpretation of this Section.** The purpose of this Section 408 is to satisfy the requirements of the Babson Provision. Accordingly, this section shall be construed so as to meet such requirement. The Company covenants that all action taken under this section shall be taken in a manner that complies with the Babson Provision and that it shall neither take any action nor omit to take any action that would cause the Bonds to be arbitrage bonds by reason of the failure to comply with the Babson Provision. To the extent any payment of refundable arbitrage or penalty in lieu of rebate is not timely made to the United States, the Company shall pay to the United States on behalf of the Authority any correction amount, interest, penalty, or other amount necessary to prevent any series of Bonds from becoming arbitrage bonds within the meaning of IMC Section 148. The Company covenants that to the extent necessary it shall obtain the advice and assistance of experts to aid it in complying with the Babson Provision.

Section 409. Maintenance and Maintenance of Project by Company. Subject to the provisions of Section 410, the Company agrees that so long as any Bonds are outstanding it will at its own expense maintain, repair and operate the Project. The Company may make modifications to completed components of the Project.

Section 410. Removal of Portions of the Project. (a) The Company shall not be under any obligation to renew, repair or replace any ladage, obsolete, worn-out, unusable, undeliverable or unnecessary portion of the Project. In any instance where the Company determines that any portion of the Project has become ladage, obsolete, worn-out, unusable, undeliverable or unnecessary, the Company may remove such portion from the Project and sell, trade in, exchange or otherwise dispose of such removed portion of the Project without any responsibility or accountability to the Authority, the Trustee or the holders of the Bonds.

(b) The removal of any portion of the Project pursuant to the provisions of this Section shall not entitle the Company to any statement or disbursement of the amounts required to be paid with respect to the Bonds.

Section 411. Assignment, Lending and Sale by the Company. This Agreement may be assigned, and the Project may be leased or sold as a whole or in part, by the Company without the necessity of obtaining the consent of either the Authority or the Trustee, subject, however, except as provided in Section 503, to each of the following conditions:

(a) no assignment, lease or sale shall relieve the Company from liability for any of its obligations hereunder, and, in the event of any such assignment, lease or sale, the Company shall continue to remain primarily liable for the payments required to be made pursuant to this Agreement and for the performance and observance of the other agreements on its part herein contained;

(b) the assignee, leasee or buyer shall assume the obligations of the Company hereunder to the extent of the interest assigned, leased or sold, and may assume the Company's obligations under Article III;

(c) the Company shall, not later than 10 days prior to the delivery thereof, furnish or cause to be furnished to the Authority and to the Trustee a true and complete copy of the form of each such proposed assignment, lease or conveyance, as the case may be; and

(d) the Company shall, not later than the effective date of such sale, assignment or lease, furnish or cause to be furnished to the Authority and the Trustee a written opinion of Bond Counsel that such sale, assignment or lease will not cause the interest on the Bonds to become includable in gross income for federal income tax purposes.

ARTICLE V: THE COMPANY.

Section 901. Representations by the Company. The Company makes the following representations as of the date of delivery of this Agreement:

(a) The Company is a corporation organized and existing under the laws of the State of Florida and has power to enter into this Agreement;

(b) By proper corporate action, the officers of the Company executing and attesting this Agreement have been duly authorized to execute and deliver this Agreement;

(c) Neither the execution or delivery of this Agreement or the consummation of the transactions contemplated herein (including, without limitation, execution and delivery of the First Mortgage Bonds, if any, nor the fulfillment of or compliance with the terms hereof) will conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the Company's Restated Articles of Incorporation, its bylaws or any indenture, mortgage, deed of trust or other agreement or instrument to which the Company is now a party or by which it is bound;

(d) The facilities comprising the Project constitute a "project" within the meaning of Section 159.27(5), Florida Statutes.

(e) The Company has caused and will cause the acquisition, construction and installation of the Project at the Unit, pursuant to the terms and conditions expressed herein, all for the purpose of promoting effective and efficient solid waste disposal throughout the State;

(f) Not less than 95% of the proceeds of the Bonds and any investment earnings thereon will be used to pay costs of "solid waste disposal facilities" within the meaning of Section 142(a)(6) of the IRC; and

(g) All necessary authorizations, approval, consents and other orders of any governmental authority or agency for the execution and delivery by the Company of this Agreement have been obtained and are in full force and effect.

Section 902. Access to the Project. The Authority and its duly authorized agents shall have such rights of access to the Project and the Unit as may be reasonably necessary to inspect the Project.

Section 903. Company To Maintain Its Corporate Existence; Conditions Under Which Exceptions Permitted. The Company agrees that, so long as any Bonds are Outstanding, it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it; provided that the Company may, without violating its agreement contained in this section, consolidate with or merge into another corporation, or permit one or more other corporations to consolidate with or merge into it, or sell or otherwise transfer to another corporation all or substantially all of its assets as an entirety and thereafter dissolve, provided the surviving, resulting or transferee corporation, in the case may be (if other than the Company), is a corporation organized and existing under the laws of one of the states of the United States and assumes in writing all of the obligations of the Company herein and, if not a Florida corporation, is qualified to do business in the State.

Section 904. Indemnification Covenant.

(a) The Company hereby agrees to indemnify the Authority, the Paying Agent, the Registrar, the Tender Agent, the Remarking Agent and the Trustee against claims arising out of the construction or operation of the Project and to pay or bond and discharge and indemnify and hold harmless the Authority them and against (i) any lien or charge upon payments by the Company to or for the account of the Authority hereunder and (ii) any taxes, assessments, impositions and other charges of any federal, state or municipal government or political body in respect of the Project. If any such claim is asserted, or any such lien or charge upon payments, or charges are sought to be imposed, the Authority, the Paying Agent, the Tender Agent, the Remarking Agent or the Trustee, as the case may be, shall give prompt notice to the Company, and the Company shall pay the same or bond and assume the defense thereof (and if bonded, with a bonding company and in an amount reasonably satisfactory to the Authority), with full power to settle, litigate, compromise or settle the same in its sole discretion.

(b) The Company shall at all times protect and hold the Authority, its members, officers and employees, its agents and attorneys, the Trustee, the Paying Agent, the Registrar, the Tender Agent and the Remarking Agent harmless against any claim or liability arising from this Agreement, the Bond Resolution, the issuance of the Bonds and all transactions pertaining thereto, including but not limited to any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project or to the use thereof, in excess of any insurance proceeds available to the Authority in connection therewith, such indemnification to include reasonable expenses and attorney's fees incurred by the Authority, its members, officers and employees, and its agents and attorneys, the Trustee, the Paying Agent, the Registrar, the Tender Agent and the Remarking Agent in connection therewith. Nothing contained herein shall require the Company to indemnify the Authority for any claim or liability resulting from the willfully wrongful acts or gross negligence of the Authority, its members, officers, employees, agents

or attorneys or of the officers, employees, agents or attorneys for the Trustee, the Paying Agent, the Registrar, the Tender Agent or the Remitting Agent.

Section 905. Consent to Assignment of Contract Rights by the Authority. The Company hereby consents to the pledge and assignment by the Authority to the Trustee of (i) all of its rights under this Agreement (except its rights under Sections 311(b)(i) and 911 to payment of certain costs and expenses and under Section 504 to indemnification) to the Trustee for the benefit of the holders from time to time of the Bonds as security for payment of the principal of and premium, if any, and interest on the Bonds, (ii) its subordinated security interest in the Project and (iii) any interest it may have in the First Mortgage Bonds, if any, as additional security for the payment of the principal of and premium, if any, and interest on the Bonds. The Company hereby agrees that by virtue of such pledge and assignment the Trustee may enjoy and enforce all such rights of the Authority hereunder.

Section 906. Obligations of Company Hereunder Unconditional.

(a) Until such time as the principal of and premium, if any, and interest on the Bonds shall have been fully paid or demanded to have been paid as provided pursuant to Section 205 of this Agreement, the Company's obligations under this Agreement shall be absolute and unconditional, and the Company (i) will not suspend or discontinue payment of any amounts required to be paid by it hereunder, (ii) will perform and observe all of its other agreements contained in this Agreement, and (iii) except as permitted by this Agreement, will not terminate this Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any act or circumstance that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either of them, any failure of the Authority or the Trustee to perform or observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement, or arising out of any indebtedness or liability at any time owing to the Company by the Authority or the Trustee.

(b) Nothing contained in this section will be construed to release the Authority from the performance of any of the agreements on its part herein contained; and in the event the Authority should fail to perform any such agreement on its part, the Company may institute such action against the Authority as the Company may deem necessary to compel performance of the Authority hereunder so long as such action shall not violate the agreements on the part of the Company contained in Subsection 504(a) or diminish the amounts required to be paid by the Company under this Agreement. The Company may also, at its own cost and expense and in its own name or in the name of the Authority, prosecute or defend any action or proceeding or take any other action involving third persons which the Company deems reasonably necessary in order to secure or protect its right of possession, occupancy and use hereunder, and in such event the Authority hereby agrees to cooperate fully with the Company and, at the Company's expense, to take all action necessary to effect the substitution of the Company for the Authority in any action or proceeding if the Company shall so request.

Section 507. Tax Status of Bonds. The Company will perform its obligations and agreements contained in the Federal Tax Statement as if they were set forth herein. Any covenants, agreements or representations made by the Company in the Federal Tax Statement shall be performed and treated as if set forth herein. The Authority will, at the expense of the Company, cooperate with the Bondowners and the Company to the extent deemed necessary or permitted by law in the opinion of Bond Counsel in order to preserve the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes.

Section 508. Continuing Disclosure. The Company and the Trustee hereby covenant and agree that each will comply with and carry out all of the provisions of the Continuing Disclosure Agreement applicable to it and this Section 508 of this Agreement. The Authority shall have no liability to the owners of the Bonds or any other person with respect to such disclosure matters. Notwithstanding any other provision of this Agreement, failure of the Company or the Trustee to comply with the Continuing Disclosure Agreement shall not be considered an Event of the Default; however, the Trustee may (and, at the request of the owners of at least 25% aggregate principal amount of Outstanding Bonds, shall) or any owner (including a beneficial owner) of Bonds may seek specific performance of the Company's or the Trustee's obligations to comply with the Continuing Disclosure Agreement or this Section 508 and not for money damages in any amount.

ARTICLE VI: THE AUTHORITY.

Section 601. Representations by the Authority. The Authority makes the following representations as of the date of delivery of this Agreement:

(a) The Authority covenants that it is duly authorized under the laws of the State, including particularly and without limitation the Act, to issue the Bonds authorized hereby and to execute this Agreement, to assign the payments and amounts hereby assigned in the manner and to the extent herein set forth and to undertake the transactions contemplated by this Agreement and to carry out its obligations hereunder, and that all action on its part for the issuance of the Bonds and the execution and delivery of this Agreement has been duly and effectively taken; and

(b) By proper action of the Authority, the officers of the Authority executing and attesting this Agreement have been duly authorized to execute and deliver this Agreement.

Section 602. No Warranty of Condition or Suitability by the Authority. THE AUTHORITY MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE CONDITION OF THE PROJECT OR ITS SUITABILITY FOR THE COMPANY'S PURPOSES OR NEEDS.

Section 603. Payment of Principal, Premium and Interest. The Authority covenants that it will promptly pay the principal of, premium, if any, and interest on every Bond issued under this Agreement but only from the Revenues and any accrued interest on

the Bonds deposited in the Debt Service Fund as provided herein at the place, on the dates, from the funds and in the manner provided herein and in said Bonds according to the true intent and meaning thereof.

Section 604. Authority To Use Best Efforts To Require Company To Make Payments. The Authority shall use its best efforts, acting through the Trustee, to require the Company to pay all of the payments and other costs and charges payable by the Company under this Agreement.

Section 605. Take Further Action. The Authority covenants that it shall from time to time execute and deliver such further instruments and take such further action as may be reasonable and as may be required to carry out the purposes of this Agreement; provided, however that no such instruments or actions shall pledge the credit of the Authority.

Section 606. No Disposition of Revenues. The Authority agrees that, except for its pledge and assignment to the Trustee hereunder, the Authority will not pledge, assign, mortgage, encumber, convey or otherwise transfer any of its interest or rights to the Revenues or otherwise under this Agreement; provided, however, that if the laws of the State at the time shall so permit, nothing contained in this section shall prevent the consolidation of the Authority with, or merger of the Authority into, any public corporation the property and income of which are not subject to taxation; and provided, further, that upon any such consolidation, merger or transfer, the due and punctual payment of the principal of, premium, if any, and interest on the Bonds according to their tenor, and the due and punctual performance and observance of all the agreements and conditions of this Agreement to be kept and performed by the Authority, shall be expressly assumed in writing by the entity resulting from such consolidation or surviving such merger.

Section 607. No Extensions. In order to prevent any accumulation of claims for interest after maturity, the Authority will not directly or indirectly extend or assent to the extension of the time of payment of claims of interest on any of the Bonds and will not directly or indirectly be a party to or approve any such arrangement by purchasing or funding such claims for interest or in any other manner. In case any such claim for interest shall be extended or funded in violation hereof, such claim for interest shall not be entitled, in case of any default hereunder, to the benefit or security of this Agreement except subject to the prior payment in full of the principal of said premium, if any, on all Bonds issued and outstanding hereunder, and all claims for interest which shall not have been so extended or funded.

Section 608. Covenant To Perform Further Acts. The Authority covenants that it will, at the expense of the Company, do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such supplements and amendments to this Agreement and such further acts, instruments and transfers as the Trustee may reasonably require in order to fully preserve, protect and perfect the rights and security of the Bondowners and the rights of the Trustee under this Agreement. The Authority further covenants to file such information reports as may be required by federal or State law which reports shall be prepared by the Company and submitted to the Authority for execution.

Section 699. Faithful Performance. The Authority covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions required to be performed by it and contained in this Agreement, in any and every Bond executed and delivered hereunder and in all of its proceedings pertaining hereto.

**ARTICLE VII: THE TRUSTEE AND PAYING AGENTS;
REMARKETING AGENT; TENDER AGENT; REGISTRAR.**

Section 701. Conditions of Trust. The Trustee (which term shall be deemed to include for purposes of this Section 701 the Paying Agent, Registrar and Tender Agent, unless the context otherwise requires) hereby accepts the trusts imposed upon it by this Agreement, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee may execute any of the obligations or powers hereof and perform any of its duties either directly or by or through attorneys, agents, receivers or employees and the Trustee shall not be responsible for any misconduct or negligence on the part of any attorney, agent, receiver or employee appointed with due care by it hereunder.

(b) The Trustee may consult with counsel concerning all matters of trust hereof and duties hereunder, and the written advice of such counsel or any opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee shall not be responsible for, nor have any liability with respect to, any recital herein or in the Bonds (except in respect of the certificate of the Trustee endorsed on the Bonds), the validity of this Agreement or of any supplements hereto or instruments of further assurance, the maintenance, validity or sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or any lien or property to be created hereby, but the Trustee may require of the Authority or the Company full information and advice as to the performance of the covenants, conditions and agreements aforesaid.

(d) The Trustee shall not be accountable for, or have any liability with respect to, the use of any Bonds authenticated or delivered hereunder after such Bonds shall have been delivered in accordance with instructions of the Authority. The Trustee may become the owner of Bonds secured hereby with the same rights which it would have if it were not the Trustee.

(e) The Trustee shall be fully protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed in good faith to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this Agreement upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond shall be conclusive and binding upon all future

owners of the same Bond or portion thereof and upon Bonds issued in exchange therefor or for portions thereof or in place thereof.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate of the Authority signed by (i) the Chairman or the Secretary of the Authority, or (ii) any other duly authorized person (such authority to be conclusively evidenced by an appropriate Certified Resolution of the Authority) or any certificate signed by an Authorized Officer of the Company as sufficient evidence of the facts therein contained, and prior to the occurrence of a default of which the Trustee has been notified as provided in subsection (h) of this section, or of which by said subsection it is deemed to have notice, the Trustee shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the Secretary of the Authority under its seal to the effect that a resolution has been duly adopted, and is in full force and effect.

(g) The permissive right of the Trustee to do things enumerated in this Agreement shall not be construed as a duty, and the Trustee shall not be answerable for other than its gross negligence or willful misconduct. In the exercise of such of the rights and powers vested in it by this Agreement, the Trustee shall use the same degree of care and skill in their exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except (i) failure by the Authority to cause to be made any of the payments to the Trustee required to be made by Article III hereof and (ii) default of which the Trustee has actual knowledge, unless the Trustee shall be specifically notified in writing of such default by the Authority or by the holders of at least 25% in aggregate principal amount of Bonds then Outstanding; and all notices or other instruments required by this Agreement to be delivered at the designated corporate trust office of the Trustee in Jacksonville, Florida must, in order to be effective, be delivered at the principal office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no default except as aforesaid. For the purposes hereof, the Trustee shall not be deemed to have actual knowledge of any default or Event of Default unless a trust officer, assistant trust officer or other person charged with the administration of the obligations of the Trustee hereunder shall during the course of his duties have actual knowledge thereof.

(i) The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged or for salaries or nonfulfillment of contracts during any period in which it may be in the possession of or managing the real and tangible personal property as in this Agreement provided.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(k) No provision of this Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(l) All money received by the Trustee or any paying agent shall, until used or applied or invested as herein provided, be held in trust for the purposes for which it was received but need not be segregated from other funds except to the extent required by this Agreement or by law.

(m) The Trustee shall not be bound to make an investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine during normal business hours and upon reasonable notice the books, records and premises of the Authority, personally or by agent or by attorney.

Section 702. Reimbursement of Administrative Expenses.

(a) The Trustee, the Tender Agent, the Registrar, any paying agent and the Remarketing Agent shall be entitled to payment and/or reimbursement for Administrative Expenses, including reasonable fees for their services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by them in connection with such services under this Agreement. The Trustee and any paying agent shall be entitled to payment and reimbursement for their reasonable fees and charges as paying agents for the Bonds as hereinafter provided. Upon the occurrence of an Event of Default, but only upon an Event of Default, the Trustee and any paying agent shall have a first lien with right of payment prior to payment on account of interest or principal of any Bond for the foregoing advances, fees, costs and expenses incurred by them, respectively, or any indemnification due, on moneys held by the Trustee hereunder, other than moneys held for the payment of Bonds which are deemed to have been purchased or paid (including payment upon acceleration of maturity) under the terms of this Agreement.

(b) All fees, charges and other compensation to which the Trustee, the Tender Agent, the Registrar, any paying agent and the Remarketing Agent may be entitled under the provisions of this Agreement are required to be paid by the Company, and, accordingly, the Authority shall not be liable in any respect to indemnify such entities for fees, charges and other compensation to which they may be entitled and, by acceptance of the trusts hereunder, each entity shall be deemed to have agreed to the foregoing.

Section 703. Trustee To Give Notice to Bondholders in Event of Default. If a default or Event of Default occurs of which the Trustee is by reason of subsection (b) of Section 701 required to give notice or if notice of default be given as provided in said subsection (b), and such Event of Default shall have continued for two (2) days after the Trustee acquired actual notice thereof (unless such default shall have been cured or waived),

then the Trustee shall give notice thereof by mailing written notice thereof to all registered holders of Bonds (as the names and addresses of such holders appear upon the books for registration and transfer of Bonds as kept by the Registrar), the Paying Agent, the Tender Agent and the Remarketing Agent.

Section 704. Trustee's Right To Intervene; First Mortgage Bonds.

(a) In any judicial proceedings to which the Authority is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of the Bondowners, the Trustee may intervene on behalf of Bondowners and shall do so if requested in writing by the holders of at least 25% of the aggregate principal amount of Bonds then outstanding. The rights and obligations of the Trustee under this section are subject to the approval of a court of competent jurisdiction.

(b) Except as required to effect an assignment to a successor Trustee or as required in Section 207 hereof, the Trustee shall not sell, assign or transfer any First Mortgage Bond, if any, and the Trustee is authorized to enter into an agreement with the Company to such effect, including a consent to the issuance of stop transfer instructions to the First Mortgage Trustee.

(c) If First Mortgage Bonds shall have been delivered in connection with the Bonds, the Trustee, as a holder of such First Mortgage Bonds, shall attend any meeting of first mortgage bondholders under the First Mortgage as to which it receives due notice. Either at such meeting, or otherwise where consent of holders of First Mortgage Bonds of the Company is sought without a meeting, the Trustee shall vote pursuant to the direction of the Bondowners as provided in Section 904.

Notwithstanding the foregoing, the Trustee shall not vote as such holder in favor of, or give its consent to, any action which, in the Trustee's opinion, would materially adversely affect the interests of the Bondowners, except upon notification by the Trustee to the Bondowners of such proposal and consent thereto of the holders of at least two-thirds (2/3) in aggregate principal amount of the Bonds then outstanding or, if such proposal would so affect the rights of some but less than all the outstanding Bonds, the consent thereto of the holders of at least two-thirds (2/3) in aggregate principal amount of all Bonds so affected voting as a class.

Section 705. Successor Trustee Upon Merger, Etc. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto, shall be and become successor Trustee hereunder and vested with all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further acts, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 706. Resignation of Trustee. A Trustee and any successor Trustee may resign by giving 60 days' written notice by first class mail to the Authority, the Company, the Remarketing Agent, the Paying Agent, the Tender Agent and to each Registered Bondowner then outstanding as shown on the Bond Register, prior to the date specified in such notice when such resignation shall take effect. Such resignation shall take effect only upon the appointment of a successor or temporary Trustee by the Bondowners or by the Authority as hereinafter provided. Such notice to the Authority, the Company, the Remarketing Agent and the Paying Agent may be served personally or sent by registered mail or telegram.

Section 707. Removal of Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Trustee, the Authority, the Company, the Remarketing Agent, the Tender Agent and the Paying Agent and signed by the owners of a majority in aggregate principal amount of Bonds then outstanding.

Section 708. Appointments of Successor Trustee. In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in the case it shall be taken under control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the owners of a majority in aggregate principal amount of Bonds then outstanding, by an instrument or concurrent instruments in writing signed by such owners, or by their attorneys in fact, duly authorized; provided, however, that in case of such vacancy the Company shall forthwith appoint a temporary successor Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondowners in the manner above provided, and any such temporary successor Trustee as appointed by the Company shall immediately and without further act be superseded by the successor Trustee so appointed by such Bondowners. If no appointment of a successor is made within sixty (60) days after the giving of written notice in accordance with Section 706 or after the occurrence of any other event requiring or authorizing such appointment, the outgoing Trustee or any Bondowner may apply to any court of competent jurisdiction for the appointment of such a successor, and such court may thereupon, after such notice, if any, as such court may deem proper, appoint such successor. Every such successor Trustee and temporary successor Trustee appointed pursuant to the provisions of this section shall be a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise corporate trust powers having a reported capital and surplus of not less than \$25,000,000, subject to supervision or examination by federal or state authority, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

Section 709. Acceptance by Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Authority, the Company, the Remarketing Agent, the Tender Agent and the Paying Agent an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor Trustee shall nevertheless, on the written request of the Company, or of its successor, execute and deliver an instrument transferring to such successor Trustee all the

estate, properties, rights, powers and trusts, duties and obligations of such predecessor hereunder, and every predecessor Trustee shall deliver all securities and money held by it as Trustee hereunder to its successor. Should any instrument in writing from the Company be required by a successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Company.

Section 710. Reliance Upon Instruments. The resolutions, opinions, certificates and other instruments provided for in this Agreement may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full protection and authority to the Trustee for the withdrawal of cash hereunder, and the taking or omitting to take of any other action under this Agreement.

Section 711. Former Trustee No Longer Custodian or Paying Agent. Any Trustee which has resigned or been removed shall cease to be custodian of the funds and, if it has been so appointed, Paying Agent or Co-Paying Agent, and the successor Trustee shall become such custodian, and a successor Paying Agent shall be appointed under Section 715.

Section 712. Directions From Company; Company May Perform.

(a) Whenever after a reasonable request by the Company the Authority shall fail, refuse or neglect to give any direction to the Trustee or to require the Trustee to take any other action which the Authority is required to have the Trustee take pursuant to the provisions of this Agreement, the Company instead of the Authority may give any such direction to the Trustee or require the Trustee to take any such action, and the Trustee, upon receipt of proof of delivery of the request to the Authority and unless otherwise instructed by the Authority, is hereby irrevocably empowered and directed to accept such direction from the Company as sufficient for all purposes of this Agreement. The Company shall have the right to cause the Trustee to comply with any of the Trustee's obligations under this Agreement to the same extent that the Authority is empowered so to do.

(b) The Authority and the Trustee acknowledge that certain actions or failures to act by the Authority under this Agreement may create or result in a default hereunder. The Authority hereby agrees that the Company may perform any and all acts or take such action as may be necessary for and on behalf of the Authority to prevent or correct said default, and the Trustee agrees that it shall take or accept such performance by the Company as performance by the Authority in such event.

Section 713. Trading in Bonds by Trustee, Tender Agent, Paying Agent, Registrar or Remarketing Agent: The Trustee, the Tender Agent, any paying agent, the Registrar or the Remarketing Agent, in its individual capacity, may in good faith buy, sell, own, hold and deal in any of the Bonds issued hereunder, and may join in any action which any Bondowners may be entitled to take with like effect as if it did not act in any capacity hereunder. The Trustee, the Tender Agent, the Authenticating Agent, any paying agent, the Registrar or the Remarketing Agent, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Authority

or the Company, and may act as depository, trustee, or agent for any committee or body of Bondowners secured hereby or other obligation of the Authority as freely as if it did not act in any capacity hereunder.

Section 714. Appointment and Duties of Paying Agent.

(a) The Company shall appoint the Paying Agent for the Bonds and may at any time or from time to time appoint one or more Co-Paying Agents for the Bonds, subject to the conditions set forth in Section 715. The Paying Agent and each Co-Paying Agent shall designate its Principal Office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Company, the Authority, the Trustee and the Substituting Agent under which such Paying Agent or Co-Paying Agent will agree, particularly:

(i) to hold all sums held by it for the payment of the principal of and premium, if any, or interest on Bonds in trust for the benefit of the Bondowners until such sums shall be paid to such Bondowners or otherwise disposed of as herein provided;

(ii) to notify the Trustee promptly in the event the Company has failed to make a timely payment to the Debt Service Fund for the payment of interest, premium, if any, or principal due on any of the Bonds;

(iii) to keep such books and records as shall be consistent with prudent industry practice, to make such books and records available for inspection by the Authority, the Trustee and the Company at all reasonable times, and, in the case of a Co-Paying Agent, to promptly furnish copies of such books and records to the Paying Agent; and

(iv) in the case of a Co-Paying agent, upon the request of the Paying Agent, to forthwith deliver to the Paying Agent all sums so held in trust by such Co-Paying Agent.

(b) The Authority shall, at the expense of the Company, cooperate with the Trustee and the Company to cause the necessary arrangements to be made and to be thereafter continued whereby funds will be made available for the payment when due of the Bonds as presented at the Principal Offices of the Paying Agent and the Co-Paying Agents.

(c) The Paying Agent and Tender Agent shall always be the same corporation.

Section 715. Qualification of Paying Agent.

(a) The Paying Agent and any Co-Paying Agent shall be a corporation duly organized under the laws of the United States of America or any state or territory thereof, having a combined capital stock, surplus and undivided profits of at least \$30,000,000 and authorized by law to perform all the duties imposed upon it by this Agreement. As long as the Bonds are rated by Moody's, any successor Paying Agent or Co-Paying Agent shall be a

bank or trust company or other person whose debt obligations shall be rated Ba3/P3 or higher by Moody's or be otherwise acceptable to Moody's. The Paying Agent and any Co-Paying Agent may at any time resign and be discharged of the duties and obligations created by this Agreement by giving at least sixty (60) days' notice to the Authority, the Company, the Remarketing Agent and the Trustee. The Paying Agent and Co-Paying Agent may be removed at any time, at the direction of the Company, by an instrument signed by an Authorized Officer of the Company, filed with the Paying Agent or such Co-Paying Agent, as the case may be, and with the Authority, the Trustee and the Remarketing Agent.

(b) In the event of the resignation or removal of the Paying Agent or any Co-Paying Agent, the Paying Agent or such Co-Paying Agent, as the case may be, shall pay over, assign and deliver any moneys held by it in such capacity to its successor or, if there be no successor, to the Trustee.

(c) In the event that the Company shall fail to appoint a Paying Agent hereunder, or in the event that the Paying Agent shall resign or be removed, or be dissolved, or if the property or affairs of the Paying Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Company shall not have appointed its successor as Paying Agent, the Trustee shall ~~have~~ be deemed to be the Paying Agent for all purposes of this Agreement until the appointment by the Company of the Paying Agent or successor Paying Agent, as the case may be.

Section 716. Appointment and Duties of Tender Agent.

(a) Prior to the first remarketing of the Bonds pursuant to this Agreement the Company shall appoint the Tender Agent for the Bonds, subject to the conditions set forth in Section 717. The Tender Agent shall be the same corporation as the Paying Agent. The Tender Agent shall designate its Principal Office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Authority, the Trustee, the Remarketing Agent and the Company under which the Tender Agent will agree, particularly:

(i) to deliver to the Company and the Remarketing Agent a copy of each notice delivered to it in accordance with Section 302;

(ii) to hold all Bonds delivered to it for purchase hereunder by the Tender Agent as agent and bailee of, and in escrow for the benefit of, the respective Bondowners which shall have so delivered such Bonds until moneys representing the purchase price of such Bonds shall have been delivered to or for the account of or to the order of such Bondowners;

(iii) to hold all moneys, other than moneys delivered to it hereunder by the Company for the purchase of Bonds, delivered to it hereunder for the purchase of Bonds as agent and bailee of, and in escrow for the benefit of the person or entity which shall have so delivered such moneys until Bonds purchased with such moneys shall have been delivered to or for the account of such person or entity;

(iv) to hold all moneys delivered to it hereunder by the Company for the purchase of Bonds as agent and holder of, and in escrow for the benefit of, the Bondowners who shall deliver Bonds to it for purchase until the Bonds purchased with such moneys shall have been delivered to or for the account of the Company; provided, however, that if the Bonds shall at any time become due and payable and written notice thereof be furnished by the Paying Agent to the Tender Agent, the Tender Agent shall deliver such moneys other than amounts held for the benefit of Bondowners whose Bonds have been deemed purchased to the Trustee or the Paying Agent, as the case may be, for deposit into the Debt Service Fund; and

(v) to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Authority, the Trustee, the Remarketing Agent and the Company.

(b) The Company shall cooperate with the Trustee, the Registrar, the Tender Agent, the Remarketing Agent and the Authority to cause the necessary arrangements to be made and to be thereafter continued whereby funds from the sources specified herein will be made available for the purchase of Bonds presented at the Principal Office of the Tender Agent, and otherwise to enable the Tender Agent to carry out its duties hereunder.

Section 717. Qualification of Tender Agent.

(a) The Tender Agent shall be a corporation duly organized under the laws of the United States of America or any state or territory thereof, having a combined capital stock, surplus and undivided profits of at least \$30,000,000 and authorized by law to perform all the duties imposed upon it by this Agreement. As long as the Bonds are rated by Moody's any successor Tender Agent shall be a bank or trust company or other person whose debt obligations shall be rated Baa1/2 or higher by Moody's or be otherwise acceptable to Moody's. The Tender Agent may at any time resign and be discharged of the duties and obligations created by this Agreement by giving at least sixty (60) days' notice to the Authority, the Trustee, the Remarketing Agent, and the Company, provided that such resignation shall not take effect until the appointment of a successor by the Company. The Tender Agent may be removed at any time by the Company, by an instrument, signed by an Authorized Officer of the Company, filed with the Tender Agent, the Authority, the Trustee and the Remarketing Agreement.

(b) In the event of the resignation or removal of the Tender Agent, the Tender Agent shall deliver any Bonds and moneys held by it in such capacity to its successor. Upon any such resignation, the Company shall promptly appoint a successor Tender Agent.

(c) In the event that the Company shall fail to appoint a Tender Agent hereunder, or in the event that the Tender Agent shall resign or be removed, or be dissolved, or if the property or affairs of the Tender Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Company shall not have appointed a successor as Tender Agent, the Trustee shall *ipso facto* be deemed to be the Tender Agent for all purposes of this Agreement until

the appointment by the Company of the Tender Agent or successor Tender Agent, as the case may be.

Section 718. Appointment and Duties of Remarketing Agent.

(a) Prior to the first remarketing of the Bonds pursuant to this Agreement the Company shall appoint the Remarketing Agent for the Bonds, subject to the conditions set forth in Section 719. The Remarketing Agent shall designate its Principal Office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Authority, the Trustee, the Paying Agent, the Tender Agent and the Company under which the Remarketing Agent will agree, particularly:

(i) to hold all Bonds delivered to it for purchase pursuant to Section 302(a) as agent and holder of, and in error for the benefit of the person or entity which shall have so delivered such Bonds until moneys representing the purchase price of such Bonds shall have been delivered to or for the account of or to the order of such person or entity;

(ii) to hold all moneys, other than moneys delivered to it by the Company for the purchase of Bonds, delivered to it hereunder for the purchase of Bonds as agent and holder of, and in error for the benefit of, the person or entity which shall have so delivered such moneys until the Bonds purchased with such moneys shall have been delivered to or for the account of such person or entity;

(iii) to hold all moneys delivered to it hereunder by the Company for the purchase of Bonds as agent and holder of, and in error for the benefit of, the Bondowners who shall deliver Bonds to it for purchase until the Bonds purchased with such moneys shall have been delivered to or for the account of the Company; provided, however, that if the Bonds shall at any time become due and payable, the Remarketing Agent shall cause such moneys to be deposited into the Bond Payment Fund; and

(iv) to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Authority, the Trustee, the Tender Agent and the Company at all reasonable times.

(b) The Authority, at the expense of the Company, and the Company shall cooperate with the Trustee, the Registrar, the Paying Agent, and the Remarketing Agent to cause the necessary arrangements to be made and to be thereafter continued whereby Bonds, executed by the Authority and authenticated by the Paying Agent, shall be made available to the Remarketing Agent to the extent necessary for delivery pursuant to Section 314, and to otherwise enable the Remarketing Agent to carry out its duties hereunder.

Section 719. Qualifications of Remarketing Agent.

(a) The Remarketing Agent shall be a member of the National Association of Securities Dealers, Inc., having a capitalization of at least \$30,000,000 and authorized by law to perform all the duties imposed upon it by this Agreement. The Remarketing Agent

may at any time resign and be discharged of the duties and obligations created by this Agreement by giving at least sixty (60) days' notice to the Authority, the Trustee, the Paying Agent, the Tender Agent and the Company. The Remarketing Agent may be removed at any time by the Company, by an instrument, signed by an Authorized Officer of the Company, filed with the Remarketing Agent, the Authority, the Trustee, the Tender Agent and the Paying Agent.

(b) In the event of the resignation or removal of the Remarketing Agent, the Remarketing Agent shall pay over, assign and deliver any moneys and Bonds held by it in such capacity to its successor or, if there be no successor, to the Paying Agent.

(c) In the event that the Company shall fail to appoint a Remarketing Agent hereunder, or in the event that the Remarketing Agent shall resign or be removed, or be dissolved, or if the property or affairs of the Remarketing Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Company shall not have appointed its successor as Remarketing Agent, the Paying Agent, notwithstanding the provisions of Subsection 719(a), shall ~~ipso facto~~ be deemed to be the Remarketing Agent for all purposes of this Agreement until the appointment by the Company of the Remarketing Agent or successor Remarketing Agent, as the case may be; provided, however, that the Paying Agent, in its capacity as Remarketing Agent, shall not be required to remarket Bonds pursuant to Section 314 or determine the interest rate on the Bonds pursuant to Section 301.

Section 720. Appointment and Duties of Registrar.

(a) The Company shall appoint the Registrar for the Bonds, subject to the conditions set forth in Section 721. The Registrar shall designate its Principal Office and signify its acceptance of the duties imposed upon it hereunder by a written instrument of acceptance delivered to the Company, the Authority, the Trustee and the Remarketing Agent under which such Registrar will agree, particularly, to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Authority, the Trustee, the Paying Agent, the Remarketing Agent and the Company at all reasonable times.

(b) The Authority, at the expense of the Company, and the Company shall cooperate with the Trustee and the Paying Agent to cause the necessary arrangements to be made and to be thereafter continued whereby Bonds, executed by the Authority and authenticated by the Paying Agent, shall be made available for exchange, registration and registration of transfer at the Principal Office of the Registrar. The Authority, at the expense of the Company, and the Company shall cooperate with the Trustee, the Paying Agent, the Registrar and the Remarketing Agent to cause the necessary arrangements to be made and thereafter continued whereby the Paying Agent, any Co-Paying Agent and the Remarketing Agent shall be furnished such records and other information at such times, as shall be required to enable the Paying Agent, such Co-Paying Agent and the Remarketing Agent to perform the duties and obligations imposed upon them hereunder.

Section 721. Qualifications for Registrar.

(a) The Registrar shall be a corporation duly organized under the laws of the United States of America or any state or territory thereof, having a combined capital stock, surplus and undivided profits of at least \$30,000,000 and authorized by law to perform all the duties imposed upon it by this Agreement. The Registrar may at any time resign and be discharged of the duties and obligations created by this Agreement by giving at least sixty (60) days' notice to the Authority, the Trustee and the Company. The Registrar may be removed at any time by the Company, by an instrument signed by an Authorized Officer of the Company, filed with the Authority, the Registrar, the Paying Agent, the Remarketing Agent and the Trustee.

(b) In the event of the resignation or removal of the Registrar, the Registrar shall deliver any bonds held by it in such capacity to its successor or, if there be no successor, to the Trustee.

(c) In the event that the Company shall fail to appoint a Registrar hereunder, or in the event that the Registrar shall resign or be removed, or be dissolved, or if the property or affairs of the Registrar shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Company shall not have appointed its successor as Registrar, the Trustee shall have the right to be deemed to be the Registrar for all purposes of this Agreement until the appointment by the Company of the Registrar or successor Registrar, in the case may be.

Section 722. Duties During In More Than One Capacity. Anything in this Agreement to the contrary notwithstanding, the same entity may serve hereunder as the Trustee, the Paying Agent or a Co-Paying Agent, the Registrar, the Tender Agent and the Remarketing Agent and in any other combination of such capacities, to the extent permitted by law.

ARTICLE VIII: SECURITY FOR AND INVESTMENT OF MONEY.

Section 801. All Money Held In Trust. All money from time to time received by the Trustee or the Paying Agent and held in any fund created under this Agreement, or otherwise, shall be held in trust by the Trustee and the Paying Agent, as the case may be, for the benefit of the holders from time to time of the Bonds entitled to be paid therefrom, subject to the provisions of Section 303.

Section 802. Permitted Investments.

(a) Money on deposit to the credit of the Construction Fund or the Debt Service Fund may be retained uninvested and on deposit in fully secured demand deposit accounts as trust funds, but upon written direction (or telephonic direction promptly confirmed in writing) of an Authorized Officer of the Company, or a designee thereof, or if the Company is in default under this Agreement, an Officer's Certificate, from time to time so directing, such money shall be invested in Permitted Investments, maturing or marketable

prior to the maturities thereof, at such time or times as to enable disbursements to be made from the Construction Fund or the Debt Service Fund.

(b) For the purpose of determining the amount of money in each Fund, the securities therein shall be valued at their cost or market, whichever is lower. The interest, including realized discount, if any, on securities purchased, received on all such securities (after deduction for accrued interest and premium paid from such Fund at the time of purchase) shall be deposited to the Fund of which such securities are a part. Neither the Trustee nor the Paying Agent shall be liable or responsible for any loss resulting from any such investment as herein authorized. If at any time it shall become necessary that some or all of the securities purchased with the money in such Fund be redeemed or sold in order to raise money necessary to comply with the provisions of this Agreement, the Trustee or the Paying Agent, as the case may be, shall, without further authorization than is hereby contained, effect such redemption or sale, employing, in the case of a sale, any commercially reasonable method of effecting the same.

Section 903. **Balance After Bonds Have Been Paid.** Any balance in any of the Funds created under this Agreement or otherwise held by the Trustee or the Paying Agent after all the Bonds issued hereunder and accrued interest have been paid in full, or provision for payment in full thereof have been made, and all amounts due to the Trustee and the Paying Agent, the Remarketing Agent, the Tender Agent and the Authority have been paid, shall be paid over to the Company upon such indemnification, if any, as the Authority, the Paying Agent, the Remarketing Agent, the Tender Agent or the Trustee may reasonably require. Should the holders of any Bonds fail or neglect to present their Bonds for payment within one year from the date such Bonds become due and payable, whether by redemption or at maturity, the Trustee or the Paying Agent, as the case may be, shall, at the end of such period, remit to the Company in trust for the holders of the Bonds the money then held for such Bonds; and the holders of such Bonds shall thereafter have recourse only to the Company for payment thereof.

ARTICLE IX: DEFAULT AND REMEDIES.

Section 901. **Events of Default.** An "Event of Default" in this Agreement means any one of the events set forth below and "Default" means any Event of Default without regard to any lapse of time or notice.

(a) **Debt Service on Bonds Registered Purchase.** Any principal of, premium, if any, or interest on any Bond shall not be paid when due, whether at maturity, by acceleration, upon redemption or otherwise or any purchase price for Bonds shall not be paid, as provided in Sections 301, 303, 311 or 313.

(b) **First Mortgage Bonds.** First Mortgage Bonds shall have been delivered in connection with the Bonds and a "default" as defined in Section 12.01 of the First Mortgage shall have occurred and be continuing.

(c) **Other Obligations.** The Company or the Authority shall fail to observe and perform any covenant, condition, agreement or provisions (other than as specified in clause (a) of this Section 901) contained in the Bonds or in this Agreement on the part of the Company or the Authority to be observed or performed, which failure shall continue for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Company and the Authority by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of Bondowners of not less than 25% in principal amount of the Bonds then outstanding, unless the Trustee and Bondowners of a principal amount of Bonds not less than the principal amount of the Bonds the Bondowners of which requested such notice, as the case may be, shall agree in writing to an extension of such period prior to its expiration; provided however, that the Trustee and the Bondowners of such principal amount of Bonds, as the case may be, shall be deemed to have agreed to an extension of such period if corrective action is initiated by the Authority or the Company on behalf of the Authority within such period and is being diligently pursued.

(d) **Appointment of Receiver.** A trustee, receiver, custodian or similar official or agent shall be appointed for the Company or for any substantial part of its property and such trustee or receiver shall not be discharged within sixty (60) days.

(e) **Voluntary Bankruptcy.** The Company shall commence a voluntary case under the federal bankruptcy laws, or shall make an assignment for the benefit of creditors, or shall apply for, consent to or acquiesce in the appointment of, or taking possession by, a trustee, receiver, custodian or similar official or agent for itself or any substantial part of its property.

(f) **Involuntary Bankruptcy.** The Company shall have an order or decree for relief in an involuntary case under the federal bankruptcy laws entered against it, or a petition seeking reorganization, readjustment, arrangement, composition, or other similar relief as to it under the federal bankruptcy laws or any similar law for the relief of debtors shall be brought against it and shall be consented to by it or shall remain undismitted for sixty (60) days.

Upon the occurrence and continuance of any Event of Default described in clauses (a), (b), (c) or (d) of the preceding paragraph and further upon the condition that if any First Mortgage Bonds shall have been delivered, and all First Mortgage Bonds outstanding under the First Mortgage shall have become immediately due and payable in accordance with the terms of the First Mortgage, the Trustee may, and at the written request of Bondowners of not less than 25% in principal amount of Bonds then outstanding shall, by written notice to the Authority and to the Company declare the Bonds to be immediately due and payable, whereupon, and upon the occurrence of an Event of Default as specified in clauses (c) and (f) of the preceding paragraph without any further notice or action by the Trustee or the Authority, the Bonds shall, without further action, become and be immediately due and payable, anything in this Agreement or the Bonds to the contrary notwithstanding, and the Trustee shall give notice of acceleration to the Authority, the Paying Agent, the Tender Agent and the Remitting Agent, and shall give notice thereof by mail to the Bondowners.

The provisions of the preceding paragraph, however, are subject to the condition that if, after the principal of the Bonds shall have been so declared to be due and payable, and before any judgment or decree for the payment of moneys due shall have been obtained or entered as hereinafter provided, the Company or the Authority shall cause to be deposited with the Trustee a sum sufficient to pay all matured installments of interest upon all Bonds and the principal of any and all Bonds which shall have become due otherwise than by reason of such declaration (with interest upon such principal at the rate per annum specified herein) and such amounts as shall be sufficient to cover reasonable compensation and reimbursement of expenses payable to the Trustee and the Paying Agent, and all Events of Default hereunder other than nonpayment of the principal of Bonds which shall have become due by said declaration shall have been remedied, then, in every such case, such Event of Default shall be deemed waived and such declaration and its consequences rescinded and annulled, and the Trustee shall promptly give written notice of such waiver, rescission or annulment to the Authority, the Company, the Paying Agent, the Tender Agent and the Remarketing Agent, and shall give notice thereof to the Bondowners; but no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon; provided however that if any First Mortgage Bonds shall have been delivered in connection with the Bonds, any waiver of a "default" under the First Mortgage and a rescission and annulment of its consequences shall constitute a waiver of the corresponding Event of Default under this Agreement and a rescission and annulment of the consequences thereof, and the Trustee shall promptly give written notice of such waiver, rescission and annulment to the Authority and the Company, and notice to the Bondowners in the same manner as a notice of redemption under Section 303; but no such waiver, rescission and annulment shall extend to or affect any subsequent default or Event of Default or impair any right or remedy consequent thereon.

Section 902. Trustee May Institute Suits. Upon the happening of any Event of Default, the Trustee shall have the power to, but unless requested in writing by the holders of 25% in aggregate principal amount of the Bonds then outstanding and furnished with satisfactory security and indemnity shall be under no obligation to, institute and maintain such suits and proceedings as it may be advised by Counsel shall be necessary or expedient to prevent any impairment of the security under this Agreement and such suits and proceedings as the Trustee may be advised by Counsel shall be necessary or expedient to preserve or protect its interests and the interests of the Bondowners.

Section 903. Remedies on Events of Default.

(a) Upon the occurrence of an Event of Default and the giving of satisfactory indemnification under Section 701, the Trustee may proceed to pursue any available remedy to enforce the payment of the principal of, premium, if any, and interest on the Bonds then outstanding, including, without limitation, mandamus and as the holder of First Mortgage Bonds, if any.

(b) Upon the happening and continuance of any Event of Default, then and in every case the Trustee may proceed, and upon the written request of the holders of not less than 25% in aggregate principal amount of the Bonds then outstanding and the giving of satisfactory indemnification under Section 701 shall proceed, to protect and enforce its rights,

and by suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, whether for the specific performance of any covenant or agreement contained in this Agreement or in aid of the execution of any power granted herein or for the enforcement of any legal or equitable right or remedy as the Trustee, being advised by Counsel, shall deem most effectual to protect and enforce such rights or to perform any of its duties under this Agreement.

(c) If an Event of Default shall have occurred, and if requested to do so by the holders of not less than 25% in aggregate principal amount of the Bonds then outstanding and satisfactorily indemnified, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this section and by Sections 902 and 905 as the Trustee, being advised by Counsel, shall deem most expeditious in the interest of the Bondholders.

(d) No remedy by the terms of this Agreement conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other remedy, but each and every remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bondholders hereunder or now or hereafter existing by law.

(e) No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

(f) No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Section 904. Bondholders To Elect Trustee. Anything in this Agreement to the contrary notwithstanding, the holders of a majority in aggregate principal amount of Bonds then outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Agreement or for the appointment of a receiver or any other proceedings hereunder; provided, however, that such direction shall not be otherwise than in accordance with the provisions of law or of this Agreement and shall not, in the opinion of the Trustee, unduly prejudice the rights of Bondholders who are not in such majority. The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of a majority in aggregate principal amount of the Bonds.

Section 905. Receiver for the Revenues of the Authority From the Project. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Revenues of the Authority from the Project, pending such proceedings, with such powers as the court making such appointment shall confer, to the extent permitted by law.

Section 906. Application of Money. All money received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall be applied first to the payment of the costs and expenses of the proceedings resulting in the collection of such money and of the Administrative Expenses, liabilities and advances incurred or made by the Trustee, the Paying Agent, the Registrar or the Authority hereunder except as a result of its gross negligence or willful misconduct. The balance of such money, after providing for the foregoing, shall be deposited by the Trustee in the Debt Service Fund and all money in the Debt Service Fund shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such money shall be applied:

FIRST: To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

SECOND: To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which money is held pursuant to the provisions of this Agreement), in the order of their due dates, with interest on such Bonds at the rate provided in Section 910 from the respective dates upon which they become due, and if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment, ratably, according to the amount of principal of, and premium, if any, due on such date, to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such money shall be applied to the payment of the principal, premium, if any, 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, premium, if any, and interest to the persons entitled thereto without discrimination or privilege.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of Section 910, then subject to the provisions of paragraph (b) of this Section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the money shall be applied in accordance with the provisions of paragraph (a) of this Section.

(d) Whenever money is to be applied pursuant to the provisions of this section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such money available for application and

the likelihood of additional money becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such money and of the fixing of any such date, and shall not be required to make payment to the holder of any Bond until such Bond shall be presented to the Trustee for appropriate enforcement or for cancellation if fully paid.

(c) Whenever all the Bonds and interest thereon have been paid under the provisions of this Section 906 and all expenses and charges of the Trustee and the Authority have been paid, any balance remaining in the Debt Service Fund shall be paid as provided in Section 803.

Section 907. Trustee as Representative of the Bondowners. All rights of action (including the right to file proofs of claim under this Agreement or under any of the Bonds) may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto, and any such suit or proceedings instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Bondowners. Any recovery of judgment shall be for the equal and ratable benefit of the Bondowners.

Section 908. Enforcement by Bondowners.

(a) No Bondowners shall have any right to institute any suit, action or proceeding for the enforcement of any covenant or provisions of this Agreement or for the appointment of a receiver or any other remedy hereunder, unless (i) a default has occurred of which the Trustee has been notified as provided in subsection (h) of Section 701, or of which by said subsection it is deemed to have notice; (ii) such default shall have become an Event of Default; (iii) the holders of not less than 25% in aggregate principal amount of Bonds then outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers heretofore granted or to institute such action, suit or proceeding in the Trustee's name and shall have offered to the Trustee security or indemnity as provided in Section 701; and (iv) the Trustee shall thereafter fail or refuse to exercise the powers heretofore granted or to institute such action, suit or proceeding in its own name. Such notification, request and offer of security or indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Agreement, and to any action or cause of action for the enforcement of this Agreement, or for the appointment of a receiver or for any other remedy hereunder, it being understood and intended that no one or more holders of the Bonds shall have any right in any manner whatsoever to enforce any right hereunder except in the manner herein provided, and that all proceedings shall be initiated and maintained in the manner herein provided and for the equal and ratable benefit of the holders of all Bonds then outstanding.

(b) Nothing in this Agreement contained shall, however, affect or impair any right to enforcement otherwise conferred on any Bondowner by law or the right of any

Borrower to enforce the payment of the principal of, premium, if any, and interest on any Bond as and after the maturity thereof, or the obligation of the Authority to pay the principal of, premium, if any, and interest on each of the Bonds issued hereunder to the respective holders thereof at the time, place, and the source and in the manner in said Bonds and this Agreement expressed.

Section 909. Rights To Continue. In case the Trustee shall have proceeded to enforce any right under this Agreement by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Authority, the Trustee and the Borrower shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 910. Waivers of Default. To the extent not prohibited by law the Trustee may, in its discretion, waive any default or Breach of Default hereunder and its consequences and rescind any declaration of maturity of principal, and shall do so upon the written request of the holders of not less than a majority in aggregate principal amount of all the Bonds then outstanding: provided, however, that there shall not be waived (a) any Event of Default in the payment of the principal, if any, of any Outstanding Bonds at the date of maturity specified therein or the date fixed for redemption thereof, (b) any default or Event of Default in the payment when due of interest on any such Bonds, or (c) any Event of Default in the payment of the purchase price of the Bonds at the date fixed for the purchase thereof unless prior to such waiver or rescission, all arrears of interest, and all arrears of payment of principal or purchase price then due, as the case may be, together with interest (to the extent permitted by law), at the rate per annum herein by any of the Bonds, on overdue principal, purchase price and interest, and all Administrative Expenses of the Trustee, the Paying Agent, and the Remarketing Agent in connection with such default shall have been paid or provided for, and in case of any such waiver or rescission, then and in every such case the Authority, the Trustee and the Borrowers shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Section 911. Agreement To Pay Attorney's Fees and Expenses. In the event the Company should default under any of the provisions of this Agreement or the First Mortgage if any First Mortgage Bonds shall have been delivered to the Trustee and the Authority should employ attorneys or incur other expenses for the collection of any amounts due from the Company hereunder or the enforcement of performance or observance of any obligation or agreement of the Company herein contained, the Company agrees that it will on demand therefor pay to the Authority the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Authority.

Section 912. Remedies In Article IX In Addition to Remedies In the First Mortgage. The remedies contained in this Article shall be in addition to any remedies available to the Trustee as holder of the First Mortgage Bonds, if any, under the First Mortgage.

ARTICLE X: THE BONDOWNERS.

Section 1001. Action by Bondowners.

(a) Any request, authorization, direction, notice, consent, waiver or other action provided by this Agreement to be given or taken by Bondowners may be contained in and evidenced by one or more writings of substantially the same tenor signed by the requisite number of Bondowners or their attorneys duly 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 this Agreement (except as otherwise herein expressly provided) if made as provided in this section, but the Authority or the Trustee may nevertheless in its discretion require further or other proof in cases where it deems the same desirable.

(b) The fact and date of the execution by any Bondowner or his or her attorney of such instrument may be proved by the certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the Authority or to the Trustee or of any notary public or other officer authorized to take acknowledgements of deeds to be recorded in the state in which he purports to act, that the person signing such request or other instrument acknowledged to him or her the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The authority of the person or persons executing any such instrument on behalf of a corporate Bondowner may be established without further proof if such instrument is signed by a person purporting to be the president or a vice president of such corporation with a corporate seal affixed and attested by a person purporting to be its clerk or secretary or an assistant clerk or secretary.

Section 1002. Ownership of Bonds. The ownership of Bonds and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books for the Bonds maintained by the Paying Agent.

ARTICLE XI: SUPPLEMENTAL AGREEMENTS.

Section 1101. Supplemental Agreements Without Consent or Notice to Bondowners. The Authority, the Company and the Trustee may without the consent of, or notice to, any of the Bondowners, enter into an agreement or agreements supplemental to this Agreement for any one or more of the following purposes:

(a) To add to the covenants and agreements of the Authority or the Company contained in this Agreement other covenants and agreements thereafter to be observed, and to surrender any right or power herein reserved to or conferred upon the Authority or the Company.

(b) To modify any of the provisions of this Agreement or release the Authority from any of the obligations, conditions, or restrictions herein contained; provided that no such modification or release shall be or become operative or effective which shall in any manner impair any of the rights of the Bondowners or the Trustee; and provided further,

that the Trustee may in its sole discretion decline to enter into any such supplemental indenture which in its opinion may not afford adequate protection to the Trustee when the same shall become operative.

(c) To cure any ambiguity or to cure, correct, or supplement any defect or inconsistent provision contained in this Agreement or in any supplemental agreement in a manner which, in the opinion of bond counsel of nationally recognized standing, is not adverse to the interest of the Bondowners.

(d) To make such provision in regard to matters or questions arising under this Agreement as may be necessary or desirable and not inconsistent with this Agreement and not, in the opinion of bond counsel of nationally recognized standing, adverse to the interests of the Bondowners.

(e) To comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended.

(f) To change the method of determining any interest rate or Interest Rate Period in a manner not to the prejudice of the Trustee or the Bondowners.

(g) To change the conversion notice periods and related purchase procedures in a manner not to the prejudice of the Trustee or the owners of the Bonds.

(h) To make any change which is required by Moody's, Duff & Phelps or S&P in order to obtain or maintain a rating of the Bonds.

(i) To make any other change which, in the opinion of bond counsel of nationally recognized standing, does not materially adversely affect the rights of the Authority or any Bondowner.

Section 1102. Supplemental Agreements With Consent of Majority of Bondowners.

(a) Exclusive of supplemental agreements covered by Section 1101 and subject to the terms and provisions contained in this Section 1102, and not otherwise, the holders of not less than a majority in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, anything contained in this Agreement to the contrary notwithstanding, to consent to and approve the execution by the Company, the Authority and the Trustee of such other agreement or agreements supplemental hereto as shall be deemed necessary and desirable by the Company for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Agreement or in any supplemental agreement; provided, however that nothing in this Agreement contained shall permit, or be construed as permitting without the consent of the holders of all the Bonds then outstanding affected thereby (i) an extension of the maturity of the principal of or premium, if any, or the interest on or redemption date of any Bond issued hereunder, or a change in the terms of the purchase of Bonds delivered pursuant to Section 302, (ii) a reduction in the principal or premium thereon, or a change in

the method of determining the rate of interest thereon, (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, (iv) a reduction in the aggregate principal amount of the Bonds required for consent to such modification, amendment or supplemental agreement, or (v) impairment of the exclusion from federal income taxation of interest on any of the outstanding Bonds.

(b) If at any time the Authority or the Company shall request the Trustee to enter into such supplemental agreement for any of the purposes of this Section 1102, the Trustee shall, upon being satisfactorily indemnified with respect to expense, cause notice of the proposed execution of such supplemental agreement to be given in the manner set forth in Section 303 and shall give notice to the Remarketing Agent of the proposed execution of such supplemental agreement. Such notice shall briefly set forth the nature of the proposed supplemental agreement and shall state that copies thereof are on file at the designated office of the Trustee for inspection by all Bondholders. If, within sixty (60) days or such longer period as shall be prescribed by the Company following the giving of such notice, the holders of not less than a majority in aggregate principal amount of the Bonds outstanding shall have consented to and approved the execution thereof as herein provided, no holder of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Trustee, the Company or the Authority from taking any action pursuant to the provision thereof. Upon the execution of any such supplemental agreement as in this Section 1102 permitted and provided, this Agreement shall be and be deemed to be modified and amended in accordance therewith.

Section 1103. Consents by Trustee, Tender Agent, Etc. Anything herein to the contrary notwithstanding, a supplemental agreement under this Article XI which affects any rights or duties of the Trustee, the Tender Agent, the Paying Agent or Co-Paying Agent, the Registrar or the Remarketing Agent shall not become effective unless and until the Trustee, Tender Agent, Paying Agent or Co-Paying Agent, Registrar or Remarketing agent, as the case may be, shall have consented in writing to the execution of such supplemental agreement.

Section 1104. Notice of Amendments to Rating Agencies. Notice of any amendment to this Agreement shall be sent by the Trustee to Moody's, if the Bonds are then rated by Moody's, to S&P, if the Bonds are then rated by S&P, and to any other rating agency if the Bonds are, at the request of the Company, rated by such rating agency, at their respective addresses furnished by such rating agency to the Trustee.

ARTICLE XII: MISCELLANEOUS.

Section 1201. Notices. (a) All notices, certificates, requests, complaints, demands, consents and other communications hereunder shall be deemed sufficiently given or filed for all purposes of this Agreement if and when sent by registered mail, return receipt requested: to the Authority, if addressed to the Polk County Industrial Development Authority, P.O. Box 9005, Drawer AT01, 330 West Church Street, Bartow, Florida 33631-9005; Attention: Chairman; to the Company, if addressed to Tampa Electric Company, Post Office Box 111,

Tampa, Florida 33601, Attention: Corporate Secretary; to the Trustee, if addressed to The Bank of New York, Towerman Plaza, 10161 Caribbean Parkway, Jacksonville, Florida 32256, Attention: Corporate Trust Department; to the Paying Agent and Tender Agent, if addressed to The Bank of New York, 101 Barclay Street, 7th Floor, New York, New York 10286, Attention: Fiscal Agencies Department; or, as to all of the foregoing, to such other address as the addressee shall have indicated by prior written notice to the one giving notice. All notices to a Bondowner shall be in writing and shall be deemed sufficiently given if sent by mail, postage prepaid, to the Bondowner at the address shown on the registration books for the Bonds maintained by the Paying Agent. A Bondowner may direct the Paying Agent to change its address as shown on the registration books by written notice to the Paying Agent.

(b) Notices hereunder may be waived prospectively or retroactively by the person entitled to the notice, but no waiver shall affect any notice requirement as to other persons.

(c) All documents received by the Trustee under the provisions of this Agreement, or photographic copies thereof, shall be retained in its possession until this Agreement shall be released under the provision of this Agreement, subject at all reasonable times to the inspection of the Authority, the Company, any Bondowner and any agent or representative thereof.

Section 1202. Successors and Assigns. The rights and obligations of the parties to this Agreement shall inure to their respective successors and assigns.

Section 1203. Agreement Not for the Benefit of Other Parties. Except as otherwise expressly provided herein, this Agreement is not intended for the benefit of and shall not be construed to create rights in parties other than the Company, the Authority, the Trustee and the Bondowner.

Section 1204. No Recourse Against Authority. No recourse under or upon any obligations, covenants or agreement of this Agreement, or of any Bond, or in any way based thereon or otherwise in respect thereof, shall be had against any past, present or future member or officer, as such, of the Authority or any successor body politic, either directly or through the Authority, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being hereby expressly waived and released as a condition of and as consideration for, the execution of this Agreement and the issue of the Bonds.

Section 1205. Payments Due, Conversion Dates or Notices on Nonbusiness Days.

(a) If the date for any payment on the Bonds at a place of payment shall be other than a Business Day, then payment shall be made on the next succeeding Business Day, and no interest shall accrue for the intervening period other than as specifically provided for herein. If any Conversion Date is other than a Business Day, then actions, other than the giving of notices, required to be taken under Article III on any such date with respect to the tender of Bonds, the placement of Bonds and the purchase of Bonds shall not be taken on

that date but shall be taken on the next succeeding Business Day with the same force and effect as if made on such Conversion Date, and, in the case of any purchase and placement of Bonds that takes place on that next succeeding Business Day, interest on those Bonds shall accrue for the benefit of the new Bondowner from the Conversion Date.

(b) In the event any date required for the giving of any notice under this Agreement (including without limitation any notice of Bondowner election and surrender of Bonds) is not a Business Day, such notice shall be given on the next preceding Business Day.

Section 1206. Severability. In the event that any provision of this Agreement shall be held to be invalid in any circumstance, such invalidity shall not affect any other provisions or circumstances.

Section 1207. Counterparts. This Agreement may be executed and delivered in any number of counterparts, each of which shall be deemed to be an original, but such counterparts together shall constitute one and the same instrument.

Section 1208. Captions. The captions and table of contents of this Agreement are for convenience only and shall not affect the construction hereof.

Section 1209. Florida Law to Govern. This Agreement and each Bond shall be deemed to be a contract made under the laws of the State and for all purposes shall be construed in accordance with the laws of the State.

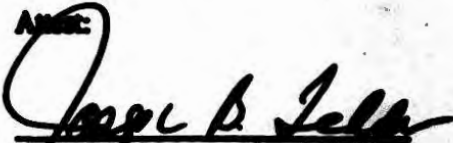
Section 1210. Time. All references to time of day in this Agreement are references to New York, New York time.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed under seal all as of the date first above written.

(Official Seal)

FOLK COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY

Attest:


Assistant Secretary

By: 

Title: Chairman

(Corporate Seal)

TAMPA ELECTRIC COMPANY

Attest:

Secretary

By: _____

Title: _____

(Corporate Seal)

THE BANK OF NEW YORK, as Trustee

Attest:

By: _____

Title: Authorized Agent

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed under seal all as of the date first above written.

(Official Seal)

**POLK COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY**

Attest:

By: _____
Title: Chairman

Assistant Secretary

(Corporate Seal)

TAMPA ELECTRIC COMPANY

Attest:

By: W. J. Giff
Title: Vice President - Controller and
Assistant Secretary

Secretary

(Corporate Seal)

THE BANK OF NEW YORK, as Trustee

Attest:

By: _____
Title: Authorized Agent

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed under seal all as of the date first above written.

(Official Seal)

**FOLK COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY**

Attest:

By: _____
Title: Chairman

Assistant Secretary

(Corporate Seal)

TAMPA ELECTRIC COMPANY

Attest:

By: _____
Title: _____

Secretary

(Corporate Seal)

THE BANK OF NEW YORK, as Trustee

Attest:

By: *Samuel A. Robinson*
Title: Authorized Agent

[Signature]

STATE OF FLORIDA)
)
) ss.:
 COUNTY OF POLK)

The foregoing instrument was acknowledged before me this 9th day of December, 1996, by George W. Harris, Jr., personally known to me, the Chairman of the Polk County Industrial Development Authority, the public body corporate and politic and public instrumentality described in and which executed the above instrument.

Page M. Vinton
 Notary Public
 My commission expires:

[NOTARIAL SEAL]



PAGE M. VINTON
 MY COMMISSION EXPIRES
 February 28, 1998
 COUNTY OF POLK, FLORIDA

STATE OF FLORIDA)
)
) ss.:
 COUNTY OF POLK)

The foregoing instrument was acknowledged before me this 9th day of December, 1996, by Joseph B. Tuller, personally known to me, the Assistant Secretary of the Polk County Industrial Development Authority, the public body corporate and politic and public instrumentality described in and which executed the above instrument.

Page M. Vinton
 Notary Public
 My commission expires:

[NOTARIAL SEAL]



PAGE M. VINTON
 MY COMMISSION EXPIRES
 February 28, 1998
 COUNTY OF POLK, FLORIDA

STATE OF FLORIDA)
)
) ss.:
 COUNTY OF HILLSBOROUGH)

The foregoing instrument was acknowledged before me this ___ day of December, 1996, by William L. Giffin, personally known to me, the Vice President-Controller and Assistant Secretary of Tampa Electric Company, on behalf of said corporation.

 Notary Public
 My commission expires:

[NOTARIAL SEAL]

STATE OF FLORIDA)
) ss.:
COUNTY OF POLK)

The foregoing instrument was acknowledged before me this ____ day of December, 1996, by George W. Harris, Jr., personally known to me, the Chairman of the Polk County Industrial Development Authority, the public body corporate and politic and public instrumentality described in and which executed the above instrument.

Notary Public

[NOTARIAL SEAL]

My commission expires:

STATE OF FLORIDA)
) ss.:
COUNTY OF POLK)

The foregoing instrument was acknowledged before me this ____ day of December, 1996, by Joseph B. Toddler, personally known to me, the Assistant Secretary of the Polk County Industrial Development Authority, the public body corporate and politic and public instrumentality described in and which executed the above instrument.

Notary Public

[NOTARIAL SEAL]

My commission expires:

STATE OF FLORIDA)
) ss.:
COUNTY OF HILLSBOROUGH)

The foregoing instrument was acknowledged before me this 11 day of December, 1996, by William L. Griffin, personally known to me, the Vice President-Controller and Assistant Secretary of Tampa Electric Company, on behalf of said corporation.

Cynthia S. Kubis

Notary Public

[NOTARIAL SEAL]

My commission expires:



CYNTHIA S. KUBIS
NOTARY PUBLIC
ORDER 24, 1997
COUNTY OF POLK, FLORIDA

STATE OF FLORIDA)
) ss.:
COUNTY OF HILLSBOROUGH)

The foregoing instrument was acknowledged before me this 11 day of December, 1996, by Roger H. Kessel, personally known to me, the Secretary of Tampa Electric Company, on behalf of such corporation.

Cynthia S. Rubio

Notary Public

[NOTARIAL SEAL]

My commission expires: . . .



CYNTHIA S. RUBIO
MY COMMISSION EXPIRES
October 28, 1997
SIGNED AND SEAL BY ME, CYNTHIA S. RUBIO, NOTARY PUBLIC

STATE OF FLORIDA)
) ss.:
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of December, 1996, by Sharon L. Atkinson, personally known to me, an Authorized Agent of The Bank of New York, the New York corporation described in and which executed the above instrument.

Notary Public

[NOTARIAL SEAL]

My commission expires:

STATE OF FLORIDA)
) ss.:
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of December, 1996, by _____, personally known to me, a _____ of The Bank of New York, the New York corporation described in and which executed the above instrument.

Notary Public

[NOTARIAL SEAL]

My commission expires:

STATE OF FLORIDA)
) ss.:
COUNTY OF HILLSBOROUGH)

The foregoing instrument was acknowledged before me this ___ day of December, 1996, by Roger H. Kessel, personally known to me, the Secretary of Tampa Electric Company, on behalf of such corporation.

[NOTARIAL SEAL]

Notary Public
My commission expires:

STATE OF FLORIDA)
) ss.:
COUNTY OF DUVAL)

The foregoing instrument was acknowledged before me this 12 day of December, 1996, by Sharon L. Atkinson, personally known to me, an Authorized Agent of The Bank of New York, the New York corporation described in and which executed the above instrument.

[NOTARIAL SEAL]

Shirley Louise Smith

Notary Public
My commission expires:



STATE OF FLORIDA)
) ss.:
COUNTY OF DUVAL)

The foregoing instrument was acknowledged before me this 12 day of December, 1996, by Mark C. [unclear], personally known to me, a Authorized Agent of The Bank of New York, the New York corporation described in and which executed the above instrument.

[NOTARIAL SEAL]

Shirley Louise Smith

Notary Public
My commission expires:

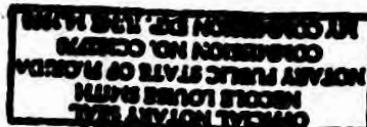


EXHIBIT A

PROJECT DESCRIPTION

The Project collects, processes, stores and disposes of waste slag and coal handling solid wastes associated with the Company's integrated coal gasification combined cycle power plant located in southwest Polk County. The facilities include the following:

Coal Gasifier Slag Disposal Facility

The Coal Gasifier Slag Disposal Facility collects, processes, stores and disposes of waste slag. The facility includes the slag pond, slag crusher, lockhopper, drag conveyor, pumps, dewatering area, slag storage area, filtration pumps, evaporation system, grey and black water systems, cooling systems and related mechanical, electrical and associated structures.

Coal Handling Solid Waste Disposal Facility

The Coal Handling Solid Waste Disposal Facility collects, stores and disposes of coal handling solid wastes. The primary components of the Coal Handling Solid Waste Disposal Facility include a magnetic separator, metal detector, coal slurry waste collectors and related mechanical, electrical and associated structures.

Industrial Wastewater Treatment Solid Waste Facility

The Industrial Wastewater Treatment Solid Waste Facility processes, stores and disposes of solid wastes removed from the industrial waste water treatment facility. The Industrial Wastewater Treatment System treats all potentially contaminated wastewater systems. The primary components of the Industrial Wastewater Treatment Solid Waste Facility include the clarifier basin and rake mechanism, sludge recycle pumps, sludge transfer pumps, sludge thickening tank, filter press feed pumps, filter press, filter cake bins, filtrate tank, filtrate pump and related mechanical, electrical and associated structures.

PALMER & DODGE LLP
ONE BEACON STREET, BOSTON, MA 02108-3190

TELEPHONE: (617) 573-0000

FACSIMILE: (617) 227-4420

December 12, 1996

**Polk County Industrial
Development Authority
P.O. Box 9005
Drawer AT01
Bartow, Florida 33830**

**Goldman, Sachs & Co.
85 Broad Street
New York, New York 10004**

**Citicorp Securities, Inc.
399 Park Avenue
New York, New York 10043**

**The Bank of New York, as Trustee
Towermarc Plaza
10161 Centurion Parkway
Jacksonville, Florida 32256**

**\$75,000,000
Solid Waste Disposal Facility Revenue Bonds
(Tampa Electric Company Project),
Series 1996**

We have acted as bond counsel in connection with the issuance by the Polk County Industrial Development Authority (the "Authority") of the above-captioned bonds (the "Bonds").

The Bonds are being issued pursuant to a Loan and Trust Agreement dated as of December 1, 1996 (the "Agreement") among the Authority, The Bank of New York, as trustee (the "Trustee") and Tampa Electric Company (the "Company"). Under the Agreement, the Company has agreed to make payments to be used to pay when due the principal of and premium (if any) and interest on the Bonds, and such payments and other revenues under the Agreement (collectively, the "Revenues") and the rights of the Authority

under the Agreement (except certain rights to indemnification, reimbursement and administrative fees) are pledged by the Authority as security for the Bonds. The Bonds are to be payable solely from Revenues.

Reference is made to the opinion of Sheila M. McDevitt, Esq. counsel to the Company, of even date with respect to, among other matters, the corporate status, good standing and qualification to do business of the Company, the corporate power of the Company to enter into and perform the Agreement, the execution and delivery of the Agreement by the Company, and the extent to which the Agreement is binding upon and enforceable against the Company. Reference is also made to the opinion of even date of Mark F. Carpanini, Esq. counsel to the Authority, as to the authority, procedures and action of the Authority in connection with the authorization of the Bonds, the Agreement and the Bond Purchase Agreement dated as of December 4, 1996 among the Authority, Goldman, Sachs & Co. and Citicorp Securities, Inc. (the "Bond Purchase Agreement"). We have relied upon the foregoing opinions of other counsel with respect to such matters in giving this opinion.

We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Authority and the Company contained in the Agreement, the certified proceedings and other certifications of public officials furnished to us, and certifications furnished to us by or on behalf of the Company, without undertaking to verify the same by independent investigation.

Based upon the foregoing we are of the opinion that, as of the date hereof and under existing law:

- 1. The Authority is a validly existing public body corporate and politic created under Chapter 69-1510 of the Laws of Florida, as amended, with all necessary power and authority to enter into and perform its obligations under the Agreement, the Bond Purchase Agreement and the Bonds.**
- 2. The Agreement has been duly authorized, executed and delivered by the Authority and the Company and is a valid and binding obligation of each of the Authority and the Company enforceable against the Authority and the Company in accordance with its terms.**
- 3. The Bonds have been duly authorized, executed and delivered by the Authority and are valid and binding special obligations of the Authority, payable solely from, and secured by an assignment and pledge by the Authority of, the Revenues.**
- 4. Interest on the Bonds is excluded from the gross income of the owners thereof for federal income tax purposes except for interest on any Bond while it is owned by a "substantial user" of the facilities financed with the proceeds of the Bonds (the "Facilities")**

or by a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986 (the "Code"). Interest on the Bonds will, however, be treated as a preference item in calculating the alternative minimum tax imposed under the Code on individuals and corporations. We call your attention to the fact that failure by the Company or the Authority to comply subsequent to the issuance of the Bonds with certain federal tax law requirements, including requirements regarding the use of the Facilities, the expenditure and investment of Bond proceeds, and the payment of rebates, if any, due to the United States, may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Company has covenanted in the Agreement to take such action as may be necessary under currently applicable federal income tax law to ensure that interest on the Bonds will remain excluded from gross income of the owners thereof for federal income tax purposes and to refrain from taking any action that would cause interest on the Bonds to be included in such gross income, except with respect to any Bond while it is owned by a substantial user or related person. If interest on the Bonds is determined to be included in gross income for federal income tax purposes as a consequence of the Company's breach of its tax covenants in the Agreement, the Agreement provides that the Bonds are to be redeemed within 180 days of the date of such determination at par plus accrued interest in whole, or in part to the extent necessary so that interest on the remaining outstanding Bonds will continue to be excluded from gross income for federal income tax purposes.

5. Under Florida Statutes §199.31, the Bonds, their transfer, and the income therefrom (including any profit on the sale thereof) will be free from taxation by the State of Florida or any local unit, political subdivision or instrumentality thereof, except for taxes imposed by Chapter 220, Florida Statutes, as amended, on interest, income or profits on debt obligations owned by corporations.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Agreement are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Yours faithfully,

Palmer & Dodge LLP

\$75,000,000
POLK COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
SOLID WASTE DISPOSAL FACILITY REVENUE BONDS
(Tampa Electric Company Project),
Series 1996

BOND PURCHASE AGREEMENT

December 4, 1996

On the basis of the representations, warranties and covenants contained in the Representation Letter (hereinafter defined) and in this Bond Purchase Agreement (the "Purchase Contract") and upon the terms and conditions contained in this Purchase Contract, Goldman, Sachs & Co. and Citicorp Securities, Inc. (collectively the "Underwriters") hereby offer to purchase from the Polk County Industrial Development Authority (the "Authority") \$75,000,000 aggregate principal amount of the Authority's Solid Waste Disposal Facility Revenue Bonds (Tampa Electric Company Project), Series 1996 (the "Bonds"), to be issued under and pursuant to a Loan and Trust Agreement dated as of December 1, 1996 (the "Agreement") among the Authority, Tampa Electric Company, a Florida corporation (the "Company") and The Bank of New York as trustee (the "Trustee").

SECTION 1. REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF THE AUTHORITY. The Authority hereby represents and warrants to, and agrees with, the Underwriters that:

(a) The Authority is a public body corporate and politic duly organized and existing under the laws of the State of Florida (the "State"). The Authority is authorized by Chapter 69-1510, Laws of Florida, as amended and Parts II and III of Chapter 159, Florida Statutes, as amended (the "Act"), to issue the Bonds, to finance the project, as defined in the Agreement (the "Project"), to loan the proceeds of the sale of the Bonds to the Company and to assign the installment payments under the Agreement as security for the payment of the principal of, premium, if any, and interest on the Bonds.

(b) The Authority has complied with all provisions of the Constitution and laws of the State, including the Act, and has and at the Closing Date (hereinafter defined) will have full power and authority to consummate on its part all transactions contemplated by this Purchase Contract, the Bonds, the Agreement and any and all other agreements relating thereto entered into or accepted by the Authority.

(c) The information under the heading "THE AUTHORITY" contained in the Official Statement dated December 5, 1996 relating to the Bonds (the Official Statement, including Appendix A thereto and all material incorporated by reference therein, and any and all supplements and amendments thereto are herein referred to collectively as the "Official Statement") (i) is, and as of the Closing Time (hereinafter defined) will be, true and

correct in all material respects and does not contain and will not contain any untrue statement of a material fact, (ii) that, for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule"), as of the date of the Preliminary Official Statement and on the basis of the representations of the Company contained in the Representation Letter, the Authority deemed the Preliminary Official Statement "final" as that term is used in paragraph (b)(1) of the Rule; (iii) within seven business days after the date hereof the Underwriters shall receive from the Authority, subject to the cooperation of the Company as provided in the Representation Letter, copies of the final Official Statement in sufficient quantity to enable the Underwriters to comply with paragraph (b)(4) of the Rule and rules of the Municipal Securities Rulemaking Board. The Underwriters agree with the Authority that, for the purposes of the Rule, the Company shall be deemed to be the "issuer" under the Rule with respect to information concerning the Company and the Project. The Underwriters are authorized to use the Official Statement in effecting the sale of the Bonds.

(d) The Authority has duly authorized all necessary action to be taken by it for (i) the issuance and sale of the Bonds upon the terms described herein and in the Official Statement; (ii) the execution and delivery by it of the Agreement, the appointment of The Bank of New York Trust, as trustee for the Bonds under the Agreement and the appointment of The Bank of New York, as tender agent, bond registrar and paying agent under the Agreement and the appointment of an Initial Representative Agent to be named by the Company as provided in the Agreement; (iii) the authorization of the Official Statement and the signing of the Official Statement by the Chairman or Vice Chairman of the Authority; (iv) the execution, delivery and receipt of this Purchase Contract, the Bonds, the Agreement and any and all such other agreements and documents as may be required to be executed, delivered and received by the Authority in order to carry out, give effect to and consummate its obligations under such documents; and (v) the carrying out, giving effect to and consummation of the transactions contemplated by this Purchase Contract, the Official Statement, and the Agreement. Executed counterparts of the Agreement and a signed copy of the Official Statement will be delivered to the Underwriters by the Authority at Closing Time.

(e) The Agreement shall be in the form heretofore submitted to and approved by the Underwriters, with only such changes therein or modifications thereof as the Underwriters, the Company and the Authority shall mutually agree upon. The Bonds, when issued, delivered and paid for as herein and in the Agreement provided, will have been duly authorized and issued and will constitute valid and binding obligations of the Authority enforceable in accordance with and entitled to the benefits and security of the Agreement and the Act, except to the extent enforcement thereof may be limited by judicial discretion, the exercise of the police powers of the State and bankruptcy, insolvency, reorganization, moratorium or similar laws relating to the enforcement of creditors' rights.

(f) Except as described in the Official Statement, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending as to which the Authority has received service of process, or, to the knowledge of the Authority, threatened against or affecting the Authority (or, to the best knowledge of the Authority, any basis therefor) wherein an unfavorable decision, ruling or finding would adversely affect the transactions on the part of the Authority contemplated by

this Purchase Contract, the Agreement or the Official Statement or the validity of the Bonds, the Agreement, this Purchase Contract or any agreement or instrument to which the Authority is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or by the Official Statement.

(g) The execution and delivery of the Official Statement, this Purchase Contract, the Bonds, the Agreement and the other agreements contemplated hereby and by the Official Statement, and compliance with the provisions thereof, will not conflict with or constitute on the part of the Authority a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which the Authority is subject or by which it is or may be bound; provided that no representation or warranty is made as to any securities regulation or registration law of any state or the United States of America.

(h) The Authority has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose savings certifications may not be relied upon.

(i) Any certificate signed by an authorized officer of the Authority delivered to the Underwriters shall be deemed a representation by the Authority to the Underwriters as to the statements made therein.

SECTION 2. PURCHASE, SALE AND DELIVERY OF THE BONDS.

(a) On the basis of the representations and warranties contained herein and in the other agreements referred to herein and subject to the terms and conditions herein set forth, at the Closing Time the Authority agrees to sell to the Underwriters, and the Underwriters agree to purchase from the Authority, the Bonds at a purchase price of \$74,456,250, such purchase price being 99.275% of the principal amount thereof, which aggregate principal amount of the Bonds, date of the Bonds, the maturity date, the initial interest rate per annum and the public offering price, are set forth in Schedule A attached hereto. The Underwriters agree to make a bona fide public offering of all the Bonds or not in excess of the initial public offering price, as set forth in Schedule A attached hereto. On or before the date of the Closing, the Underwriters shall furnish to the Authority a certificate acceptable to Palmer & Dodge LLP signed by Goldman, Sachs & Co. on behalf of the Underwriters establishing the issue price of the Bonds for purposes of Section 148 of the Internal Revenue Code of 1986 (the "Code"), and stating that the Authority, the Company and Palmer & Dodge LLP may rely on such certification for purposes of determining compliance with Section 148 of the Code.

(b) The Bonds shall be issued pursuant to and secured as provided in the Agreement, and the Bonds shall have the maturity and interest rates and be subject to purchase and redemption as set forth in the Agreement and the Official Statement.

(c) Payment for the Bonds shall be made by certified or official bank check or checks or wire transfer in immediately available funds of the New York clearinghouse at the location where the closing is to be held, payable to the order of the Trustee for the account

of the Authority, provided that if approved by the Company, such check or checks may be in form other than certified or official bank check and may be in funds other than clearinghouse funds. The payment for and the delivery of the Bonds (the "Closing") shall be made in Boston, Massachusetts at the offices of Palmer & Dodge LLP at 9:00 a.m., New York, New York time, on December 12, 1996, or such other place or time and date as the Underwriters, the Authority and the Company shall mutually agree upon in writing. The date of such delivery and payment is herein called the "Closing Date," and the hour and date of such delivery and payment is herein called the "Closing Time."

(d) The Delivery of the Bonds shall be made in definitive form, bearing a CUSIP number (provided neither the printing of a wrong number on the Bonds nor the failure to print a number thereon shall constitute cause to refuse delivery of the Bonds), as a single typewritten Bond registered liability to Cals & Co. The Bonds shall be available for examination at The Depository Trust Company in New York, New York, by the Underwriters on the day prior to the Closing Date.

SECTION 3. CONDITIONS TO THE UNDERWRITERS' OBLIGATIONS. The Underwriters' obligations hereunder shall be subject to the due performance by the Authority of its obligations and agreements to be performed hereunder at or prior to the Closing Time and to the accuracy of and compliance with the representations and warranties of the Authority contained herein, as of the date hereof and as of the Closing Time, and are also subject to the following conditions:

(a) The Bonds, the Agreement and the Continuing Disclosure Agreement between the Trustee and the Company dated December 12, 1996 (the "Continuing Disclosure Agreement") shall have been duly authorized, issued, executed, substantiated and delivered, as the case may be, in the form herewith approved by the Underwriters with only such changes therein as the Underwriters, the Authority and the Company shall mutually agree upon.

(b) At the Closing Time, the Underwriters (and the Authority in the case of (i)(A), (B) and (C) below) shall receive:

(i) The opinions, dated as of the Closing Date, in substantially the forms heretofore reviewed and approved by the Underwriters of (A) Palmer & Dodge LLP, Bond Counsel, (B) Sheila M. McDorff, Counsel to the Company, (C) Mark Caparual, Authority's Counsel, and (D) Hayes & Gray, Counsel to the Underwriters;

(ii) Evidence, reasonably satisfactory to the Underwriters, that the Representation and Indemnity Agreement dated of even date herewith from the Company to the Authority and the Underwriters (the "Representation Letter"), in the form submitted to and approved by the Underwriters, has been duly authorized, executed and delivered, has not been amended, modified or rescinded and is in full force and effect as of the Closing Time;

(iii) A certificate, reasonably satisfactory to the Underwriters, of the Chairman or Vice Chairman of the Authority, and executed by the Secretary or

Assistant Secretary of the Authority or any other duly authorized officer of the Authority reasonably satisfactory to the Underwriters, dated as of the Closing Date, to the effect that: (A) the Authority has duly performed all of its obligations to be performed at or prior to the Closing Time pursuant to this Purchase Contract and that each of the representations and warranties of the Authority contained herein is true and correct as of the Closing Time; (B) the Authority has authorized, by all necessary action, the execution, delivery, receipt and the performance of the Agreement and any and all such other agreements and documents as may be required to be executed, delivered and received by the Authority in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Agreement and the Official Statement; (C) except as described in the Official Statement, to his knowledge no litigation is pending or threatened to restrain or enjoin the issuance or sale of the Bonds or in any way affecting any authority for or the validity of the Bonds, the Agreement or the existence of the Authority or powers of the Authority to loan the proceeds of the Bonds to the Company to finance the Project; and (D) the execution and delivery of the Agreement and the other agreements contemplated hereby and by the Official Statement under the circumstances contemplated thereby, and the compliance by the Authority with the provisions thereof will not conflict with or constitute on the part of the Authority a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement or other instrument to which the Authority is subject or by which it is or may be bound; provided that no representation or warranty is made as to any securities regulation or registration law of any state or of the United States of America;

(iv) A certificate, reasonably satisfactory in form and substance to the Underwriters and the Authority, of the President or any Vice President and the Secretary or Assistant Secretary of the Company, dated as of the Closing Date, to the effect that (A) the Company has duly authorized, by all necessary action, the execution, delivery and the performance of the Agreement, the Continuing Disclosure Agreement and the Representation Letter; and (B) the Agreement, the Continuing Disclosure Agreement and the Representation Letter have not been amended, modified or rescinded and are in full force and effect, and the representations and warranties contained therein are true and correct in all material respects, as of the Closing Time;

(v) Certificates as to exchanges owned by the Authority and the Company, in form and substance satisfactory to Bond Counsel;

(vi) An executed Continuing Disclosure Agreement in substantially the form appended to the Official Statement; and

(vii) Such additional certificates and other documents as the Underwriters or Bond Counsel may reasonably request to evidence performance of or compliance with the provisions of this Purchase Contract and the transactions provided for herein, all such certificates and other documents to be reasonably satisfactory in form and substance to the Underwriters and Bond Counsel.

(c) The Underwriters shall have the right to cancel their obligations hereunder to purchase the Bonds by notifying the Authority and the Company in writing or by telegram of their election so to do between the date hereof and the Closing Time if at any time hereafter and prior to the Closing Time:

(i) (A) legislation shall be enacted by the House of Representatives or the Senate of the Congress of the United States, or recommended by the President of the United States to the Congress of the United States for passage, or favorably reported for passage to either the House of Representatives or the Senate by any committee of either body to which such legislation has been referred for consideration; (B) a decision shall be rendered by a court established under Article III of the Constitution of the United States, or the Tax Court of the United States; (C) a ruling, regulation or order of the Treasury Department of the United States or the Internal Revenue Service shall be made or proposed, which has the purpose or effect of imposing federal income taxation on the interest to be paid on the Bonds; or (D) any other event shall have occurred which results in the imposition of federal income taxation upon revenues or other income of the general character to be derived by the Authority or by any similar body or upon interest received on obligations of the general character of the Bonds, which, in the Underwriters' opinion, shall materially adversely affect the market price of the Bonds or the market price generally of obligations of the general character of the Bonds;

(ii) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by, any governmental body, department or agency in the State, or a decision by any court of competent jurisdiction within the State shall be rendered which, in the reasonable opinion of the Underwriters, is likely to result in a situation having a material adverse effect on the market price of the Bonds;

(iii) a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission shall be issued or made to the effect that the issuance, offering or sale of the Bonds is or would be in violation of any provision of the Securities Act of 1933, as amended and as then in effect (the "1933 Act"), or of the Securities Exchange Act of 1934, as amended and as then in effect, or of the Trust Indenture Act of 1939, as amended and as then in effect (the "Trust Indenture Act");

(iv) legislation shall be enacted by the House of Representatives or the Senate of the Congress of the United States of America, or a decision by a court of the United States of America shall be rendered, or a ruling or regulation by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made or proposed to the effect that the Bonds are not exempt from registration, qualification or other similar requirements of the 1933 Act or of the Trust Indenture Act;

(v) any event shall have occurred which makes untrue or incorrect, in any material respect, any statement or information contained in the Official Statement, including Appendix A thereto, as in its form on the date hereof, or which is not

reflected in such Official Statement, including Appendix A thereto, but should be reflected therein, for the purpose for which the Official Statement, including Appendix A thereto, is to be used to make the statements and information contained therein, in light of the circumstances in which they were made, not misleading in any material respect;

(vi) any rating of the Bonds shall have been downgraded or withdrawn by a national rating service;

(vii) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose, as to the Bonds or similar obligations, any material restrictions not now in force, with respect to the extension of credit by the Underwriters, or the change to the net capital requirements of the Underwriters; or

(viii) in the reasonable judgment of the Underwriters, the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, might be materially adversely affected because: (A) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; (B) a general banking moratorium shall have been established by federal, New York or Florida authorities; or (C) a war involving the United States of America shall have been declared, or any other national calamity shall have occurred, or any conflict involving the armed forces of the United States of America shall have escalated to such a magnitude as to affect materially and adversely the Underwriters' ability to market the Bonds.

SECTION 4. CONDITIONS OF THE AUTHORITY'S OBLIGATIONS. The Authority's obligations hereunder are subject to the performance by the Underwriters of their obligations hereunder and the further condition that at the Closing Time the Authority shall have received the opinions described in Section 3(b)(1) (A), (B) and (C) hereof.

SECTION 5. REPRESENTATIONS AND AGREEMENTS TO SURVIVE DELIVERY. All representations, warranties and agreements of the Authority shall remain operative and in full force and effect regardless of any investigations made by or on behalf of the Underwriters, and shall survive delivery of the Bonds to the Underwriters.

SECTION 6. PAYMENT OF EXPENSES.

(a) The Authority and the Underwriters shall be under no obligation to pay, and the Company has separately agreed to pay, all expenses of providing the Bond Counsel opinion required by paragraph 3(b)(1) hereof.

(b) The Authority shall be under no obligation to incur any expenses or to pay any expenses incurred by the Underwriters in connection with the offering and sale of the Bonds.

SECTION 7. TRUTH-IN-BONDING. The issuer is proposing to issue \$75,000,000 of debt or obligations for the purpose of financing the Project. This debt or obligation is

expected to be repaid over a period of approximately 34 years. At a forecasted interest rate of 5.85% per annum, total interest paid over the life of the debt or obligation will be \$149,175,000. The source of repayment or security for this proposed debt are payments to be made by the Company pursuant to the Agreement. Authorizing this debt or obligation will result in no monies of the issuer not being available to finance other services of the issuer in any year.

SECTION 8. USE OF OFFICIAL STATEMENT; SECURITIES LAWS. The Authority hereby ratifies and confirms the authority of the Underwriters to use the Preliminary Official Statement dated November 25, 1996 and authorizes the use by the Underwriters of, and will cooperate in the preparation of, the Official Statement in connection with the sale of the Bonds. The Underwriters agree to comply with the applicable provisions of the 1933 Act and any applicable state Blue Sky laws in connection with the offer and sale of the Bonds.

SECTION 9. MEMBERS OF AUTHORITY NOT LIABLE. No covenant, stipulation, representation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, representation, obligation or agreement of any present or future member, agent or employee of the Authority in his individual capacity, and neither the members of the Authority nor any official executing this document shall be subject to any personal liability or accountability by reason of the execution by the Authority or such members hereof.

SECTION 10. NOTICE. Any notice or other communication to be given to the Authority under this Purchase Contract may be given by mailing or delivering the same in writing to the Polk County Industrial Development Authority, P.O. Box 9005, Drawer AT01 33831-9005, 330 West Church Street, Bartow, FL 33830, Attention: Chairman; and any notice or other communication to be given to the Underwriters under this Purchase Contract may be given by mailing or delivering the same in writing to Goldman, Sachs & Co. at 85 Broad Street, New York, New York 10004, Attention: Michael Brabant, Vice President.

SECTION 11. APPLICABLE LAW; NONASSIGNABILITY. This Purchase Contract shall be governed by the laws of the State of Florida. This Purchase Contract shall not be assigned by the Authority or by the Underwriters without the prior consent of the other party.

SECTION 12. SEVERABILITY OF PROVISIONS. If any one or more of the covenants, agreements, provisions or terms of this Purchase Contract shall for any reason whatsoever be held invalid, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Purchase Contract and shall in no way affect the validity or enforceability of the other provisions of this Purchase Contract or of the rights of the parties hereto.

SECTION 13. EXECUTION OF COUNTERPARTS. This Purchase Contract may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

SCHEDULE A

POLK COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

**Solid Waste Disposal Facility Revenue Bonds
(Tampa Electric Company Project), Series 1996**

- (a) Aggregate principal amount of the Bonds—\$75,000,000**
- (b) Date of the Bonds—December 1, 1996**
- (c) Date of maturity—December 1, 2030**
- (d) Initial interest rate per annum—5.85%**
- (e) Public offering price—100%**
- (f) End of Long-Term Interest Rate Period—December 1, 2030**

IN WITNESS WHEREOF the parties have caused this Purchase Contract to be executed in their respective names by officers duly appointed to do so, and their respective seals to be affixed where appropriate, as of the dates indicated.

William Sachs

GOLDMAN, SACHS & CO.

CITICORP SECURITIES, INC.

By _____
Title:

**POLK COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY**

By _____
Title: Chairman

IN WITNESS WHEREOF the parties have caused this Purchase Contract to be executed in their respective names by officers duly appointed to do so, and their respective seals to be affixed where appropriate, as of the dates indicated.

GOLDMAN, SACHS & CO.

CITICORP SECURITIES, INC.

By 

Title: **VICE PRESIDENT**

**POLK COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY**

By _____
Title: **Chairman**

IN WITNESS WHEREOF the parties have caused this Purchase Contract to be executed in their respective names by officers duly appointed to do so, and their respective seals to be affixed where appropriate, as of the dates indicated.

GOLDMAN, SACHS & CO.

CITICORP SECURITIES, INC.

By _____
This:

**POLK COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY**

By  _____
This: Chairman

REPRESENTATION AND INDEMNITY AGREEMENT

December 4, 1996

**Goldman, Sachs & Co.
85 Broad Street
New York, New York 10004**

**Citicorp Securities, Inc.
399 Park Avenue
New York, New York 10043**

**Folk County Industrial
Development Authority
Bartow, Florida 33830**

**Re: Folk County Industrial Development Authority Solid Waste Disposal Facility
Revenue Bonds (Tampa Electric Company Project), Series 1996**

Dear Sirs:

This Representation and Indemnity Agreement (the "Representation Letter") is entered into to induce the Folk County Industrial Development Authority (the "Authority") and Goldman, Sachs & Co. and Citicorp Securities, Inc. (the "Underwriters") to enter into a Bond Purchase Agreement (the "Purchase Contract") of even date herewith relating to the purchase by the Underwriters and the sale by the Authority of \$75,000,000 aggregate principal amount of the Authority's Solid Waste Disposal Facility Revenue Bonds (Tampa Electric Company Project), Series 1996 (the "Bonds"). The Bonds are to be issued under a Loan and Trust Agreement dated as of December 1, 1996, among the Authority, Tampa Electric Company (the "Company") and The Bank of New York, as Trustee (the "Agreement"), for the purpose of providing funds to finance or reimburse the Company for a portion of the cost of the acquisition, construction and installation of certain solid waste disposal facilities of the coal gasification combined cycle power plant (the "Unit") of the Company in southwest Folk County, Florida (the "Project"). The Company's obligation to make payments under the Agreement will secure the payment of the Bonds.

In consideration of the foregoing, the Company hereby represents, warrants and covenants to and with the Authority and the Underwriters as follows:

1. Representations and Warranties of the Company. The Company represents and warrants to and agrees with the Underwriters and the Authority that:

(a) The Company has prepared and furnished to the Authority the description of the Project under the caption "Introduction" and the material appearing under the caption "The Project" in, and Appendix A to, the Official Statement in the form heretofore approved by the Authority. Such Official Statement (including the Appendices thereto and the materials incorporated therein by reference) are herein referred to as the "Official Statement." When this Representation Letter becomes effective pursuant to Section 4 hereof and at all times subsequent thereto up to and at the Closing (as defined in the Purchase Contract), neither the description of the Project under the caption "Introduction" and the material appearing under the caption "The Project" in, or Appendix A to, the Official Statement nor any amendment or supplement to the Official Statement pertaining to the foregoing will include any untrue statement of a material fact or omit to state any material fact which should be included therein for the purpose for which it is to be used or which is necessary in order to make the statements and information therein, in the light of the circumstances under which they were made, not misleading. The Bonds and the Agreement are fairly described in all material respects in the Official Statement, provided, however, that none of the representations and warranties set forth in this Representation Letter shall apply to the description of the tax-exempt status of interest on the Bonds or to the information contained under the captions "The Authority", "Tax Exemption", "Underwriting" or "Legality." The financial statements incorporated by reference in Appendix A to the Official Statement present fairly the financial condition of the Company at the times and the periods of its operations for the periods indicated, and such financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis. The Company hereby consents to the use of the Official Statement by the Underwriters.

(b) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the state of Florida, with power and authority (corporate and otherwise) to own its properties and conduct its business as described in Appendix A to the Official Statement.

(c) The execution and delivery of the Agreement and this Representation Letter and the fulfillment of their terms and provisions by the Company will not result in a breach of or constitute a default under nor will it violate the provisions of any indenture, mortgage, deed of trust, agreement or other instrument to which the Company is a party or by which it or any of its property is bound nor will it violate the provisions of the Restated Articles of Incorporation or bylaws of the Company or any statute or any order, rule or regulation applicable to the Company of any court or other governmental or regulatory body.

(d) The Company has full power and lawful authority to authorize, execute and deliver the Agreement and this Representation Letter on the terms and conditions set forth herein and therein, and has taken all corporate action necessary therefor; all necessary authorizations, approvals, consents or other orders by any governmental authority or agency have been obtained for such authorizations, execution and delivery, including without limitation all necessary authorizations and approvals of the Florida Public Service Commission; and, when executed and delivered, the Agreement will constitute a valid and legally binding obligation of the Company.

(e) Except as set forth in Appendix A to the Official Statement, there is no pending action, suit or other proceeding to which the Company is a party or of which any property of the Company is the subject, by or before any court or other governmental body, which might result in any material adverse change in the condition, business or prospects of the Company, or might have a material adverse effect on the properties or assets of the Company; and no such proceeding is known by the Company to be threatened or contemplated.

2. Consent by the Company. In further consideration of the agreements by the Authority and the Underwriters contained herein, the Company covenants as follows:

(a) As soon as the Company is advised thereof, to advise the Underwriters and the Authority and to confirm the advice in writing of the institution by the Securities and Exchange Commission (the "Commission") of any proceeding affecting the use of the Official Statement or the offering of the Bonds or of the Issuance, or threat of initiation, of any proceedings for such purpose.

(b) Before making any amendments or supplements to the Official Statement pertaining to Appendix A to the Official Statement (other than reports required to be filed pursuant to the Securities Exchange Act of 1934), to consult with the Underwriters as to the wording of such proposed amendments or supplements and to furnish to the Underwriters and the Authority a copy thereof.

(c) Until the earlier of (i) 90 days after the respective Closing Date (as defined in the Purchase Contract) for the Bonds or (ii) the end of such period as in the opinion of counsel for the Authority and the Company an Official Statement must be delivered to any potential customer of the Underwriters, if any event shall occur as a result of which it is necessary to amend or supplement the Official Statement so that there not be any untrue statement of a material fact therein, or any omission to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading, forthwith to prepare and furnish (without charge for up to 90 days from the Closing Date and thereafter at the expense of the Underwriters) to the Authority and the Underwriters, and upon the Underwriters' request to any other persons, other amendments or supplements to the Official Statement (including by means of incorporation by reference) so that the Official Statement as so amended or supplemented will not include any untrue statement of a material fact or omit to state any material fact which should be included therein for the purpose for which it is to be used or which is necessary in order to make the statements and information therein, in the light of the circumstances under which they are made, not misleading.

(d) To pay to the Underwriters at Closing as defined in the Purchase Contract an underwriting fee in the amount of \$543,790. The Company agrees to pay all reasonable costs and expenses incident to the performance of its obligations under this Representation Letter and the satisfaction of the conditions under the Purchase Contract to be satisfied by it and the reasonable fees and expenses of the Company's counsel and accountants. The Company shall not, however, be required to pay for any of the Underwriters' expenses other than as set forth in paragraphs 2(c), 2(d) and 4(c) hereof.

(c) Anything to the contrary contained herein or in the Agreement notwithstanding, the Company agrees to pay, or cause to be paid, to or on behalf of the Authority, at Closing as defined in the Purchase Contract, all reasonable expenses of the Authority incurred in connection with the Agreement and the Bonds including, without limitation, any and all administrative expenses relating to processing of the Company's application to the Authority for financing, costs of issuance of the Bonds and the reasonable fees and expenses of the Authority's legal counsel.

(f) Upon the Underwriters' request, to arrange for qualification of the Agreement or Bonds or parts thereof and any interest in the Company deemed to be represented by the Bonds under the securities or Blue Sky laws of such jurisdictions requiring such qualification as the Underwriters may designate, and to pay the reasonable costs and fees incident thereto and to the preparation by counsel for the Underwriters of any memorandum as to the eligibility of the Bonds for investment under certain state laws; provided that the Company and the Authority shall not be required for this purpose to consent to services of process in any jurisdiction otherwise than in connection with the offer and sale of the Bonds.

3. Indemnification.

(a) The Company will indemnify and hold harmless the Authority, its officers, agents and attorneys, the Underwriters, their officers, agents and attorneys and each person, if any, who controls the Underwriters within the meaning of the Securities Act of 1933, as amended (the "Act") (collectively, for the purposes of this subparagraph (a), the "indemnified parties") against any losses, claims, damages or liabilities, joint or several, to which the indemnified parties may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Official Statement, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make statements therein not misleading; and will reimburse the indemnified parties for any legal or other expenses reasonably incurred by the indemnified parties in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the Company will not be liable in any such case (f) to the Authority, to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made under the caption "The Authority" or made in reliance upon and in conformity with written information furnished to the Company by the Authority, specifically for use in the Official Statement or any amendment or supplement thereto or (f) to the Underwriters or controlling person of the Underwriters, to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made under the captions "The Authority", "Tax Exemptions", "Underwriting" or "Legality", or made in any of such documents with respect to the tax exempt status of the Bonds, or made in reliance upon and in conformity with written information furnished to the Company by the Underwriters, specifically for use therein, and provided further that the indemnity provision contained in this subparagraph (a) with respect to the Official Statement or any amendment or supplement thereto shall not inure to the benefit of the Underwriters (or to the benefit of any person controlling the Underwriters) with respect to any such loss, claim,

damage, liability or action asserted by any person if a copy of the Official Statement (as amended or supplemented) not containing the untrue statement or alleged untrue statement or omission or alleged omission that is the basis of the loss, claim, damage, liability or action for which indemnification is sought was available to the Underwriters and was not properly mailed, delivered or given to such person. This indemnity provision will be in addition to any liability which the Company may otherwise have.

(b) The Underwriters will indemnify and hold harmless the Authority, its officers, agents and attorneys, the Company and each person, if any, who controls the Company within the meaning of the Act (collectively, for the purposes of this subparagraph (b)), the "indemnified parties") against any losses, claims, damages or liabilities, joint or several, to which the indemnified parties may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue or alleged untrue statement of any material fact contained in the Official Statement under the caption "Underwriting" or any amendment or supplement thereto pertaining to the information contained under such caption, or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in any such document in reliance upon and conformly with written information furnished to the Authority or the Company by the Underwriters specifically for use therein; and will reimburse any legal or other expenses reasonably incurred by the indemnified parties in connection with investigating or defending any such loss, claim, damage, liability or action. This indemnity provision will be in addition to any liability which the Underwriters may otherwise have.

(c) Promptly after receipt by an indemnified party under this paragraph 3 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party under this paragraph 3, notify the indemnifying party of the commencement thereof; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party otherwise than under this paragraph 3 except to the extent that the indemnifying party is able to demonstrate actual prejudice in not being so notified. In case any such action is brought against any indemnified party, and it notifies an indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate in, and, to the extent that it may wish, jointly with any other indemnifying party, standing notified, to assume the defense thereof so long as its interests are not adverse to those of the indemnified party, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this paragraph 3 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. If the indemnifying party does not elect to assume the defense of any such suit, it will reimburse the indemnified parties for the reasonable fees and expenses incurred by them, including, without limitation, reasonable fees and expenses of counsel. In the event that the parties to any such action (including impleaded parties) include one or more indemnifying parties and one or more

indemnified parties, and one or more indemnified parties shall have been advised by counsel reasonably satisfactory to the Underwriters and the Company that there may be one or more legal defenses available to any of the indemnified parties which are different from, additional to, or in conflict with those available to any of the indemnifying parties, the indemnifying parties will reimburse the indemnified parties for the reasonable fees and expenses of any counsel retained by the indemnified parties (it being understood that the indemnifying parties shall not, in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys for all indemnified parties, which firm shall be designated by the indemnified parties, the Underwriters or the Company, as the case may be). Each indemnifying party agrees promptly to notify each indemnified party of the commencement of any litigation or proceedings against it in connection with the issue and sale of the Bonds. No indemnifying party shall be liable under this paragraph 3 for the amount of any compromise or settlement of any action unless such compromise or settlement has been approved in writing by such indemnifying party.

(d) If the indemnification provided for in subparagraph (a) or (b) of this paragraph 3 is unavailable, because of limitations imposed by securities laws or for any other reason, to a party that would otherwise have been an indemnified party under subparagraph (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each party that would have been an indemnifying party thereunder shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other from the offering of the Bonds. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, or if the indemnified party failed to give the notice required under subparagraph (c) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Underwriters on the other in connection with the statements or omission which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the sale of the Bonds (before deducting expenses) received by the Company bear to the total fee received by the Underwriters. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contributions pursuant to this subparagraph (d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this subparagraph (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this

subparagraph (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claims (which shall be limited as provided in subparagraph (c) above if the indemnifying party has assumed the defense of any such action in accordance with the provisions thereof). Notwithstanding the provisions of this subparagraph (d), the Underwriters shall not be required pursuant to this subparagraph (d) to contribute any amount in excess of the amount by which the total price of the Bonds placed by it exceeds the amount of any damages which such Underwriters have otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

4. Effectiveness: Termination.

(a) This Representation Letter shall become effective upon the execution and delivery of the Purchase Contract by the Authority.

(b) After this Representation Letter shall become effective, if either the Company or the Authority shall be unable to perform its obligations hereunder or under the Purchase Contract, or to satisfy the conditions contained herein or therein to be satisfied by it, this Representation Letter may be terminated by the Underwriters by notice from the Underwriters to the Company and the Authority.

(c) If the Company shall terminate this Representation Letter pursuant to this paragraph 4 or if the Underwriters shall terminate this Representation Letter pursuant to paragraph 4(b), the Company will pay its own costs and expenses and all costs and expenses referred to in Section 6 of the Purchase Contract. Any termination of this Representation Letter pursuant to this paragraph 4 shall be without liability of any party to any other party except as otherwise provided in this paragraph 4.

(d) All representations and warranties and covenants and agreements of the Company contained herein, including the indemnity provision of the Company contained herein, shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriters or any person in control of the Underwriters or by or on behalf of the Authority, or any member, officer, official or employee of the Authority, or by or on behalf of the Company, or any officer, director or controlling person of the Company, or of any termination of this Representation Letter, and shall survive delivery of any payment for the Bonds.

(e) The Company shall be entitled to act and rely upon any request, consent, notice or agreement made or given by the Underwriters.

5. Successors. This Representation Letter has been and is made solely for the benefit of the Authority (and, to the extent provided herein, its officers, agents and attorneys), the Underwriters, the Company and, to the extent expressly provided herein, for the benefit of the persons controlling the Underwriters or the Company, and their respective successors and assigns, and no other persons shall acquire or have any right under or by

virtue of this Representation Letter. The term "successor" shall not include any purchaser, as such purchaser, of any Bonds from the Authority.

6. Applicable Law. This Representation Letter will be governed by and construed in accordance with the laws of the State of Florida.

Kindly indicate the agreement of the Authority and the Underwriters to the foregoing by signing and returning to us the enclosed duplicate of this letter, whereupon it will become a binding agreement between us.

Very truly yours:

TAMPA ELECTRIC COMPANY

By W. Z. Sells
Title: _____

Accepted: As of the date above written

GOLDMAN, SACHS & CO.

CITICORP SECURITIES, INC.

By _____
Title: _____

POLK COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY

By _____
Title: Chairman

virtue of this Representation Letter. The term "successor" shall not include any purchaser, as such purchaser, of any Bonds from the Authority.

6. Applicable Law. This Representation Letter will be governed by and construed in accordance with the laws of the State of Florida.

Kindly indicate the agreement of the Authority and the Underwriters to the foregoing by signing and returning to us the enclosed duplicate of this letter, whereupon it will become a binding agreement between us.

Very truly yours, . . .

TAMPA ELECTRIC COMPANY

By _____
Title:

Accepted: As of the date above written

Goldman, Sachs & Co.

GOLDMAN, SACHS & CO.

CITICORP SECURITIES, INC.

By _____
Title:

**POLK COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY**

By _____
Title: Chairman

virtue of this Representation Letter. The term "successor" shall not include any purchaser, as such purchaser, of any Bonds from the Authority.

6. Applicable Law. This Representation Letter will be governed by and construed in accordance with the laws of the State of Florida.

Kindly indicate the agreement of the Authority and the Underwriters to the foregoing by signing and returning to us the enclosed duplicate of this letter, whereupon it will become a binding agreement between us.

Very truly yours,


TAMPA ELECTRIC COMPANY

By _____
Title:

Accepted: As of the date above written

GOLDMAN, SACHS & CO.

CITICORP SECURITIES, INC.

By  _____
Title: VICE PRESIDENT

POLK COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY

By _____
Title: Chairman

virtue of this Representation Letter. The term "successor" shall not include any purchaser, as such purchaser, of any Bonds from the Authority.

6. **Applicable Law.** This Representation Letter will be governed by and construed in accordance with the laws of the State of Florida.

Kindly indicate the agreement of the Authority and the Underwriters to the foregoing by signing and returning to us the enclosed duplicate of this letter, whereupon it will become a binding agreement between us.

Very truly yours,

TAMPA ELECTRIC COMPANY

By _____
Title:

Accepted: As of the date above written

GOLDMAN, SACHS & CO.

CITICORP SECURITIES, INC.

By _____
Title:

**POLK COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY**

By  _____
Title: Chairman