

REMARKETING - NOT A NEW ISSUE - BOOK-ENTRY ONLY**RATINGS: See "RATINGS" herein**

On July 10, 2008, Squire Patton Boggs (US) LLP (formerly, Squire, Sanders & Dempsey L.L.P.) and Perry E. Thurston, Jr. P.A., Co-Bond Counsel, delivered their opinions that, under existing law as of the date of such opinions (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2008 Bonds is excluded from gross income for federal income tax purposes, except for interest on any Series 2008 Bond for any period during which it is held by a "substantial user" or a "related party," (ii) interest on the Series 2008 Bonds is an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations, and (iii) the Series 2008 Bonds and income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended. The opinions delivered July 10, 2008 further stated that interest on the Series 2008 Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest. On July 1, 2014, Squire Patton Boggs (US) LLP and Perry E. Thurston, Jr. P.A. will deliver opinions to the effect that the execution and delivery of the 2014 Alternate Letter of Credit will not, by itself, adversely affect the exclusion from gross income of interest on the Series 2008 Bonds for federal income tax purposes. Co-Bond Counsel will not deliver opinions regarding the current status of such interest for federal income tax purposes. For a more complete discussion of the tax aspects relating to the Series 2008 Bonds, see the discussion under the heading "TAX MATTERS" herein.



\$35,735,000
BROWARD COUNTY FLORIDA
Subordinate Port Facilities Refunding Revenue Bonds,
Series 2008 (Port Everglades)
CUSIP Number: 11506KBM2*

Dated: July 10, 2008**Due: September 1, 2027**

The Broward County, Florida Subordinate Port Facilities Refunding Revenue Bonds, Series 2008 (Port Everglades) (the "Series 2008 Bonds") were issued by Broward County, Florida (the "County") on July 10, 2008, under and secured by a Trust Indenture dated as of May 1, 1998 (the "Original Trust Indenture"), as supplemented by that First Supplemental Trust Indenture dated as of July 1, 2008 (collectively with the Original Trust Indenture, the "Trust Indenture") each from the County to Regions Bank, as successor Trustee, Bond Registrar and Paying Agent. The Series 2008 Bonds and any refunding bonds issued on a parity therewith under the Trust Indenture are secured by the Trust Estate, which consists primarily of a pledge of certain revenues of the County, which pledge is subordinated in the manner hereinafter described. The pledge of the Pledged Revenue to secure the Series 2008 Bonds is in all respects junior and subordinate to the pledge of Net Revenue by the County under the Senior Bond Resolution (as defined herein) to secure the repayment of the \$250,495,000 aggregate original principal amount of Senior Bonds as described more fully herein (see "INTRODUCTION" herein), other Senior Bonds (as defined in the Trust Indenture), and any superior liens created from time to time in accordance with the Senior Bond Resolution, including certain obligations to any Senior Credit Provider, any provider of a Senior Reserve Account Credit Facility and any provider of a Senior Hedge Agreement, as more fully described herein. As of June 1, 2014, the Senior Bonds remain outstanding in the aggregate principal amount of \$233,835,000. See "INTRODUCTION" herein.

THE SERIES 2008 BONDS ARE SPECIAL OBLIGATIONS OF THE COUNTY PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF THE TRUST ESTATE WHICH CONSISTS OF PLEDGED REVENUE DERIVED BY THE COUNTY FROM THE OPERATION OF ITS PORT FACILITIES AND BY OTHER FUNDS AND ACCOUNTS PLEDGED THEREFOR, AS DESCRIBED HEREIN. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE SERIES 2008 BONDS OR ANY INTEREST THEREON, OR ANY PART THEREOF AGAINST THE GENERAL FUNDS OF THE COUNTY, NOR SHALL THE CREDIT OR TAXING POWER OF THE COUNTY BE DEEMED TO BE PLEDGED THERETO. THE SERIES 2008 BONDS AND INTEREST THEREON SHALL NOT BE A DEBT OF THE COUNTY, NOR A CHARGE, LIEN OR ENCUMBRANCE, LEGAL OR EQUITABLE, UPON THE PROPERTY OF THE COUNTY, OR UPON ANY INCOME, RECEIPTS OR REVENUES OF THE COUNTY OTHER THAN SUCH PLEDGED REVENUE AND SUCH OTHER FUNDS AND ACCOUNTS PLEDGED THERETO. THE OBLIGATION OF THE COUNTY TO REPAY THE SERIES 2008 BONDS AND THE INTEREST THEREON AND PURCHASE PRICE THEREOF SHALL BE IN ALL RESPECTS JUNIOR AND SUBORDINATE TO THE PLEDGE OF NET REVENUE BY THE COUNTY UNDER THE SENIOR BOND RESOLUTION TO SECURE THE REPAYMENT OF THE SENIOR BONDS, OTHER SENIOR BONDS, ANY SENIOR CREDIT PROVIDER, ANY PROVIDER OF A SENIOR RESERVE ACCOUNT CREDIT FACILITY AND ANY PROVIDER OF A SENIOR HEDGE AGREEMENT.

The Series 2008 Bonds currently bear interest at the weekly rate and will be payable from and secured by an irrevocable, direct-pay letter of credit (the "2014 Alternate Letter of Credit") issued in favor of the Trustee by the following 2014 Alternate Letter of Credit Provider:



Royal Bank of Canada

The stated expiration of the 2014 Alternate Letter of Credit is October 2, 2019. Under certain circumstances the County may replace the 2014 Alternate Letter of Credit with an Alternate Credit Facility, and the 2014 Alternate Letter of Credit Provider may terminate the 2014 Alternate Letter of Credit prior to its stated expiration date, all as described in this Remarketing Circular. In the event that the 2014 Alternate Letter of Credit Provider shall exercise its right to terminate the 2014 Alternate Letter of Credit, the 2014 Alternate Letter of Credit Provider is required to purchase any outstanding Series 2008 Bonds prior to termination of the 2014 Alternate Letter of Credit. For purposes of the Trust Indenture, the 2014 Alternate Letter of Credit will serve as the Credit Facility and Liquidity Facility for the Series 2008 Bonds. The principal of (including mandatory sinking fund redemptions) and interest on the Series 2008 Bonds, when due, and the Purchase Price of Series 2008 Bonds tendered for optional or mandatory purchase and not remarketed, are payable solely from amounts drawn under the 2014 Alternate Letter of Credit or any Alternate Credit Facility with respect to principal and interest and any Alternate Liquidity Facility with respect to Purchase Price and from certain funds pledged under the Trust Indenture. The Series 2008 Bonds will be subject to mandatory tender for purchase upon termination as described herein or the expiration of the 2014 Alternate Letter of Credit in the event that the 2014 Alternate Letter of Credit is not renewed or extended or an Alternate Credit Facility and Alternate Liquidity Facility are not substituted therefor. For a description of the terms and provisions of the 2014 Alternate Letter of Credit, including the limitations thereof, see "THE 2014 ALTERNATE LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT – 2014 Alternate Letter of Credit" herein. The 2014 Alternate Letter of Credit is only available to the Series 2008 Bonds bearing interest at the Weekly Rate or the Daily Rate.

The Series 2008 Bonds were issued as a single registered bond in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, which acts as securities depository for the Series 2008 Bonds. The Series 2008 Bonds were initially issued as Variable Rate Bonds bearing interest at a Weekly Rate (as such terms and other capitalized terms used but not defined herein are defined in the Indenture) in denominations of \$100,000 and integral multiples of \$5,000 over \$100,000. Purchasers of the Series 2008 Bonds will not receive certificates representing their ownership interest in the Series 2008 Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments of principal, Purchase Price and interest will be made to DTC, who will remit payment to the DTC Participants, with such payment to be subsequently disbursed to the beneficial owners of the Series 2008 Bonds. See "DESCRIPTION OF THE SERIES 2008 BONDS – Book-Entry Only System" herein.

The Variable Rate on the Series 2008 Bonds will be determined by the Remarketing Agent, pursuant to the provisions of the Trust Indenture.

The Series 2008 Bonds are subject to optional redemption in whole or in part prior to maturity on any Business Day while bearing interest at the Weekly Rate or the Daily Rate, as described more fully herein. See "DESCRIPTION OF THE SERIES 2008 BONDS" herein.

The initial interest rate period for the Series 2008 Bonds will be from July 1, 2014 to July 3, 2014. Interest earned during this period will be paid on August 1, 2014, and thereafter on the first Business Day of each month (each an "Interest Payment Date") for the period from the prior Interest Payment Date to but not including such Interest Payment Date.

During a Weekly Mode, the Series 2008 Bonds will be subject to tender for purchase on any Business Day at the option of the registered owners thereof upon seven days' prior notice given by such registered owners to the Trustee. During a Daily Mode, the Series 2008 Bonds will be subject to tender for purchase on any Business Day at the option of the registered owners thereof upon notice being given by such registered owners to the Trustee and the Remarketing Agent by 10:30 am on the Purchase Date. The Series 2008 Bonds are also subject to mandatory tender for purchase at the times and subject to the conditions set forth in the Trust Indenture. See "DESCRIPTION OF THE SERIES 2008 BONDS - Tender and Purchase of Variable Rate Bonds" herein. The purchase of the Series 2008 Bonds tendered for optional or mandatory purchase may be made with the proceeds from the remarketing of such Series 2008 Bonds by the Remarketing Agent or by a draw on the 2014 Alternate Letter of Credit or a combination thereof.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE REMARKETING CIRCULAR TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

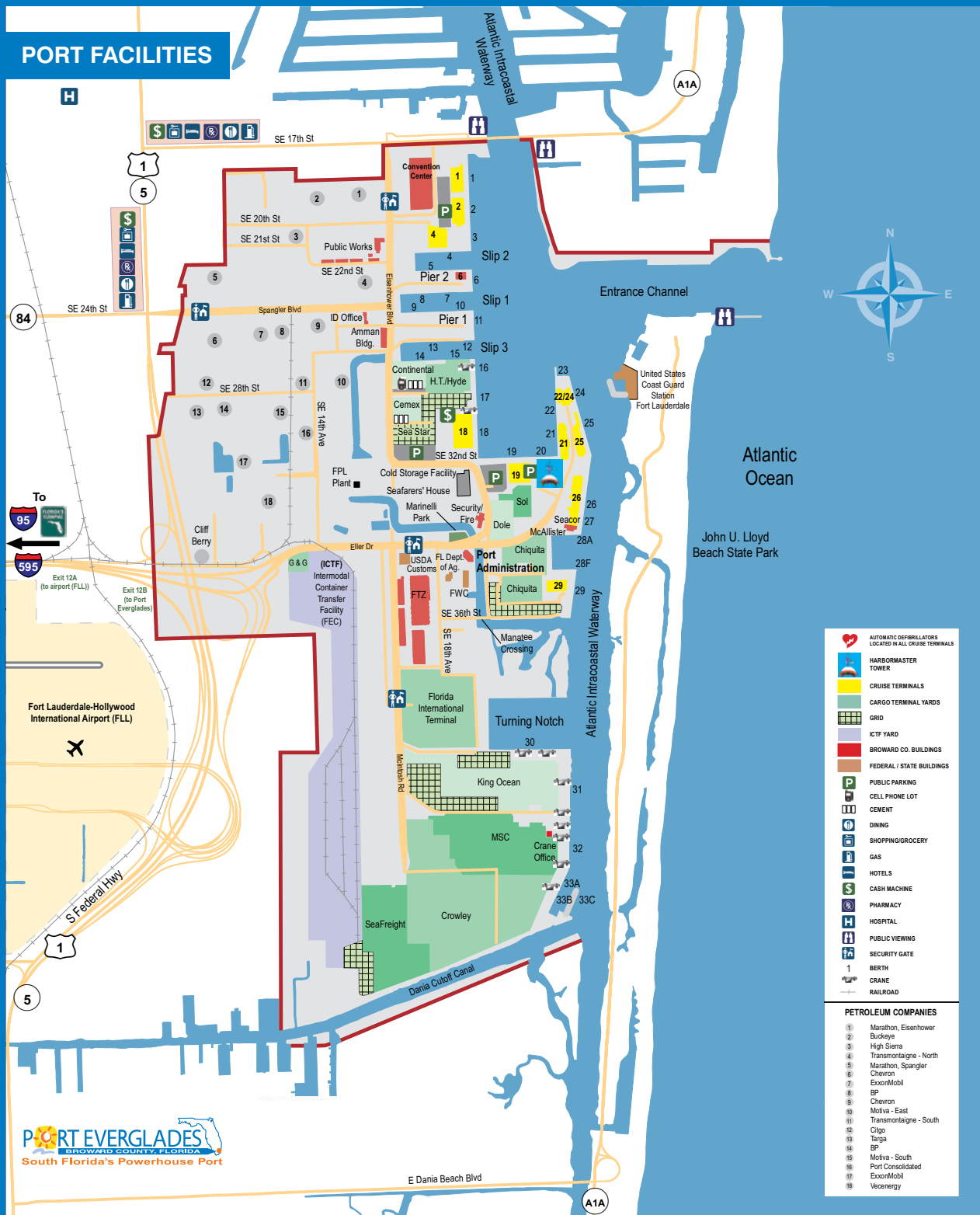
The remarketing of the Series 2008 Bonds on July 1, 2014 is subject to the receipt of opinions of Squire Patton Boggs (US) LLP and Perry E. Thurston, Jr. P.A., Florida, Co-Bond Counsel to the effect that the execution and delivery of the 2014 Alternate Letter of Credit will not, by itself, adversely affect the exclusion from gross income of interest on the Series 2008C Bonds for federal income tax purposes. Certain legal matters relating to disclosure will be passed on by D. Seaton and Associates, Miami, Florida, Disclosure Counsel to the County. Certain legal matters will be passed upon for the County by the Office of the County Attorney. Stifel, Nicolaus & Company, Incorporated, Orlando, Florida is serving as Financial Advisor to the County in connection with the remarketing of the Series 2008 Bonds. It is expected that the remarketed Series 2008 Bonds will be available through the facilities of DTC in New York, New York on or about July 1, 2014.

RBC Capital Markets
as Remarketing Agent

Dated: June 24, 2014

* The County is not responsible for the use of CUSIP Numbers, nor is a representation made as to their correctness. The CUSIP Number is included solely for the convenience of the readers of this Remarketing Circular.

PORT FACILITIES



- AUTOMATIC DEFIBRILLATORS LOCATED IN ALL CRUISE TERMINALS
 - HARBORMASTER TOWER
 - CRUISE TERMINALS
 - CARGO TERMINAL YARDS
 - GRID
 - ICTF YARD
 - BROWARD CO. BUILDINGS
 - FEDERAL / STATE BUILDINGS
 - PUBLIC PARKING
 - CELL PHONE LOT
 - CEMENT
 - DINING
 - SHOPPING/GROCERY
 - GAS
 - HOTELS
 - CASH MACHINE
 - PHARMACY
 - HOSPITAL
 - PUBLIC VIEWING
 - SECURITY GATE
 - BERTH
 - CRANE
 - RAILROAD
- PETROLEUM COMPANIES**
- 1) Marathon, Esso/horner
 - 2) Buckeye
 - 3) High Sierra
 - 4) Transmontaigne - North
 - 5) Marathon, Spangler
 - 6) Chevron
 - 7) Exxon/Mobil
 - 8) BP
 - 9) Chevron
 - 10) Motiva - East
 - 11) Transmontaigne - South
 - 12) Clgo
 - 13) Targa
 - 14) BP
 - 15) Motiva - South
 - 16) Port Consolidated
 - 17) Exxon/Mobil
 - 18) Vocenergy

PORT EVERGLADES
 HARBOR MASTER OFFICE
 South Florida's Powerhouse Port

**BROWARD COUNTY, FLORIDA
BOARD OF COUNTY COMMISSIONERS**

Barbara Sharief, Mayor
Tim Ryan, Vice Mayor
Suzanne N. Gunzburger
Dale V. C. Holness
Kristin D. Jacobs
Martin David Kiar
Chip LaMarca
Stacy Ritter
Lois Wexler

COUNTY ADMINISTRATOR
Bertha Henry

COUNTY ATTORNEY
Joni Armstrong Coffey, Esq.

**ACTING CHIEF FINANCIAL OFFICER AND DIRECTOR,
FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT**
Robert R. Miracle

PORT EVERGLADES DEPARTMENT
Steven M. Cernak, Chief Executive/Port Director

FINANCIAL ADVISOR
Stifel, Nicolaus & Company, Incorporated, Orlando, Florida

CO-BOND COUNSEL
Squire Patton Boggs (US) LLP
Perry E. Thurston, Jr. P.A.

DISCLOSURE COUNSEL
D. Seaton and Associates, Miami, Florida

No dealer, broker, salesman or other person has been authorized by the County or the Remarketing Agent to make any representations, other than those contained in this Remarketing Circular, in connection with the remarketing described herein, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Remarketing Circular does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2008 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information contained in this Remarketing Circular has been obtained from public documents, records and other sources considered to be reliable and, while not guaranteed as to completeness or accuracy, is believed to be correct. Any statement in this Remarketing Circular involving estimates, assumptions and opinions, whether or not so expressly stated, are intended as such and are not to be construed as representations of fact, and the Remarketing Agent and the County expressly make no representation that such estimates, assumptions and opinions will be realized or fulfilled. Any information, estimates, assumptions and matters of opinion contained in this Remarketing Circular are subject to change without notice, and neither the delivery of this Remarketing Circular, nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

The Remarketing Agent has provided the following sentence for inclusion in this Remarketing Circular. The Remarketing Agent has reviewed the information in this Remarketing Circular in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Remarketing Agent does not guarantee the accuracy or completeness of such information.

The order and placement of materials in this Remarketing Circular, including the Appendices, are not to be deemed a determination of relevance, materiality or importance, and this Remarketing Circular, including the Appendices, must be considered in its entirety. The captions and headings in this Remarketing Circular are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections in this Remarketing Circular. The remarketing of the Series 2008 Bonds is made only by means of this entire Remarketing Circular.

Certain statements included or incorporated by reference in this Remarketing Circular constitute "forward-looking statements." Such statements generally are identifiable by the terminology used, such as "plan," "expect," "estimate," "project," "forecast," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The County does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

Other than with respect to information concerning the 2014 Alternate Letter of Credit Provider contained in "Appendix G INFORMATION REGARDING THE 2014 ALTERNATE LETTER OF CREDIT PROVIDER" herein, none of the information in this Remarketing Circular has been supplied or verified by the 2014 Alternate Letter of Credit Provider and the 2014 Alternate Letter of Credit Provider makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the Series 2008 Bonds; or (iii) the tax exempt status of the interest on the Series 2008 Bonds.

THE SERIES 2008 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW, NOR HAS THE TRUST INDENTURE

BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE EXEMPTION OF THE SERIES 2008 BONDS FROM REGISTRATION OR QUALIFICATION IN CERTAIN STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COUNTY AND THE TERMS OF THIS REMARKETING, INCLUDING THE MERITS AND RISKS INVOLVED. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR GOVERNMENTAL ENTITY OR AGENCY WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS REMARKETING CIRCULAR OR APPROVED OR RECOMMENDED THE SERIES 2008 BONDS FOR SALE. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS REMARKETING, THE REMARKETING AGENT MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2008 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, AND SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THIS REMARKETING CIRCULAR SHALL NOT CONSTITUTE A CONTRACT BETWEEN THE COUNTY OR THE REMARKETING AGENT AND ANY ONE OR MORE HOLDERS OF THE SERIES 2008 BONDS.

THIS REMARKETING CIRCULAR IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM (“ORIGINAL BOUND FORMAT”) OR IN ELECTRONIC FORMAT ON THE WEBSITE: www.MuniOS.com. THIS REMARKETING CIRCULAR MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR IF IT IS PRINTED IN FULL DIRECTLY FROM SUCH WEBSITE.

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REMARKETING CIRCULAR
relating to
\$35,735,000
BROWARD COUNTY FLORIDA
Subordinate Port Facilities Refunding Revenue Bonds,
Series 2008 (Port Everglades)

INTRODUCTION

This Remarketing Circular, which includes the cover page and the Appendices hereto, furnishes information about Port Everglades (the “Port” or “Port Everglades”) and Broward County, Florida (the “County”) and the remarketing of \$35,735,000 aggregate principal amount of the County’s Subordinate Port Facilities Refunding Revenue Bonds, Series 2008 (the “Series 2008 Bonds”). For definitions of capitalized terms not otherwise defined herein, please see “APPENDIX D – ORIGINAL TRUST INDENTURE AND FIRST SUPPLEMENTAL TRUST INDENTURE” herein

The Port is a deep-water port located within the Cities of Fort Lauderdale, Hollywood and Dania Beach, Florida, as well as in unincorporated areas of southeastern Broward County, approximately 23 miles north of the City of Miami and 48 miles south of the City of West Palm Beach. It is comprised of more than 2,190 acres, of which more than 1,277 acres are owned by the County. See Map on inside front cover of this Remarketing Circular. The Port serves the import and export shipping business primarily in petroleum, building materials, other bulk and break bulk cargos, and general and containerized cargo. Port Everglades is also a center for passenger cruise ships and the County operates a foreign trade zone at the Port. See “THE PORT” herein.

In a referendum held on March 10, 1992, the voters of the County voted to dissolve the Port Everglades Authority (the “Authority”), which previously exercised governmental authority over the Port. Pursuant to such referendum and Chapters 91-346 and 94-429, Laws of Florida, all powers, duties, responsibilities, obligations and functions of the Port Everglades Authority were transferred to the County and the County assumed, subject to certain terms, all indebtedness of the Port Everglades Authority in effect at the time of such transfer. The County now operates the Port Facilities through its Port Everglades Department (the “Port Department”). See “THE PORT” herein.

The County issued the Series 2008 Bonds pursuant to the Constitution and laws of the State of Florida (the “State”), and Resolution No. 2008-388 adopted by the Board of County Commissioners (the “Board”) of the County, on June 24, 2008. The Series 2008 Bonds were issued under and are secured by the Trust Indenture dated as of May 1, 1998 (the “Original Trust Indenture”), as supplemented by that First Supplemental Trust Indenture dated as of July 1, 2008 (collectively, with the Original Trust Indenture, the “Trust Indenture”) each from the County to Regions Bank, as successor Trustee, Bond Registrar, Paying Agent and Tender Agent. See “APPENDIX D –Original Trust Indenture and First Supplemental Trust Indenture” herein.

The County issued the Series 2008 Bonds to (i) currently refund the County’s Subordinate Port Facilities Refunding Revenue Bonds, Series 1998 (the “Series 1998 Bonds”), (ii) fund a deposit to the Debt Service Reserve Fund, (iii) pay a portion of the termination payment for the termination of the 1998 Interest Rate Swap related to the Series 1998 Bonds, and (iv) to pay certain costs of issuing the Series 2008 Bonds.

The Series 2008 Bonds and any Refunding Bonds issued on a parity therewith under the Trust Indenture are secured by the Trust Estate, which consists primarily of the Pledged Revenue. The County has issued under and pursuant to the terms of Resolution No. 24-1989, adopted by the Authority on July 20, 1989, as supplemented and amended by Resolution No. 26-1989, adopted by the Authority on August 10, 1989, Resolution No. 21-1990, adopted by the Authority on December 6, 1990 and Resolution No. 1998-375, adopted by the County on May 5, 1998 but which became effective on June 4, 1998 (collectively, as further supplemented and amended from time to time, the “Senior Bond Resolution”), the Senior Bonds, consisting of: (i) the County’s Port Facilities Revenue Bonds, Series 2009A (Non-AMT), with an outstanding principal amount of \$83,235,000 as of June 1, 2014, (ii) the County’s Port Facilities Refunding Revenue Bonds, Series 2011A (Non-AMT), with an outstanding principal

amount of \$12,370,000 as of June 1 2014; (iii) the County's Port Facilities Refunding Revenue Bonds, Series 2011B (AMT), with an outstanding principal amount of \$100,695,000 as of June 1, 2014 and (iv) the County's Port Facilities Refunding Revenue Bonds, Series 2011C (Taxable), with an outstanding principal amount of \$37,535,000 as of June 1, 2014.

The pledge of revenues to secure the Series 2008 Bonds shall be in all respects junior and subordinate to the pledge of revenues by the County to secure the repayment of the Senior Bonds, other Senior Bonds issuable in the future on a parity with the Senior Bonds under the Senior Bond Resolution and any superior liens created from time to time in accordance with the provisions of the Senior Bond Resolution, which includes certain obligations to any Senior Credit Provider, any provider of a Senior Reserve Account Credit Facility and any provider of a Senior Hedge Agreement. Pursuant to the Senior Bond Resolution, certain obligations, including termination payments relative to a Senior Hedge Agreement, would be payable as subordinated obligations under the Senior Bond Resolution.

Apart from the Series 2008 Bonds and future Refunding Bonds, the County may not incur any other indebtedness under the Trust Indenture secured by the Trust Estate on a parity therewith, but the County may issue Subordinated Obligations, as described herein, which would be subordinate to the Series 2008 Bonds and the Senior Bonds.

The Series 2008 Bonds and any Refunding Bonds that may be issued subsequently on a parity with the Series 2008 Bonds under the Trust Indenture are referred to collectively as the "Bonds."

The County has covenanted to charge or maintain rates, fees and rentals so that in each Fiscal Year, Gross Revenue (excluding investment income on funds on deposit in the Construction Fund) and investment income on funds on deposit in the Sinking Fund and the Debt Service Reserve Fund will equal at least: (i) 100% of the aggregate of Current Expenses, the Reserve Account Deposit Requirement and the amount required to be deposited in the Renewal and Replacement Fund (as each of such terms is defined in the Senior Bond Resolution), plus (ii) 100% of the Administrative Expenses for the current Fiscal Year, plus (iii) 110% of the Composite Principal and Interest Requirements for the current Fiscal Year, plus 100% of the Debt Service Reserve Fund Deposit Requirement for the current Fiscal Year. See "SECURITY FOR THE 2008 BONDS – Rate Covenant" herein.

The Series 2008 Bonds will be secured by an irrevocable, direct-pay letter of credit issued by Royal Bank of Canada, acting through a branch located at 200 Vesey Street, New York, New York (the "2014 Alternate Letter of Credit Provider") dated July 1, 2014 (the "2014 Alternate Letter of Credit") in favor of the Trustee. Under the 2014 Alternate Letter of Credit, the Trustee is permitted to draw thereon to pay (i) the principal of the Series 2008 Bonds when due whether at stated maturity, redemption or acceleration, (ii) the portion of the purchase price equal to the principal amount of Bonds tendered for optional or mandatory purchase and (iii) up to 56 days' interest accrued on the Series 2008 Bonds, calculated at a rate of 15% per annum. For purposes of the Trust Indenture, the 2014 Alternate Letter of Credit will serve as the liquidity facility. Amounts may be drawn under the 2014 Alternate Letter of Credit to pay the principal and purchase price of and interest on the Series 2008 Bonds which bear interest at the Weekly Rate or the Daily Rate. The 2014 Alternate Letter of Credit will expire on October 2, 2019, unless earlier terminated or extended by the 2014 Alternate Letter of Credit Provider. Under certain circumstances, the County may replace the 2014 Alternate Letter of Credit with an Alternate Credit Facility and/or Alternate Liquidity Facility and the 2014 Alternate Letter of Credit Provider may under certain circumstances terminate the 2014 Alternate Letter of Credit prior to its expiration date; provided, however, prior to such termination the Series 2008 Bonds will be subject to a mandatory tender. See "DESCRIPTION OF THE SERIES 2008 BONDS – Tender and Purchase of Variable Rate Bonds - Mandatory Tenders Upon Expiration, Substitution or Termination of Credit Facility or Liquidity Facility" herein. The interest component of the 2014 Alternate Letter of Credit will be reduced by the amount drawn thereunder to pay interest on the Series 2008 Bonds and shall be automatically reinstated on the opening of business on the eleventh day following the date of such interest draw so long as the Trustee shall not have received notice from the 2014 Alternate Letter of Credit Provider on or before the close of business on the tenth day following such interest draw that the 2014 Alternate Letter of Credit Provider has not been reimbursed for such interest drawing under the 2014 Alternate Letter of Credit or that an Event of Default has occurred under the Reimbursement Agreement (as defined herein) and, as a result thereof, the amount of such interest drawing under the 2014 Alternate Letter of Credit shall not be reinstated. Upon expiration, replacement or termination of the 2014 Alternate Letter of Credit, the Series 2008 Bonds shall be subject to mandatory tender for purchase as described

under “DESCRIPTION OF THE SERIES 2008 BONDS – Tender and Purchase of Variable Rate Bonds - Mandatory Tenders Upon Expiration, Substitution or Termination of Credit Facility or Liquidity Facility” herein. See “THE 2014 ALTERNATE LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT” herein.

This Remarketing Circular describes the County, the Port, the Series 2008 Bonds, the 2014 Alternate Letter of Credit, the 2014 Alternate Letter of Credit Provider and the Trust Indenture. The descriptions do not purport to be comprehensive or definitive and, with respect to the Trust Indenture, reference is made to “APPENDIX D – ORIGINAL TRUST INDENTURE AND FIRST SUPPLEMENTAL TRUST INDENTURE” for the complete text thereof.

DESCRIPTION OF THE SERIES 2008 BONDS

General

The Series 2008 Bonds were issued in fully registered form, dated July 10, 2008 maturing on September 1, 2027, and were initially issued and are being remarketed as Variable Rate Bonds bearing interest at a Weekly Rate until converted to bear interest in another interest rate mode as described herein. The Series 2008 Bonds were issued in Authorized Denominations of (i) \$100,000 and integral multiples of \$5,000 over \$100,000 while they bear interest at a Daily, Weekly or Monthly Rate and (ii) \$5,000 and integral multiples thereof while they bear interest at a Quarterly, Semiannual, Extended or Fixed Rate.

The Interest Payment Dates for the Series 2008 Bonds will be (i) the first Business Day of each calendar month while they bear interest at a Daily, Weekly or Monthly Rate, (ii) the first Business Day of the third calendar month following the Conversion Date to the Quarterly Rate and the first Business Day of each third calendar month thereafter while they bear interest at a Quarterly Rate, (iii) the first Business Day of the sixth month following the Conversion Date to the Semiannual or Extended Rate and the first Business Day of each sixth calendar month thereafter while they bear interest at a Semiannual or Extended Rate and (iv) each March 1 and September 1 following the Conversion Date to the Fixed Rate.

Interest on Series 2008 Bonds bearing interest at the Daily Rate, Weekly Rate, Monthly Rate and Quarterly Rate will be calculated based on the actual days elapsed and a year of 365 or 366 days, as applicable, and interest on the Series 2008 Bonds bearing interest at the Semiannual Rate, Extended Rate or Fixed Rate will be calculated based on a year of 360 days consisting of twelve 30-day months.

Book-Entry Only System

The information in this caption concerning DTC and DTC’s book-entry system has been obtained from DTC and neither the County nor the Remarketing Agent makes any representation or warranty or take any responsibility for the accuracy or completeness of such information.

DTC acts as securities depository for the Series 2008 Bonds. The Series 2008 Bonds were issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2008 Bond certificate was issued for the Series 2008 Bonds, in the aggregate principal amount issued, and 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 and provides asset servicing for U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between accounts of Direct Participants. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is

a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants” and, together with the Direct Participants, the “DTC Participants”). The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2008 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2008 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2008 Bond (a “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. Beneficial Owners are, however, 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 Series 2008 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2008 Bonds, except in the event that use of the book entry system for the Series 2008 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2008 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2008 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2008 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2008 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect 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. Beneficial Owners of Series 2008 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2008 Bonds, such as redemptions, tenders defaults, and proposed amendments to the Trust Indenture. For example, Beneficial Owners of Series 2008 Bonds may wish to ascertain that the nominee holding the Series 2008 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2008 Bonds within a maturity of the Series 2008 Bonds are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such Series 2008 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2008 Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County 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 Series 2008 Bonds are credited on the record date, as identified in a listing attached to the Omnibus Proxy.

Principal, redemption proceeds, if any, and interest payments on the Series 2008 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the County or the Paying Agent on the payment date in accordance with their respective holdings shown on DTC’s records. Payments by DTC 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 DTC Participant and not of DTC, the Paying Agent or the

County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest on the Series 2008 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County and/or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2008 Bonds at any time by giving reasonable notice to the County or the Bond Registrar. Under such circumstances, in the event that a successor depository is not obtained, Series 2008 Bonds certificates are required to be printed and delivered to DTC.

The County may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 2008 Bonds certificates will be printed and delivered.

THE ABOVE INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE COUNTY AND THE REMARKETING AGENT BELIEVE TO BE RELIABLE, BUT THE COUNTY AND THE REMARKETING AGENT TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF. NEITHER THE COUNTY, THE BOND REGISTRAR NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (II) DISTRIBUTION OF CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN SERIES 2008 BONDS; (III) THE PAYMENT BY DTC OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OR INTEREST ON, ANY SERIES 2008 BONDS; (IV) THE DELIVERY OF ANY NOTICE BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (V) THE ELECTION OF THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2008 BONDS; OR (VI) ANY CONSENT GIVEN OR ANY OTHER ACTION TAKEN BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT.

So long as Cede & Co. is the registered owner of the Series 2008 Bonds, as nominee for DTC, references herein to the registered owners of the Series 2008 Bonds shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2008 Bonds.

Discontinuance of Book-Entry Only System

Under the provisions of the Trust Indenture, the Trustee and the County, at the direction and expense of the County, will cause the delivery of bond certificates to each Beneficial Owner, registered in the name of such Beneficial Owner, under the following circumstances: (i) DTC determines to discontinue providing its service with respect to the Series 2008 Bonds and no successor securities depository is appointed in accordance with the provisions of the Trust Indenture. Such a determination may be made at any time by giving 30 days' written notice to the County and the Trustee and discharging its responsibilities with respect thereto under applicable law; or (ii) the County determines not to continue the Book-Entry Only System.

Registration, Transfer and Exchange

If the book-entry only system is discontinued, the Beneficial Owners shall receive certificated Series 2008 Bonds which will be subject to registration of transfer or exchange as set forth below.

The County shall cause books for the registration and transfer of Series 2008 Bonds to be kept by the Bond Registrar. All Series 2008 Bonds shall be registered in such books upon issuance thereof, who shall make notation of such registration thereon and shall not be registered to bearer. Series 2008 Bonds shall thereafter be transferred only by the Owner of such Series 2008 Bonds, in person or by its duly authorized attorney or legal representative, upon the surrender thereof together with a written assignment duly executed by the Owner or its duly authorized attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. The registration of such

transfer shall be made on such registration books and endorsed on the Series 2008 Bond by the Bond Registrar. Upon the transfer of any Bond, the Bond Registrar shall cause to be issued in the name of the transferee a new Series 2008 Bond or Series 2008 Bonds.

Upon surrender at the designated corporate trust office of the Bond Registrar with a written instrument of transfer duly executed by the Owner or its duly authorized attorney or legal representative, in such form as shall be satisfactory to the Bond Registrar, Series 2008 Bonds may be exchanged for a like aggregate principal amount of Series 2008 Bonds of other Authorized Denominations of the same Series, interest rate and maturity. The County shall execute, and the Bond Registrar shall authenticate and deliver such Series 2008 Bonds as the Owner making the exchange is entitled to receive.

No charge shall be made to any Bondholder for the privilege of registration, transfer or exchange hereinabove granted, but any Bondholder requesting any such registration, transfer or exchange shall pay any tax or other governmental charge required to be paid with respect thereto. The County and Bond Registrar shall not be required to execute, transfer or exchange any Bond during the period beginning at the close of business on a Record Date (or Special Record Date) and ending at the close of business on the next Interest Payment Date (or date set for payment of interest for which the Special Record Date was set). The County and Bond Registrar shall not be required to transfer or exchange any Series 2008 Bond: (a) during the 15 days immediately preceding the date of mailing of notice of the redemption of such Series 2008 Bond; or (b) after such Series 2008 Bond has been selected for redemption or has matured.

The County, the Trustee, the Paying Agent and the Bond Registrar may deem and treat the Person in whose name any Series 2008 Bond is registered on the books maintained pursuant to the Trust Indenture as the absolute Owner of such Series 2008 Bond, whether such Series 2008 Bond shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes whatsoever, and none of the County, the Paying Agent or the Bond Registrar shall be affected by any notice to the contrary.

Variable Interest Rates

The Trustee, is currently the Tender Agent with respect to the Series 2008 Bonds (in such capacity, the "Tender Agent"). The Tender Agent will inform the Owners of Series 2008 Bonds and the Trustee (if not the Tender Agent) of the Daily and Weekly Rates upon request. Notice of each preliminary Monthly, Quarterly, Semiannual and Extended Rate, and of each Monthly, Quarterly, Semiannual and Extended Rate, will be given by the Bond Registrar by sending notice in writing to the Owners of the Series 2008 Bonds bearing interest at such rates and the Trustee not later than 5:00 p.m. (New York City time) on the third Business Day following the date of determination.

The preliminary Variable Rate and the Variable Rate are each required to be the lowest rate of interest which, in the judgment of RBC Capital Markets, LLC, as the Remarketing Agent (the "Remarketing Agent") would cause the Series 2008 Bonds to have a market value equal to the principal amount thereof, plus accrued interest, under prevailing market conditions as of the date of determination of the preliminary Variable Rate or Variable Rate. The preliminary Variable Rate is intended to serve only as an indication of the lowest interest rate that would cause the Series 2008 Bonds to have a market value equal to par under market conditions on the date on which such preliminary Variable Rate is determined. The Variable Rate determined after the preliminary Variable Rate is determined may be higher, lower or the same as such preliminary Variable Rate. In no event may the preliminary Variable Rate or the Variable Rate for any Variable Rate Period exceed 15%.

All determinations of Variable Rates pursuant to the Trust Indenture are conclusive and binding upon the County, the Trustee, the Bond Registrar, the Tender Agent, the Credit Provider, the Liquidity Provider and the Owners of the Series 2008 Bonds. The County, the Trustee, the Bond Registrar, the Tender Agent and the Remarketing Agent are not liable to any Owner for failure to give any notice required above or for failure of any Owner to receive any such notice.

The Trust Indenture provides that the Tender Agent and the Remarketing Agent may resign or be removed by the County from time to time. In such events, a successor Tender Agent or Remarketing Agent, as applicable, must be appointed in accordance with the provisions of the Trust Indenture. No resignation or removal of the

Tender Agent or Remarketing Agent shall take effect until a successor has been appointed pursuant to the Trust Indenture. See “APPENDIX D –Original Trust Indenture and First Supplemental Trust Indenture” herein.

Daily Rates. The Daily Rate for each Daily Rate Period is required to be determined by the Remarketing Agent not later than 10:00 a.m. (New York City time) on the commencement date of each such Daily Rate Period to which it relates. Daily Rate Periods commence initially on the Conversion Date to but excluding the following Business Day, and subsequently begin on the next Business Day to but excluding the following Business Day.

Weekly Rates. The Weekly Rate for each Weekly Rate Period is required to be determined by the Remarketing Agent not later than 4:00 p.m. (New York City time) on each Wednesday or, if such Wednesday is not a Business Day, the last Business Day immediately prior to the commencement date of the Weekly Rate Period to which it relates. Weekly Rate Periods extend from Thursday of each week to but excluding Thursday of the following week; except that (A) in the case of a conversion to a Weekly Rate Period from a different Variable Rate Period, the initial Weekly Rate Period for the Series 2008 Bonds shall commence on the Conversion Date to but excluding Thursday of the following week; and (B) in the case of a conversion of the Series 2008 Bonds from a Weekly Rate Period to a different Rate Period, the last Weekly Rate Period will end on and exclude the Conversion Date.

Monthly Rates. A preliminary Monthly Rate for each Monthly Rate Period is required to be determined by the Remarketing Agent not later than 4:00 p.m. (New York City time) on the last Business Day that is at least eight days immediately preceding the commencement date of such period, and the actual Monthly Rate for each Monthly Rate Period is required to be determined by the Remarketing Agent not later than 4:00 p.m. (New York City time) on the Business Day immediately preceding the commencement date of such period. Monthly Rate Periods shall commence initially on the Conversion Date to but excluding the first Business Day of the following month and subsequently begin on and including the first Business Day of each calendar month to but excluding the first Business Day of the following month.

Quarterly Rates. A preliminary Quarterly Rate for each Quarterly Rate Period is required to be determined by the Remarketing Agent not later than 4:00 p.m. (New York City time) on the last Business Day that is at least 15 days preceding the commencement date of such period, and the actual Quarterly Rate for each Quarterly Rate Period is required to be determined by the Remarketing Agent not later than 4:00 p.m. (New York City time) on the Business Day immediately preceding the commencement date of such period. Quarterly Rate Periods commence initially on the Conversion Date to but excluding the first Business Day of the third calendar month thereafter, and subsequently begin on and include the first Business Day of each third calendar month thereafter to but excluding the first Business Day of the third calendar month thereafter.

Semiannual Rates. A preliminary Semiannual Rate for each Semiannual Rate Period is required to be determined by the Remarketing Agent not later than 4:00 p.m. (New York City time) on the last Business Day that is at least 30 days immediately preceding the commencement date of such period. The actual Semiannual Rate for each Semiannual Rate Period is required to be determined by the Remarketing Agent not later than 4:00 p.m. (New York City time) on the Business Day immediately preceding the commencement date of such period. Semiannual Rate Periods commence initially on the Conversion Date and subsequently begin on and include the first Business Day of each sixth calendar month thereafter, to but excluding the first Business Day of the sixth calendar month thereafter.

Extended Rates. A preliminary Extended Rate for each Extended Rate Period is required to be determined by the Remarketing Agent not later than 4:00 p.m. (New York City time) on the last Business Day that is at least 30 days immediately preceding the commencement date of such period, and the actual Extended Rate for each Extended Rate Period is required to be determined by the Remarketing Agent not later than 4:00 p.m. (New York City time) on the Business Day immediately preceding the commencement date of such period. Extended Rate Periods will commence initially on the Conversion Date, and subsequently begin on the first Business Day of the calendar month following the last day of the prior Rate Period and extend for a period of one year or integral multiples of six months in excess of one year set by the Remarketing Agent, and end on a day that is the last day preceding the first Business Day of a calendar month.

Limitation on Rate Period. None of the Rate Periods may extend beyond the scheduled expiration date of the Credit Facility or Liquidity Facility while the Series 2008 Bonds bear interest at a Variable Rate.

Provider Bonds. Notwithstanding anything to the contrary in the Trust Indenture, Provider Bonds shall bear interest at the Provider Rate as more particularly described in the Trust Indenture. See “APPENDIX D – Original Trust Indenture and First Supplemental Trust Indenture” herein.

Conversion Between Rate Periods

For purposes of the Trust Indenture, the 2014 Alternate Letter of Credit serves the function of both a Credit Facility and a Liquidity Facility in the Weekly Mode and the Daily Mode. The 2014 Alternate Letter of Credit is only applicable to the Series 2008 Bonds in the Weekly Mode or the Daily Mode.

At the option of the County, subject to certain conditions, the Series 2008 Bonds may be converted from one Variable Rate Period to another Variable Rate Period in accordance with the provisions of the Trust Indenture. Once the Series 2008 Bonds are converted to a Fixed Rate Period, such Fixed Rate Bonds are no longer subject to conversion. The Conversion Date is required to be an Interest Payment Date for the Variable Rate Period from which the conversion is to be made; provided, however, that in the case of a conversion from an Extended Rate Period, the Conversion Date is required to be limited to an Interest Payment Date on which a new Extended Rate Period for the Series 2008 Bonds would otherwise have commenced pursuant to the Trust Indenture. Not less than 30 days prior to the Conversion Date, the Tender Agent is required to mail or cause the Bond Registrar to mail a written notice of the conversion to the County, the Trustee, the Credit Provider, the Liquidity Provider and all of the Owners of the Series 2008 Bonds.

Notwithstanding the delivery of notice of conversion pursuant to the Trust Indenture, conversion to a new Variable Rate Period will not take effect if:

- (1) The Remarketing Agent fails to determine a Variable Rate for the Variable Rate Period to which the conversion is to be made;
- (2) Any notice of conversion required by the Trust Indenture is not given when required;
- (3) There is not delivered to the County and the Trustee an Opinion of Bond Counsel dated as of the Conversion Date;
- (4) Such notice of conversion is rescinded by the County by written notice to the Tender Agent, the Trustee and the Remarketing Agent delivered prior to the applicable Conversion Date. If the Tender Agent receives notice of such rescission prior to the time the Tender Agent has given or caused to be given notice to the Owners of the Series 2008 Bonds, then such notice of conversion will be of no force and effect. If the Tender Agent receives notice of such rescission after the Tender Agent has given or caused to be given notice to the Owners of the Series 2008 Bonds, then the Series 2008 Bonds will automatically adjust to the Weekly Rate Period. Any purchases of Series 2008 Bonds scheduled or required to take place on the proposed effective date of any Variable Rate Period will take place on such date. No Opinion of Bond Counsel is required in connection with any automatic adjustment to a Weekly Rate Period pursuant to such provision in the Trust Indenture; or
- (5) There is not delivered to the Trustee written evidence from the Rating Agencies that any such conversion to a Quarterly Rate, Semiannual Rate or Extended Rate will not, of itself, cause a reduction or withdrawal of any rating then assigned to the Bonds.

Except as provided in (4) above, in any such event, the Series 2008 Bonds which were to be converted will automatically be converted to a Weekly Rate Period on the date such conversion was to be made, provided that any mandatory or optional tender for purchase on the Conversion Date will nevertheless be carried out. No cancellation of a conversion will constitute an Event of Default under the Trust Indenture. Upon the occurrence of any event described in (1) above, the Weekly Rate will be the per annum rate of interest determined on each Thursday (or if such day is not a Business Day, the immediately preceding Business Day) by the Trustee which is equal to the lesser

of the Maximum Rate, which is 15% per annum, and a rate equal to the “Securities Industry and Financial Markets Association Index” (or “SIFMA Index”) (or a comparable index, if such index is no longer published) most recently published, plus 50 basis points.

Conversion to Fixed Rates

For purposes of the Trust Indenture, the 2014 Alternate Letter of Credit serves the function of both a Credit Facility and a Liquidity Facility in the Weekly Mode or the Daily Mode. The 2014 Alternate Letter of Credit is only applicable to the Series 2008 Bonds in the Weekly Mode or the Daily Mode.

The Series 2008 Bonds will be converted to bear interest at Fixed Rates upon the County’s request. Upon a conversion of Series 2008 Bonds to bear interest at Fixed Rates, such Series 2008 Bonds will be subject to mandatory tender for purchase. As a condition of any Fixed Rate conversion, the Trustee, the Credit Provider, the Liquidity Provider and the Remarketing Agent must receive an Opinion of Bond Counsel. The Fixed Rate Conversion Date will be (1) in the case of a conversion from a Variable Rate Period other than an Extended Rate Period, an Interest Payment Date for the Series 2008 Bonds for the Variable Rate Period from which the conversion is to be made; and (2) in the case of a conversion from an Extended Rate Period, an Interest Payment Date for the Series 2008 Bonds on which a new Extended Rate Period would otherwise have commenced pursuant to the Trust Indenture.

The Fixed Rate or Fixed Rates are required to be the lowest rate or rates of interest per annum (not in excess of the maximum rate of interest allowed by law) which, in the judgment of the Remarketing Agent, as of the date of determination and under prevailing market conditions, would cause the Series 2008 Bonds to have a market value equal to the principal amount thereof, plus accrued interest; provided, however, that, at the request of the County, the Fixed Rate or Fixed Rates can be such lower rate or rates of interest which, in the judgment of the Remarketing Agent, as of the date of determination and under prevailing market conditions, would cause the Fixed Rate Series 2008 Bonds to have a market value of less than the principal amount thereof, plus accrued interest, but not less than 95% of the principal amount thereof, upon delivery of an Opinion of Bond Counsel to the Trustee, the Credit Provider, the Liquidity Provider and the Remarketing Agent.

If necessary or desirable to achieve the lowest Fixed Rate or Fixed Rates on the Series 2008 Bonds, the Remarketing Agent may determine that some or all of the Series 2008 Bonds shall be converted to Serial Bonds maturing in years for which Amortization Requirements have been established for the Series 2008 Bonds and maturing in aggregate principal amounts that correspond to such Amortization Requirements.

The Tender Agent is required to mail or cause the Bond Registrar to mail a notice of the proposed conversion to the Owners of all Series 2008 Bonds to be converted not less than 30 days prior to the proposed Fixed Rate Conversion Date and state that (1) the Series 2008 Bonds are subject to mandatory tender for purchase (with no right to retain) on the Conversion Date at a Purchase Price of par plus accrued interest; and (2) on and after the Conversion Date the Series 2008 Bonds shall be deemed purchased, and thereafter the Owner will have no further rights under the Trust Indenture except to receive the Purchase Price.

Notwithstanding the delivery of notice of a Conversion Date to a Fixed Rate pursuant to the Trust Indenture, conversion of the Series 2008 Bonds to a Fixed Rate Period will not take effect if (1) the County withdraws such notice of conversion not later than the Business Day preceding the date on which the Fixed Rate is to be determined; (2) the Remarketing Agent fails to determine a Fixed Rate; (3) any notice required by the Trust Indenture is not given when required; or (4) upon conversion any Fixed Rate Series 2008 Bonds would be Provider Bonds unless the Liquidity Provider consents. In any of such events, the Series 2008 Bonds will automatically be converted to a Weekly Rate for a Weekly Rate Period which will commence on the date the Fixed Rate conversion was to be made, but the mandatory tender for purchase will still be carried out if notice of the Fixed Rate conversion had been given to the Owners. Withdrawal of a conversion notice must be given by the County to the Trustee, the Tender Agent, the Bond Registrar, the Remarketing Agent, the Credit Provider and the Liquidity Provider, by telephone, promptly confirmed in writing. No cancellation of a Fixed Rate conversion pursuant to this paragraph constitutes an Event of Default under the Trust Indenture. If the Series 2008 Bonds are converted to bear interest at a Weekly Rate rather than a Fixed Rate, and the Remarketing Agent fails to set a Weekly Rate, the Weekly Rate shall be the per annum rate of interest determined on each Thursday (or if such day is not a Business Day, the

immediately preceding Business Day) by the Trustee which is equal to the lesser of the Maximum Rate and a rate equal to “SIFMA Municipal Swap Index” (or a comparable index, if such index is no longer published) most recently published, plus 50 basis points.

Tender and Purchase of Variable Rate Bonds

The Purchase Price payable upon any tender for purchase of Series 2008 Bonds (whether optional or mandatory) shall be an amount equal to the principal amount of such Series 2008 Bond plus, if the Purchase Date is other than an Interest Payment Date, accrued interest thereon, at the applicable rate from the most recent Interest Payment Date to but excluding the Purchase Date.

Optional Tenders During Variable Rate Periods. During any Variable Rate Period, the Beneficial Owners of Series 2008 Bonds (other than Provider Bonds) may elect to have their Series 2008 Bonds (or portions thereof in Authorized Denominations) purchased at the Purchase Price as set forth below:

(1) Series 2008 Bonds bearing interest at Daily Rates may be tendered for purchase on any Business Day upon delivery of telephonic notice of tender given to the Trustee and the Remarketing Agent not later than 10:30 a.m., New York City time, on the Purchase Date.

(2) Series 2008 Bonds bearing interest at Weekly Rates may be tendered for purchase on any Business Day upon delivery of a written notice of tender to the Trustee (with a copy thereof to the Remarketing Agent) not later than 5:00 p.m., New York City time, on a Business Day not less than seven days prior to the Purchase Date.

(3) Series 2008 Bonds bearing interest at Monthly, Quarterly or Semiannual rates may be tendered for purchase on any Interest Payment Date upon delivery of a written notice of tender to the Trustee not later than 5:00 p.m., New York City time, on a Business Day that is not less than seven days prior to the Purchase Date in the case of Series 2008 Bonds bearing interest at Monthly Rates and Quarterly Rates, or 15 days prior to the Purchase Date in the case of Series 2008 Bonds bearing interest at Semiannual Rates.

(4) Series 2008 Bonds bearing interest at Extended Rates may be tendered for purchase on the commencement date of any Extended Rate Period (other than the Extended Rate Conversion Date) upon delivery of a written notice of tender to the Trustee not later than 5:00 p.m., New York City time, on a Business Day that is not less than 15 days prior to the Purchase Date.

Each notice of tender must, in the case of a written notice, be given by the Direct Participant through whom such Beneficial Owner owns such Series 2008 Bonds and must be delivered by Electronic Means to the Tender Agent and Trustee, if not also the Tender Agent, at Regions Bank, 10245 Centurion Parkway, 2nd Floor, Jacksonville, Florida 32256 Attention: Corporate Trust Services, and must be substantially in the form attached as an exhibit to the Trust Indenture. In the case of Series 2008 Bonds bearing interest at Weekly Rates or Daily Rates, a copy of such notice shall also be delivered to the Remarketing Agent at RBC Capital Markets, LLC, 200 Vesey Street, 8th Floor, New York, New York 10281 Attention: Short Term Municipal Department. Such notice of tender must also state, whether delivered in writing by Electronic Means or by telephone, the principal amount of the Series 2008 Bond or portion thereof, that the Owner irrevocably demands purchase of such Series 2008 Bond or portion thereof, the date on which such Series 2008 Bond or portion thereof is to be purchased, payment instructions and the DTC number of such Direct Participant. Such notice of tender will automatically constitute, whether delivered in writing by Electronic Means or by telephone, (A) an irrevocable offer to sell the Series 2008 Bonds (or portion thereof) to which the notice relates on the Purchase Date to any purchaser selected by the Remarketing Agent at the Purchase Price, (B) an irrevocable authorization and instruction to the Bond Registrar to effect transfer of such Series 2008 Bonds (or portion thereof) upon payment of such price to the Tender Agent on the Purchase Date, (C) an irrevocable authorization and instruction to the Tender Agent to effect the exchange of the Series 2008 Bonds to be purchased in whole or in part for other Series 2008 Bonds in an equal aggregate principal amount so as to facilitate the sale of such Series 2008 Bonds (or portion thereof), and (D) an acknowledgment that such Owner will have no further rights with respect to such Series 2008 Bonds (or portion thereof) upon payment of the Purchase Price thereof by the Trustee on the Purchase Date to the Direct Participant from whom the notice of tender is

received, except for the right of such Owner to receive such Purchase Price upon surrender of such Series 2008 Bonds to the Tender Agent.

The determination of the Tender Agent or the Trustee, as applicable, as to whether a notice of tender has been properly delivered pursuant to the foregoing will be conclusive and binding upon the Owner.

Mandatory Tenders Upon Variable Conversion. In the case of any conversion from one Variable Rate Period to another Variable Rate Period the Series 2008 Bonds to be converted are subject to mandatory tender for purchase on the Conversion Date at the Purchase Price. In the case of any conversion to the Fixed Rate, the Series 2008 Bonds to be converted are subject to mandatory tender for purchase on the Conversion Date at the Purchase Price.

Mandatory Tenders Upon Expiration, Substitution or Termination of Credit Facility or Liquidity Facility. Prior to the Fixed Rate Conversion Date of the Series 2008 Bonds, the Series 2008 Bonds are subject to mandatory tender for purchase at the Purchase Price on a Business Day that is at least five days prior to the date on which the Credit Facility or Liquidity Facility is to be canceled in connection with replacement by an Alternate Credit Facility or an Alternate Liquidity Facility pursuant to the Trust Indenture. The Series 2008 Bonds are also subject to mandatory tender for purchase at the Purchase Price on a Business Day which is at least five days prior to expiration of the Credit Facility or Liquidity Facility or the termination of the Credit Facility or the Liquidity Facility. The Series 2008 Bonds are also subject to mandatory tender for purchase at the Purchase Price after receipt of notice of an event of default, including receipt of notice of non-reinstatement under the Credit Facility, on a Business Day which is at least five days prior to the termination of the Credit Facility. For a description of the right of the County to replace a Credit Facility or a Liquidity Facility with an Alternate Credit Facility or Alternate Liquidity Facility, see “APPENDIX D –Original Trust Indenture and First Supplemental Trust Indenture” herein.

Notice of mandatory tender is required to be given by mail by the Bond Registrar at the direction of the Trustee to the Owners of such Series 2008 Bonds by first class mail not less than 30 days prior to the mandatory tender date; provided, however, with respect to a mandatory tender in connection with receipt of notice of an event of default under the Credit Facility, such notice shall be mailed not less than 7 days prior to the mandatory tender date.

Purchase of Tendered Series 2008 Bonds. Before 4:00 p.m., New York City time, on the Purchase Date and upon receipt by the Trustee of 100% of the aggregate Purchase Price of the tendered Series 2008 Bonds, the Trustee is required to pay the Purchase Price of such Series 2008 Bonds to the Owners thereof at its principal office or by bank wire transfer. Payments are required to be made in immediately available funds from the following sources in the order of priority indicated:

- (1) The Remarketing Proceeds Account, the proceeds of the sale of the Series 2008 Bonds which have been remarketed by the Remarketing Agent (other than proceeds of a sale of the Series 2008 Bonds to the County);
- (2) The Liquidity Facility Account, the proceeds of the sale of the Series 2008 Bonds which have been purchased by the 2008 Letter of Credit Provider pursuant to the 2008 Letter of Credit or other proceeds received under or pursuant to a Liquidity Facility;
- (3) The County Purchase Account, moneys paid by the County for such purpose that are Eligible Funds; and
- (4) Other moneys paid by the County for such purpose.

Failure by the County to deposit Eligible Funds in the County Purchase Account or provide moneys from any source other than a draw on the Liquidity Facility or Credit Facility shall not constitute an Event of Default under the Trust Indenture.

All Series 2008 Bonds to be purchased on any date are required to be delivered to the designated corporate trust office of the Tender Agent at or before 11:30 a.m., New York City time, on the Purchase Date, except that such

Series 2008 Bonds bearing interest at Semiannual or Extended Rates being tendered for purchase at the election of the Owner pursuant to the Trust Indenture must be delivered to the designated corporate trust office of the Tender Agent along with the notice of tender.

If the Owner of any Series 2008 Bonds (or portion thereof) that is subject to purchase pursuant to the Trust Indenture fails to surrender such Series 2008 Bonds to the Tender Agent for purchase on the Purchase Date, and if the Tender Agent is in receipt of the Purchase Price therefor, such Series 2008 Bonds (or portion thereof) will nevertheless be deemed purchased on the Purchase Date and ownership of such Series 2008 Bonds (or portion thereof) will be transferred to the purchaser thereof as provided in the Trust Indenture. Any Owner who fails to deliver a Series 2008 Bond for purchase as required above will have no further rights thereunder except the right to receive the Purchase Price thereof upon presentation and surrender of said Series 2008 Bond to the Tender Agent.

Insufficient Funds for Purchases. If the moneys available for purchase of Series 2008 Bonds pursuant to the Trust Indenture are inadequate for the purchase of all Series 2008 Bonds that are tendered on any Purchase Date, all Series 2008 Bonds will continue to bear interest at the same rate as in effect on the day prior to the Purchase Date to the date on which the earliest of the following occurs: (i) the Conversion Date to a Fixed Rate for the Series 2008 Bonds; (ii) the date on which any default by the 2008 Letter of Credit Provider under the terms of the 2008 Letter of Credit has been cured; or (iii) the fifth day after the date on which an Alternate Liquidity Facility meeting the requirements of the Trust Indenture has been obtained. If there are insufficient funds for purchase, (i) the Tender Agent is required immediately (but no later than the end of the next succeeding Business Day) to return all tendered Series 2008 Bonds to the Owners thereof and notify all Owners of the Series 2008 Bonds in writing of the interest rate to be effective and (ii) the Trustee is required to return all moneys received for the purchase of such Series 2008 Bonds to the persons who provided such moneys; provided, however, the Owners shall retain all rights to tender the Series 2008 Bonds pursuant to the provisions of the Trust Indenture and the obligation of the County to honor such tenders shall remain in effect until payment therefor has been provided in accordance with the provisions of the Trust Indenture.

Tender of Provider Bonds. Provider Bonds shall be subject to tender for purchase in accordance with the provisions of the Liquidity Facility or other reimbursement or similar agreement entered into between the County and the Liquidity Provider.

Special Considerations Relating to the Series 2008 Bonds Bearing Interest at a Weekly Rate or a Daily Rate

The Remarketing Agent is paid by the County. The Remarketing Agent's responsibilities include determining the interest rate from time to time and using best efforts to remarket Series 2008 Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Remarketing Agreement), as further described in this Remarketing Circular. The Remarketing Agent is appointed by the County and is paid by the County for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of Series 2008 Bonds.

The Remarketing Agent may purchase Series 2008 Bonds for Its own account. The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, may purchase such obligations for its own account. The Remarketing Agent is permitted, but not obligated, to purchase tendered Series 2008 Bonds for its own account and, in its sole discretion, may routinely acquire such tendered Series 2008 Bonds in order to achieve a successful remarketing of the Series 2008 Bonds (i.e., because there otherwise are not enough buyers to purchase the Series 2008 Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase Series 2008 Bonds, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Series 2008 Bonds by routinely purchasing and selling Series 2008 Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the Series 2008 Bonds. The Remarketing Agent may also sell any Series 2008 Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Series 2008 Bonds. The purchase of Series 2008 Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the Series 2008 Bonds in the market than is actually the case. The practices described above also may result in fewer Series 2008 Bonds being tendered in a remarketing.

Series 2008 Bonds may be offered at different prices on any date including the date the Variable Rate is determined. Pursuant to the Remarketing Agreement, the Remarketing Agent is required to determine the applicable Variable Rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Series 2008 Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the date the Variable Rate is determined. The interest rate will reflect, among other factors, the level of market demand for the Series 2008 Bonds (including whether the Remarketing Agent is willing to purchase Series 2008 Bonds for its own account). There may or may not be Series 2008 Bonds tendered and remarketed on a date the Variable Rate is determined, the Remarketing Agent may or may not be able to remarket any Series 2008 Bonds tendered for purchase on such date at par and the Remarketing Agent may sell Series 2008 Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Series 2008 Bonds at the remarketing price. In the event the Remarketing Agent owns any Series 2008 Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Series 2008 Bonds on any date, including the date the Variable Rate is determined, at a discount to par to some investors.

The ability to sell the Series 2008 Bonds other than through tender process may be limited. The Remarketing Agent may buy and sell Series 2008 Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require holders that wish to tender their Series 2008 Bonds to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the Series 2008 Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Series 2008 Bonds other than by tendering the Series 2008 Bonds in accordance with the tender process.

Redemption of Series 2008 Bonds

Optional Redemption. (A) The Series 2008 Bonds bearing interest at Daily, Weekly, Monthly, Quarterly, Semiannual or Extended Rates (but only if the Extended Rate Period is one year) are subject to optional redemption prior to their stated maturity upon request of the County in whole or in part at any time at a price equal to the principal amount thereof, together with interest accrued to the redemption date, without premium.

(B) The Series 2008 Bonds bearing interest at Extended Rates (but only if the Extended Rate Period is more than one year in duration) or Fixed Rates are subject to optional redemption from Eligible Funds (or from moneys that are not Eligible Funds if there shall not be a Credit Facility in place at the time of such redemption or if the Credit Facility in place at the time of such redemption is a policy of municipal bond insurance) prior to their stated maturity upon request of the County in whole or in part at any time at least ten years after the Conversion Date at 100% of the principal amount thereof, and in such amounts and of such maturities as the County shall direct, plus accrued interest thereon to the redemption date, without premium.

Notwithstanding any provision in the Trust Indenture or the Series 2008 Bonds to the contrary, the Trust Indenture and the Series 2008 Bonds may be amended as of the Conversion Date upon the request of the County, without the consent of any of the Bondholders, to change the redemption provisions applicable during an Extended Rate Period or the Fixed Rate Period to such redemption provisions as are acceptable to the County provided the County provides an Opinion of Bond Counsel to the Trustee.

Prior to notice being given to the Owners of affected Series 2008 Bonds of any optional redemption of Series 2008 Bonds, either (A) there shall be deposited with the Trustee an amount sufficient to pay the principal amount of the Series 2008 Bonds subject to redemption, plus accrued interest to the redemption date, or (B) such notice shall state that the redemption is conditioned on the receipt of moneys for such redemption by the Trustee on or prior to the redemption date. In the event that a conditional notice of redemption is given and such moneys are not timely received, the redemption for which such notice was given shall not be undertaken.

The County shall not cause an optional redemption of the Series 2008 Bonds with the proceeds of a drawing on the 2008 Letter of Credit without the prior consent of the 2008 Letter of Credit Provider.

Sinking Fund Redemption. The Series 2008 Bonds are also subject to redemption prior to maturity at a redemption price equal to the principal amount thereof, plus accrued interest, without premium by application by the

Trustee from draws on the Credit Facility or if there is no Credit Facility in place, or if such Credit Facility is a municipal bond insurance policy, from funds on deposit to the credit of the Sinking Fund on September 1 in the years and in the principal amounts as follows:

<u>YEAR</u>	<u>AMOUNT</u>	<u>YEAR</u>	<u>AMOUNT</u>
2014	\$2,000,000	2021	\$2,575,000
2015	2,075,000	2022	2,665,000
2016	2,145,000	2023	2,765,000
2017	2,230,000	2024	2,865,000
2018	2,310,000	2025	2,970,000
2019	2,395,000	2026	3,075,000
2020	2,480,000	2027*	3,185,000

* Final maturity.

Provider Bonds Redemption. Provider Bonds are subject to redemption prior to maturity (i) at the option of the County as a whole or in part in such amounts and of such maturities as the County shall direct on any date at the principal amount thereof, without premium, plus interest accrued thereon to the redemption date, and (ii) otherwise as provided in the Liquidity Facility or other reimbursement or similar agreement entered into between the County and the Liquidity Provider. Provider Bonds shall be optionally redeemed before any other Series 2008 Bonds.

Partial Redemptions. If less than all of the Series 2008 Bonds are to be redeemed, the particular Series 2008 Bonds to be redeemed shall be selected by the Trustee in such manner as the Trustee in its discretion deems fair and appropriate.

Notice of Redemption. At least 30 days, but not more than 45 days (with respect to Series 2008 Bonds in a Daily Rate Period or Weekly Rate Period, at least 15 days) before the redemption date of any Series 2008 Bonds, the Trustee will cause a notice of any such redemption to be given by mail, postage prepaid, to all Owners owning Series 2008 Bonds to be redeemed in whole or in part. Failure to mail any such notice to any Owner or any defect in any notice so mailed will not affect the validity of the proceedings for the redemption of the Series 2008 Bonds of any other Owners. Each such notice will set forth (i) the date fixed for redemption, (ii) the redemption price to be paid, (iii) the CUSIP numbers and the certificate numbers of the Series 2008 Bonds to be redeemed, (iv) the name and address of the Paying Agent, (v) the dated date, interest rate and maturity date of the Series 2008 Bonds, (vi) if less than all of the Series 2008 Bonds then Outstanding are called for redemption, the amounts of each of the Series 2008 Bonds to be redeemed and (vii) the name, address and telephone number of a contact for such redemption. Such notice may be conditioned upon the occurrence of certain events stated within such notice, and shall be of no effect if such conditions are not met.

If a portion of an Outstanding Series 2008 Bond is selected for redemption, the Owner or his attorney or legal representative must present and surrender such Series 2008 Bond to the Bond Registrar for payment of the redemption price of the portion thereof called for redemption, and the County will execute and the Bond Registrar will authenticate and deliver to or upon the order of such Owner, without charge, other than any applicable tax or other governmental charge, for the unredeemed portion of the principal amount of the Series 2008 Bond so surrendered, a Series 2008 Bond of any Authorized Denomination.

WHILE THE SERIES 2008 BONDS ARE HELD UNDER THE BOOK-ENTRY ONLY SYSTEM DESCRIBED ABOVE, NOTICES OF REDEMPTION WILL BE MAILED SOLELY TO CEDE & CO., AS THE OWNER OF THE SERIES 2008 BONDS.

Effect of Calling for Redemption. If money or Escrow Securities, or a combination of both, sufficient to pay the redemption price of the Series 2008 Bonds to be redeemed are held by the Trustee in trust for the Owners of Series 2008 Bonds to be redeemed, then interest on the Series 2008 Bonds called for redemption will cease to accrue; such Series 2008 Bonds will cease to be entitled to any benefits or security under the Trust Indenture or to be deemed Outstanding, and the Owners of such Series 2008 Bonds will have no rights in respect thereof except to receive payment of the redemption price. Series 2008 Bonds and portions of Series 2008 Bonds for which irrevocable instructions to pay on one or more specified dates or to call for redemption at the redemption date have

been given to the Trustee in form satisfactory to it will not thereafter be deemed to be Outstanding under the Trust Indenture and will cease to be entitled to the security of or any rights under the Trust Indenture, other than rights to receive payment of the redemption price thereof, to be given notice of redemption in the manner provided in the Trust Indenture, and, to the extent provided in the Trust Indenture, to receive Series 2008 Bonds for any unredeemed portions of Series 2008 Bonds, if money or Escrow Securities, or a combination of both, sufficient to pay the redemption price of such Series 2008 Bonds or portions thereof, are held in separate accounts by the Trustee in trust for the Owners of such Series 2008 Bonds.

SECURITY AND SOURCES OF PAYMENTS FOR THE SERIES 2008 BONDS

Pledge of Net Revenue

The Series 2008 Bonds and any other Bonds (which are limited to Refunding Bonds) issued on a parity therewith under the Trust Indenture are secured by the Trust Estate, which consists of (i) the Pledged Revenue; and (ii) all Funds, Accounts and Subaccounts established pursuant to the Trust Indenture, other than the Administrative Fund and the Rebate Fund, and all moneys and securities and earnings in such Funds, Accounts and Subaccounts. The Pledged Revenue consists of the portion of Net Revenue of the County derived from the operation of the Port Facilities deposited to the credit of the General Fund established under the Senior Bond Resolution which is legally available for the payment of obligations under the Trust Indenture pursuant to the terms of the Senior Bond Resolution less Administrative Expenses for such period, which Net Revenue while on deposit in the General Fund shall be subject to superior liens and claims in accordance with the provisions of the Senior Bond Resolution and the Trust Indenture.

Pursuant to the Trust Indenture and Senior Bond Resolution, "Net Revenue" means, for any period, Gross Revenue for such period less Operating Expenses for such period. The term "Gross Revenue" is defined generally as all fees, rentals, charges and other income, including any investment income from moneys held on deposit in any of the funds and accounts created under the Senior Bond Resolution (which do not include the Operation and Maintenance Fund and the Senior Rebate Fund), received by or accrued to the County from the Port Facilities (all as calculated in accordance with generally accepted accounting principles applicable to the County), but does not include (i) receipts and revenue derived from the imposition of an ad valorem tax or any other tax the County is authorized to levy, including any investment income earned thereon or on funds held in the Senior Rebate Fund or the Operation and Maintenance Fund, (ii) revenue derived from the operation of any Special Purpose Facilities or from investment income derived from money on deposit in any funds or accounts pledged to the payment of Special Purpose Bonds, except as may expressly be provided in any resolution authorizing the issuance of such Special Purpose Bonds, and (iii) any grants, contributions or donations, including investment interest thereon. "Operating Expenses" means the reasonable and necessary expenses of administration, maintenance, repair and operation of the Port Facilities, but does not include (i) any reserves for extraordinary maintenance or repair, (ii) any allowance for depreciation, (iii) any deposits or transfers to the credit of the funds and accounts established under the Senior Bond Resolution, the Senior Rebate Fund and the Operation and Maintenance Fund, and (iv) any expenses of Special Purpose Facilities financed by Special Purpose Bonds.

The pledge of the Pledged Revenue to secure the Series 2008 Bonds shall be in all respects junior and subordinate to the pledge of Net Revenue by the County under the Senior Bond Resolution to secure the repayment of the Senior Bonds, other Senior Bonds, any Senior Credit Provider, any provider of a Senior Reserve Account Credit Facility and any provider of a Senior Hedge Agreement. Pursuant to the Senior Bond Resolution, certain obligations, including termination payments relative to a Senior Hedge Agreement, would be payable as subordinated obligations under the Senior Bond Resolution.

THE SERIES 2008 BONDS ARE SPECIAL OBLIGATIONS OF THE COUNTY PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF THE TRUST ESTATE WHICH CONSISTS OF PLEDGED REVENUE DERIVED BY THE COUNTY FROM THE OPERATION OF ITS PORT FACILITIES AND BY OTHER FUNDS AND ACCOUNTS PLEDGED THEREFOR, AS DESCRIBED HEREIN. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE SERIES 2008 BONDS OR ANY INTEREST THEREON, OR ANY PART THEREOF AGAINST THE GENERAL FUNDS OF THE COUNTY, NOR SHALL THE CREDIT OR TAXING POWER OF THE COUNTY BE DEEMED TO BE PLEDGED THERETO. THE SERIES 2008 BONDS AND INTEREST THEREON SHALL NOT BE A DEBT OF THE COUNTY, NOR A CHARGE, LIEN

OR ENCUMBRANCE, LEGAL OR EQUITABLE, UPON THE PROPERTY OF THE COUNTY, OR UPON ANY INCOME, RECEIPTS OR REVENUES OF THE COUNTY OTHER THAN SUCH PLEDGED REVENUE AND SUCH OTHER FUNDS AND ACCOUNTS PLEDGED THERETO. THE OBLIGATION OF THE COUNTY TO REPAY THE SERIES 2008 BONDS AND THE INTEREST THEREON AND PURCHASE PRICE THEREOF SHALL BE IN ALL RESPECTS JUNIOR AND SUBORDINATE TO THE PLEDGE OF NET REVENUE BY THE COUNTY UNDER THE SENIOR BOND RESOLUTION TO SECURE THE REPAYMENT OF THE SENIOR BONDS, OTHER SENIOR BONDS, ANY SENIOR CREDIT PROVIDER, ANY PROVIDER OF A SENIOR RESERVE ACCOUNT CREDIT FACILITY AND ANY PROVIDER OF A SENIOR HEDGE AGREEMENT.

Rate Covenant

Under the Trust Indenture, the County covenants:

- (a) that it will continue in effect the present tariff of rates and fees for, and the present rentals and other charges for the use of, the Port Facilities and the services furnished by the County until the same are revised as provided in the Trust Indenture;
- (b) that it will not change, revise or reduce any such rates, fees, rentals and other charges if such change, revision or reduction will result in producing less Gross Revenue unless such rates, fees, rentals and other charges as so changed, revised or reduced will produce sufficient Gross Revenue to comply with the following paragraph (c); and
- (c) that, subject to the two preceding paragraphs, from time to time and as often as it appears necessary, it will revise the rates, fees, rentals and other charges for the use of the Port Facilities and for the services furnished by the County as may be necessary or proper in order that the Gross Revenue (excluding investment income on funds on deposit in the Construction Fund) and investment income on funds on deposit in the Sinking Fund and the Debt Service Reserve Fund will at all times be sufficient in each Fiscal Year to provide an amount at least equal to the sum of:
 - (i) 100% of the aggregate of Current Expenses, the Reserve Account Deposit Requirement and the amount required to be deposited in the Renewal and Replacement Fund (as each of such terms is defined in the Senior Bond Resolution) for the current Fiscal Year,
 - (ii) 100% of the Administrative Expenses for the current Fiscal Year,
 - (iii) 110% of the Composite Principal and Interest Requirements for the current Fiscal Year, and
 - (iv) 100% of the Debt Service Reserve Fund Deposit Requirement for the current Fiscal Year.

The deposit to the credit of the Sinking Fund in any Fiscal Year of an amount in excess of the amounts required under the Trust Indenture for such Fiscal Year shall be taken into account in adjusting the rates, fees, rentals and other charges for any subsequent Fiscal Years. Any deficiency in the amounts deposited to the credit of the Sinking Fund or the Renewal and Replacement Fund in any Fiscal Year shall, as promptly as may be practicable, be added to the amounts referred to above for the remaining Fiscal Years in adjusting such rates, fees, rentals and other charges.

Debt Service Reserve Fund

The Trust Indenture provides for the establishment and maintenance of a Debt Service Reserve Fund to be held for the benefit and security of the holders of the Bonds. Upon the issuance of any Series of Refunding Bonds, under the terms, limitations and conditions provided in the Trust Indenture, the County must provide for the funding of the Debt Service Reserve Fund in an amount equal to the Debt Service Reserve Fund Requirement.

Upon the original issuance of the Series 2008 Bonds, the County satisfied the Debt Service Reserve Fund Requirement. Transfers from the General Fund established under the Senior Bond Resolution to the Debt Service Reserve Fund shall be made at the times and in the amounts described under “APPENDIX D –Original Trust Indenture and First Supplemental Trust Indenture” herein. The County may provide for a Reserve Facility in lieu of cash deposits to the Debt Service Reserve Fund, or in substitution for all or a portion of the cash and/or securities on deposit in the Debt Service Reserve Fund.

Moneys in the Debt Service Reserve Fund will be used for the purpose of paying the interest on and the principal of the Bonds whenever and to the extent that the moneys held for the credit of the Sinking Fund are insufficient for such purpose.

Issuance of Additional Senior Bonds

The County shall only issue Additional Senior Bonds under the Senior Bond Resolution upon compliance with the requirements of the Senior Bond Resolution and upon filing with the Trustee either:

(i) a certificate signed by the Finance Director demonstrating that the “Adjusted Net Revenue” (as hereinafter defined) for the immediately preceding Fiscal Year or for any twelve consecutive months in the eighteen months immediately preceding the date of issuance of the Additional Senior Bonds with respect to which the certificate is made (the “Test Period”), as selected by the Finance Director, is equal to not less than 110% of the maximum Composite Principal and Interest Requirements in the current or any future Bond Year for all Senior Bonds then outstanding under the provisions of the Senior Bond Resolution, including the Additional Senior Bonds with respect to which the certificate is made, and for all Bonds then Outstanding. Adjusted Net Revenue shall mean the Net Revenue during the Test Period, as determined by the Accountant (excluding investment income on funds on deposit in the Construction Fund), adjusted by the Finance Director to reflect (x) 100% of the additional Net Revenue which, in the opinion of the Rate Consultant, would have been received by the County from increases in tariffs, rates, fees, rentals and other charges for the use of Port Facilities or the services furnished by the County if such increases had been implemented and in effect during such Test Period, provided that such increases must be adopted as of the date the certification required by this paragraph is made and such increase must be effective on, or scheduled to become effective no later than six months from, the date on which such certificate is made; and (y) 100% of the additional Net Revenue which, in the opinion of the Rate Consultant, would have been realized during such Test Period but for the inclusion, in Operating Expenses during such Test Period, of specified sums of extraordinary, non-recurring, expenditures which materially and adversely distort Net Revenue during the Test Period as a fair basis upon which to project future Net Revenue; or

(ii) a certificate of the Rate Consultant demonstrating that the Net Revenue (excluding investment income on funds on deposit in the Construction Fund) projected by the Rate Consultant for each Bond Year from issuance of the Additional Senior bonds through the fifth Bond Year after the Bond Year in which the Project financed with the proceeds of such Additional Senior Bonds is scheduled to be completed is equal to not less than 110% of the annual Composite Principal and Interest Requirements in each of such Bond Years for all Senior Bonds then outstanding under the provision of the Senior Bond Resolution, including the Additional Senior Bonds with respect to which the certificate is made, and for all Bonds then Outstanding.

The County expects to issue Additional Senior Bonds to finance a portion of the Port’s 5-Year Capital Improvement Program. See “THE PORT – Capital Improvement Program” below.

Issuance of Refunding Senior Bonds

The County shall only issue Refunding Senior Bonds under the Senior Bond Resolution upon compliance with the requirements of the Senior Bond Resolution. If such Refunding Senior Bonds are being issued under the provisions of the Senior Bond Resolution requiring that the Finance Director sign a certificate confirming that the Net Revenue (excluding investment income on funds on deposit in the Construction Fund) projected by the Rate Consultant, in writing, for each Bond Year from issuance of the Refunding Senior Bonds through the fifth Bond Year after the Bond Year in which the Refunding Senior Bonds are issued is equal to not less than 125% of the

annual Senior Principal and Interest Requirements in each of such years for all Senior Bonds then Outstanding (excluding any Senior Bonds being defeased by proceeds of the Refunding Senior Bonds and including the Refunding Senior Bonds with respect to which such certificate is made), then the Finance Director must also file with the Trustee a certificate confirming that the Net Revenue (excluding investment income on funds on deposit in the Construction Fund) projected by the Rate Consultant, in writing, for each Bond Year from issuance of the Refunding Senior Bonds through the fifth Bond Year after the Bond Year in which the Refunding Senior Bonds are issued is equal to not less than 110% of the annual Composite Principal and Interest Requirements in each of such Bond Years for all Senior Bonds then outstanding under the provisions of the Senior Bond Resolution (excluding any Senior Bonds being defeased by proceeds of the Refunding Senior Bonds and including the Refunding Senior Bonds with respect to which the certificate is made), and for all Bonds then Outstanding.

Issuance of Refunding Bonds on a Parity with the Series 2008 Bonds

The County may issue Refunding Bonds secured by the Trust Indenture from time to time on a parity with the Series 2008 Bonds and any other Refunding Bonds theretofore issued under and secured by the Trust Indenture and then Outstanding for the purpose of providing funds, together with other legally available funds, for refunding all or any portion of the Bonds of any one or more Series issued under the Trust Indenture.

Before the County may issue Refunding Bonds, there must first be delivered to the Trustee, among other things, either:

(i) a certificate signed by an Authorized Officer, confirming that the annual Principal and Interest Requirements for each Bond Year in which the Bonds to be refunded would be Outstanding but for such refunding for all Outstanding Bonds following issuance of the Refunding Bonds with respect to which the certificate is made (excluding any Bonds being defeased by proceeds of the Refunding Bonds and including the Refunding Bonds with respect to which the certificate is made) is not greater than the annual Principal and Interest Requirements for each Bond Year for all Outstanding Bonds prior to issuance of such Refunding Bonds, or

(ii) a certificate of the Rate Consultant demonstrating that the Pledged Revenue and investment income on funds on deposit in the Sinking Fund and the Debt Service Reserve Fund projected by the Rate Consultant for each Bond Year from issuance of the Refunding Bonds through the fifth Bond Year after the Bond Year in which the Refunding Bonds are issued is equal to not less than 110% of the annual Principal and Interest Requirements in each of such Bond Years for all Bonds then Outstanding, excluding any Bonds being defeased by proceeds of the Refunding Bonds and including the Refunding Bonds with respect to which the certificate is made.

Apart from the Series 2008 Bonds and future Refunding Bonds, the County may not incur any other indebtedness under the Trust Indenture secured by the Trust Estate on a parity therewith, but the County may issue Subordinated Obligations, as described below, which Subordinated Obligations would be subordinate to the Series 2008 Bonds and the Senior Bonds.

Issuance of Obligations Subordinate to the Series 2008 Bonds

The County may issue obligations (“Subordinated Obligations”) other than Bonds from time to time other than under the Trust Indenture which are payable in whole or in part from Net Revenue, but only if such obligations are, by their terms, subordinated to the lien on the Trust Estate in favor of all Bonds issued under the provisions of the Trust Indenture and to the lien on the Net Revenue in favor of all Senior Bonds issued under the provisions of the Senior Bond Resolution.

2008 INTEREST RATE SWAP AGREEMENT

The County entered into an interest rate swap agreement (the “2008 Interest Rate Swap”) with Goldman Sachs Capital Markets, L.P. (“GSCMLP”) relative to the Series 2008 Bonds, which 2008 Interest Rate Swap has a notional amount equal to the outstanding par amount of the Series 2008 Bonds and terminates on September 1,

2027. Pursuant to the 2008 Interest Rate Swap Agreement the County makes a fixed rate payment equal to 3.642% per annum and receives a variable payment from GSCMLP equal to the Weekly SIFMA Index. The 2008 Interest Rate Swap is subject to termination prior to September 1, 2027 upon the occurrence of certain termination events.

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DEBT SERVICE SCHEDULE

The following table details the debt service payments to be made in each year on the Series 2008 Bonds and the aggregate amount of such payments. The table also sets forth the debt service payments to be made in each year on the outstanding Senior Bonds.

Year	Senior Bonds			Series 2008 Bonds*			Total Composite Debt Service
	Principal Amount or Sinking Fund Installment	Interest Payment	Total Debt Service	Principal Amount or Sinking Fund Installment	Interest Payment	Total Debt Service	
2014	\$18,425,000	\$10,332,728	\$28,757,728	\$2,000,000	\$1,301,469	\$3,301,469	\$32,059,196
2015	\$18,870,000	\$9,887,950	\$28,757,950	\$2,075,000	\$1,228,629	\$3,303,629	\$32,061,579
2016	\$19,670,000	\$9,091,700	\$28,761,700	\$2,145,000	\$1,153,057	\$3,298,057	\$32,059,757
2017	\$10,790,000	\$8,434,500	\$19,224,500	\$2,230,000	\$1,074,936	\$3,304,936	\$22,529,436
2018	\$11,335,000	\$7,895,000	\$19,230,000	\$2,310,000	\$993,720	\$3,303,720	\$22,533,720
2019	\$11,925,000	\$7,310,250	\$19,235,250	\$2,395,000	\$909,590	\$3,304,590	\$22,539,840
2020	\$12,530,000	\$6,700,000	\$19,230,000	\$2,480,000	\$822,364	\$3,302,364	\$22,532,364
2021	\$13,155,000	\$6,073,500	\$19,228,500	\$2,575,000	\$732,042	\$3,307,042	\$22,535,542
2022	\$13,815,000	\$5,415,750	\$19,230,750	\$2,665,000	\$638,261	\$3,303,261	\$22,534,011
2023	\$14,510,000	\$4,719,338	\$19,229,338	\$2,765,000	\$541,201	\$3,306,201	\$22,535,539
2024	\$15,260,000	\$3,970,675	\$19,230,675	\$2,865,000	\$440,500	\$3,305,500	\$22,536,175
2025	\$16,040,000	\$3,193,425	\$19,233,425	\$2,970,000	\$336,157	\$3,306,157	\$22,539,582
2026	\$16,840,000	\$2,391,394	\$19,231,394	\$3,075,000	\$227,989	\$3,302,989	\$22,534,383
2027	\$17,665,000	\$1,570,619	\$19,235,619	\$3,185,000	\$115,998	\$3,300,998	\$22,536,617
2028	\$6,210,000	\$702,075	\$6,912,075				\$6,912,075
2029	\$6,555,000	\$360,525	\$6,915,525				\$6,915,525
Total	\$223,595,000	\$88,049,428	\$311,644,428	\$35,735,000	\$10,515,911	\$46,250,911	\$357,895,339

* Reflects interest at a synthetic fixed rate of 3.642% (see "2008 INTEREST RATE SWAP AGREEMENT" herein).

THE 2014 ALTERNATE LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT

The following is a summary of certain provisions of the 2014 Alternate Letter of Credit and the Reimbursement Agreement. The following summary does not purport to be a full and complete statement of the provisions of the 2014 Alternate Letter of Credit or the Reimbursement Agreement, each of which should be read in full for a complete understanding of all the terms and provisions thereof. Investors are urged to obtain and review a copy of the 2014 Alternate Letter of Credit and the Reimbursement Agreement in order to understand all of the terms of those documents. Copies of the 2014 Alternate Letter of Credit and the Reimbursement Agreement may be obtained from the Remarketing Agent. Capitalized terms used in this summary and not defined herein have the meanings ascribed to them in the Reimbursement Agreement. See “Exhibit G – Certain Information Concerning the 2014 Alternate Letter of Credit Provider” for information regarding the 2014 Alternate Letter of Credit Provider.

2014 Alternate Letter of Credit.

The Series 2008 Bonds will be payable from and secured by an Irrevocable Direct-Pay Letter of Credit (the “2014 Alternate Letter of Credit”) to be issued by Royal Bank of Canada (the “2014 Alternate Letter of Credit Provider”) pursuant to the Letter of Credit Reimbursement Agreement, dated as of July 1, 2014 (the “Reimbursement Agreement”), between Broward County, Florida (the “County”) and the 2014 Alternate Letter of Credit Provider, acting through a branch located at 200 Vesey Street, New York, New York. Pursuant to the terms of the 2014 Alternate Letter of Credit, Regions Bank, as trustee (the “Trustee”), under the Trust Indenture dated as of May 1, 1998 (the “Initial Indenture”), as amended and supplemented by a First Supplemental Trust Indenture made and entered into as of July 1, 2008 (the “First Supplemental Indenture” and, together with the Initial Indenture, collectively referred to as the “Indenture”), each by and between the County and the Trustee, relating to the Series 2008 Bonds, is entitled to draw under the 2014 Alternate Letter of Credit to pay the principal of, the redemption price and interest on the Series 2008 Bonds and to pay the purchase price of the Series 2008 Bonds tendered but unsuccessfully remarketed.

The 2014 Alternate Letter of Credit irrevocably authorizes draws in accordance with its terms in an aggregate amount not exceeding \$36,557,395 (as reduced and reinstated from time to time in accordance with the provisions of the 2014 Alternate Letter of Credit, the “*Available Amount*”), consisting of (i) the amount of \$35,735,000, which may be drawn upon with respect to payment of the unpaid principal amount of the Series 2008 Bonds and (ii) the amount of \$822,395, which may be drawn upon with respect to the payment of up to 56 days’ accrued interest on the Series 2008 Bonds, assuming a maximum interest rate of 15% per annum.

The 2014 Alternate Letter of Credit will expire on the earliest to occur of the 2014 Alternate Letter of Credit Provider’s close of business on: (a) October 2, 2019 (as extended from time to time, the “Stated Expiration Date”); (b) the date which is one (1) Business Day (as defined in the 2014 Alternate Letter of Credit) following the date on which all of the Series 2008 Bonds have been converted to a rate other than the Weekly Rate or the Daily Rate (as each is defined in the First Supplemental Indenture), as such date is specified in a certificate from the Trustee (the “Conversion Date”); (c) the date which is one (1) Business Day following the 2014 Alternate Letter of Credit Provider’s receipt from the Trustee of a certificate stating that no Series 2008 Bonds remain Outstanding (as defined in the Initial Indenture), all drawings required to be made under the First Supplemental Indenture and available under the 2014 Alternate Letter of Credit have been made and honored or an Alternate Credit Facility (as defined in the First Supplemental Indenture) has been issued to replace the 2014 Alternate Letter of Credit pursuant to the Indenture and the Reimbursement Agreement; (d) the date of a Stated Maturity Drawing under, and as defined in, the 2014 Alternate Letter of Credit; and (e) the date which is fifteen (15) days following receipt by the Trustee of a Notice of Default from the 2014 Alternate Letter of Credit Provider stating that an Event of Default (as defined in the Reimbursement Agreement) has occurred and directing the Trustee to cause a mandatory tender of the Series 2008 Bonds (the earliest of such dates is referred to as the “Termination Date”).

Reimbursement Agreement.

Events of Default.

Pursuant to the Reimbursement Agreement, the occurrence of any of the following events (including the expiration of any specified time) constitutes an “Event of Default” thereunder unless waived by the 2014 Alternate Letter of Credit Provider in writing. Reference is made to the Reimbursement Agreement for a complete listing of all Events of Default.

(a) The County (i) fails to reimburse the 2014 Alternate Letter of Credit Provider for any Drawing (as defined in the Reimbursement Agreement) under the 2014 Alternate Letter of Credit as required by the Reimbursement Agreement, (ii) fails to pay, or cause to be paid, when due any other amount owed by the County under the Reimbursement Agreement within five (5) days from the date such payment is due, or (iii) fails to pay any principal of or interest on any Series 2008 Bonds other than because of the failure of the 2014 Alternate Letter of Credit Provider to perform its obligations under the 2014 Alternate Letter of Credit; or

(b) The County fails to make any payments as required under certain provisions of the Reimbursement Agreement relating to Term Loans (as defined in the Reimbursement Agreement); or

(c) The County shall default in the due performance or observance of any negative covenant or certain affirmative covenants contained in the Reimbursement Agreement; or

(d) The County fails to perform any term, covenant, condition or provision of the Reimbursement Agreement or any of the other Related Documents (as defined in the Reimbursement Agreement) (other than as described in any other paragraph under the caption “Reimbursement Agreement –*Events of Default*” herein), which failure continues for thirty (30) Business Days or more after written notice thereof to the County; or

(e) Any representation or warranty made or deemed made by or on behalf of the County in the Reimbursement Agreement, in any other Related Document or in any certificate, financial statement or other statement furnished by or on behalf of the County pursuant to the Reimbursement Agreement or any of the other Related Documents proves to have been inaccurate, misleading or incomplete in any material respect when made or deemed to have been made; or

(f) An event of default (however named) occurs under any of the Related Documents and shall not be remedied within the cure period, if any, provided therein; or

(g) The County defaults in the payment of any amount when due in respect of any Material Debt (as defined in the Reimbursement Agreement) or defaults under any Contract (as defined in the Reimbursement Agreement) under or pursuant to which such Material Debt is incurred or issued, and such default continues beyond the period of grace, if any, allowed with respect thereto; any act or omission by the County occurs under any such Contract which results in such Material Debt becoming, or being capable of becoming, immediately due and payable (or, with respect to any Hedge Agreement (as defined in the Reimbursement Agreement), which results in such Hedge Agreement being terminated early or being subject to early termination); or

(h) The entry or filing of any judgment, writ or warrant of attachment or any similar process is entered or filed against the County or against any of its property in an amount, individually or in the aggregate with any other judgment, writ or warrant of attachment against the County or any of its property, in excess of \$15,000,000 and the County fails to vacate, bond, stay or contest in good faith such judgment, writ, warrant of attachment or other process for a period of 30 days or fails to pay or satisfy such judgment within 60 days or as otherwise required by such judgment, writ or warrant of attachment; or

(i) An Event of Insolvency (as defined in the Reimbursement Agreement) occurs with respect to the County; or

(j) The Senior Debt Rating (as defined in the Reimbursement Agreement) assigned by Moody's, S&P or Fitch is withdrawn, suspended or falls below "Baa2" (by Moody's) or "BBB" (by S&P) or "BBB" (by Fitch); or

(k) Any provision of the Reimbursement Agreement, the Series 2008 Bonds or any of the other Related Documents ceases to be valid and binding or is declared null and void; or the County or any state or local governmental entity contests any such provision; or the County or any agent or trustee on behalf of the County denies that it has any further liability under any provision of the Reimbursement Agreement, the Series 2008 Bonds or any of the other Related Documents; or the County, in writing to the Trustee, the 2014 Alternate Letter of Credit Provider or any other Person (as defined in the Reimbursement Agreement), (i) claims that the Reimbursement Agreement, the Series 2008 Bonds or any of the other Related Documents is not valid or binding on it, (ii) repudiates its obligations under the Reimbursement Agreement, the Series 2008 Bonds or any of the other Related Documents and/or (iii) initiates any legal proceedings to seek an adjudication that the Reimbursement Agreement, the Series 2008 Bonds or any of the other Related Documents or the County's obligation to repay any Material Debt is not valid or binding on it; or

(l) Any court of competent jurisdiction or other governmental agency or authority with jurisdiction to rule on the validity of any provision of the Reimbursement Agreement, the Series 2008 Bonds or any of the other Related Documents finds or rules that the Reimbursement Agreement, the Series 2008 Bonds or any of the other Related Documents is not valid or is not binding on the County; or

(m) A Determination of Taxability (as defined in the Reimbursement Agreement) occurs; or

(n) The Port Facilities (as defined in the Reimbursement Agreement) suffer a substantial loss, theft, taking, damage or destruction to or of any of its property which (i) is uninsured or (ii) if insured, nonetheless would have a material adverse effect upon the business, operations or financial condition of the Port Facilities; or the Port Facilities suffer the loss (or proceedings are commenced which could result in the loss) of any license or permit material to the operation of the Port Facilities for the purposes intended; or

(o) Any Lien (as defined in the Reimbursement Agreement) created by the Indenture in favor of the Trustee or the 2014 Alternate Letter of Credit Provider, at any time and for any reason (except as expressly permitted to be released by the terms thereof) does not constitute a valid Lien or fails to have the priority required by the Indenture and the Reimbursement Agreement, or the County so asserts in writing; or

(p) Any resolution of the County is adopted to authorize any action or event that would constitute an Event of Default.

Rights and Remedies.

Following the occurrence of any of the above described Events of Default, the 2014 Alternate Letter of Credit Provider may take any one or more of the following actions, among others. Reference is made to the Reimbursement Agreement for a complete listing of all consequences of Events of Default.

(a) Upon the occurrence and continuation of an Event of Default, the 2014 Alternate Letter of Credit Provider, in its sole discretion: (i) may by notice to the County and the Trustee, declare the Obligations (as defined in the Reimbursement Agreement) (other than amounts due under Bank Bonds (as defined in the Reimbursement Agreement)) of the County under the Reimbursement Agreement, to be immediately due and payable, and the same will thereupon become immediately due and payable (*provided* that such Obligations of the County will be and become automatically and immediately due and payable without such notice upon the occurrence of an Event of Default described in paragraph (i) under the caption "Reimbursement Agreement –*Events of Default*" above), without demand, presentment, protest or further notice of any kind, all of which are expressly waived by the County; (ii) may deliver to the Trustee written notice that an Event of Default has been declared under the Reimbursement Agreement and that the 2014 Alternate Letter of Credit will terminate fifteen (15) days after the Trustee's receipt of such notice, together with a written direction that the Trustee call the Series 2008 Bonds for mandatory tender for purchase pursuant to the First Supplement (as defined in the Reimbursement Agreement), in which case the Series 2008 Bonds must be called for mandatory tender, as directed in such notice; (iii) may cure any default, event of default or event of nonperformance under the Reimbursement Agreement or under any of the other Related

Documents (in which event the County shall reimburse the 2014 Alternate Letter of Credit Provider therefor pursuant to the Reimbursement Agreement); (iv) may exercise its banker's lien or right of set-off; (v) may proceed to protect its rights by suit in equity, action at law or other appropriate proceedings, whether for specific performance of any covenant or agreement of the County contained in the Reimbursement Agreement or in aid of the exercise of any power or remedy granted to the 2014 Alternate Letter of Credit Provider in the Reimbursement Agreement or under any of the other Related Documents; and/or (vi) may exercise any other rights or remedies available under any Related Document, any other agreement or at law or in equity. In addition to the foregoing remedies, whether or not any acceleration occurs under the Indenture (as defined in the Reimbursement Agreement) or any other notice is given to the Trustee, if the applicable Event of Default is the failure by the County to reimburse the 2014 Alternate Letter of Credit Provider on a timely basis for an Interest Drawing (as defined in the Reimbursement Agreement), the 2014 Alternate Letter of Credit Provider may, no later than the tenth day following such Drawing (as defined in the Reimbursement Agreement), deliver to the Trustee notice that the 2014 Alternate Letter of Credit will not be reinstated and that the 2014 Alternate Letter of Credit will be terminated as described in the Reimbursement Agreement. The rights and remedies of the 2014 Alternate Letter of Credit Provider specified in the Reimbursement Agreement are for the sole and exclusive benefit, use and protection of the 2014 Alternate Letter of Credit Provider, and the 2014 Alternate Letter of Credit Provider is entitled, but has no duty or obligation to the County, the Trustee, the Owners or otherwise, (x) to exercise or to refrain from exercising any right or remedy reserved to the 2014 Alternate Letter of Credit Provider under the Reimbursement Agreement or (y) to cause the Trustee or any other Person to exercise or to refrain from exercising any right or remedy available to it under any of the Related Documents. The 2014 Alternate Letter of Credit Provider may recover damages caused by any breach by the County of the provisions of the Reimbursement Agreement or the Fee Letter (as defined in the Reimbursement Agreement), including court costs, reasonable attorneys' fees and other costs and expenses incurred in the enforcement of the obligations of the County under the Reimbursement Agreement or the Fee Letter.

(b) From and after the occurrence of an Event of Default, all amounts owing to the 2014 Alternate Letter of Credit Provider under the Reimbursement Agreement and under the Fee Letter will bear interest at the Default Rate (as defined in the Reimbursement Agreement).

(c) Upon the occurrence of any Event of Default, the 2014 Alternate Letter of Credit Provider may, by written notice to the County, require the County to obtain a replacement letter of credit and the release of the 2014 Alternate Letter of Credit, and the County agrees that if it fails to do so within 60 days after the occurrence of any Event of Default and request by the 2014 Alternate Letter of Credit Provider for such replacement and release, the County shall pay to the 2014 Alternate Letter of Credit Provider in cash, as further security for the County's Obligations under the Reimbursement Agreement, an amount not less than the Available Amount (as defined in the Reimbursement Agreement).

No Waiver, Remedies.

No failure on the part of the 2014 Alternate Letter of Credit Provider to exercise, and no delay in exercising, any right, power or privilege under the Reimbursement Agreement or the Fee Letter will operate as a waiver of such right, power or privilege; nor will any single or partial exercise of any right, power or privilege under the Reimbursement Agreement preclude any other further exercise of such right, power or privilege or the exercise of any other right, power or privilege. The rights and remedies described in the Reimbursement Agreement are cumulative and not exclusive of any rights or remedies provided by law or which the 2014 Alternate Letter of Credit Provider would otherwise have.

Injunctive Relief.

The County recognizes that in the event an Event of Default occurs, any remedy of law may prove to be inadequate relief to the 2014 Alternate Letter of Credit Provider; therefore, the County agrees that the 2014 Alternate Letter of Credit Provider, if the 2014 Alternate Letter of Credit Provider so requests, will be entitled to temporary and permanent relief in any such case.

RISK FACTORS

The County's ability to derive Net Revenue from its operation of the Port in amounts sufficient to pay debt service on the Series 2008 Bonds and the Senior Bonds depends upon many factors, many of which are not subject to the control of the County. These factors include the financial strength of the petroleum, cruise passenger and cargo shipping industries in general, and of the firms in those industries that operate at the Port in particular. While the Port Department is of the view that the diverse nature of business activities at the Port provides a degree of financial stability and insulation from downturns in particular economic sectors, a worsening of general economic conditions, including inflation, general cost increases, international trade or oil embargoes, or continued trade deficit imbalances, nonetheless could affect the Port's operations and the County's income by either increasing operating costs without corresponding revenue increases, or decreasing cargo or cruise volume. Described below are certain factors that could affect future operations of the Port and certain related matters.

Cruise/Tourist Industry Fluctuations

Unaudited results from the first seven (7) months of Fiscal Year 2014 indicate that cruise revenues accounted for 44.7% of the Port's revenue. For Fiscal Year 2013, the Port derived approximately 47.2% of its total revenues from the passenger cruise industry, which is a part of the tourist industry. In addition, approximately 65% of the cruise revenue for the Port for Fiscal Year 2013 was generated by one company, Royal Caribbean Cruises Ltd., which is the parent corporation for several of the cruise lines providing passenger cruises from the Port. See "THE PORT — Business Operations — Cruise" herein. The cruise/tourist industry is subject to economic fluctuation due to any one or more of many factors, including fuel prices and the health of the economy in general, which are beyond the control of the County. While recent experience has been that the cruise lines reduce passenger fares to sustain passenger volumes at capacity, any significant change in such factors (e.g., a significant increase in fuel prices or a significant downturn in the economy) could produce a substantial and/or extended decrease in cruise travel, which decrease could have a material adverse impact on Net Revenue.

Competition

The Port currently faces competition in certain of its business operations from other ports in the southeastern Atlantic region, including PortMiami. In the future, the level of competition could increase if these ports were to expand or establish additional facilities and services, which may have an adverse impact on Net Revenue. In addition, it is possible that other means of transporting cargoes presently handled at the Port could be devised and implemented that would have the effect of reducing the volume of such cargoes at the Port. For example, the Port's market area has seen an expansion of international seaport facilities in Caucedo, Dominican Republic; Kingston, Jamaica; Freeport, Bahamas; and Colon, Panama, among others, in the Caribbean basin. While the cargo volume of these ports represents a small percentage of the Port's containerized cargo, these international seaport facilities are well positioned to handle transshipment cargo for the hemisphere. Transshipment cargo is cargo that is transferred from one vessel to another to reach its final destination. This is also a business activity which is projected to grow with the expansion of the Panama Canal in 2015. Within the State, both of the ports in Tampa and Jacksonville have added new container terminals which have been leased to international shipping lines and Port Canaveral is dredging a new container terminal. In addition, the major ports on the east coast, including the Port, are seeking approval and funding to increase channel depths.

Labor Relations

The Port Department considers its relations with its employees, some of whom are members of unions, to be good. As public employees, under Florida law, unionized employees of the Port Department are prohibited from striking.

Certain operations at the Port are dependent on good labor relations among the stevedoring firms, marine terminal operators, shipping lines and other franchisees operating at the Port and the longshoremen, cargo checkers and other workers who work at the Port, but are not employed by the Port Department. Florida is a "right to work" state, and some of these workers are unionized, while others are not. The International Longshoreman's Association ("ILA") Local 1526 represents some of the longshoremen at the Port and ILA Local 1922 represents some of the cargo checkers at the Port. Some of the franchisees at the Port use ILA union labor and are presently operating

under a six-year contract which is due to expire on September 30, 2018. One of the firms at the Port uses Teamsters labor represented by International Brotherhood of Teamsters Local 390.

In the opinion of the Port, the Port and its franchisees enjoy good labor relations with both the ILA and the Teamsters. There has not been a strike at the Port by the ILA since 1970, and there has never been a strike at the Port by the Teamsters. However, there can be no assurance that strikes or other labor disruptions will not occur in the future. Any prolonged strike or disruption could adversely affect Net Revenue, although certain large users of the Port would be required to honor minimum wharfage guaranties, notwithstanding the occurrence of a strike.

Improvement of Port Facilities

No assurance can be given that, as a result of unanticipated circumstances, the cost of capital improvements currently under consideration by the County will not exceed the amount of funds available to the County for such purposes. To the extent that such funds are insufficient to pay for the cost of acquiring and constructing these capital improvements, the County would be required to provide additional moneys or reduce the scope of its 5-Year Capital Improvement Program (the "5-Year CIP"). Either of these alternatives could have an adverse impact on Net Revenue. Additionally, the Port received a tariff increase averaging 3.0% for Fiscal Year 2014 and may seek the same tariff increase in each of the Fiscal Years 2015 through 2019, which may impact the Port's competitiveness. See "THE PORT — Capital Improvement Program (CIP)."

Regulation

The County is subject to the general requirements of Florida and federal environmental laws, including the regulations of the Florida Department of Environmental Protection ("FDEP"). Projects involving dredging at the Port require the approval of the U.S. Army Corps of Engineers ("ACOE"). The County, in compliance with Section 15 of the United States Shipping Act, publishes and files with the Federal Maritime Commission a port tariff establishing the rate, rules and regulations that apply to all users of the Port Facilities. To the best knowledge of the Port, the County is currently in compliance with all Florida and federal regulations requiring (i) approval of projects that have been or are being implemented or (ii) reporting of operations conducted at the Port. To the best knowledge of the Port, no failure to obtain a required approval has occurred and no regulatory action has been taken or threatened which, in either case, would have a material adverse impact on the operations of the Port or the revenues generated or to be generated by the Port Facilities. No assurance can be given, however, that the County will be able to obtain approvals that may be required in the future (i) to implement improvements that are contemplated for the Port or (ii) to maintain existing Port Facilities, or that it will meet all of the reporting and other requirements that have been or may be imposed by Florida or federal agencies or authorities. A failure to obtain such approvals or to meet such reporting or other requirements could result in a loss of revenue for the Port or a failure to realize projected revenue, which loss or failure could have a material adverse impact on Net Revenue.

Hurricanes

Florida is generally susceptible to hurricanes and similar storms in which winds and tidal surges are powerful enough to cause severe destruction. Located on the Atlantic Ocean, the Port, specifically, and the County, generally, are particularly susceptible to such storms and their effects. The County has adopted a Hurricane Plan in an effort to, among other things, establish protective measures to be effected at the Port and to make the Port Facilities safer in case a hurricane occurs. The Port Facilities are presently included under the County's property insurance program. However, the insurance for wind and flood damage under such policies has a separate \$50,000,000 deductible for Named Wind Events occurring at the Port location or other County locations except for the Airports or Water & Wastewater facilities which have separate limits and deductibles. The County does not maintain a designated fund for the deductible. Any such funding would be subject to the availability of funds at the time of the loss and at the Board's direction. In addition, the amount of Net Revenue that would be lost during any period of repair required after the effects of a hurricane or other casualty cannot be predicted with any reasonable degree of certainty. The County's property insurance includes time element (also known as business interruption) insurance coverage that covers certain events and is subject to various deductibles and a 4-day waiting period for Port Blockage and a \$250,000 property damage deductible regarding collapse and/or impact of/to bulkheads, piers, wharves, docks, and dolphins. No assurance can be given that such insurance would be adequate to cover all damages and losses including lost Net Revenue during any repair or reconstruction period resulting from a hurricane or other casualty.

Environmental Hazards

Any owner or operator of real estate may be adversely affected by legislative, regulatory, administrative and enforcement actions involving environmental controls. For example, if any of the property on which Port Facilities are located or other property operated by the County is determined to be contaminated, the County could be liable for significant clean-up costs, even if it is not responsible for the contamination. The costs of decontamination or clean-up could be significant and the incurrence of such costs could have a material adverse impact on Net Revenue.

Through voluntary agreement, several petroleum companies having operations located at the Port created and funded an independent corporation, Port Everglades Environmental Corporation (“PEECO”). PEECO was created to address the problem of, and clean up of historical petroleum contamination on common areas owned by the Port, including pipeline right-of-ways, loading berths and roadways adjacent to oil company properties, used by the petroleum companies for transportation of their petroleum products. The majority of common areas on which petroleum contamination is known to exist have been accepted for State funded clean-up under Florida’s Early Detection Incentive Program. The Port believes that the likelihood of having material financial liability for petroleum contamination costs not covered by Florida or the oil industry is remote.

THE COUNTY

General

The County, created in October 1915 by the Legislature of Florida, is located on the southeast coast of Florida and has an area of approximately 1,197 square miles. The County is bordered to the south by Miami-Dade County and to the north by Palm Beach County. Located within the County are 31 municipalities. The County ranks second in Florida and 15th in the nation with a 2010 population of 1,748,066. In addition, the County is located in the center of the eighth largest U.S. metropolitan area with a population of 5.6 million. Four airports, including the Fort Lauderdale-Hollywood International Airport, are located in the County. The Port is located less than two miles from Fort Lauderdale-Hollywood International Airport. General governance, finance, economic and demographic information concerning the County may be found in “APPENDIX A - General Information Concerning Broward County, Florida” herein.

County Governance

The County is governed by the provisions of its Charter as amended, originally adopted by the electors of the County on November 5, 1974. Under the Charter, the County functions as a home rule government consistent with the provisions of the Florida Constitution and the general laws of Florida.

The nine-member Board is the legislative body of the County government. The Board annually elects a Mayor who serves as presiding officer. The Charter provides for one County Commissioner to be elected from each of the nine Commission districts. Elections are held every two years for staggered four-year terms. Each candidate must be a registered elector and a legal resident of the district to be represented.

The County Commissioners and expiration of their terms are as follows:

Barbara Sharief, Mayor	November 2014
Tim Ryan, Vice Mayor	November 2016
Suzanne N. Gunzburger	November 2014
Dale V. C. Holness	November 2016
Kristin D. Jacobs	November 2014
Martin David Kiar	November 2016
Chip LaMarca	November 2014
Stacy Ritter	November 2016
Lois Wexler	November 2016

The County Administrator, appointed by the Board, is the chief administrative officer of the County government. The County Administrator directs the functions of County government through several offices, seven major departments, and various divisions within each department. Pursuant to an Administrative Code adopted by the Board, unless otherwise stated in the Charter, the County Administrator can appoint, suspend, or remove all County employees, with the exception of the County Auditor and the County Attorney. The County Administrator also serves as ex-officio Clerk of the Board.

THE PORT

The information presented in this section, unless otherwise attributed to a specific source, was obtained from the Port Department.

Port Everglades Department

The Broward County Port Authority was originally created in 1927 by a Special Act of the Florida Legislature. Upon its creation, the Broward County Port Authority assumed the then-existing debt of the Cities of Fort Lauderdale and Hollywood, Florida incurred in constructing the Port. The name of the Broward County Port Authority was changed to the Port Everglades Authority in 1965. This entity exercised governmental authority over the Port from 1927 until 1992, when a transition of authority from the Port Everglades Authority to the County commenced, which was completed in 1994. This transition of authority was occasioned by a referendum held on March 10, 1992, in which the voters of the County voted to dissolve the Port Everglades Authority. As a result of this referendum, the Florida Legislature, by special act, dissolved the Port Everglades Authority. All powers, duties, responsibilities, obligations and functions of the Port Everglades Authority were transferred to the County, and the County assumed, subject to its terms, all indebtedness of the Port Everglades Authority, including all obligations and rights under the Bond Resolution as in effect at the time of such transfer. The County now operates the Port Facilities through the Port Department. Key management personnel of the Port Department are described immediately below.

Steven M. Cernak, P.E., PPM, Chief Executive/Port Director, joined the Port on March 5, 2012. Mr. Cernak previously served as the Port Director and Chief Executive Officer for the Port of Galveston, TX, from 1999 until his selection for the top position at Port Everglades. In addition, he also served as President of the Galveston Port Facilities Corporation, a nonprofit corporation formed to promote redevelopment at the Port of Galveston and related entities, since May 2002. Prior to moving to Texas, Mr. Cernak was the Manager of Port Development for The Port Authority of New York and New Jersey. He also held engineering positions with several private engineering consultancies in New Jersey. Mr. Cernak has a bachelor's degree in Civil Engineering from Colorado State University and M.B.A. from Dowling College in Oakdale, NY. He is currently an active participant in the American Association of Port Authorities and has served on the Cruise Committee, Curriculum Committee, Harbors and Navigation Committee and has served on its Board of Directors..

Glenn A. Wiltshire, Deputy Port Director, was appointed to his present position in August 2006. Prior to that, he served as an officer in the United States Coast Guard, retiring with the rank of Captain at the end of a 30-year career in June 2006. During his Coast Guard career, he held numerous positions with strategic planning, environmental protection, marine safety, and maritime security responsibilities, ending with him serving as U.S. Coast Guard Captain of the Port and Sector Commander for the New York/New Jersey area. Mr. Wiltshire has a Bachelor of Science degree in Ocean Sciences from the U.S. Coast Guard Academy and a Masters of Public Administration degree from the John F. Kennedy School of Government, Harvard University.

Jim Pyburn, Director of Business Development, was recently appointed to his position, and will be joining the Port on June 30, 2014. Prior to accepting the position at Port Everglades, Mr. Pyburn most recently served as the Director of Business Development and Marketing for Latin America at Port Tampa Bay. In addition to his 14-year service in Tampa, Jim has worked for Emery World Wide in Fort Lauderdale, Tec Marine Lines in Miami, Tropical Shipping in West Palm Beach, and U.S. Lines in multiple locations. He is fluent in Spanish and spent much of his career living and traveling in Central America. Jim received a Bachelor's degree from the University of Houston, and has owned an International Freight Forwarding/Customhouse Brokerage business and is a licensed Florida Realtor.

Robert J. Flint, Director of Operations, was appointed to his present position in May, 1989, and has over forty-five (45) years of experience in the maritime industry, having served as the Senior Vice-President of Eller & Company, President of South Atlantic Terminals, Inc., and Manager of Operations for Pittston Stevedoring Corporation. Mr. Flint has also served as a licensed deck officer with an American flag steamship company. Mr. Flint is a graduate of New York Maritime College where he received a Bachelor of Science Degree in Maritime Transportation.

Leah Brasso, Acting Director of Finance, joined the Port in February of 2014. Ms. Brasso has worked for the County since 2004, and has held positions in the County's Office of Management and Budget as well as the Finance and Administrative Services Department. In her previous position with the Finance and Administrative Services Department, Ms. Brasso had primary responsibility for performing the debt management functions of the County's \$2.9 billion debt portfolio. Ms. Brasso has a bachelor's degree in Political Science from the University of Pittsburgh, and an M.P.A from the University of Pittsburgh's Graduate School of Public and International Affairs.

Alan Hill, Director of Business Administration, was named the Director of the Business Administration Division in July 2012 after working nearly nine years in Finance and more than 10 years in Business Development at the Port. Mr. Hill joined the Port in September 1992 as the Port's first Revenue Auditor. In February 2001, he was promoted to Manager of Business Development for cargo-related activity. In September 2008, Mr. Hill was promoted to Assistant Director of Business Development and later served as Acting Director of Business Development the first half of 2012. He has been an active member of management teams negotiating long-term cruise and cargo agreements. Mr. Hill earned a Bachelor's Degree in Business Administration from the University of Cincinnati, Ohio, and is a Certified Public Accountant in the State of Florida. Mr. Hill will be retiring on July 25, 2014.

General Attributes

Port Everglades is a deep-water Atlantic Ocean port located on the southeast coast of Florida, approximately 23 miles north of the City of Miami and 48 miles south of the City of West Palm Beach. The Port is located within the Cities of Fort Lauderdale, Hollywood and Dania Beach, Florida, as well as within unincorporated areas in the southeastern portions of the County. It is comprised of more than 2,190 acres, of which approximately 1,277 acres are County-owned. Of the 2,190 acres in the jurisdictional area of the Port, approximately 1,742 are upland, and 448 are submerged. The Port is the deepest port in Florida, with a design depth of 42 feet at mean low water. The Port's piers and wharves are less than two miles from the open-ocean shipping lanes offshore.

The Port is divided into three distinct adjacent geographic areas: (i) Northport, which is the site of the Greater Fort Lauderdale/Broward County Convention Center, cruise operations and petroleum and container operations; (ii) Midport, which is the site of container operations, cruise terminals, bulk cement operations, and neo-bulk operations; and (iii) Southport, which is currently dedicated to container operations as well as the Foreign-Trade Zone.

The Port is close to major inland transportation routes. It is within two miles of the Fort Lauderdale-Hollywood International Airport. Interstate 595 terminates at the Port; it gives the Port direct access to major local interstate highways, including I-95, I-75, Florida's Turnpike and the Sawgrass Expressway. The Florida Department of Transportation is currently constructing a \$42 million overpass project at the main entrance to the Port to be completed by spring 2015 that includes restoring a previously abandoned rail spur to Northport used for petroleum delivery and an at-grade rail spur to be extended to the Southport area of the Port to connect with the near-dock Intermodal Container Transfer Facility to the major U.S. freight train lines that will start operations in July 2014.

In Fiscal Years 2012 and 2013, the Port hosted 4,000 and 3,850 port calls, respectively, from vessels ranging from mega cruise ships to container ships and tankers of all sizes. For Fiscal Year 2014, the Port Department has forecasted 3,954 port calls at the Port. Despite the decline in calls, from Fiscal Year 2012 to 2013, the Port has seen growth in containerized cargo during Fiscal Year 2013. Container lines have been placing larger ships in services and reducing calls to reduce operating costs. For cruise lines, the Port has benefited from the deployment of the world's newest and largest ships. In calendar year 2013, the Port ranked third busiest among the world's multi-day cruise ports, second largest petroleum port in Florida, first in Florida in terms of total container

volume handled and eleventh in the continental U.S. in terms of foreign waterborne container cargo. The Port receives refined petroleum products that are distributed over a 12-county area in southern Florida.

Within the Port, the Port Department provides traditional municipal services, including public safety and public works. The Port Department is responsible for road maintenance on County-owned roads within the Port, as well as the provision of water and sewer service within this area.

Revenue Sources

The County owns the Port Facilities and authorizes independent firms to provide services and to operate the enterprises located at the Port. The Port derives revenue from the following business activities: passenger cruise ships, containerized cargo, petroleum cargo, dry bulk and neobulk cargo, naval port calls, vessel lay-in, parking, real estate and related property leases, and Foreign-Trade Zone transactions. Each of these activities is described below.

Rules and regulations, as well as a complete schedule of all charges assessed for the use of Port Facilities, are contained in a tariff published by the Port Department and approved by the Board as part of the County's Administrative Code. The Port is not subject to regulation as to the rate levels by any governmental body other than the Board. However, the Federal Maritime Commission prescribes the form of tariff utilized by the Port Department. Charges are levied for services provided by private enterprise as well as services supplied directly by the Port Department. The Port Department reviews tariffs annually, with revisions traditionally effective on October 1st of each year. The Port Department adjusts its tariff based upon the costs associated with providing such services as well as a review of competitive factors, including tariffs of competing ports.

Wharfage charges are applied against cargo and passengers moving between vessels and the Port's terminal facilities and are based on handling units—for example, barrels, tons or passengers. Dockage charges are applied against a vessel for berthing at a wharf, pier or other bulkhead structure and are based on the vessel's size (typically gross registered tonnage) and the period that the vessel is berthed. The charges for wharfage and dockage are computed separately, so that a vessel which ties up at a berth pays a dockage charge whether or not cargo is handled.

In an effort to give the Port a competitive advantage in attracting additional shipping lines and maintaining those presently using the Port, contracts between the Port and certain shipping lines and cruise lines provide for discounted fees based on guaranteed levels of throughput. Petroleum and other liquid bulk items using pipeline connections on the piers are charged wharfage based on the number of barrels unloaded. Most multiday passenger activity is being billed at negotiated Passenger User Charge ("PUC") rates via long term agreements with Royal Caribbean Cruises, Ltd. ("RCL"), and Carnival Corporation. PUC rates bundle most Port Tariff charges and provide for discounts of up to 20% off Tariff wharfage and dockage rates. Under the current Tariff, wharfage fees are \$9.58 for each passenger embarking on or disembarking from multi-day cruises, and \$2.20 for each passenger embarking on or disembarking from single-day cruises.

Port Everglades Department Port Everglades Versus Selected Port Cruise Tariff Comparisons Tariffs as Currently Posted on Related Port Websites with Varying Effective Dates

Wharfage – Passenger (Embark/Debark)	Units	Port				Port	Port of Palm
		Everglades	Miami	Jaxport	Tampa	Canaveral	Beach
- Multi-day (Less than 12 calls per year)	Each	\$9.58	\$10.67	\$9.39	\$6.00	\$6.95	\$7.00
- Multi-day	Each	\$9.58	\$10.67	\$9.39	\$6.00	\$6.95	\$7.00
- Daily (25 sailings per month)	Each	\$2.20	N/S	N/S	N/S	\$3.57	\$2.00
- Security Fee	Each	*	\$ -	\$3.15	\$ -	\$ -	\$1.50

* Cruise lines billed directly by the Port for security overtime incurred during each ship call.
N/S = Not Specified

Cruise-related activity for the Port, including both cruise revenue and parking revenue, accounted for 47.2% of the operating revenues for Fiscal Year 2013. The largest increase in revenue was generated in the cruise sector, where cruise ship and passenger activity generated a record \$62.2 million in cruise revenue for Fiscal Year 2013. Parking, mainly from cruise passengers and activity at the Greater Fort Lauderdale/Broward County Convention Center, generated \$7.0 million in Fiscal Year 2013, compared to \$7.3 million in Fiscal Year 2012 and \$8.2 million in Fiscal Year 2011. This reduction was attributed to an increase in international cruise passengers arriving by airline transportation and competition from nearby commercial parking lots. The number of multi-day passengers decreased to 3,509,727 in Fiscal Year 2013 or a 4.9% decrease from 3,689,022 in Fiscal Year 2012. The total number of passengers, including both single-day and multi-day, was 3,600,636 in Fiscal Year 2013 and was down 4.2% from 3,757,320 passengers in Fiscal Year 2012. This reduction is due to underperformance by some of the cruise lines and the daily ferry service to the Bahamas, which experienced mechanical problems and was out of service for approximately one month.

Most ports allow a specified number of days of “free time” during which cargo may be left without charge, either in covered transit sheds or in uncovered storage areas. The Port Department currently allows between 12 and 48 calendar days of free time, depending on the commodity, and quantity after which storage or demurrage charges are assessed. The Port Department provides, either through Port Department personnel or third-party contractors, vessel and on-shore services that are necessary to operate a modern port facility and receives revenue for charges made for these services.

As an additional source of income, the Port Department leases land, office space, and warehouse space to various private entities, including steamship lines, agents, stevedoring firms, Foreign-Trade Zone users and others under the terms of approximately 83 separate leases. The majority of office and warehouse space leases are for terms from one to three years. Land leases with terminal operators usually have initial terms of five to ten years with options to renew for additional five- to ten-year terms. In addition, the County has a 99-year lease agreement with a separate private entity which operates a retail marketplace in Northport. In 2013, leases of real property, including the Foreign-Trade Zone discussed below, generated approximately \$13.5 million, or approximately 9.2% of the Port’s operating revenues.

The County (or its predecessor, the Port Everglades Authority) has operated a foreign-trade zone at the Port since 1976, when Port Everglades’ Foreign-Trade Zone No. 25 (“FTZ #25” or the “Foreign-Trade Zone”) became Florida’s first such facility offering businesses duty-related advantages for import and export goods. A foreign-trade zone is a duty-free and quota-free area in a United States Customs port of entry that handles foreign and domestic cargo imported from, or exported or re-exported to, a foreign country. Those who ship goods through a foreign-trade zone can postpone, reduce or eliminate customs duties, excise taxes and other state and federal charges. Goods resting in a foreign-trade zone are not within the limits of United States commerce for customs purposes. Total general-purpose acreage designated for FTZ #25 status in the County is 388 acres, 142 of which are located within the boundaries of the Port. All facilities in Site 1 of FTZ #25 which is located at the Port are owned by the County. Under the Port’s Plan, as defined herein, much of the existing 21.87-acre activated portion of Site 1, containing four warehouse buildings and totaling approximately 390,000 square feet, will be converted to container yard area to replace existing container yards displaced by the Southport Turning Notch Extension (“STNE”). The Port intends to relocate this activated portion of Site 1 and construct new warehouses on undeveloped Port land west of the current location. A real estate study to analyze this proposed relocation of Site 1 was done in Fiscal Year 2013. It is envisioned that project construction will commence in Fiscal Year 2015 as a public-private partnership. Twelve other sites throughout the County are privately owned. The entire Foreign-Trade Zone, including special-purpose subzones typically receives and ships goods valued at more than \$9.2 billion per year (in/out). Nearly 880 different commodities from more than 168 countries of origin moved through FTZ #25 in Fiscal Year 2013. The top five commodities for 2013 were petroleum products, fragrances/cosmetics/toiletries, other consumer products, beverages/spirits, vehicle parts, and the top five countries of origin for 2013 were Venezuela, France, China, United Kingdom, and Taiwan. Site 1 of the Foreign-Trade Zone is primarily a landlord operation; most of the Port’s revenues from this business are derived from lease rentals. User fees from all Foreign-Trade Zone activity provide additional Port revenues.

Business Operations

Cruise. The Port currently has nine passenger terminals, which are equipped with hydraulic loading bridges, elevators and escalators for efficient embarkation and disembarkation, large waiting rooms and customs inspection areas. It also has a two-terminal facility (Terminal 22/24) without loading bridges that is being used to handle disembarking passengers for the larger cruise ships berthed at Terminal 25.

The volume of cruise passengers embarking and debarking at the Port has fluctuated in the past decade, from a high of 4,075,406 passenger movements in Fiscal Year 2004 and settling to 3,600,636 passenger movements in Fiscal Year 2013, as daily cruise ships calling the Port declined from three to one. During this period, the passenger mix shifted towards higher revenue generating multiday cruise passengers. In Fiscal Year 2004, the mix was 65.6% multiday and 34.4% daily. This mix improved in Fiscal Year 2013 to 97.5% multiday and 2.5% daily. As the multiday passengers have increased, so have the cruise industry's revenue contributions to the Port. In Fiscal Year 2013, the cruise sector accounted for 47.2% of the Port's annual operating revenue, where cruise ship and passenger activity generated a record \$62.2 million. This was a 3% increase in cruise revenue over Fiscal Year 2012. Unaudited results from the first seven (7) months of Fiscal Year 2014 indicate cruise passengers increased by 5.3% from the same period in Fiscal Year 2013, and the Port will have two additional cruise ships homeported over the summer of 2014 that were not at the port in 2013. During Fiscal Year 2013, (12) cruise lines and one daily ferry offered services at the Port via a 43-ship cruise fleet, including Balearia's Bahamas Express (ferry), Carnival Cruise Lines, Celebrity Cruises, Cunard Line, Hapag-Lloyd, Holland America Line, P&O Cruises, Princess Cruises, Royal Caribbean International, Seabourn, and Silversea Cruises. Cruise ships calling at the Port ranged in size from the *Seabourn Legend* at 9,961 gross registered tons ("GRT") and a lower berth capacity of 204, to the 225,282 GRT *Allure of the Seas* and *Oasis of the Seas*. Each Oasis class ship has a lower berth capacity of 5,400 and regularly sails with 6,000 passengers.

State and local public officials joined executives from Carnival Corporation and the six Carnival brands that sail from Port Everglades to celebrate the Grand Re-Opening of four fully renovated, expanded, and modernized cruise terminals that opened in time for the busy 2012/2013 cruise season. Cruise Terminals 2, 19, 21, and 26 were part of a \$54 million renovation project that transformed existing facilities into modern, world-class, guest-friendly cruise terminals, capable of processing both debarking and embarking cruise passengers simultaneously. The renovations employed many of the principles associated with LEED (Leadership in Energy and Environmental Design), which will carry-over in the operation and maintenance of the buildings. The Port is currently performing a \$24 million renovation of Cruise Terminal 4 which will be completed in November 2014.

Port Everglades was named "Port of the Year" for 2013 by *Seatrade Insider*, one of the world's foremost cruise trade publications and nationally recognized cruise travel magazine *Porthole* selected Port Everglades for its "2013 Editor-in-Chief Award for Best Domestic Departure Port."

Port Everglades hosted three of the world's five largest cruise ships on Saturday, December 7, 2013 – Royal Caribbean International's 5,400-guest *Oasis of the Seas* and two of the line's 3,634-guest Freedom-class cruise ships: *Independence of the Seas* and *Liberty of the Seas*. The three mega cruise ships were part of a full house at Port Everglades, along with three Holland America Line ships, two Princess Cruise ships, and Balearia's Bahamas Express fast-ferry, *Pinar del Rio*.

In calendar year 2013, as noted in the following chart, the Port ranked third in the world behind PortMiami and Port Canaveral as a port offering cruise ship service. As a cruise port, Port Everglades holds several advantages over competing ports, including a deeper channel and turning basin, close proximity to deep water, major hotels and nearby Fort Lauderdale-Hollywood International Airport. The Port holds a world record of handling 53,365 cruise passengers in one day on March 20, 2010.

**Top Ten North American Cruise Ports
Revenue-Passengers Traffic in Millions**

<u>Port</u>	<u>Passengers</u>
Miami	4.1
Canaveral	3.8
Everglades	3.6
Cozumel	2.8
St. Thomas/St. John	1.9
Pointe Blanche	1.8
Georgetown	1.4
New York	1.2
Galveston	1.2
New Orleans	1.0

Source: American Association of Port Authorities

The following table sets forth the Port's annual cruise passenger traffic from Fiscal Year 2004 through 2013.

Total Cruise Passenger Traffic

<u>Year</u>	<u>Number of Passengers</u>
2004	4,075,406
2005	3,801,464
2006	3,239,154
2007	3,409,946
2008	3,227,770
2009	3,139,820
2010	3,674,226
2011	3,952,843
2012	3,757,320
2013	3,600,636

Source: Port Everglades Annual Commerce Report Fiscal Year 2013, a publication of the Port Department and Fiscal Year 2013 Waterborne Commerce Chart.

Containerized Cargo. Containerized cargo accounted for approximately 21.5% of operating revenue in Fiscal Year 2013. Unaudited results from the first seven (7) months of Fiscal Year 2014 indicate container related revenues remained relatively flat at 19.5% of the Port's total revenue; however, actual revenue increased 2% from the previous year. Containerization is a method of carrying, loading and unloading waterborne cargo in large metal containers of standard shapes and sizes. Containers permit shippers to move cargo from ship to shore and truck or rail to ship without intermediate handling steps. Port-owned rail-mounted gantry cranes as well as privately owned stick cranes are largely used to unload containers from ships directly onto trucks. Containerization requires less labor and is less costly than breakbulk cargo shipping, which requires manual loading and unloading. Containerization has replaced breakbulk cargo as a transportation mode in appropriate cargo categories.

The Port ranks first in container cargo activity for Florida based on total twenty-foot equivalent unit ("TEU") count, as noted in the Continental U.S. Port Container Volumes, Calendar Years 2013 and 2012 table. Port Everglades also ranks eleventh among continental U.S. seaports for international containerized cargo trade. From Fiscal Year 2004 to 2013, the volume of containerized cargo billed at Port Everglades increased from 4,145,394 tons to 6,045,588 tons, representing growth of 45.9%. In Fiscal Year 2013, containerized cargo remained relatively

constant at 6,045,588 tons compared to 5,944,513 tons in Fiscal Year 2012. Fiscal Year 2009 was the only year for which the Port had not experienced growth in containerized cargo. Unaudited results from the first seven (7) months of Fiscal Year 2014 indicate container throughput in TEU's related activity increased 5.6% over the same time period of Fiscal Year 2013.

**Continental U.S. Port Container Traffic, Calendar Years 2013 and 2012
(Includes loaded and empty containers) In TEU's**

<u>Rank</u> <u>2013</u>	<u>Seaport</u>	<u>2013</u>	<u>2012</u>	<u>Absolute</u> <u>Change</u>	<u>%</u> <u>Change</u>	<u>Rank</u> <u>2012</u>
1	Los Angeles	7,868,572	8,077,714	-209,142	-2.6%	1
2	Long Beach	6,730,573	6,045,662	684,911	11.3%	2
3	New York/New Jersey	5,467,345	5,529,913	-62,568	-1.1%	3
4	Savannah*	3,034,014	2,966,217	67,797	2.3%	4
5	Oakland	2,346,460	2,343,944	2,516	0.1%	5
6	Hampton Roads*	2,223,534	2,105,886	117,648	5.6%	6
7	Houston*	1,950,071	1,921,529	28,542	1.5%	7
8	Tacoma	1,886,678	1,717,695	168,983	9.8%	9
9	Charleston*	1,601,366	1,514,585	86,781	5.7%	10
10	Seattle	1,575,389	1,869,492	-294,103	-15.7%	8
11	Port Everglades	939,945	926,180	13,765	1.5%	11
12	Jacksonville	924,534	923,009	1,525	0.2%	12
13	Baltimore (MPA only)	705,230	678,262	26,968	4.0%	13
14	New Orleans	451,058	463,150	-12,092	-2.6%	14
15	Philadelphia	366,851	267,377	99,474	37.2%	16

*Primary Florida competitors.

Data source: American Association of Port Authorities.

There are 22 container shipping lines that maintain regular service at the Port. Cargo shippers at the Port provide service to over 200 ports in 129 countries. Most of these shipping lines primarily serve the regional Caribbean and Central and South America, which represents nearly 82.9% of cargo movements. Of that amount, 41.9% of the Port's containerized cargo volume was destined for Central America. Please see the chart below for a summary of activity by trade lane and related percentage shares.

**Port Everglades Market Share Report for Fiscal Year 2013
Comparison with Activity in U.S. South Atlantic Seaports**

<u>Trade Lane</u>	Containerized Cargo Volume in Tons		Port's % of	% of
	<u>The Port</u>	<u>Grand Total</u>	<u>Market</u>	<u>the Port</u>
Caribbean	1,267,679	4,554,213	27.8%	22.4%
Central America	2,100,217	4,388,790	47.9%	37.1%
East Coast South America	319,885	3,661,935	8.7%	5.6%
Indian Sub-Continent	107,973	3,864,237	2.8%	1.9%
Mediterranean	648,499	5,124,616	12.7%	11.5%
Middle East	33,936	2,263,105	1.5%	0.6%
Northeast Asia	206,459	19,316,287	1.1%	3.6%
Northern Europe	192,925	10,547,529	1.8%	3.4%
Others	94,092	5,233,896	1.8%	1.7%
Southeast Asia	65,884	5,307,687	1.2%	1.2%
West Coast South America	624,745	2,677,119	23.3%	11.0%
Grand Total	5,662,295	66,939,416	8.5%	100.0%

Source: Data extracted from The Journal of Commerce's Port Import Export Reporting System.

As noted in the chart above, the Port handles 8.5% of the international containerized trade for U.S. South Atlantic seaports. The Port is particularly dominant in the Central America trade lane, where it not only is first among the South Atlantic seaports, with 47.9% of the market, but also first among all U.S. seaports, with 18.8% of the entire market in the calendar year 2013 (see chart below).

**Top Five Container Seaports
Loaded Twenty-Foot Equivalent Units (TEUs)
Central American Market**

<u>Port</u>	<u>TEUs</u>
Everglades	289,054
Miami	197,030
Wilmington, DE	176,274
Gulfport	174,103
Los Angeles	103,003
Other U.S. Ports	601,000
Total Central America	1,540,463
% Port Everglades	18.8%

Source: Data extracted from Journal of Commerce's Port Import Export Reporting System Issue.

Since the signing of a long-term, guaranteed-revenue terminal operating agreement with the Mediterranean Shipping Company ("MSC") in 2004, the Port has secured long-term Far East trade connections. Far East trade currently represents 3.4% of the Port's activity. Expansion of the Panama Canal in 2015 is anticipated to increase Far East services calling the east coast of the U.S. directly.

The table below sets forth the total container cargo tonnage billed by the Port from Fiscal Year 2004 through 2013.

Container Cargo Tonnage Billed

<u>Year</u>	<u>Tonnage</u>
2004	4,145,394
2005	5,076,403
2006	5,688,442
2007	6,060,149
2008	6,584,747
2009	5,204,103
2010	5,216,831
2011	5,787,961
2012	5,944,513
2013	6,045,588

Source: Fiscal Year 2013 Waterborne Commerce Chart included in the Port Everglades Annual Commerce Report.

The tables below set forth the 10 top export and import countries for the Port for Fiscal Year 2013 related to containerized trade, as well as the 10 top export and import containerized commodities for the Port during that period.

Top 10 Export Countries			Top 10 Import Countries		
<u>Rank</u>	<u>Country</u>	<u>Short Tons</u>	<u>Rank</u>	<u>Country</u>	<u>Short Tons</u>
1	Honduras	294,545	1	Honduras	452,250
2	Bahamas	208,994	2	Guatemala	444,858
3	Costa Rica	184,037	3	Italy	298,359
4	Venezuela	164,600	4	Costa Rica	211,427
5	Netherland/Antilles	160,109	5	Turkey	160,916
6	Dominican Republic	158,753	6	Brazil	133,698
7	Guatemala	146,811	7	Spain	103,016
8	Panama	143,835	8	Chile	99,748
9	China	125,002	9	China	96,742
10	Columbia	104,523	10	Columbia	86,249

Source: Data extracted from the Journal of Commerce's Port Import Export Reporting System.

Top 10 Export Commodities

<u>Rank</u>	<u>Commodity</u>	<u>Short Tons</u>
1	Paper & paperboard, including waste	349,175
2	Grocery products, miscellaneous	339,141
3	General cargo, miscellaneous	237,672
4	Apparels, miscellaneous	134,871
5	Auto Parts	124,931
6	Yarns, miscellaneous	95,914
7	Building Materials	84,187
8	Poultry, Chiefly Fresh & Frozen	80,662
9	Automobiles	65,128
10	Electronics & Electronic Products	57,805

Top 10 Import Commodities

<u>Rank</u>	<u>Commodity</u>	<u>Short Tons</u>
1	Fruits, miscellaneous	381,152
2	Bananas	312,831
3	Ceramics & Mosaic Tiles	184,420
4	Vegetables	181,705
5	Marble, Onyx	150,718
6	Non-Alcoholic Beverages	137,097
7	Empty Containers, Drums, Etc.	100,455
8	Still Wines	99,428
9	Apparales, miscellaneous	85,813
10	Paper & paperboard, including waste	79,244

Source: Data extracted from The Journal of Commerce's Port Import Export Reporting System.

Petroleum. Petroleum accounted for approximately 19% of the Port's operating revenues in Fiscal Year 2013. The Port is the second largest storage and distribution center for petroleum products in Florida. During Fiscal Year 2013, approximately 108 million barrels of petroleum products were transferred from/to vessels at the Port. Most of the Port's petroleum arrives from refineries located along the U.S. Gulf Coast, in Venezuela, Europe and throughout the Caribbean. Twelve petroleum terminal operators receive product across Port docks to their privately-owned storage facilities within the Port Jurisdictional Area. Most of the petroleum products imported to the Port are shipped via tanker truck to retail outlets in the twelve counties of southern Florida, and to Palm Beach International Airport, and by pipeline to Fort Lauderdale-Hollywood International Airport and Miami International Airport. Petroleum products handled at the Port include asphalt, diesel fuel, gasoline, residual fuel oil, jet fuel, propane, crude oil and alternative fuels such as ethanol and biodiesel.

Bulk Cargo. In addition to containerized cargo and petroleum, the Port also handles dry bulk and neobulk (break bulk) cargoes. The Port historically has been a major south Florida gateway for dry bulk and neobulk (breakbulk) commodities. Cement, alumina sand and gypsum are the primary dry bulk commodities handled at the Port. Steel and yachts are the primary neobulk commodities handled at the Port.

Cement imports, which constitute most of the dry bulk handled at the Port, are unloaded from ships pneumatically into privately-owned silos where they are stored until distributed by enclosed truck or in bags. Through 34 silos on two major cement terminals (owned by Continental Cement Co. of Florida, Inc. and CEMEX), prior to the recession, the Port handled nearly 2 million tons of cement and related materials per year. Gypsum and alumina sand are handled by automated buckets and open dump trucks. Volumes of cement, alumina sand and gypsum have been highly variable and are affected by the demands of the construction industry which have been negatively impacted by population growth in southern Florida and has declined with the slump in the housing market. In Fiscal Year 2013, dry bulk tonnage declined 2.8% over Fiscal Year 2012 to 337,239 tons. The volume of breakbulk steel imports is also affected by the level of activity of the construction industry in the southern Florida region, dropping from a peak of 256,271 tons in Fiscal Year 2006 to 116,448 tons in Fiscal Year 2013. Yacht activity peaked in Fiscal Year 2008 at 75,729 cargo tons, and was 43,744 tons for Fiscal Year 2013.

The Port has twelve berths available for general cargo loading. Support facilities available for general cargo handling include lay down areas adjacent to the ship berths for storing cargo temporarily. Specialized facilities for general cargo have been built at the Port by private entities on land leased from the Port. These include cement silos and a cold storage warehouse for frozen meats and produce.

Navy. The Port is a liberty port for navy ships from throughout the world. On an annual basis 15-20 U.S. Navy, foreign Navy and Coast Guard ships visit the Port with stays ranging up to 10 days. Department management does not foresee any significant increases or decreases in naval activity at the Port in the near-term.

Lay-In. In addition to the vessels that call at the Port to load or discharge cargo or passengers, as described above, vessels lay-in at the Port for a number of other reasons, including maintenance and repair, awaiting orders from their owners, and fueling.

Recent Developments

The ACOE released for public comment its draft report for deepening and widening the South Florida seaport's navigational channels to enable safe passage of deep draft post-Panamax cargo ships in June 2013. Two public meetings were held at the Greater Fort Lauderdale/Broward County Convention Center, attracting an audience of approximately 350 business and community leaders and residents, the vast majority of whom spoke in favor of the project. The Florida Legislature approved \$576,000 for pre-construction engineering and design for this project in May 2013.

The Florida East Coast Railway (FEC) has nearly completed construction of a \$53 million, 43.4-acre Intermodal Container Transfer Facility (ICTF) at Port Everglades that will be used to transfer international and domestic shipping containers between ship and rail beginning on July 16, 2014. This near-dock facility, located on Port property, will replace the FEC's existing 12-acre intermodal yard, which is currently located 2 miles from the port on Andrews Avenue in Fort Lauderdale. Governor Rick Scott attended the groundbreaking in January 2013.

Design and planning is moving forward for the upland enhancement (wetland creation) area, a critical component for the STNE. To date, the Florida Legislature has appropriated \$47.8 million for the project. The STNE project will lengthen the existing deep-water turn-around area for cargo ships from 900 feet to 2,400 feet, which will allow for up to five new cargo berths. The project is slated for completion in 2018.

Port Everglades' second update to its 20-Year Master/Vision Plan ("Port Everglades 2006 Master/Vision Plan" or "Plan") was kicked off with a series of public, stakeholder, and staff meetings and focus groups in June 2013. This update to the Plan addresses changes that have taken place regionally, nationally, and internationally since the Plan's first update was approved in March 2011. The second update to the Plan was approved on June 24, 2014 by the Board.

Capital Improvement Program (CIP)

On December 4, 2007, the Board adopted the Port Everglades 2006 Master/Vision Plan which covered a 20-year planning horizon from 2006 through 2026. The Board adopted the first update to the Plan ("Port Everglades 2009 Master/Vision Plan"), which covers the 20-year planning period from 2009 through 2029, on March 1, 2011. The Board adopted the second update to the Plan ("Port Everglades 2014 Master/Vision Plan"), which covers the 20-year planning period from 2014 through 2034, on June 24, 2014. The Port Everglades 2014 Master/Vision Plan Executive Summary is included in "APPENDIX C." The Plan and any updates thereto analyze maritime business trends from regional, national, international and Port perspectives. It includes a physical evaluation of existing Port deepwater facilities as well as the cargo, cruise, and petroleum storage infrastructure and a review of the Port's interstate highway, freight, rail and airport connections and synergies. Marketing assessments and forecasts are produced for containerized cargo, non-containerized cargo and cruise operations. The Port Everglades 2006 Master/Vision Plan and the Port Everglades 2009 Master/Vision Plan identified opportunities and constraints that could impact the 10- and 20-Year vision plans and devised business, financial and asset utilization strategies which resulted in the final long term vision for the Port.

The projects in the Port Everglades 2009 Master/Vision Plan 5-Year Plan were incorporated with the Port's continuing infrastructure, maintenance, and renewal programs to create the 5-Year CIP starting with Fiscal Year 2012 through Fiscal Year 2017. Plan projects in the 5-Year CIP were selected because of their added value, i.e., revenue generation, economic impact and customer need in the near term. Cruise terminal expansion and improvements were included in that 5-Year CIP because the Port would receive additional revenue from increased passenger throughput, allowing the Port to recover the capital and financing costs of constructing the cruise projects. A proposed crushed rock/aggregate facility was included because it introduced a new service and revenue stream to the Port that at the time responded to the construction industry's need for this material, with the capital cost of the construction paid by private investment. The Port would receive throughput charges and land lease payments for this proposed facility. Road improvements consisting of the By-Pass Road in Northport were included to respond to customer need and mitigate existing traffic concerns.

Since the adoption of the Fiscal Year 2012-2016 CIP, the Port has included projects from the Port Everglades 2009 Master/Vision Plan into subsequent 5-Year CIP's. The Port has also continued to implement projects, including another series of cruise terminal expansions and improvements, in which the Port will receive additional revenue from increased passenger throughput, allowing the Port to recover the capital and financing costs of constructing the cruise projects. These projects are on-going at this time.

With the approval of the Port Everglades 2014 Master/Vision Plan, its second update to the Plan, the Port identified new projects and changes in project priorities based on the latest market forecasts and other changes since the first update in 2011 which are reflected in the port's recommended Fiscal Year 2015-2019 CIP.

Given the changes in market conditions since the approval of the updated 2009 Master/Vision Plan, the crushed rock/aggregate facility has been pushed back from the 10-year planning horizon to the 20 year planning horizon. The port also continues to partner with the Florida East Coast Railway for the construction of an Intermodal Container Transfer Facility ("ICTF") on the port that will process both international and domestic cargo. The ICTF is expected to be completed and enter service on July 16, 2014. Port staff will also be working with existing Southport container terminal leaseholders to develop plans to densify their terminal operations to handle more cargo.

As mentioned above, the construction on the ICTF is nearly complete. It is being implemented as a Public-Private Partnership ("P3") among the Florida Department of Transportation, the Port Department and the Florida East Coast Railway ("FEC"). The County contributed 43.4 acres of vacant land in Southport to this strategic project, valued at \$19 million. All other funding for design, construction, operation and maintenance of the project will come from grants and loans from Florida to the FEC and an equity contribution from the FEC. The ICTF will be used to transfer international containers between ship and rail instead of having trucks haul the containers to and from off-port rail terminals, either at Andrews Avenue in Fort Lauderdale or in Hialeah in Miami-Dade County. The FEC also plans to relocate its existing domestic intermodal service from Andrews Avenue to the ICTF at the Port. Once completed, the ICTF is expected to reduce congestion on interstate highways and local roadways and reduce harmful air emissions by diverting an estimated 180,000 trucks from the roads by 2029.

In addition, the Florida Department of Transportation began construction of an approximately \$42 million overpass on Eller Drive, the Ports main entrance point, in July 2011. This grade separation project will allow for an at-grade rail spur to be extended into Southport to facilitate the development of the ICTF. The Eller Drive Overpass project is anticipated to be completed in 2015.

One of the biggest upcoming projects for the Port is the extension of its STNE from its existing 900 feet in length to 2,400 feet in length at its existing depth of 42 feet. This project will create five new cargo berths in Southport. In the future, as part of the ACOE Deepening and Widening program, a portion of the STNE is proposed to be deepened to 50 feet to accommodate deeper draft vessels associated with the Panama Canal expansion.

Finally, solicitation for a consultant to begin the programming and design of the widening of Slip 1 in the Northport section of the Port to accommodate wider and deeper draft petroleum tankers will occur in late 2014.

The recommended 5-Year CIP for the Port for Fiscal Years 2015 through 2019 totals \$635,552,510. The project category totals are as follows: general infrastructure facilities projects \$17,950,000; 2014 Master Plan projects \$435,617,000 and other port capital improvements/reserves \$181,985,510. The County expects to finance a portion of the 5-Year CIP through the issuance of Additional Senior Bonds. See "SECURITY AND SOURCES OF PAYMENTS FOR THE SERIES 2008 BONDS – Issuance of Additional Senior Bonds" herein. Funding for the recommended 5-Year CIP is comprised of \$119,442,000 in state grants, \$275,000,000 in future bond proceeds/financing, and \$241,110,510 in internal funds. The recommended 5-Year CIP also projects funding in the amount of \$54,000,000 being provided through P3 for investment in port facilities.

Funding of major capital improvements over the five year period includes (i) Slip 1 New Bulkheads at Berths 9 & 10 (approximately \$76,400,000), (ii) Slip 2 Westward Lengthening (approximately \$15,750,000), (iii) Portwide Dredging (approximately \$67,700,000), (iv) Southport Turning Notch Expansion Contract 1 & 2 (approximately \$107,500,000), (v) Southport Container Cranes (approximately \$24,000,000), and (vi) Cruise Terminal 25 (approximately \$26,250,000).

Funding of Recommended 5-Year Capital Improvement Program

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Total</u>
Revenues						
State Grants*	16,568,000	29,562,000	35,562,000	2,000,000	35,750,000	\$119,442,000
Interest Income	436,000	-	-	-	-	436,000
Less Five Percent	(850,200)	(1,378,100)	(1,878,100)	(100,000)	(1,737,500)	(5,943,900)
Bond Proceeds/ Financing	78,329,740	86,670,260	61,664,120	-	48,335,880	275,000,000
Transfer from Operating						
Fund	50,133,400	28,989,030	44,743,000	44,483,320	43,039,010	211,387,760
Fund Balance	35,230,650	-	-	-	-	35,230,650
Total Revenues	<u>\$179,847,590</u>	<u>\$143,843,190</u>	<u>\$140,091,020</u>	<u>\$46,383,320</u>	<u>\$125,387,390</u>	<u>\$635,552,510</u>

* Revenue assumes the Port will receive grants representing the full 75% eligible cost share from the State of Florida for the Southport Turning Notch Extension project pursuant to the Strategic Port Investment Initiative.

Source: The Port Everglades Department.

Additionally, the Port expects to increase tariffs over the period as a funding source for its 5-year CIP. The Board approved a tariff increase averaging 3.0% for Fiscal Year 2014.

Future Projects

The ACOE continues to make progress on the Port Everglades Deepening and Widening Feasibility Study. A draft Feasibility Study and Environmental Impact Statement recommending the increase of the channel depth from the current 42 feet to 48 feet was released for public comment in June 2013, with the comment period closing in August 2013. The ACOE continues to address comments received from the public and from other government agencies. The Port anticipate that the Chief of Engineers Report will be completed and approved by the end of 2014, when Pre-construction Engineering and Design can begin, with construction expected to begin in 2019. The project will be funded through Federal and Florida grants, bond proceeds and funds on hand.

As previously noted in the CIP discussion, one of the most important future projects planned for the Port is the extension of its STNE from its existing 900 feet in length to 2,400 feet in length at its existing depth of 42 feet. This project will add up to five new cargo berths in Southport. Permits have been received for the first phase of that project, the creation of 16 1/2 acres of new mangrove habitat on the port; construction of the mangrove habitat began in Spring 2014, with construction of the additional berths starting in 2016. This project is projected to provide a \$10.7 billion annual increase in economic activity related to the Port and create 3,045 construction jobs in the near term and 5,529 regional jobs by the year 2027. This project will require excavating approximately 8.7 acres of mangrove habitat that was included in a Conservation Easement granted to the Florida Department of Environmental Protection (FDEP) in 1988. To offset this loss, the Port developed a habitat enhancement proposal that will convert 16.5 acres of Port land into mangrove habitat. Port officials worked closely with Port users, the environmental community, and FDEP to develop the plan for the new mangrove habitat. In addition, the plan supports completing a number of environmental improvements in West Lake Park, part of an overall initiative covering more than 70 acres of the park.

To provide landside capacity, the port has also contracted with Liftech to design new container gantry cranes that can work the largest ships that will be able to transit the expanded Panama Canal (with the addition of two such cranes planned over the next five years and three additional thereafter based on need), as well as to design upgrades to the existing seven container cranes in Southport to increase the lifting capacity to 65 tons.

Each of these projects will allow the Port to accommodate the larger container and petroleum ships in a fully loaded condition versus the light loaded condition they are arriving at the Port today due to water depth limitations.

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CERTAIN HISTORICAL FINANCIAL INFORMATION

Historical Revenues and Expenses and Debt Service Coverage

Table I included herein depicts the Port's historical total operating revenue, operating expenses and net operating revenue for Fiscal Years 2009 through 2013. Increases in operating revenue and the cost of operations during the past decade reflect increased business operations, in particular container throughput and cruise operations. General and administrative expenses have increased in recent years as the Port Department has developed and implemented its capital improvements program. Table I further depicts the Port's historical debt service coverage based on such net operating revenue. Historical debt service coverage was calculated by adding the Port's interest income to its net operating revenue and dividing the total by the debt service on all of the Port's outstanding capital indebtedness inclusive of principal and interest accrued in each year on all notes and bonds.

Table I
Port Everglades Department
Historical Revenue, Expenses and Debt Service Coverage
(Dollars in Thousands)

	Fiscal Year <u>2009</u>	Fiscal Year <u>2010</u>	Fiscal Year <u>2011</u>	Fiscal Year <u>2012</u>	Fiscal Year <u>2013</u>
Operating Revenues					
Petroleum	\$23,538	\$25,487	\$25,772	\$25,656	\$27,530
Container	28,711	29,474	31,669	31,321	31,671
Cruise	37,429	45,724	56,757	60,160	62,153
Bulk	1,090	926	1,379	2,003	1,701
Breakbulk	886	872	1,284	1,553	2,130
Real Estate	10,383	10,295	11,149	12,124	12,779
All Other	12,405	11,875	11,170	10,114	9,355
Subtotal	114,442	124,653	139,177	142,931	147,319
Non-Operating – Investment	3,608	581	855	1,278	667
Non-Operating – All Other	--	--			
Total Revenues	118,050	125,234	140,032	144,209	147,986
Operating Expenses	73,236	73,951	74,182	72,145	74,938
Non-Operating Expenses	438	288	458	928	1,186
Total Expenses	73,674	74,239	74,640	73,073	76,124
Net Revenue Available for Debt Service	\$44,376	\$50,995	65,392	71,136	71,862
Senior Bonds Debt Service	\$21,847	\$28,759	\$28,757	\$28,754	28,758
Senior Bonds Debt Service Coverage Ratio	2.03x	1.77x	2.27x	2.47x	2.50x
Composite Subordinate & Senior Debt Service	\$25,156	\$32,043	\$32,043	\$32,042	32,046
Composite Debt Service Coverage Ratio	1.76x	1.59x	2.04x	2.22x	2.24

Source: The Port Everglades Department.

Projected Revenues and Expenses and Debt Service Coverage

Table II included herein is a consolidated financial summary of the projected operating revenues and expenses for Fiscal Years 2014 through 2019 prepared by the Port Department. Table II further demonstrates the Port Department's projected aggregate debt service coverage utilizing the Port Department's projected net operating revenue, combined with certain investment income, divided by the aggregate of the debt service payments on all Bonds, including the Series 2008 Bonds, for Fiscal Years 2014 through 2019.

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TABLE II
PORT EVERGLADES DEPARTMENT
PROJECTED REVENUES, EXPENSES AND DEBT SERVICE COVERAGE
(Dollars in Thousands)

	Actual Fiscal Year 2013	Projected Fiscal Year 2014	Projected Fiscal Year 2015	Projected Fiscal Year 2016	Projected Fiscal Year 2017	Projected Fiscal Year 2018	Projected Fiscal Year 2019
Petroleum	\$ 27,530	\$ 27,391	\$ 29,648	\$ 31,858	\$ 33,029	\$ 34,235	\$ 35,475
Cruise	62,153	56,601	57,791	56,595	59,266	63,388	67,831
Container	31,671	32,558	33,083	35,423	37,036	46,266	57,235
Bulk	1,701	2,076	2,135	1,889	1,965	2,044	2,125
Breakbulk/Neobulk	2,130	1,685	1,732	2,338	2,434	3,253	4,164
Rail	113	120	243	254	265	277	289
Lay-in	569	1,011	1,040	1,086	1,135	1,185	1,236
Real Estate	12,779	15,054	14,628	15,143	15,673	16,217	16,777
Foreign Trade Zone	725	743	774	794	814	834	855
Parking	6,998	7,710	7,970	8,333	8,708	9,096	9,496
Public Safety	182	153	168	176	184	192	200
Miscellaneous Finance	768	150	150	157	164	171	179
Sub-total Revenues	147,319	145,252	149,362	154,046	160,672	177,157	195,863
Total Operating Revenues ⁽¹⁾	147,319	145,252	149,362	154,046	160,672	177,157	195,863
Total Operating Expenses ⁽²⁾	(76,124)	(78,408)	(80,760)	(83,183)	(85,678)	(93,478)	(102,552)
Gross Margin	71,195	66,844	68,602	70,863	74,993	83,679	93,311
Net eligible non operating revenues	667	1,000	1,000	1,000	1,000	1,000	1,000
Net amount available for debt service	\$ 71,862	\$ 67,844	\$ 69,602	\$ 71,863	\$ 75,993	\$ 84,679	\$ 94,311

⁽¹⁾ Revenue projections for FY2015 - FY2019 are inclusive of estimates of volume and tariff increases for existing business lines as well as revenue impacts associated with proposed 2014 Master/Vision Plan projects

⁽²⁾ Base operating expenses are projected to increase by 3% over the previous year for FY2014 - FY2019. Estimated operating cost impacts associated with Master/Vision Plan projects have been additionally included for FY2018-FY2019

(Continued)

TABLE II
(Continued)
PORT EVERGLADES DEPARTMENT
PROJECTED REVENUES, EXPENSES AND DEBT SERVICE COVERAGE
(Dollars In Thousands)

	Actual Fiscal Year 2013	Projected Fiscal Year 2014	Projected Fiscal Year 2015	Projected Fiscal Year 2016	Projected Fiscal Year 2017	Projected Fiscal Year 2018	Projected Fiscal Year 2019
Existing plus new debt covenant tests:							
Eligible bond covenant revenue	\$ 71,862	\$ 67,844	\$ 69,602	\$ 71,863	\$ 75,993	\$ 84,679	\$ 94,311
Debt Service (125% Test)	28,758	28,758	28,758	28,762	30,209	33,912	37,614
Debt Service (110% Test)	32,046	32,059	32,062	32,060	33,514	37,215	40,919
Test (125%)	2.50	2.36	2.42	2.50	2.52	2.50	2.51
Test (110%)	2.24	2.12	2.17	2.24	2.27	2.28	2.30
Debt service computation:							
Existing senior debt service payments	28,758	28,758	28,758	28,762	19,225	19,230	19,235
Debt service on new capital funds (2016 issuance) ⁽³⁾					10,984	10,984	10,984
Debt service on new capital funds (2018 issuance) ⁽³⁾						3,698	7,395
Sub-total senior debt service	<u>28,758</u>	<u>28,758</u>	<u>28,758</u>	<u>28,762</u>	<u>30,209</u>	<u>33,912</u>	<u>37,614</u>
2008 subordinate bonds debt service	3,288	3,301	3,304	3,298	3,305	3,304	3,305
Total debt service payments	<u>\$ 32,046</u>	<u>\$ 32,059</u>	<u>\$ 32,062</u>	<u>\$ 32,060</u>	<u>\$ 33,514</u>	<u>\$ 37,215</u>	<u>\$ 40,919</u>

⁽³⁾ Projected borrowing needs associated with preliminary CIP for FY2015-FY2019

Source: The Port Everglades Department

UPDATE TO THE MASTER PLAN

The Port Everglades 2014 Master/Vision Plan's Executive Summary, prepared for the Port by AECOM, provides an introduction, progress on the projects by area of the Port and the Plan Development (as described therein). The Executive Summary of the Port Everglades 2014 Master/Vision Plan adopted by the Board on June 24, 2014, is attached hereto as APPENDIX C.

FLORIDA RETIREMENT SYSTEM AND OTHER POST-EMPLOYMENT BENEFIT PLANS

Florida Retirement System

Certain information relating to the Florida Retirement System ("FRS") contained herein has been obtained from the FRS Annual Reports. The most recent FRS Annual Reports may be obtained by writing the Florida Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000 or may be obtained online at http://www.dms.myflorida.com/human_resource_support/retirement/publications/annual_reports. No representation is made by the County as to the accuracy or adequacy of such information or that there has not been any material adverse change in such information subsequent to the date of such information.

With a few exceptions, all full-time and part-time employees working for the County in regularly established positions are members of FRS, a multiple-employer cost-sharing public employee retirement system administered by the State. The FRS offers members both a defined benefit plan (the "Pension Plan") or a defined contribution plan (the "Investment Plan") to provide retirement, disability, and death benefits for active members, retirees, surviving beneficiaries, and deferred retirement program participants. Benefits for both the Pension Plan and Investment Plan are established pursuant to State statutes and are currently computed on the basis of age, average final compensation, and service credit. The County has no responsibility to the FRS other than to make the periodic payments required by the Florida Statutes. The FRS establishes contribution rates annually. These rates are applied to the covered employee payroll of the County. Effective July 1, 2011, the Florida Legislature mandated a 3% employee contribution for all employees participating in either the Pension Plan or Investment Plan. Employees in the Deferred Retirement Option Program are not subject to the contribution.

The County's required contribution rate to the Pension Plan through June 30, 2013 ranged from 4.13% to 14.05% of covered payroll based on employee risk groups. Effective July 1, 2013, rates ranged from 6.08% to 45.32% of covered payroll based on employee risk groups. For the Fiscal Years ended September 30, 2013, 2012 and 2011, the County contributed \$54,525,000, \$46,730,000 and \$80,091,000, respectively, which includes the Broward County Port Everglades contributions of \$745,000, \$624,000 and \$1,243,000 respectively. The County's payroll for the fiscal year ended September 30, 2013 covered by the FRS Pension Plan (\$580,892,000) represents approximately 2.4% of the total payroll covered by governments participating in the FRS Pension Plan.

The Investment Plan is a participant-directed program selected by the employee in lieu of participation in the defined benefit option of the Pension Plan. Benefits are accrued in individual accounts that are participant directed, portable and funded by employee/employer contributions. The County's required contribution rate to the Investment Plan for the Fiscal Year ended September 30, 2013 remained the same as the prior year and ranged from 3.55% to 12.33% of covered payroll, based on employee risk groups. For the Fiscal Year ended September 30, 2013, the County contributed \$9.728 million and employees contributed \$3.306 million to the Investment Plan which includes the Broward County Port Everglades Department employer contribution of \$99,000 and employee's contribution \$51,000 to the Investment Plan.

As of the July 1, 2013 valuation, the FRS had actuarial assets of \$131.7 billion and actuarial liabilities of \$153.3 billion, resulting in a plan funding level of 85.9%. During years when the FRS is determined to be less than 100% actuarially funded, the Florida Legislature may take steps to improve the funding level by increasing employee or employer contributions or lower plan costs by reducing future FRS benefits. Most recently, FRS increased contribution rates considerably on July 1, 2013 to reduce the current estimated unfunded liability.

Other Post-employment Benefit Plans

The County has two single employee defined benefit healthcare plans, the County plan and the Broward Sheriff's Office plan. The County plan allows its employees and their beneficiaries to continue obtaining health, dental, vision, and life insurance benefits upon retirement with the retiree responsible for the entire cost. The Broward Sheriff's Office plan provides poste-employment health insurance benefits for employees and sworn officers upon retirement and subsidizes a portion of the premiums. The provisions of the plan for the Broward Sheriff's Office may be amended through negotiations between the Broward Sheriff's Office and its employee bargaining units. The plans have no assets and do not issue separate financial reports.

In accordance with Section 112.0801, Florida Statutes, because the County provides medical plans to employees of the County and their eligible dependents, the County is required to provide retirees the opportunity to participate in the group employee health plan. Retired employees have the option of continuing the same type of medical, including prescription drug benefits, and dental insurance coverage available to them while they were employed with the County (the "Plan"). The County provides other post-employment benefits ("OPEB") for certain of its retired employees in the form of an implicit rate subsidy by providing access to health insurance plans. The cost of the premiums is paid totally by the retirees. The County accounts for the Plan in accordance with Governmental accounting Standards Board's Statement No. 45 - Accounting and Financial Reporting by Employees for Post-employment Benefit Plans other than Pension Plans (GASB 45). While GASB 45 requires recognition and disclosure of the unfunded OPEB liability, there is no requirement that the liability of the Plan be funded.

According to the latest actuarial valuation as of October 1, 2011, the unfunded actuarial accrued liability was \$24,800,000 for County employees and \$249,287,000 for Broward Sheriff's Office employees. The annual required contribution for the fiscal year ended September 30, 2013 was \$2,554,000 for County employees and \$20,754,000 for Broward Sheriff's Office employees. While the County has set aside certain reserves for future plan costs, such amounts are not deposited to an irrevocable trust fund and the County does not intend to fund the future "unfunded obligation." For additional information, see the Basic Financial Statements of Broward County, Florida available at <http://www.broward.org/Finance/Pages/InvestorRelations.aspx#cafr>.

INVESTMENT POLICY

The County adopted a detailed written investment policy on September 27, 1995, as amended on May 8, 2007 that applies to all funds (cash, cash equivalents and investments) held by or for the benefit of the Board, except for proceeds of refunded bond issues which are deposited in escrow, debt service funds governed by their bond indentures and funds of the constitutional officers and other components of the County governed by independent boards, unless as authorized by mutual agreement.

The objectives of the investment policy are: (a) preservation of capital, (b) liquidity, (c) yield maximization, (d) investment responsibility, and (e) exceeding the average return on the 3-month treasury bill or the average rate on federal funds, whichever is highest.

Subject to certain restrictions in the County's investment policy concerning maximum allowable percentages, the County may invest in the following types of securities: (a) direct obligations, or obligations guaranteed by the United States Government, (b) obligations of federal agencies of the United States of America (as outlined in the investment policy), (c) The Florida Local Government Surplus Funds Trust Fund, (d) bonds, debentures or notes issued by Government Sponsored Enterprises, (e) Repurchase Agreements, (f) Commercial Paper, (g) State and/or Local Government Taxable and/or Tax-Exempt Debt, (h) Bank Time Deposits, (i) Registered Investment Companies, (j) SEC registered money market funds, (k) U.S. dollar denominated sovereign debt, (l) Collateralized Mortgage Obligations, (m) World Bank Notes, Bonds and Discount Notes and Notes, (n) Obligations of the Tennessee Valley Authority, and (o) Reserve Repurchase Agreements. Investments in any derivative securities, including interest only or principal only and inverse floaters investments are prohibited unless specifically designated above.

The County utilizes portfolio diversification as a way to control risk. Investment managers are expected to display prudence in the selection of securities as a way to minimize default risk. To control risk of illiquidity, a

minimum of 2% of the County's total portfolio shall be held in overnight repurchase agreements, U.S. Treasury instruments and/or money market/mutual funds.

The County's investment policy may be further modified from time to time by the Board.

LITIGATION

There is no pending or, to the knowledge of the County, any threatened litigation against the County of any nature whatsoever which seeks to restrain or enjoin the remarketing of the Series 2008 Bonds on June __, 2014 or contesting the proceedings or authority under which they are to be remarketed on such date. Neither the creation, organization or existence, nor the title of the present members of the Board, or other officers of the County is being contested.

The County experiences claims, litigation, and various legal proceedings which individually are not expected to have a material adverse effect on the operations or financial condition of the County, but may, in the aggregate, have a material impact thereon. In the opinion of the County Attorney, however, the County will either successfully defend such actions or otherwise resolve such matters without any material adverse consequences on the financial condition of the County.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Series 2008 Bonds upon an event of default under the Trust Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title II of the United States Code, the remedies specified by the federal bankruptcy code and the Trust Indenture may not be readily available or may be limited. As applicable the various legal opinions to be delivered concurrently with the delivery of the remarketed Series 2008 Bonds on July 1, 2014 will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery.

LEGALITY

Certain legal matters incident to the original issuance of the Series 2008 Bonds and with regard to the tax-exempt status of the interest on the Series 2008 Bonds (see "TAX MATTERS" herein) were subject to the legal opinions of Squire Patton Boggs (US) LLP (formerly, Squire, Sanders & Dempsey L.L.P.) and Perry E. Thurston, Jr. P.A., Co-Bond Counsel to the County, delivered on July 10, 2008 in connection with the original issuance of the Series 2008 Bonds. A copy of such signed legal opinions of Co-Bond Counsel is attached hereto as APPENDIX F-1. Such opinions speak only as of their date and their inclusion in this Remarketing Circular shall create no implication that Co-Bond Counsel has re-issued their opinions as of any date subsequent to the date of their original delivery. Remarketing of the Series 2008 Bonds on July 1, 2014 is subject to the legal opinions of Co-Bond Counsel, substantially in the proposed form attached hereto as APPENDIX F-2, dated and premised on law in effect on July 1, 2014. The actual legal opinions to be delivered by Co-Bond Counsel may vary from the form attached hereto as Appendix F-2 to reflect facts and law on the date of delivery. The opinions will speak only as of their respective dates, and subsequent distribution of them by recirculation of this Remarketing Circular or otherwise shall create no implication that Co-Bond Counsel have reviewed or expresses any opinions concerning any of the matters referenced in the opinions subsequent to July 1, 2014.

While Co-Bond Counsel have participated in the preparation of certain portions of this Remarketing Circular, they have not been engaged by the County to confirm or verify and expresses and will express no opinions as to the accuracy, completeness or fairness of any statements in this Remarketing Circular, or in any other reports, financial information, remarketing or disclosure documents or other information pertaining to the County or the Series 2008 Bonds that may be prepared or made available by the County, the Remarketing Agent or others to the Holders of the Series 2008 Bonds or other parties.

Certain legal matters relating to disclosure will be passed on by D. Seaton and Associates, Miami, Florida, Disclosure Counsel to the County. Certain legal matters will be passed upon for the County by the Office of the County Attorney.

TAX MATTERS

On July 10, 2008, in connection with the original issuance of the Series 2008 Bonds, Squire Patton Boggs (US) LLP (formerly, Squire, Sanders & Dempsey L.L.P.) and Perry E. Thurston, Jr. P.A., Co-Bond Counsel, delivered their opinions (the “Original Opinions”) that, under existing law as of the date of such Original Opinions: (i) interest on the Series 2008 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code, except for interest on any Series 2008 Bond for any period during which it is held by a “substantial user” or a “related person” as those terms are used in Section 147(a) of the Code, (ii) interest on the Series 2008 Bonds is an item of tax preference under Section 57 of the Code and therefore may be subject to the alternative minimum tax imposed on individuals and corporations, and (iii) the Series 2008 Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended. The Original Opinions expressed no opinions as to any other tax consequences regarding the Series 2008 Bonds.

The Original Opinions were based on and assumed the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the County contained in the transcript of proceedings for the original issuance of the Series 2008 Bonds and that were intended to evidence and assure the foregoing, including that the Series 2008 Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. In connection with the delivery of the Original Opinions Co-Bond Counsel did not independently verify the accuracy of the County’s certifications and representations or the continuing compliance with the County’s covenants.

The Original Opinions of Co-Bond Counsel were based on legal authority as of their dates and covered certain matters not directly addressed by such authority. It represented Co-Bond Counsel’s legal judgment as to exclusion of interest on the Series 2008 Bonds from gross income for federal income tax purposes but was not a guaranty of that conclusion. The opinions were not binding on the Internal Revenue Service (“IRS”) or any court. In connection with the original issuance of the Series 2008 Bonds, Co-Bond Counsel expressed no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the County may cause loss of such status and result in the interest on the Series 2008 Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2008 Bonds. In connection with the original issuance of the Series 2008 Bonds, the County covenanted to take the actions required of it for the interest on the Series 2008 Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of original issuance of the Series 2008 Bonds, Co-Bond Counsel did not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Co-Bond Counsel’s attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2008 Bonds or the market value of the Series 2008 Bonds.

On July 1, 2014, Co-Bond Counsel will deliver opinions to the effect that the execution and delivery of the 2014 Alternate Letter of Credit will not, by itself, adversely affect the exclusion from gross income of interest on the Series 2008C Bonds for federal income tax purposes. Co-Bond Counsel will not deliver opinions in connection with the execution and delivery of the 2014 Alternate Letter of Credit regarding the current status of such interest for federal income tax purposes.

Interest on the Series 2008 Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Series 2008 Bonds. Co-Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Series 2008 Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Series 2008 Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Co-Bond Counsel's engagement with respect to the execution and delivery of the 2014 Alternate Letter of Credit for the Series 2008 Bonds ends on July 1, 2014 and, unless separately engaged, Co-Bond Counsel is not obligated to defend the County or the beneficial owners regarding the tax status of interest on the Series 2008 Bonds in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series 2008 Bonds, under current IRS procedures, the IRS will treat the County as the taxpayer and the beneficial owners of the Series 2008 Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Series 2008 Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market prices for the Series 2008 Bonds.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Series 2008 Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of original issuance of the Series 2008 Bonds will not have an adverse effect on the tax status of interest or other income on the Series 2008 Bonds or the market value or marketability of the Series 2008 Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Series 2008 Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, recent presidential and legislative proposals would eliminate, reduce or otherwise alter the tax benefits currently provided to certain owners of state and local government bonds, including proposals that would result in additional federal income tax on taxpayers that own tax-exempt obligations if their incomes exceed certain thresholds. Investors in the Series 2008 Bonds should be aware that any such future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Series 2008 Bonds for federal income tax purposes for all or certain taxpayers. In such event, the market value of the Series 2008 Bonds may be adversely affected and the ability of holders to sell their Series 2008 Bonds in the secondary market may be reduced. The Series 2008 Bonds are not subject to special mandatory redemption, and the interest rates on the Series 2008 Bonds are not subject to adjustment in the event of any such change.

Investors should consult their own financial and tax advisers to analyze the importance of these risks.

RATINGS

Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, ("S&P") and Fitch Inc. ("Fitch") have assigned their ratings of "AA-/A-1+" and "AA/F1+", respectively, to the Series 2008 Bonds based on the issuance of the 2014 Alternate Letter of Credit concurrently with the remarketing of the

Series 2008 Bonds. The ratings reflect only the views of said rating agencies and an explanation of the ratings may be obtained only from said rating agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be lowered or withdrawn entirely by the rating agencies, or any of them, if in their judgment, circumstances so warrant. A downward change in or withdrawal of any of such ratings, may have an adverse effect on the market price of the Series 2008 Bonds.

DISCLOSURE PURSUANT TO SECTION 517.051, FLORIDA STATUTES

Pursuant to Section 517.051, Florida Statutes, as amended, no person may directly or indirectly offer or sell securities of the County except by an offering circular containing full and fair disclosure of all defaults as to principal or interest on its obligations since December 31, 1975, as provided by rule of the Office of Financial Regulation within the Florida Financial Services Commission (the "FFSC"). Pursuant to administrative rulemaking, the FFSC has required the disclosure of the amounts and types of defaults, any legal proceedings resulting from such defaults, whether a trustee or receiver has been appointed over the assets of the County, and certain additional financial information, unless the County believes in good faith that such information would not be considered material by a reasonable investor. The County is not and has not been in default on any bond issued since December 31, 1975 that would be considered material by a reasonable investor.

The County has not undertaken an independent review or investigation of securities for which it has served as conduit issuer. The County does not believe that any information about any default on such securities is appropriate and would be considered material by a reasonable investor in the Series 2008 Bonds because the County would not have been obligated to pay the debt service on any such securities except from payments made to it by the private companies on whose behalf such securities were issued and no funds of the County would have been pledged or used to pay such securities or the interest thereon.

REMARKETING AGENT

RBC Capital Markets, LLC has been appointed by the County pursuant to a Remarketing Agreement, to act as remarketing agent (the "Remarketing Agent") for the purposes described in the Trust Indenture. The Remarketing Agent will determine the interest rate beginning on July 1, 2014, effective July 1, 2014. The Remarketing Agent's office is located at 200 Vesey Street, 8th Floor, New York, New York 10281. The Remarketing Agent will, under certain circumstances, determine the interest rates on the Series 2008 Bonds, will use its best efforts to remarket Series 2008 Bonds, and may from time to time effect purchases of Series 2008 Bonds. The Remarketing Agent may resign upon 60 days' notice to the County and the 2014 Alternate Letter of Credit Provider or may be removed by the County upon 30 days' notice, effective upon the appointment of a successor Remarketing Agent or Agents.

While all the Bonds are registered in the name of a nominee of DTC, the Trust Indenture requires the Remarketing Agent, or any successor in such capacity, to be the sole DTC Participant with respect to the Bonds.

FINANCIAL ADVISOR

Stifel, Nicolaus & Company, Incorporated is serving as Financial Advisor to the County in connection with the remarketing of the Series 2008 Bonds. The Financial Advisor assisted the County in matters relating to the 2014 Alternate Letter of Credit and provided other advice. The Financial Advisor will not engage in any underwriting activity with regard to the remarketing of the Series 2008 Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Remarketing Circular.

RELATIONSHIP OF THE PARTIES

Royal Bank of Canada, the 2014 Alternate Letter of Credit Provider, is the parent company of RBC Capital Markets, LLC, the Remarketing Agent.

CONTINUING DISCLOSURE

The continuing disclosure requirements of Rule 15c2-12 (the “Rule”) of the Securities and Exchange Commission (the “SEC”) are not applicable to the Series 2008 Bonds while bearing interest at the Weekly Rate or Daily Rate by virtue of the provision of the Rule that exempts securities in authorized denominations of \$100,000 or more that, at the option of the holder thereof, may be tendered to an issuer of such securities or its designated agent for redemption or purchase at par value or more at least as frequently as every nine months.

The County has, in the Continuing Disclosure Agreement dated July 10, 2008 (the “Continuing Disclosure Agreement”), which is attached hereto as “APPENDIX_E- CONTINUING DISCLOSURE AGREEMENT,” covenanted to comply with the requirements of the Rule in the event that the Series 2008 Bonds cease to be exempt from the provisions of the Rule. Notwithstanding the exemption described above, it has been the County’s practice to provide annual information as described in the Continuing Disclosure Agreement.

The County has previously inadvertently failed to fully comply with its continuing disclosure undertakings with respect to rating downgrades, filing time issues and certain other non-substantive requirements. Upon realizing the failure to comply, the County reported such circumstances in accordance with the requirements of its continuing disclosure undertakings made with respect to the Rule, and cured such filing deficiencies in 2011 and 2012. In addition, in 2010, the County inadvertently failed to file notice of a ratings upgrade of the County by Fitch and upgrades to several bond issues as a result of recalibrated ratings from Fitch and Moody’s. Moreover, a few CUSIPs were inadvertently not linked to new filings posted electronically. The notice filings with respect to these upgrades were cured on September 5, 2013 and the CUSIP links were cured on September 23, 2013. The County does not believe that any past failure to comply with its continuing disclosure undertakings was material to bondholders.

Except as described in the immediately preceding paragraph, the County has complied and is currently in compliance with its continuing disclosure undertakings made with respect to the Rule. The County has retained Digital Assurance Certification, L.L.C. (“DAC”) as its dissemination agent. Working with DAC, the County has adopted a new municipal securities disclosure policy to help ensure compliance with its continuing disclosure undertakings made with respect to the Rule and fully anticipates satisfying all future disclosure obligations required pursuant to such undertakings.

FINANCIAL STATEMENTS

The basic financial statements of the Port for the fiscal year ended September 30, 2013, attached hereto as “APPENDIX B” have been audited by Crowe Horwath LLP, independent certified public accountants, as stated in their report appearing therein. Crowe Horwath LLP has not participated in the preparation of this Remarketing Circular. The financial statements are attached hereto as a matter of public record. The consent of Crowe Horwath LLP has not been sought.

MISCELLANEOUS

The references, excerpts, and summaries of all documents, statutes, and information concerning the County and certain reports and statistical data referred to herein do not purport to be complete, comprehensive and definitive and each such summary, excerpt and reference is qualified in its entirety by reference to each such document, statute, report or instrument for full and complete statements of all matters of fact relating to the Series 2008 Bonds, the security for payment of the Series 2008 Bonds and the rights and obligations of the owners thereof and to each such statute, report or instrument.

Any statements made in this Remarketing Circular involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Remarketing Circular nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Series 2008 Bonds.

The appendices attached hereto are integral parts of this Remarketing Circular and must be read in their entirety together with all foregoing statements.

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AUTHORIZATION OF REMARKETING CIRCULAR

The execution and delivery of this Remarketing Circular has been duly authorized and approved by the County. At the time of delivery of the remarketed Series 2008 Bonds, the County will furnish a certificate to the effect that nothing has come to its attention which would lead it to believe that this Remarketing Circular (other than information herein related to DTC, and the book-entry only system of registration as to which no opinion shall be expressed), as of its date and as of the date of delivery of the Series 2008 Bonds, contains an untrue statement of a material fact or omits to state a material fact which should be included herein for the purposes for which this Remarketing Circular is intended to be used, or which is necessary to make the statements contained herein, in the light of the circumstances under which they were made, not misleading.

BROWARD COUNTY, FLORIDA

By: /s/ Barbara Sharief
Mayor

By: /s/ Bertha Henry
County Administrator

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APPENDIX A

GENERAL INFORMATION CONCERNING BROWARD COUNTY, FLORIDA

Broward County, created in October 1915 by the legislature of the State of Florida, is located on the southeast coast of Florida and has an area of approximately 1,197 square miles. The County is bordered on the south by Miami-Dade County and on the north by Palm Beach County. Located within the County are 31 municipalities. The County ranks second in the State and 18th in the nation with a 2013 estimated population of 1.75 million persons. Approximately 50% of the County's population lives in its seven largest cities: Fort Lauderdale, Pembroke Pines, Hollywood, Miramar, Coral Springs, Pompano Beach and Davie. Four airports, including the Fort Lauderdale-Hollywood International Airport, are located in the County. Port Everglades, the State's deepest harbor and a leading international cruise port, is located less than two miles from Fort Lauderdale-Hollywood International Airport.

Governmental Structure

The County is governed by the provisions of its Charter (the "Charter") as amended – originally adopted by the electors of the County on November 5, 1974. Under the Charter, the County functions as a home rule government consistent with the provisions of the Florida Constitution and the general laws of the State.

The nine member Board is the legislative body of the County government. The Board annually elects a Mayor who serves as presiding officer. The Charter provides for one County Commissioner to be elected from each of the nine Commission districts. Elections are held every two years for staggered four year terms. Each candidate must be a registered elector and a legal resident of the district to be represented.

The County Commissioners and expiration of their terms are as follows:

Barbara Sharief, Mayor	November 2014
Tim Ryan, Vice Mayor	November 2016
Suzanne N. Gunzburger, Commissioner	November 2014
Dale V. C. Holness, Commissioner	November 2016
Kristin D. Jacobs, Commissioner	November 2014
Martin David Kiar, Commissioner	November 2016
Chip LaMarca, Commissioner	November 2014
Stacy Ritter, Commissioner	November 2016
Lois Wexler, Commissioner	November 2016

The County Administrator, appointed by the Board, is the chief administrative officer of the County government. The County Administrator directs the functions of County government through several offices, seven major departments, and various divisions within each department. Pursuant to an Administrative Code adopted by the Board, unless otherwise stated in the Charter, the County Administrator can appoint, suspend, or remove all County employees, with the exception of the County Auditor and the County Attorney. The County Administrator also serves as ex-officio Clerk of the Board.

Under the Charter, checks and balances are provided by the Office of the County Auditor. The County Auditor, appointed by the Board, maintains an advisory position to that body.

Legal services are provided to the County government by the Office of the County Attorney. The County Attorney is appointed by the Board. Staff attorneys, appointed by the County Attorney, represent the Board and all other departments, divisions, boards, and offices in all legal matters affecting the County.

Population

In the years since it began as an agricultural community of 5,000, the County has steadily grown and is the second largest county in Florida and the 18th largest county in the nation according to the 2010 census.

Year	Broward County		State of Florida		United States	
	Population	Change ¹	Population	Change ¹	Population	Change ¹
1960	333,946	–	4,951,560	–	179,323,000	–
1970	620,100	8.57%	6,789,443	3.71%	203,212,000	1.33%
1980	1,018,257	6.42	9,747,061	4.36	226,505,000	1.15
1990	1,255,488	2.33	13,003,362	3.34	249,632,692	1.02
2000	1,623,018	2.93	15,982,378	2.29	281,421,906	1.27
2010 ⁽²⁾	1,748,066	0.77%	18,801,310	1.76%	308,745,538	0.97%

Source: U.S. Department of Commerce, Bureau of Census.

(1) Average annual percentage increase over the preceding period.

(2) 2010 represents the last year data is available at the County level from the US Census Bureau.

Labor Force and Unemployment Rates

Year Ended December 31	Estimated Broward County Civilian Labor Force	Unemployment Rates		
		Broward County	Florida	United States
2003	877,270	5.5	5.1	6.0
2004	899,880	4.7	4.6	5.5
2005	947,447	3.8	3.9	5.1
2006	974,486	3.1	3.3	4.6
2007	991,155	3.4	3.8	4.6
2008	1,001,139	6.6	7.3	6.5
2009	1,002,039	10.1	11.5	9.4
2010	993,076	10.5	12.0	9.2
2011	978,951	8.6	9.7	8.5
2012	993,108	6.7	7.9	7.8
2013	1,027,867	5.0	5.9	6.5

Source: Florida Research and Economic Database and US Bureau of Labor Statistics

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Estimated Nonagricultural Employment by Economic Sector
Fort Lauderdale Metropolitan Statistical Area
(in thousands)

	<u>2009</u>	<u>2009</u>	<u>2010</u>	<u>2010</u>	<u>2011</u>	<u>2011</u>	<u>2012</u>	<u>2012</u>	<u>2013</u>	<u>2013</u>
	<u>Total</u>	<u>Percent</u>	<u>Total</u>	<u>Percent</u>	<u>Total</u>	<u>Percent</u>	<u>Total</u>	<u>Percent</u>	<u>Total</u>	<u>Percent</u>
		<u>of Total</u>		<u>of Total</u>		<u>of Total</u>		<u>of Total</u>		<u>of Total</u>
Grand Total	<u>772.3</u>	<u>100.0%</u>	<u>696.9</u>	<u>100.0%</u>	<u>711.7</u>	<u>100.0%</u>	<u>746.9</u>	<u>100.0%</u>	<u>767.4</u>	<u>100.0%</u>
Goods Producing	77.8	8.8%	56.4	8.1%	52.8	7.4%	60.8	8.1%	62.4	8.1%
Construction	49.4	5.1%	32.0	4.6%	29.0	4.1%	34.0	4.6%	35.7	4.7%
Manufacturing	28.3	3.6%	24.3	3.5%	23.2	3.3%	26.7	3.6%	26.7	3.5%
Service Providing	694.5	91.2%	640.5	91.9%	658.9	92.6%	686.1	91.9%	705.0	91.9%
Trade, Transportation and Utilities	170.4	22.5%	158.2	22.7%	161.5	22.7%	176.0	23.6%	182.9	23.8%
<i>Wholesale Trade</i>	46.4	6.5%	43.2	6.2%	42.5	6.0%	46.1	6.2%	46.0	6.0%
<i>Retail Trade</i>	100.6	12.9%	93.6	13.4%	96.5	13.6%	106.2	14.2%	112.5	14.7%
<i>Transportation, Warehousing, and Utilities</i>	23.4	3.2%	21.4	3.1%	22.5	3.2%	23.7	3.2%	24.4	3.2%
Financial Activities	59.6	7.2%	51.0	7.3%	55.3	7.8%	54.2	7.3%	58.0	7.6%
Information	19.8	2.5%	15.5	2.2%	15.7	2.2%	18.1	2.4%	18.6	2.4%
Professional and Business Services	123.7	16.4%	113.4	16.3%	113.4	16.5%	122.0	16.3%	123.1	16.0%
Education and Health Services	98.6	12.8%	97.9	14.0%	97.5	13.7%	97.6	13.1%	98.5	12.8%
Leisure and Hospitality	80.7	10.5%	73.5	10.5%	80.2	11.3%	85.5	11.4%	87.5	11.4%
Other Services	34.8	4.6%	31.5	4.5%	30.7	4.3%	34.6	4.6%	35.7	4.7%
Government	106.9	14.7%	99.5	14.3%	100.4	14.1%	98.1	13.1%	100.7	13.1%
<i>Federal</i>	7.8	1.0%	7.3	1.0%	7.8	1.1%	7.4	1.0%	7.0	0.9%
<i>State & Local</i>	99.1	13.7%	92.2	13.2%	92.6	13.0%	90.7	12.2%	93.7	12.2%

Largest Employers

The County has a diversified economy with a balance among technology, manufacturing, financial, international and domestic tourism, residential and commercial construction, and retail trade. There were approximately 73,000 business establishments with operations in the County at the end of fiscal year 2013. According to the 2009 Economic Census conducted by the United States Census Bureau, approximately 90% of firms within the County have fewer than 20 employees; additionally, approximately 150 businesses have corporate, division, or regional headquarters in the County. The table below shows the principal employers in the County for 2013.

<u>Company</u>	<u>Employees</u>
Broward County School Board	31,174
Broward County Government	11,025
Memorial Healthcare System	10,900
Broward Health	8,227
Nova Southeastern Univ.	4,037
AutoNation	3,376
American Express	3,000
Broward College	2,800
The Answer Group	2,800
City of Fort Lauderdale	2,456

Source: Greater Fort Lauderdale Alliance.

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Per Capita Personal Income⁽¹⁾
Broward County, Florida, and United States

Year Ended December 31	Broward County	Percent of Florida	Percent of U.S.	State of Florida	Percent of U.S.	United States
2003	32,844	109.1	104.3	30,116	95.6	31,487
2004	34,008	108.0	103.0	31,469	95.2	33,050
2005	36,595	107.6	106.2	34,001	98.6	34,471
2006	39,743	108.2	108.2	36,720	100.0	36,714
2007	41,169	107.2	106.6	38,417	99.5	38,615
2008	41,974	107.5	104.5	39,064	97.3	40,166
2009	41,185	106.0	104.0	38,965	104.0	39,635
2010	41,511	108.0	104.0	38,345	104.0	39,791
2011	42,768	108.0	103.0	39,636	95.0	41,560
2012	43,351	105.7	99.1	41,012	93.8	43,735

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

⁽¹⁾ Stated in current dollars (i.e., actual dollars for each year with no adjustment for inflation).

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Taxable Sales for the County

The following table shows the taxable sales within the County for the calendar years 2004-2013 and the percentage increase in such sales for each year.

<u>Year Ended December 31</u>	<u>Taxable Sales</u> (\$ in Thousands)	<u>Percent Change from</u> <u>Prior Year</u>
2004	27,608,938	9.90
2005	31,941,903	15.7
2006	34,759,141	8.82
2007	30,678,853	(11.7)
2008	29,523,345	(3.77)
2009	26,261,882	(11.1)
2010	26,898,615	2.42
2011	28,008,981	4.11
2012	29,692,094	6.01
2013	31,631,500	6.53

Source: State of Florida, Department of Revenue.

Tourism

Tourism is an important component of the County's economy. The combination of favorable climate (Fort Lauderdale has a mean temperature of 75.5 degrees Fahrenheit), together with diverse recreational opportunities, including theaters, parks, public beaches, yacht basins, fishing, golf, tennis, restaurants, thoroughbred racing, jai alai, casino gambling and water recreational facilities, have made the County a tourist center. The County's multipurpose convention center expansion was completed in 2002 giving the facility a total of 600,000 gross square feet of space. The three level, 180,000 square foot expansion is mainly comprised of a 50,000 square foot exhibit hall, a 33,000 square foot ballroom and 15,000 square feet of meeting room space. Connecting corridors were built at all levels in order to provide convenient access between the original building and the expansion as well as from the original building to the adjacent parking garage.

Tourists now visit the County over the entire year instead of merely during winter months and the tourism industry is currently drawing from a worldwide market. Preliminary numbers from the Greater Fort Lauderdale Convention and Visitors Bureau report that more than 13.4 million people visited Broward County in calendar year 2013, and had an economic impact of \$10.6 billion. The County's 2013 hotel occupancy rate was 74.7%, an increase of 3.2% over the previous year and the Average Daily Rate (ADR) was \$119.33, an increase of 4.1% over the previous year.

Building Permits

In the late 1980's, the construction of multi-family units exceeded the construction of single family homes. In contrast, the number of permits issued in the 1990's for single family homes exceeded the number of permits issued for multi-family units. The gap between the two has narrowed significantly in the recent past due to a number of factors including the very limited availability of vacant land and continued population growth, both of which have contributed to increased housing density. The yearly data for building permits is presented in the following table.

**Building Permits Issued in Broward County
(\$ in Thousands)**

<u>Calendar Year</u>	<u>Single Family Units</u>	<u>Multi-Family Units</u>	<u>Total Residential Units</u>	<u>Total Residential Valuation</u>	<u>Permit Valuation</u>
2004	4,811	3,980	8,791	1,077,816	1,077,816
2005	3,353	2,817	6,170	1,112,104	1,112,104
2006	3,308	3,378	6,686	991,153	991,153
2007	1,754	2,179	3,933	617,307	617,307
2008	967	1,205	2,172	346,893	346,893
2009	563	486	1,049	159,077	159,077
2010	979	189	1,168	222,589	222,589
2011	1,442	998	2,440	278,805	278,805
2012	1,062	110	1,172	414,263	414,263
2013	1,023	2,533	3,556	429,074	429,074

Education

Broward County Public Schools is the sixth largest public school and the largest, fully accredited public school district in the nation with over 262,000 students and approximately 175,000 adult students currently enrolled and a fiscal year ending June 30, 2013 budget of approximately \$2.9 billion. The system consists of 324 schools: 229 traditional schools and centers, and 95 charter schools. Broward County Public Schools is an independent operating and taxing entity, meaning that it is separate from the County.

There are three four-year colleges and universities in the County: Florida Atlantic University and Florida International University, which are public, and Nova Southeastern University, which is private. Florida Atlantic University and Florida International University are two of the nine universities in the State of Florida University system. Broward College, Prospect Hall College, City College, Fort Lauderdale College, the Art Institute of Fort Lauderdale, and Keiser Institute of Technology are two-year colleges located in the County. There are also seven educational institutions in the County with degree or certificate programs providing vocational and technical education.

Transportation

Surface Transportation: The County is served by three bus lines, two railroads (Florida East Coast Railway and CSX), and major freight carriers. The road system within the County, totaling approximately 4,800 miles, contains over 140 miles of interstate and other expressways (including I-95, I-75, I-595, Florida’s Turnpike, and the Sawgrass Expressway) and approximately 375 miles of divided highways. The County-operated bus system, with an active fleet of 285 fixed route buses and 77 community buses, serviced 38.1 million passengers in fiscal year 2013, and is projected to serve approximately 40.0 million passengers during fiscal year 2014. TRI-Rail, a commuter rail system, provides service along a 66 mile corridor from Palm Beach County to Miami-Dade County.

Sea Transportation: Port Everglades, the State’s deepest harbor and one of the top three cruise ports in the world, is located in the County – less than two miles from Fort Lauderdale-Hollywood International Airport. Port Everglades is served by major motor freight carriers and one railroad. All functions, assets, and liabilities of Port Everglades passed over to the County in November, 1994 as the result of a local bill which dissolved the separate governing body of the Port and transferred all related duties and powers to the Board. In fiscal year 2013, Port Everglades handled 108.4 million barrels of petroleum and 6.0 million tons of containerized cargo. A total of 3,600,636 cruise ship passengers went through Port Everglades on 772 sailings in fiscal year 2013.

A portion of Port Everglades has been designated a Foreign Trade Zone (“FTZ”), where foreign components can be assembled, packaged, and shipped without usual customs duties. The FTZ at Port Everglades was the first such operating zone established in Florida. The general-purpose FTZ now includes twelve sites within

and outside of the Port's boundaries on a total of 388 acres. In calendar year 2013, cargo valued at more than \$329 million was received and more than \$322 million was shipped from all active general-purpose FTZ areas combined. Additionally, the five special-purpose subzones at Port Everglades received cargo valued at more than \$4 billion and shipped cargo more than \$4 billion.

Air Transportation: Four airports are located in the County. There are three general aviation airports and the Fort Lauderdale-Hollywood International Airport (the "Airport"), which is used by most major national commercial airlines and several foreign commercial airlines. For fiscal year 2013, enplaned passengers totaled 11,794,271 – an increase of 0.4% over fiscal year 2012. Approximately 88,300 total tons of cargo was handled at the Airport in fiscal year 2013 – a decrease of 8.7% over the amount handled in fiscal year 2012.

Public Works Department

The Public Works Department of the County is made up of the following Divisions: Administration, Facilities Management, Highway Construction & Engineering, Highway Construction & Engineering/Parks Planning and Engineering, Highway & Bridge Maintenance, Highway & Bridge Maintenance/Mosquito Control Local and State, Traffic Engineering, Seaport Engineering & Construction, Solid Waste and Recycling Services, and Water and Wastewater Services.

The Administration Section provides overall management direction, coordination, technical review, project management review and financial management for the various activities of the department and implements County policies to develop opportunities for small businesses. The Division also provides property and construction project management services.

The Facilities Management Division oversees the leasing, maintenance, operation and renovation of most County governmental facilities (including courthouses, libraries, social service agencies, and administrative offices), parking areas and grounds. This includes the provision of security services in many of these facilities.

The Highway Construction & Engineering Division oversees project management for major roadway improvement projects and participates in the Land Development Review process. It is also responsible for engineering plan review, permitting and roadway inspections as well as surveying, design and project management services for intersection improvement and congestion management projects.

The Highway & Bridge Maintenance Division provides the essential service of maintaining the County's road system and the unincorporated street system. Roadway maintenance projects include the construction of roadways, paths and curbs, including roadway turn lanes, street widening and resurfacing. The division is also responsible for sidewalk installation and repair, guardrail installation and guardrail repair/replacement, and the maintenance of roadway medians and roadside shoulders, the repair and maintenance of 75 fixed bridges, the operation and maintenance of the three County bascule (draw) bridges, roadway drainage improvements, neighborhood entranceway beautification and maintenance, and street brooming and cleaning of catch basins and storm storm-water pipe to comply with the National Pollution Discharge Elimination Standards (NPDES).

The Traffic Engineering Division operations include the planning, design, engineering, construction and maintenance of all traffic control devices for County maintained roads (traffic signals, signs and markings). In addition, unincorporated area services include school crossing guards and street lighting installation and maintenance.

The Seaport Engineering and Construction Division develops and administers the seaport's extensive capital improvements program. The division has responsibility over strategic planning, architectural and engineering design, harbor maintenance/dredging, construction administration, surveys, engineering records, zoning, building code conformance, land development and a full range of environmental programs, including mitigation, wildlife protection, biological monitoring and environmental permits. The goal of this division is to provide strategic technical support for all seaport development, to maintain existing facilities and manage design, engineering and construction of new facilities for Port Everglades clients and Broward County staff while protecting the environment within the Port jurisdictional area.

The Solid Waste and Recycling Services Division offers a comprehensive waste management and recycling system for the residents of Broward County. Through its operations, W.R.S. provides community residents with viable methods to address waste management issues by offering program solutions which include land filling and waste-to-energy, garbage collection, trash transfer stations, disposal of household hazardous waste, and electronics recycling collection. The County's resource recovery system includes facilities at three regional sites. The southern site, which began commercial operations in August 1991, consists of a 2,250 tons per day waste-to-energy facility and residue landfill. The northern site, which began commercial operations in March 1992, consists of a 2,250 tons per day waste-to-energy facility operated in conjunction with an adjacent landfill. The third site, located in the western portion of the County, is a contingency landfill backing up the two waste-to-energy facilities. Landfill operations began on this site in September 1988.

The Water and Wastewater Services Division plans, designs, and constructs facilities to ensure adequate capacity for potable water, sewer and storm water, and provides retail water and sewer services for over 50,000 customers. Water and Wastewater Services is also responsible for pumping, treating and distributing water, as well as providing for collection, treatment, reuse and disposal of wastewater for over 600,000 citizens. The Division is also involved in the operation of waterways, water control structures and well systems as well as removal of aquatic vegetation from certain bodies of water throughout the County.

Overview of the Budget Process

The County Administrator prepares and submits the proposed annual budget and capital program to the Board and executes the budget and capital program in accordance with ordinances adopted by the Board. A policy-setting workshop is held with the Board in January or February of each year to review major trends and provide staff with policy guidance for developing the budget. Once guidance from the Board has been received, the Director of the Office of Management and Budget distributes specific instructions on budgetary policies and procedures to the County's departments, divisions, and offices. Each department then prepares and submits its budget. Internal meetings to review agency-requested budgets are then held to develop budget recommendations to the County Administrator. After approval by the County Administrator, the proposed budget is submitted to the Board in early July. During August, the Board conducts budget workshops to review the proposed budget. The budget, as amended in the budget workshops, is again reviewed during public hearings held in September before final approval and adoption by the Board. The Board must adopt the final budget and establish the final millage rate necessary to fund the budget no later than September 30th.

Chapter 129, Florida Statutes, defines and places a legal requirement upon county governments to adopt and operate within a balanced annual budget. In addition to being the annual operating plan, the adopted budget represents the legal authority to expend funds. Chapter 129, Florida Statutes, provides penalties for making unbudgeted expenditures. The County has consistently operated within a balanced budget and is required to continue this practice.

The Board's adopted budget for fiscal year 2013 contains a millage rate of 5.5530 mills. With respect to the individual components of the fiscal year 2013 millage rate, the operating millage rate is 5.1939; the capital outlay millage rate is 0.0637 mills, and the remaining 0.2954 mills funds this year's debt service payments associated with various voter-approved General Obligation bonds.

Capital Improvement Program for Public Improvements

The Board requires the County Administrator to develop and submit to the Board for approval a continuous five-year Capital Improvement Program (the "CIP"). In each year, the County Administrator must review the CIP, revise it as necessary, and prepare the CIP for approval and adoption by the Board. An annual update of the CIP provides, upon approval by the Board, a continuous five year program.

The CIP development process is coordinated by the Office of Management and Budget and involves the linking of all County agencies for comprehensive review, input, and development. The CIP also utilizes input from the long range capital improvement program. The CIP development process includes public participation as well as

input from governmental entities for certain joint projects and project requests. The adopted CIP for fiscal years 2014-2018 includes the following:

Transportation and Mass Transit Projects *	\$ 377,055,220
Environmental/Beach Renourishment/Waste Disposal	60,869,600
Aviation	585,401,170
Port	527,904,150
Water/Wastewater	370,422,340
Criminal Justice/Public Safety	64,675,830
Libraries/Parks/Boating Improvement	37,828,050
General Government/Court Facilities *	120,308,950
Neighborhood Improvement/Redevelopment/Housing/Economic Development	<u>86,008,050</u>
Total	\$2,230,473,360

It is anticipated that the adopted CIP for the fiscal years 2014-2018 will be funded as follows:

Bonds	\$896,348,250
Federal and State Grants	238,088,100
Local Sources (Taxes, Fees, Fund Balance)	<u>1,096,037,010</u>
Total	\$2,230,473,360

* Note: also includes reserves for projects included in the capital program in future years.

Non-Ad Valorem Revenues

The following table presents the net non-ad valorem revenues available to the County for the payment of debt service for a covenant to budget and appropriate debt and certain special revenue debt for the fiscal year ended September 30, 2013.

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**Net Available Non-Ad Valorem Revenues
for the fiscal year ended September 30, 2013
(Dollars in Thousands)**

License and Permit Fees	\$ 18,078
State Revenue Sharing	35,067
Licenses (State Revenue)	0
Local Government Half Cent Sales Tax	55,940
Tourist Tax	47,428
Utility Services Taxes and Fire Rescue Tax	3,006
Fines and Forfeitures	15,116
Interest Earnings	1,162
Charges for Services	111,314
Miscellaneous Revenue	20,074
Other State Revenues	2,000
Non-Revenue Sources/Fund Balance	66,999
Federal/State Grants	15,116
Special Assessments	<u>7</u>
Total Gross Non-Ad Valorem Revenues	\$391,307
Less Operations Costs not paid by Ad Valorem Taxes	<u>(314,868)</u>
Total Net Available Non-Ad Valorem Revenues	\$76,439

Employee Relations

As of October 1, 2013 (fiscal year 2014), the County had 5,499 full and part-time funded positions, as compared with 5,461 in fiscal year 2013, excluding employees of constitutional officers. The County budget also provides for 291 federal and state grant employee positions in fiscal year 2014. The Constitutional Officers are funded for 5,320 positions in fiscal year 2014.

There are eight organized collective bargaining units within the County: Amalgamated Transit Union, Local 1267 (Mass Transit, 810 unit employees); Amalgamated Transit Union, Local 1591 (White Collar, 965 unit employees); Federation of Public Employees (Blue Collar 997 unit employees); Government Supervisory Association of Florida, Local 100 (GSA Supervisors, 317 unit employees); Federation of Public Employees; Federation of Public Employees, Supervisory (Port Everglades Supervisors, 13 unit employees); Federation of Public Employees, Non-Supervisory (Port Everglades White Collar, 59 unit employees); Government Supervisory Association of Florida, Local 100 (GSA Professionals, 1,137 unit employees), and a newly organized AFSCME unit (Port Maintenance, 66 unit employees). This information is based on data as of January 13, 2014.

All of the County Bargaining units, except for the Port Maintenance Unit, are under contracts which expire September 30, 2014. The County is currently negotiating its first agreement with the AFSCME Port Maintenance unit which is a new unit. The County has never experienced a serious work stoppage and Florida law prohibits public employees from striking.

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APPENDIX B

**GENERAL PURPOSE FINANCIAL STATEMENTS OF PORT EVERGLADES
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2013**

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**Annual Financial Report
for the**

**Port Everglades Department
of Broward County, Florida**

**A Major Enterprise Fund of Broward County,
Florida**

**For Fiscal Year Ended
September 30, 2013**

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
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September 30, 2013**

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PORT EVERGLADES DEPARTMENT – Chief Executive & Port Director's Office
1850 Eller Drive, Fort Lauderdale, Florida 33316
954-468-0140 FAX 954-523-8713

March 3, 2014

Bertha Henry, Broward County Administrator
Evan Lukic, County Auditor
115 South Andrews Avenue
Fort Lauderdale, Florida 33315

Ladies and Gentleman:

We are pleased to present the annual financial report of the Port Everglades Department (Port) of Broward County, Florida (County) for the fiscal year ended September 30, 2013. This report is a complete set of the Port's financial statements, which were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB), and which were audited by a firm of independent certified public accountants in accordance with auditing standards generally accepted in the United States (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (GAGAS).

The Port, originally created in 1927 by a special act of the Florida Legislature, has a jurisdictional area of approximately 2,190 acres. As of September 30, 2013, the Port ranked as the world's 3rd busiest cruise port, the 12th busiest international containerized cargo port in the United States, and South Florida's main seaport for receiving petroleum products.

The content of the annual financial report is the responsibility of the Port's management and was prepared by the Finance Division of the Port, which operates as an enterprise fund of the County. This is the fourth fiscal year that the Port has presented a stand-alone, separately-audited annual financial report since the County assumed operating control of the Port in 1994. Because the Port relies solely on its own financial results and does not receive County financial support or ad valorem taxes, the Port's annual financial report serves an important role in providing information about the Port's financial condition to prospective clients, vendors, creditors, debt markets, and credit rating agencies via its stand-alone, separately-audited financial statements. Additionally, in the audit process, the Port has been subjected to a more rigorous examination than would otherwise occur were Port activities audited solely within the context of the County's Comprehensive Annual Financial Report (CAFR). This elevated level of financial reporting and audit places the Port on equal footing with other competing seaports.

Information regarding the financial position, changes in financial position, or cash flows of the County, of which the Port is a part, may be found in the County's CAFR for the fiscal year ended September 30, 2013. The Port's annual financial report is not a substitute for or source of such information.

The Management Discussion and Analysis (MD&A) incorporated within the annual financial report provides a highlight of the fiscal year just ended, as well as an insight into future projects that are ongoing and which will serve to further enhance the Port's and County's positive economic impact on the South Florida region. Additionally, substantial information designed to assist users in assessing the Port's financial condition can be found in the Port's financial statements and accompanying notes to financial statements, which, with the MD&A and report of independent auditors, comprise the financial section of the annual financial report.

Broward County Board of County Commissioners
Sue Gunzburger • Dale V.C. Holness • Kristin Jacobs • Martin David Kiar • Chip LaMarca • Stacy Ritter • Tim Ryan • Barbara Sharief • Lois Wexler
www.broward.org

March 3, 2014
Page Two

We wish to express our appreciation to the efficient and dedicated services of the entire staff of the Port's Finance Division, which was responsible for assembling and compiling the data comprising the annual financial report. We also wish to thank the County's independent auditors, Crowe Horwath, for their cooperation and assistance.

Sincere appreciation is also expressed to the County Auditor and the County's Finance and Administrative Services Department personnel for their assistance throughout the year in matters pertaining to the financial affairs of the Port.

Sincerely,



Steven Cernak
Chief Executive & Port Director



Dr. Alexandra C. Cook, CPA, CFF
Director of Finance

INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners
Broward County, Florida
Fort Lauderdale, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Port Everglades Department (the "Port") of Broward County, Florida (the "County"), an enterprise fund of the County, as of and for the years ended September 30, 2013 and 2012, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Port as of September 30, 2013 and 2012, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note A, the financial statements present only the Port and do not purport to, and do not, present fairly the financial position of the County as of September 30, 2013 and 2012, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note A, during the year ended September 30, 2013, the Port adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement requires separate reporting as deferred outflows of resources and deferred inflows of resources certain amounts that were previously reported together with assets and liabilities, respectively. In addition, this statement introduces net position as the residual measure of assets, deferred outflows of resources, liabilities and deferred inflows of resources in government-wide and proprietary fund financial statements. The Port applied the provisions of this statement retroactively by reclassifying the statement of net position for the year ended September 30, 2012. Our opinion is not modified with respect to this matter.

As discussed in Note A, during the year ended September 30, 2013, the Port adopted GASB Statement No. 65, *Items Previously Reported As Assets and Liabilities*. The Port applied the provisions of this Statement retroactively by restating the financial statements for the year ended September 30, 2012. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of funding progress on pages FS.4–FS.18 and FS.47–FS.48, respectively, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements of the Port. The letter of transmittal is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2014 on our consideration of the Port's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control over financial reporting and compliance.



Crowe Horwath LLP
Fort Lauderdale, Florida
March 3, 2014

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis
Fiscal Years Ended 2013, 2012, and 2011
(Unaudited)

Annual Financial Report

The annual financial report of the Port Everglades Department (the "Port") provides an overview of the Port's financial activities for the fiscal years (FY) ended September 30, 2013 and 2012. The financial statements include the independent auditor's report; statements of net position; statements of revenues, expenses, and changes in net position; statements of cash flows; and the accompanying explanatory notes to financial statements. Management's discussion and analysis should be read in conjunction with these financial statements and notes.

Management's Discussion and Analysis

The Port, a department of Broward County, Florida (the "County"), operates as a major enterprise fund of the County. The County, which is operated by the Board of County Commissioners (the "County Commission"), owns the Port. The Port was originally created in 1927 by a special act of the Florida Legislature to create and promote commerce and industry through the operation of a deep-water seaport. The Port's jurisdictional area consists of approximately 2,190 acres, inclusive of land and water, designated for shipping, warehousing, and all other non-residential uses, as approved. The Port owns approximately 1,277 acres.

The County Commission is responsible for legislative and fiscal control of the County. A County Administrator is appointed by the County Commission and is responsible for administrative and fiscal control of all County departments through the administration of directives and policies established by the County Commission. The Port is managed by a Chief Executive & Port Director appointed by the County Administrator and confirmed by the County Commission.

Cautionary Note Regarding Forward-Looking Statements

Certain information provided by the Port, including written or oral statements made by its representatives, may contain forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, that address activities, events, or developments that the Port expects or anticipates will or may occur in the future contain forward-looking information. In reviewing such information, it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon numerous factors and was derived using multiple assumptions.

Financial Position

The Port's performance results during the fiscal year ended September 30, 2013 and the two preceding fiscal years were as follows:

	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2011</u>
Operating revenues (dollars in thousands)	\$ 147,319	\$ 142,931	\$ 139,177
Ship calls	3,850	4,000	4,183
Cruise passengers	3,600,636	3,757,320	3,952,843
TEUs (equivalent number of 20' container units)	927,572	923,600	880,999
Petroleum (barrels)	109,080,601	105,404,148	108,966,439
<u>Tonnage (in 2,000-pound short tons)</u>			
Total waterborne commerce	22,452,473	22,116,275	22,087,515
Containerized cargo	6,045,588	5,944,513	5,787,961
Petroleum	15,427,385	14,911,080	15,422,365

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis
Fiscal Years Ended 2013, 2012, and 2011
(Unaudited)

Financial Position (Continued)

Operating revenues at the Port in FY 2013 reached a fourth consecutive record high year at \$147.3 million. This is 3.1% higher than the Port's previous record high of \$142.9 million achieved in FY 2012 and 5.9% higher than in FY 2011, when operating revenues were \$139.2 million. Total operating expenses before depreciation increased to \$74.9 million from \$72.1 million in FY 2012, resulting in operating income of \$44.9 million in FY 2013. The increase in net position of \$37.1 million over the previous fiscal year was due principally to increases in vessel, cargo, and passenger services revenue and leasing of facilities revenue and decreases in non-operating expenses, such as interest expense and bond issuance costs.

Total waterborne commerce, measured in short tons (2,000 pounds), reached 22,452,473 tons, which is an increase of 1.5% over the 22,116,275 tons recorded in FY 2012 and an increase of 1.7% from 22,087,515 tons in FY 2011. In FY 2013 and FY 2012, the Port hosted 3,850 and 4,000 ship calls, respectively, from vessels ranging from naval warships and mega cruise ships to container ships and tankers of all sizes. For FY 2014, the Port forecasts 3,954 ship calls at the Port, as cruise and cargo lines strive to reduce operating costs by utilizing fewer but larger ships.

Cruise-related activity for the Port, including both cruise revenue and parking revenue, accounted for 47.2% of the operating revenues for FY 2013. The largest increase in revenue was generated in the cruise sector, where cruise ship and passenger activity generated a record \$62.2 million in cruise revenue for FY 2013, which is 3% higher than in FY 2012. Parking, mainly from cruise passengers and activity at the Broward County/Greater Fort Lauderdale Convention Center, generated \$7.0 million in FY 2013, compared to \$7.3 million in FY 2012 and \$8.2 million in FY 2011. This reduction was attributed to an increase in international cruise passengers arriving by airline transportation and competition from nearby commercial parking lots. The number of multi-day passengers decreased to 3,509,727 in FY 2013 or a 4.9% decrease from 3,689,022 in FY 2012. The total number of passengers, including both single-day and multi-day, was 3,600,636 in FY 2013 and was down 4.2% from 3,757,320 passengers in FY 2012. This reduction is due to underperformance by some of the cruise lines and the daily ferry service to the Bahamas, which experienced mechanical problems and was out of service for approximately one month. Ten cruise lines and one daily ferry offered services at the Port via a 41-ship cruise fleet, including Balearia's Bahamas Express (ferry), Carnival Cruise Lines, Celebrity Cruises, Cunard Line, Holland America Line, MSC Cruises, P&O Cruises, Princess Cruises, Royal Caribbean International, Seabourn, and Silversea Cruises. Cruise ships calling at the Port ranged in size from the *Seabourn Legend* at 9,961 gross registered tons (GRT) and a lower berth capacity of 204, to the 225,282 GRT *Allure of the Seas* and *Oasis of the Seas*. Each Oasis class ship has a lower berth capacity of 5,400 and regularly sails with 6,000 passengers.

Containerized cargo accounted for 21.5% of operating revenue in FY 2013. The Port ranks first in Florida in international container cargo activity, based on total TEUs (20-foot equivalent units, the standard measure for containerized cargo). The Port also ranks 13th among U.S. seaports for containerized cargo trade, according to data from PIERs, which does not include empty TEUs (the Port ranks 12th when all TEUs are considered). Containerized cargo activity increased in FY 2013 to 6,045,588 tons and 927,572 TEUs, an increase of approximately 1.7% and 0.4%, respectively, from FY 2012 levels of 5,944,513 tons and 923,600 TEUs. From FY 2004 to FY 2013, the volume of containerized cargo billed at the Port increased from 4,145,394 tons to 6,045,588 tons, representing growth of 45.8%, and from 653,628 TEUs to 927,572 TEUs, representing growth of 41.9%. Revenue from containerized cargo increased 1.3% in FY 2013 to \$31.7 million, up from \$31.3 million in FY 2012. The increase is due to volume increases by the Port's top shipping lines. Of note, beginning October 1, 2013 (FY 2014), to be consistent with other top North American ports, Port Everglades is changing its TEU counting methodology to include partial TEUs associated with containers longer than 40 feet.

There are more than 20 different ocean carriers that maintain regular service at the Port. Cargo shippers provide service to more than 150 ports in more than 70 countries. In FY 2013, export activity continued to exceed import activity, with imports growing by 16.4% over the past year.

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Financial Position (Continued)

The Port's primary trade lanes remain in the regional Caribbean, Central America, and South America markets, representing nearly 83.9% of the Port's cargo movements. As the nation's leading gateway for trade with Latin America, Port Everglades handled approximately 14% of all Latin American trade in the United States and 42% of Florida's total trade with South America, Central America, and the Caribbean. The Port also leads the United States in both exports and imports with Latin America. The Port is particularly dominant in Central America, where approximately 41.9% of the Port's containerized cargo volume was destined in FY 2013. With a projected 18.4% to 18.7% share of the entire Central American market in FY 2013, the Port is also first among all U.S. seaports operating in that market.

Petroleum movements through the Port generated \$27.5 million in FY 2013, an increase of 7.3% compared to \$25.7 million in FY 2012, and represented 18.7% of the Port's operating revenue. Overall throughput volume increased 3.5% to approximately 109.1 million barrels, compared to approximately 105.4 million barrels in FY 2012, driven by higher regional demand for transportation fuels including gasoline, diesel, and jet fuel.

FY 2013 Event Highlights

Port Development

The U.S. Army Corps of Engineers (USACOE) released for public comment its draft report for deepening and widening the South Florida seaport's navigational channels to enable safe passage of deep draft post-Panamax cargo ships. Two public meetings were held at the Broward County/Greater Fort Lauderdale Convention Center, attracting an audience of approximately 350 business and community leaders and residents, the vast majority of whom spoke in favor of the project. The Florida Legislature approved \$576,000 for pre-construction engineering and design for this project.

The Florida East Coast Railway began construction on a \$53 million, 43.4-acre Intermodal Container Transfer Facility (ICTF) at Port Everglades that will be used to transfer international and domestic shipping containers between ship and rail beginning in mid-2014. This near-dock facility, located on Port property, will replace the FEC's existing 12-acre intermodal yard, which is currently located 2 miles from the port on Andrews Avenue in Fort Lauderdale. Governor Rick Scott attended the groundbreaking in January 2013. The facility will be open in July 2014.

Design and planning is moving forward for the upland enhancement (wetland creation) area, a critical component for the Southport Turning Notch (STN) extension. To date, the Florida Legislature has appropriated \$47.8 million for the project. The STN extension project will lengthen the existing deep-water turn-around area for cargo ships from 900 feet to 2,400 feet, which will allow for up to five new cargo berths. The project is slated for completion in 2017.

Port Everglades' update to its 20-Year Master/Vision Plan (Plan) was kicked off with a series of public, stakeholder, and staff meetings and focus groups. This update to the Plan will address changes that have taken place regionally, nationally, and internationally since the Plan was approved in 2011. The updated Plan is expected to be completed by spring 2014.

Substantial progress was made towards completing the Eller Drive Overpass and the McIntosh Loop Road projects. The Eller Drive Overpass will be completed by the Florida Department of Transportation in early 2015, and the McIntosh Loop Road will be completed in the spring of 2014.

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FY 2013 Event Highlights (Continued)

Cruise

State and local public officials joined executives from Carnival Corporation and the six Carnival brands that sail from Port Everglades to celebrate the Grand Re-Opening of four fully renovated, expanded, and modernized cruise terminals that opened in time for the busy 2012/2013 cruise season. Cruise Terminals 2, 19, 21, and 26 were part of a \$54 million renovation project that transformed existing facilities into modern, world-class, guest-friendly cruise terminals, capable of processing both debarking and embarking cruise passengers simultaneously. The renovations employed many of the principles associated with LEED (Leadership in Energy and Environmental Design), which will carry-over in the operation and maintenance of the buildings.

Port Everglades was named "Port of the Year" for 2013 by *Seatrade Insider*, one of the world's foremost cruise trade publications. A panel of judges comprised of executives with experience in relevant areas, members of *Seatrade Insider's* global editorial team, cruise consultants, analysts, and association experts from around the world, selected Port Everglades as the top cruise port based on recent renovations to the four cruise terminals.

Port Everglades hosted three of the world's five largest cruise ships on Saturday, December 22 – Royal Caribbean International's 5,400-guest *Oasis of the Seas* and two of the line's 3,634-guest Freedom-class cruise ships: *Independence of the Seas* and *Liberty of the Seas*. The three mega cruise ships were part of a full house at Port Everglades, along with three Holland America Line ships, two Princess Cruise ships, and Balearia's Bahamas Express fast-ferry, *Pinar del Rio*.

Nationally recognized cruise travel magazine *Porthole* selected Port Everglades for its "2013 Editor-in-Chief Award for Best Domestic Departure Port."

Cargo

Port Everglades moved ahead to become the No. 1 container port in Florida by volume, as measured in TEUs.

Recognizing organizational and ownership changes related to Florida International Terminal, an amendment was negotiated and approved by the Board removing former owner Chilean shipping line CSAV as guarantor and making proprietary rates available to new services moving at least 5,000 containers annually across Port Everglades' docks. This change facilitated attracting a new service to Port Everglades, a direct ocean shipping service to Northern Europe from Port Everglades, the Grand Alliance Gulf Atlantic Express (GAX) service, which is jointly operated by Hapag-Lloyd and its partners NYK Line and OOCL. The service operates a fleet of five 3,237-TEU vessels that call Port Everglades every Saturday morning. The GAX route stops at Port Everglades; Houston; Savannah; Charleston; Portsmouth/Norfolk to Antwerp, Belgium; Thamesport, England; and Bremerhaven, Germany.

Sol Shipping Services, Inc. (Sol), a prominent produce importer, especially of melons from Central America, entered a new five-year agreement, effective November 1, 2013, to operate a five-acre marine terminal at Port Everglades. Sol has operated seasonally at Port Everglades since the 1990s through another terminal, and the new agreement provides the locally-headquartered company a permanent on-port leasehold.

Chiquita Brands Company, North America (Chiquita), concluded their initial ten-year lease term at Port Everglades and exercised its first five-year option retaining its 13.1-acre terminal lease located in Midport, triggering a market rent increase of 73%. In early FY 2014, Chiquita also exercised its first five-year option on its ripening facility and warehouse lease of 51,868 square feet in Warehouse 30.

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FY 2013 Event Highlights – Cargo (Continued)

In early FY 2014, King Ocean Services Limited (Cayman Islands), Inc. agreed to a two-year lease extension for its 33.84-acre terminal and on-site office space, which was approved by the Board effective February 1, 2014. Mediterranean Shipping Company, S.A. submitted its intent to move forward for the negotiation of terms on its first five-year option with negotiations scheduled in January and February 2014. Crowley Liner Services, Inc., was notified of a market rate adjustment, which nearly tripled their rent on 5.8 acres of their terminal lease, effective January 1, 2014. Crowley will return 6 acres to the Port effective February 1, 2014, reducing their leasehold to 74 acres.

Port Everglades, in conjunction with the Florida Perishables Coalition and federal regulatory agencies, received a permit to launch a new cold-treatment pilot program to allow once-restricted grapes and blueberries from Peru and Uruguay to be shipped directly into South Florida ports. In the pilot program, fruit can be delivered to local grocery stores faster and at a lower cost than shipping through traditional Northern ports. If successful, the program could be expanded to include other cold-treated perishables from these and other countries. Port Everglades is currently the state leader in perishable throughput, moving nearly half of all the refrigerated containers in Florida.

The largest containerized cargo ship in Port Everglades' history, equal to the size of an aircraft carrier, called at the Port in October 2012. The *MSC Texas*, at 1,095-feet long, 141-feet wide and 90,745 GRT, can carry as many as 8,238 TEUs when fully loaded at a draft of 47.6 feet.

Continental Florida Materials entered a new ten-year agreement for their 4.91 acre bulk cement terminal located at Berth 7.

Petroleum

Port Everglades hosted the largest oil tanker in its history when the 813-foot long, 144-foot wide, 112,045-deadweight ton *Ellie Lady* docked at the Port in July 2013. The tanker's voyage originated in India and transited through the Suez Canal enroute to Port Everglades. The tanker offloaded approximately 8.2 million gallons (195,000 barrels) of jet fuel for use at Fort Lauderdale-Hollywood International Airport, Miami International Airport, Palm Beach International Airport, and Southwest Florida International Airport in Fort Myers.

Motiva Enterprises, LLC opened a new high-capacity ethanol rail terminal at Port Everglades that represents a safer, cleaner, and more efficient means to transport domestically produced ethanol. The direct rail service into the terminal eliminated truck traffic from rail heads outside the port jurisdiction and freed up much needed berth space on the busy petroleum piers.

Foreign-Trade Zone #25

A comprehensive relocation study for Foreign-Trade Zone (FTZ) #25, Site 1 was completed for a planned relocation to another site within Port Everglades by the end of 2015.

Export activity for FTZ #25 increased to \$2.5 billion in CY 2012. FTZ #25 ranked as the second highest volume exporting FTZ for warehousing and distribution activity in the United States by value.

Port Everglades upgraded its FTZ operational model to add the new category of FTZ Operator. Qualifying companies who have the expertise, systems, and capabilities can now independently conduct compliant FTZ activities with their own merchandise as an FTZ Operator. FTZ #25 can now accommodate the full spectrum of international businesses, from the smallest to the largest and from the newest to the most established.

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FY 2013 Event Highlights – Foreign-Trade Zone #25 (Continued)

An additional 4-acre site was added to FTZ #25 to accommodate the growth of long-time FTZ user Simply Reliable Power, Inc. (a/k/a F.G. Wilson).

Required Financial Statements

The Port's financial statements report information about the Port's use of accounting principles generally accepted in the United States of America. These statements offer short- and long-term financial information about its activities.

The statement of net position (balance sheet) includes all of the Port's assets, deferred outflows of resources, liabilities, and net position and provides information about the nature and amounts of investments in resources (assets and deferred outflows of resources) and the obligations to the Port's creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Port, and assessing the liquidity and financial flexibility of the Port.

The assets and liabilities are presented in a classified format, which distinguishes between current and non-current assets and liabilities. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 65, deferred outflows of resources are reported separately from assets and liabilities.

The current fiscal year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position. This statement measures the success of the Port's operations and can be used to determine whether the Port has successfully recovered all of its costs through its customer contracts, tariffs, and other charges, as well as its profitability and creditworthiness.

The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the Port's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash & cash equivalents resulting from operating, financing, and investing activities and provides answers to such questions as where the cash came from, what it was used for, and what the change in the cash balance was during the reporting period.

Analysis of Overall Financial Position and Results of Operations

One of the most important questions asked about the Port's financial statements is, "Is the Port as a whole better off or worse off as a result of the year's activities?" The balance sheets and the statements of revenues, expenses, and changes in net position report information about the Port's activities in ways that will help answer this question. One can think of the Port's net position — the difference between assets plus deferred outflows of resources and liabilities — as one way to measure financial health or financial position. Over time, increases or decreases in the Port's net position are one indicator of whether its financial health is improving or deteriorating. However, readers should consider other non-financial factors, such as changes in economic conditions, world events, regulation, and new or changed government legislation.

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Statements of Net Position (Balance Sheets)

The balance sheets serve as a useful indicator of the Port's financial position. They distinguish assets, deferred outflows of resources, and liabilities with respect to their expected use for current operations or internally-designated use for capital projects. The Port's assets and deferred outflows of resources exceeded liabilities by \$596.9 million and \$559.8 million as of September 30, 2013 and 2012, respectively, a \$37.1 million increase from September 30, 2012, and a \$36.1 million increase from September 30, 2011 to September 30, 2012. A condensed comparative summary of the Port's balance sheets as of September 30, 2013, 2012, and 2011 is shown below:

Condensed Statements of Net Position (Balance Sheets)
(Dollars in Thousands)

	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2011</u>
Assets			
Current assets (unrestricted)	\$ 178,593	\$ 225,846	\$ 203,082
Current assets (restricted)	58,395	24,198	19,690
Other assets	27,511	29,189	28,966
Capital assets, less accumulated depreciation	608,892	600,265	573,288
Total assets	<u>873,391</u>	<u>879,498</u>	<u>825,026</u>
Deferred Outflows of Resources			
Deferred charge on refunding	4,789	5,642	6,589
Accumulated decrease in fair value of interest rate swap	4,084	6,800	5,752
Total deferred outflows of resources	<u>8,873</u>	<u>12,442</u>	<u>12,341</u>
Liabilities			
Current liabilities payable from unrestricted assets	11,810	35,519	12,088
Current liabilities payable from restricted assets	58,395	24,198	19,689
Non-current liabilities	215,111	272,390	281,858
Total liabilities	<u>285,316</u>	<u>332,107</u>	<u>313,635</u>
Net Position			
Net investment in capital assets	350,133	322,057	287,958
Restricted for			
Debt service	10,327	12,031	11,824
Renewal and replacement, operating and maintenance	17,184	17,010	16,966
Federal grants	-	148	-
Unrestricted	219,304	208,587	206,984
Total net position	<u>\$ 596,948</u>	<u>\$ 559,833</u>	<u>\$ 523,732</u>

The largest portion of the Port's net position represents its investment in capital assets (e.g. land, buildings, improvements, and equipment), less the related debt outstanding used to acquire those capital assets. The Port uses these capital assets to provide services to major cruise and cargo shipping lines and their agents for movement of cruise passengers and maritime cargo; consequently, these assets are not available for future spending. Although the Port's reported investment in capital assets is reported net of debt as "net investment in capital assets," it is noted that the resources required to repay this debt must be provided annually from operations, since the capital assets themselves generally are not sold to liquidate liabilities.

An additional portion of the Port's net position represents resources that are subject to external restrictions. The remaining unrestricted net position may be used to meet any of the Port's ongoing obligations as defined by the revenue bond covenants.

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Statements of Revenues, Expenses, and Changes in Net Position

A condensed comparative summary of the Port's revenues, expenses, and changes in net position for each of the fiscal years ended September 30, 2013, 2012, and 2011 is shown below:

Condensed Statements of Revenues, Expenses, and Changes in Net Position
(Dollars in Thousands)

	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2011</u>
Operating revenues	\$ 147,319	\$ 142,931	\$ 139,177
Operating expenses (including depreciation)	<u>102,376</u>	<u>98,092</u>	<u>98,769</u>
Operating income	44,943	44,839	40,408
Non-operating revenues (expenses), net	<u>(12,228)</u>	<u>(18,519)</u>	<u>(19,845)</u>
Income before capital contributions	32,715	26,320	20,563
Capital contributions	<u>4,400</u>	<u>9,781</u>	<u>3,423</u>
Change in net position	<u>\$ 37,115</u>	<u>\$ 36,101</u>	<u>\$ 23,986</u>

The following table details operating revenues by revenue center for each of the fiscal years ended September 30, 2013, 2012, and 2011:

Schedule of Operating Revenues by Revenue Center
(Dollars in Thousands)

	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2011</u>
Operating revenues			
Cruise	\$ 62,153	\$ 60,160	\$ 56,754
Containerized cargo	31,671	31,321	31,669
Petroleum	27,530	25,656	25,772
Real estate	12,779	12,124	11,149
Parking	6,998	7,325	8,173
Other	2,357	2,789	2,997
Breakbulk	2,130	1,553	1,284
Bulk	1,701	2,003	1,379
Total operating revenues	<u>\$ 147,319</u>	<u>\$ 142,931</u>	<u>\$ 139,177</u>

In FY 2013, operating revenues increased 3.1% from \$142.9 million in 2012 to \$147.3 million. The increase can be primarily attributed to a \$2.0 million or 3.3% increase in cruise revenue and approximately \$2.0 million or 7.3% increase in petroleum revenue, offset by a \$0.5 million or 47.2% reduction in lay-in revenue (part of Other) and a \$0.3 million or 4.5% reduction in parking revenue.

In FY 2012, operating revenues increased 2.7% from \$139.2 million in 2011 to \$142.9 million. The increase can be primarily attributed to a \$3.4 million or 6.0% increase in cruise revenue and approximately \$1.0 million or 8.8% increase in real estate revenue, offset by a \$0.8 million or 10.4% reduction in parking revenue and a \$0.3 million or 1.1% reduction in containerized cargo revenue.

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Statements of Revenues, Expenses, and Changes in Net Position (Continued)

The following table details operating expenses by function for each of the fiscal years September 30, 2013, 2012, and 2011:

Schedule of Operating Expenses by Function
(Dollars in Thousands)

	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2011</u>
Operating expenses			
Personal services	\$ 18,097	\$ 17,659	\$ 17,942
Law enforcement and fire rescue	25,931	26,093	27,755
Contractual services	11,885	11,202	10,547
Insurance	5,470	5,824	4,873
Utilities	4,168	3,763	3,224
Maintenance, equipment, and supplies	5,423	4,177	4,770
General and administrative	3,964	3,427	4,295
Total operating expenses before depreciation	<u>74,938</u>	<u>72,145</u>	<u>73,406</u>
Depreciation	27,438	25,947	25,363
Total operating expenses	<u>\$ 102,376</u>	<u>\$ 98,092</u>	<u>\$ 98,769</u>

In FY 2013, contractual services increased by \$0.7 million from the FY 2012 amount. This increase was primarily due to an increase in engineering and architectural consulting costs. Insurance expense decreased from the FY 2012 amount by \$0.4 million, principally due to the capitalization of the insurance costs that pertained to capital projects. Utilities expense increased approximately \$0.4 million over FY 2012 due to higher electricity expense. The cost of maintenance, equipment, and supplies also increased by \$1.2 million over the prior year, primarily due to higher costs related to building maintenance and materials used in construction of improvements. General and administrative expense increased by \$0.5 million from FY 2012, primarily due to increases in promotional activities (\$0.1 million), dues and membership expense (\$0.1 million), and contract services with the Broward Sheriff Office (\$0.2 million). Depreciation expense increased by \$1.5 million due to a full year of depreciation on \$52.0 million of new capital assets placed in service in FY 2012.

In FY 2012, law enforcement and fire rescue expense decreased \$1.7 million from the FY 2011 due to cost reductions achieved by outsourcing specific security functions. Contractual services increased from the FY 2011 amount by \$0.7 million, principally due to an increase in engineering and architectural consulting costs. Utilities expense increased approximately \$0.5 million over FY 2011 due to increased water and sewer expense. General and administrative expense decreased by \$0.9 million from FY 2011, primarily due to decreased overhead allocation to capital assets (\$0.5 million), decreased legal cost allocation (\$0.2 million), and decreased payments to other county funds (\$0.2 million). Depreciation expense increased by \$0.6 million over FY 2011 due to a full year of depreciation on \$25.0 million of new capital assets placed in service in FY 2011.

In FY 2013, operating income increased by \$0.1 million to \$44.9 million over \$44.8 million in FY 2012, while operating income increased in FY 2012 by \$4.4 million or 11.0% over \$40.4 million in FY 2011 due to the reasons discussed on previous pages.

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Statements of Revenues, Expenses, and Changes in Net Position (Continued)

The following tables present non-operating revenues and non-operating expenses for each of the fiscal years ended September 30, 2013, 2012, and 2011:

Schedule of Non-operating Revenues by Major Source
(Dollars in Thousands)

	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2011</u>
Non-operating revenues			
Interest Income	\$ 390	\$ 909	\$ 830
Gain on disposal of capital assets	61	30	27
Non-capital grant revenue	27	382	113
Other revenues, net	399	-	-
Total non-operating revenues	<u>\$ 877</u>	<u>\$ 1,321</u>	<u>\$ 970</u>

Schedule of Non-operating Expenses by Major Function
(Dollars in Thousands)

	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2011</u>
Non-operating expenses			
Interest expense	\$ 12,051	\$ 14,090	\$ 19,058
Bond issuance costs	-	1,462	-
Discontinued project costs	1,054	3,319	217
Other expenses, net	-	969	1,540
Total non-operating expenses	<u>\$ 13,105</u>	<u>\$ 19,840</u>	<u>\$ 20,815</u>

In FY 2013, net non-operating expenses decreased \$6.7 million to \$13.1 million from net expenses of \$19.8 million in 2012. This decrease was due principally to a decrease in debt service interest expenses of \$2.0 million, in bond issuance costs of \$1.5 million, and in discontinued project costs of \$2.3 million.

In FY 2012, net non-operating expenses decreased by approximately \$1.0 million to \$ 19.8 million from net expenses of \$20.8 million in 2011. This decrease was due principally to a decrease in debt service interest expense of \$5.0 million, offset with an increase in discontinued project costs of \$3.1 million, and an increase in bond issuance costs of \$1.5 million. These changes were partially offset by increases in interest income and non-capital grant revenue of \$0.1 million and \$0.3 million, respectively.

During the fiscal years ended September 30, 2013, 2012, and 2011, the Port received approximately \$4.4 million, \$9.8 million, and \$3.4 million, respectively, in state and federal grant money to be used for capital expenditures.

In summary, net position during fiscal years 2013, 2012, and 2011 increased \$37.1 million, \$36.1 million, and \$24.0 million, respectively.

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Statements of Cash Flows

The following shows a summary of the major sources and uses of cash & cash equivalents. Cash equivalents include highly liquid investments, generally with a maturity at time of purchase of three months or less. A condensed comparative summary of the statements of cash flows for the fiscal years ended September 30, 2013, 2012, and 2011 is shown below:

Condensed Statements of Cash Flows (Dollars in Thousands)			
	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2011</u>
Cash flows from operating activities	\$ 68,693	\$ 74,039	\$ 66,842
Cash flows from (used for) non-capital financing activities	(432)	(177)	113
Cash flows used for capital and related financing activities	(82,347)	(52,511)	(46,640)
Cash flows from (used for) investing activities	8,494	(20,004)	(35,606)
Net increase (decrease) in cash & cash equivalents	<u>(5,592)</u>	<u>1,347</u>	<u>(15,291)</u>
Cash & cash equivalents			
Beginning of year	32,070	30,723	46,014
End of year	<u>\$ 26,478</u>	<u>\$ 30,070</u>	<u>\$ 30,723</u>

The Port's available cash & cash equivalents decreased by \$5.6 million, from \$32.1 million at the end of FY 2012 to \$26.5 million at the end of FY 2013. This was due to a decreased flow of funds from operating activities and an increased use of funds for capital and related financing activities, offset by an increased flow of funds from investing activities.

Capital Improvement Plan

The Port strategically evaluates the need for capital improvements based upon a demand-driven strategy that balances the deployment of capital resources with projected cash flows. Intermediate- and long-range capital investment plans are prepared based upon market demand, timing, costs, permitting, financing capabilities, and other factors. These plans are periodically updated to reflect changing events. Generally, the Port funds capital projects from a combination of operating cash flows, grants, and the issuance of revenue bonds. The Port continuously monitors economic factors and prudently manages its debt against realistic growth and associated cash flow expectations.

Capital Acquisitions and Construction Activities

During FY 2013, the Port put into use approximately \$79.2 million of new and improved capital assets. The major additions were improvements to Cruise Terminals 2, 19, 21, and 26, cranes, and port security equipment.

During FY 2012, the Port put into use approximately \$18.5 million of new and improved capital assets. The major new additions were a fire truck and mounted foam pumps for the on-port fire station, improvements to Cruise Terminal 18, Northport garage ramps, and a trolley rail support system for the Southport cranes.

Capital asset acquisitions are capitalized at cost. Acquisitions are funded primarily with Port revenues, grants, and revenue bonds. The Port had construction commitments of approximately \$14.0 million as of September 30, 2013. Additional information on the Port's capital assets and commitments can be found in Note D – Capital Assets and Note J – Commitments and Contingencies.

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis
Fiscal Years Ended 2013, 2012, and 2011
(Unaudited)

Overview of Upcoming Projects

On March 1, 2011, the County Commission unanimously approved an update of the Port's 20-Year Master/Vision Plan (Plan) that includes new market projections and plans for increased berth space. The updated Plan was formally incorporated into the Broward County Comprehensive Plan, Coastal Management Element, and Deepwater Port Component, consistent with the Laws of Florida requirements of Chapter 163 on December 2, 2011.

As part of the Plan, the Port is moving forward with implementing three critical expansion projects that are projected to create 7,000 new jobs regionally and support 135,000 jobs statewide over the next 15 years.

These key expansion projects are expected to be completed over the next five years and will add up to five berths; widen and deepen the channel to 48 feet, plus 1 foot required overdepth, plus one foot allowable overdepth (48+1+1); and bring an Intermodal Container Transfer Facility (ICTF) for freight rail into the Port.

Southport Turning Notch (STN) Extension (Berth Additions)

The STN extension project will lengthen the existing deep water turn-around area for cargo ships from 900 feet to 2,400 feet, which will allow for up to five new cargo berths. This project is projected to provide a \$10.7 billion annual increase in economic activity related to the Port and create 3,045 construction jobs in the near term and 5,529 regional jobs by the year 2027. The design and permitting contract for this project with DeRose Design Consultants was awarded on March 27, 2012. Design and permitting for various elements of the project are underway.

Westward extension of the existing STN is essential to increasing berthing capacity at the Port. This project will require excavating approximately 8.7 acres of mangrove habitat that was included in a Conservation Easement granted to the Florida Department of Environmental Protection (FDEP) in 1988. To offset this loss, the Port developed a habitat enhancement proposal that will convert 16.5 acres of Port land into mangrove habitat. The FDEP has approved the proposal, and permitting and design have begun, with construction expected to begin in FY 2014 for the enhancement and FY 2016 for the STN extension. Port officials worked closely with Port users, the environmental community, and FDEP to develop the plan for the new mangrove habitat. In addition, the plan supports completing a number of environmental improvements in West Lake Park, part of an overall initiative covering more than 70 acres of the park.

U.S. Army Corps of Engineers Deepening and Widening Project

The Port must deepen its channel to 48 feet (+1+1 overdepth) and widen it in certain areas to remain competitive with seaports in the southeastern United States that are already gearing up for the Panama Canal expansion. The Port already handles post-Panamax ships, those too large to fit through the Panama Canal at its current size. However, the ships must be lightly loaded, which is inefficient and may drive ocean shipping companies to use other ports that are dredging.

The project calls for deepening and widening the Outer Entrance Channel from an existing 45-foot project depth over a 500-foot channel width to a 55-foot depth with an 800-foot channel width, for a flared extension and extending 2,200 feet seaward, deepening the Inner Entrance Channel, Southport Access Channel, and Main Turning Basin from 42 feet to 48 feet (+1+1 overdepth) and widening the channels within the Port to increase the margin of safety for ships transiting to berth.

The total cost is estimated to be \$313 million, including a \$131 million investment by the Port. Deepening and widening the channel at the Port is projected to create 4,789 construction jobs in the near term and 1,491 direct regional jobs by FY 2027.

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis
Fiscal Years Ended 2013, 2012, and 2011
(Unaudited)

Overview of Upcoming Projects - U.S. Army Corps of Engineers Deepening and Widening Project
(Continued)

Port harbor deepening is a long-term project that would result in deeper and wider waterways for the future, larger generations of cruise, containerized cargo, and petroleum vessels. The U.S. Army Corps of Engineers is nearing completion of a draft Deepening and Widening Feasibility Study and Environmental Impact Statement, with completion of the final Study estimated in FY 2014.

Intermodal Container Transfer Facility (ICTF)

The Port is working with the Florida East Coast Railway, L.L.C. (FEC) on a public/private partnership to build and operate an ICTF on Port property. A 30-Year Intermodal Container Transfer Facility Lease and Operating Agreement was approved by the County Commission on March 20, 2012. The ICTF in Southport will provide a near-dock facility to facilitate the transfer of waterborne containerized cargo between ship and rail via a rail spur connecting to the FEC main line. This will replace the current practice of having trucks haul the containers to and from off-port rail terminals, either at Andrews Avenue in Fort Lauderdale or in Hialeah in Miami-Dade County. The FEC also plans to relocate its existing domestic intermodal service from Andrews Avenue to the ICTF at the Port. Once completed, the ICTF is expected to reduce congestion on interstate highways and local roadways and reduce harmful air emissions by diverting an estimated 180,000 trucks from the roads annually by FY 2027. The County contributed 43.4 acres of Port property, valued at \$19 million, for the ICTF. The ICTF is expected to be operational in summer 2014 and create 767 construction jobs (including the separate Eller Drive Overpass project discussed below). The Florida Department of Transportation provided the FEC with a \$30 million Florida State Infrastructure Bank (SIB) loan and \$18 million in state grants to finance a portion of the development of the ICTF at the Port. The FEC is managing this construction project.

Eller Drive Overpass

The Eller Drive Overpass project is currently underway and consists of the construction of a new overpass bridge from the I-595/US 1 interchange to McIntosh Road, installation of new railroad tracks and crossing signals, reconstruction of several ramps in the I-595/US 1/Eller Drive interchange, major utility relocations, reconstruction of Eller Drive at three intersections, construction of retention ponds and swales, and new highway lighting and landscaping. FDOT is the lead agency, managing the construction of and funding the Overpass project, which is expected to be completed in early FY 2015 at a cost of \$42.5 million. The Eller Drive Overpass will elevate I-595/Eller Drive to allow FEC trains to access the ICTF at ground level without interrupting vehicle flow or blocking traffic.

Southport Improvements

The McIntosh Loop Road project will be completed in spring 2014. It will create a loop road with ample right-hand turning radii for trucks to directly enter the container terminals in Southport, while eliminating crossing traffic lanes.

Cruise Terminal Improvements - Cruise Facility Upgrades

As previously discussed, \$54 million of renovations to Cruise Terminals 2, 19, 21, and 26 were substantially completed in FY 2012, with a portion of the work continuing into FY 2013. The Port will also begin the second phase of its cruise facility upgrades by renovating Cruise Terminal 4 in Northport in FY 2014. This project consists of relocating the existing access point of the terminal from the east side to the west side of the building. In addition, the project will encompass the construction of an intermodal area, including surface parking and passenger/baggage drop-off and pick-up areas. A separate-but-related project will begin in FY 2015 to also lengthen Berth 4 to the west by approximately 250 feet in order to accommodate a larger cruise vessel.

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis
Fiscal Years Ended 2013, 2012, and 2011
(Unaudited)

Overview of Upcoming Projects (Continued)

Foreign-Trade Zone (FTZ)

The County (and its predecessor, the Port Everglades Authority) has operated a foreign-trade zone at the Port since 1978, when the Port's Foreign-Trade Zone No. 25 became Florida's first such facility offering businesses duty-related advantages for import and export goods. Under the Port's Master/Vision Plan, the existing 21.87-acre FTZ site #1, containing four warehouse buildings and totaling approximately 390,000 square feet, will be converted to container yard area to replace existing container yards displaced by the STN. The Port intends to relocate the FTZ and construct new warehouses on undeveloped Port land west of the current location. A real estate study to analyze this proposed relocation of the FTZ was done in FY 2013. It is envisioned that project construction will commence in FY 2014 as a public-private partnership.

Seaport and Convention Center Security Improvement Project

This project will relocate the existing Northport security checkpoint and make other security improvements to remove the Broward County/Greater Fort Lauderdale Convention Center from the secure area of the Port. Construction is estimated to be completed in 2015.

Slip 1 New Bulkheads at Berths 9 and 10

This project will replace the existing bulkheads at Berths 9 and 10 in a new location approximately 125 feet south of their current location, which will widen Slip 1. The design of this project will commence in late FY 2014.

Legal

Through voluntary agreement, several petroleum companies having operations located at the Port created and funded an independent corporation, Port Everglades Environmental Corporation (PEECO). PEECO was created to address the problem of and clean-up of historical petroleum contamination on common areas owned by the Port, including pipeline right-of-ways, loading berths, and roadways adjacent to oil company properties used by the petroleum companies for transportation of their petroleum products. The majority of common areas on which petroleum contamination is known to exist have been accepted for state-funded clean-up under Florida's Early Detection Incentive Program. The Port believes that the likelihood of having a material financial liability for petroleum contamination costs not covered by the State of Florida or the oil industry is remote.

Liquidity Outlook

The Port believes that, based upon current and anticipated financial performance, cash flows from operations will be adequate to meet anticipated requirements for capital projects, as well as scheduled principal and interest payments for the coming year.

The Port's strategy for growth includes terminal expansion and new Port facilities in the near future. Cash on hand, investments, and cash generated from operations should enable the Port to support this strategy. There are plans to seek additional financing through the issuance of revenue bonds in the future, and there is excess borrowing capacity beyond the Port's current obligations. However, there can be no assurance that such financing would be available or, if so, at terms that would be acceptable.

The Port is exposed to various market risks. Market risk is the potential loss arising from adverse changes in market prices and rates. Additionally, there is exposure from various market risks associated with an interest rate swap agreement, which is more fully discussed in Note E – Long-term Obligations.

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis
Fiscal Years Ended 2013, 2012, and 2011
(Unaudited)

Long-term Debt

As of September 30, 2013, the outstanding balance of revenue bonds payable was approximately \$259,330,000. Detailed information regarding the bonds is contained in Note E – Long-term Obligations.

Series 2008 Subordinate Bonds

During FY 2008, the Port issued \$46,145,000 of Subordinated Port Facilities Refunding Revenue Bonds Series 2008. The refunding bonds closed on July 10, 2008 in the form of variable rate demand bonds to refund \$43,160,000 of previously outstanding Subordinate Port Facilities Refunding Revenue Bonds Series 1998. The County entered into an interest rate swap agreement for \$46,145,000 of its variable rate Series 2008 Subordinate Bonds for the outstanding period of the bonds as a means to lower its true borrowing costs when compared against fixed-rate bonds at the time of issuance. The intention of the swap was to effectively change the County's variable interest rate. Based on the swap agreement, the County pays a synthetic fixed rate of 3.642%.

Series 2009A Bonds

During FY 2009, the Port issued \$83,235,000 of Port Revenue Bonds Series 2009A for the purpose of providing funds, together with other legally available funds, to (i) pay all or part of the costs for the Cruise Terminal 18 improvements and other capital improvements, (ii) fund a subaccount of the Reserve Account, and (iii) pay certain costs of issuance and expenses relating to the bonds.

Series 2011A, B, and C Bonds

On November 22, 2011, the Port issued Series 2011A, Series 2011B, and Series 2011C in the aggregate principal amount of \$167,260,000. The proceeds of the issue were used to advance refund all of the outstanding Series 1989A Bonds, Series 1998B Bonds, and Series 1998C Bonds having a principal balance of \$171,875,000, and to pay related issue costs. The Series 2011A, 2011B, and 2011C Bonds were issued as fixed rate bonds, with an average life of 8.19 years and a true interest cost of 4.10%. They are secured by a pledge of certain net revenues of the Port.

Bond Insurance and Credit Ratings

The Port's most recent bond ratings on revenue bond outstanding as of September 30, 2013 are as follows:

<u>Issue</u>	<u>Insured</u>	<u>Fitch, Inc.</u>	<u>Moody's Investor Services</u>	<u>Standard & Poor's</u>
2008 Subordinate Port Facilities Refunding Revenue	Scotia Bank Letter of Credit	AA-/F1+	-	A+
2009A Port Facilities Revenue	No	A	A2	A-
2011A Port Facilities Refunding Revenue	Assured Guaranty	A	A2	A-
2011B Port Facilities Refunding Revenue	Assured Guaranty	A	A2	A-
2011C Port Facilities Refunding Revenue	Assured Guaranty	A	A2	A-

There were no changes in these ratings from FY 2011 to FY 2012. In FY 2013, the Standard & Poor's Ratings Services downgraded its rating for the provider of the Letter of Credit for the 2008 Subordinate Port Facilities Refunding Revenue Bonds from AA- to A+.

Contacting the Port Department's Financial Management

If you have questions about this report or need additional financial information, please contact the Port's Director of Finance, 1850 Eller Drive, Fort Lauderdale, FL 33316 USA.

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statements of Net Position
September 30, 2013 and 2012
(Dollars in Thousands)

	2013	2012
<u>ASSETS</u>		
Current assets		
Cash & cash equivalents	\$ 9,567	\$ 2,026
Investments	150,289	204,044
Accounts receivable, trade (less estimated uncollectible accounts of \$3 in 2013 and \$1 in 2012)	6,903	5,397
Accounts receivable, other (less estimated uncollectible accounts and unamortized discounts of \$55 in 2013 and \$59 in 2012)	137	144
Due from other County funds	-	388
Due from other governments	1,163	3,956
Inventories	6,130	5,889
Prepaid items	4,404	4,002
Restricted assets		
Cash & cash equivalents	3,052	4,212
Investments	55,343	19,986
Total current assets	236,988	250,044
Non-current assets		
Restricted assets		
Cash & cash equivalents	13,859	25,832
Investments	13,652	3,357
Capital assets		
Land and land improvements	56,756	56,756
Construction in progress and pending equipment	20,707	63,877
Buildings, piers, and other improvements	503,117	431,449
Equipment and vehicles	170,753	164,261
Property held for leasing	249,182	249,173
Total capital assets	1,000,515	965,516
Less accumulated depreciation	(391,623)	(365,251)
Total capital assets, net	608,892	600,265
Total non-current assets	636,403	629,454
 Total assets	 873,391	 879,498
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred charge on refunding	4,789	5,642
Accumulated decrease in fair value of interest rate swap	4,084	6,800
Total deferred outflows of resources	\$ 8,873	\$ 12,442

(Continued)
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PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statements of Net Position (Continued)
September 30, 2013 and 2012
(Dollars in Thousands)

	2013	2012
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable	\$ 8,867	\$ 31,558
Accrued liabilities	625	590
Due to other County funds	300	1,191
Due to other governments	882	1,042
Compensated absences	1,136	1,138
Payable from restricted assets		
Security deposits	3,133	3,056
Accrued interest payable	1,102	1,006
Unearned grant revenue, capital contributions	-	151
Revenue bonds payable	54,160	19,985
Total payable from restricted assets	58,395	24,198
Total current liabilities	70,205	59,717
Non-current liabilities		
Revenue bonds payable, net of discounts and premiums	209,388	263,865
Compensated absences	1,127	1,262
Other post-employment benefits	512	463
Fair value of interest rate swap	4,084	6,800
Total non-current liabilities	215,111	272,390
Total liabilities	285,316	332,107
Commitments and contingencies		
<u>NET POSITION</u>		
Net investment in capital assets	350,133	322,057
Restricted for		
Debt service	10,327	12,031
Renewal and replacement, operating and maintenance	17,184	17,010
Federal grants	-	148
Unrestricted	219,304	208,587
Total net position	\$ 596,948	\$ 559,833

See accompanying notes to financial statements.

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended September 30, 2013 and 2012
(Dollars in Thousands)

	2013	2012
Operating revenues		
Vessel, cargo, and passenger services	\$ 126,173	\$ 122,234
Leasing of facilities	12,769	11,699
Vehicle parking	6,998	7,325
Other	1,379	1,673
Total operating revenues	147,319	142,931
Operating expenses		
Salaries and wages	13,812	13,515
Benefits	4,285	4,144
Total personal services expenses	18,097	17,659
Law enforcement and fire rescue	25,931	26,093
Contractual services	11,885	11,202
Insurance	5,470	5,824
Utilities	4,168	3,763
Maintenance, equipment, and supplies	5,423	4,177
General and administrative	3,964	3,427
Total non-personal expenses	56,841	54,486
Total operating expenses before depreciation	74,938	72,145
Depreciation	27,438	25,947
Total operating expenses	102,376	98,092
Operating income	44,943	44,839
Non-operating revenues (expenses)		
Interest income	390	909
Interest expense, net of capitalized interest	(12,051)	(14,090)
Bond issuance costs	-	(1,462)
Gain on disposal of capital assets	61	30
Discontinued projects costs	(1,054)	(3,319)
Other, net	399	(969)
Non-capital grant revenue	27	382
Total non-operating (expenses), net	(12,228)	(18,519)
Income before capital contributions	32,715	26,320
Capital contributions	4,400	9,781
Change in net position	37,115	36,101
Net position, beginning of year, as restated	559,833	523,732
Net position, end of year	\$ 596,948	\$ 559,833

See accompanying notes to financial statements.

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statements of Cash Flows
For the Fiscal Years Ended September 30, 2013 and 2012
(Dollars in Thousands)

	2013	2012
Cash flows from operating activities		
Cash received from customers	\$ 145,946	\$ 145,025
Payments to suppliers for goods and services	(59,332)	(53,723)
Payments to employees for services	(18,150)	(17,614)
Other cash receipts	229	351
Net cash provided by operating activities	68,693	74,039
Cash flows from non-capital financing activities		
Cash from non-capital grants	27	382
Payment for contribution to other government agency	(459)	(559)
Net cash used for non-capital financing activities	(432)	(177)
Cash flows from capital and related financing activities		
Proceeds from bond refunding	-	1,366
Payments to refunded bond escrow agent	-	(5,435)
Acquisition of capital assets	(56,798)	(34,109)
Principal payments on bonds	(19,985)	(8,985)
Payment of interest and fiscal charges	(11,956)	(11,416)
Payment of other debt service costs	(717)	(471)
Proceeds from sales of capital assets	67	30
Capital contributions	7,042	6,509
Net cash used for capital and related financing activities	(82,347)	(52,511)
Cash flows from investing activities		
Purchases of investments	(212,200)	(315,154)
Proceeds from sales and maturities of investment securities	220,304	294,241
Interest on investments	390	909
Net cash provided by (used for) investing activities	8,494	(20,004)
Net Increase (decrease) in cash & cash equivalents	(5,592)	1,347
Cash & cash equivalents, beginning of year	32,070	30,723
Cash & cash equivalents, end of year	\$ 26,478	\$ 32,070
Cash & cash equivalents - unrestricted assets	\$ 9,567	\$ 2,026
Cash & cash equivalents - restricted assets - current	3,052	4,212
Cash & cash equivalents - restricted assets - non-current	13,859	25,832
	\$ 26,478	\$ 32,070

(Continued)
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PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statements of Cash Flows (Continued)
For the Fiscal Years Ended September 30, 2013 and 2012
(Dollars in Thousands)

	2013	2012
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 44,943	\$ 44,839
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	27,438	25,947
Miscellaneous non-operating revenues	266	351
Decrease (increase) in assets		
Accounts receivable, trade	(1,506)	(3)
Accounts receivable, other	9	(1)
Due from other County funds	388	(388)
Inventories	(241)	(505)
Prepaid items	(471)	(336)
Increase (decrease) in liabilities		
Accounts payable	(1,106)	657
Accrued liabilities	35	21
Due to other County funds	(891)	894
Due to other governments	(160)	65
Compensated absences	(137)	(30)
Security deposits	77	2,474
Other post-employment benefits	49	54
Net adjustments	23,750	29,200
Net cash provided by operating activities	\$ 68,693	\$ 74,039
Supplemental information		
Non-cash investing, capital, and financing activities		
Refunding bond transactions through escrow agent (excluding cash payments reflected on prior page)	\$ -	\$ 169,126
Capital assets acquired through current accounts payable	\$ 5,624	\$ 27,207
Amortization of bond discounts and premiums	\$ (317)	\$ (255)
Amortization of deferred charges	\$ 853	\$ 831
Change in fair value of interest rate swap	\$ (2,716)	\$ 1,048
Change in fair value of investments	\$ 129	\$ (283)

See accompanying notes to financial statements.

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2013 and 2012

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**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2013 and 2012**

A. Summary of Significant Accounting Policies

Reporting Entity: These financial statements present the financial position, changes in net position, and cash flows of the Port Everglades Department (the "Port") of Broward County, Florida (the "County") and not the County as a whole. The Port is a department of the County and operates as a major enterprise fund thereof. The County owns Port Everglades, which is operated by the County's Board of County Commissioners (the "County Commission"). The Port, formerly known as Port Everglades Authority ("PEA") is located within the geographic boundaries of the County and was originally created in 1927 by a special act of the Florida Legislature to create and promote commerce and industry through the operation of a deep-water seaport. The Port's jurisdictional area consists of approximately 2,190 acres, inclusive of land and water, designated for shipping, warehousing, and all other non-residential uses, as approved. The Port owns approximately 1,277 acres.

The County Commission is responsible for legislative and fiscal control of the County. A County Administrator is appointed by the County Commission and is responsible for administrative and fiscal control of all County departments through the administration of directives and policies established by the County Commission.

On March 10, 1992, voters approved a binding referendum to abolish the PEA and transfer control to the County Commission. The Port remained independent until November 22, 1994. Laws of Florida, Chapter 91-346 (Resolution 92-1734) provided for dissolution and required the County to assume all of the Port's assets and obligations. The same law restricts the use of all monies and revenues owned or generated by the Port as being used for Port purposes to the same extent as such revenues could have been used by PEA prior to its dissolution and the transfer of its assets to the County.

Basis of Presentation and Accounting: The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Port is a major enterprise fund of the County and uses the enterprise fund type to account for all of its operations. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The financial statements distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Port's principal ongoing operations. The principal operating revenues of the Port are charges to customers for services rendered or use of facilities. Operating expenses include the cost of services, general and administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues or expenses.

New Accounting Pronouncements: The Port adopted the following Governmental Accounting Standards Board ("GASB") Statements during the fiscal year ended September 30, 2013:

GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", provides guidance for financial reporting of service concession arrangements (SCAs) between a transferor (a government) and an operator (governmental or nongovernmental entity). It establishes recognition, measurement, and disclosure requirements for SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner. This Statement contributes to the assessment of inter-period equity by reporting up-front payments or the present value of installment payments primarily as deferred inflows of resources, reflecting the acquisition of resources that are applicable to a future reporting period.

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2013 and 2012**

A. Summary of Significant Accounting Policies – New Accounting Pronouncements (Continued)

It further requires that specific relevant disclosures be made by transferors and governmental operators about SCAs. This Statement had no impact on the Port's financial statements.

GASB Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*", incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements:

- Financial Accounting Standards Board Statements (FASB) and Interpretations
- Accounting Principles Board Opinions
- Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure

This Statement also supersedes GASB Statement No. 20, "*Accounting and Financial Reporting for Propriety Funds and Other Governmental Entities That Use Propriety Fund Accounting*". Those entities who chose to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements can continue to apply those pronouncements as other accounting literature. The financial reporting impact resulting from the implementation of GASB Statement No. 62 was not material.

GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*", provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. Amounts that are required to be reported as deferred outflows should be reported in a statement of net position in a separate section following assets. Similarly, amounts required to be reported as deferred inflows of resources should be reported in a separate section following liabilities. This Statement also amends net asset reporting requirements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The adoption of this Statement resulted in a change in the presentation of the Statement of Net Assets to what is now referred to as the Statement of Net Position, and, in addition, the term "net assets" was changed to "net position" throughout the financial statements. Additionally, this Statement requires that the component of net position previously titled "Invested in Capital Assets, Net of Related Debt" now be titled "Net Investment in Capital Assets." The adoption of this Statement also resulted in the reclassification of amounts previously reported as an asset pertaining to the interest swap as a deferred outflow of resources.

GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*", establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources, or deferred inflows of resources, certain items that were previously reported as assets and liabilities, and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statement periods beginning after December 15, 2012; however, the Port opted to early implement this Statement. For a debt refunding resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt was reclassified from liabilities to deferred outflow of resources in the statements of net position. In addition, this statement also required a change in the calculation of the deferred amount on refunding to exclude the effect of refunded debts' unamortized debt issuance costs. Additionally, the adoption of this Statement required that debt issuance costs be expensed in the period incurred, resulting in a restatement of net position, as discussed in the next section.

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2013 and 2012**

A. Summary of Significant Accounting Policies (Continued)

Change in Accounting Principle and Restatement of Prior Year Amounts: Beginning net positions were restated as follows due to the implementation of GASB Statement No. 65 (dollars in thousands):

	2012	2011
Net position, October 1, as previously stated	\$563,920	\$526,771
Restatement due to the write off of deferred bond issuance costs pursuant to the implementation of GASB Statement No. 65	(4,087)	(3,039)
Net position, October 1, as restated	\$559,833	\$523,732

Deposits and Investments: Cash & cash equivalents consist of demand deposits and investments with original maturities at time of purchase of three months or less.

The Port participates in the cash and investment pool maintained by the County. All investments are carried at fair value, as determined from quoted market prices. Each fund's portion of the pool is presented as "cash & cash equivalents," "investments," "restricted current assets," or "restricted non-current assets," as appropriate. Earnings are allocated to County funds based on their average daily cash and investment balances. The Port also maintains cash and investments outside the County pool for the purpose of funding debt service payments and bond reserve requirements and for investment purposes.

Accounts Receivable: The Port invoices customers for vessel, cargo, and passenger services and leasing of facilities. The Port records accounts receivable at the estimated net realizable value. Accordingly, accounts receivable are shown net of estimated uncollectible accounts and unamortized discounts, as determined by management policies.

Due from Other Governments: The amounts due from other governments represent grants receivable from federal and state governments for their share of amounts expended on various capital projects

Due from or to Other County Funds: The amounts due from or to other County funds represent lending arrangements outstanding at the end of the fiscal year.

Inventories and Prepaid Items: Crane spare parts inventory and supplies inventory are carried at the lower of average cost or market. Fire retardant chemical inventory is recorded using the lower of cost (first-in, first-out method) or market. Prepaid items consist primarily of insurance costs that will benefit future periods.

Capital Assets: Capital assets are stated at cost or, if donated, fair market value on the date of donation. Capital assets are defined as assets with an initial, individual cost of \$1,000 or more for equipment and \$5,000 or more for all other capital assets and an estimated useful life in excess of one year. Expenditures that materially extend the useful lives of existing assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend assets' lives are not capitalized. The cost of property sold or retired, together with the related accumulated depreciation, is removed from the appropriate accounts, and any resulting gain or loss is reflected in the change in net position. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings (including buildings held for leasing)	30 – 50 years
Piers	20 – 50 years
Other improvements	10 – 30 years
Equipment and vehicles	3 – 30 years

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2013 and 2012**

A. Summary of Significant Accounting Policies (Continued)

Capitalization of Interest Costs: Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. The Port incurred interest of \$12,589,000 and \$14,440,000 for the fiscal years ended September 30, 2013 and 2012, respectively, and, of this, \$538,000 and \$350,000, respectively, was included as part of the cost of construction in progress and assets placed into service.

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The Port has reported the deferred charge on refunding as a deferred outflow of resources in the statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt. The Port has also reported a deferred outflow of resources for the accumulated decrease in fair value of the interest rate swap in the statements of net position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Port does not have any items that qualify for reporting in this category.

Unearned Grant Revenue, Capital Contributions: Monies received that do not yet meet the criteria for revenue recognition are recorded as unearned grant revenue.

Compensated Absences: It is the Port's policy to permit employees to accumulate vacation and sick leave. The cost of earned-but-unused vacation pay is accrued as a liability in the period in which the leave is earned. Liabilities for earned but unused sick leave are accrued only to the extent that the leave will result in cash payments at termination.

Long-term Obligations: Long-term debt and other long-term obligations are reported as liabilities in the statements of net position. Bond premiums or discounts are amortized on a straight-line basis over the life of the bonds. Bonds payable are reported net of the applicable unamortized bond premium or discount.

Net Position and Net Position Flow Assumption: Net position represents the residual interest in the Port's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted, and consists of three components: net investment in capital assets, restricted net position, and unrestricted net position. Net investment in capital assets includes capital assets, net of accumulated depreciation, reduced by outstanding debt incurred to acquire, construct or improve those assets, excluding unexpended proceeds. The restricted net position category represents the balance of assets restricted for general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

Sometimes, the Port will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts reported as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Port's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2013 and 2012**

A. Summary of Significant Accounting Policies (Continued)

Capital Contributions: Capital contributions consist mainly of grants from federal and state governments. These capital contributions are recognized as earned as related project costs are incurred.

Reclassifications: Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

B. Deposits and Investments

As of September 30, 2013 and 2012, the Port's deposits and investments consisted of the following (dollars in thousands):

	September 30,	
	2013	2012
Cash deposits	\$ 26,478	\$ 32,070
Investments:		
U.S. Treasuries	57,891	51,830
U.S. Agencies	157,017	172,775
Commercial paper	4,376	2,782
Total investments	<u>219,284</u>	<u>227,387</u>
Total cash & cash equivalents and investments	<u>\$ 245,762</u>	<u>\$ 259,457</u>

Cash & cash equivalents and investments are classified in the statements of net position as follows (dollars in thousands):

	September 30,	
	2013	2012
Current assets		
Cash & cash equivalents - unrestricted	\$ 9,567	\$ 2,026
Cash & cash equivalents - restricted	3,052	4,212
Investments - unrestricted	150,289	204,044
Investments - restricted	55,343	19,986
Non-current assets		
Cash & cash equivalents - restricted	13,859	25,832
Investments - restricted	<u>13,652</u>	<u>3,357</u>
Total cash & cash equivalents and investments	<u>\$ 245,762</u>	<u>\$ 259,457</u>

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2013 and 2012**

B. Deposits and Investments (Continued)

Deposits – Custodial Credit Risk: The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The County mitigates custodial credit risk by requiring public funds to be deposited in a qualified public depository pursuant to State Statutes. Under State Statutes, each qualified public depository is required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The pledging level may range from 25% to 200%, depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any potential losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral, and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

As of September 30, 2013, \$16,394,000 was exposed to custodial credit risk, because it was uninsured and collateralized with securities held by the pledging financial institution's trust department, but not in the County's name.

Investments: The County's investment practices are governed by 218.415 of State Statutes; County Code of Ordinances, Chapter I, Article I, Section 1-10; and the requirements of outstanding bond covenants. The County has a formal investment policy that, in the opinion of management, is designed to ensure conformity with State Statutes and seeks to limit exposure to investment risks. The investment policy specifies the types, issuer, maturity, and performance measurement of investment securities that are permissible. Securities are held to maturity, with limited exceptions outlined in the investment policy. Qualified institutions utilized for investment transactions are also addressed within the policy, as well as diversification requirements for the investment portfolio.

Under State Statutes and County Ordinances, the County is authorized to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, commercial paper, repurchase agreements, certificates of deposit, certain money market funds, and the Florida Local Government Investment Trust. County policy requires that securities underlying repurchase agreements must have a market value of at least 102% of the cost of the repurchase agreements.

Interest Rate Risk: In accordance with its investment policy, the County manages its exposure to interest rate volatility by limiting the weighted average maturity of its investment portfolio within the following maturity categories:

Overnight	35%
1 to 30 days	80%
31 to 90 days	80%
91 days to 1 year	70%
1 year to 2 years	40%
2 years to 3 years	20%
3 years to 4 years	15%
4 years to 5 years	10%

Assets held pursuant to bond covenants are exempt from these maturity limitations. As of September 30, 2013, the County portfolio's weighted average maturity was 561 days and was in accordance with the County's investment policy.

Credit Risk: The County's investment policy contains specific rating criteria for certain investments. The policy states that commercial paper, bonds, notes, or obligations of the State of Florida, any municipality or political subdivision, or any agency or authority of the state, if such obligations are rated, must be rated in one of the two highest rating categories by at least two nationally recognized rating agencies. Commercial paper that is not rated must be backed by a letter of credit or line of

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2013 and 2012**

B. Deposits and Investments – Investments – Credit Risk (Continued)

credit rated in one of the two highest rating categories. Any investments in World Bank notes, bonds, and discount notes must be rated AAA or equivalent by Moody's Investors Service and/or Standard & Poor's Ratings Services. Investments in Securities and Exchange Commission registered money market funds must have the highest credit quality rating from a nationally recognized rating agency.

The County's investments in U.S. Treasuries and U.S. Agencies are rated AA+ by Standard & Poor's Ratings Services and Aaa by Moody's Investors Service. The County's investments in commercial paper are rated P-1 by Moody's Investors Service and A-1 or higher by Standard & Poor's Ratings Services.

Concentration of Credit Risk: The County places no limit on the amount that may be invested in securities of the U. S. Government and U.S. Agencies thereof or in government-sponsored corporation securities. The County requires that all other investments be diversified with no more than 5% of the value of the portfolio invested in the securities of any single issuer. GASB Statement No. 40, *Deposit and Investment Disclosures*, requires disclosure when the percent is 5% or more invested in any one issuer. As of September 30, 2013, the County's investment in the Federal Agricultural Mortgage Corporation was 5.55%; the Federal Home Loan Bank was 15.48%; the Federal Home Loan Mortgage Corporation was 18.40%; and the Federal National Mortgage Association was 27.69%.

C. Restricted Assets

Restricted assets of the Port as of September 30, 2013 and 2012 represent amounts restricted for debt service, required reserves for maintenance and improvements under the terms of outstanding bond agreements and regulatory requirements, amounts restricted for investment in capital assets, refundable customer security deposits, and grants. The debt service accounts contain the principal and interest amounts required for bond payments due on the scheduled dates. The bond reserve accounts contain the maximum amount of the required amounts for the renewal and replacement and operating and maintenance reserves. The capital projects and federal grants accounts include proceeds restricted per bond or grant requirements to purchase capital assets.

As of September 30, 2013 and 2012, assets were restricted for the following purposes (dollars in thousands):

	<u>September 30, 2013</u>	<u>September 30, 2012</u>
Debt service	\$ 65,589	\$ 33,022
Bond reserve accounts	17,184	17,010
Security deposits	3,133	3,056
Federal grants	-	299
	<u>\$ 85,906</u>	<u>\$ 53,387</u>

As of September 30, 2013 and 2012, restricted assets were classified in the statements of net position as follows (dollars in thousands):

	<u>September 30, 2013</u>	<u>September 30, 2012</u>
Current assets – restricted		
Cash & cash equivalents	\$ 3,052	\$ 4,212
Investments	55,343	19,986
Non-current assets - restricted		
Cash & cash equivalents	13,859	25,832
Investments	13,652	3,357
Total restricted assets	<u>\$ 85,906</u>	<u>\$ 53,387</u>

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2013 and 2012**

D. Capital Assets

Capital asset activity was as follows for the fiscal years ended September 30, 2013 and 2012 (dollars in thousands):

	Balance October 1, 2012 *	Additions	Deletions	Balance September 30, 2013
Capital assets not being depreciated				
Land and land improvements	\$ 56,756	\$ -	\$ -	\$ 56,756
Property held for leasing - land and land improvements	151,324	-	-	151,324
Construction in progress and pending equipment				
Construction in progress	62,105	31,553	(73,548)	20,110
Pending equipment	1,772	5,572	(6,747)	597
Total construction in progress and pending equipment	63,877	37,125	(80,295)	20,707
Total non-depreciable capital assets	271,957	37,125	(80,295)	228,787
Capital assets being depreciated				
Buildings, piers, and other improvements	431,449	71,668	-	503,117
Property held for leasing - buildings, piers, and other improvements	97,849	9	-	97,858
Equipment and vehicles	164,261	7,564	(1,072)	170,753
Total depreciable capital assets	693,559	79,241	(1,072)	771,728
Less accumulated depreciation				
Buildings, piers, and other improvements	(224,623)	(16,419)	-	(241,042)
Property held for leasing - buildings, piers, and other improvements	(59,174)	(2,592)	-	(61,766)
Equipment and vehicles	(81,454)	(8,427)	1,066	(88,815)
Total accumulated depreciation	(365,251)	(27,438)	1,066	(391,623)
Total capital assets being depreciated, net	328,308	51,803	(6)	380,105
Total capital assets, net	\$ 600,265	\$ 88,928	\$ (80,301)	\$ 608,892

	Balance October 1, 2011 *	Additions	Deletions	Balance September 30, 2012
Capital assets not being depreciated				
Land and land improvements	\$ 56,754	\$ 2	\$ -	\$ 56,756
Property held for leasing - land and land improvements	151,324	-	-	151,324
Construction in progress and pending equipment				
Construction in progress	26,287	50,861	(15,043)	62,105
Pending equipment	3,139	6,987	(8,354)	1,772
Total construction in progress and pending equipment	29,426	57,848	(23,397)	63,877
Total non-depreciable capital assets	237,504	57,850	(23,397)	271,957
Capital assets being depreciated				
Buildings, piers, and other improvements	419,450	11,999	-	431,449
Property held for leasing - buildings, piers, and other improvements	97,485	364	-	97,849
Equipment and vehicles	158,642	6,107	(488)	164,261
Total depreciable capital assets	675,577	18,470	(488)	693,559
Less accumulated depreciation				
Buildings, piers, and other improvements	(209,589)	(15,034)	-	(224,623)
Property held for leasing - buildings, piers, and other improvements	(56,467)	(2,707)	-	(59,174)
Equipment and vehicles	(73,736)	(8,206)	488	(81,454)
Total accumulated depreciation	(339,792)	(25,947)	488	(365,251)
Total capital assets being depreciated, net	335,785	(7,477)	-	328,308
Total capital assets, net	\$ 573,289	\$ 50,373	\$ (23,397)	\$ 600,265

* The October 1, 2012 and 2011 beginning balances in the tables above incorporate reclassifications between property held for leasing and property used in operations. There was no effect on the total net capital assets reported.

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2013 and 2012**

D. Capital Assets (Continued)

As of September 30, 2013, property held for leasing included both non-depreciable capital assets (land and land improvements of \$151,324,000 and depreciable capital assets (buildings, piers, and other improvements of \$97,858,000), totaling \$249,182,000, less accumulated depreciation of \$61,766,000 for a net book value of \$187,416,000.

As of September 30, 2012, property held for leasing included both non-depreciable capital assets (land and land improvements of \$151,324,000) and depreciable capital assets (buildings, piers, and other improvements of \$97,849,000), totaling \$249,173,000, less accumulated depreciation of \$59,174,000 for a net book value of \$189,999,000.

E. Long-term Obligations

Changes in long-term obligations for the fiscal years ended September 30, 2013 and 2012 were as follows (dollars in thousands):

	Balance October 1, 2012 *	Additions	Reductions	Balance September 30, 2013	Due within One Year
Revenue bonds payable					
2008 Subordinate Port Facilities, Refunding	\$ 37,665	\$ -	\$ (1,930)	\$ 35,735	\$ 35,735
2009A Port Facilities	75,895	-	(2,900)	72,995	3,045
2011A Port Facilities, Refunding	12,370	-	-	12,370	-
2011B Port Facilities, Refunding, Serial	69,055	-	-	69,055	-
2011B Port Facilities, Refunding, Term	31,640	-	-	31,640	-
2011C Port Facilities, Refunding	52,690	-	(15,155)	37,535	15,380
Total face amount of revenue bonds payable	<u>279,315</u>	<u>-</u>	<u>(19,985)</u>	<u>259,330</u>	<u>54,160</u>
Unamortized bond discounts	(1,425)	-	84	(1,341)	-
Unamortized bond premiums	5,960	-	(401)	5,559	-
Total net revenue bonds payable	<u>283,850</u>	<u>-</u>	<u>(20,302)</u>	<u>263,548</u>	<u>54,160</u>
Compensated absences payable	2,400	872	(1,009)	2,263	1,136
Other post-employment benefits	463	99	(50)	512	-
Total	<u>\$ 286,713</u>	<u>\$ 971</u>	<u>\$ (21,361)</u>	<u>\$ 266,323</u>	<u>\$ 55,296</u>

	Balance October 1, 2011 *	Additions	Reductions	Balance September 30, 2012	Due within One Year
Revenue bonds payable					
1989A Port Facilities, Refunding	\$ 53,185	\$ -	\$ (53,185)	\$ -	\$ -
1998A Port Facilities, Refunding	2,855	-	(2,855)	-	-
1998B Port Facilities, Refunding	79,825	-	(79,825)	-	-
1998C Port Facilities, Serial	10,220	-	(10,220)	-	-
1998C Port Facilities, Term	28,645	-	(28,645)	-	-
2008 Subordinate Port Facilities, Refunding	39,525	-	(1,860)	37,665	1,930
2009A Port Facilities	78,660	-	(2,765)	75,895	2,900
2011A Port Facilities, Refunding	-	12,370	-	12,370	-
2011B Port Facilities, Refunding, Serial	-	69,055	-	69,055	-
2011B Port Facilities, Refunding, Term	-	31,640	-	31,640	-
2011C Port Facilities, Refunding	-	54,195	(1,505)	52,690	15,155
Total face amount of revenue bonds payable	<u>292,915</u>	<u>167,260</u>	<u>(180,860)</u>	<u>279,315</u>	<u>19,985</u>
Unamortized bond discounts	(8,177)	-	6,752	(1,425)	-
Unamortized bond premiums	1,073	5,242	(355)	5,960	-
Total net revenue bonds payable	<u>285,811</u>	<u>172,502</u>	<u>(174,463)</u>	<u>283,850</u>	<u>19,985</u>
Compensated absences payable	2,430	1,101	(1,131)	2,400	1,138
Other post-employment benefits	409	101	(47)	463	-
Total	<u>\$ 288,650</u>	<u>\$ 173,704</u>	<u>\$ (175,641)</u>	<u>\$ 286,713</u>	<u>\$ 21,123</u>

* The October 1, 2012 and October 1, 2011 beginning balances in the tables above were restated due to the implementation of GASB Statement No. 65. This restatement reclassifies the unamortized deferred charge on refunding from liabilities to deferred outflows of resources in the statements of net position.

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2013 and 2012**

E. Long-term Obligations (Continued)

Revenue Bonds Payable: The following is a summary of the major provisions and significant debt service requirements for bonds outstanding as of September 30, 2013 and 2012 (dollars in thousands):

Bond Issue	Primary Purpose	Type	Interest Payment		Optional (O) or Mandatory (M) Redemption		Final Maturity Date	Original Amount Issued	Retired/Refunded	Outstanding September 30,	
			Rate (%)	Dates	Redemption	Year				2013	2012
2008 Subordinate Port Facilities Refunding	Refunding Issue	Demand	3.642 *	Monthly	O	2009	9-1-2027	\$ 46,145	\$(10,410)	\$ 35,735	\$ 37,665
2009A Port Facilities	Capital Improvements	Serial	3.0 - 6.0	3-1-9-1	O	2019	9-1-2025	\$ 48,085	\$(10,240)	37,845	40,745
2009A Port Facilities	Capital Improvements	Term	5.25 - 5.5	3-1-9-1	M	2023	9-1-2029	\$ 35,150	\$ -	35,150	35,150
2011A Port Facilities	Refunding Issue	Serial	5.0	3-1-9-1	O	2021	9-1-2025	\$ 12,370	\$ -	12,370	12,370
2011B Port Facilities	Refunding Issue	Serial	5.0	3-1-9-1	O	2021	9-1-2023	\$ 69,055	\$ -	69,055	69,055
2011B Port Facilities	Refunding Issue	Term	4.625	3-1-9-1	M	2025	9-1-2027	\$ 31,640	\$ -	31,640	31,640
2011C Port Facilities	Refunding Issue	Serial	1.098 - 3.0	3-1-9-1	N/A	N/A	9-1-2016	\$ 54,195	\$(16,660)	37,535	52,690
Total face amount of revenue bonds payable										<u>\$259,330</u>	<u>\$279,315</u>

* Synthetic fixed rate per swap agreement.

The annual debt service requirements for all bonds outstanding as of September 30, 2013 are as follows (dollars in thousands):

Fiscal Year(s)	Principal	Interest *	Total
2014	\$ 54,160	\$ 11,621	\$ 65,781
2015	18,870	11,103	29,973
2016	19,670	10,235	29,905
2017	10,790	9,497	20,287
2018	11,335	8,873	20,208
2019-2023	65,935	33,808	99,743
2024-2028	72,015	12,907	84,922
2029	6,555	361	6,916
	<u>\$ 259,330</u>	<u>\$ 98,405</u>	<u>\$ 357,735</u>

* Although the principal includes the Series 2008 Bonds as a current liability pursuant to GASB Interpretation No. 1, "Demand Bonds Issued by State and Local Governmental Entities – an interpretation of NCGA Statement 1 and NCGA Interpretation 9," the related interest amounts reflected are based upon the original maturity schedule, as it is the Port's intent to negotiate a new credit facility.

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2013 and 2012**

E. Long-term Obligations – Revenue Bonds Payable (Continued)

Details of the Port's bonds outstanding as of September 30, 2013 and 2012 are provided in the following sections. Terms not defined in these Notes to Financial Statements that are capitalized are defined in the underlying agreements.

Series 2008 Bonds: In July, 2008, the Port issued \$46,145,000 of Subordinated Port Facilities Refunding Revenue Bonds Series 2008 (the "Series 2008 Bonds"). The Series 2008 Bonds were issued to refund \$43,160,000 of outstanding Series 1998 Bonds. The Series 2008 Bonds bear interest at a weekly variable rate. The variable rate as of September 30, 2013 and 2012 was 0.07% and 0.18%, respectively.

Demand bonds. The Series 2008 Bonds are subject to purchase on the demand of the holder or a mandatory tender for purchase at a price equal to principal plus accrued interest. The Port's remarketing agent is authorized to use its best efforts to sell the repurchased bonds at a price equal to 100 percent of the principal amount by adjusting the interest rate.

An irrevocable transferable direct-pay Letter of Credit was issued by The Bank of Nova Scotia (BONS) pursuant to the Reimbursement Agreement dated July 1, 2008, between the Port and BONS, and its First Amendment was executed on May 26, 2011. The Letter of Credit was issued in an amount equal to the \$46,145,000 original aggregate principal amount of the Series 2008 Bonds, plus 56 days' interest thereon at the rate of 15% per annum. At the time of the First Amendment, \$41,320,000 aggregate principal remained outstanding. The Letter of Credit will terminate upon the earlier to occur of BONS' close of business on (a) July 8, 2014 (as extended from time to time) or (b) earlier dates as defined in the Letter of Credit agreement. Pursuant to GASB Interpretation No. 1, "*Demand Bonds Issued by State and Local Governmental Entities - on interpretation of NCGA Statement 1 and NCGA Interpretation 9,*" since a new credit facility was not negotiated as of September 30, 2013, the bonds are reflected as a current liability in the statement of net position as of September 30, 2013.

In the event that a demand for purchase by an owner or a mandatory tender for purchase of the Series 2008 Bonds is not remarketed, the Trustee, complying with the terms of the Letter of Credit, is authorized to draw an amount sufficient to pay principal and interest when due and to pay the applicable portion of the purchase price of Series 2008 Bonds and accrued interest. Liquidity advances representing draws to pay the portion of the purchase price of principal not remarketed bear interest based on an Alternative Base Rate, which is defined as the highest of the bank's base rate; the Federal Funds Rate plus 2%; the London Interbank Offered Rate (LIBOR) plus 3%; or 7%. Within the first 90 days, interest is at the applicable Alternative Base Rate and for 91-180 days interest is at the Alternative Base Rate plus 1%. Liquidity advances that remain outstanding upon the earlier of 180 days or facility expiration will convert to a three-year term loan. The principal portion of the term loan of \$35,735,000 shall be payable in twelve equal quarterly installments commencing 90 days after such conversion, with interest at the Alternative Base Rate plus 2%. As of September 30, 2013, no amounts have been drawn from the Letter of Credit.

The Port is required to pay BONS, on a quarterly basis, a commitment fee for the Letter of Credit. Through July 2011, the fee was 0.50% per annum of the average daily gross available amount of the Letter of Credit. For the period commencing on July 8, 2011 through termination, the fee varies based upon the bond ratings from Moody's Investors Services, Standard & Poor's Ratings Services, and Fitch Ratings Services. The current rate is 1.35% per annum. In addition, the remarketing agent is paid an annual fee equal to 0.60% of the then outstanding aggregate principal amount of the Series 2008 Bonds.

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
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E. Long-term Obligations – Revenue Bonds Payable – Series 2008 Bonds (Continued)

2008 interest rate swap agreement. The Port entered into an interest rate swap agreement in July 2008, with Goldman Sachs Capital Markets, L.P. to provide a synthetic fixed rate structure for the \$46,145,000 Series 2008 Bonds that bear interest at a variable weekly rate. Interest rate swaps are considered to be derivative instruments and are carried on the statement of net position at fair value.

Objective of the interest rate swap — The interest rate swap agreement was a means to lower the Port's true borrowing costs when compared against fixed-rate bonds at the time of issuance. The intention of the swap was to effectively change the Port's variable interest rate. Based on the swap agreement, the Port pays a synthetic fixed rate of 3.642%.

Terms — The interest rate swap was entered into at the same time that the Series 2008 Bonds were issued in July 2008. The Series 2008 Bonds and the related interest rate swap agreement expire on September 1, 2027. The interest rate swap's original notional amount of \$46,145,000 matches the original principal amount of the Series 2008 Bonds. The outstanding notional amount of the interest rate swap matches the principal amortization schedule of the Series 2008 Bonds. Under the terms of the interest rate swap agreement, the Port pays the counterparty a fixed rate of 3.642% and receives a variable rate payment based on the SIFMA Municipal Swap Index.

Fair value — As of September 30, 2013 and 2012, the swap had a negative fair value of \$4,084,000 and \$6,800,000, respectively. This represented a decrease of \$2,716,000 as of September 30, 2013, as compared to the prior year. The swap's fair value is reported as a deferred outflow of resources as "Accumulated Decrease in Fair Value of Interest Rate Swap" and as a liability as "Fair Value of Interest Rate Swap" in the accompanying statements of net position. The swap's notional amount as of September 30, 2013 and 2012, which equaled the principal outstanding on the Series 2008 Bonds as of those dates, was \$35,735,000 and \$37,665,000, respectively. The fair value is developed by a pricing service that considers the significant assumptions to be proprietary.

Credit risk — As of September 30, 2013 and 2012, the Port was not exposed to credit risk, because the swap had a negative fair value. However, should interest rates change and the fair value become positive, the Port could be exposed to credit risk in the amount of the swap's fair value. The swap agreement is subject to termination prior to September 1, 2027, upon the occurrence of certain termination events.

Basis risk — Municipal interest rate swaps are normally based on a fixed payment and an indexed variable receipt instead of the actual variable debt payment. Any difference between the indexed variable receipt and the actual market-determined variable rate paid on the bonds is called "basis risk." The Port is exposed to basis risk on its interest rate swap, because the variable rate payments received are based on the weekly SIFMA Municipal Swap Index, which may differ from the interest rates the Port pays on the variable rate debt, which is remarketed every seven days.

Termination risk — Under certain conditions, the Port or the counterparty may terminate the swap. If the swap is terminated, the Port would be exposed to variability in the amount of its debt service payments resulting from changes in the variable interest rate on the Series 2008 Bonds. While this could increase the Port's total debt service, if, at the time of termination, the swap has a negative fair value by approximately the amount of such negative fair value, the counterparty would have no claim against the Port for any other compensation.

The interest rate swap agreement does not affect the obligation of the Port under the indenture to repay the principal and variable interest on the Series 2008 Bonds. However, during the term of the swap agreement, the Port effectively pays a fixed rate on the debt. The debt service requirements to maturity for these bonds (presented in this note) are based on that fixed rate. The Port will be exposed to variable rates if the counterparty to the swap defaults or if the swap agreement is terminated. A termination or default of the swap agreement may also result in the Port making or receiving a termination payment.

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
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E. Long-term Obligations – Revenue Bonds Payable – Series 2008 Bonds – 2008 interest rate swap agreement (Continued)

Swap payment and associated debt – As interest rates vary, the variable-rate interest payments and swap payments will vary. The debt service requirements to maturity of the variable-rate bonds as of September 30, 2013, assuming the synthetic fixed rate of 3.642%, were as follows (dollars in thousands):

<u>Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total *</u>
2014	\$ 2,000	\$ 1,288	\$ 3,288
2015	2,075	1,216	3,291
2016	2,145	1,143	3,288
2017	2,230	1,062	3,292
2018	2,310	981	3,291
2019-2023	12,880	3,587	16,467
2024-2027	12,095	1,079	13,174
Total	<u>\$ 35,735</u>	<u>\$ 10,356</u>	<u>\$ 46,091</u>

* Although the principal of the Series 2008 Bonds is presented as a current liability in the statement of net position as of September 30, 2013 pursuant to GASB Interpretation No. 1, "Demand Bonds Issued by State and Local Governmental Entities – an interpretation of NCGA Statement 1 and NCGA Interpretation 9," the table above is based upon the original maturity schedule, as it is the Port's intent to negotiate a new credit facility.

Series 2009A Bonds: In July 2009, the Port issued \$83,235,000 of Port Everglades Revenue Bonds Series 2009A (the "Series 2009A Bonds") for the purpose of providing funds, together with other legally available funds to (i) pay all or part of the costs for the Terminal 18 improvements and other capital improvements, (ii) fund a subaccount of the Reserve Account, and (iii) pay certain costs of issuance and expenses relating to the Series 2009A Bonds. The Series 2009A Bonds, Outstanding Bonds, along with any Additional Bonds or Refunding Bonds hereafter issued under the Bond Resolution, are payable from and are equally and ratably secured pursuant to the Bond Resolution by a pledge of and a lien on the Net Revenue of the County derived from the operation of the Port Facilities and the moneys on deposit from time to time in the Funds and Accounts established pursuant to the Bond Resolution (excluding the Rebate Fund and the Operation and Maintenance Fund and the accounts therein), subject to the provisions of the Bond Resolution permitting application thereof for the purposes and on the terms and conditions set forth in the Bond Resolution. The Series 2009A Bonds interest rate ranges from 3% to 6%.

Series 2011 Bonds: On November 22, 2011, the Port issued Port Facilities Refunding Bonds Series 2011A in the amount of \$12,370,000; Port Facilities Refunding Bonds Series 2011B in the amount of \$100,695,000; and Port Facilities Refunding Bonds Series 2011C in the amount of \$54,195,000 (collectively, the "Series 2011 Bonds"), with interest rates ranging from 1.098% to 5% (true interest rate of 4.107%). The proceeds of the issue were used to advance refund \$53,185,000 of Series 1989A Bonds, \$79,825,000 of Series 1998B Bonds, and \$38,865,000 of Series 1998C Bonds (Serial and Term), with the interest rates ranging from 5% to 5.375%.

Defeased Bonds: The Port has entered into refunding transactions whereby refunding bonds were issued to facilitate the retirement of the Port's obligation with respect to certain outstanding bond issues. The net proceeds of the refunding issues have been placed in irrevocable escrow accounts and invested in U.S. Treasury obligations that, together with interest earned thereon, will provide amounts sufficient for future payments of interest and principal on the bond issues being refunded. The refunded bonds are not included in the statements of net position as a liability, since the Port has legally satisfied its obligation through the refunding process.

**PORT EVERGLADES DEPARTMENT
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E. Long-term Obligations – Revenue Bonds Payable – Defeased Bonds (Continued)

The following is a summary of the Port's defeasance transactions from advance refundings (dollars in thousands):

<u>Year of Defeasance</u>	<u>Bond Issue Defeased</u>	<u>Principal Outstanding September 30,</u>	
		<u>2013</u>	<u>2012</u>
1989	Port Facilities Revenue Bonds Series 1986	\$ 28,695	\$ 34,720

Bond Covenants: The Series 2009A and 2011 bond covenants require the Port to do the following:

1. Continue in effect the present tariff of rates and fees for, and the present rentals and other charges for the use of, the Port Facilities and the services furnished by the County, until the same are revised as provided in the Bond Resolution;
2. Not change, revise, or reduce any such rates, fees, rentals and other charges if such change, revision or reduction will result in producing less Gross Revenue, unless such rates, fees rentals and other charges as so changed, revised, or reduced will produce sufficient Gross Revenue to comply with the following paragraph; and
3. Subject to the two preceding paragraphs, from time to time and as often as it appears necessary, revise the rates, fees, rentals, and other charges for the use of the Port Facilities and for the services furnished by the County as may be necessary or proper in order that the Gross Revenue (excluding investment income on funds on deposit in the Construction Fund, Ad Valorem Tax, Rebate, and Operating and Maintenance trust accounts) will at all times be sufficient in each fiscal year to provide an amount at least equal to the sum of the following:
 - a) 100% of the current expenses;
 - b) 125% of the current bond principal and interest requirements;
 - c) 100% of the bond reserve requirement; and
 - d) 100% of the required current deposits to the Renewal & Replacement Fund.

The 2008 Subordinate bond covenants require that gross revenue (excluding investment income on funds on deposit in the Construction Fund) and on investment income on funds on deposit in the Sinking Fund and the Debt Service Reserve Fund will at all times be sufficient in each current fiscal year to provide an amount at least equal to the sum of a, c, and d above and, furthermore, the following:

- a) 100% of the aggregate of current expenses, the reserve account deposit requirement, and the amount required to be deposited in the Renewal & Replacement Fund for the current fiscal year;
- b) 100% of the administrative expenses for the current fiscal year;
- c) 110% of the composite principal and interest requirements for the current fiscal year; and
- d) 100% of the debt service reserve fund deposit requirement for the current fiscal year.

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2013 and 2012**

E. Long-term Obligations – Revenue Bonds Payable – Bond Covenants (Continued)

The Port was in compliance with bond indenture requirements as of September 30, 2013 and 2012.

**Schedule of Revenues, Expenses, Debt Service, and Debt Service Coverage
For the Fiscal Years Ended September 30, 2013 and 2012
(Dollars in Thousands)**

	<u>2013</u>	<u>2012</u>
Operating revenues		
Vessel, cargo, and passenger services	\$ 126,173	\$ 122,234
Leasing of facilities	12,769	11,699
Vehicle parking	6,998	7,325
Other	1,379	1,673
Total operating revenues	<u>147,319</u>	<u>142,931</u>
Eligible non-operating revenues		
Interest income	390	909
Less O&M reserve interest	(10)	(3)
Less 2008 sinking fund interest	(2)	(2)
Less 2008 debt service reserve interest	(7)	(7)
Gain on disposals of capital assets	61	30
Refund of prior year's expenditures	235	351
Total eligible non-operating revenues	<u>667</u>	<u>1,278</u>
 Total eligible revenues	 <u>147,986</u>	 <u>144,209</u>
 Operating expenses before depreciation	 <u>(74,938)</u>	 <u>(72,145)</u>
Eligible non-operating expenses		
Other debt service costs	(717)	(469)
Payment in lieu of taxes	(469)	(459)
	<u>(1,186)</u>	<u>(928)</u>
 Total eligible expenses	 <u>(76,124)</u>	 <u>(73,073)</u>
 Net income available for debt service	 <u>\$ 71,862</u>	 <u>\$ 71,136</u>
 Debt service requirements - senior lien bonds	 \$ 28,758	 \$ 28,754
 Actual coverage	 <u>2.50</u>	 <u>2.47</u>
 Required coverage	 <u>1.25</u>	 <u>1.25</u>
 Composite debt service requirements -- senior and subordinate bonds	 \$ 32,046	 \$ 32,042
 Actual coverage	 <u>2.24</u>	 <u>2.22</u>
 Required coverage	 <u>1.10</u>	 <u>1.10</u>

* Although the principal of the Series 2008 Bonds is presented as a current liability in the statement of net position as of September 30, 2013 pursuant to GASB Interpretation No. 1, "Demand Bonds Issued by State and Local Governmental Entities – an interpretation of NCGA Statement 1 and NCGA Interpretation 9," the calculations above are based upon the original maturity schedule, as it is the Port's intent to negotiate a new credit facility.

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2013 and 2012**

E. Long-term Obligations – Revenue Bonds Payable – Bond Covenants (Continued)

The Port's issued bonds are secured by a pledge of specific revenues. Total pledged revenues to repay the principal and interest of revenue bonds payable as of September 30, 2013 and 2012 were as follows (dollars in thousands):

	September 30,	
	2013	2012
Current pledged revenues	\$ 71,862	\$ 71,136
Current debt service	\$ 32,042	\$ 19,897
Total future pledged revenues	\$ 357,735	\$ 389,777

Current pledged revenues are equivalent to "Net income available for debt service," as shown in the table above. Total future pledged revenues reflect principal and interest payment requirements on a cash basis through fiscal year 2029.

All of the bonds are payable from the net revenues of the Port derived from the operation of Port facilities and the monies on deposit in accounts established pursuant to the bond resolutions. No recourse to the credit or taxing power of the County exists for payment of principal and interest on the bonds. Payment of principal and interest on the Series 2011 bonds is guaranteed under a municipal bond insurance policy issued by Assured Guaranty Municipal Corporation (AGMC). These policies unconditionally guarantee the payment of that portion of the principal and interest on the bonds that has become due for payment but is unpaid by reason of nonpayment by the Port.

Other Post-employment Benefits (OPEB): The Port, as a department of the County, participates in the County's single-employer, defined-benefit healthcare plan.

Plan Description: The plan allows employees and their beneficiaries to continue obtaining health, dental and other insurance benefits upon retirement. The benefits of the plan conform to State Statutes, which are the legal authority for the plan. The plan has no assets and does not issue separate financial reports.

Funding Policy and Annual OPEB Cost: The Port makes no direct contribution to the defined-benefit healthcare plan. Retirees and their beneficiaries pay the same group rates as are charged to the Port for active employees. However, the County's actuaries, in their actuarial valuation, calculate an offset to the cost of these benefits, which is described below, and is called the Employer Contribution.

The Port's annual OPEB cost for the plan is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2013 and 2012**

E. Long-term Obligations – Other Post-employment Benefits (OPEB) – Funding Policy and Annual OPEB Cost (Continued)

The annual OPEB cost for the Port as of September 30, 2013 and 2012 and the related information for the plan are as follows (dollars in thousands):

	September 30,	
	2013	2012
Required contribution rates:		
Employer	Pay as you go	Pay as you go
Plan members	N/A	N/A
Annual required contribution	\$ 99	\$ 101
Interest on net OPEB obligation	18	17
Adjustment to annual required contribution	(18)	(17)
Annual OPEB cost	99	101
Contributions made	(50)	(47)
Increase in net OPEB obligation	49	54
Net OPEB obligation, beginning of year	463	409
Net OPEB obligation, end of year	<u>\$ 512</u>	<u>\$ 463</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of September 30, 2013, 2012, and 2011 for the Port were as follows (dollars in thousands):

	September 30,		
	2013	2012	2011
Annual OPEB cost	\$ 99	\$ 101	\$ 144
Percentage of annual OPEB cost contributed	49.61 %	46.88 %	32.41 %
Net OPEB obligation	\$ 512	\$ 463	\$ 409

Funded Status and Funding Progress: The funded status of the plan as of October 1, 2011, the date of the most recent actuarial valuation, was as follows (dollars in thousands):

Actuarial accrued liability	\$ 24,800
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	\$ 24,800
Funded ratio	- %
Covered payroll	\$231,302
Unfunded actuarial accrued liability as a percentage of covered payroll	10.72 %

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision, as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information is designed to provide multi-year trend information to show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2013 and 2012**

E. Long-term Obligations – Other Post-employment Benefits (OPEB) (Continued)

Actuarial Methods and Assumptions: Projections of benefits are based on the substantive plan (the plan, as understood by the employer and plan members) and include the types of benefits in force at the evaluation date and the pattern of sharing benefit costs between the Port and plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Significant methods and assumptions were as follows:

Actuarial valuation date	October 1, 2011
Actuarial cost method	Entry age
Amortization method	Level percent, closed
Remaining amortization period	25 years
Asset valuation method	Unfunded
Actuarial assumptions:	
Investment rate of return*	3.75%
Projected salary increases*	4.00% - 8.38%
Healthcare cost trend rate	8.5% initial, 4.92% ultimate

*Includes general inflation at 3.00%

F. Pension Plan

The Port, as a department of the County, participates in the Florida Retirement System (“FRS”), a cost-sharing, multiple-employer public employment retirement system, which covers substantially all permanent, full- and part-time employees. The FRS provides retirement, death and disability benefits to plan members and beneficiaries. FRS offers a defined benefit plan (the “Pension Plan”) or a defined contribution plan (the “Investment Plan”). Benefits for both Plans are established by the State Statutes and may only be amended by the Florida Legislature.

The FRS issues an annual financial report. A copy can be obtained by sending a written request to the Division of Retirement, P.O. Box 9000, Tallahassee, FL 32315-9000 or by visiting their website at <http://dms.myflorida.com>.

Pension Plan benefits are computed on the basis of age, average final compensation and service credit. For employees initially enrolled in the Pension Plan on or after July 1, 2011, average final compensation is the average of the eight highest fiscal years of earnings compared with the average of the five highest years of earnings for those enrolled prior to July 1, 2011. The Pension Plan provides vesting of benefits after eight years of creditable service for employees initially enrolled in the Pension Plan on or after July 1, 2011, compared with a vesting period of six years for those enrolled prior to July 1, 2011. Members initially enrolled in the Pension Plan on or after July 1, 2011 are eligible for normal retirement if they are vested and age 65 or if they have 33 years of service, regardless of age. Members initially enrolled in the Pension Plan prior to July 1, 2011 are eligible for normal retirement if they are vested and age 62 or have 30 years of creditable service, regardless of age. Early retirement may be taken any time after vesting; however, there is a 5% benefit reduction for each year prior to normal retirement age or date.

The Port’s required contribution rate to the Pension Plan is established by State Statutes. Through June 30, 2013, rates ranged from 4.13% to 5.23% of covered payroll, based on employee risk groups. Effective July 1, 2013, rates ranged from 6.08% to 20.97% of covered payroll, based on employee risk groups. Effective July 1, 2011, the State Legislature mandated a 3% employee contribution for all employees participating in the Pension Plan. Employees who were enrolled in the Deferred Retirement Option Program (“DROP”) before July 1, 2011 were not subject to the contribution.

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
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F. Pension Plan (Continued)

A summary of the covered payroll, employer contributions, and percentage of covered payroll for the Pension Plan is as follows (dollars in thousands):

	2013	2012	2011
Covered Payroll	\$ 12,767	\$ 12,307	\$ 13,295
Employer Contributions	\$ 745	\$ 624	\$ 1,243
Employer Contributions % of Covered Payroll	5.84 %	5.07 %	9.35 %

The Port's contribution to the Pension Plan for the current and two preceding years were equal to the required contributions for each year.

The Investment Plan is a participant directed program selected by employees in lieu of participation in the defined benefit option of FRS. Benefits are accrued in individual accounts that are participant directed, portable, and funded by employer/employee contributions. The Investment Plan offers a diversified mix of investment options that span the risk-return spectrum and give participants an opportunity to accumulate retirement benefits. The members are vested after one year of service. Benefits are based on the total value of the account at distribution. This amount is based on contributions, reduced by expenses, and adjusted for earnings or losses on those contributions.

The Port's required contribution to the Investment Plan is established by State Statutes. The required contribution rate as of September 30, 2013 remained the same as the prior year and ranged from 3.55% to 4.93% of covered payroll, based on employee risk groups. Effective July 1, 2011, the State legislature mandated a 3% employee contribution for all employees participating in the Investment Plan. For the year ended September 30, 2013, the Port contributed approximately \$99,000, and employees contributed approximately \$51,000 to the Investment Plan. For the year ended September 30, 2012, the Port contributed approximately \$59,000 and employees contributed approximately \$35,000 to the Investment Plan.

G. Major Customers

A significant portion of the Port's revenues are directly or indirectly attributed to the activity of two major customers operating out of the Port. The Port's revenues could be materially and adversely affected, should either of these major customers discontinue operations at the Port and not be replaced with comparable activity.

The following tables present major customers contributing to the Port's total operating revenues and accounts receivable, respectively, for the fiscal years ended September 30, 2013 and 2012:

<u>Customer</u>	Percent of Operating Revenues	
	September 30,	
	2013	2012
Royal Caribbean Cruises Ltd. and its affiliates	26.6%	25.0%
Carnival Corporation and its affiliates	13.9%	15.2%
	<u>40.5%</u>	<u>40.2%</u>
<u>Customer</u>	Percent of Accounts Receivable	
	September 30,	
	2013	2012
Royal Caribbean Cruises Ltd. and its affiliates	26.5%	25.6%
Carnival Corporation and its affiliates	24.6%	6.4%
	<u>51.1%</u>	<u>32.0%</u>

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
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September 30, 2013 and 2012**

H. Lease Agreements

The Port recognizes a significant portion of its revenue through leasing of real property. A summary of future minimum rentals for non-cancelable leases for the next five fiscal years and in the aggregate is as follows (dollars in thousands):

<u>Fiscal Year(s)</u>	<u>Amount</u>
2014	\$ 10,176
2015	8,794
2016	6,722
2017	6,438
2018	6,504
2019-2023	14,811
2024-2028	6,515
2029-2033	5,054
2034-2038	3,035
2039-2043	3,693
2044-2048	4,493
2049-2053	5,466
2054-2058	6,650
2059-2063	8,091
2064-2068	9,844
2069-2073	11,976
2074-2078	14,571
2079-2083	17,728
2084-2088	21,569
2089-2093	21,032
Total:	<u>\$ 193,162</u>

I. Capital Contributions

For the fiscal years ended September 30, 2013 and 2012, capital contributions were as follows (dollars in thousands):

Contributor - Purpose	September 30,	
	<u>2013</u>	<u>2012</u>
State of Florida - Terminals 2, 19, 21, and 26 Improvements	\$ -	\$ 8,441
State of Florida - McIntosh Road Realignment	1,525	927
State of Florida - Southport Turning Notch Extension	962	-
Federal - Port Security Improvements	1,913	413
Total capital contributions	<u>\$ 4,400</u>	<u>\$ 9,781</u>

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
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September 30, 2013 and 2012**

J. *Commitments and Contingencies*

Any owner or operator of real estate may be adversely affected by legislative, regulatory, administrative and enforcement actions involving environmental controls. For example, if any of the property on which Port facilities are located or other property operated by the County is determined to be contaminated, the County could be liable for significant clean-up costs, even if it is not responsible for the contamination. The costs of decontamination or clean-up could be significant and the incurrence of such costs could have a material adverse impact on the Port's financial position and change in net position.

Through voluntary agreement, several petroleum companies having operations located at the Port created and funded an independent corporation, Port Everglades Environmental Corporation ("PEECO"). PEECO was created to address the problem of and clean-up of historical petroleum contamination on common areas owned by the Port, including pipeline right-of-ways, loading berths, and roadways adjacent to oil company properties used by the petroleum companies for transportation of their petroleum products. The majority of common areas on which petroleum contamination is known to exist have been accepted for state funded clean-up under Florida's Early Detection Incentive Program. The Port believes that the likelihood of having a material financial liability for petroleum contamination costs not covered by the State of Florida or the oil industry is remote.

Federal and state grants are subject to audit by the grantor agencies to determine if activities comply with conditions of the grants. Management believes that no material liability will arise from any such audits.

At September 30, 2013, the Port had in process various uncompleted constructions projects with commitments totaling approximately \$13,951,000. The retainage payable on these contracts totaled approximately \$755,000. Funding of these projects is to be made through a combination of internally-generated funds and grant proceeds.

K. *Risk Management*

The Port is exposed to various risks and losses related to alleged torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Port participates in the County's self-insured Worker's Compensation program, which provides coverage up to a maximum of \$1,500,000 (Self-Insured Retention Limit) for each workers' compensation occurrence. In addition, the County has purchased excess coverage for losses above the self-insured retention limit in accordance with State Statutes. General liability is entirely self-insured, with the County providing coverage up to the statutory limits of \$200,000 per person and \$300,000 per occurrence. The County (through the Risk Management Fund) purchases commercial insurance for port liability, property damage, and numerous smaller policies that are required by lease agreements, State Statutes, etc. Settled claims have not exceeded this commercial coverage in the past three years.

The Port makes payments for the self-insurance program to the Risk Management Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish reserves for all losses. The actuarial estimates include the effects of specific, incremental claim adjustment expenses, salvage, subrogation and other allocated claim adjustments. The reserves for the self-insurance program are reported as a liability of the County's Self-Insurance Fund.

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2013 and 2012**

L. *Transactions with Other County Departments*

The County allocates certain support department costs which include administration, legal, fiscal, purchasing, personnel, audit, and communication costs to other County departments. Certain funds are also charged for the cost of the services provided by the Self-Insurance, Fleet Services, and Print Shop funds. Costs of approximately \$9,100,000 and \$8,600,000 for these services were allocated to the Port during the fiscal years ended September 30, 2013 and 2012, respectively.

The Port contracts directly with Broward Sheriff's Office for security services at Port Everglades. The cost of these services from the Sheriff's Office was approximately \$14,100,000 and \$13,900,000 for the fiscal years ended September 30, 2013 and 2012, respectively. The Port also contracts with the Broward Sheriff's Office Department of Fire Rescue and Emergency Services for fire rescue and emergency medical services at the Port. The cost of these services was approximately \$7,600,000 and \$7,700,000 for the fiscal years ended September 30, 2013 and 2012, respectively.

The Port reimburses the Broward County Aviation Department for allocated maintenance costs for the landscaping of U.S. 1 at Fort Lauderdale International Airport. The cost of these services from the Aviation Department was approximately \$15,000 and \$19,000 for the fiscal years ended September 30, 2013 and 2012, respectively.

At September 30, 2013 and 2012, approximately \$300,000 and \$1,191,000, respectively, was due to other County funds for services provided.

The Port was not owed any monies from other County funds as of September 30, 2013. As of September 30, 2012, the Port was owed approximately \$388,000 from the County's General Fund – Emergency Management Division for a grant reimbursement.

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
September 30, 2013**

Required Supplementary Information

Schedule of Funding Progress – Other Post-employment Benefits

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Required Supplementary Information
September 30, 2013**

Schedule of Funding Progress – Other Post-employment Benefits

(Dollars in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of covered Payroll [(b-a)/c]
10/1/2007	\$0	\$44,858	\$44,858	0.00%	\$246,655	18.19%
10/1/2009	0	40,098	40,098	0.00%	245,050	16.36%
10/1/2011	0	24,800	24,800	0.00%	231,302	10.72%

This schedule shows the County's actuarial accrued liability (AAL). An estimated 4.03% of this liability can be attributed to Port Everglades for the 10/1/2011 valuation.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of County Commissioners
Broward County, Florida
Fort Lauderdale, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Port Everglades Department (the "Port") of Broward County, Florida (the "County"), an enterprise fund of the County, as of and for the year ended September 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated March 3, 2014. As discussed in Note A, the financial statements present only the Port and do not purport to, and do not, present fairly the financial position of the County, the changes in its financial position, or, where applicable, its cash flows in conformity with accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Port's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Port's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Crowe Horwath LLP
Fort Lauderdale, Florida
March 3, 2014

APPENDIX C

2014 PORT EVERGLADES MASTER/VISION PLAN EXECUTIVE SUMMARY

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PORT EVERGLADES 2014 MASTER/VISION PLAN

ADOPTED ON JUNE 24, 2014

EXECUTIVE SUMMARY

PRESENTED BY

AECOM



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LIST OF ACRONYMS

Acronym	Description
AAPA	AMERICAN ASSOCIATION OF PORT AUTHORITIES
ADA	AMERICANS WITH DISABILITIES ACT
AGL	ABOVE GROUND LEVEL
AMP	ALTERNATIVE MARINE POWER
AMSL	ABOVE MEAN SEA LEVEL
APM	AUTOMATED PEOPLE MOVER
ASC	AUTOMATED STACKING CRANES
B/D	BARRELS PER DAY
BBL	BARRELS
BCAD	BROWARD COUNTY AVIATION DEPARTMENT
BCEMD	BROWARD COUNTY EMERGENCY MANAGEMENT DIVISION
BCEP&GMD	BROWARD COUNTY ENVIRONMENTAL PROTECTION AND GROWTH MANAGEMENT DEPARTMENT
BCT	BROWARD COUNTY TRANSIT
BEBR	BUREAU OF ECONOMIC AND BUSINESS RESEARCH
BMP	BEST MANAGEMENT PRACTICES
BOARD	BROWARD COUNTY BOARD OF COUNTY COMMISSIONERS
BOD	BIOCHEMICAL OXYGEN DEMAND
BSO	BROWARD SHERIFF'S OFFICE
B/YR	BARRELS PER YEAR
CAGR	COMPOUND ANNUAL GROWTH RATE
CBOB	SUBOCTANE BLENDSTOCK THAT WILL MEET FINISHED GASOLINE SPECIFICATIONS WHEN BLENDED WITH 10 PERCENT ETHANOL
CBP	US CUSTOMS AND BORDER PROTECTION
CCR	CONTINUOUS CATALYST REGENERATION
CIP	CAPITAL IMPROVEMENT PROGRAM
CHHA	COASTAL HIGH HAZARD AREAS
CLIA	CRUISE LINES INTERNATIONAL ASSOCIATION
CNG	COMPRESSED NATURAL GAS
CSXI	CSX INTERMODAL
CSXT	CSX TRANSPORTATION INC.
DC&A	DIAL CORDY AND ASSOCIATES INC.
DCC	DANIA CUT-OFF CANAL
DERA	DIESEL EMISSIONS REDUCTION ACT
DOE	DEPARTMENT OF ENERGY
DR-CAFTA	CENTRAL AMERICA FREE TRADE AGREEMENT WITH THE DOMINICAN REPUBLIC, BELIZE, EL SALVADOR, HONDURAS, NICARAGUA, GUATEMALA, AND COSTA RICA
DRI	DEVELOPMENT OF REGIONAL IMPACT
DWT	DEADWEIGHT TON
EA	ENVIRONMENTAL ASSESSMENT

Acronym	Description
ECA	EMISSIONS CONTROL AREA
EDI	ELECTRONIC DATA INTERCHANGE
EIA	ENERGY INFORMATION AGENCY
EISA	ENERGY INDEPENDENCE AND SECURITY ACT OF 2007
EPA	ENVIRONMENTAL PROTECTION AGENCY
E-RTG	ELECTRIC-POWERED RUBBER-TIRED GABTRY CRANE
ETS	ELECTRIFIED TRUCK STOPS
FAA	FEDERAL AVIATION ADMINISTRATION
FDEP	FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION
FDOT	FLORIDA DEPARTMENT OF TRANSPORTATION
FEC	FLORIDA EAST COAST RAILWAY
FECI	FLORIDA EAST COAST INDUSTRIES
FEMA	FEDERAL EMERGENCY MANAGEMENT AGENCY
FG	FUNCTIONAL GAIN
FHWA	FEDERAL HIGHWAY ADMINISTRATION
PM2.5	FINE PARTICULATE MATTER
FIT	FLORIDA INTERNATIONAL TERMINAL
FLL	FORT LAUDERDALE-HOLLYWOOD INTERNATIONAL AIRPORT
FLP	OFFICE OF FREIGHT, LOGISTICS, AND PASSENGER OPERATIONS
FONSI	FINDING OF NO SIGNIFICANT IMPACT
FPC	FLORIDA PORTS COUNCIL
FPL	FLORIDA POWER AND LIGHT
FR	FEDERAL REGISTER
FSTED	FLORIDA SEAPORT TRANSPORTATION AND ECONOMIC DEVELOPMENT COUNCIL
FWC	FLORIDA FISH AND WILDLIFE CONSERVATION COMMISSION
FY	FISCAL YEAR
G	GRANTS
GDP	GROSS DOMESTIC PRODUCT
GPS	GLOBAL POSITIONING SYSTEM
GRP	GROSS REGIONAL PRODUCT
GT	GROSS TONS
HEA	HABITAT EQUIVALENCY ANALYSIS
HOV	HIGH-OCCUPANCY VEHICLE
I	INTERNAL REVENUE
ICTF	INTERMODAL CONTAINER TRANSFER FACILITY
IEC	INNER ENTRANCE CHANNEL
ILC	INTERMODAL (OR INTEGRATED) LOGISTICS CENTER
IMC	BROWARD COUNTY INTERMODAL CENTER
IMF	INTERNATIONAL MONETARY FUND
IMO	INTERNATIONAL MARITIME ORGANIZATION
ISC	INDIAN SUB-CONTINENT
ITB	INTEGRATED TUG-BARGE

Acronym	Description
ITS	INTELLIGENT TRANSPORTATION SYSTEM
JOC	JOURNAL OF COMMERCE
JONES ACT	THE MERCHANT MARINE ACT OF 1920.A FEDERAL STATUTE THAT REQUIRES US-FLAGGED VESSELS TO BE BUILT IN THE US, OWNED BY US CITIZENS, AND DOCUMENTED UNDER THE LAWS OF THE US. IN ADDITION, ALL OFFICERS AND 75 PERCENT OF THE CREW MUST BE US CITIZENS. VESSELS THAT SATISFY THESE REQUIREMENTS COMPRISE THE "JONES ACT FLEET." THE JONES ACT RESTRICTS THE CARRIAGE OF GOODS BETWEEN US PORTS TO US- FLAGGED VESSELS.
KM/HR	KILOMETERS PER HOUR
LEED	LEADERSHIP IN ENERGY AND ENVIRONMENTAL DESIGN
LF	LINEAR FEET
LNG	LIQUIFIED NATURAL GAS
Lo/Lo	LIFT-ON/LIFT-OFF (USED TO DESIGNATE CARGO THAT IS LIFTED ON AND OFF A VESSEL RATHER THAN BEING ROLLED ON AND OFF
LOA	LENGTH OVERALL
LOS	LEVEL OF SERVICE
LPA	LOCALLY PREFERRED ALTERNATIVE
LPG	LIQUEFIED PETROLEUM GAS
LPP	LOCALLY PREFERRED PLAN
LRTP	LONG-RANGE TRANSPORTATION PLAN
MAP-21	MOVING AHEAD FOR PROGRESS IN THE 21ST CENTURY ACT
MARAD	U.S. MARITIME ADMINISTRATION
MARPOL	INTERNATIONAL CONVENTION FOR THE PREVENTION OF POLLUTION FROM SHIPS
MARSEC	MARITIME SECURITY SYSTEM
MBD	MILLION BARRELS PER DAY
MBTA	MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
MIA	MIAMI INTERNATIONAL AIRPORT
MOL	MITSUI O.S.K. LINES
MPG	MILES PER GALLON
MPH	MILES PER HOUR
MPO	METROPOLITAN PLANNING ORGANIZATION
MSA	METROPOLITAN STATISTICAL AREA
MSC	MEDITERRANEAN SHIPPING COMPANY
MSL	MEAN SEA LEVEL
MTB	MAIN TURNING BASIN
MW	MEGAWATT
NCL	NORWEGIAN CRUISE LINE
NEPA	NATIONAL ENVIRONMENTAL POLICY ACT
NFA	NO FURTHER ACTION
NMFS	NATIONAL MARINE FISHERIES SERVICE
NOAA	NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

Acronym	Description
NOx	NITROGEN OXIDES
NPDES	NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
NPV	NET PRESENT VALUE
NS	NORFOLK SOUTHERN
NVOCC	NON-VESSEL OPERATING COMMON CARRIER
OCR	OPTICAL CHARACTER RECOGNITION
ODMDS	OCEAN DREDGED MATERIAL DISPOSAL SITES
OEC	OUTER ENTRANCE CHANNEL
OFAC	OFFICE OF FOREIGN ASSETS CONTROL
OPA 90	OIL POLLUTION ACT OF 1990
OSHA	OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION
P	PRIVATE INVESTMENT
P3	PUBLIC PRIVATE PARTNERSHIP
P&G	PURVIN & GERTZ
PADD	PETROLEUM ADMINISTRATION FOR DEFENSE DISTRICT
PANAMAX VESSEL	VESSEL WHOSE DIMENSIONS (BEAM, LENGTH, AND/OR DRAFT) ALLOW IT TO TRAVERSE THE EXISTING PANAMA CANAL
PBI	PALM BEACH INTERNATIONAL AIRPORT
PD&E	PROJECT DEVELOPMENT AND ENVIRONMENTAL STUDY
PDVSA	PETROLEOS DE VENEZUELA, S.A.
PED	PORT EVERGLADES DEPARTMENT
PEDD	PORT EVERGLADES DEVELOPMENT DISTRICT
PJA	PORT JURISDICTIONAL AREA
PNW	PACIFIC NORTHWEST
POMTOC	PORT OF MIAMI TERMINAL OPERATING COMPANY
POST-PANAMAX VESSEL	VESSEL TOO LARGE TO TRAVERSE THE PRESENT CONFIGURATION OF THE PANAMA CANAL
POV	PRIVATELY OWNED VEHICLES
PPM	PARTS PER MILLION
PSA	PASSENGER SERVICES ASSOCIATION
RCCL	ROYAL CARIBBEAN CRUISE LINES
RFID	RADIO FREQUENCY IDENTIFICATION
RFP	REQUEST FOR PROPOSAL
RLI	REQUEST FOR LETTERS OF INTEREST
RMG	RAIL-MOUNTED GANTRY CRANE
Ro/Ro	ROLL-ON/ROLL-OFF (USED TO DESIGNATE CARGO THAT IS ROLLED ON AND OFF A VESSEL RATHER THAN BEING LIFTED ON AND OFF)
ROI	RETURN ON INCREMENTAL INVESTMENT
ROM	ROUGH ORDER OF MAGNITUDE
RTG	RUBBER-TIRED GANTRY CRANE
SAC	SOUTHPORT ACCESS CHANNEL

Acronym	Description
SAFETEA-LU	SAFE, ACCOUNTABLE, FLEXIBLE, EFFICIENT TRANSPORTATION EQUITY ACT: A LEGACY FOR USERS
SCFE	SOUTH CENTRAL FLORIDA EXPRESS
SEDS	STATE ENERGY DATA SYSTEM
SEIS	SUPPLEMENTAL ENVIRONMENTAL IMPACT STATEMENT
SEFTC	SOUTHEAST FLORIDA TRANSPORTATION COUNCIL
SFECC	SOUTH FLORIDA EAST COAST CORRIDOR STUDY
SFRC	SOUTH FLORIDA RAIL CORRIDOR
SFRTA	SOUTH FLORIDA REGIONAL TRANSPORTATION AUTHORITY
SFWMD	SOUTH FLORIDA WATER MANAGEMENT DISTRICT
SIB	STATE INFRASTRUCTURE BANK
SIS	STRATEGIC INTERMODAL SYSTEM
SOLAS	SAFETY OF LIFE AT SEA
SOx	SULFUR OXIDES
STB	SURFACE TRANSPORTATION BOARD
STS	SHIP-TO-SHORE CRANE
SUPER POST-PANAMAX VESSEL	VESSEL ABLE TO TRAVERSE THE EXPANDED CONFIGURATION OF THE NEW PANAMA CANAL LOCKS
TEU	TWENTY-FOOT EQUIVALENT CONTAINER UNIT
TGS	TWENTY-FOOT GROUND SLOT
TL 2.0	<i>FLORIDA: MADE FOR TRADE, FLORIDA TRADE AND LOGISTICS STUDY 2.0</i>
TOS	TERMINAL OPERATING SYSTEM
TPI	TONS PER INCH OF DISPERSION
TSM&O	TRANSPORTATION SYSTEMS MANAGEMENT AND OPERATIONS
TSP	TENTATIVELY SELECTED PLAN
U	UNFUNDED (POTENTIAL DEBT)
UK	UNITED KINGDOM
ULCC	ULTRA LARGE CRUDE CARRIERS
UMAM	UNIFORM MITIGATION ASSESSMENT METHOD
USACE	US ARMY CORPS OF ENGINEERS
USCG	UNITED STATES COAST GUARD
USDA APHIS/PPQ	US DEPARTMENT OF AGRICULTURE, ANIMAL AND PLANT HEALTH INSPECTION SERVICE, PLANT PROTECTION AND QUARANTINE
USDOT	UNITED STATES DEPARTMENT OF TRANSPORTATION
USFWS	US FISH AND WILDLIFE SERVICES
VCY	VIRTUAL CONTAINER YARD
VFN	VIRTUAL FREIGHT NETWORK
VFR	VISUAL FLIGHT RULES
VGO	VACUUM GAS OIL
VLCC	VERY LARGE CRUDE CARRIERS
WOA	WINDOW OF ACCESSIBILITY

Acronym	Description
YMS	YARD MANAGEMENT SYSTEM

EXECUTIVE SUMMARY

Introduction

The Broward County Board of County Commissioners (Board) approved the *2009 Port Everglades Master/Vision Plan* in March 2011. At that time, the Board also provided direction to the Port Everglades Department (Port) to prepare an update to the 2009 Plan every two to three years. To prepare the update for the 20-year period between 2015 and 2033, the Port contracted with AECOM, the firm and its sub-consultants that prepared the *2009 Port Everglades Master/Vision Plan*.

Similar to that in the 2009 Plan, the overarching goal of this three-phase *2014 Port Everglades Master/Vision Plan* is to

Create a plan to maximize market share and revenue through a realistic 5-year facility development program within a framework of 10- and 20- Year Vision Plans.

To carry out this planning assignment, the consultant team updated the following key work products in Phases I and II to reflect the new planning horizon and the changes that have occurred regionally, nationally, and internationally since 2011:

- Existing conditions assessment.
- Market assessment for the Port's core business lines.
- Business, financial, and asset utilization strategies.
- Conceptual and final 5-Year Master Plan and 10- and 20- Year Vision Plans.
- 5-Year Capital Improvement Program (CIP).

Phase III consists of a video to illustrate the anticipated project development over the planning horizon.

In this 2014 Plan, the 5-Year Master Plan covers Fiscal Years (FY) 2015 to 2019; the 10-Year Vision Plan covers FY 2020 to 2023, and the 20-Year Vision Plan covers FY 2024 to 2033.¹

¹ Initially, the planning milestones were 2014-2018, 2020-2023, and 2024-2033; these were changed for consistency with the Port's 5-year capital improvement program for FY 2015.

Planning Principles

A guiding principle of this Plan is to consistently reflect the Port's new mission statement:

“As a powerhouse for international trade, travel, and investment, Port Everglades leverages its world-recognized South Florida facilities and innovative leadership to drive the region’s economic vitality and provide the highest levels of service, safety, environmental stewardship, and community accountability.”



In addition, the Port's operating principle of stewardship and sustainability was reflected in an emphasis throughout the planning process on the economy, the environment, and the community.

Consensus-Building and Public Outreach Participation

The Public Outreach Program for the 2014 master planning initiative was developed to invite input into the planning process from everyone interested in the Port's growth and expansion. The program was designed to dispense information to the public, tenants, governmental entities, regulatory agencies, and other stakeholders and to encourage their participation and comments. Through workshops and one-on-one interviews conducted by the consultant team as an essential part of Plan preparation, the input and concerns of all interested stakeholders were recorded and taken into account to the maximum extent possible.

Public Meetings. An initial public meeting was held on June 24, 2013, at the Broward County Main Library during Phase I. The purpose of the meeting was to inform the public about the intended goals, planning process, and progress of Plan development, and receive input. To encourage awareness and participation, advertisements appeared in local newspapers, postcards were mailed to homeowner groups and community publications, and television and radio stations were contacted. Subsequent public meetings were held on October 8, 2013 and May 28, 2014 to update the public on the progress and content of the Plan and receive their input.

Audio and video tapes were made of these meetings. The PowerPoint presentations made during the meetings are available on-line through the project website (see below).

Tenant, Stakeholder, and Agency Meetings. An initial tenant/stakeholder meeting was conducted on June 20, 2013 to introduce the Plan update process. Once the market assessment updates were completed, another tenant and stakeholder meeting was held on September 19, 2013 to present the assessment findings. Subsequently, charrettes with the Port's tenants and stakeholders were held on October 30 and 31, 2013 to receive their first-hand input concerning project needs and other concerns to be addressed in the new Plan. Additional tenant and stakeholder meetings were held on November 21, 2013, January 9, 2014,

and May 27, 2014 to keep everyone abreast of how the Plan was evolving and the projects proposed for inclusion.

In addition, two environmental outreach meetings were held to update the environmental community, including regulatory agencies, on the progress of the planning process. The first meeting was held in June 2013 to discuss the *Draft Feasibility Report and Environmental Impact Statement* released by the U.S. Army Corps of Engineers (USACE) concerning the channel deepening and widening program. The second meeting, held on May 27, 2014 updated the environmental community on the progress of the USACE program and discussed other points of interest, such as the Port's initiatives on air and water quality, high mast lighting to protect sea turtles, energy efficiency, and future opportunities for natural gas and solar and wind panels. The County's efforts with respect to climate change were also highlighted. The environmental community was invited to the tenant/stakeholder meetings as well.

In addition to these meetings, the Chief Executive and Port Director organized several "Focus Group" workshops whose participants were individuals from each of the Port's business sectors; these participants were asked to provide input and direction on Plan development.

As part of the Port's Public Outreach Program, presentations about the Plan were also made to the Port Everglades Association, the Port Everglades Advocacy Team. Meetings with the Broward County Metropolitan Planning Organization were scheduled for July 2014.

One-on-One Interviews with Port Tenants and Stakeholders. In addition to the group workshops, one-on-one interviews were held with many of the Port's terminal operators, tenants, and other stakeholders to update information regarding their current operations, future plans, and any concerns. These interviews provided input into the respective market assessment updates and subsequent project development.

Workshop with the Board and Briefings with the County Administration. Several briefing sessions were held with the County Administrator to discuss project progress; and a public workshop was held with the Board on May 6, 2014 at the Broward County Governmental Center. Comments and input received from Board members were incorporated into the Plan.

Website. To present accurate information to those interested in this planning process and receive their comments, a project website was created. The project website address is www.portevergladesmasterplan.com. The website has proved to be a valuable tool that has given stakeholders an opportunity to check current meeting schedules, and access meeting presentations they may have missed or wish to review. Those interested may also communicate their questions, comments, and concerns via an email link. All questions submitted are answered, and general questions are posted on the FAQ page of the website. The website is also a vehicle by which Port Everglades can convey additional information concerning this project.

Summary. Through the Public Outreach Program, everyone with a stake in Plan development has had an opportunity to participate in the planning process. Port Everglades recognizes the impact the Port has, not only on its tenants and users, but also on the surrounding communities and region. Addressing and resolving issues and concerns throughout the planning process has

fostered an effective working relationship and consensus among the various stakeholders' interests and the recommendations contained in the ultimate Plan.

A list of all the meetings held during the planning process is provided in Appendix A.

Planning Process Summary

Phase I

The specific tasks completed in Phase I and submitted in October 2013 include the following:

Overview of Local and Regional Context for Port Development. The consultant team highlighted the socioeconomic factors in South Florida that help create the dynamic climate that contributes to Port Everglades' success across diverse business lines. Also included was an update of the various intermodal mobility programs affecting local and regional landside access and a comprehensive review of the environmental conditions in the Port area.

Review of Port Facilities and Infrastructure Assets. The consultant team evaluated the Port's deepwater facilities as well as the cargo, cruise, and petroleum storage infrastructure; and reviewed the Port's highway, freight rail, and airport connections and the synergies among them.

Updated Market Assessments. Specialized sub-consultants on the project team updated the 2009 market assessments to forecast the markets for the Port's core cargo and cruise businesses through the new planning horizon. Because of the continuing economic changes resulting from the global recession and its impact on international and domestic trade, this update of market conditions was critical to the Plan update.

Phase II

The following tasks were completed in Phase II and submitted to the Board for approval in June 2014:

Identification of Infrastructure Needs to Support the 2033 Forecasts. The consultant team integrated the results of the respective market assessments for cargo and cruise businesses with the results of the one-on-one tenant and stakeholder interviews to identify the projects that would support the anticipated growth across the business lines over the planning horizon.

This task, performed in an iterative process and facilitated by workshops with the Port's senior staff, resulted in the identification of the following key parameters of Port development:

- Ability to berth fully laden super post-Panamax ships of 8,000 to 8,500 20-foot equivalent container units (TEUs).
- Additional cranes to load and unload the super post-Panamax ships swiftly.
- Berthing flexibility to serve the Port's diverse tenants and users.
- Longer cruise berths and wider slips to accommodate the latest generation of cruise ships.
- Petroleum berth modernization and redundancy to meet industry changes.

- Terminal and access improvements to increase operational efficiencies and service.
- Bulkhead maintenance to preserve the Port's assets.

The projects to meet these parameters are located across the entire Port Jurisdictional Area, which is shown in Figure ES-1, and includes Northport, Midport, and Southport.²

² **Northport** accommodates cruise ships and petroleum tankers as well as other bulk ships; **Midport** is the Port's main cruise ship berthing area, but also accommodates both containerized and non-containerized cargo; **Southport** is the location planned for most of the Port's containerized cargo growth.

Figure ES-1
PORT EVERGLADES JURISDICTIONAL AREA



Preparation of Conceptual 20-Year Vision Plan. Keeping in mind the Port's mission statement, with its emphasis on economic vitality and environmental stewardship and sustainability, the consultant team reviewed the physical opportunities and constraints within the Port to develop realistic infrastructure improvement concepts. The resulting concepts reflected a variety of factors, including the updated market assessments, the USACE *Deepening and Widening Study*, bulkhead replacement scheduling, Southport Turning Notch extension planning, and airspace object height restrictions. They also reflected industry trends for cargo and cruise operations and terminal design, alternative berthing configurations, operational enhancement opportunities, and potential circulation and parking requirements.

Business and Asset Utilization Strategies. The consultant team identified business and asset utilization strategies that would help the Port make the most of its facilities and other resources.

Development of Financial Strategies for Plan Implementation. To assist in Plan implementation, the consultant team worked with Port staff to assess potential 5-Year Master Plan projects using a decision-matrix tool created to assess the competitiveness, economic, and stewardship aspects of a given project

Identification of Goals, Objectives, and Policies. To fulfill Chapter 163 planning requirements, the consultant team updated the previously developed goals, objectives, and policies that were incorporated into the Deepwater Port Component of the Broward County *Comprehensive Plan* and the Transportation Element.

Interface with On-Going Programs of Sister County Agencies and Other Stakeholders. Planning for Port Everglades' development and expansion cannot occur in a vacuum as several of the entities located in proximity to the Port are engaged in their own concurrent planning initiatives. The consultant team, in conjunction with Port staff, maintained contact with these entities to address issues of mutual interest and coordinate planning efforts. In several cases, these planning efforts have not been concluded in the same time frame as the Port's Plan. The summary below notes ongoing initiatives reflected in the planning process.

Fort Lauderdale-Hollywood International (FLL) Airport Height Restrictions. Flight arrival and departure patterns from FLL extend over portions of the Port devoted to cargo operations, particularly Southport and Midport. The flight paths restrict the height of structures as well as vessels located under the flight paths. Since the 2009 Plan was prepared, the Port worked with the Federal Aviation Administration (FAA) and the Broward County Aviation Department (BCAD) to identify the maximum height of cranes and vessels that would be permitted in these portions of the Port and received approval of the proposed berth and crane locations.

Automated People Mover and Intermodal Center (SunPort Project). The Florida Department of Transportation (FDOT), the Port, and FLL have studied options for developing an Automated People Mover and Intermodal Center to serve as a transportation hub and connection for local residents, Port and FLL employees, and the increasing number of cruise passengers who fly into FLL for cruises from the Port. In 2009, after years of study, the Federal Highway Administration (FHWA) released the project's final draft Environmental Assessment (EA) for public comment and the Port and airport staff held a public hearing on June 25, 2009. After the public hearing, the draft EA was revised to address public comments and subsequently submitted to FDOT and FHWA on September 11, 2009.

Phased project implementation will depend on the FHWA's Finding of No Significant Impact (FONSI), Board approval to proceed with the next step of the project, and the identification of external funding sources. Until funding is identified, however, the FONSI cannot be issued. Consequently, at this time, the EA document has been placed on hold until a funding plan for the project can be developed. Once funding is identified, Broward County and FDOT can restart the process to obtain the FONSI from FHWA.

Broward County Convention Center. The Board is pursuing an expansion to the convention center and the development of an on-site hotel. While the plans for this expansion and development are still evolving, it is possible that the adjacent Northport parking garage may be partially or completely torn down to make way for the proposed new facilities. The Port is monitoring how this program develops, as it will have an impact not only on the Port's parking infrastructure, but also on the cruise facilities in Northport.

In the Port's 2009 Plan, a two-phase project to remove the convention center from the Port's security perimeter was proposed. As discussed later in this document, the first phase, moving the security gate on Eisenhower Boulevard further to the south is expected to be implemented in 2015, the second phase of the project, the creation of a by-pass road, has been removed from the program.

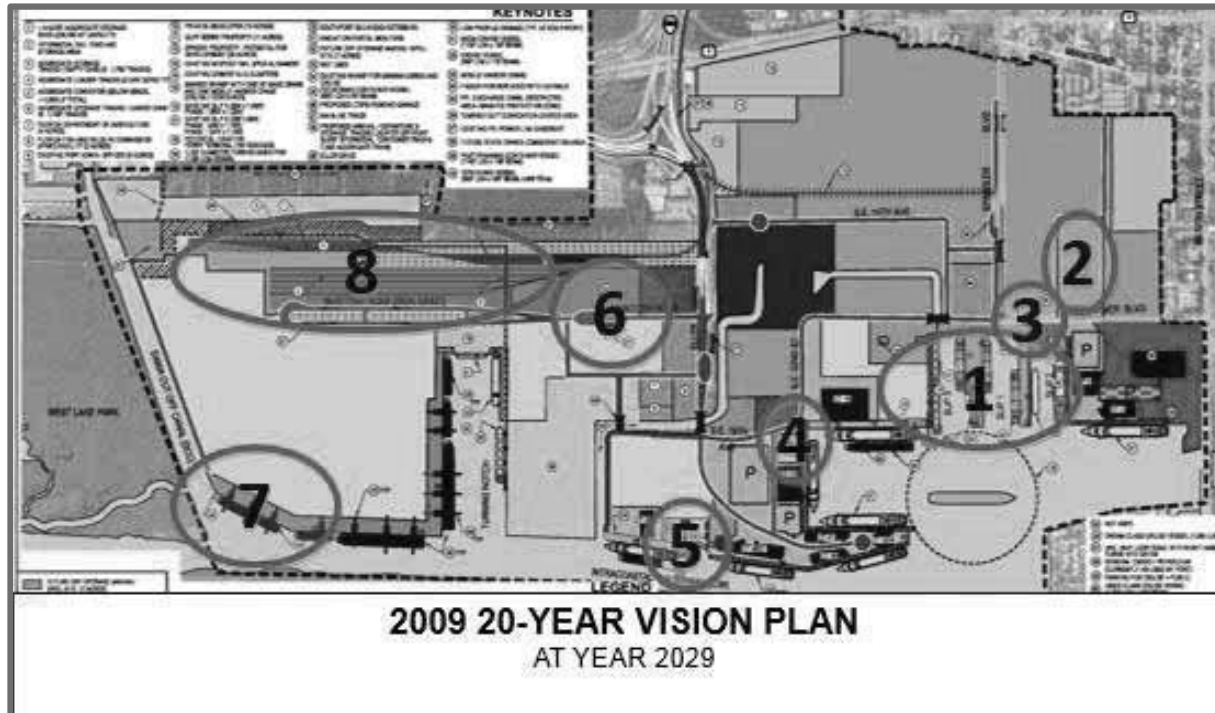
Florida East Coast Railway (FEC) Intermodal Container Transfer Facility (ICTF).

Since the 2009 Plan was approved, with its recommendation to develop an ICTF, the FEC and the Port collaborated on the implementation of the recommended facility. The ICTF, which is unique in that it will serve both international and domestic cargo, is scheduled to open in the summer of 2014. In addition, the FDOT accelerated the construction of the Eller Drive overpass, which will prevent vehicular traffic from being impeded by the rail traffic moving to and from the Port.

USACE Deepening and Widening Program. In June 2013, the USACE released its long-awaited *Draft Feasibility Report and Environmental Impact Statement* concerning the proposed deepening and widening of the Port's harbor and channels. During the course of this planning process, as the USACE document was under review, the consultant team worked with Port staff to identify the anticipated project timing and funding once the final Chief's Report for the project was released and the project submitted for federal authorization and funding allocation.

Plan Refinement. With input from Port staff, tenants, and other stakeholders, the consultant team refined the conceptual 20-Year Vision Plan into 10- and 20-Year Vision Plans and a 5-Year Master Plan and CIP. In the transition from the 2009 Plan to the 2014 Plan, new projects were added, some of the projects in the 2009 Plan were modified or moved from one time frame into another, and several projects were removed from the program altogether. For reference, the 2029 20-Year Vision Plan from the 2009 Plan is illustrated in Figure ES-2, which identifies the locations of project changes. In addition to the new projects discussed in the Element 5 section later in this document and the rescheduling of several projects, these changes to the 2009 Plan include:

Figure ES-2
AREAS OF CHANGE IN THE 2009 MASTER/VISION PLAN



- Modifications to the planned dimensions of Slips 1, 2, and 3, consistent with the bulkhead study results and industry needs (1).
- Repurposing of an underutilized County-owned parcel of land for neo-bulk storage (2).
- Relocation of the security gate on Eisenhower Boulevard and removal of the by-pass road from the program (3).
- Removal of the Cruise Terminal 18 parking garage from the program. Based on current and projected parking demand, the need is not sufficient to require the construction (4).
- Filling of the Tracor Basin (5).
- Relocation of the Foreign-Trade Zone (6).
- Reconfiguration of Berth 33 (7).
- Relocation of the crushed rock (aggregate) facility (8).

As input into the 2009 Plan, an outside engineering firm conducted a bulkhead study³ for the Port to identify a schedule for replacing Berths 1 through 29. In this 2014 Plan, the resulting bulkhead replacement schedule has been coordinated with the USACE's future portwide deepening and widening program, the ongoing update of the Plan, and the current conditions of the existing steel sheet pile bulkhead walls. Bulkhead improvements are proposed within the 5-, 10-, and 20-year planning horizons, respectively, and are described in each of the sections below. The detailed study is attached in Appendix G.

³ Halcrow, *Bulkhead Study Update and Cathodic Protection System Evaluation*, August 2010.

Preparation of a Cost-Feasible 5-Year Capital Improvement Plan and Affordability Analysis. The consultant team worked with Port staff to identify the various types of funding available for the projects proposed for the first five years of Plan implementation and developed a cost-feasible, affordable document.

Phase III

Upon approval of the *2014 Master/Vision Plan*, the consultant team will prepare a video that illustrates the anticipated project development over the planning horizon.

Master Plan Elements

Phases I and II of the 2014 Plan contain six elements. The contents of each element are summarized below.

Element 1: Existing Conditions Assessment

Element 1 of the 2014 Plan presents an overview of the Port, including land uses, a facility inventory update, the status of the projects in the 2009 5-Year Master Plan, berthing and yard capacity analyses, on-port traffic circulation and parking, the intermodal transportation network, and environmental conditions. Underlying this overview is an analysis of the socioeconomic characteristics of the South Florida region, with Port Everglades lying at the heart of the three interdependent counties -- Miami-Dade, Broward, and Palm Beach -- which together constitute the state's most populous region and its strongest trade and tourism economic engines.

Port Everglades, portions of which are located in the cities of Fort Lauderdale, Hollywood, and Dania Beach, and in unincorporated Broward County, encompasses an area of about 2,190 acres adjacent to the Intracoastal Waterway. With its containerized cargo, liquid and dry/neo-bulk commodities, and cruise activities, the Port is one of the most diversified in Florida.

Port Everglades ranks eleventh among the top mainland U.S. container ports, moving 927,572 TEUs in FY 2013, a 0.43 percent increase over the 923,600 TEUs moved in FY 2012 and a gradual return to the record 985,095 TEUs moved in FY 2008, before the great recession. To deal with the growth projected during the planning period, the Port is pursuing aggressive strategies. Since the 2009 plan was published, the Port has proceeded with the extension of its Southport turning notch to create additional berths, has collaborated with the FEC on the development of an ICTF to increase container-handling capacity, and is working with the USACE to obtain federal approval for harbor deepening and widening, as discussed later in this document.

As Table ES-1 shows, in FY 2013, the Port handled 22.5 million tons of cargo (3.5 million tons of exports and 7.8 million tons of imports as well as 11.2 million tons of domestic cargo, predominantly petroleum).

Table ES-1
THREE-YEAR SUMMARY OF OPERATIONS AT PORT EVERGLADES

Source: Port Commerce Report

Operation	FY 2011	FY 2012	FY 2013
Containers (TEUs)	880,999	923,600	927,572
Cargo Tonnage	22,087,515	22,116,275	22,452,473
Cruise Passengers	3,952,843	3,757,320	3,600,636,

The Port is the primary storage and distribution seaport for refined petroleum product in South Florida. It provides jet fuel to the area's three international airports and smaller regional airports, distributes gas to facilities in a 12-county area, and handles other diverse fuels.

The Port's Foreign-Trade Zone No. 25 extends to several non-contiguous sites, including acreage in Davie, about six miles west of the Port, and farther west in the Miramar Park of Commerce. These off-port locations help diversify and spread the economic opportunities and jobs generated by Port operations.

In addition to its substantial cargo operations, Port Everglades also serves a dozen cruise lines and more than 40 cruise ships, which made 772 ship calls and embarked and disembarked 3.6 million multi-day and single-day revenue cruise passengers in FY 2013. Approximately 50 percent of these passengers are reported to fly through South Florida airports to and from their cruises from Port Everglades.

According to a FY 2013 assessment of the Port's economic activities, Port Everglades generates almost \$25.8 billion worth of business activity annually. More than 202,700 Florida jobs are impacted by the Port, including over 11,400 people who work for companies that provide direct services at the Port. In addition, \$733.5 million of state and local taxes were generated by activity at the cargo and cruise terminals, including \$575.5 million generated by the related users throughout the state.

Element 2: Market Assessment

Element 2 presents the findings of the market assessments conducted for the core business sectors at the Port. These include containerized cargo; non-containerized cargo, such as dry and break-bulk (neo-bulk) commodities; liquid bulk (petroleum products) cargo; and cruise.

On the cargo side, the Port's diversified operations include:

- Containerized cargo, with commodities such as bananas and other fruit, vegetables, beverages, apparel, ceramic and mosaic tile, electrical products, machinery, auto parts, and other imports and exports.
- Dry bulk cargo, including cement and clinkers.

- Liquid bulk, comprising diverse petroleum products such as gasoline, diesel, jet, and other fuel.
- Break-bulk, also called neo-bulk, including building materials such as steel coils/rebar.
- Rolling stock such as yachts and other boats, trucks, automobiles, buses, and equipment.

On the cruise side, the Port's broad spectrum of passenger operations encompasses more than 40 cruise ships from a dozen cruise lines, whose itineraries range from single day cruises to the Bahamas to lengthy world cruises.

In addition to these core businesses, other activities at the Port include a petroleum storage tank farm, serving 12 counties; the Foreign-Trade Zone 25, used by over 60 businesses; and an annual "Fleet Week USA," honoring the US Navy and Coast Guard. This diversity is a key strength that has contributed to both the Port's significant growth and its sound financial performance.

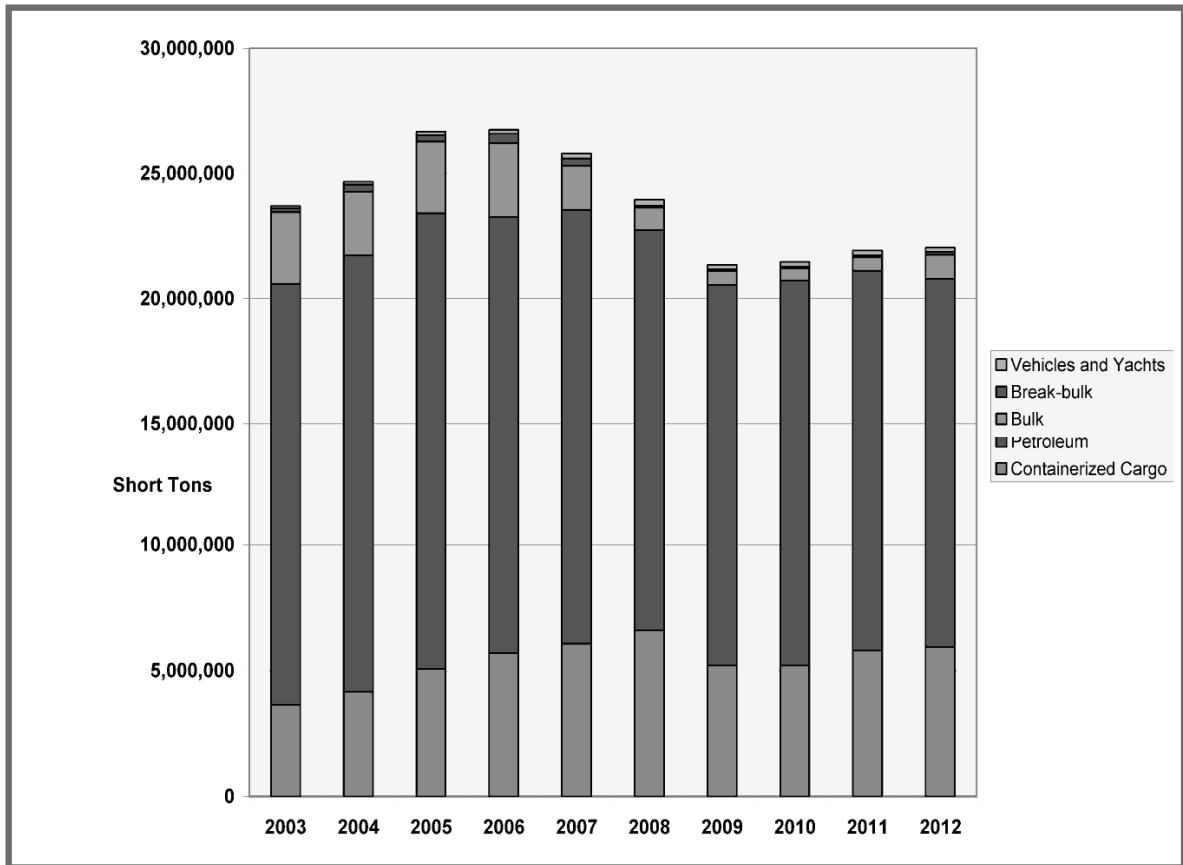
Historic Overview

As a complement to examining the market opportunities for Port Everglades in each of its core businesses over the 20-year planning period through 2033, the consultant team looked at how these businesses have matured over the ten-year period from FY 2002/2003 (FY 2003) through FY 2011/2012 (FY 2012).

Cargo Operations. Over the ten years from FY 2003 through FY 2012, the Port's tonnage decreased from 23.9 million tons to 22.1 million tons, after reaching a high of 27.1 million tons in FY 2005, prior to the economic downturn. This decline primarily reflects changes in the Port's liquid and dry bulk throughput, as discussed below. Since FY 2009, however, the Port has seen a steady increase in tonnage. The Port's ten-year tonnage throughput is shown in Figure ES-3.

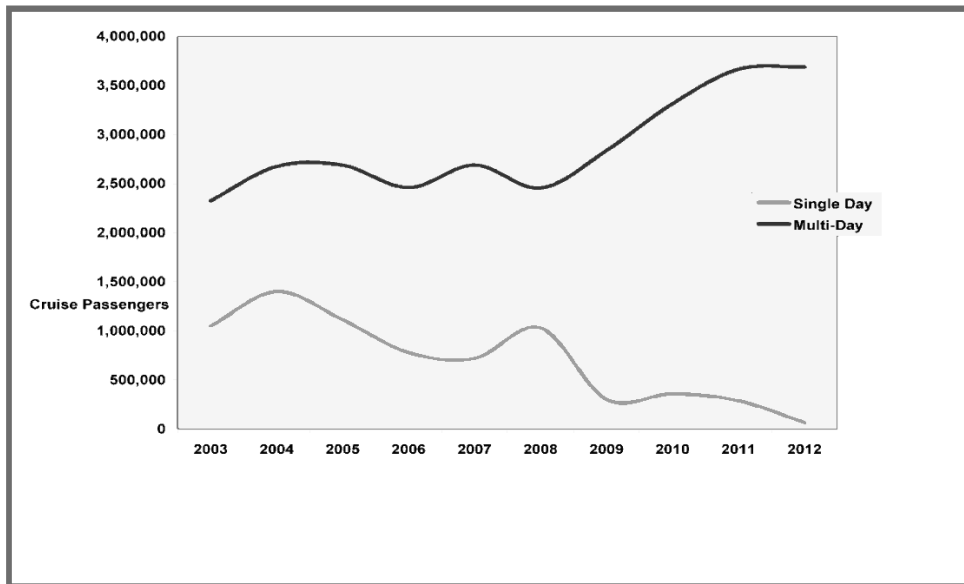
Containerized cargo movements at Port Everglades, expressed in 20-foot equivalent container units, or TEUs, have also grown over the ten-year period. In FY 2003, 569,743 TEUs crossed the Port's docks; by FY 2012, that number had increased to 923,600, a 62.1 percent rise over the period. The Port's TEU count, which peaked in FY 2008 at 985,095 TEUs, declined slightly in FY 2009, but has since been on a steady upswing.

Figure ES-3
COMPARISON OF TONNAGES AT PORT EVERGLADES BY CARGO TYPE
FY 2003 through FY 2012



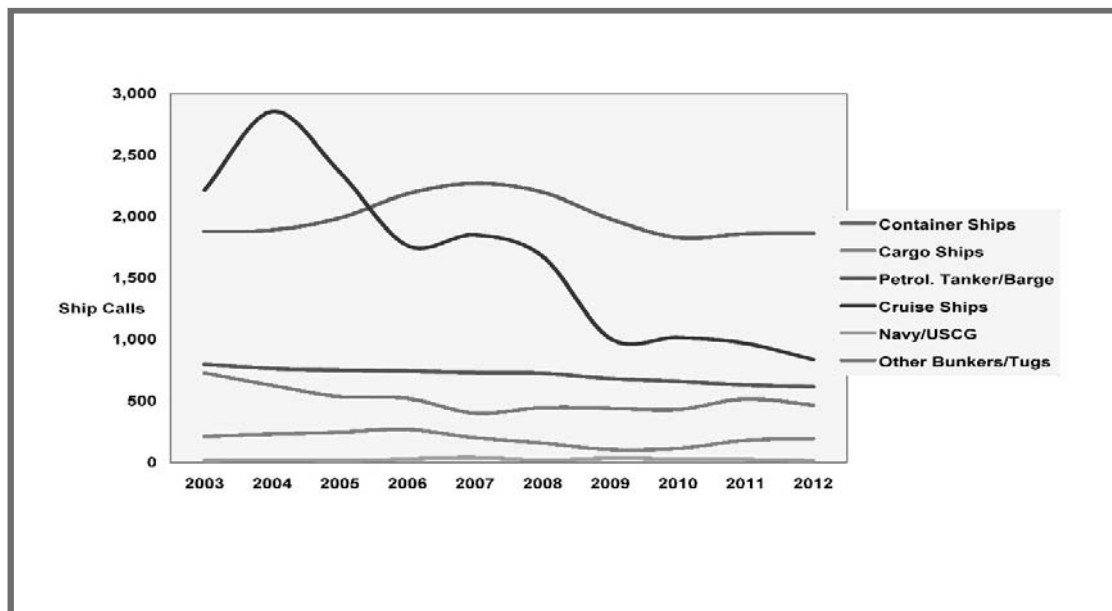
Cruise Operations. Port Everglades has seen an 11 percent increase in the total number of passengers cruising from the Port in the ten-year period, from 3.38 million passengers in FY 2003 to 3.78 million in FY 2012. As shown in Figure ES-4, however, the two categories of cruises -- multi-day and single-day -- have experienced different passenger growth patterns. Whereas the number of multi-day passengers cruising from Port Everglades increased by 58.4 percent over the ten-year period, the number of day cruisers actually declined by 93.5 percent. This decline is attributable to a variety of factors, including new competitive landside gaming opportunities.

Figure ES-4
COMPARISON OF CRUISE PASSENGERS AT PORT EVERGLADES BY CRUISE TYPE
FY 2003 through FY 2012



Ship Calls. The vessels calling at Port Everglades to transport the various types of cargo and cruise passengers range from simple barges and small cargo ships to large oil tankers, bulk ships, and container ships to day cruisers and mega cruise ships. Figure ES-5 illustrates the call patterns of each vessel type. The dramatic fluctuations in the cruise ship calls reflect two factors: first, the decline in the single-day cruises, and second, the increasingly larger cruise ships that make fewer calls while carrying more passengers.

**Figure ES-5
COMPARISON OF SHIP CALLS AT PORT EVERGLADES BY TYPE
FY 2003 through FY 2012**



What is apparent from a comparison of the declining number of petroleum, container, and cruise vessel calls with the growth in the Port’s tonnage, TEU movements, and number of multi-day cruise passengers is that the ships are getting bigger and carrying more tons, more TEUs, and more passengers per vessel call. This conclusion is documented in the market assessments that follow this section.

Port Revenues. As the final piece in this historic overview, the consultant team looked at how the Port’s revenues from its core business sectors have changed over the ten-year period. In FY 2003, the Port’s total operating revenues were \$89.4 million; by FY 2012, these revenues had increased to \$142.9 million, a 59.8 percent increase. Waterborne operating revenues were \$68.9 million in FY 2003 and \$122.0 million in FY 2012, a 76.9 percent increase.

Market Assessments

Containerized Cargo. The underlying goals of the containerized cargo forecasts were to:

- Benchmark overall growth targets, by year, through FY 2033 (in tons, loaded TEUs, and total TEUs).

- Identify key markets, opportunities, constraints, and plan responses.
- Point to opportunities and key strategic decisions to be specifically addressed in Phase II of this 2014 Plan.

Approach. The following steps were followed in this assessment:

- Gather data from Port Everglades, the USACE, PIERS, the United States Department of Transportation, and other sources.
- Formulate definitions for the baseline, baseline plus, and high forecast scenarios. In consultation with Port staff, it was decided that the USACE forecast was ideally suited to serve as the baseline scenario and that any additions to the baseline traffic would be tied to specific carrier/customer traffic-routing decisions, and not to hypothetical market capture or market share targets.
- Meet with and interview key freight stakeholders to discuss and understand their respective outlooks on markets and services.
- Develop statistical projections. The USACE forecast (in metric tons) was translated into short tons, loaded TEUs, and total TEUs. Estimates for additional traffic under the Baseline Plus and High forecast conditions were then added in the appropriate years.
- Apply a series of sensitivity tests to the three forecast scenarios. These sensitivity tests were designed to address key container market variables identified through stakeholder interviews and discussions with Port staff. Table ES-2 summarizes these variables.

**Table ES-2
KEY CONTAINER MARKET VARIABLES**

Known Strengths	Issues, Variables, Unknowns
<ul style="list-style-type: none"> • Largely captive local market. • Southport improvements (turning notch, wharf, cranes). • USACE recommendation for 48-foot authorized depth. • Truck access and backland availability generally good. • Future on-port intermodal container transfer facility (ICTF). • Americas markets. • Cost structure, strong tenant relationships and commitments. 	<ul style="list-style-type: none"> • Berth limitations – length, number. • Crane limitations – air draft, number. • Seasonality of commodity demand. • Adequacy of 48-foot authorization and impacts of maintaining at 49 feet vs. 50 feet. • Carrier alliances (especially P3), vessel deployment strategies, vessel types, in light of improvements at competing ports and evolving fleet mixes. • Extent of transshipment vs. direct services • ICTF operations and ability to serve hinterland markets. • Transload/integrated logistics center (ILC) potential, on site vs. at inland ports. • Impact of not implementing the recommended deepening.

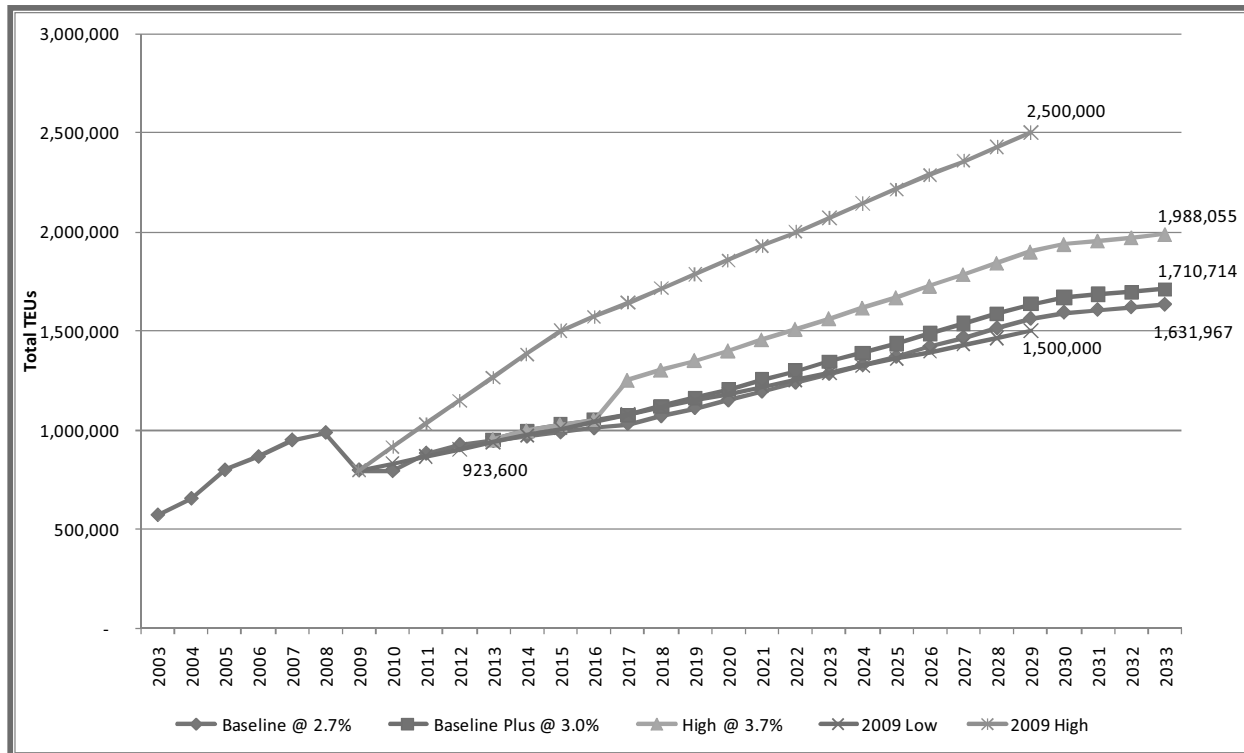
Forecast Summary. Annual containerized cargo demand at Port Everglades was forecast under three scenarios.

- **Baseline.** The baseline scenario is fully consistent with the USACE *Draft Feasibility Report and Environmental Impact Statement*, reflecting no change in Port Everglades' commodity trade lane market shares with respect to competing South Atlantic ports (Charleston, Savannah, Jacksonville, Palm Beach, and Miami).
- **Baseline-Plus.** The baseline-plus scenario includes two factors that are nearly certain to increase Port Everglades' market share:
 - Relocation of the Hapag-Lloyd GAX service from PortMiami to Port Everglades, as of August 2013. The baseline-plus scenario adds the expected traffic from this service in its first full year of operation (15,000 TEUs in FY 2014), with subsequent growth over time.
 - Construction of the new near-dock ICTF south of Eller Drive and west of McIntosh Road. The near-dock facility will eliminate the current cost (estimated at around \$175 per trip) for trucks to haul containers to off-port rail terminals. The Baseline Plus forecast assumes that improved rail competitiveness will have two effects: it will allow some Port traffic that would otherwise move by truck to shift to rail; and it will attract new over-the-wharf cargo that would not otherwise call at Port Everglades.
- **High.** The high scenario adds a new weekly all-water Asia service to Baseline-Plus traffic. One of the major opportunities for all South Atlantic ports is additional all-water trade with Asia. It is likely that Asia trade will be handled by some mix of transshipment services (smaller feeder vessels in hub-and-spoke services) and larger vessels transiting the Suez and the Panama canals and calling directly at U.S. ports.

While it is impossible to predict the exact mix between direct and transshipped volumes, or to predict exactly which South Atlantic ports will receive which direct calls, carrier discussions suggest that, in the near future, South Florida could see two weekly all-water Asia direct calls -- probably via the Panama Canal with 5,500+ TEU vessels, and possibly via the Suez Canal as well with 8,500+ TEU vessels, according to carrier discussions. (The Panama Canal will also accommodate 8,500 TEU vessels, should carriers deploy them.). The high forecast scenario anticipates that Port Everglades is successful in capturing one of these weekly all-water Asia calls, starting with 100,000 containers per year (175,000 TEUs) in FY 2017.

All three scenarios, shown in Figure ES-6, assume 48-foot channel depths, along with flat or nearly flat demand growth during construction of planned major improvement projects (Turning Notch extension, new berths, harbor and channel deepening, and near-dock rail).

**Figure ES-6
CONTAINERIZED CARGO FORECAST SUMMARY**



(Total TEUS)

The baseline scenario anticipates growth to 1.63 million TEUs by 2033, equivalent to a compound annual growth rate of 2.7 percent. The baseline-plus forecast anticipates growth to 1.71 million TEUs, an equivalent growth rate of 3.0 percent per year, and a portwide rail share of 12.4 percent. The high forecast anticipates growth to 1.99 million TEUs, an equivalent growth rate of 3.7 percent per year, and a portwide rail share of 12.4 percent.

For historical comparison, the new baseline forecast is almost identical to the low forecast from the 2009 Port Everglades Master/Vision Plan; however, the new High forecast scenario is more conservative than the high forecast from the 2009 plan. The new High forecast reflects the slower than expected pace of economic recovery, flat or nearly flat growth during major Port construction, and a more conservative target for capture of new business.

Non-Containerized Cargo: Dry Bulk and Neo-Bulk Assessment. The underlying goals of this analysis for dry bulk, break-bulk, yachts and vehicles were to:

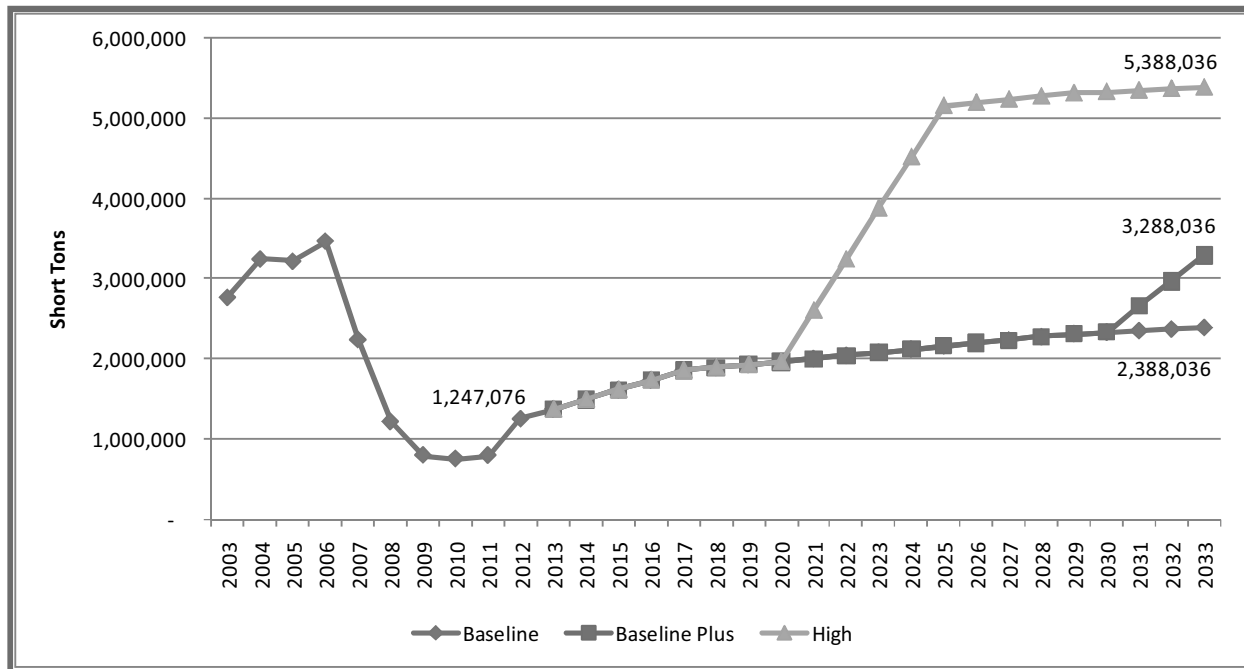
- Benchmark overall growth targets, by year, through FY 2033 (in short tons).
- Identify key markets, opportunities, constraints, and plan responses.
- Point to opportunities and key strategic decisions to be specifically addressed in Phase II of the Master/Vision Plan.

Approach. As with the container forecast, the key steps included: data development; scenario formulation; stakeholder interviews and research; and statistical projections. Unlike the container forecast, demand for these commodity types is not expected to vary based on factors such as channel depth, carrier strategies, etc., so sensitivity testing of the resulting forecasts was not performed.

Forecast Summary. Annual cargo demand for dry bulk, break-bulk, yachts and vehicles was forecast under three scenarios (see Figure ES-7).

- **Baseline.** The baseline scenario is fully consistent with the USACE *Draft Feasibility Report and Environmental Impact Statement*, reflecting no change in Port Everglades' commodity trade-lane market shares with respect to competing South Atlantic ports (Charleston, Savannah, Jacksonville, Palm Beach, and Miami). The USACE forecast combines the various commodity types -- cement, crushed rock, steel/rebar, vehicles and yachts, etc. These commodities tend to co-vary, since they are all tied to construction activity and gross domestic product (GDP).
- **Baseline-Plus.** The baseline-plus forecast starts with the baseline forecast, and adds a new import terminal for crushed rock to replace a portion of Lake Belt limestone production. Currently, South Florida is supplied with limestone by mines in the "Lake Belt" region west of Miami. The assumption is that Lake Belt mines are permitted to operate through 2040 (their estimated lifespan), with imports through Port Everglades beginning in 2030 and ramping up gradually to the year 2040. The baseline-plus forecast also assumes that rail service would be available for the new rock import facility. Without rail service, such a facility is unlikely to be viable.
- **High.** Like the baseline-plus forecast, the high forecast starts with the baseline forecast, and adds a new import terminal for crushed rock. It assumes, however, that no additional mining permits are issued beyond 2019-2023. In this scenario, all Lake Belt production has to be replaced through other means. Imports through Port Everglades begin in 2020 and ramp up rapidly. The Port Everglades import terminal would begin operation in FY 2021, ramping up rapidly to full operation by FY 2025. The high forecast also assumes that rail service would be available for the new rock import facility.

**Figure ES-7
 DRY BULK, BREAK-BULK, YACHTS AND VEHICLES FORECAST SUMMARY
 (SHORT TONS)**



Unlike the container forecast, these commodities would not be significantly impacted by major port construction between FY 2013 and FY 2016.

For these commodity groups, Port Everglades’ volumes peaked at around 3.5 million tons in FY 2006. With the recession, volumes dropped to less than 1 million tons between FY 2009 and FY 2011. Much of the tonnage is in construction-related commodities (cement, steel rebar) and expensive consumer durable goods (yachts and vehicles), where demand tends to be cyclical with general economic conditions.

Under the baseline forecast, demand recovers to nearly 2 million tons by FY 2017, and grows thereafter at a conservative rate of 1.6 percent per year, reaching nearly 2.5 million tons by FY 2033. To this figure, the baseline-plus forecast adds 0.9 million tons of import rock in FY 2033, while the high forecast adds 3.0 million tons of import rock in FY 2033.

Liquid Bulk Assessment (Petroleum Products). IHS Purvin & Gertz, part of the AECOM team, was responsible for conducting the *Petroleum Sector Strategy Study* for Port Everglades in 2005, which was incorporated into the 2006 *Port Everglades Master Plan* and then updated in the 2009 *Port Everglades Master/Vision Plan*. While the study results were consistent with the outlook for petroleum products at the time, changes have occurred in the U.S. and global markets since the study was originally conducted for Port Everglades. Accelerated growth in domestic crude oil and natural gas has lowered operating costs for U.S. Gulf Coast refiners. Various Caribbean refineries, such as Hovensa in the US Virgin Islands, unable to compete with US Gulf Coast refiners, shut down in 2011 and 2012. As a result, Port Everglades has seen its

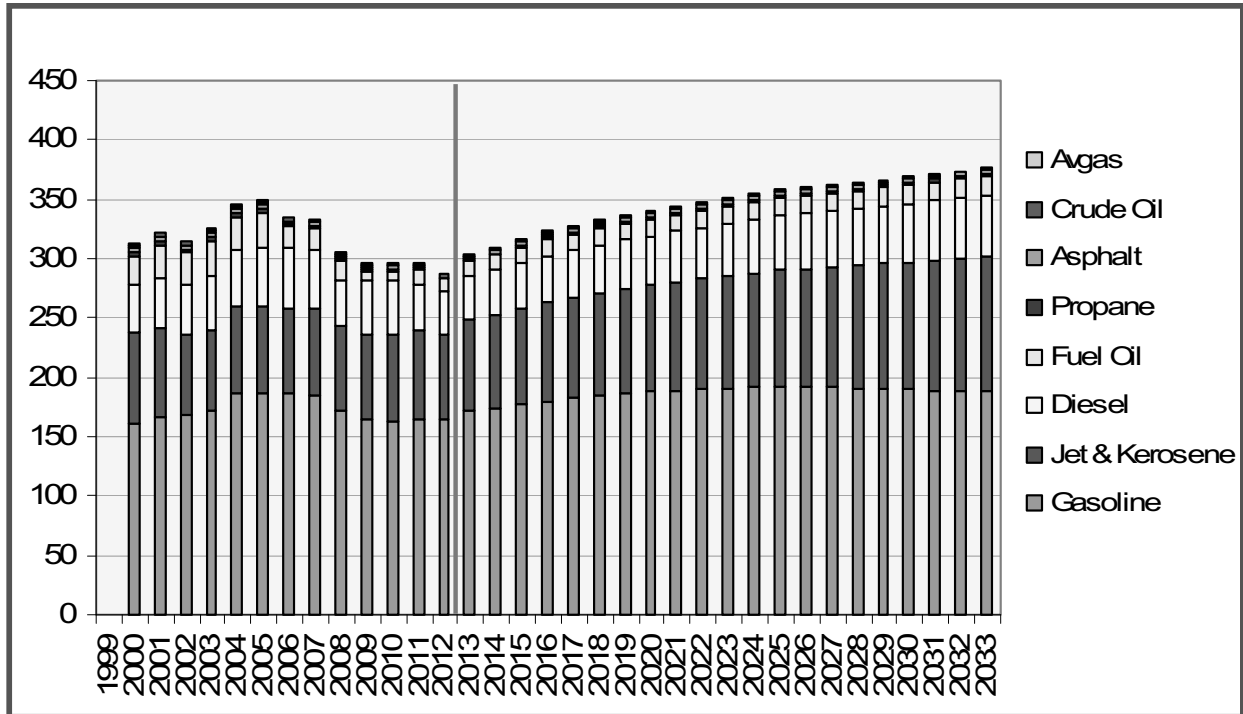
petroleum supply shift from foreign sources to domestic sources. This forecast takes these recent developments into account.

Approach. The analysis considered a variety of factors, including overall product demand, competitive seaports in Florida, and refinery changes,

- **Product Demand.** Due to expectations of strong population growth, Florida's annual demand growth rate for light products is anticipated at a rate of 1.3 percent per year from 2013 through 2023 before slowing down to an annual growth rate of 0.5 percent through 2033. For the same period, the 12-county market served by Port Everglades will rebound from recent recession-driven declines. The Port is expected to see growth of 1.2 percent annual average through 2023, before seeing demand growth slow to 0.4 percent annually through 2033.
- **Competitive Seaports in Florida.** Of the seven major commercial seaports in Florida, four have significant petroleum terminaling capabilities: Port Everglades, the Port of Tampa, the Port of Jacksonville, and Port Canaveral. One telling shift in market dynamics since 2009 has been the emergence of Port Canaveral as a petroleum terminal. Based on the most recent available data, it appears that the expansion did not significantly impact petroleum volumes into Port Everglades.
- **Refinery Changes.** Strong product demand growth in Latin America and low refinery reliability in Mexico have led to increased exports from the U.S. Additionally, numerous refinery shutdowns on the U.S. East Coast led to additional Gulf-Coast production to be directed to the Northeast U.S. via pipeline due to the relatively lower pipeline shipping costs. Expectations of continued low cost natural gas and crude oil advantages for U.S. Gulf Coast refineries will lead to sustained utilization rates and provide continued supply into Port Everglades, keeping reliance on foreign barrels at historically low levels.

Forecast. Summary. The Port Everglades petroleum throughput forecast summary is provided in Figure ES-8. Total throughput volumes will grow from just over a projected 300,000 barrels per day (B/D) in 2013 to nearly 376,000 B/D by 2033. Gasoline continues to be the leading product; however, due to more rapid diesel and jet demand growth, the percentage of the throughput attributed to gasoline falls over the forecast period from 57 percent of the total in 2013 to 50 percent by 2033. Jet throughputs will see strong growth, seeing the percentage of throughput growing from 25 percent in 2013 to 31 percent in 2033.

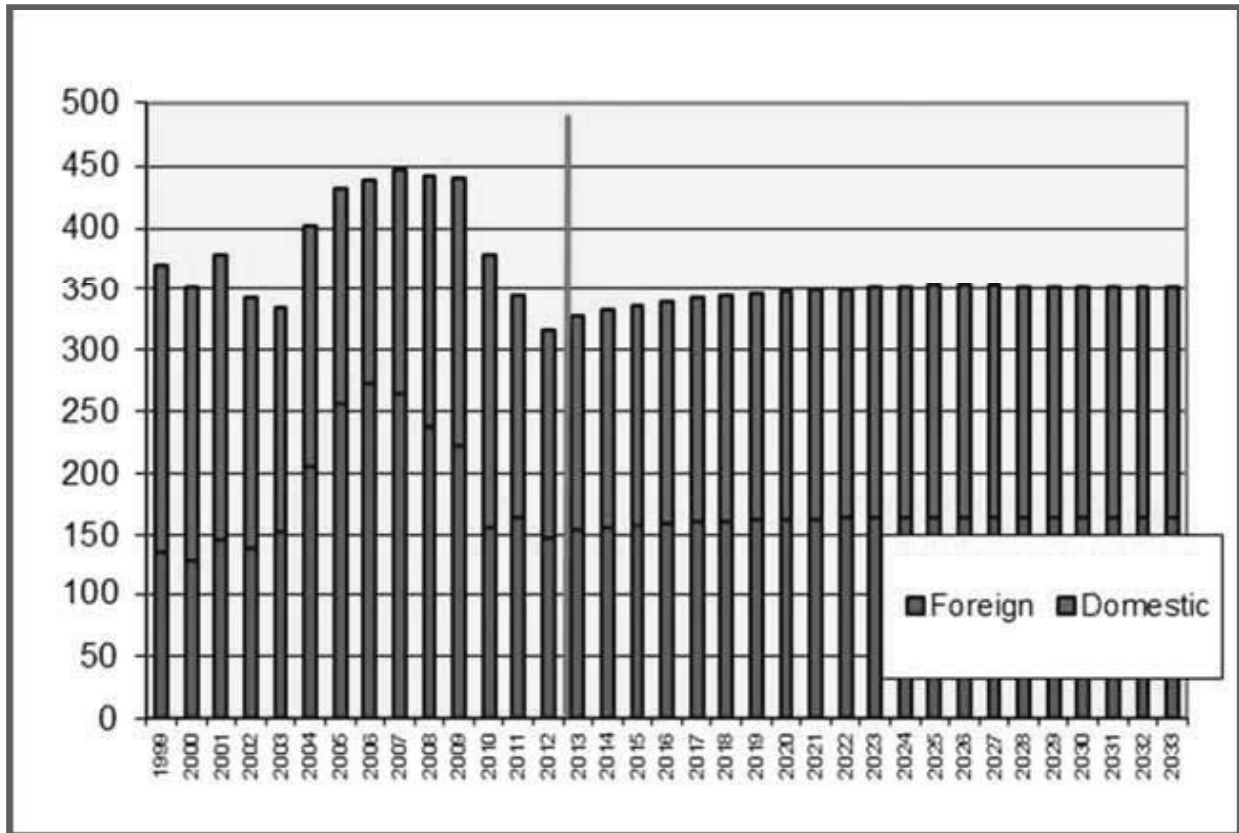
**Figure ES-8
PORT EVERGLADES THROUGHPUT
(Thousand Barrels/Day)**



Most of the growth in refined products is due to jet and diesel demand. The U.S. recently has become a net exporter of diesel and continues to import gasoline. Europe and Latin America are significantly short of diesel and exports from the U.S. have increased to historical highs. Thus, Port Everglades’ throughput will increasingly be sourced domestically, since gasoline demand (which can be foreign sourced) is expected to stay flat and diesel/jet demand (which is now primarily domestically sourced) is expected to grow.

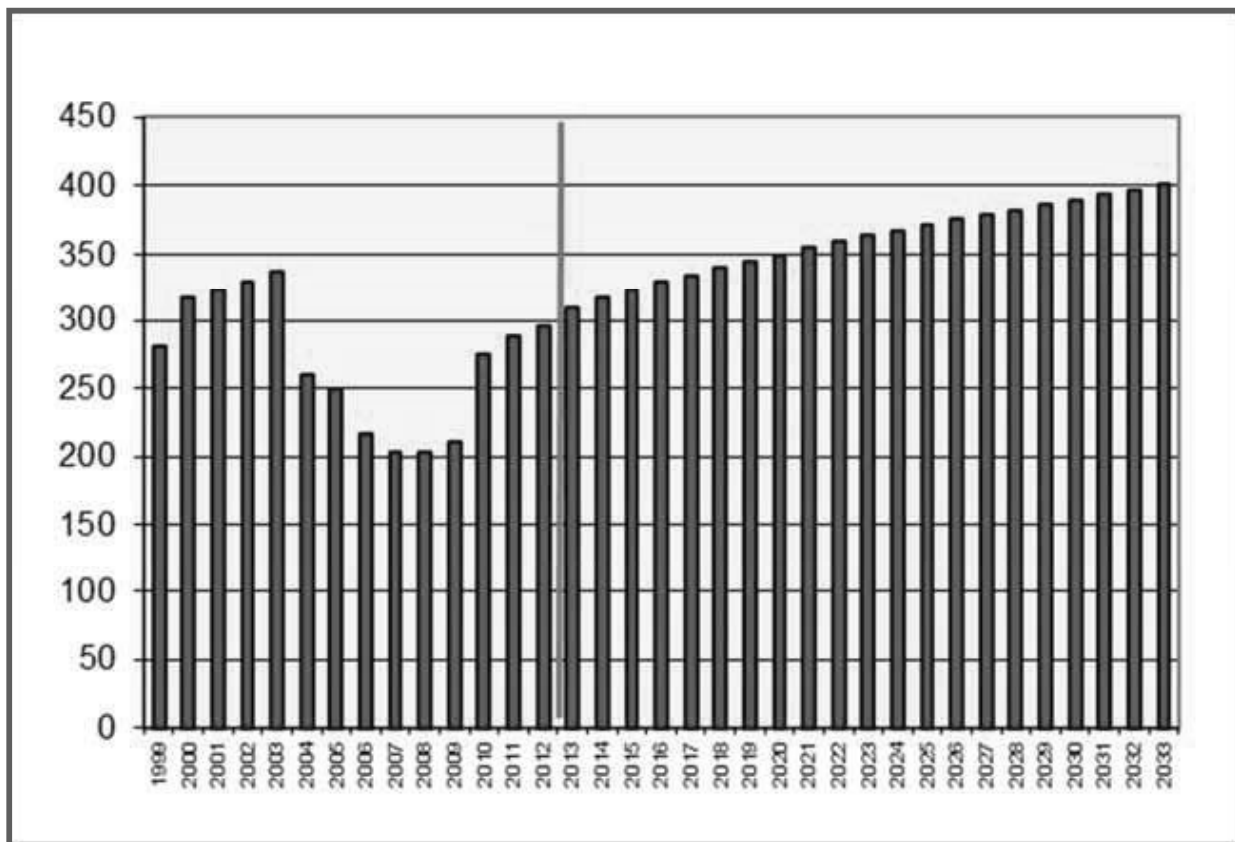
Vessel Calls. Figure ES-9 illustrates the projected number of annual vessel calls for the period from 2000 to 2033. To meet growing product demand in the region Port Everglades serves, the number of domestic tanker calls is expected to increase at an annual average of 0.6 percent through 2025. Then, despite rising throughput, domestic tanker calls are expected to flatten out through the forecast period due to reduced supply out of the U.S. Gulf Coast.

**Figure ES-9
TANKER CALLS AT PORT EVERGLADES
(Calls/Year)**



Foreign tanker calls have fallen significantly since the Hovensa refinery shutdown; barge calls have, however, increased strongly. Port Everglades and other ports in Florida increasingly depended on barge shipments from Gulf Coast refineries to meet product demand as tanker calls fell. These barge calls increased by 50 percent, from just over 200 in 2009 to over 300 by 2012. Barge calls, as shown in Figure ES-10, are expected to continue increasing to meet local demand growth, reaching more than 400 calls by 2033, a 33 percent growth.

Figure ES-10
BARGE CALLS AT PORT EVERGLADES
 (Calls/Year)



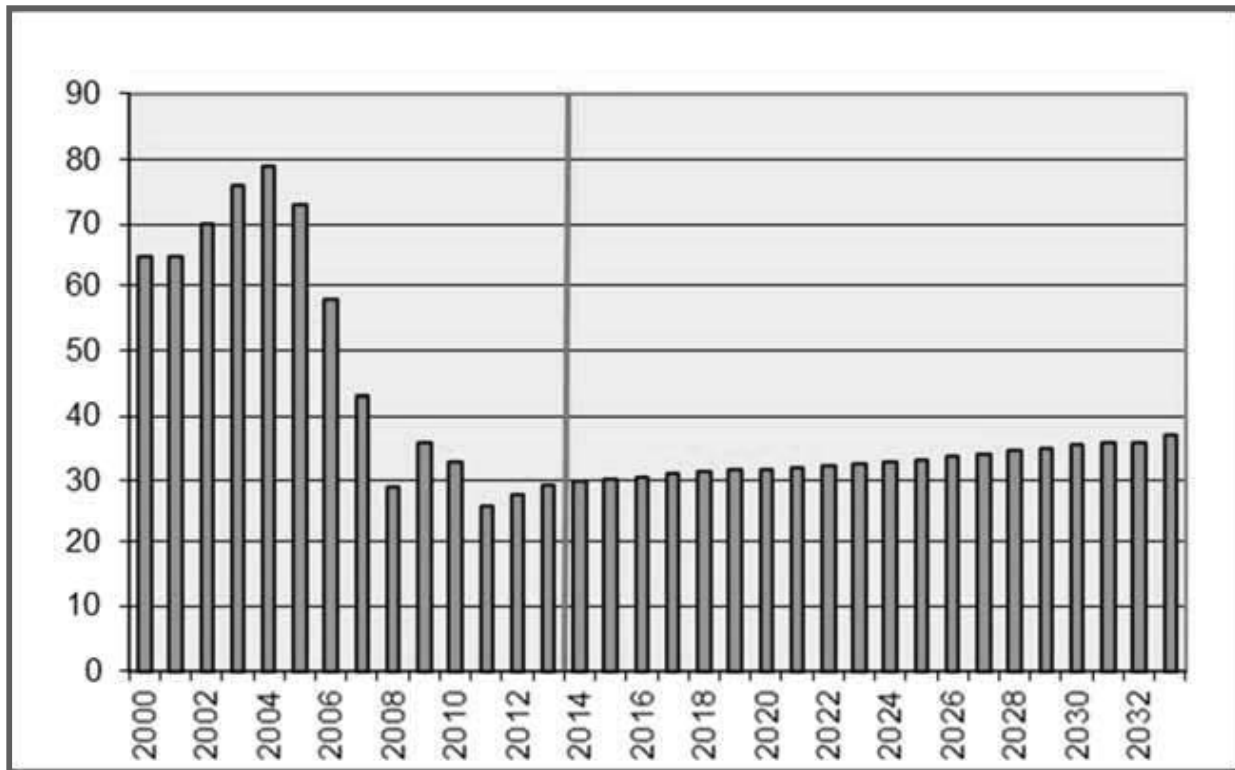
After Hurricane Katrina destroyed the Dynegy plant in Venice, Louisiana, in 2005, the volume of their available propane to bring into the Port decreased significantly. Much of their market share has since been taken by C-3, through Tampa, resulting in the dramatic decrease in barge calls in recent years. Demand is forecast to resume a growth trend in 2013 through the end of the forecast period, as shown in Figure ES-11.

Several factors must be considered when making decisions regarding the Port’s liquid bulk infrastructure.

- Deliveries to the Port are not ratable and annual average volumes may not reflect peak activity at the Port, masking actual facility limits.
- Reductions in demurrage costs may create a competitive advantage.

- Crude and natural gas prices are inherently volatile. If Gulf-Coast refiners lose their competitive advantage, petroleum products may shift once again to foreign sources.
- There is uncertainty in the planning basis, as forecasts are inherently uncertain.

Figure ES-11
LPG BARGE CALLS AT PORT EVERGLADES
(Calls/Year)



Cruise Assessment. The objective of the cruise market forecast is to develop estimates of constrained and unconstrained growth in cruise passenger volumes over the 5-, 10-, and 20-year milestones of this 2014 Plan. While some growth can be accommodated by enhancements to existing infrastructure and operations, more aggressive or unconstrained growth will require an assumption of expanded capacity.

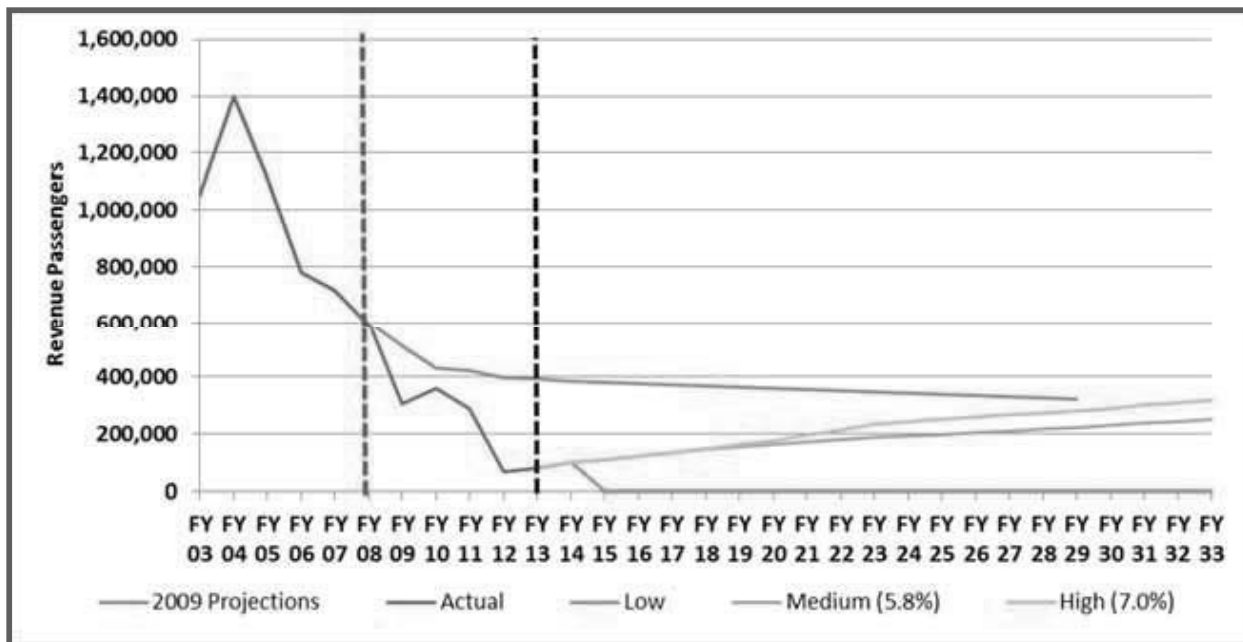
Approach. Forecasts for multi-day and single-day cruisers were developed separately. For multi-day forecasts, port and industry input was used, as appropriate, to drive forecasts for FY 2014 and FY 2015. Subsequent years were developed based on an analysis of the available demand (constrained and unconstrained) along with the ability of Port Everglades to provide additional capacity through a variety of operational and infrastructure enhancements and expansions, including: weekend utilization; summer sailings; non-weekend sailings; 9 multi-day ships per day; port-of-call; and vessel repositioning and larger ships. Low, medium and high forecasts developed for the existing 8-ship capacity represent “constrained” conditions. An “unconstrained” high forecast also was developed to represent a 9-ship scenario.

For single-day forecasts, growth estimates were developed based on a range of growth rates and key infrastructure assumptions. Possible development of a Cuban market represents the primary unconstrained opportunity for single-day service. Estimates for this potential opportunity have not been calculated at this time as the timing is uncertain.

Forecast Summary. The forecasts for the single-day market are shown in Figure 2.3-1. For the low estimate, the entire single-day market will be gone without a terminal to operate from due to the expected demolition of Cruise Terminal 1 for the Convention Center expansion. The medium (“most likely”) estimate has volumes growing at an annual rate of 5.8 percent to 251,000 by FY 2033. The high estimate grows at an annual rate of 7.0 percent to 317,000. An unconstrained high forecast was not developed for the single-day market.

Compared to the 2009 plan, the single-day cruise market has experienced vast changes. Anticipated volumes were expected to continue to decrease, but at a much slower rate than the actual performance. Forecasts presented here have these volumes growing back to where this market was expected to decline to, as Figure ES-12 shows.

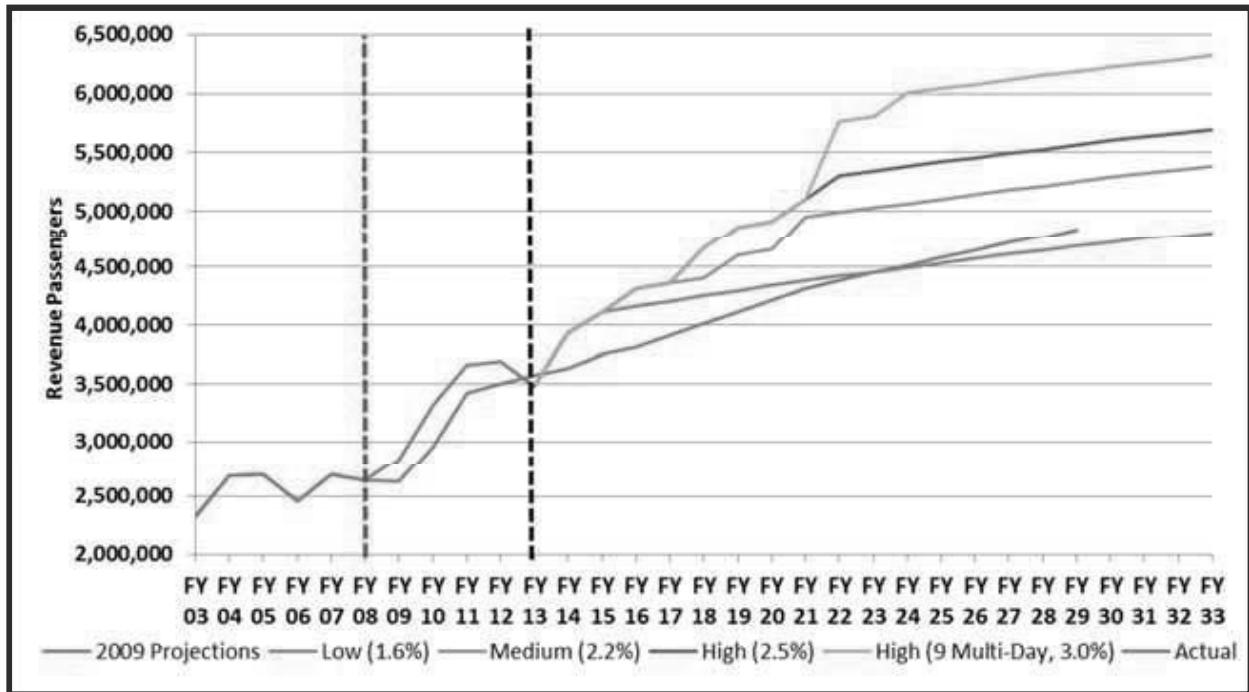
**Figure ES-12
SINGLE-DAY CRUISE PROJECTIONS COMPARED TO 2009 PLAN**



The forecast growth of the multi-day cruise passenger market is shown in Figure ES-13. For constrained conditions, low estimates for the multi-day market result in an average annual increase of 1.6 percent, predominantly fueled by the large growth anticipated in FY 2014 and FY 2015. Growth in the medium and high scenarios range from 2.2 percent to 2.5 percent, modest growth on a year-to-year basis, but with significant volume increases by FY 2033. For unconstrained conditions, the high estimate results in an average annual increase of 3.0 percent.

These forecasts are all above the “most likely” scenario from the 2009 plan until FY 2024. At this point, the previous forecast surpasses the low estimate. Continuing the average annual growth of 1.9 percent predicted from FY 2011 to FY 2029 results in the current medium scenario staying above the previous forecast by about 150,000 revenue passengers. Most likely, this difference is due to the significant growth expected between FY 2013 and 2014 from the introduction of more summer sailings.

**Figure ES-13
MULTI-DAY CRUISE PROJECTIONS COMPARED TO 2009 PLAN**



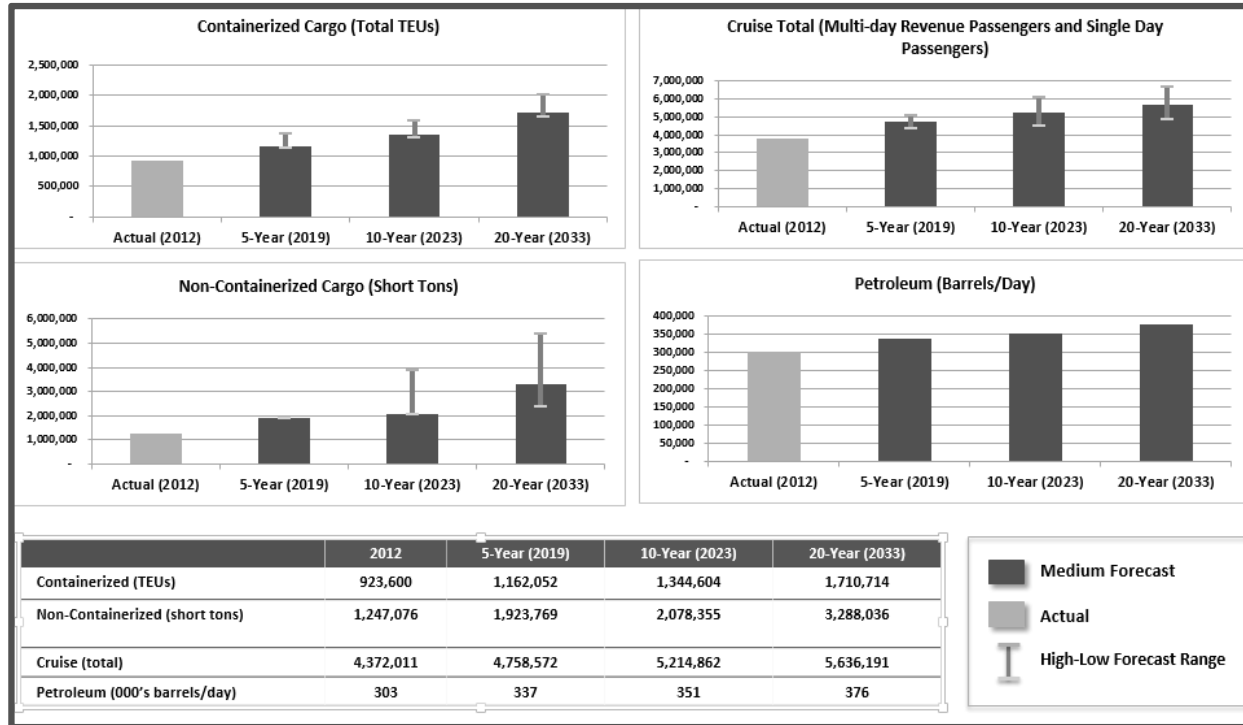
Market Assessment Summary Figure ES-14, on the next page, summarizes the market forecasts for the respective Port business lines. These forecasts have driven the Plan development presented in Elements 5 and 6 later in this document.

Element 3: Plan Development

Element 3 starts with a summary of the updated market assessments and the facility needs to meet the market opportunities forecasted over the 20-year planning horizon. It then reviews the status of the projects proposed in the 2009 plan and identifies those projects proposed in that plan which require further examination and refinement for this 2014 plan update. The element continues with a review of design trends for both cruise and cargo terminals, discusses potential operational enhancements, and then describes the projects proposed in the 2014 Plan, concluding with an analysis of parking and anticipated truck traffic to be generated by the forecasted container growth.

Figure ES-14

2014 MARKET FORECAST SUMMARY



The iterative process the consultant team conducted to refine the with continual input from the Port’s senior staff, tenants, and other stakeholders as well as the County Administration, governmental agencies, and the Board was a critical part of this element. In the course of charrettes conducted with representatives of each of the business lines, several concerns common to all were identified. One of the most significant of these was internal traffic circulation. Whether petroleum trucks having to stop on Spangler Boulevard while waiting to access terminals; automobiles, buses, taxis, vans, and provisioning trucks entering or exiting the cruise areas, particularly in what is called the “lollipop” area, with Cruise Terminals 21, 22, 23, 24, and 25; or trucks carrying containers waiting to enter or exit through the McIntosh Road security gate, the need for a comprehensive study of the Port’s traffic circulation system was paramount in the eyes of the Port’s tenants and users. Other concerns identified, as the Port looks to advance its infrastructure development, relocate certain uses, and improve operational efficiencies, include short-term and long-term taxi and bus staging, the potential need to relocate the tugs that currently berth in the Tracor Basin, and the flow pattern of containers to and from the new ICTF.

The maintenance of operations during construction, the potential need for liquefied natural gas or compressed natural gas (LNG/CNG) facilities for bunkering or truck provisioning as the use of these fuels becomes more common, and the availability of land for future ferry operations were also of interest to the Port’s tenants and other stakeholders. Some of these matters have been addressed during this planning process; others remain for the Port to study in the future.

The discussion of the projects proposed for these milestone years is presented in Element 5 later in this document.

Element 4: Strategy Development

Element 4 assesses business, financial, and asset utilization strategies the Port can implement to achieve its planning goals. It also describes the decision-matrix tool used to evaluate projects proposed for Plan inclusion and presents the goals, objectives and policies the Port has identified for incorporation in the Deepwater Component and Transportation Element of the *Broward County Comprehensive Plan*.

Underlying this element are the following objectives:

- Identify business strategies that will drive the Port's future growth and development.
- Identify asset utilization strategies that will optimize benefits to the Port and the County through financial return, market opportunities, competitive advantage, and economic benefits.
- Identify financial strategies that will both meet the Port's "financial sufficiency mandate" and fund Plan recommendations.
- Utilize the results of FDOT's project-specific regional economic impact model to evaluate the new and modified capital infrastructure projects identified in the 5-Year Master Plan and 10-Year Vision Plan.
- Encourage the use of public-private partnerships and other funding sources, as appropriate to achieve value-added infrastructure improvements.

The Port's previously cited new mission statement, as presented in the Port's *Strategic Plan 2014-2018*, provides the foundation for these objectives. As another point of reference for this element, Port Everglades directly supports achieving the Board of County Commissioners' 2012-2016 strategic goals.

Business and Asset Utilization Strategies. The following ten key business and asset utilization strategies were identified to meet the Port's growth objectives and maintain sustainability:

- The Port will be an international hub for trade, increasing European and Asian cargo while strengthening its base of trade with Central and South America and the Caribbean.
- Port revenues need to cover bond requirements and fund investments to maintain assets in a state of good repair as well as make capital improvements.
- Capital improvements should enhance flexibility and multi-use of infrastructure assets.
- Diversification of commodity throughput should be maintained.
- Operational efficiencies, such as mitigating traffic congestion and increasing petroleum-receiving system efficiencies, should be developed and maintained.
- Tenant land use and traffic efficiencies should be encouraged.

- Operating costs, such as security/electricity, should be reduced to increase net revenues.
- A benefit/cost matrix of return on investment, economic benefit to the community, regulatory/customer service, and environmental impact should be used to make Go/No-Go decisions on proposed infrastructure projects.
- The utilization of alternative funding sources, such as public-private partnerships, should continue to be pursued and implemented, building on the precedents already established with the ICTF development and several cruise terminal renovations.
- Synthesizing the synergies among Broward County's many assets -- the Port, the Airport, the Convention Center, the marine industry, and the environment -- is a win for all.

Financial Strategies. The 5-Year Master Plan and the 10- and 20-Year Vision Plans (see the Element 5 section below), are the road maps to identifying the infrastructure that is projected to meet market demand at the respective planning milestones. The 10- and 20-Year Vision Plans answer the question: "If Port Everglades is to meet the expected market demand at a milestone year, what infrastructure will be needed?" The 5-Year Master Plan has been further refined by establishing estimated order-of-magnitude design and construction costs and schedules for project construction within the 5-year fiscal period.

The projects in the 5-Year Master Plan are incorporated with the Port's continuing general infrastructure, maintenance, and renewal programs to create a 5-year capital improvement program (CIP). This CIP needs to be a program that can be implemented within identified project budgets and have the funding available at the time needed. The 5-Year CIP presented in this Plan (see Element 6 section below) has been developed with County staff and represents a program that is capable of being implemented within the established time frame. Projects in the 5-Year CIP in this 2014 Plan were selected because of their added value to the Port in the near term. The financial strategy used in developing the 5-Year CIP applied the above factors to analyze key projects and incorporate sustainable and high value-added projects in the capital program.

Decision-Matrix. Consistent with the 2009 Plan, this 2014 Plan utilizes a decision-matrix to evaluate the new projects proposed for inclusion in the Master Plan. For this Plan, however, the decision-matrix was given additional resonance by tying the evaluation criteria directly to the previously cited Port's new mission statement:

"As a powerhouse for international trade, travel, and investment, Port Everglades leverages its world-recognized South Florida facilities and innovative leadership to drive the region's economic vitality and provide the highest levels of service, safety, environmental stewardship, and community accountability."

Table ES-3 shows the resulting criteria used to assess each of the proposed new or modified projects in the Plan.

**Table ES-3
DECISION-MATRIX CRITERIA**

Category	Measure	
Competitiveness	Capacity	Operational flexibility
Economics	Port return on investment	Regional economic benefit
Stewardship	Asset preservation	Environmental preservation

Some projects in the 5-Year Master Plan do not produce revenue directly, but, as in the case of the McIntosh Road realignment, are needed to mitigate existing traffic congestion and anticipate future mobility needs. Without traffic and security improvements, the needs of the tenants/stakeholders, regulatory agencies, and the public cannot be met. These investments contribute indirectly to the success of revenue-generating projects essential to maintain Port tenant and user satisfaction and meet regulatory requirements. Other projects, such as the petroleum-receiving berths and slips, directly contribute to port revenues and need improvements to meet identified user needs; these types of projects rank highly using the decision-matrix tool.

Competitiveness. Maintaining industry competitiveness is at the heart of the Port's mission, as it is only by remaining competitive that the Port will be able to provide the regional economic and other benefits of port operations.

- **Capacity.** Whether modernizing cruise terminals to provide more efficient passenger flow and baggage-handling for the increasing numbers of people embarking and disembarking from the larger cruise ships calling at the Port, or extending the turning notch in Southport to provide more container ship berths, a project's ability to add to the Port's capacity is an important evaluation criterion.
- **Operational Flexibility.** Port Everglades serves ships of varying dimensions, accommodates many tenants with sometimes overlapping schedules, and is committed to providing the highest levels of safety and security to all its tenants and users. Projects such as filling the Tracor Basin and reconfiguring Berth 33 to provide additional berth length are examples of why operational flexibility matters as an evaluation criterion.

Economics. The two aspects of economics addressed by the decision-matrix include Port return on investment and regional economic benefits. Project cost, ROI, and economic benefits can be quantified and evaluated analytically, as described below (see Appendix K and Appendix L for the detailed analyses).

Port Return on Investment. This criterion included project costs and the return on incremental investment.

- **Project Cost.** The cost of a project includes professional design as well as inspection services during construction. Initial capital costs must be evaluated in addition to long-term maintenance and operating costs. Construction costs for projects in the 10- and 20-Year Vision Plans use current 2014 dollars in the order-of-magnitude cost estimates to avoid discrepancies in projected escalation factors.

- **Return on Incremental Investment (ROI).** The Port's investment may be the value of land or the cost of capital improvements for the project. The ROI measures the amount by which economic or financial benefits exceed the value of the Port's investment. The ROI considers both the initial capital investment as well as the operating cost and maintenance cost over the analysis period. The dollar amount of future economic benefits and revenues is discounted at 4 percent per year.

Regional Economic Benefits. Regional economic benefits consist of two components: 1) economic impacts quantified by gross regional product (GRP) and jobs; and 2) transportation impacts, quantified as monetized benefits resulting from reduced truck and rail miles of travel. These both are indicators of the sustainability of a project.

Port investments serve as a catalyst for economic benefits in three ways:

- Stimulating growth in cargo that satisfies the needs of consumers and businesses for fuel, consumables, construction materials, and other commodities at a comparatively lower cost than if the goods were imported from elsewhere.
- Stimulating growth in cruise passenger volumes that captures revenue and value-added opportunities, including spending by cruise passengers in Broward County in hotels, restaurants, and stores, and spending by the crew for electronics and other goods; and spending by the cruise industry itself for fuel, provisions, and administrative expenses.
- Reductions in transportation impacts, including reduced truck and rail miles travelled resulting from the use of direct water service from foreign imports directly to South Florida consumers.

The economic impact assessment focuses on the stream of benefits generated over a 30-year analysis period. The assessment utilizes FDOT's seaport project evaluation tool. This model has been developed specifically for use in Florida and is tailored to the structure of Florida's economy. It is an established and accepted tool for port planning in the state.

Benefits are estimated based on the economic impacts generated by increased cargo and/or passenger throughput. Two types of impacts were measured: jobs, including direct and indirect/induced; and gross regional product: the total output of firms providing services in support of the seaport activity.

The transportation impact assessment also evaluates the stream of benefits generated over a 30-year analysis period. Five different measures were evaluated including livability, safety, economic competitiveness, state of good repair, and environmental sustainability. Benefits are estimated based on transportation impacts generated by a decrease in truck and rail miles of travel.

Stewardship. Stewardship and sustainability are essential elements of the Port's mission. Typically these elements are thought of in terms of environmental preservation, but they also can be applied to the preservation of the Port's assets.

- **Asset preservation.** Projects included in the Plan such as bulkhead improvements, cruise terminal renovations, and the like are examples of asset preservation. Such projects are essential to maintaining the Port's initial investments and to protecting these assets for future use.
- **Environmental preservation.** Environmental preservation reflects not only the additional cost to a project of mitigation of other requirements, but also acknowledges project acceptance by both the regulatory agencies and the public.

Element 5: The Final Master/Vision Plan

Element 5 presents the final 5-Year Master Plan and the 10- and 20-Year Vision Plans, based on input from senior Port staff, the Port's Focus Group, and charrettes conducted with Port tenants, users, and other stakeholders. Reflecting this input, the final 2014 Plan presented in this element includes the infrastructure improvements needed to support the major projects identified in the 2009 Plan – the Southport turning notch extension, the intermodal container transfer facility (ICTF), and the harbor and channel deepening and widening – and to meet the forecasted market demand for the Port's four core business lines over the planning horizon..

The Southport turning notch extension, ICTF, and harbor and channel deepening and widening, projects are a springboard for the Port's future growth and industry competitiveness. In support of these projects, the 2014 Plan introduces nine new or modified infrastructure improvements to the complement of the improvements already included in the 2009 Plan. Each of these new projects is discussed and illustrated in the sections that follow, accompanied by the evaluation criteria from the decision-matrix. For reference in the following project discussions, berth locations are shown in Figure ES-15.

**Figure ES-15
BERTH LOCATIONS AT PORT EVERGLADES**



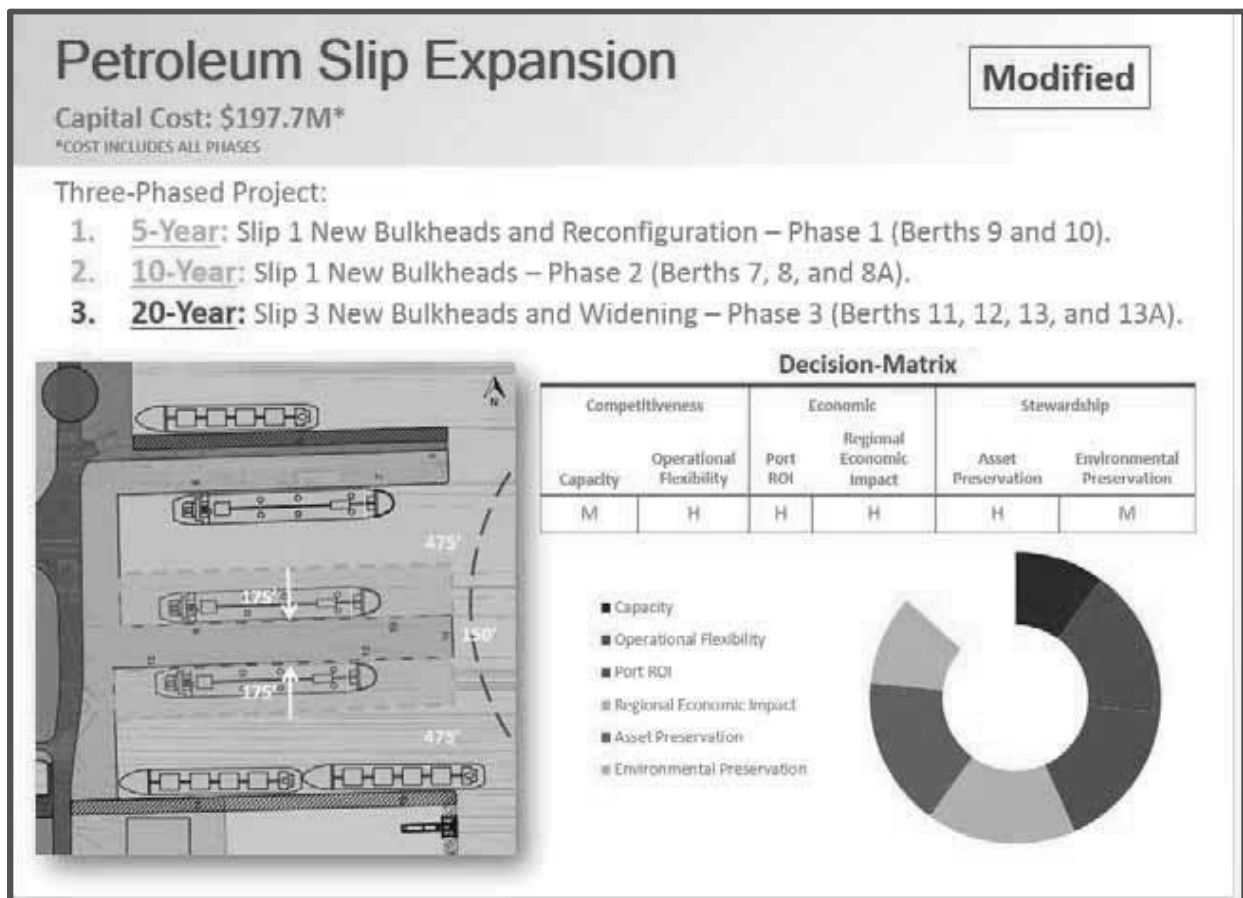
The 5-Year Master Plan (2015-2019)

Northport

Berths 1, 2, 3 New Bulkheads. New bulkheads will be constructed for Berths 1, 2, and 3 in the 5-Year Master Plan, based on the previously cited *Bulkhead Study*.

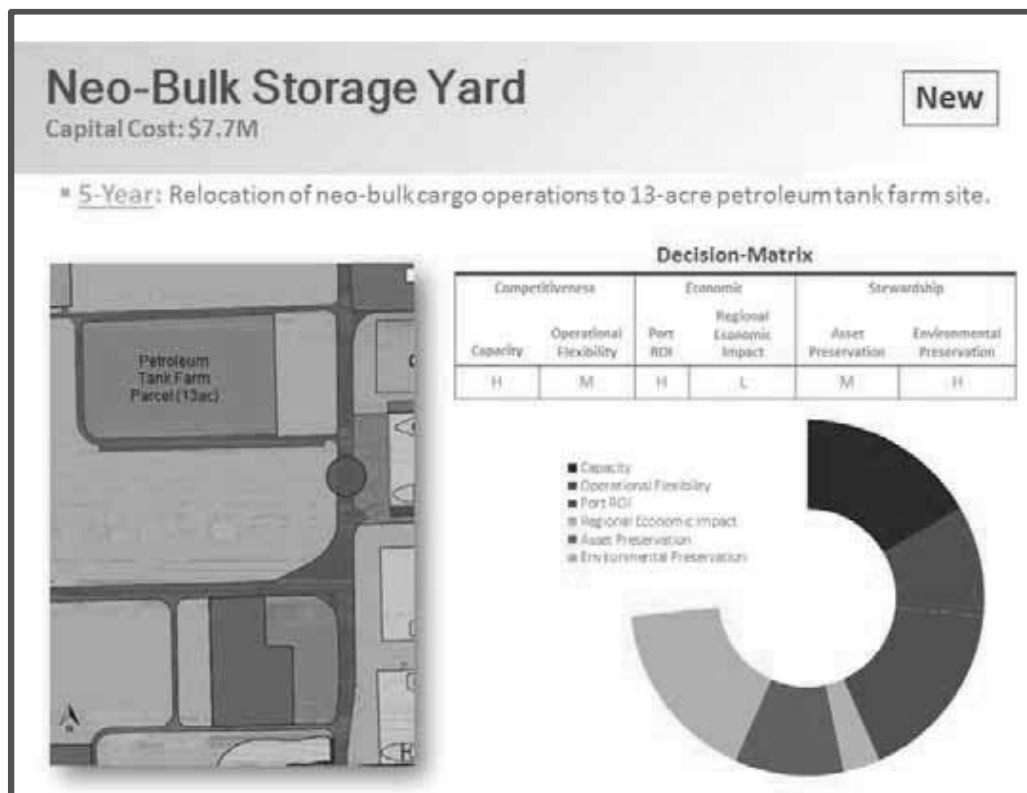
Petroleum Slip Expansion: Slip 1 New Bulkheads and Reconfiguration Phase 1 (Berths 9 and 10). To accommodate the Port’s petroleum operations, the 2009 Plan called for widening Slip 1 to the south by 125 LF and to the north by 50 LF; however, the reconfiguration to the north would have obstructed the entrance channel range lights used by the port pilots. To address this issue, the 2014 Plan calls for the widening to occur entirely to the south, in a three-phase process to rebuild bulkheads and widen Slip 1 and Slip 3 for modernization, capacity, and safety-driven expansion. Figure ES-16 shows the entire three-phased project.

**Figure ES-16
PETROLEUM SLIP EXPANSION**



Neo Bulk Storage Yard. The loss of grid space resulting from the Slip 2 extension necessitates the relocation of the neo-bulk storage yard currently situated adjacent to the western end of Slip 2. The former molasses tank farm, located west of Eisenhower Boulevard, was identified as the preferred location for this storage (see Figure ES-17). The neo-bulk commodities will continue to be unloaded at Berth 5.

**Figure ES-17
NEO-BULK STORAGE YARD**

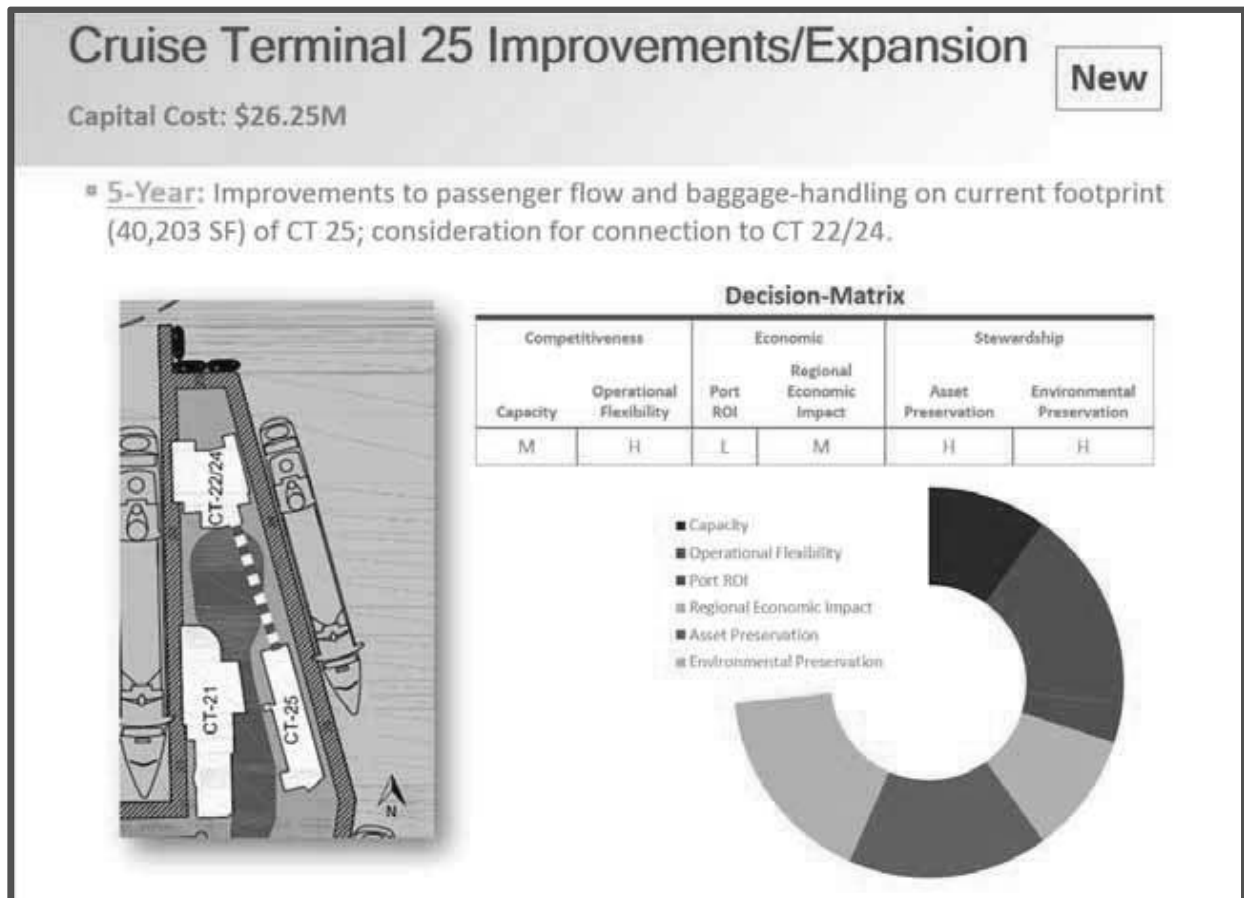


Slip 2 Westward Lengthening. Slip 2 lengthening to the west will increase the slip’s length from 900 LF to 1,150 LF to accommodate the larger cruise ships calling at the Port. Based on studies of the slip and adjacent land, the slip in its entirety will be lengthened to the west. This project will allow Berth 4 to accommodate up to a 1,040-foot length overall (LOA) cruise vessel.

Midport

Cruise Terminal 25 Improvements/Expansion (Design/Construction). The current footprint of Cruise Terminal 25 and its associated ground transportation area are not sufficiently sized to handle the increasingly large cruise ships handled at Berth 24/25. Improvements are required to the cruise terminal building to better service passenger flows and luggage-handling and to assure the terminal has safe and efficient access to parking. As part of this project, the concept of connecting Cruise Terminal 25 to Cruise Terminal 22/24 (35,996 SF) will be studied. Figure ES-18 illustrates these improvements. Although this project has a low return on investment to the Port, its operational advantages make it a sound choice for implementation.

Figure ES-18
CRUISE TERMINAL 25 IMPROVEMENTS/EXPANSION (DESIGN/CONSTRUCTION



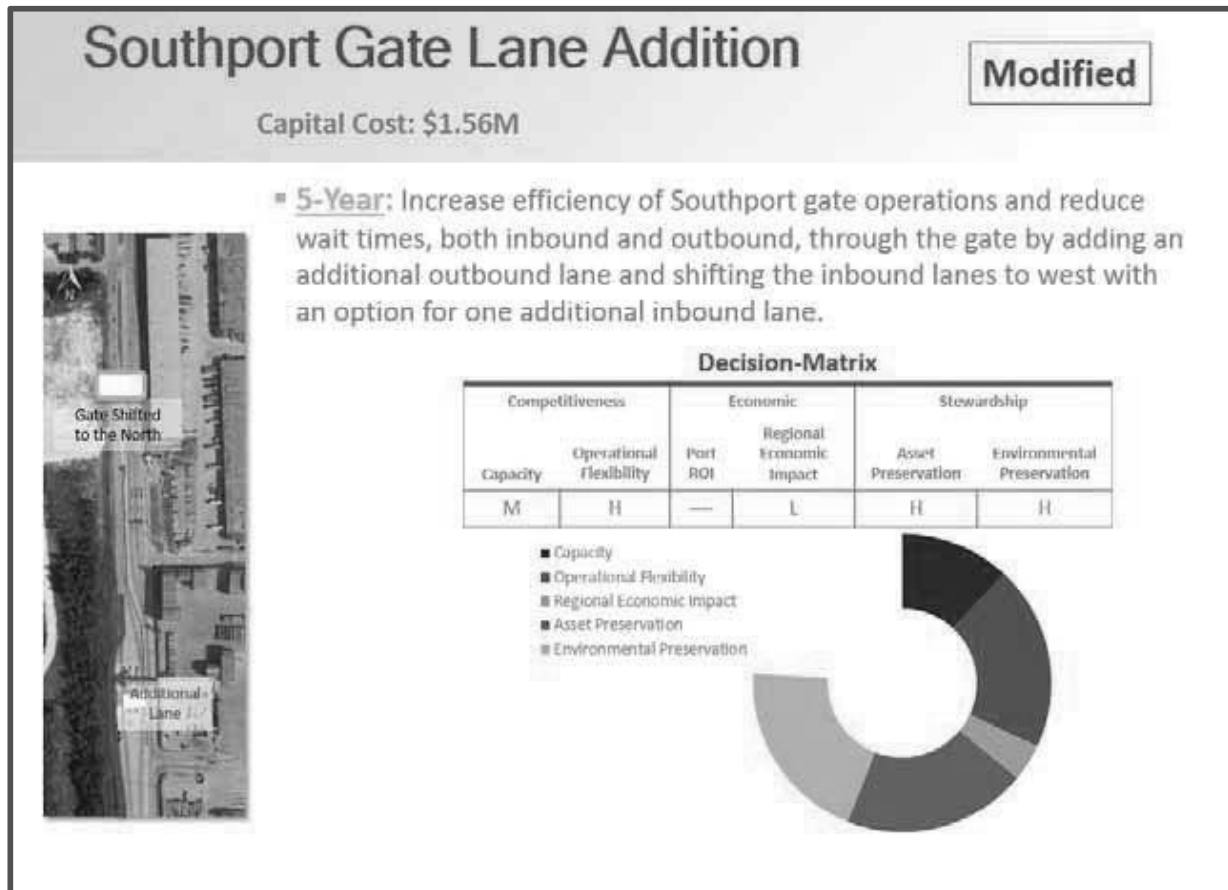
Southport

Westlake Mitigation (Southport Turning Notch Extension). The mitigation project at West Lake Park is part of the overall mitigation for the development of the Southport turning notch extension. The entire project is expected to result in the creation of 24.2 acres of mangrove habitat, 7.0 acres of mud flats/tidal pools, 8.6 acres of tidal channels, 8.0 acres of seagrass habitat, 13.4 acres of marine hammock, 1.9 acres of structural habitat (riprap/crib structure), and 2.0 acres of supplemental structural restoration (along the Dania Cut-Off Canal). The project will also enhance 32 acres of existing mangroves by way of riprap replacement, and preserve 23.3 acres of mangrove habitat throughout-parcel acquisition.

Two Super Post-Panamax Cranes. These super post-Panamax cranes will be the first two of five the Port will purchase over 20 years to handle the forecast container volumes.

McIntosh Road Southport Gate Lane Addition. Due to truck congestion on the outbound lanes of the Southport container operational area, expansion of the McIntosh Road gate in Southport is needed. Adding one outbound lane and shifting the inbound lanes to the west will alleviate this congestion. The project, shown in Figure ES-19, includes provisions for an additional inbound lane to the west if required in the future.

Figure ES-19
MCINTOSH ROAD SOUTHPORT GATE LANE ADDITION



Southport Turning Notch Extension. Extending the Southport turning notch to the west at first at the existing 42-foot water depth, as shown in Figure ES-20, and later at the 48-foot depth is needed to develop additional berth capacity for the diverse cargo ships calling at the Port. Work on the turning notch is dependent on the completion of the ongoing uplands enhancement and mitigation project. Construction is, however, currently expected to begin in 2016, with completion estimated for 2018. This project has been updated from the 2009 Plan to include only one contract for the all waterside and landside elements. It also includes the extension of crane rails to the western end of the extended Berth 30 to allow for the use of the existing cranes.

Figure ES-20
SOUTHPORT TURNING NOTCH EXTENSION (AT 42- AND 48-FOOT DEPTHS)

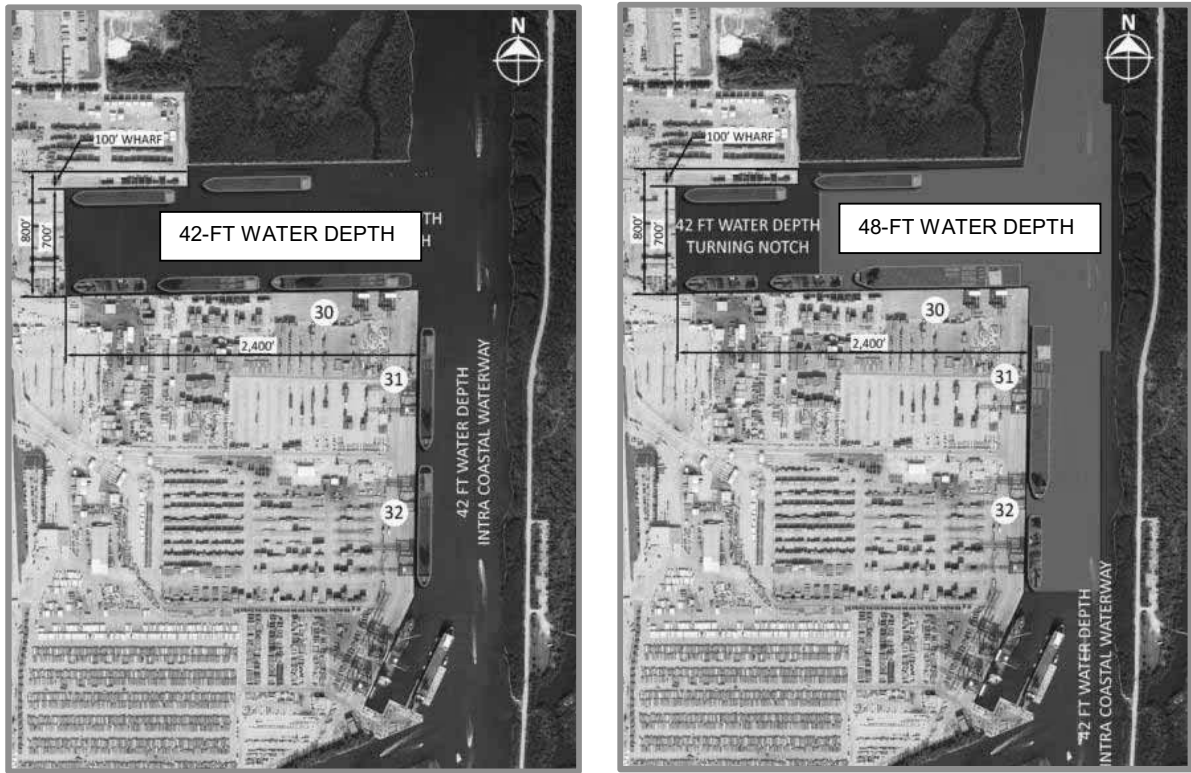
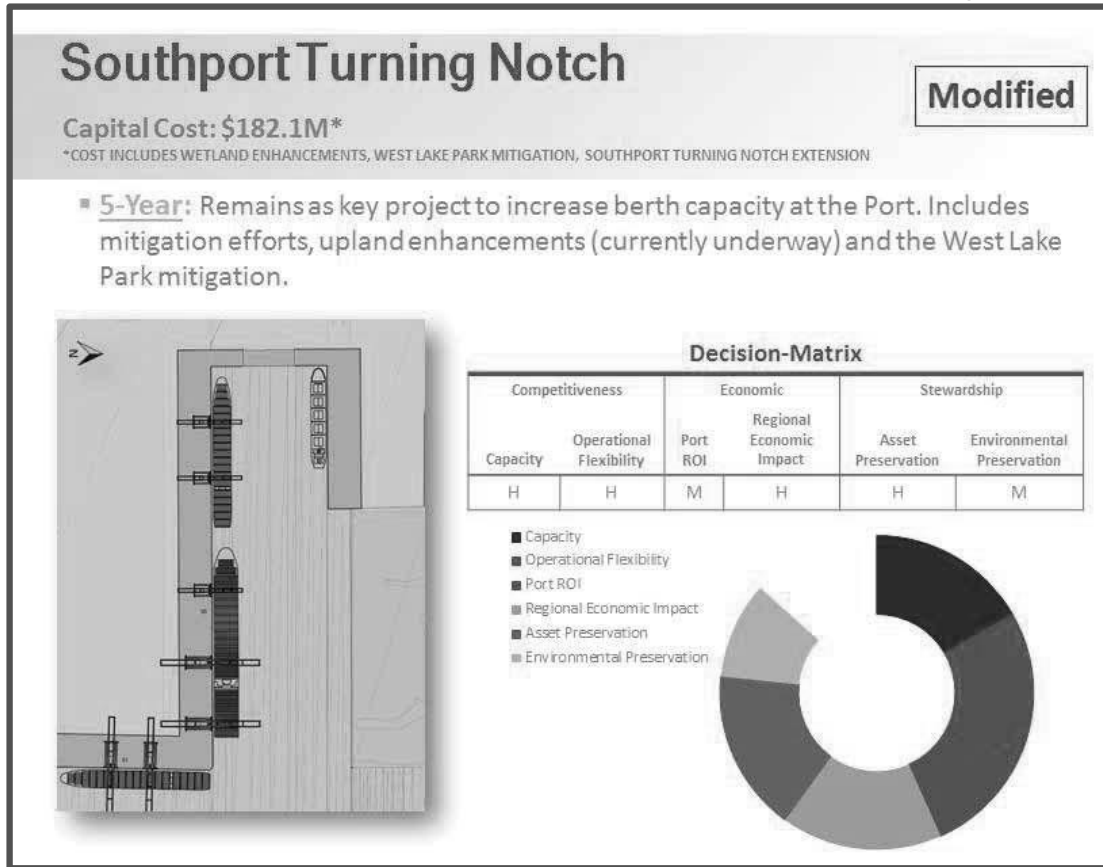


Figure ES-21 shows the future turning notch after the east end is deepened to 48 feet as part of the USACE deepening and widening program.

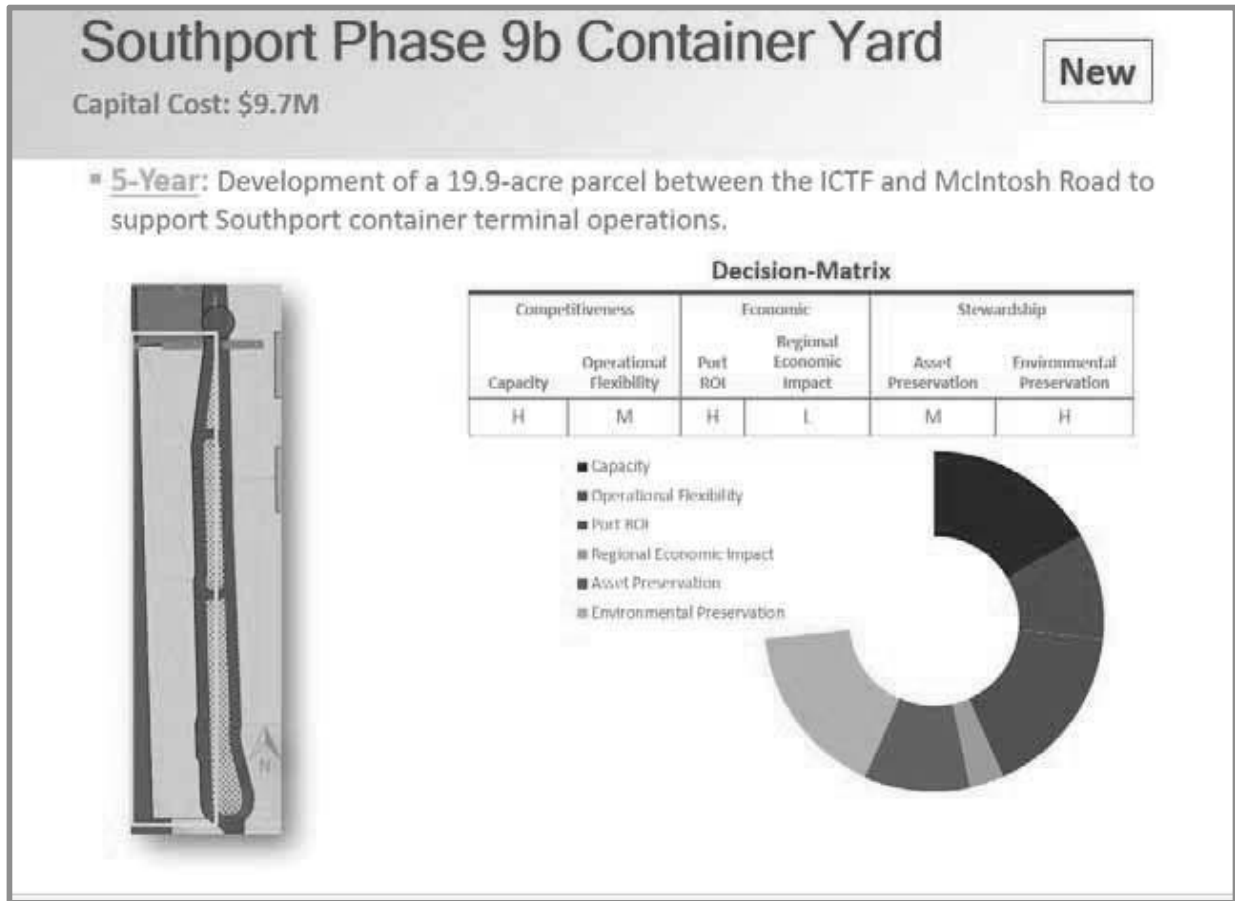
Figure ES-21
 SOUTHPORT TURNING NOTCH EXTENSION (AT 48-FOOT DEPTH)



Southport Phase 9a Container Yard (10). Due to the Southport turning notch extension project, the Southport Phase 9A container yard (approximately 16 acres) is to be developed on the current Foreign-Trade Zone (FTZ) site east of McIntosh Road. For this project to proceed, the FTZ (see discussion below) will be relocated to the west of McIntosh Road, leaving the 16 acres for container yard development. The project calls for the demolition of two warehouse buildings and development of infrastructure consistent with the planned Southport container yard densification improvements (see below).

Southport Phase 9b Container Yard. An approximately 19.9-acre parcel located west of McIntosh Road, which is acreage previously earmarked for crushed rock or aggregate storage, will now provide Southport container yard support services (see Figure ES-22).

Figure ES-22
SOUTHPORT 9b CONTAINER YARD



Foreign-Trade Zone Relocation. FTZ 25 will be relocated to the west of McIntosh Road to a Port-owned parcel (approximately 17 acres). The U.S. Customs and Border Protection operations will continue to operate out of Building B and E of the existing FTZ site, allowing the new site to be solely used for private businesses with FTZ operations.

New Crane Rails (Berths 30, 31, and 32). In support of the programmed purchase of the five new super post-Panamax cranes, a new set of crane rails is required along the length of Berths 30, 31, and 32 due to the larger crane gauge (expected to be between 120 to 125 feet).

Portwide Improvements

USACE Deepening and Widening Program. As discussed above, in June 2013, the USACE released its long-awaited *Draft Feasibility Report and Environmental Impact Statement* concerning the proposed deepening and widening of the Port’s harbor and channels. The feasibility study was initiated in 2001 with Broward County’s Port Everglades Department - the local, non-federal, sponsor for the federal civil works harbor deepening and widening project to be implemented by the USACE.

Finding that the Port’s existing federal channel project depth of 42 feet does not provide an adequate, safe depth for large tankers and container ships visiting the harbor; that the next

generation of container ships and oil tankers requires significantly more channel depth to operate efficiently; and that a wider and deeper outer entrance channel will greatly improve the safety of navigation, the USACE identified an economically and environmentally sound Tentatively Selected Plan (TSP) to deepen the Port's channel from 42 feet to 48 feet and widen the channel entrance (see Figure ES-23). (When constructed, the project will include an additional two feet of over depth, one foot of which is required and one foot of which is allowable, for a total of 50 feet.)

Figure ES-23
USACE DEEPENING AND WIDENING PROGRAM:
TENTATIVELY SELECTED PLAN

Source: USACE Draft Feasibility Study, 2013

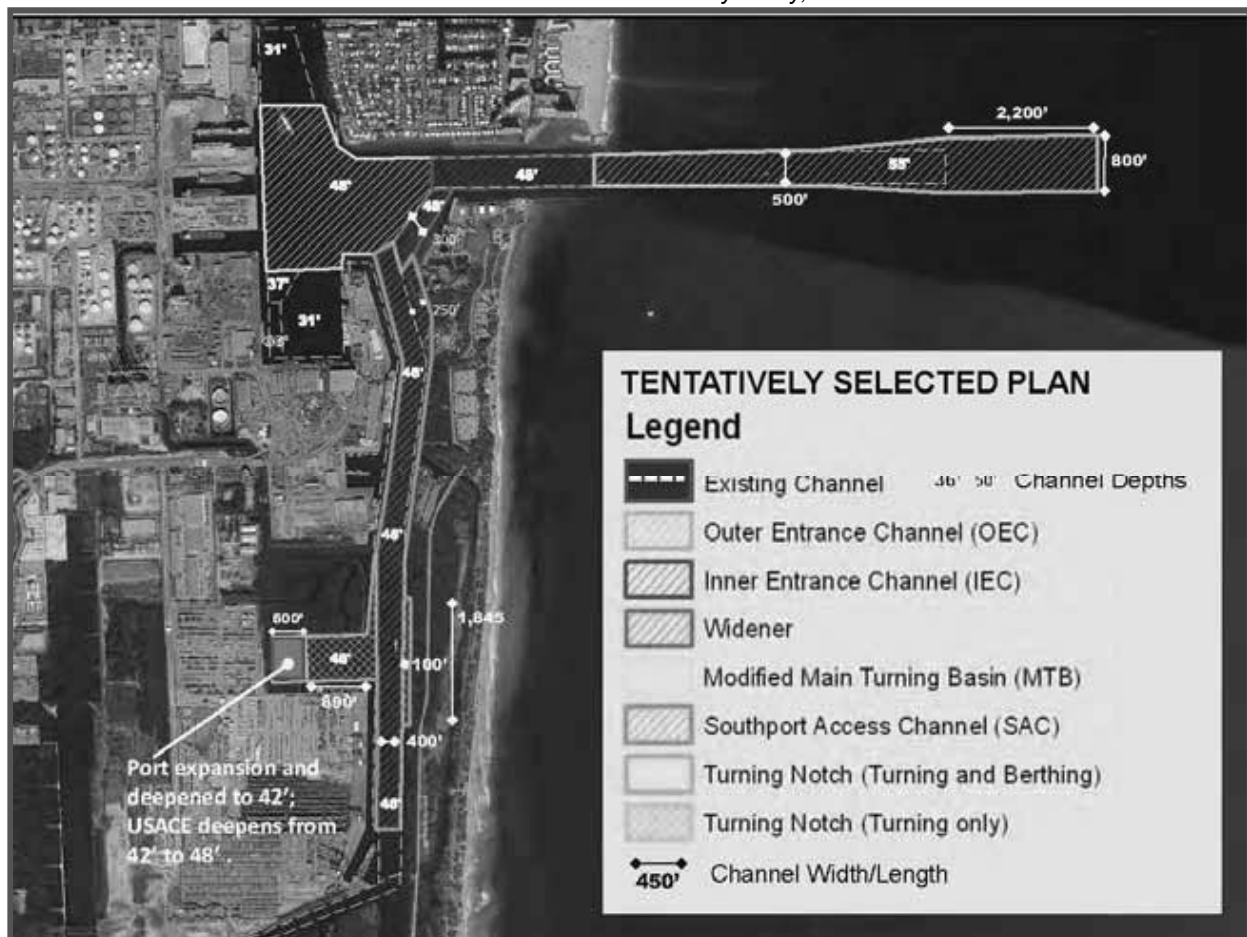


Figure ES-24 shows the final 5-Year Master Plan.



LEGEND

	CONVENTION CENTER	38.8 ACRES		PROTECTED ENVIRONMENTAL AREA	108.88 ACRES
	CRUISE AREA	108.26 ACRES		CRUISE WHARFMBERTH	47,387 LF
	LIQUID BULK/PETROLEUM	314.84 ACRES		SHARED CONTAINER/CRUISE BERTH	46,477 LF
	COMMERCIAL	38.87 ACRES		PUBLIC CONTAINER WHARFMBERTH	46,800 LF
	BREAK BULK	18.12 ACRES		CRUISE TERMINAL BUILDINGS	
	CONTAINER AREA	346.86 ACRES		PARKING	
	FLORIDA POWER AND LIGHT	58.85 ACRES		PORT SECURITY GATE	
	RESIDENTIAL BULK	11.36 ACRES		DEAD END	
	WAREHOUSE AREA	31.67 ACRES		AGGREGATE CONVEYOR	
	OFFICE AREA	23.81 ACRES		PRIMARY ACCESS ROAD	
	FTZ	18.38 ACRES		RAIL LINE	
	US CUSTOMS & BORDER PROTECTION	8.57 ACRES		PORT JURISDICTION BOUNDARY	
	SPOL AREA	6.77 ACRES			
	RAIL YARD	42.23 ACRES			

KEYNOTES

	EXISTING PORT ADMIN OFFICE		FUTURE DRY STORAGE WAREHOUSE/SPOL BLDG
	FLORIDA DEPT. OF AGRICULTURE		EXISTING ROAD PIER
	FLORIDA FISH AND WILDLIFE COMMISSION FACILITY		EXISTING WHARF FOR BANANA CARGO AND CRUISE
	EXISTING OFFICES AND WAREHOUSES		NOT LAND
	PRIVATE DEVELOPER		MARINE TRACK
	CLIFF BERRY PROPERTY		PROPOSED ARRIVALS/DEPARTURE & STORAGE
	OYSTER PROPERTY POTENTIAL FOR DEVELOPMENT		TANKING LOCATED ON PIER 9, 2007 INTERMODAL CONTAINER TRAIN & 7,287 AGGREGATE TRAIN
	EXISTING CEMENT BLD CLUSTER		ALL LAND
	BANDED WHARF WITH ONE 50' GANTRY CRANE AND ONE 60' & HARBOR CRANE (ON BACKSTACKING)		LONG PROFILE CRANE TYPICAL AT SOUTHPORT
	EXPAND BLDG 2 (240' X 1,200') PHASE 1 (200' X 1,100')		MEGA CRUISE VESSEL (1,150' LOK X 130' BEAM)
	EXPAND BLDG 3 (300' X 800') PHASE 1 (240' X 1,100') PHASE 2 (200' X 1,100')		CRUISE VESSEL (880' LOK X 110' BEAM)
	1,730' DIAMETER TURNING BASIN FOR 1,150' LOK VESSEL		WORLD HARBOR CRANE
	RADIATION PORTAL MONITORS		P/L DISCHARGE CANAL (RESTRICTED AREA BOUNDARY PROJECTION ZONE)
			EXISTING P/L POWER LINE SUBSTATION
			FUTURE STATE ON-PIER CONSERVATION AREA
			CONTAINER VESSEL (800' LOK X 130' BEAM, 880' TRL)
			CEMENT 4-HOLD VESSEL (880' LOK X 80' BEAM)
			PANAMA MAX TANKER PETROLEUM VESSEL (730' LOK X 100' BEAM)
			CONTAINER VESSEL (880' LOK X 80' BEAM)
			EXISTING BLDG 1 (240' X 1,200') PHASE 1 (200' X 1,200')
			CDP OPERATIONS IN EXISTING BUILDINGS
			BRIDGE
			NOT LAND
			ALLOCATED GATE
			EXPANDED TURNING NOTCH (800' X 2,400')
			SUB-PANAMA CONTAINER VESSEL (880' LOK X 80' BEAM)

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**PORT EVERGLADES
5-YEAR MASTER PLAN
YEARS 2015-20**

5-Year Master Plan Cost Estimates. Reasonable order-of-magnitude cost estimates are provided in Table ES-4 for each project discussed above in the 5-Year Master Plan. For projects that were also identified in the 2009 Plan, cost estimates have been updated to reflect 2014 conditions. Cost estimate details are provided in Appendix H.

Table ES-4
5-YEAR PROJECT COST ESTIMATE
(In millions of 2014\$)

5-Year Master Plan: 2015-2019		
Port Area	Project	Cost
Northport	Berths 1,2,and 3 New Bulkheads	\$24.90
	Slip 1 New Bulkheads and Reconfiguration – Phase 1 (Berths 9 and10)	\$83.90
	Neo Bulk Storage Yard	\$7.70
	Slip 2 Westward Lengthening	\$19.50
Midport	Cruise Terminal 25 Improvements/Expansion	\$26.25
Southport	Westlake Mitigation (Southport Turning Notch Extension)	\$6.10
	Super Post Panamax Cranes (2)	\$30.00
	Southport Turning Notch Extension	\$147.50
	McIntosh Road Gate Lane Addition	\$1.56
	Southport Phase 9a Container Yard	\$8.80
	Southport Phase 9b Container Yard	\$9.70
	Foreign-Trade Zone Relocation (Public-Private Partnership)	\$54.00
	New Crane Rails (Berths 30,31,32)	45.00
Portwide	USACE Deepening and Widening Design	\$5.30
TOTAL		\$470.21

The 10-Year Vision Plan (2020 -2023)

Northport

Slip 1 New Bulkheads Phase 2 (Berths 7 and 8). This project, which is Phase 2 of the petroleum slip expansion, addresses the new bulkheads at Berths 7 and 8 in Slip 1. This project includes rebuilding the existing bulkheads in their current alignment. As discussed above, keeping Berths 7 and 8 in their current position will alleviate any impacts to the range lights used by the pilots. These new bulkheads (Berths 7 and 8) are 1,200 LF in length, no change from the current dimension. This project includes dredging in the remaining half of Slip 1, paralleling Berths 7 and 8, consistent with the proposed USACE channel deepening and widening.

Cruise Terminal 4 Parking Garage. A new 1,680-space structured parking facility will be constructed west of Cruise Terminal 4 and over a ground transportation area to serve future parking needs for both Cruise Terminal 4 and Cruise Terminal 2.

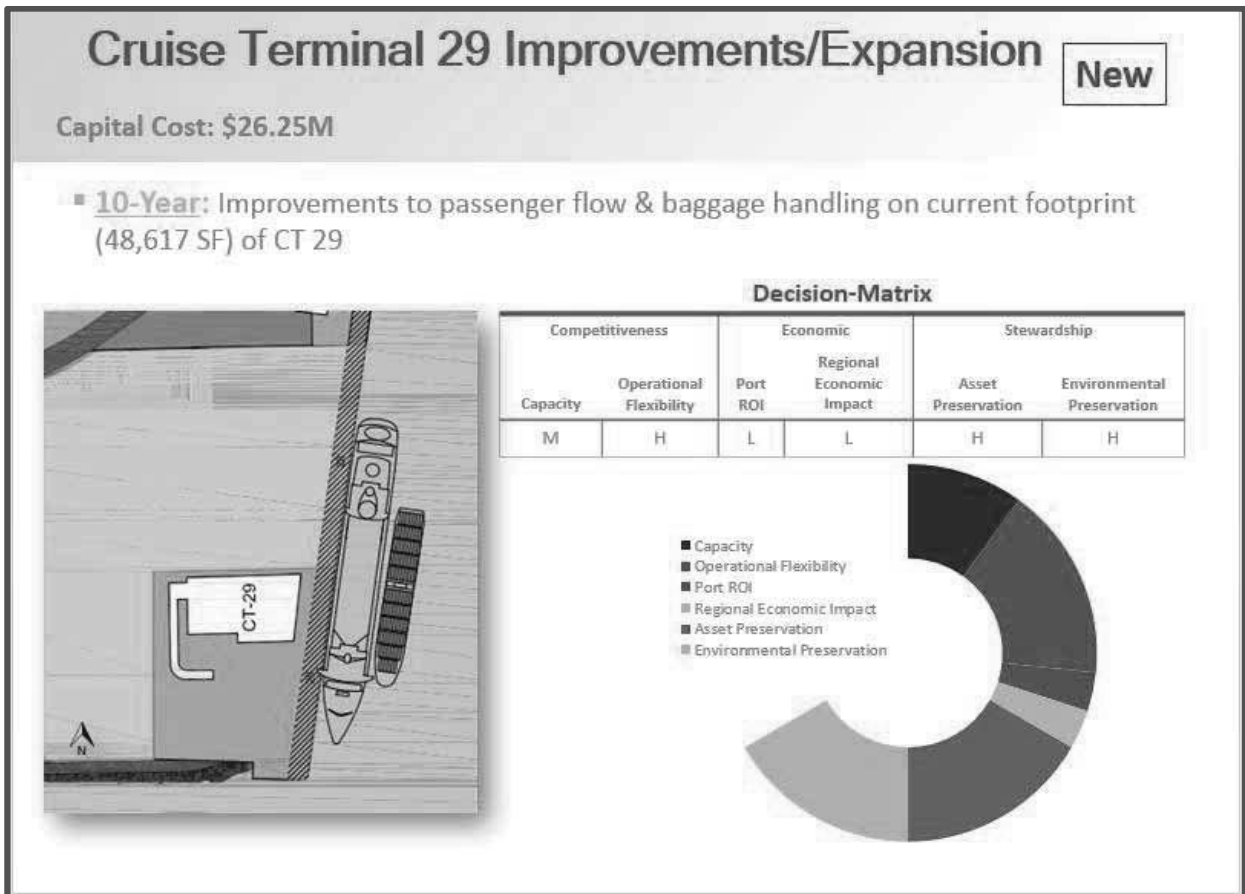
Berth 14 and 15 New Bulkheads. New bulkheads will be constructed for Berths 14 and 15.

Midport

Berths 16, 17, and 18 New Bulkheads. New bulkheads will be constructed for Berths 16, 17, and 18.

Cruise Terminal 29 Improvements and Expansion (Design/Construction). Improvements to the Port’s Intracoastal Waterway Southport Access Channel as part of the USACE deepening and widening program will provide greater operational flexibility for the Port to handle cruise ships at Berth 29. Additionally, filling of the Tracor Basin (see discussion below), will provide a longer berth and allow the facility to service ground operations more efficiently. The Port will undertake a detailed planning and design study to select the best alternative for expanding and upgrading Cruise Terminal 29. Figure ES-25 describes the Cruise Terminal 29 project. Although this project has a low return on investment to the Port, its operational advantages make it a sound choice for implementation.

**Figure ES-25
CRUISE TERMINAL 29 IMPROVEMENTS/EXPANSION**

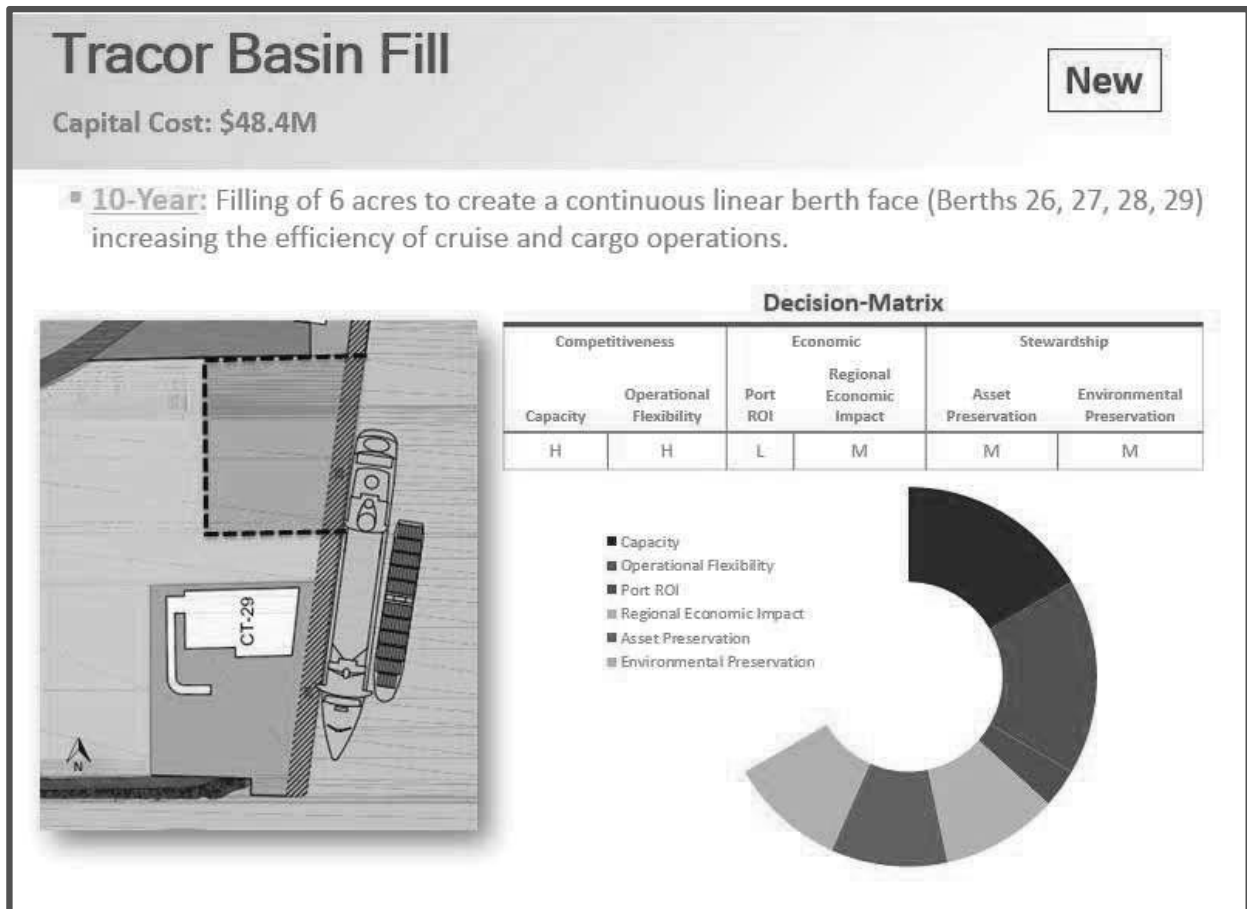


Multimodal Facility - Phase 1. This passenger multimodal center will integrate an at-grade ground transportation area with a structured parking facility above to serve the Midport cruise terminals. When fully completed, the multimodal facility will provide 4,000 additional parking spaces at Midport and will have an elevated transport concourse with moving walkways to

connect the Midport cruise terminals. The multimodal center will provide a central location for the loading/unloading of buses, shuttles, and taxis and will relieve congestion at peak times in front of the cruise terminals. In the 10-Year Vision Plan, only the first phase of the multimodal facility will be built, which will include a structured parking facility with approximately 2,000 parking spaces. Phase 1 will not provide the elevated transport concourse and moving walkways to connect the Midport cruise terminals.

Tracor Basin Fill. This project includes the total fill of the Tracor Basin (approximately six acres), lengthening Berth 29 to the north and creating a continuous berth length of 2,800 LF from Berth 27 to Berth 29. This project will allow larger cruise vessels to call at Cruise Terminal 29, will provide more efficient provisioning and loading operations, and will connect the operations at Cruise Terminal 29 with the Midport cruise operations at Berths 24-27. Container operations will also benefit with an additional six acres of storage, creating better connectivity to the Southport yards and berths. Figure ES-26 describes this project. Although this project has a low return on investment to the Port, its operational advantages make it a sound choice for implementation.

**Figure ES-26
TRACOR BASIN FILL**



Berths 21 and 22 New Bulkheads. New bulkheads will be constructed for Berths 21 and 22.

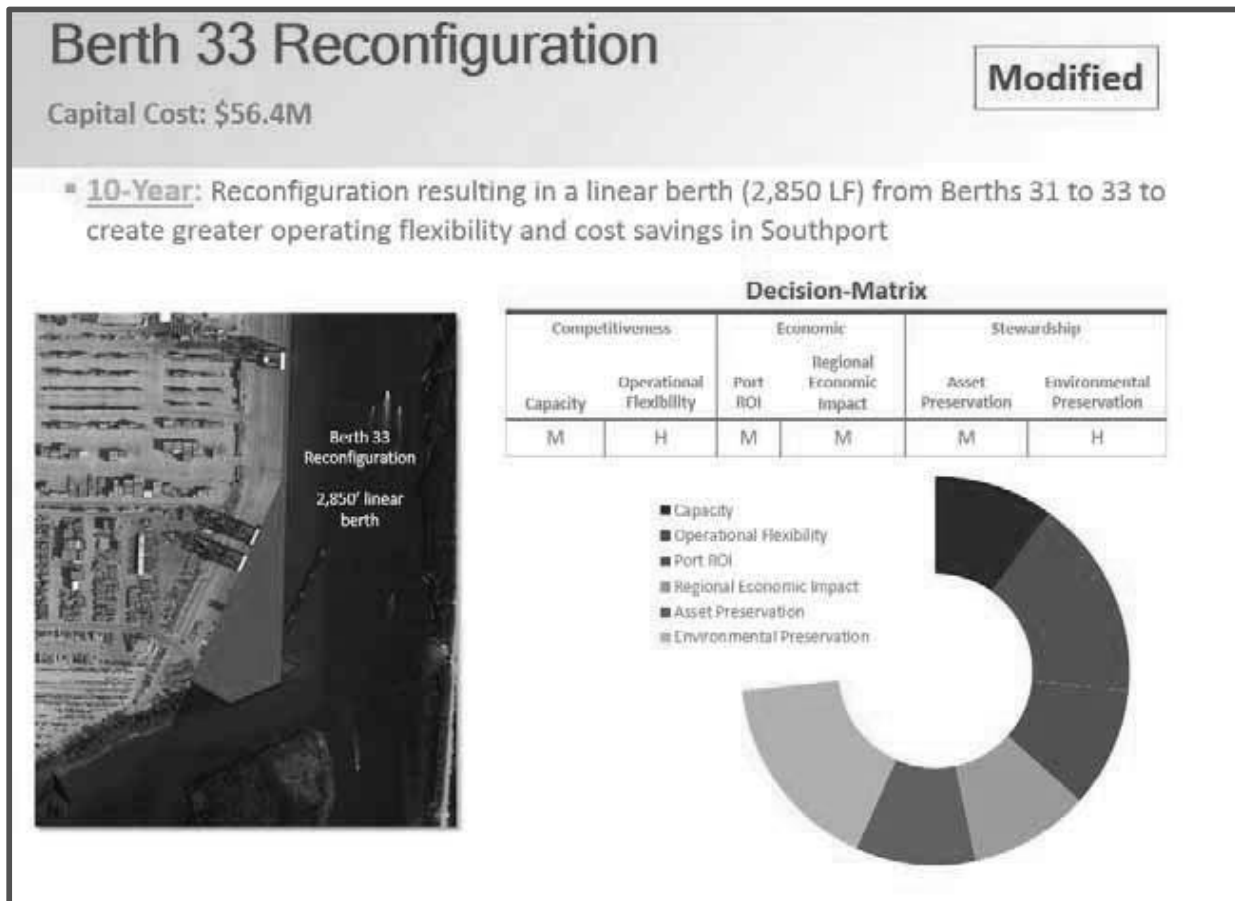
Southport

Two Super Post-Panamax Cranes. Two additional gantry cranes will be added to Southport to serve larger vessels. This addition will provide a total of 11 gantry cranes at Southport - four super post-Panamax cranes plus seven existing low-profile cranes.

Container Yard Densification Improvements. After the turning notch is extended, the increase in Southport cargo throughput will require storage densification in the container yard. This project installs the necessary site infrastructure to accommodate future rubber-tired gantry (RTG) cranes to increase container storage densification in the Southport terminal yards.

Berth 33 Reconfiguration. Berths 33 B and C will be demolished and Berth 33A will be realigned and filled, creating approximately 2.3 acres of new container yard space. The reconfiguration will result in a continuous berth of 2,850 LF for Berths 31, 32, and 33. This reconfiguration will create greater operating flexibility and cost savings by removing the need to articulate the tracks for the new super post-Panamax gantry cranes. Figure ES-27 shows the conceptual project design.

**Figure ES-27
BERTH 33 RECONFIGURATION**



USACE Deepening and Widening Program (12). The construction of the USACE deepening and widening program described above is anticipated to begin in the 10-year time frame.

Figure ES-28 shows the final 10-Year Vision Plan.



LEGEND

CONVENTION CENTER	38.8 ACRES	PROTECTED ENVIRONMENTAL AREA	18.86 ACRES
CRUISE AREA	108.28 ACRES	STORM WATER RESTRICTION ZONE	15.18 ACRES
LIQUID MILK/PETROLEUM	214.84 ACRES	CRUISE SHIPWATERH	47,887 LF
COMMERCIAL	38.87 ACRES	SHARED CONTAINER/CRUISE NORTH	43,134 LF
WHEAT MILK	18.12 ACRES	PUBLIC CONTAINER SHIPWATERH	48,375 LF
CONTAINER AREA	340.46 ACRES	CRUISE TERMINAL BUILDING	
FLORIDA POWER AND LIGHT	59.48 ACRES	PARKING	
CEMENT/DRY MILK	12.25 ACRES	CLUB VERT / WARE	
WAREHOUSE AREA	21.87 ACRES	PORT SECURITY GATE	
OFFICE AREA	23.83 ACRES	DEAD END	
FTZ	18.38 ACRES	AGGREGATE CONVEYOR	
US CUSTOMS & BORDER PROTECTION	9.87 ACRES	PRIMARY ACCESS ROAD	
SPAL AREA	9.77 ACRES	RAIL LINE	
RAIL YARD	42.23 ACRES	PORT JURISDICTION BOUNDARY	

KEYNOTES

EXISTING PORT ADMIN OFFICE	FUTURE DRY STORAGE WAREHOUSE SITE	EXISTING 110V POWER LINE BASEMENT
FLORIDA DEPT. OF AGRICULTURE	EXISTING ROAD PAV	FUTURE STATE OWNED CONVENTION AREA
FLORIDA FISH AND WILDLIFE COMMISSION FACILITY	EXISTING WHARF FOR BANANA CARGO AND CRUISE	NOT USED
EXISTING OFFICES AND WAREHOUSES	NOT USED	SLURRY PUMP PAVEMENT CONTAINER VESSEL (1,187' LOA X 180' BEAM, 8,300 TSW)
PRIVATE DEVELOPER	WAREHOUSE TRACK	CEMENT 4-HOLD VESSEL (887' LOA X 80' BEAM)
CLIFF BERRY PROPERTY	PROPOSED ASPHALT/CONCRETE & STORAGE TRACKS LOCATED ON ADJACENT WAREHOUSE/CONTAINER TRAIL & 7,300' AGGREGATE TRAIL	BRANDED TANKER PETROLEUM VESSEL (300' LOA X 100' BEAM)
POTENTIAL FOR DEVELOPMENT	WALKER DRIVE	CONTAINER ROAD VESSEL (887' LOA X 80' BEAM)
EXISTING REPORT RAIL SPUR ALIGNMENT	LOW PROFILE LANE (TYPICAL AT SOUTHPORT)	EXISTING SLIP 1 (287' X 1,333) PHASE 1 (287' X 1,333)
EXISTING CEMENT BLD CLUSTER	WEGA CRUISE VESSEL (1,187' LOA X 180' BEAM)	EXISTING SLIP 2 (287' X 1,333) PHASE 2 (287' X 1,333)
SHARED WHARF WITH ONE 50' GAUGE CRANE AND ONE MOBILE HARBOR CRANE (CRUISE/CONTAINER)	CRUISE VESSEL (887' LOA X 110' BEAM)	CRUISE OPERATIONS IN EXISTING BUILDING
EXPAND SLIP 3 (287' X 1,333)	WORLD HARBOR CRANE	BRIDGE
EXPAND SLIP 2 (287' X 800) PHASE 1 (287' X 1,150)	FIR BRANCHING CANAL (SOUTH CTED) AREA MARITIME PROTECTION ZONE	NOT USED
EXPAND SLIP 2 (287' X 1,150)	CONVENTION CENTER AREA	RELOCATED GATE
1,720' DIAMETER TURNING BASIN FOR 1,150' LOA VESSEL		EXPANDED TURNING NOTCH (800' X 2,400)
RADIATION PORTAL MONITORS		SLURRY PAVEMENT CONTAINER VESSEL (887' LOA X 80' BEAM)

DATE	BY	REVISION

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**PORT EVERGLADES
10-YEAR VISION PLAN
YEARS 2020-2023**

10-Year Vision Plan Cost Estimates. Reasonable order-of-magnitude cost estimates are provided in Table ES-5 for each project discussed in the 10-Year Vision Plan. For projects that were also identified in the 2009 Plan, cost estimates have been updated to reflect the 2014 conditions. For new projects in the 2014 Plan, new cost estimates were prepared. Cost estimate details are provided in Appendix H.

Table ES-5
10-YEAR PROJECT COST ESTIMATE
(In millions of 2014\$)

10-Year Vision Plan: 2020-2023		
Port Area	Project	Cost
Northport	Slip 1 New Bulkheads- Phase 2 (Berths 7 and 8)	\$29.50
	Cruise Terminal 4 Parking Garage	\$36.00
	Berths 14 and 15 New Bulkheads	\$27.40
Midport	Berth 16,17, and 18 New Bulkheads	\$25.50
	Cruise Terminal 29 Improvements/Expansion	\$26.25
	Multimodal Facility-Phase 1	\$39.30
	Tracor Basin Fill	\$48.40
	Berths 21 and 22 New Bulkheads	\$20.50
Southport	Super Post Panamax Cranes (2)	\$30.00
	Container Yard Densification Improvements	\$33.70
	Berth 33 Reconfiguration	\$56.40
Portwide	USACE Deepening and Widening Construction	\$368.00
TOTAL		\$740.95

The 20-Year Vision Plan (2024-2033)

Northport

Berths 1A, 1B, 1C, and 1D New Bulkheads. New bulkheads will be constructed for Berths 1A, 1B, 1C, and 1D.

Slip 2 New Bulkheads and Widening (Berths 4, 5, and 6). New bulkheads will be constructed for existing Berths 4 and 5 in Slip 2 and for the connection between these two berths. The new bulkhead for Berth 5 will be positioned so that the overall width of Slip 2 can accommodate a 1,040-foot LOA cruise ship on the north side and a general cargo vessel on the south. Slip 2 will be widened from approximately 286 LF to 475 LF. According to the recommended construction schedule for the new bulkheads, this widening will take place when the existing Berths 4 and 5 require new bulkheading.

Slip 3 New Bulkheads and Widening Phase 3 (Berths 11, 12, and 13) (3). This project, which is Phase 3 of the petroleum slip expansion addresses new bulkheads at Berths 11, 12, and 13 in Slip 3. The project includes widening Slip 3 to the north by 175 LF, from 300 LF to 475 LF; the new bulkhead (Berths 12 and 13) is 1,230 LF in length, no change from the current dimension.

Midport

New Bulkheads (4, 6, 7, 8). New bulkheads will be constructed for Berths 19, 20, 23, 24, 25, 26, and 27.

Multimodal Facility – Phase 2. Phase 2 of the multimodal facility will extend the work completed in Phase 1 and will include the addition of 2,000 more spaces and the implementation of the elevated pedestrian moving walkway connecting the 4,000-space parking structure with the Midport cruise terminals. This passenger multimodal center will integrate an at-grade ground transportation area, with a structured parking facility above to serve the Midport cruise terminals. It will provide a central location for the loading/unloading of buses, shuttles, and taxis and will relieve congestion at peak times in front of the cruise terminals.

Southport

Crushed Rock (Aggregate) Facility. This facility is envisioned to meet a portion of Florida's needs for crushed rock (aggregate) with supplies from off-shore locations. The berth for aggregate vessels will be located on the north side of the turning notch. Material will be transferred via an underground conveyance, crossing McIntosh Road and continuing west of the ICTF tracks to the facility. This project was modified from the 2009 Plan by relocating the previously designated aggregate storage operations to the south to avoid impacts to the ICTF. The new aggregate storage parcel is approximately 20 acres and is located west of the southern half of the ICTF.

One Super Post-Panamax Crane. An additional 120-foot-gauge gantry crane will be added to Southport to serve larger vessels. This addition will provide a total of 12 gantry cranes at Southport (five super post-Panamax cranes plus seven existing low-profile cranes).

Figure ES-29 shows the final 20-Year Vision Plan.



LEGEND

[Symbol]	CONVENTION CENTER	38.8 ACRES	[Symbol]	PROTECTED ENVIRONMENTAL AREA	108.85 ACRES
[Symbol]	CRUISE MNA	108.28 ACRES	[Symbol]	PORT JURISDICTION BOUNDARY	
[Symbol]	LIQUID BULK / PETROLEUM	314.84 ACRES	[Symbol]	CRUISE WHARF/BERTH	47,987 LF
[Symbol]	COMMERCIAL	39.87 ACRES	[Symbol]	SHARPEY CONTAINER/CRANE BERTH	44,134 LF
[Symbol]	WHARF BULK	10.12 ACRES	[Symbol]	MUSIC CONTAINER WHARF/BERTH	46,270 LF
[Symbol]	CONTAINER MNA	340.86 ACRES	[Symbol]	CRUISE TERMINAL/BUILDING	
[Symbol]	FLORIDA POWER AND LIGHT	34.85 ACRES	[Symbol]	PARKING	
[Symbol]	FERRY/DAY BULK	43.18 ACRES	[Symbol]	FLY/LOADY /BERTH	
[Symbol]	WAREHOUSE AREA	21.87 ACRES	[Symbol]	PORT SECURITY GATE	
[Symbol]	OFFICE AREA	23.83 ACRES	[Symbol]	DRAG END	
[Symbol]	FTZ	10.28 ACRES	[Symbol]	AGGREGATE CONVEYOR	
[Symbol]	US CUSTOMS & BORDER PROTECTION	8.87 ACRES	[Symbol]	PRIMARY ACCESS ROAD	
[Symbol]	BPOC AREA	8.77 ACRES	[Symbol]	RAIL LINE	
[Symbol]	RAIL YARD	42.23 ACRES	[Symbol]		

KEYNOTES

[Symbol]	EXISTING PORT ADMIN OFFICE	[Symbol]	FUTURE DRY STORAGE WAREHOUSE/SPILL SITE	[Symbol]	EXISTING PPL POWER LINE CASSEMENT
[Symbol]	FLORIDA DEPT. OF AGRICULTURE	[Symbol]	EXISTING POND PILE	[Symbol]	FUTURE BETHA CRIMP CONSERVATION AREA
[Symbol]	FLORIDA FISH AND WILDLIFE COMMISSION FACILITY	[Symbol]	EXISTING WHARF FOR BAVARIA CRANE AND CRUISE	[Symbol]	NOT USED
[Symbol]	EXISTING OFFICES AND WAREHOUSES	[Symbol]	NOT USED	[Symbol]	SUPER POST PANAMA CONTAINER VESSEL (1,387' LOA X 107' BEAM, 880 TON)
[Symbol]	PRIVATE DEVELOPER	[Symbol]	WAREHOUSE TRACK	[Symbol]	CEMENT 4-HOLD VESSEL (887' LOA X 67' BEAM)
[Symbol]	CLIENT PROPERTY	[Symbol]	PROPOSED ARRIVAL/DEPARTURE & STORAGE TRACKS LOCATED OFF-PORT (8,300' INTERMODAL CONTAINER TRAIN & 7,200' AGGREGATE TRAIN)	[Symbol]	PANAMA TANKER PETROLIUM VESSEL (287' LOA X 109' BEAM)
[Symbol]	POTENTIAL FOR DEVELOPMENT	[Symbol]	EXISTING WAREHOUSE BAY ALIGNMENT	[Symbol]	CONTAINER RORO VESSEL (887' LOA X 86' BEAM)
[Symbol]	EXISTING BLD CLUSTER	[Symbol]	EXISTING WHARF WITH ONE SP GAGE CRANE AND ONE WORLD HARBOR CRANE (CRUISE/CONTAINER)	[Symbol]	EXISTING BLP 1 (887' X 1,287) PHASE 1 (887' X 1,287)
[Symbol]	SHARPEY WHARF WITH ONE SP GAGE CRANE AND ONE WORLD HARBOR CRANE (CRUISE/CONTAINER)	[Symbol]	EXISTING BLP 2 (887' X 1,180) PHASE 1 (887' X 1,180)	[Symbol]	EXISTING BLP 3 (887' X 1,287) PHASE 1 (887' X 1,287)
[Symbol]	EXISTING BLP 3 (887' X 1,287) PHASE 1 (887' X 1,287)	[Symbol]	EXISTING BLP 4 (887' X 1,180) PHASE 1 (887' X 1,180)	[Symbol]	CRUISE VESSEL (887' LOA X 119' BEAM)
[Symbol]	EXISTING BLP 5 (887' X 1,180) PHASE 1 (887' X 1,180)	[Symbol]	WORLD HARBOR CRANE	[Symbol]	PIR (DISCHARGE CANAL (RESTRICTED AREA MINUTE PROTECTION ZONE))
[Symbol]	1,730' DIAMETER TURNING BASIN FOR 1,187' LOA VESSEL	[Symbol]	CONVENTION CENTER AREA	[Symbol]	EXPANDED TURNING NOTCH (887' X 2,400)
[Symbol]	RADIATION PORTAL MONITORS	[Symbol]		[Symbol]	SUB-PANAMA CONTAINER VESSEL (887' LOA X 86' BEAM)

Scale	1" = 100'
North Arrow	
Revision	

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**PORT EVERGLADES
20-YEAR VISION PLAN
YEARS 2024-2033**

20-Year Vision Plan Cost Estimates. Reasonable order-of-magnitude cost estimates are provided in Table ES-6 for each project included in the 20-Year Vision Plan. For projects that were also identified in the 2009 Plan, cost estimates have been updated to reflect 2014 conditions; for new projects in the 2009 Plan, new cost estimates were prepared. Cost estimate details are provided in Appendix H.

Table ES-6
20-YEAR VISION PLAN PROJECT COST ESTIMATE
(In millions 2014\$)

20-Year Vision Plan: 2020-2023		
Port Area	Project	Cost
Northport	Berths 1A, 1B, 1C, and 1D New Bulkheads	\$9.90
	Slip 2 New Bulkheads and Widening (Berths 4, 5, 6)	\$50.10
	Slip 3 New Bulkheads and Widening- Phase 3 (Berths 11, 12, 13)	\$84.30
Midport	Berth 19, 20 New Bulkheads	\$17.00
	Multimodal Facility-Phase 2	\$112.40
	Berth 23 New Bulkhead	\$3.70
	Berths 24 and 25 New Bulkheads	\$12.40
	Berths 26 and 27 New Bulkheads	\$20.70
Southport	Crushed Rock (Aggregate Facility) (Public-Private Partnership)	\$61.80
	Super Post Panamax Cranes (1)	\$15.00
TOTAL		\$387.30

Element 6: Plan Implementation

This element discusses implementation of the 2014 Plan, presents the Port's 5-Year CIP, summarizes the estimated costs of the Port's complete 20-year development program, and provides an affordability analysis for the 5-Year Master Plan and 10-Year Vision Plan.

As required by Chapter 163, Florida Statutes, port master plans must include an assessment of plan impacts on vehicular traffic, the natural environment, and other resources. Summarized below, are some of the traffic and environmental impacts that will result from the development program as well as certain traffic and circulation issues that need study.

Traffic Impacts. Several major projects that have either been completed or are schedule for completion in 2014 or 2015 will have a positive impact in and around the Port. These include:

- The FEC ICTF.
- The Eller Drive overpass.
- McIntosh Road realignment.
- Port and Convention Center security improvement.

When completed later in 2014, the ICTF and the Eller Drive overpass will facilitate the use of rail to reduce traffic at the Port. As an essential complement to the ICTF, the Eller Drive overpass provides a grade separation for freight rail at the main access roadway to Port Everglades and eliminates a potential blockage on Eller Drive and the associated delay of truck, bus, taxi, and passenger car movements in and out of the Port. In 2033, container operations are expected to avoid more than 222,000 truck trips and bulk operations are expected to avoid an estimated 300,000 truck trips to and from the Port.

The realignment of McIntosh Road, which was completed in March 2014, was intended to speed the flow of trucks moving in and out of the Southport container terminals. Reduced queuing times and less congestion have resulted from this improvement project. When the Southport (McIntosh Road) gate lane addition is implemented, the northbound flow of exiting traffic from Southport will be increased, while the southbound flow of traffic entering Southport is maintained at an adequate level-of-service.

Other traffic and circulation improvements that will result from Plan implementation include:

- Relocating the existing security gate on Eisenhower Drive further to the south will significantly reduce non-Port traffic queuing at that gate.
- Carving out the Broward County Convention Center from the Port's secured area will significantly reduce the existing traffic that flows through the Port to and from the Convention Center.
- Entering buses into a centralized intermodal facility at 19th Avenue, west of East Eller Drive, will reduce traffic on that roadway segment.
- Developing the first phase of the cruise passenger multimodal center at Midport, programmed in the 10-Year Vision Plan, and the second phase, to be developed in

the 20-Year Vision Plan, will have positive cumulative effects on the circulation of cruise-related vehicles, including buses, shuttles, and taxis as well as baggage trucks from FLL and provision trucks.

- Developing the crushed rock (aggregate) facility, programmed in the 20-Year Vision Plan, will allow some of Florida's needs for this commodity to be fulfilled without generating additional truck trips. Since the rock will leave the Port by rail, the import of this commodity will not generate additional truck trips. The facility will transport 4 million tons of crushed rock by rail, rather than using the 200,000 trucks that would otherwise be needed. The use of rail, therefore, will eliminate 400,000 truck trips to/from the Port and the regional roadway system.

Other areas of traffic impact to be considered include a way-finding program, petroleum truck staging, taxi staging, the traffic circulation needs of all the vehicles servicing the Midport cruise terminals, and final access to the 9a and 9b container yards and the relocated Foreign-Trade Zone.

Environmental Impacts. In addition to mitigating potential environmental impacts, the projects in the 2014 Plan encourage environmental improvements due to the nature of the respective projects. Examples are:

- When completed, the mitigation program for the Southport turning notch extension will create 16.5 acres of mangrove wetland within uplands adjacent to the Southport turning notch to replace the 8.7-acre easement being released. In addition, mitigation credits will be allocated from the West Lake Park comprehensive restoration project, to offset impacts associated with the turning notch extension.
- Expanding the three slips at Northport and reducing the widths of the existing Piers 1 and 2, will remove a portion of the petroleum contamination currently contained within the Pier bulkheads. Any remaining product will be contained within new bulkheads with greater lifespan and durability.
- Widening the navigation channels with environmentally friendly bulkheads, that is, bulkheads that do not penetrate the water surface, wherever possible, will allow tidal flows to be maintained at the shoreline and critical habitat areas.
- Reducing traffic congestion and trip generation, as described in the preceding narrative, will reduce air emissions throughout the Port and the region.
- Changes to the Port's lighting configuration are helping protect sea turtles during their nesting season.
- Importing crushed rock (aggregate) will reduce the existing environmental issues with the present quarries in Florida. The new facility at Port Everglades will be enclosed for dust containment and not generate any air pollutants from the rock.

Plan Costs and Funding

Decision-Matrix Evaluation Summary

As discussed in the Element 4 section of this document, the project decision-matrix was used to evaluate the new and modified projects considered for inclusion in the 2014 Plan, whether in the 5-Year Master Plan and resulting capital improvement program (CIP) or in the 10-Year and 20-Year Vision Plans. The 5-Year CIP has been developed with Port staff and represents a program that is capable of being implemented within the established time frame. Projects in the 5-Year CIP were selected because of their qualifications as “sustainable” and “value-added.” “Value-added” means the projects provide added value to the Port. “Sustainable” refers to the projects’ contribution to social (i.e., economic impacts identified in the Plan) and environmental factors in addition to the traditional return on investment dollars.

Table ES-7, on the next page, summarizes how the decision-matrix evaluated each of the nine new or modified projects proposed for inclusion in either the 5-year Master Plan and CIP or the 10-Year Vision Plan. Each of the six metrics is reported as high (H), medium (M), or low (L). , Detailed information on the costs for these nine projects is provided in Appendices H and I; ROI data are provided in Appendix J.

5-Year Capital Improvement Program

The 5-Year Master Plan identifies the infrastructure the Port needs to meet the 5-year projected market demand and the locations of the respective infrastructure components. This infrastructure has been further translated into specific construction projects with project costs and the years in which each project is needed. The project costs for design/inspection services and construction have then been scheduled for one of the five fiscal years, 2015 through 2019, in the CIP.

The 5-Year CIP lists the project costs in three categories; namely:

- General Infrastructure.
- Master Plan Projects.
- Other Port Capital Improvements (Maintenance, Renewal, and Replacement).

The General Infrastructure and Other Port Capital Improvements (Maintenance, Renewal, and Replacement) categories consist of limited scope projects of a maintenance and infrastructure renewal nature. The Master Plan Projects category includes the projects that have been identified by this master planning program and are needed to meet the projected market demands. These include the USACE Dredging Project, which consists of projects that support recommendations from the USACE deepening and widening program.

The cost of the Master Plan projects in the CIP (\$435.62 million) is not the same as the total cost of the projects identified in the 5-Year Master Plan in Element 5 (\$470.20 million) because of differences in how projects are built into the CIP. Element 5 includes the full cost of a project, regardless of whether 1) partial funding was allocated for it in a prior CIP, 2) other parties such as the federal government or the state might share in the cost; or 3) the project’s costs might extend over years beyond those covered by the CIP.

**Table ES-7
DECISION MATRIX: MASTER PLAN PROJECTS BY PHASE**

Project	Year	Competitiveness		Economics		Stewardship	
		Capacity	Operational Flexibility	Port ROI	Regional Economic Benefits	Asset Preservation	Environmental Preservation
Petroleum Slip Expansion	5-year CIP	M	H	H	H	H	M
Neo-Bulk Storage Yard	5-year CIP	H	M	H	L	M	H
Cruise Terminal 25 Improvements/Expansion	5-year CIP	M	H	L	M	H	H
Southport Turning Notch Extension	5-year CIP	H	H	H	H	H	M
Southport Phase 9B Container Yard	5-year CIP	H	M	H	L	M	H
Southport Gate Lane Addition	5-year CIP	M	H	*	L	M	H
Cruise Terminal 29 Improvements/Expansion	10 year Vision Plan	M	H	L	L	H	H
Tracor Basin Fill	10 year Vision Plan	H	H	L	M	M	M
Berth 33 Reconfiguration	10 year Vision Plan	M	H	M	M	M	H

* The Southport Gate Lane Addition offers important operational flexibility to the Port, but does not generate revenue; directly, as a result, a financial ROI cannot be calculated.

Table ES-8 summarizes how the project costs have been allocated across the years. Over the five-year period, the project costs in each of the three categories are:

- General Infrastructure \$ 17.950 million.
- Master Plan Projects \$435.617 million.
- Other Port Capital Improvements \$158.403 million.

The total CIP cost over the five fiscal years is \$634.950 million (including reserves).

Table ES-8
5-YEAR CAPITAL IMPROVEMENT PROGRAM SUMMARY
(In 2014 \$millions)

FY 2015 to 2019, 5-Year Capital Improvement Program						
	FY15	FY16	FY17	FY18	FY19	Total
General Infrastructure	5.250	5.050	2.550	2.550	2.550	17.950
Master Plan Projects	104.477	102.710	102.340	17.350	108.740	435.617
Other Port Capital Improvements	67.086	33.083	32.201	15.503	10.529	158.403
Reserves	3.000	3.000	3.000	10.981	3.568	22.981
Total	179.813	143.843	140.091	46.383	125.387	634.950
Private Investment	27.000	27.000				54.000

The CIP also identifies the following six project funding sources.

- **State Grants:** anticipated grants that have not been secured for expenditure within the five-year period.
- **Interest Income:** interest earned by the Port on reserves and other funds and accounts over the course of the year.
- **Bond Proceeds/Interim Financing:** the amount of the CIP that is currently unfunded and not funded through anticipated grants, but may be available through the potential issuance of debt.
- **Internal Funding:** (transfer from operating fund): net revenue from existing Port operations, plus net revenue from Port operations as a result of new projects constructed in the five-year period, plus reallocated funds from previous projects.
- **Fund Balance (previous internal funding):** funds remaining at the end of a fiscal year which are carried over to support the budget at the end of the next fiscal year.
- **Private Investment:** the estimated participation in the cost of infrastructure improvements by tenants /stakeholders. This cost has been added to the CIP since these private investment projects add value to the Port's infrastructure base and become a base for the Port to derive net revenue.

The projected amounts, over the five-year period, for each of the six funding sources are:

▪ State Grants	\$119.4 million.
▪ Interest Income	\$ 0.4 million.
▪ Bond Proceeds/Interim Financing	\$275.0 million.
▪ Transfer from Operating Fund	\$211.4 million.
▪ Fund Balance	\$ 35.2 million
▪ Private Investment	\$ 54.0 million.

The first five funding sources total \$635.518 million in public funds. In addition \$54.0 million in private funds is anticipated over the fiscal period. Together this funding is slightly more than the total of the 5-year CIP, as summarized in Table ES-9.

Table ES-9
FUNDING SOURCES OF 5-YEAR CAPITAL IMPROVEMENT PLAN
(In 2014 \$millions)

FY 2015 to 2019, 5-Year Capital Improvement Plan						
REVENUES	FY15	FY16	FY17	FY18	FY19	Total
State Grants	16.568	29.562	35.562	2.000	35.750	119.442
Interest Income	0.400	-	-	-	-	0.400
Less 5%*	(0.848)	(1.378)	(1.878)	(0.100)	(1.738)	(5.942)
Bond Proceeds/Interim Financing	78.330	86.670	61.664	-	48.336	275.000
Transfer from Operating Fund	50.133	28.989	44.743	44.483	43.039	211.388
Fund Balance	35.231	-	-	-	-	35.231
Total Public	179.813	143.843	140.091	46.383	125.387	635.518
Private Investment	27.000	27.000				54.000

*Under State statute, revenues are budgeted at 95 percent of anticipated receipts.

Comparison of 2014 and 2009 Plan Costs

It is anticipated that the Port's 20-Year Vision Development Program, at full build-out over the 20-year planning horizon, if warranted by market demand, will have an order-of-magnitude cost of approximately \$1.6 billion, as summarized in Table ES-10, \$137 million more than the 2009 20-Year Vision Development Program. Overall, the anticipated expenditures are higher in the first 10 years of the current plan, compared with the prior plan. This reflects the Port's need to repair and recapitalize a number of bulkheads that have reached the end of their useful life as well as expenditures for the USACE deepening and widening program.

**Table ES-10
COMPARISON OF 2014 AND 2009 PLAN COSTS**

Plan Time Frame	Costs	
	2014 Plan (In 2014\$ millions)	2009 Plan (In 2011\$ millions)
5-Year Master Plan	\$470.20	\$453.08
10-Year Vision Plan	\$741.01	\$547.22
20-Year Vision Plan	\$387.41	\$461.00
Total	\$1,598.62	\$1,461.30

The Port's Development Program, including the 5-Year Master Plan and the 10- and 20-Year Vision Plans is, however, a road map laid out to achieve the market demand projected at the time this 2014 Plan was prepared. The global marketplace and the maritime community's competitive response to that marketplace is constantly evolving. Thus, this Plan is presented as a flexible document, requiring periodic re-examination and re-evaluation of the parameters that affect the Port's development. Future projects need to provide the infrastructure necessary to serve the re-evaluated market assessment and Go/No Go decisions should be made through the strategic decision-making process defined in this planning program to achieve the economic goals of Broward County and its dynamic Port.

Affordability Analysis

The Port Everglades Department conducted a planning and financial "affordability" analysis to determine the potential mechanisms to finance the projected 5-Year Master Plan and 10-Year Vision Plan projects from FY 2015 through 2024. The purpose of the analysis was to provide an informed estimate of the potential financial impact of implementing these projects through the 10-year planning horizon. This is necessary to demonstrate that the Port can 1) meet the requirements of existing bond covenants from past investments that were financed in part through debt, and 2) maintain existing operations while undertaking these new investments. To obtain this estimate, a comprehensive analysis was performed to determine potential revenues and expenses over the 10-year period; net income was then compared with the potential debt the Port would have to carry forward to finance the projects.

- **Future Revenue Calculations.** Future revenues comprise three sources: anticipated revenues from the Port's ongoing businesses and revenues generated from new projects as they come online, supplemented by capital grants. To calculate future revenues from ongoing businesses, the Port started with the FY 2013 actuals collected from the various revenue centers. An annual 2.5 percent tariff increase was assumed to calculate total future revenues for each year. Revenue from new projects utilized projections on how each new project would come online, adding volumes gradually over time. The market forecasts were utilized as a check to ensure that the sum of existing

and new project volumes in a business line did not exceed the projected market total for the Port.

- **Future Expense Calculations.** To calculate future expenses, Port staff applied a ratio of operating expenses as a percentage of revenues. The calculated revenues minus the expenses provided the net operating income necessary to meet minimum requirements of existing debt service as well as meet additional bond tests.
- **Debt Service Estimates.** New debt service was estimated in consultation with the Port's Finance Division; it is sized and structured to reflect the pattern of expenditures, repayment of past debt, maintenance of required reserves, and the need to maintain coverage ratios. Port bond covenants require minimum coverage ratios of 110 percent and 125 percent of operating income divided by annual debt service requirements.

The detailed affordability analysis worksheet is provided in Appendix K.

Tables ES-11 and ES-12 summarize the results of the analysis for projected bond covenant debt coverage in FY 2015 to FY 2019 and FY 2020 to FY 2024, respectively. The analysis calculated the debt service coverage based on existing and new bond debt that would be required to fund the combined total of ongoing investments to maintain the Port, Master/Vision Plan projects and the USACE channel deepening and widening program, assuming the Port's share of the program is being funded as debt service by the Port. **The results show the bond covenant debt service coverage test requirements met and exceeded the required 110 percent and 125 percent tests for FY 2015 through FY 2024.**

**Table ES-11
PROJECTED DEBT SERVICE COVERAGE
(FY 2015 – 2019)
(In \$ thousands)**

	FY2015	FY2016	FY2017	FY2018	FY2019
Revenues	\$149,362	\$154,046	\$160,672	\$177,157	\$195,863
Expenses	80,760	83,183	85,678	93,478	102,552
Net amount available for debt service	69,602	71,863	75,993	84,679	94,311
Existing Senior Lien Debt Service	28,758	28,762	19,225	19,230	19,235
New Senior Lien Debt Service		-	10,984	14,682	18,379
Subtotal Senior Lien Debt Service	28,758	28,762	30,209	33,912	37,614
Subordinate Lien Debt Service	3,304	3,298	3,305	3,304	3,305
Total Debt Service	\$32,062	\$32,060	\$33,514	\$37,215	\$40,919
Test (125%)	2.42	2.50	2.52	2.50	2.51
Test (110%)	2.17	2.24	2.27	2.28	2.30

**Table ES-12
PROJECTED DEBT SERVICE COVERAGE WITH USACE DEEPENING AND WIDENING
(2020 – 2024)
(In \$thousands)**

	FY2020	FY2021	FY2022	FY2023	FY2024
Revenues	\$217,928	\$243,645	\$272,617	\$305,312	\$341,864
Expenses	113,733	126,937	142,052	159,340	178,913
Net amount available for debt service	105,196	117,708	131,565	146,972	163,952
Existing Senior Lien Debt Service	19,230	19,229	19,231	19,229	19,231
New Senior Lien Debt Service	31,078	43,777	43,777	43,777	43,777
Subtotal Senior Lien Debt Service	50,308	63,006	63,008	63,007	63,008
Subordinate Lien Debt Service	3,302	3,307	3,303	3,306	3,305
Total Debt Service	\$53,611	\$66,313	\$66,313	\$66,314	\$66,314
Test (125%)	2.09	1.87	2.09	2.33	2.60
Test (110%)	1.96	1.78	1.98	2.22	2.47

APPENDIX D

**ORIGINAL TRUST INDENTURE
AND FIRST SUPPLEMENTAL TRUST INDENTURE**

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TRUST INDENTURE

From

BROWARD COUNTY, FLORIDA

To

THE BANK OF NEW YORK, as Trustee

Dated as of May 1, 1998

Securing

BROWARD COUNTY, FLORIDA
SUBORDINATE PORT FACILITIES REFUNDING REVENUE BONDS

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TRUST INDENTURE

This TRUST INDENTURE is dated as of May 1, 1998 (as the same may be amended or supplemented from time to time, this "Indenture"), and is from BROWARD COUNTY, FLORIDA, a political subdivision of the State of Florida (the "County") to THE BANK OF NEW YORK, a New York banking corporation, as trustee (together with any successor permitted under this Indenture, the "Trustee").

WITNESSETH:

WHEREAS, pursuant to Chapter 91-346, Laws of Florida, Chapter 94-429, Laws of Florida, and the approval by the voters of Broward County, Florida, in a referendum held on March 10, 1992, the Port Everglades District (the "District") and the Port Everglades Authority (the "Authority") were dissolved and all powers, duties, responsibilities, obligations and functions of the District and the Authority were transferred to be performed by the County and the County assumed, subject to their terms, all indebtedness of the District and the Authority; and

WHEREAS, the County now operates the Port Facilities (as hereinafter defined) through the County's Port Everglades Department (the "Department"); and

WHEREAS, under the provisions of Resolution No. 24-1989, adopted by the Authority on July 20, 1989, as supplemented and amended by Resolution No. 26-1989, adopted by the Authority on August 10, 1989, Resolution No. 21-1990, adopted by the Authority on December 6, 1990 and Resolution No. 1998-375, adopted by the County on May 5, 1998 but which became effective on June 4, 1998 (collectively, as further supplemented and amended from time to time, the "Senior Bond Resolution"), there have been issued (i) \$117,454,948 Port Everglades Authority Port Facilities Refunding Revenue Bonds, Series 1989-A, of which \$113,378,743.07 (including accreted value) are currently outstanding, (ii) \$13,195,000 Broward County, Florida Port Facilities Refunding Revenue Bonds, Taxable Series 1998A, all of which are currently outstanding, (iii) \$80,440,000 Broward County, Florida Port Facilities Refunding Revenue Bonds, Series 1998B, all of which are currently outstanding, and (iv) \$72,440,000 Broward County, Florida Port Facilities Revenue Bonds, Series 1998C, all of which are currently outstanding (collectively, together with additional bonds issued under the provisions of the Senior Bond Resolution from time to time, the "Senior Bonds"); and

WHEREAS, on October 24, 1997, the County issued its \$45,000,000 promissory note to Port Property Associates, L.P. (the "Promissory Note"), to fund the cost of acquiring a certain parcel of real property which constitutes part of the Port Facilities; and

WHEREAS, on March 30, 1998, the County issued its \$40,000,000 Sales Tax Revenue Commercial Paper Notes, Series B (the "1998 Commercial Paper Notes"), all of which are currently outstanding, to prepay, together a temporary advance made by the County in anticipation of permanent financing in the amount of \$5,000,000 (the "County Advance"), the Promissory Note; and

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EXHIBIT B - NOTICE OF OPTIONAL TENDER

EXHIBIT C - NOTICE OF ALTERNATE CREDIT OR LIQUIDITY FACILITY

WHEREAS, pursuant to the Constitution and laws of the State of Florida, including without limitation, Chapter 125, Florida Statutes, Chapter 166, Florida Statutes, Chapter 315, Florida Statutes, each as amended, and the County's home rule charter (collectively, the "Act"), the County is authorized to issue its revenue bonds to refund and defease all of the 1998 Commercial Paper Notes; and

WHEREAS, Section 7.11 of the Senior Bond Resolution permits the issuance of obligations payable in whole or in part from the Net Revenue (as hereinafter defined) which, by their terms, are subordinated to the lien on Net Revenue in favor of all Senior Bonds theretofore and thereafter issued under the provisions of the Senior Bond Resolution; and

WHEREAS, the County has determined to issue its Subordinate Port Facilities Refunding Revenue Bonds, Series 1998, in an aggregate principal amount of \$49,000,000 (the "Series 1998 Bonds") under the provisions of this Indenture, for the purpose of providing funds to (i) refund and defease all of the 1998 Commercial Paper Notes, (ii) repay \$4,762,815.85 of the County Advance, (iii) fund a deposit to the Debt Service Reserve Fund (as hereinafter defined) and (iv) pay certain costs of issuance and expenses relating to the Series 1998 Bonds; and

WHEREAS, all things necessary to make the Series 1998 Bonds, when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal obligations of the County according to the import thereof, and to constitute this Indenture a valid pledge of and grant of a lien on the Trust Estate (as hereinafter defined), subject to the provisions of this Indenture, to secure the payment of the principal of, premium, if any, and interest on the Bonds (as hereinafter defined) have been done and performed, in due form and time, as required by law; and

WHEREAS, the execution and delivery of this Indenture and the execution and issuance of the Series 1998 Bonds, subject to the terms hereof, have in all respects been duly authorized by the County;

GRANTING CLAUSES

Now, Therefore, This Indenture Witnesseth:

That in order to secure the payment of the principal of, premium, if any, and interest on all Bonds issued and to be issued under this Indenture, according to the import thereof, and to reimburse any Credit Provider and Liquidity Provider and any Reserve Facility Provider (each as hereinafter defined) for amounts owed to them under any Credit Facility, Liquidity Facility or Reserve Facility (each as hereinafter defined), respectively, but subject to the limitations set forth herein, and the performance and observance of each and every covenant and condition contained herein and in the Bonds, and for and in consideration of the premises and of the acceptance by the Trustee of the trusts hereby created, and of the purchase and acceptance of the Bonds by the respective Owners (as hereinafter defined) thereof, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, and for the purpose of fixing and declaring the terms and conditions upon which the Bonds shall be issued,

authenticated, delivered, secured and accepted by all Persons (as hereinafter defined) who shall from time to time be or become Owners thereof, the County does hereby assign, pledge and grant a lien upon and a security interest in all of its right, title and interest in and to the following described property, rights and interests (collectively, the "Trust Estate") to the Trustee and its successors in trust and assigns, to the extent provided in this Indenture:

(a) the Pledged Revenue (as hereinafter defined);

(b) all Funds, Accounts and Subaccounts (each as hereinafter defined) established pursuant to this Indenture, other than the Administrative Fund and the Rebate Fund (each as hereinafter defined), and all moneys and securities and earnings in such Funds, Accounts and Subaccounts; and

(c) Any and all other contracts, instruments, moneys, revenues or sources of revenues, securities and property furnished from time to time to the Trustee by the County or on behalf of the County or by any other Persons to be held by the Trustee as part of the Trust Estate under the terms of this Indenture;

But in trust nevertheless, for the equal and proportionate benefit and security of the Bonds issued and to be issued hereunder and secured by this Indenture, including any Bonds hereafter issued, without preference, priority or distinction as to participation in the lien, benefit and protection hereof of any one Bond over any other or from the others by reason of priority in the issue or negotiation thereof or by reason of the date or dates of maturity thereof, or for any other reason whatsoever (except as expressly provided in this Indenture), so that each and all of the Bonds shall have the same right, lien and privilege under this Indenture and shall be equally secured hereby, with the same effect as if the same had all been made, issued and negotiated upon the delivery hereof (all except as expressly provided in this Indenture);

Provided, however, that prior to the occurrence of an Event of Default (as hereinafter defined) the lien on and pledge of the Trust Estate conferred by this Indenture in favor of the Trustee shall be subject in all respects to the provisions of this Indenture that require the application of Pledged Revenue or other moneys to the Funds created under this Indenture, including in each case any Account or Subaccount established therein, prior to the application of such Pledged Revenue or other moneys for the payment of the principal or redemption price of and the interest on the Bonds. No Owner of any Bond has the right to compel any exercise of the taxing power of any unit of government to pay the principal or Redemption Price of the Bonds or the interest thereon.

Notwithstanding the foregoing provisions of these Granting Clauses:

(i) moneys in and investments of the Administrative Fund shall not be pledged to the payment of the Bonds and shall be applied solely to the payment of Administrative Expenses or as may otherwise be provided in this Indenture;

(ii) moneys in and investments of the Rebate Fund shall not be pledged to the payment of the Bonds and shall be applied solely to the payment of rebate amounts due to the United

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ARTICLE I DEFINITIONS

SECTION 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall for all purposes hereof and of any amendment hereof or supplement hereto and of the Bonds and of any certificate, opinion, request or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

"Account" shall mean any account created and maintained pursuant to this Indenture.

"Accountant" shall mean the independent certified public accountants or firm of independent certified public accountants retained by the County under the provisions of Section 7.05 to perform and carry out the duties imposed on the Accountant by this Indenture.

"Accreted Value" shall mean, as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Capital Appreciation Bond at its initial offering plus the interest accrued on such Capital Appreciation Bond from the date of delivery to the original purchasers thereof to the Compounding Date next preceding the date of computation or the date of computation if a Compounding Date plus, with respect to matters related to the payment upon redemption or acceleration of the Capital Appreciation Bond, if such date of computation shall not be a Compounding Date, a portion of the difference between the Accreted Value as of the immediately preceding Compounding Date (or the date of original issuance if the date of computation is prior to the first Compounding Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Compounding Date, calculated based on the assumption that Accreted Value accrues during any period in equal daily amounts on the basis of a year of 360 days consisting of twelve months of 30 days each. Interest shall accrue on any Capital Appreciation Bond and be compounded periodically at such rate and at such times as provided for in any Supplemental Indenture relating to said Capital Appreciation Bond.

"Act" shall have the meaning ascribed to it in the recitals to this Indenture.

"Additional Senior Bonds" shall mean Senior Bonds hereinafter issued under Section 2.07 of the Senior Bond Resolution.

"Administrative Expenses" shall mean any administrative expenses required to be paid under the provisions of this Indenture and which are not payable as Operating Expenses under the Senior Bond Resolution, including, without limitation, fees and expenses due the Fiduciaries, the Tender Agent and the Remarketing Agent, fees and expenses due with respect to any Credit Facility, Liquidity Facility and Reserve Facility and payments required under Section 7.14 of this Indenture, as such expenses are determined to have been incurred in accordance with the method of accounting used in the preparation of the annual financial statements of the County including, to the extent so determined, expenses not annually recurring, but excluding: (i) any allowance for depreciation; and (ii) any deposits or transfers to the credit of the Funds, Accounts

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States of America with respect to Bonds or payments in lieu thereof or as otherwise provided in this Indenture; and

(iii) upon the occurrence of an Event of Default (as hereinafter defined) the Trustee shall have a first lien on amounts held pursuant to Section 9.04.

Provided Further, however, that these presents are upon the condition that, if the County, or its successors, shall well and truly pay or cause to be paid, or provide for the payment of all principal, premium, if any, and interest on the Bonds due or to become due thereon, at the times and in the manner stipulated therein and herein, then this Indenture and the rights hereby granted shall cease, terminate and be void, but shall otherwise be and remain in full force;

And it is hereby covenanted and agreed by and among the County, the Trustee and the Owners from time to time of the Bonds, that the terms and conditions upon which the Bonds are to be issued, authenticated, delivered, secured and accepted by all Persons who shall from time to time be or become the Owners thereof, and the trusts and conditions upon which the moneys and securities hereby pledged are to be held and disposed of, which trusts and conditions the Trustee hereby accepts, are as follows:

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or Subaccounts; provided, however, that to the extent such Administrative Expenses relate, all or in part, to a future period of time they shall be prospectively determined by reference to the Annual Budget.

"Administrative Fund" shall mean the Fund of that name created and maintained pursuant to Section 5.04.

"Alternate Credit Facility" shall mean a Credit Facility provided pursuant to the terms of Section 13.03.

"Alternate Credit Facility Date" shall have the meaning ascribed to it in Section 13.03.

"Alternate Liquidity Facility" shall mean a Liquidity Facility provided pursuant to the terms of Section 13.06.

"Alternate Liquidity Facility Date" shall have the meaning ascribed to it in Section 13.06.

"Amortization Requirements" shall mean the money required to be deposited in the Sinking Fund for the purpose of the mandatory redemption or payment at maturity of any Term Bonds issued pursuant to this Indenture, the specific amounts and times of such deposits to be as provided in Section 3.01 with respect to the Series 1998 Bonds and to be determined in the Supplemental Indenture authorizing the issuance of Term Bonds of any other Series.

"Annual Budget" shall mean the annual budget, as amended or supplemented, adopted or in effect for a particular Fiscal Year as provided in Section 5.03.

"Appreciated Value" shall mean, with respect to any Capital Appreciation and Income Bond: (a) as of any date of computation prior to the Interest Commencement Date, an amount equal to the principal amount thereof on the date of original issuance plus the interest accrued on such Bond from the date of original issuance of such Bond to the Compounding Date next preceding the date of computation or the date of computation if a Compounding Date, such interest to compound periodically at the times and at the rate provided in any Supplemental Indenture authorizing the issuance of said Bond, plus, if such date of computation shall not be a Compounding Date, a portion of the difference between the Appreciated Value as of the immediately preceding Compounding Date (or the date of original issuance if the date of computation is prior to the first Compounding Date succeeding the date of original issuance) and the Appreciated Value as of the immediately succeeding Compounding Date calculated based upon an assumption that Appreciated Value accrues during any period in equal daily amounts on the basis of a year of 360 days consisting of twelve months of 30 days each; and (b) as of any date of computation on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date.

"Authorized Denomination" means (a) in the case of the Series 1998 Bonds, (i) while the Series 1998 Bonds bear interest at a Daily, Weekly or Monthly Rates, \$100,000 and integral multiples of \$5,000 over \$100,000, and (ii) while the Series 1998 Bonds bear interest at a Quarterly, Semiannual, Extended or Fixed Rate, \$5,000 and integral multiples thereof, and (b)

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in the case of other Series of Bonds, such denominations as shall be authorized in the Supplemental Indenture authorizing the issuance of such Bonds.

"Authorized Officer" shall mean, when used with respect to the County, any of the Chair, the County Administrator, the Port Director, any Deputy Port Director and the Finance Director and any other officer of the County designated from time to time by resolution of the County.

"Average Annual Debt Service Requirement" shall mean, as of any date and with respect to a particular Series of Bonds, the arithmetic average of the Principal and Interest Requirements in the then current and each succeeding Bond Year.

"Average Rate" shall mean the rate determined by dividing the total amount of interest paid on all Variable Rate Bonds for a given period by the average principal amount of all Variable Rate Bonds Outstanding during that period.

"Board" shall mean the Board of County Commissioners of Broward County, Florida, or any successor in which the general legislative powers of the County shall be vested.

"Bond" or "Bonds" shall mean the Outstanding Series 1998 Bonds and Refunding Bonds.

"Bond Counsel" shall mean any firm of nationally recognized municipal bond attorneys selected by the County Attorney and ratified by the Board, including co-counsel to such firm, each of which shall be experienced in the issuance of municipal bonds and matters relating to the exclusion of the interest thereon from gross income for purposes of federal income taxation.

"Bond Registrar" shall mean the County or a bank or trust company, either within or without the State of Florida, designated as such by resolution of the County, which shall perform such functions as Bond Registrar as are required by this Indenture with respect to one or more Series of Bonds. Notwithstanding the preceding sentence, the Trustee shall be the initial Bond Registrar.

"Bond Year" shall mean the period commencing the first day of September in each year and ending the last day of August of the following year.

"Bondholder" (or "Owner") shall mean the registered owners of the Bonds as shown on the registration books of the Bond Registrar maintained pursuant to Section 2.04.

"Business Day" shall mean any day other than (i) Saturday or Sunday, (ii) a day on which the Trustee, any Credit Provider or any Liquidity Provider is lawfully closed, (iii) a day on which the federal reserve bank for the federal reserve district in which the Trustee or Tender Agent is located is closed; or (iv) a day on which the New York Stock Exchange is closed.

"Capital Appreciation Bonds" shall mean any Bonds as to which interest is compounded periodically on each Compounding Date and which are payable in an amount equal to the then current Accreted Value only at maturity, earlier redemption or other payment date therefor, all

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"Counterparty" shall mean the Person entering into a Hedge Agreement with the County.

"County" shall have the meaning ascribed to it in the introductory paragraph to this Indenture.

"County Administrator" shall mean the County Administrator and ex-officio Clerk of the Board or its designee or the Person succeeding to its principal functions.

"County Advance" shall have the meaning ascribed to it in the recitals to this Indenture.

"County Attorney" shall mean the County Attorney of the County, its designee or the Person succeeding to its principal functions.

"Credit Facility" shall mean the Initial Credit Facility and each and every other irrevocable letter of credit, policy of municipal bond insurance, surety bond, guaranty, purchase agreement, credit agreement or similar facility in which the entity providing such facility irrevocably agrees to provide funds to make payment of the principal of and interest on Bonds when due. The term "Credit Facility" shall also include an "Alternate Credit Facility."

"Credit Provider" shall mean the Initial Credit Provider and each and every other provider of a Credit Facility, if any, with respect to any Series of Bonds.

"Daily Rate" shall mean the interest rate determined for the Bonds for a Daily Rate Period pursuant to Section 2.06(c).

"Daily Rate Period" shall mean, while the Series 1998 Bonds bear interest at the Daily Rate, the period commencing on each Business Day to but excluding the following Business Day.

"Debt Service Reserve Fund" shall mean the Fund of that name created and maintained pursuant to Section 5.04.

"Debt Service Reserve Fund Deposit Requirement" shall mean an amount in each of the twelve successive months beginning with the month following any month in which any amount shall have been withdrawn from the Debt Service Reserve Fund (or drawn under a Reserve Facility) or a deficiency is determined to exist upon valuation of the Debt Service Reserve Fund pursuant to Section 6.02, equal to one-twelfth of the deficiency created by such withdrawal (or draw under a Reserve Facility) or resulting from such valuation until such deficiency is made up.

"Debt Service Reserve Fund Requirement" shall mean, as of any date of calculation, an amount equal to the least of: (i) the maximum Principal and Interest Requirements on the Bonds in the current or any future Bond Year; (ii) 125% of the Average Annual Debt Service Requirement for the Bonds; or (iii) 10% of the proceeds of the Bonds. The Debt Service Reserve Fund Requirement may be satisfied, in whole or in part, by the deposit of a Reserve Facility.

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as designated by any Supplemental Indenture authorizing the issuance of such Bonds and which may be either Serial Bonds or Term Bonds.

"Capital Appreciation and Income Bonds" shall mean any Bonds as to which accruing interest is not paid prior to the Interest Commencement Date specified in any Supplemental Indenture authorizing the issuance of such Bonds and with respect to which, until said Interest Commencement Date, the Appreciated Value is compounded periodically on each Compounding Date.

"Chair" shall mean the Chair of the Board, or in the absence of the Chair, the Vice Chair, or the person succeeding to its principal functions.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated thereunder.

"Composite Principal and Interest Requirements" shall mean, for any applicable period, the sum of the Senior Principal and Interest Requirements and Principal and Interest Requirements for such period.

"Compounding Date" shall mean, with respect to any Capital Appreciation Bond and Capital Appreciation and Income Bond, the dates on which interest shall compound, as specified in any Supplemental Indenture authorizing the issuance of such Bonds.

"Construction Fund" shall mean the fund of that name created and maintained pursuant to Section 4.01 of the Senior Bond Resolution.

"Consulting Engineers" shall mean the engineer or engineering firm at the time retained by the County pursuant to Section 7.05 to carry out and perform the duties imposed on the Consulting Engineers by this Indenture.

"Continuing Disclosure Agreement" shall mean the Continuing Disclosure Agreement dated as of May 1, 1998 with respect to the Series 1998 Bonds between the County and the Trustee.

"Conversion Date" means:

(a) When used with respect to a Fixed Rate, the date on which a Fixed Rate becomes effective pursuant to Section 2.06(n); and

(b) When used with respect to any particular Variable Rate Period, the date on which such Rate Period first becomes effective pursuant to Section 2.06.

"Convertible Bonds" shall mean Bonds issued under this Indenture which are convertible, at the option of the County, into a form of Bonds which are permitted by this Indenture other than the form of such Bonds at the time they were issued.

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"Department" shall have the meaning ascribed to it in the recitals to this Indenture.

"Depository" shall mean any bank, savings association or trust company duly authorized by law to engage in its business and to receive County funds and designated by an Authorized Officer as a depository of moneys under the provisions of this Indenture.

"Deposit Day" shall mean the day on or before the 27th day of each month (or such other day that may be designated in a Supplemental Indenture as a "Deposit Day" in respect of a Series of Bonds) on which day a withdrawal from the General Fund and a deposit to one or more Funds, Accounts or Subaccounts is required to accomplish the payments and transfers required by this Indenture.

"Direct Participant" shall mean a participant in the DTC Book-Entry Only System on whose DTC accounts ownership interests in securities are credited.

"DTC" means The Depository Trust Company, New York New York, and its successors and assigns.

"Eligible Funds" means:

(a) Bonds proceeds deposited with the Trustee contemporaneously with the issuance and sale of Bonds (other than proceeds of sale of Bonds to the County) and which were continuously thereafter subject to the lien of this Indenture in a separate and segregated fund, account or subaccount established hereunder in which no moneys which were not Eligible Funds were at any time held while such Bond proceeds were held therein, together with the investment earnings thereon;

(b) Moneys (i) held in any Fund, Account or Subaccount in which no other moneys which are not Eligible Funds are held, and (ii) which have been on deposit with the Trustee for at least 366 consecutive days during which period no Event of Bankruptcy shall have occurred, together with the investment earnings thereon;

(c) Proceeds of a drawing under the Credit Facility or the Liquidity Facility, and

(d) Proceeds from the issuance and sale of Refunding Bonds and any other moneys deposited with the Trustee if there is delivered to the Trustee at the time of the issuance and sale of such Refunding Bonds or the deposit of such other moneys with the Trustee a written opinion of nationally recognized bankruptcy counsel to the effect that payments with such proceeds or other moneys, as the case may be, of principal, premium, if any, or interest on the Bonds would not be avoidable transfers under the United States Bankruptcy Code should an Event of Bankruptcy hereafter occur.

"Escrow Agent" shall mean a bank or trust company, either within or without the State of Florida, having fiduciary powers and designated as Escrow Agent in an Escrow Deposit Agreement and performing such functions as are required by such Escrow Deposit Agreement.

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"Escrow Deposit Agreement" shall mean an Escrow Deposit Agreement, by and between the County and an Escrow Agent, pursuant to which cash and Escrow Securities will be held by the Escrow Agent to provide for payment, in whole or in part, of all or a portion of one or more specified Series of Bonds.

"Escrow Securities" shall mean direct obligations of (including obligations issued or held in book-entry form on the books of) the Department of the Treasury of the United States of America.

"Event of Bankruptcy" means the filing of a petition in bankruptcy or the commencement of a proceeding under the United States Bankruptcy Code pursuant to Section 301 thereof by the County.

"Event of Default" shall have the meaning ascribed to it in Section 9.02.

"Extended Rate" shall mean the interest rate determined for the Series 1998 Bonds for an Extended Rate Period pursuant to Section 2.06(h).

"Extended Rate Period" shall mean, while the Series 1998 Bonds bear interest at the Extended Rate, the period commencing on the Extended Rate Conversion Date and on the first Business Day of the calendar month following the last day of the prior Rate Period, extending for a period of one year or integral multiples of six months in excess of one year as established by the Remarketing Agent and ending on a day which is the last day preceding the first Business Day of a calendar month.

"Fiduciary" or "Fiduciaries" shall mean the Trustee, Bond Registrar and Paying Agent, or, as the context may require, any one of them.

"Finance Director" shall mean the Director of the Department of Finance and Administrative Services of the County or its designee or the Person succeeding to its principal functions.

"Fiscal Year" shall mean the period established as the County's fiscal year, presently commencing October 1 of each year and concluding on September 30 of the following year, as the same may be amended from time to time.

"Fitch" shall mean Fitch IBCA, Inc. and 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, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the County by written notice of an Authorized Officer to the Trustee.

"Fixed Rate" means an interest rate to be determined for the Series 1998 Bonds pursuant to Section 2.06(p).

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"Initial Counterparty" shall mean Ambac Financial Services, L.P., a limited partnership organized and existing under the laws of Delaware, or any successor thereto.

"Initial Credit Facility" shall mean the municipal bond insurance policy issued by the Initial Credit Facility Provider insuring the payment when due of the principal of and interest on the Series 1998 Bonds as provided therein.

"Initial Credit Provider" shall mean Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company, or any successor thereto.

"Initial Hedge Agreement" shall mean the Interest Rate Swap Agreement dated as of June 4, 1998 between the County and the Initial Counterparty.

"Initial Liquidity Facility" shall mean the Standby Bond Purchase Agreement dated as of May 1, 1998 between the Trustee and the Initial Liquidity Provider, as the same may be extended, amended or supplemented from time to time in accordance with its terms.

"Initial Liquidity Provider" shall mean The Bank of Nova Scotia, acting through its New York Agency, or any successor thereto.

"Interest Commencement Date" shall mean, with respect to any particular Capital Appreciation and Income Bonds, the date specified in any Supplemental Indenture authorizing the issuance of such Bonds (which date must be prior to the maturity date for such Bonds) after which interest accruing on such Bonds shall be payable on a periodic basis, with the first such payment date being the applicable Interest Payment Date immediately succeeding such Interest Commencement Date.

"Interest Payment Date" shall mean, (a) with respect to the Series 1998 Bonds:

(i) When the Series 1998 Bonds bear interest at the Daily, Weekly or Monthly Rate, the first Business Day of each calendar month commencing with the first Business Day of the calendar month following the initial issuance and delivery of the Series 1998 Bonds;

(ii) When the Series 1998 Bonds bear interest at the Quarterly Rate, the first Business Day of the third calendar month following the Quarterly Rate Conversion Date and subsequently the first Business day of each third calendar month thereafter;

(iii) When the Series 1998 Bonds bear interest at the Semiannual or Extended Rate, the first Business Day of the sixth month following the Semiannual or Extended Rate Conversion Date and subsequently the first Business Day of each sixth calendar month thereafter;

(iv) When the Series 1998 Bonds bear interest at the Fixed Rate, each March 1 and September 1 after the Fixed Rate Conversion Date; and

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"Fixed Rate Period" means the period of time during which the Series 1998 Bonds bear interest at a Fixed Rate.

"Fund" shall mean any fund created and maintained pursuant to this Indenture.

"General Fund" shall mean the fund of that name created and maintained pursuant to Section 5.06 of the Senior Bond Resolution.

"Gross Revenue" shall mean all fees, rentals, charges and other income, including any investment income from monies held on deposit in any of the funds or accounts created under the Senior Bond Resolution (excluding the Senior Rebate Fund and the Operation and Maintenance Fund), received by or accrued to the County in connection with or as a result of its ownership or operation of the Port Facilities, all as calculated in accordance with the method of accounting used in the official annual financial statement of the County, provided, however, Gross Revenue shall not include: (i) receipts and revenue derived from the imposition of an ad valorem tax or any other tax the County is authorized, from time to time, to levy pursuant to applicable law, including any investment income earned thereon or on funds held in the Senior Rebate Fund or Operation and Maintenance Fund; (ii) revenue derived from the operation of any Special Purpose Facilities or from investment income derived from money on deposit in any funds or accounts pledged to the payment of Special Purpose Bonds, except as may expressly be provided otherwise in any resolution authorizing the issuance of said Special Purpose Bonds; and (iii) any grants, contributions or donations, including investment interest thereon.

"Gross Revenue Fund" shall mean the fund of that name created and maintained pursuant to Section 5.05 of the Senior Bond Resolution.

"Hedge Agreement" shall mean the Initial Hedge Agreement and shall also include an interest rate exchange agreement, an interest rate swap agreement, a forward purchase contract, a put option contract, a call option contract or any other financial product which is used by the County as a hedging device with respect to its obligation to pay debt service on any of the Bonds, entered into between the County and a Counterparty; provided that such arrangement shall be specifically designated in a certificate of the Finance Director as a "Hedge Agreement" for purposes of this Indenture.

"Hedge Obligations" shall mean net payments required to be made by the County under a Hedge Agreement from time to time as a result of fluctuation in hedged interest rates, or fluctuation in the value of any index of payment.

"Hedge Receipts" shall mean net payments received by the County from a Counterparty under a Hedge Agreement.

"Improvements" shall mean any extension, enlargement, improvement, equipping, construction, renovation, repair, replacement, rehabilitation or acquisition of Port Facilities.

"Indenture" shall have the meaning ascribed to it in the introductory paragraph hereof.

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(v) When the Series 1998 Bonds constitute Provider Bonds, each date on which interest on the Provider Bonds is due and payable in accordance with the provisions of the Liquidity Facility or any reimbursement or similar agreement entered into between the County and the Liquidity Provider; and

(b) with respect to other Series of Bonds, the dates on which interest on such Bonds is payable as specified in the Supplemental Indenture authorizing the issuance of such Bonds.

"Investment Securities" shall mean any of the following to the extent the same are at the time legal for investment by the County pursuant to applicable law:

- (1) Escrow Securities.
- (2) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:
 - Export-Import Bank
 - Farm Credit System Financial Assistance Corporation
 - Rural Economic Community Development Administration (formerly Farmers Home Administration)
 - General Services Administration
 - U.S. Maritime Administration
 - Small Business Administration
 - Government National Mortgage Association (GNMA)
 - U.S. Department of Housing & Urban Development (PHA's)
 - Federal Housing Administration
 - Federal Financing Bank.
- (3) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States America:
 - Senior debt obligations rated "Aaa" by Moody's and "AAA" by S&P issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
 - Obligations of the Resolution Funding Corporation (REFCORP)
 - Senior debt obligations of the Federal Home Loan Bank System
 - Senior debt obligations of other government sponsored agencies approved by the Credit Provider.
- (4) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by S&P and "P-1" by Moody's and maturing no more than 360 days after the date of purchase (ratings on holding companies not considered as the rating of the bank).

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- (5) Commercial paper which is rated at the time of purchase in the single highest classification "A-1+" by S&P and "P-1" by Moody's and which matures not more than 270 days after the date of purchase.
- (6) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P.
- (7) Pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice, and
- which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of S&P and Moody's or any successors thereto; or
 - (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of Escrow Securities, which escrow may be applied only to the payment of such principal and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.
- (8) General obligations of states with a rating of at least "A2/A" or higher by both Moody's and S&P.
- (9) Investment agreements approved in writing by the Credit Provider and supported by appropriate opinions of counsel with notice to S&P.
- (10) Other forms of investments (including repurchase agreements) approved in writing by the Credit Provider with notice to S&P.

"Liquidity Facility" shall mean the Initial Liquidity Facility and each and every other letter of credit, policy of insurance, surety bond, guaranty, purchase agreement, credit agreement or similar facility in which the entity providing such facility agrees to provide funds to pay the purchase price of, or agrees to purchase, Put Bonds upon their tender by the Owners thereof. The term "Liquidity Facility" shall also include an Alternate Liquidity Facility.

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"Operation and Maintenance Fund" shall mean the fund of that name created and maintained by Section 5.06 of the Senior Bond Resolution.

"Opinion of Bond Counsel" shall mean a written opinion of Bond Counsel, in form and substance satisfactory to the Trustee, and except as may be otherwise specifically set forth in this Indenture, to the effect that the action proposed to be taken is authorized or permitted by the laws of the State and this Indenture and will not adversely affect the validity of the Bonds under the laws of the State or, except to the extent that any of the Bonds shall be Taxable Bonds, the exclusion from gross income for federal income tax purposes of interest on any Bonds.

"Outstanding" shall mean, when used with reference to the Bonds or any of them, all Bonds theretofore delivered except: (a) Bonds deemed to have been paid in accordance with Section 3.05 or Section 12.01; (b) Bonds in lieu of which other Bonds have been issued pursuant to the provisions hereof relating to Bonds destroyed, mutilated, stolen or lost; (c) Bonds paid, redeemed or delivered to or acquired by the County for cancellation; and (d) for purposes of any consent or other action to be taken hereunder by the Owners of a specified percentage of principal amount of Bonds, the Bonds held by or for the account of the County.

"Owner" (or "Bondholder") shall mean the registered owners of the Bonds as shown on the registration books of the Bond Registrar maintained pursuant to Section 2.04.

"Participant" shall mean one of the entities which is a member of the Securities Depository and deposits securities, directly or indirectly in the Book-Entry Only System maintained pursuant to Section 2.10.

"Paying Agent" shall mean the County or a bank or trust company, either within or without the State of Florida, designated as such by resolution of the County, which shall perform such functions as Paying Agent as are required by this Indenture with respect to one or more Series of Bonds. Notwithstanding the preceding sentence, the Trustee shall be the initial Paying Agent for the Series 1998 Bonds.

"Person" shall mean any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof, unless the context shall otherwise indicate.

"Pledged Revenue" shall mean for any period, the portion of the Net Revenue for such period deposited to the credit of the General Fund which is legally available for the payment of obligations under this Indenture pursuant to Section 5.13 of the Senior Bond Resolution less Administrative Expenses for such period, which Net Revenue while on deposit in the General Fund shall be subject to superior liens and claims in accordance with the provisions of the Senior Bond Resolution and this Indenture.

"Port Director" shall mean the Director of the Port or its designee or the Person succeeding to its principal functions.

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"Liquidity Provider" shall mean the Initial Liquidity Provider and each other provider of a Liquidity Facility, if any, with respect to any Series of Bonds.

"Maximum Rate" shall mean, with respect to the Series 1998 Bonds, 15%; and with respect to other Series of Bonds, the lower of the highest rate of interest allowed by law and such rate as shall be determined as the "Maximum Rate" for such Bonds in the Supplemental Indenture authorizing the issuance thereof.

"Monthly Rate" shall mean the interest rate determined for a Monthly Rate Period pursuant to Section 2.06(e).

"Monthly Rate Period" shall mean, while the Series 1998 Bonds bear interest at the Monthly Rate, the period commencing on the first Business Day of each month to but excluding the first Business Day of the following month.

"Moody's" shall mean Moody's Investors Service, Inc. and 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 County by written notice of an Authorized Officer to the Trustee.

"Net Revenue" shall mean, for any period, the Gross Revenue for such period less the Operating Expenses for such period.

"1998 Commercial Paper Notes" shall have the meaning ascribed to it in the recitals to the Indenture.

"Official Statement" shall mean the Official Statement dated June 2, 1998 relating to the Series 1998 Bonds.

"Operating Expenses" shall mean the reasonable and necessary expenses of administration, maintenance, repair and operation of the Port Facilities, including, without limitation, all ordinary and usual expenses of maintenance and repair, bond registrar, paying agent, trustee or escrow agent fees and other expenses associated with the issuance of Senior Bonds, all administrative expenses, legal expenses, any taxes which may be lawfully imposed on the Port Facilities or its income or operations and reserves therefor, and any other expenses required to be paid by the County under the provisions of the Senior Bond Resolution or by law, as such expenses are determined to have been incurred in accordance with the method of accounting used in the official annual financial statement of the County including, to the extent so determined, expense not annually recurring, but excluding (i) any reserves for extraordinary maintenance or repair, (ii) any allowance for depreciation, (iii) any deposits or transfers to the credit of the funds and accounts created and maintained under the Senior Bond Resolution and (iv) any expenses of Special Purpose Facilities financed by Special Purpose Bonds; provided, however, that to the extent such Operating Expenses relate, all or in part, to a future period of time they shall be prospectively determined by reference to the Annual Budget.

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"Port Facilities" shall mean all structures, terminals, warehouses, docks, approaches, channels, berths, slips, railroads, roadways, quay walls, jetties, lifts, turning basins, all lands or interests therein, buildings, machinery, franchises, pipes, fixtures, equipment and other property, real or personal, tangible or intangible, and including all port facilities as defined in Chapter 315, Florida Statutes, now or hereafter owned by the County and operated by the Department, or owned by some other Person and operated by the Department, together with any and all Improvements thereto or to any part thereof.

"Principal and Interest Requirements" shall mean the respective amounts which are required in any period, as applicable, to provide:

(a) for paying the interest on all Bonds then Outstanding which is payable on each Interest Payment Date in such period (the "Interest Requirement");

(b) for paying the principal of all Serial Bonds then Outstanding which is payable upon the maturity of Serial Bonds in such period (together with clause (c) immediately below, the "Principal Requirement"); and

(c) for paying the Amortization Requirements, if any, for all Term Bonds then Outstanding for such period (together with clause (b) immediately above, the "Principal Requirement").

For purpose of computing (a), (b) and (c) above, any principal, interest or Amortization Requirements due on the first day of a period shall be deemed due in the preceding period.

The following rules shall apply in determining the amount of the Principal and Interest Requirements for any period:

(i) the interest rate on Variable Rate Bonds shall be assumed to be (A) the Average Rate of interest on all Variable Rate Bonds during the twelve months ending with the month preceding the date of calculation or such shorter period of time as such Variable Rate Bonds may have been Outstanding or, (B) in the event there were no Variable Rate Bonds Outstanding during the twelve months preceding the date of calculation, then the initial rate of interest;

(ii) in the case of Put Bonds, the date or dates on which the Owner of such Put Bonds may elect or be required to tender such Bonds for payment or purchase shall be ignored if the source for said payment or purchase is a Credit Facility or a Liquidity Facility and the stated dates for Amortization Requirements and principal payments thereof shall be used for purposes of this calculation; provided, however, that during any period of time after the Credit Provider has advanced funds under a Credit Facility or a Liquidity Provider has advanced funds under a Liquidity Facility and before such amount is repaid, Principal and Interest Requirements shall include the principal amount so advanced and interest thereon, in accordance with the principal repayment schedule and interest rate or rates specified in the reimbursement or other similar agreement relating to such Credit Facility or Liquidity Facility;

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(iii) in the case of Capital Appreciation Bonds, the principal and interest portions of the Accreted Value becoming due at maturity or by virtue of an Amortization Requirement in that period's calculation shall be included;

(iv) in the case of Capital Appreciation and Income Bonds, the principal and interest portions of the Appreciated Value becoming due at maturity or by virtue of an Amortization Requirement in that period's calculation shall be included;

(v) in the case of Convertible Bonds, the calculations shall be based on the form of the Bonds as of the time of the calculation without regard to any unexercised conversion feature; and

(vi) if interest on a Series of Bonds is payable from amounts set aside irrevocably for such purpose at the time such Bonds are issued, or if principal, interest or Amortization Requirements are payable from investment earnings retained or deposited in the Sinking Fund in accordance with Section 6.02, interest, principal and Amortization Requirements on such Series of Bonds shall be included in Principal and Amortization Requirements only to the extent of the amount of interest, Principal and Amortization Requirements payable in a period from amounts other than amounts so funded to pay same.

(vii) To the extent that the County has entered into a Hedge Agreement with respect to any Bonds and notwithstanding the provisions of clauses (i) through (vi) above, while the Hedge Agreement is in effect and so long as the Counterparty has not defaulted in its obligations thereunder, for the purpose of determining the Interest Requirements the interest rate with respect to the principal amount of such Bonds equal to the "notional" amount specified in the Hedge Agreement shall be assumed to be (A) if the County's Hedge Obligations under the Hedge Agreement are computed based upon a fixed rate of interest, the actual rate of interest upon which the County's Hedge Obligations are computed under such Hedge Agreement, and (B) if the County's Hedge Obligations under the Hedge Agreement are computed based upon a variable rate of interest, the "average rate" of interest for the County's Hedge Obligations under the Hedge Agreement during the twelve months ending with the month preceding the date of calculation or such shorter period of time as the Hedge Agreement has been in effect or if the Hedge Agreement was not in effect during such period, then the initial rate of interest for the County's Hedge Obligations under the Hedge Agreement; "average rate" with respect to the County's Hedge Obligations shall mean the rate determined by dividing the total amount paid by the County under the Hedge Agreement during such period used in clause (B) hereof (without taking into account Hedge Receipts during such period) by the "notional" amount specified in the Hedge Agreement for such period.

"Project" shall mean the Improvements financed with the proceeds of Additional Senior Bonds.

"Promissory Note" shall have the meaning ascribed to it in the recitals to this Indenture.

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Rate Periods, (ii) the last Business Day at least 5 days prior to the Interest Payment Date in question in the case of the Monthly Rate Periods, and (iii) the 15th day (whether or not a Business Day) of the calendar month immediately preceding such Interest Payment Date in the case of a Quarterly, Semiannual, Extended Rate or Fixed Rate Period. "Record Date" shall mean, in the case of any other Bonds, the date fifteen days next preceding an Interest Payment Date, whether or not a Business Day, or the date otherwise designated as such in any Supplemental Indenture authorizing the issuance of such Bonds.

"Refunding Bonds" shall mean the Bonds issued pursuant to the provisions of Section 2.07 on a parity with any Outstanding Bonds.

"Refunding Senior Bonds" shall mean Senior Bonds hereafter issued under Section 2.08 of the Senior Bond Resolution.

"Remarketing Agent" means the remarketing agent appointed pursuant to Section 13.07.

"Remarketing Agreement" means the Remarketing Agreement dated as of even date herewith between the County and the Remarketing Agent.

"Renewal and Replacement Fund" shall mean the fund of that name created and maintained pursuant to Section 5.06 of the Senior Bond Resolution.

"Representation Letter" shall mean the Letter of Representation from the County to DTC dated November 16, 1995.

"Reserve Facility" shall mean any insurance policy, surety bond, irrevocable letter of credit or other credit agreement or similar facility maintained by the County in lieu of or in partial substitution for cash or securities on deposit in the Debt Service Reserve Fund.

"Reserve Facility Provider" shall mean any provider of a Reserve Facility.

"S&P" shall mean Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc., and its successors and assigns, and, if such entity shall be dissolved or liquidated or 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 County by written notice of an Authorized Officer to the Trustee.

"Securities Depository" shall mean DTC or its nominee, and its successors appointed by the County in accordance with the provisions of Section 2.10.

"Semiannual Rate" shall mean the interest rate determined for a Semiannual Rate Period pursuant to Section 2.06(g).

"Semiannual Rate Period" shall mean, while the Series 1998 Bonds bear interest at the Semiannual Rate, the period commencing on the Semiannual Rate Conversion Date and from

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"Provider Bonds" shall have the meaning ascribed to it in Section 3.10(d)(1)(2).

"Provider Rate" shall mean the interest rate which Provider Bonds bear, from time to time, as determined in the accordance with the provisions of the Liquidity Facility or any reimbursement or similar agreement entered into between the County and the Liquidity Provider.

"Purchase Date" means the date upon which the Tender Agent is obligated to purchase a Series 1998 Bond or Series 1998 Bonds pursuant to Article III.

"Purchase Price" of any Series 1998 Bond required to be purchased by the Tender Agent pursuant to Article III means an amount equal to the principal amount of such Series 1998 Bond plus, if the Purchase Date is other than an Interest Payment Date, accrued interest thereon, at the rate applicable to the Series 1998 Bond from the most recent Interest Payment Date and up to but excluding the Purchase Date.

"Put Bonds" shall mean all Bonds which, in accordance with this Indenture (including any Supplemental Indenture authorizing the issuance of a Series of Bonds), may be tendered for payment or purchase by or on behalf of the County prior to the stated maturities thereof.

"Quarterly Rate" shall mean the interest rate determined for the Series 1998 Bonds for any Quarterly Rate Period pursuant to Section 2.06(f).

"Quarterly Rate Period" shall mean, while the Series 1998 Bonds bear interest at the Quarterly Rate, the period commencing on the Quarterly Rate Conversion Date for the Series 1998 Bonds, and on the first Business Day of each third calendar month thereafter, to but excluding the first Business Day of the third calendar month thereafter.

"Rate Consultant" shall mean a consultant or consulting firm or corporation at the time retained by the County pursuant to Section 7.05 of this Indenture to perform and carry out the duties imposed on the Rate Consultant by this Indenture, and which may be the Consulting Engineers.

"Rate Period" or "Period" shall mean, when used with respect to any particular rate of interest applicable to the Series 1998 Bonds (whether a Daily, Weekly, Monthly, Quarterly, Semiannual, Extended or Fixed Rate), the period during which such rate of interest will remain in effect pursuant to Section 2.06.

"Rating Agencies" shall mean Fitch, Moody's and S&P, or whichever of them, or any other rating agency which, shall maintain a rating on any of the Bonds at a given time at the request of the County.

"Rebate Fund" shall mean the Fund of that name created and maintained pursuant to Section 5.04.

"Record Date" shall mean, in the case of the Series 1998 Bonds (i) the Business Day immediately prior to the Interest Payment Date in question in the case of the Daily and Weekly

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and including the first Business Day of each sixth calendar month thereafter to but excluding the first Business Day of the sixth calendar month thereafter.

"Senior Bond Resolution" shall have the meaning ascribed to it in the recitals to this Indenture.

"Senior Bonds" shall have the meaning ascribed to it in the recitals to this Indenture.

"Senior Credit Provider" shall mean Credit Provider as defined in Section 1.04 of the Senior Bond Resolution.

"Senior Hedge Agreement" shall mean Hedge Agreement as defined in Section 1.04 of the Senior Bond Resolution.

"Senior Principal and Interest Requirements" shall mean Principal and Interest Requirements as defined in Section 1.04 of the Senior Bond Resolution.

"Senior Rebate Fund" shall mean the Rebate Fund created and maintained pursuant to Section 5.06 of the Senior Bond Resolution.

"Senior Reserve Account Credit Facility" shall mean Reserve Account Credit Facility as defined in Section 1.04 of the Senior Bond Resolution.

"Serial Bonds" shall mean the Bonds of a Series which are stated to mature in annual installments.

"Series" shall mean the Bonds delivered at any one time under the provisions of Article II.

"Series 1998 Bonds" shall mean the Broward County, Florida Subordinate Port Facilities Refunding Revenue Bonds, Series 1998, authorized to be issued pursuant to Section 2.06.

"Sinking Fund" shall mean the Fund of that name created and maintained pursuant to Section 5.06.

"Special Purpose Bonds" shall mean the bonds, notes or other evidences of indebtedness issued by the County in accordance with Section 7.10 of this Indenture.

"Special Purpose Facilities" shall mean the Port Facilities financed by Special Purpose Bonds and shall have the meaning set forth in Section 7.10 of the Senior Bond Resolution.

"Special Record Date" shall mean, with respect to any Bond the date established by the County in connection with the payment of overdue interest on the Bonds pursuant to Section 2.02.

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"Special Termination Event" shall mean a termination event under a Liquidity Facility whereby the Liquidity Provider immediately terminates or suspends its obligation to purchase Series 1998 Bonds tendered for purchase.

"State" shall mean the State of Florida.

"Subaccount" shall mean any subaccount created and maintained pursuant to this Indenture.

"Subordinated Obligation" shall mean an obligation or other evidence of indebtedness described in, and complying with the provisions of, Section 7.11 of the Senior Bond Resolution.

"Supplemental Indenture" shall mean an indenture supplemental hereto or amendatory hereof entered into by the County and the Trustee pursuant to the terms hereof.

"Taxable Bond" shall mean any Bond issued under this Indenture, if in connection with such issuance there was not delivered to the County an opinion of Bond Counsel to the effect that the interest on such Bond is not included in the gross income of the Owners thereof for purposes of federal income taxation.

"Tender Agent" shall mean The Bank of New York, a New York banking corporation, or any successor or successors appointed in accordance with Section 13.09 of this Indenture.

"Tender Agent Agreement" shall mean the Tender Agent Agreement dated as of even date herewith between the County and the Tender Agent.

"Term Bonds" shall mean Bonds which shall be stated to mature on one date and for the amortization of which payment of Amortization Requirements are required to be made into the Sinking Fund.

"Trustee" shall mean The Bank of New York, a New York banking corporation, or any other bank or trust company, either within or without the State of Florida, having fiduciary powers and designated as Trustee in the manner provided in Section 8.08.

"Trust Estate" shall have the meaning ascribed to it in the recitals to this Indenture.

"Variable Rate" means, as the context requires, the Daily, Weekly, Monthly, Quarterly, Semiannual or Extended Rate applicable to the Series 1998 Bonds.

"Variable Rate Bonds" shall mean Bonds issued with a variable, adjustable, convertible or other similar interest rate which is not fixed in percentage for the entire term thereof at the date of issue, and which may be convertible to a fixed interest rate.

"Weekly Rate" shall mean the interest rate determined for a Weekly Rate Period pursuant to Section 2.06(d) hereof.

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agents, and the Owners, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof. All the covenants, stipulations, promises and agreements in this Indenture contained by or on behalf of the County shall be for the sole benefit of the County, the Trustee, any Credit Provider, any Liquidity Provider, any Reserve Facility Provider, including their respective agents and the Owners.

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"Weekly Rate Period" shall mean, while the Series 1998 Bonds bear interest at the Weekly Rate, the period commencing on Thursday of each week (or in the case of the first Weekly Rate Period, on the date of original issuance and delivery of the Series 1998 Bonds) to but excluding Thursday of the following week (or in the case of the first Weekly Rate Period, the Thursday immediately following the date of original issuance and delivery of the Series 1998 Bonds), except that (a) in the case of a conversion to a Weekly Rate Period from a different Variable Rate Period, the initial Weekly Rate Period shall be from and including and including the Weekly Rate Conversion Date to but excluding Thursday of the following week, and (b) in the case of a conversion of the Series 1998 Bonds from a Weekly Rate Period to a different Rate Period, the last Weekly Rate Period shall end on and exclude the Conversion Date.

SECTION 1.02. Interpretation. (a) In this Indenture, unless the context otherwise requires:

(i) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Indenture, refer to this Indenture, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of this Indenture;

(ii) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(iii) References to Articles and Sections refer to Articles and Sections of this Indenture unless the context specifically requires otherwise;

(iv) Any headings preceding the text of the several Articles and Sections of this Indenture, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect; and

(v) References to Funds shall include any and all Accounts or Subaccounts therein, unless the context otherwise requires.

(b) Whenever in this Indenture the County or the Trustee is named or referred to, it shall include, and shall be deemed to include, its respective successors and assigns whether so expressed or not. All of the covenants, stipulations, obligations and agreements by or on behalf of, and other provisions for the benefit of, the County or the Trustee contained in this Indenture shall bind and inure to the benefit of such respective successors and assigns and shall bind and inure to the benefit of any officer, board, commission, authority, agency or instrumentality to whom or to which there shall be transferred by or in accordance with law any right, power or duty of the County or of its successors or assigns, the possession of which is necessary or appropriate in order to comply with any such covenants, stipulations, obligations, agreements or other provisions of this Indenture.

(c) Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person other than the County, the Trustee, any Credit Provider, any Liquidity Provider, any Reserve Facility Provider, including their respective

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ARTICLE II

AUTHORIZATION, DETAILS, EXECUTION, DELIVERY AND REGISTRATION OF BONDS

SECTION 2.01. Authorization of Bonds. The County shall not issue any Bonds while this Indenture is in effect except in accordance with the provisions of this Article II. Bonds may be issued in one or more Series only for purposes permitted under this Article II. The total principal amount of Bonds that may be issued and Outstanding under this Indenture is unlimited. Any two or more Series may be consolidated for purposes of sale in such manner as may be provided herein or in the Supplemental Indenture authorizing the issuance of the Bonds of such Series. The principal of, redemption premium, if any, and interest on all Bonds shall be payable solely from the Trust Estate.

Upon the issuance of a Series of Bonds under the terms, limitations and conditions herein provided, the County shall provide for the funding of the Debt Service Reserve Fund in an amount equal to the Debt Service Reserve Fund Requirement, all as set forth herein with respect to the Series 1998 Bonds and in the Supplemental Indenture authorizing the issuance of any other Series of Bonds. The County may establish a separate Account in the Debt Service Reserve Fund for each Series of Bonds, including those secured by a Reserve Facility, and the Owners of Bonds secured by such separate account shall not be secured by any other Account or Reserve Facilities in the Debt Service Reserve Fund.

SECTION 2.02. Details of Bonds. The Bonds of each Series issued under the provisions of this Indenture shall be designated "Broward County, Florida Subordinate Port Facilities Refunding Revenue Bonds, Series ____", and may be further designated as "Taxable", as the County may determine to be appropriate, in each case inserting the year of issuance and any identifying series letter after the word "Series", subject to such variations or changes as may be determined necessary or appropriate by the County and specified as hereinafter provided with respect to the Series 1998 Bonds or in a Supplemental Indenture authorizing the issuance of the Bonds of any other Series. The Bonds shall be in such amounts, if any, of Serial Bonds and/or Term Bonds and in the form of Capital Appreciation Bonds, Capital Appreciation and Income Bonds, Convertible Bonds, Put Bonds, Variable Rate Bonds or such other form of Bonds which may be marketable from time to time, or any combination thereof, as the County may determine. Except as otherwise provided in a Supplemental Indenture authorizing the issuance of a Series of Bonds, the Bonds of such Series shall be in fully registered form as to principal and interest, without coupons. Except as otherwise provided in a Supplemental Indenture authorizing the issuance of a Series of Bonds, both the principal of and the interest on the Bonds of such Series shall be payable in any coin or currency of the United States of America, or by check or wire payment in such currency, as, at the respective times of payment, is legal tender for the payment of public and private debts.

Payment of interest on any Interest Payment Date with respect to the Bonds, other than Capital Appreciation Bonds and interest on Capital Appreciation and Income Bonds that accrues prior to the Interest Commencement Date, shall be made to the Person appearing on the registration books of the County maintained pursuant to Section 2.04, as of the close of business

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on the Record Date. Such interest shall be payable by check or draft drawn on a Paying Agent and shall be mailed on the Interest Payment Date to each Owner as of the Record Date, at its address as it appears on said registration books, or in the case of an Owner of \$1,000,000 or more of Bonds, by wire transfer to a domestic bank account specified in writing by such Owner to the Trustee and Paying Agent at least 15 days prior to an Interest Payment Date.

If and to the extent that the County shall fail to make a required payment or provision for payment of interest on any Bond on any Interest Payment Date, that interest shall cease to be payable to the Person who was the Owner of that Bond as of the applicable Record Date. When moneys become available for payment of interest on such Bond, the Trustee shall establish a Special Record Date for the payment of that interest which shall not be more than twenty, nor fewer than ten, days prior to the date of the proposed payment. Not fewer than ten days prior to the Special Record Date, notice of the proposed payment and of the Special Record Date therefor shall be mailed to each Owner of record on the fifth day prior to such mailing at its address as it appears on the registration books of the County maintained pursuant to Section 2.04. Thereafter, such interest shall be payable to the Owners of such Bonds at the close of business on the Special Record Date.

The principal of, and redemption premium, if any, on the Bonds, the Accreted Value of Capital Appreciation Bonds and the Appreciated Value of Capital Appreciation and Income Bonds shall be payable to or upon the order of the Owner or its duly authorized attorney or legal representative, as the same falls due, upon the presentation and surrender of such Bonds at the designated corporate trust office of the Paying Agent.

Each Series of Bonds (other than the Series 1998 Bonds) shall be authorized by a Supplemental Indenture which shall establish or provide a means of establishing the following:

- (a) the purpose for which such Bonds are to be issued, which shall be a purpose permitted under this Article II;
- (b) the manner in which the proceeds of the sale of such Bonds are to be applied, including any required deposits to the Funds, Accounts and Subaccounts;
- (c) whether such Bonds shall be issued as Serial Bonds, Term Bonds, or a combination of the foregoing and whether such Bonds shall be in the form of Capital Appreciation Bonds, Capital Appreciation and Income Bonds, Convertible Bonds, Put Bonds, Variable Rate Bonds or any other form of Bond which may become marketable from time to time, or any combination of such forms as determined by the County;
- (d) the Authorized Denominations in which such Bonds are issuable;
- (e) the amount or amounts, date or dates, maturity date or dates (not exceeding the maximum number of years after the date of original issuance as is permitted by law), and interest rate or rates (not exceeding the maximum rate permitted by law) with respect to such Bonds;

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authorized signatory of the Bond Registrar, but it shall not be necessary that the same signatory sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time. The Series 1998 Bonds shall be substantially in the form attached as Exhibit A hereto. Each other Series of Bonds shall be substantially in the form set forth in the Supplemental Indenture authorizing the issuance of such Bonds.

SECTION 2.04. Bond Registrar; Registration, Transfer and Exchange. The County shall cause books for the registration and transfer of Bonds to be kept by the Bond Registrar. Unless otherwise provided with respect to a Series of Bonds in the Supplemental Indenture authorizing the issuance of the Bonds of such Series, all Bonds shall be registered in such books upon issuance thereof, who shall make notation of such registration thereon and shall not be registered to bearer. Bonds shall thereafter be transferred only by the Owner of such Bonds, in person or by its duly authorized attorney or legal representative, upon the surrender thereof together with a written assignment duly executed by the Owner or its duly authorized attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. The registration of such transfer shall be made on such registration books and endorsed on the Bond by the Bond Registrar. Upon the transfer of any Bond, the Bond Registrar shall cause to be issued in the name of the transferee a new Bond or Bonds.

Upon surrender at the designated corporate trust office of the Bond Registrar with a written instrument of transfer duly executed by the Owner or its duly authorized attorney or legal representative, in such form as shall be satisfactory to the Bond Registrar, Bonds may be exchanged for a like aggregate principal amount of Bonds of other Authorized Denominations of the same Series, interest rate and maturity. The County shall execute, and the Bond Registrar shall authenticate and deliver such Bonds as the Owner making the exchange is entitled to receive.

In all cases in which the privilege of exchanging or transferring Bonds is exercised, the County shall execute and the Bond Registrar shall authenticate and deliver Bonds in accordance with the provisions of this Indenture. All Bonds surrendered in any such exchanges or transfers shall forthwith be delivered to the Bond Registrar and canceled by the Bond Registrar in the manner provided in Section 2.05.

No charge shall be made to any Bondholder for the privilege of registration, transfer or exchange hereinabove granted, but any Bondholder requesting any such registration, transfer or exchange shall pay any tax or other governmental charge required to be paid with respect thereto. The County and Bond Registrar shall not be required to execute, transfer or exchange any Bond during the period beginning at the close of business on a Record Date (or Special Record Date) and ending at the close of business on the next Interest Payment Date (or date set for payment of interest for which the Special Record Date was set). The County and Bond Registrar shall not be required to transfer or exchange any Bond: (a) during the 15 days immediately preceding the date of mailing of notice of the redemption of such Bond; or (b) after such Bond has been selected for redemption or has matured.

Each Bond delivered pursuant to any provision of this Indenture in exchange or substitution for, or upon the transfer of the whole or any part of, one or more other Bonds, shall

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(f) the Interest Payment Dates for such Bonds;

(g) the redemption and tender provisions, if any, for such Bonds;

(h) the appointment of the Paying Agent and Bond Registrar for such Bonds and any remarketing agent, Credit Provider, Liquidity Provider or Reserve Facility Provider to be appointed in connection with the issuance of such Bonds and the authority to execute agreements relating to the functions to be performed by any such Person, to the extent applicable to any of such Bonds;

(i) the creation of any additional Funds, Accounts and Subaccounts applicable to such Bonds and the designation of any such additional Funds, Accounts and Subaccounts as being established with respect to such Bonds;

(j) the manner in which the County shall ensure that the Debt Service Reserve Fund Requirement shall be satisfied at the time of issuance of such Bonds;

(k) the designated corporate trust office of the Bond Registrar and Paying Agent for such Bonds; and

(l) such other matters as required by this Indenture to be established in a Supplemental Indenture or otherwise deemed appropriate by the County to be included therein and not inconsistent with the provisions of this Indenture.

SECTION 2.03. Execution, Authentication; Bond Form. Except as otherwise permitted or required by the Act or applicable law, the Bonds shall be signed by, or bear the facsimile signature of, the Chair. The official seal of the County or a facsimile thereof shall be imprinted or impressed on the Bonds. Such official seal shall be attested by the signature or facsimile signature of the County Administrator. In case any officer whose signature or a facsimile of whose signature shall appear on any Bonds shall cease to be such officer before such Bonds have been authenticated and transferred by the Bond Registrar or delivered by the County, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until such authentication and transfer or delivery occurred. In addition, any Bond may bear the facsimile signature of, or may be signed by, such Persons as at the actual time of the execution of the Bond shall be the proper officers to execute such Bond although at the date of the Bond such Persons may not have been such officers.

Only such Bonds as have endorsed thereon a certificate of authentication as set forth in the form of Bond authorized by this Indenture, in the case of the Series 1998 Bonds, or a Supplemental Indenture authorizing the issuance of any other Series of Bonds, duly executed by the Bond Registrar, shall be entitled to any benefit or security under this Indenture. No Bonds shall be valid or obligatory for any purpose unless and until such certificate of authentication on the Bond has been duly executed by the Bond Registrar, and such certificate of the Bond Registrar upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Indenture. The Bond Registrar's certificate of authentication on any Bond shall be deemed to have been duly executed if signed by an

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carry all of the right to interest which is accrued and unpaid, and which is to accrue, on the whole or part of the Bonds previously carried, and notwithstanding anything contained in this Indenture, such newly delivered Bond shall be dated or bear such notation so that neither gain nor loss in interest the payment of which is not in default shall result from any exchange, substitution or transfer.

The County, the Trustee, the Paying Agent and the Bond Registrar may deem and treat the Person in whose name any Bond is registered on the books maintained pursuant to this Section 2.04 as the absolute Owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes whatsoever, and none of the County, the Paying Agent or the Bond Registrar shall be affected by any notice to the contrary. All such payments shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. Notwithstanding anything to the contrary in this Indenture, the County may authorize the use of a book entry only system of beneficial ownership with respect to any Series of Bonds.

SECTION 2.05. Cancellation 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 County and delivered to the Paying Agent for cancellation, shall thereupon be promptly canceled. Bonds so canceled may at any time be destroyed by the Paying Agent, who shall execute a certificate of destruction in duplicate by the signature of one of its authorized officers, describing the Bonds so destroyed, and one executed certificate shall be filed with the Bond Registrar and the other executed certificate shall be kept by the Paying Agent.

SECTION 2.06. Authorization of Series 1998 Bonds.

(a) **General Terms and Provisions.**

(i) **Terms of Series 1998 Bonds.** The Series 1998 Bonds: (A) shall be issued in the initial aggregate principal amount of \$49,000,000; (B) shall be dated the date of the issuance thereof; (C) shall mature on September 1, 2027; (D) shall be substantially in the form attached as Exhibit A hereto; (E) shall be payable as to interest on each Interest Payment Date established therefor at the rate per annum determined as provided in the form thereof and in this Section 2.06; (F) shall be subject to redemption, to optional and mandatory tender for purchase, and to remarketing, all as provided in the form thereof and in Article III; and (G) shall be considered Bonds for all purposes of this Indenture. Interest on Series 1998 Bonds bearing interest at the Daily Rate, Weekly Rate, Monthly Rate and Quarterly Rate will be calculated based on the actual days elapsed and a year of 365 or 366 days, as applicable, and interest on the Series 1998 Bonds bearing interest at the Semiannual Rate, Extended Rate or Fixed Rate will be calculated based on a year of 360 days consisting of twelve 30-day months.

(ii) **Purposes of Series 1998 Bonds.** The Series 1998 Bonds shall be issued for the purposes of providing funds to (A) refund and defease all of the 1998 Commercial Paper Notes, (B) repay \$4,762,815.85 of the County Advance, (C) fund the Debt Service Reserve

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Fund Requirement in respect of the Series 1998 Bonds, and (D) paying certain costs of issuance and expenses relating to the Series 1998 Bonds.

(iii) Application of Proceeds. The proceeds of the Series 1998 Bonds shall be applied as follows:

- (1) \$40,165,325.34 shall be immediately paid to U.S. Bank Trust National Association, as Trustee for the 1998 Commercial Paper Notes, to refund and defease the 1998 Commercial Paper Notes;
- (2) \$4,762,815.85 shall be immediately applied to repay an equal amount of the County Advance;
- (3) \$3,393,588.20, an amount equal to the Debt Service Reserve Fund Requirement in respect of the Series 1998 Bonds, shall be delivered to the Trustee for deposit to the credit of the Debt Service Reserve Fund; and
- (4) \$592,293.31 shall be applied, or deposited to the credit of a special account established by the County to be applied, to the payment of the costs of issuance and expenses relating to the issuance of the Series 1998 Bonds, including, but not limited to, financial advisory, accounting and legal fees, rating agency fees, printing costs, initial Bond Registrar fees, initial Paying Agent fees, initial Trustee fees, Credit Facility and Liquidity Facility fees and expenses, and any other expenses relating to the issuance of the Series 1998 Bonds.

(iv) Conditions Precedent to Issuance of Series 1998 Bonds. The Series 1998 Bonds shall be authenticated by the Bond Registrar and delivered by the Trustee in such manner as shall be specified in writing by an Authorized Officer, but only after the Series 1998 Bonds shall have been executed as provided in this Indenture and there shall have been delivered the following:

(A) to the Trustee, fully executed copies of this Indenture, the Initial Credit Facility, the Initial Liquidity Facility, the Initial Hedge Agreement, the Remarketing Agreement and the Tender Agent Agreement;

(B) to the Trustee, separate written opinions of Bond Counsel in the form included as Appendix F to the Official Statement; and

(C) to, or for the account of, the County, \$48,914,022.70, in immediately available funds, constituting the purchase price for the Series 1998 Bonds upon their initial issuance and delivery.

(b) Variable Rate; Determination by Remarketing Agent; Notice of Rates Determined.

The Series 1998 Bonds shall initially bear interest at the Weekly Rate until converted to another Rate Period as provided herein. Subject to the further provisions of this Article II with respect

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(c) Daily Rates.

(i) Daily Rate Periods shall be from each Business Day to but excluding the following Business Day.

(ii) The Daily Rate for each Daily Rate Period shall be determined by the Remarketing Agent not later than 10:00 a.m., New York City time, on the commencement date of the Daily Rate Period to which it relates.

(d) Weekly Rates.

(i) The first Weekly Rate Period shall commence on the date of original issuance and delivery of the Series 1998 Bonds and shall run to but excluding the next succeeding Thursday. Weekly Rate Periods thereafter shall be from Thursday of each week to but excluding Thursday of the following week; except that (A) in the case of a conversion to a Weekly Rate Period from a different Variable Rate Period, the initial Weekly Rate Period for the Series 1998 Bonds shall be from and including the Weekly Rate Conversion Date to but excluding Thursday of the following week; and (B) in the case of a conversion of the Series 1998 Bonds from a Weekly Rate Period to a different Rate Period, the last Weekly Rate Period shall end on and exclude the Conversion Date.

(ii) The Weekly Rate for each Weekly Rate Period shall be determined not later than 4:00 p.m., New York City time, on Wednesday or, if such Wednesday is not a Business Day, the last Business Day which is immediately prior to the commencement date of the Weekly Rate Period to which it relates.

(e) Monthly Rates.

(i) Monthly Rate Periods shall be from and including the first Business Day of each calendar month to but excluding the first Business Day of the following month.

(ii) The Monthly Rate for each Monthly Rate Period shall be determined as follows:

(A) A preliminary Monthly Rate for each Monthly Rate Period shall be determined not later than 4:00 p.m., New York City time, on the last Business Day which is at least 8 days immediately preceding the commencement date of such period; and

(B) The actual Monthly Rate for each Monthly Rate Period shall be determined not later than 4:00 p.m., New York City time, on the Business Day immediately preceding the commencement date of such period.

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to particular Variable Rates or conversions between Rate Periods, and subject to the provisions of the Series 1998 Bonds, the Variable Rate to be applicable to Series 1998 Bonds during any Variable Rate Period shall be determined by the Remarketing Agent as provided in this Section 2.06 and notice thereof shall be given as follows:

(i) Notice of each preliminary Variable Rate and Variable Rate shall be given as follows:

(A) By the Remarketing Agent to the Trustee, the Bond Registrar and the Tender Agent by telephone (followed by notice in writing by an authorized officer of the Remarketing Agent) not later than 5:00 p.m., New York City time, (10:00 a.m., New York City time, with respect to Daily Rates) on the date of determination; and

(B) On the last Business Day of each month or more frequently upon the Credit Provider's or Liquidity Provider's written request, the Tender Agent shall provide written notice thereof to the Credit Provider and the Liquidity Provider.

Notice of each preliminary Monthly, Quarterly, Semiannual and Extended Rate, and of each Monthly, Quarterly, Semiannual and Extended Rate, shall be given by the Bond Registrar by sending notice in writing to the Owners of the Series 1998 Bonds and the Trustee not later than 5:00 p.m., New York City time, on the third Business Day following the date of determination. The Tender Agent shall inform the Owners of the Series 1998 Bonds and the Trustee of the Daily and Weekly Rates upon request.

(ii) The preliminary Variable Rate or the Variable Rate to be determined shall be the lowest rate of interest which, in the judgment of the Remarketing Agent, would cause the Series 1998 Bonds to have a market value equal to the principal amount thereof, plus accrued interest, under prevailing market conditions as of the date of determination of such preliminary Variable Rate or Variable Rate. The preliminary Variable Rate is intended to serve only as an indication of the lowest interest rate that would cause the Series 1998 Bonds to have a market value equal to par under market conditions on the date on which such preliminary Variable Rate is determined. The Variable Rate determined after the preliminary Variable Rate is determined may be higher, lower or the same as such preliminary Variable Rate. Notwithstanding the foregoing, in no event shall the preliminary Variable Rate or the Variable Rate for any Variable Rate Period exceed the Maximum Rate.

(iii) All determinations of Variable Rates pursuant to this Section shall be conclusive and binding upon the County, the Trustee, the Bond Registrar, the Tender Agent, the Credit Provider, the Liquidity Provider, and the Owners of the Series 1998 Bonds. The County, the Trustee, the Bond Registrar, the Tender Agent and the Remarketing Agent shall not be liable to the Owner of any Series 1998 Bond for failure to give any notice required above or for failure of the Owner of any Series 1998 Bond to receive any such notice.

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(f) Quarterly Rates.

(i) Quarterly Rate Periods shall be (A) from and including the Quarterly Rate Conversion Date for the Series 1998 Bonds and from and including the first Business Day of each third calendar month thereafter; (B) to but excluding the first Business Day of the third calendar month thereafter.

(ii) The Quarterly Rate for each Quarterly Rate Period shall be determined as follows:

(A) A preliminary Quarterly Rate for each Quarterly Rate Period shall be determined not later than 4:00 p.m., New York City time, on the last Business Day which is at least 15 days preceding the commencement date of such period; and

(B) The actual Quarterly Rate for each Quarterly Rate Period shall be determined not later than 4:00 p.m., New York City time, on the Business Day immediately preceding the commencement date of such period.

(g) Semiannual Rates.

(i) Semiannual Rate Periods shall be (A) from and including the Semiannual Rate Conversion Date for the Series 1998 Bonds and from and including the first Business Day of each sixth calendar month thereafter; (B) to but excluding the first Business Day of the sixth month thereafter.

(ii) The Semiannual Rate for each Semiannual Rate Period shall be determined as follows:

(A) A preliminary Semiannual Rate for each Semiannual Rate Period shall be determined not later than 4:00 p.m., New York City time, on the last Business Day which is at least 30 days immediately preceding the commencement date of such period;

(B) The actual Semiannual Rate for each Semiannual Rate Period shall be determined not later than 4:00 p.m., New York City time, on the Business Day immediately preceding the commencement date of such period.

(h) Extended Rates.

(i) Extended Rate Periods shall commence initially on the Extended Rate Conversion Date for the Series 1998 Bonds, and subsequently on the first Business Day of the calendar month following the last day of the prior Rate Period and extend for a period of one year or integral multiples of six months in excess of one year set by the Remarketing Agent, and end on a day which is the last day preceding the first Business Day of a calendar month.

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(ii) The Extended Rate for each Extended Rate Period shall be determined as follows:

(A) A preliminary Extended Rate for each Extended Rate Period shall be determined not later than 4:00 p.m., New York City time, on the last Business Day which is at least 30 days immediately preceding the commencement date of such period;

(B) The actual Extended Rate for each Extended Rate Period shall be determined not later than 4:00 p.m., New York City time, on the Business Day immediately preceding the commencement date of such period.

(i) Limitation on Rate Periods. None of the Variable Rate Periods may extend beyond the scheduled expiration date of the Credit Facility or the Liquidity Facility.

(j) Conversion between Variable Rate Periods. At the option of the County and upon delivery of an Opinion of Bond Counsel to the Trustee and the County, the Series 1998 Bonds may be converted from one Variable Rate Period to another as provided in this clause (j). In the case of conversion from one Variable Rate Period to a different Variable Rate Period, the Conversion Date shall be an Interest Payment Date for the Variable Rate Period from which the conversion is to be made; provided, however, that in the case of a conversion from an Extended Rate Period, the Conversion Date shall be limited to an Interest Payment Date on which a new Extended Rate Period for the Series 1998 Bonds would otherwise have commenced pursuant to Section 2.06(h). At the direction of the County, the Remarketing Agent shall give written notice of any conversion pursuant to this Section to the Trustee, the Bond Registrar, the Tender Agent, the County, the Credit Provider and the Liquidity Provider not less than five Business Days prior to the date on which the Tender Agent is required to notify the Owners of the conversion in the manner provided in this clause (j). Such notice shall specify the Conversion Date and the Rate Period to which the conversion will be made. Not less than 30 days prior to any Conversion Date, the Tender Agent shall mail or cause the Bond Registrar to mail a written notice of the conversion to the County, the Trustee, the Credit Provider, the Liquidity Provider and all of the Owners of the Series 1998 Bonds. Such notice shall set forth (A) the information contained in the notice from the Remarketing Agent pursuant to this clause (j) above, (B) the Interest Payment Dates for the new Rate Period, (C) the dates on which the Remarketing Agent will determine and the Tender Agent will notify the Owners of the preliminary Variable Rate (if applicable) and the Variable Rate for the Variable Rate Period commencing on the Conversion Date, and (D) the matters required to be stated pursuant to Section 3.08(b) with respect to purchases of Series 1998 Bonds which are governed by such Section.

(k) Determination of Variable Rate Effective on Conversion Date. The preliminary Variable Rate (if applicable) and the Variable Rate for the Variable Rate Period commencing on the Conversion Date shall be determined by the Remarketing Agent in the manner and on the dates provided in this Section 2.06. In addition to determining the Variable Rate for the Rate Period to which conversion is to be made, the Remarketing Agent shall determine a Weekly Rate at the time specified in Section 2.06(d), and give notice thereof to the Tender Agent, the Bond Registrar and the Trustee, which Weekly Rate shall take effect, if needed, pursuant to clause (l) below.

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(i) In the case of a conversion from a Variable Rate Period other than an Extended Rate Period, an Interest Payment Date for the Series 1998 Bonds on which interest is payable for the Variable Rate Period from which the conversion is to be made; and

(ii) In the case of a conversion from an Extended Rate Period, an Interest Payment Date for the Series 1998 Bonds on which a new Extended Rate Period would otherwise have commenced pursuant to Section 2.06(h).

Not less than 45 days (or such shorter period approved by the parties to receive the same) prior to the Fixed Rate Conversion Date, the County shall give written notice to the Trustee, the Bond Registrar, the Tender Agent, the Remarketing Agent, the Credit Provider and the Liquidity Provider, setting forth (A) the election to convert the Series 1998 Bonds to a Fixed Rate, and (B) the proposed Fixed Rate Conversion Date. As a condition of any such conversion, the Trustee, the Credit Provider, the Liquidity Provider and the Remarketing Agent shall receive, concurrently with the notice, an Opinion of Bond Counsel.

(n) Preliminary Determination of Terms of Series 1998 Bonds while Bearing Interest at the Fixed Rate. The Remarketing Agent shall make a preliminary determination of the Fixed Rate or Fixed Rates for the Series 1998 Bonds and the maturities of the Series 1998 Bonds in the same manner as is provided for the final determination of rates pursuant to Section 2.06(p). Such preliminary determination shall be made on a Business Day which is at least 35 days prior to the Fixed Rate Conversion Date. On the date of the preliminary determination, the Remarketing Agent shall notify the Tender Agent and the Tender Agent shall notify the County, the Trustee, the Bond Registrar, the Credit Provider and the Liquidity Provider, by telephone (promptly confirmed in writing), telegram, teletype, telex or other similar means of communication of the preliminary Fixed Rate or Rate of Rates so determined.

(o) Notice of Conversion to Fixed Rate. The Tender Agent shall mail or cause the Bond Registrar to mail a notice of the proposed conversion to the County, the Bond Registrar, the Trustee, the Credit Provider, the Liquidity Provider and the Owners of all Series 1998 Bonds to be converted. Such notice shall be mailed not less than 30 days prior to the proposed Fixed Rate Conversion Date. Such notice shall set forth the proposed Fixed Rate Conversion Date and state:

(i) that the Series 1998 Bonds are subject to mandatory tender for purchase (without the right to retain) on the Fixed Rate Conversion Date at a Purchase Price of par plus accrued interest; and

(ii) that the Series 1998 Bonds shall be deemed purchased on the Fixed Rate Conversion Date, and thereafter the Owner shall have no further rights hereunder except to receive such Purchase Price.

(p) Determination of Fixed Rate. The Remarketing Agent shall determine the Fixed Rate or Fixed Rates for the Series 1998 Bonds by not later than 3:30 p.m., New York City time, on the last Business Day that is at least 5 days prior to the Fixed Rate Conversion Date for the

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(i) Conditions on which Conversion Ineffective. Notwithstanding the delivery of notice of conversion pursuant to clause (j) above, conversion to a new Variable Rate Period shall not take effect as to the Series 1998 Bonds if:

(i) The Remarketing Agent fails to determine a Variable Rate for the Rate Period to which the conversion is to be made;

(ii) Any notice required by Section 2.06(j) is not given when required;

(iii) There is not delivered to the County and the Trustee an Opinion of Bond Counsel, dated as of the Conversion Date;

(iv) Such notice of conversion is rescinded by the County by written notice of such rescission to the Trustee and the Remarketing Agent which written notice is delivered prior to the applicable Conversion Date. If the Trustee receives notice of such rescission prior to the time the Trustee has given notice to the Owners of the Series 1998 Bonds, then such notice of conversion shall be of no force and effect. If the Trustee receives notice of such rescission after the Trustee has given notice to the Owners of the Series 1998 Bonds, then the Series 1998 Bonds shall automatically adjust to a Weekly Rate Period. Any purchases of Series 1998 Bonds scheduled or required to take place on the proposed effective date of any Rate Period (being also the effective date of the automatic adjustment to a Weekly Rate Period as in this Section 2.06(l) provided) shall take place on such date. No Opinion of Bond Counsel shall be required in connection with any automatic adjustment to a Weekly Rate Period as in this Section 2.06(l) provided; or

(v) There is not delivered to the Trustee written evidence from the Rating Agencies that any such conversion to a Quarterly Rate, Semiannual Rate or Extended Rate will not, of itself, cause a reduction or withdrawal of any rating then assigned to the Series 1998 Bonds.

Except as specifically provided in (iv) above, in any such event, the Series 1998 Bonds which were to be converted shall automatically be converted to a Weekly Rate Period on the date such conversion was to be made, provided that any mandatory or optional tender for purchase on the Conversion Date shall nevertheless be carried out. No cancellation of a conversion pursuant to this subsection shall constitute an Event of Default hereunder. Upon the occurrence of an event described in (i) above, the Weekly Rate for the Series 1998 Bonds shall be the per annum rate of interest determined on each Thursday (or if such day is not a Business Day, the immediately preceding Business Day) by the Trustee which is equal to the lesser of the Maximum Rate and a rate equal to "The Bond Market Association Municipal Swap Index" (or a comparable index, if such index is no longer published) most recently published, plus 50 basis points.

(m) Conversion to Fixed Rate. The Series 1998 Bonds shall be converted to bear interest at a Fixed Rate upon request of the County as provided in this clause (m). The Fixed Rate Conversion Date shall be:

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Series 1998 Bonds. The Fixed Rate or Fixed Rates shall be the lowest rate or rates of interest per annum (not in excess of the maximum rate of interest allowed by law) which, in the judgment of the Remarketing Agent as of the date of determination and under prevailing market conditions, would cause the Fixed Rate Series 1998 Bonds to have a market value equal to the principal amount thereof, plus accrued interest; provided, however, that, at the request of the County, the Fixed Rate or Fixed Rates can be such lower rate or rates of interest which, in the judgment of the Remarketing Agent as of the date of determination and under prevailing market conditions, would cause the Fixed Rate Series 1998 Bonds to have a market value of less than the principal amount thereof, plus accrued interest, but not less than 95% of the principal amount thereof, upon delivery of an Opinion of Bond Counsel to the Trustee, the Credit Provider, the Liquidity Provider and the Remarketing Agent. If necessary or desirable to achieve the lowest Fixed Rate or Fixed Rates on the Series 1998 Bonds, the Remarketing Agent may determine that some or all of the Series 1998 Bonds shall be converted to Serial Bonds maturing in years for which Amortization Requirements have been established for the Series 1998 Bonds and maturing in aggregate principal amounts that correspond to such Amortization Requirements. Not later than 4:00 p.m., New York City time, on the date of determination of the Fixed Rate, the Remarketing Agent shall notify the Tender Agent of the Fixed Rate or Fixed Rates and of any serialization of the maturities of the Series 1998 Bonds by telephone (promptly confirmed in writing). Such determination shall be conclusive and binding upon the County, the Trustee, the Tender Agent, the Credit Provider, the Liquidity Provider and the Owners of the Series 1998 Bonds. The Tender Agent shall make such Fixed Rate and serialization of the maturities of the Series 1998 Bonds available upon request by telephone (promptly confirmed in writing), telegram, teletype, telex or other similar communication to the County, the Trustee, the Credit Provider and the Liquidity Provider. In addition to determining a Fixed Rate, the Remarketing Agent shall determine a Weekly Rate pursuant to Section 2.06(d) and give notice thereof to the Tender Agent, the Bond Registrar, the Trustee, the Credit Provider and the Liquidity Provider, which Weekly Rate shall take effect if needed pursuant to Section 2.06(g).

(q) Conditions on which Conversion to Fixed Rate Ineffective. Notwithstanding the delivery of notice of a Fixed Rate conversion pursuant to Section 2.06(o) above, conversion of Series 1998 Bonds to a Fixed Rate Period shall not take effect:

(i) if the County withdraws such notice of conversion not later than the Business Day preceding the date on which the Fixed Rate is to be determined;

(ii) if the Remarketing Agent fails to determine a Fixed Rate;

(iii) if any notice required by Section 2.06(o) is not given when required; or

(iv) if upon the conversion, any Fixed Rate Series 1998 Bonds would be provided unless the Liquidity Provider consents.

In any of such events, the Series 1998 Bonds shall automatically be converted to a Weekly Rate for a Weekly Rate Period which shall commence on the date the Fixed Rate conversion was to be made, provided that the mandatory tender for purchase pursuant to Sections 3.08 and 3.09 shall nevertheless be carried out if notice of the Fixed Rate conversion had been given to the

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Owners of the Series 1998 Bonds. Withdrawal of a conversion notice shall be given by the County to the Trustee, the Tender Agent, the Bond Registrar, the Remarketing Agent, the Credit Provider and the Liquidity Provider, by telephone, promptly confirmed in writing. No cancellation of a Fixed Rate conversion pursuant to this subsection shall constitute an Event of Default hereunder. If the Series 1998 Bonds are converted to a Weekly Rate, and the Remarketing Agent fails to set a Weekly Rate, the Weekly Rate shall be the per annum rate of interest determined on each Thursday (or if such day is not a Business Day, the immediately preceding Business Day) by the Trustee which is equal to the lesser of the Maximum Rate and a rate equal to "The Bond Market Association Municipal Swap Index" (or a comparable index, if such index is no longer published) most recently published, plus 50 basis points.

(r) Effect of Conversion to Fixed Rate. Once the County has effectively exercised its option to convert the Series 1998 Bonds to a Fixed Rate pursuant to this Section 2.06, the County shall have no further options to convert the Series 1998 Bonds to any other Rate Period, and the Series 1998 Bonds shall no longer be payable from or secured by the Liquidity Facility or subject to tender for purchase.

(s) Provider Bonds. Notwithstanding anything to the contrary contained in this Indenture, Provider Bonds shall bear interest at the Provider Rate payable on the Interest Payment Dates, all in accordance with the provisions of the Liquidity Facility or any reimbursement or similar agreement entered into between the County and the Liquidity Provider.

SECTION 2.07. Refunding Bonds.

(a) General. In addition to the Series 1998 Bonds authorized under the provisions of Sections 2.06, Refunding Bonds may be issued pursuant to this Section 2.09 and secured by this Indenture from time to time on a parity with any other Outstanding Bonds, subject to the conditions hereinafter provided in this Section 2.07, for the purpose of providing funds, together with other legally available funds, for refunding all or any portion of the Outstanding Bonds of any one or more Series issued under the provisions of this Indenture, including the payment of all amounts necessary to defease the Outstanding Bonds to be refunded in accordance with the provisions hereof, and, as shall be specified in the Supplemental Indenture authorizing the issuance of a Series of Refunding Bonds, to make deposits to the Funds and Accounts and pay other costs of issuance and expenses relating thereto.

(b) Application of Proceeds. The proceeds (including accrued interest) of the Refunding Bonds, as applicable, shall be applied by an Authorized Officer as follows (or in such other manner as shall be set forth in the Supplemental Indenture authorizing the issuance of such Series of Refunding Bonds):

- (i) the amount, if any, received as accrued interest on the Refunding Bonds shall be delivered to the Trustee for deposit to the credit of Sinking Fund;
- (ii) the amount estimated by an Authorized Officer to be sufficient for that purpose shall be deposited to the credit of a special account established by the County and applied to the payment of the costs of issuance and expenses relating to the

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Requirements for each Bond Year for all Outstanding Bonds prior to issuance of such Refunding Bonds, or

(B) a certificate of the Rate Consultant demonstrating that the Pledged Revenue and investment income on funds on deposit in the Sinking Fund and the Debt Service Reserve Fund projected by the Rate Consultant for each Bond Year from issuance of the Refunding Bonds through the fifth Bond Year after the Bond Year in which the Refunding Bonds are issued is equal to not less than 110% of the annual Principal and Interest Requirements in each of such Bond Years for all Bonds then Outstanding, excluding any Bonds being defeased by proceeds of the Refunding Bonds and including the Refunding Bonds with respect to which the certificate is made.

SECTION 2.08. Preparation of Definitive Bonds; Temporary Bonds. The definitive Bonds of each Series shall be lithographed or printed with or without steel engraved borders. Until the definitive Bonds of any Series are ready for delivery, there may be executed, and an Authorized Officer may deliver, or cause the Bond Registrar to deliver, in lieu of definitive Bonds and subject to the same limitations and conditions, except as to identifying numbers, temporary printed, engraved, lithographed or typewritten Bonds in Authorized Denominations substantially of the tenor hereinabove set forth, and with appropriate omissions, insertions and variations as may be required. The County shall cause the definitive Bonds to be prepared and to be executed, endorsed and delivered to the Bond Registrar, on behalf of the Authorized Officer, and the Bond Registrar, upon presentation to it of any temporary Bond, shall cancel the same and authenticate and deliver, in exchange therefor, at the place designated by the Owner, without expense to the Owner, a definitive Bond or Bonds of the same Series and in the same aggregate principal amount, maturing on the same date and bearing interest at the same rate as the temporary Bond surrendered. Until so exchanged, the temporary Bonds shall in all respects, including the privilege of registration if so provided, be entitled to the same benefit of this Indenture as the definitive Bonds to be issued and authenticated hereunder. The Bond Registrar shall promptly destroy all temporary Bonds that have been canceled and shall submit a certificate to the Finance Director certifying that such temporary Bonds have been canceled and destroyed. Notwithstanding the foregoing, the definitive Series 1998 Bonds may be issued in typewritten form and a Supplemental Indenture authorizing the issuance of a Series of Bonds may provide for the definitive Bonds of a Series to be in typewritten form or in such other form as provided therein.

SECTION 2.09. Mutilated, Destroyed, Stolen or Lost Bonds. In case any Bonds secured hereby shall become mutilated or be destroyed, stolen or lost, the County may cause to be executed, and the Bond Registrar shall authenticate and deliver, a new Bond of like series, date, maturity, denomination and interest rate in exchange and substitution for and upon the cancellation of, such mutilated Bond or in lieu of and in substitution for such Bond destroyed, stolen, or lost, upon the Owner's paying the reasonable expenses and charges of the County in connection therewith and, in the case of a Bond destroyed, stolen or lost, its filing with the County and Bond Registrar evidence satisfactory to them that such Bond was destroyed, stolen or lost, and of its ownership thereof, and furnishing the County and Bond Registrar with indemnity satisfactory to them. In the event any such Bond shall be about to mature or has

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Refunding Bonds, including, but not limited to, financial advisory, accounting and legal fees, rating agency fees, printing costs, initial Bond Registrar fees, initial Paying Agent fees, initial Trustee fees, Credit Facility and Liquidity Facility fees and expenses, if any, and any other miscellaneous expenses relating to the issuance of such Bonds:

(iii) the amount necessary to make the amount on deposit therein equal to the Debt Service Reserve Fund Requirement shall be delivered to the Trustee for deposit to the credit of the Debt Service Reserve Fund; and

(iv) the balance of the proceeds of the Refunding Bonds remaining after the deposits made pursuant to clauses (i) through (iii) above have been made shall be applied to pay or provide for the payment of the Bonds to be refunded thereby in such manner as shall satisfy the conditions of Article XII to the release of the lien of the Trust Estate and this Indenture in favor of such Bonds:

(c) Conditions Precedent to Issuance of Refunding Bonds. Refunding Bonds shall be authenticated by the Bond Registrar and delivered by the Trustee in such manner as shall be specified in writing by an Authorized Officer, but only after such Bonds shall have been executed as provided in this Indenture and there shall have been obtained and delivered to the Trustee, the following:

(i) a copy of this Indenture, including all Supplemental Indentures entered into prior to this issuance of such Refunding Bonds and particularly the Supplemental Indenture authorizing the issuance of such Refunding Bonds;

(ii) a written opinion or opinions of Bond Counsel stating that it is of the opinion that the issuance of such Refunding Bonds has been duly authorized and that this Indenture creates a valid and enforceable pledge of the Trust Estate;

(iii) a certificate of an Authorized Officer to the effect that no Event of Default has occurred and is continuing as of the date of issuance of such Refunding Bonds (except any Event of Default that may be cured by application of the proceeds of such Bonds);

(iv) an amount equal to that amount which the County shall have determined to be the purchase price for such Bonds; and

(v) either

(A) a certificate signed by an Authorized Officer, confirming that the annual Principal and Interest Requirements for each Bond Year in which the Bonds to be refunded would be Outstanding but for such refunding for all Outstanding Bonds following issuance of the Refunding Bonds with respect to which the certificate is made (excluding any Bonds being defeased by proceeds of the Refunding Bonds and including the Refunding Bonds with respect to which the certificate is made) is not greater than the annual Principal and Interest

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matured or been called for redemption, instead of issuing a duplicate Bond, the County may direct the Paying Agent to pay the same without surrender thereof. Any Bond surrendered for replacement shall be canceled in the same manner as provided in Section 2.05.

Any such duplicate Bonds issued pursuant to this Section 2.09 shall constitute additional contractual obligations on the part of the County and the Trustee, whether or not the lost, stolen or destroyed Bonds are at any time found, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien on and source and security for payment from the Pledged Revenue and moneys on deposit in the Funds and Accounts with all other Bonds issued hereunder.

SECTION 2.10. Book-Entry Only System for Series 1998 Bonds. The Series 1998 Bonds shall be initially issued in the name of Cede & Co., as nominee for DTC as the initial Securities Depository and Owner of the Series 1998 Bonds, and may be held in the custody of or by the Trustee for the account of the Securities Depository. A single certificate will be issued and delivered to the Securities Depository for each maturity of the Series 1998 Bonds (except as otherwise required by DTC). The ultimate purchasers of ownership interests in the Series 1998 Bonds (the "Beneficial Owners") will not receive physical delivery of Series 1998 Bond certificates except as provided herein. For so long as the Securities Depository shall continue to serve as securities depository for the Series 1998 Bonds as provided herein, all transfers of beneficial ownership interests will be made by book-entry only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of Series 1998 Bonds is to receive, hold or deliver any Bond certificate.

The County and the Fiduciaries shall treat the Securities Depository (or its nominee) as the sole and exclusive Owner of the Series 1998 Bonds registered in its name for the purposes of payment of the principal of and interest on or redemption price, if any, of the Series 1998 Bonds or portion thereof to be redeemed, and of giving any notice permitted or required to be given to Series 1998 Bondholders under this Indenture and neither the County nor the Fiduciaries shall be affected by any notice to the contrary. Neither the County nor the Trustee shall have any responsibility or obligations to the Securities Depository, any Participant, any Beneficial Owner or any other Person which is not shown on the bond registration books maintained by the Bond Registrar, with respect to the accuracy of any records maintained by the Securities Depository or any Participant; the payment by the Securities Depository or any Participant of any amount in respect of the principal of and interest on the Series 1998 Bonds; any notice which is permitted or required to be given to Series 1998 Bondholders under this Indenture; the selection by the Securities Depository or any Participant of any Person to receive payment in the event of a partial redemption of the Series 1998 Bonds; or any consent given or other action taken by the Securities Depository as a Series 1998 Bondholder. The Trustee shall pay all principal and interest on or redemption price, if any, of the Series 1998 Bonds registered in the name of Cede & Co. only to or "upon the order of" the Securities Depository, and all such payments shall be valid and effective to fully satisfy and discharge the County's obligations with respect to the principal of and interest on or redemption price, if any, of such Series 1998 Bonds to the extent of the sum or sums so paid.

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The County and the Fiduciaries covenant and agree, so long as DTC shall continue to serve as Securities Depository for the Series 1998 Bonds, to meet the requirements of DTC, including those contained in the Representation Letter.

The County and the Fiduciaries may rely conclusively upon (i) a certificate of the Securities Depository as to the identity of the Participants in the Book-Entry Only System with respect to the Series 1998 Bonds and (ii) a certificate of any such Participant as to the identity of, and the respective principal amount of Series 1998 Bonds beneficially owned by, the Beneficial Owners.

Whenever, during the term of the Series 1998 Bonds, the beneficial ownership thereof is determined by a book-entry at the Securities Depository, the requirements in this Indenture of holding, delivering or transferring Series 1998 Bonds shall be deemed modified to require the appropriate Person to meet the requirements of the Securities Depository as to registering or transferring the book-entry to produce the same effect. Any provision hereof permitting or requiring delivery of Series 1998 Bonds shall, while the Series 1998 Bonds are in a Book-Entry Only System, be satisfied by the notation on the books of the Securities Depository in accordance with the law of the State.

The Trustee and the County, at the direction and expense of the County, may from time to time appoint a successor Securities Depository and enter into an agreement with the Securities Depository, to establish procedures with respect to the Series 1998 Bonds not inconsistent with the provisions of this Indenture. Any successor Securities Depository shall be approved by the Trustee and shall be a "clearing agency" registered under Section 17A of the Securities Exchange Act of 1934, as amended.

The Trustee and the County, at the direction and expense of the County, will cause the delivery of bond certificates to each Beneficial Owner, registered in the name of such Beneficial Owner, under the following circumstances:

(a) The Securities Depository determines to discontinue providing its service with respect to the Series 1998 Bonds and no successor Securities Depository is appointed as described above. Such a determination may be made at any time by giving 30 days' written notice to the County and the Trustee and discharging its responsibilities with respect thereto under applicable law; or

(b) The County determines not to continue the Book-Entry Only System through a Securities Depository.

The Trustee is hereby authorized to make such changes to the form of Bonds attached hereto as Exhibit A which are not inconsistent with this Indenture and which are necessary or appropriate upon the appointment of a successor Securities Depository or while the Book-Entry Only System is not in effect.

If at any time, the Securities Depository ceases to hold the Series 1998 Bonds, thereafter all references herein to the Securities Depository shall be of no further force or effect.

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Years Remaining from Conversion Date until end of Extended Rate Period or Final Maturity of Bonds in the Fixed Rate Period	First Day of Redemption Period	Redemption Price
More than five but not more than seven	Fourth anniversary of Conversion Date	101% declining by 1% on the next anniversary after the fourth anniversary of the Conversion Date and thereafter at 100%
Five or fewer	Not callable	

Notwithstanding any provision in this Indenture or the Series 1998 Bonds to the contrary, this Indenture and the Bonds may be amended as of the Conversion Date upon the request of the County, without the consent of any of the Bondholders, to change the redemption provisions applicable during an Extended Rate Period or the Fixed Rate Period to such redemption provisions as are acceptable to the County provided the County provides an Opinion of Bond Counsel to the Trustee.

(iii) Prior to notice being given to the Owners of affected Series 1998 Bonds of any optional redemption of Series 1998 Bonds under this Section 3.01(a), either (A) there shall be deposited with the Trustee an amount sufficient to pay the principal amount of the Series 1998 Bonds subject to redemption, plus accrued interest to the redemption date, plus any premium applicable to such redemption, or (B) such notice shall state that the redemption is conditioned on the receipt of moneys for such redemption by the Trustee on or prior to the redemption date. In the event that a conditional notice of redemption is given and such moneys are not timely received, the redemption for which such notice was given shall not be undertaken. Amounts deposited pursuant to this paragraph shall be kept by the Trustee in a trust account separate and segregated from all other moneys deposited under this Indenture and shall be held uninvested unless invested at the direction of an Authorized Officer only in Escrow Securities that mature on or before the redemption date. If the redemption price is required to be paid with Eligible Funds as specified in Section 3.01(a)(i) or (ii), the Trustee shall cancel the redemption of the Series 1998 Bonds if it determines that sufficient Eligible Funds will not be available on the redemption date. It is understood that the Initial Credit Facility and the Initial Liquidity Facility are not available to provide Eligible Funds for the payment of any redemption under this Section.

(b) Provider Bonds are subject to redemption prior to maturity (i) at the option of the County as a whole or in part in such amounts and of such maturities as the County may direct on any date at the principal amount thereof, without premium, plus interest accrued thereon to the redemption date and (ii) otherwise as provided in the Liquidity Facility or other reimbursement or similar agreement entered into between the County and the Liquidity Provider.

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ARTICLE III

REDEMPTION AND TENDER FOR PURCHASE OF BONDS

SECTION 3.01. Redemption Dates and Prices. Bonds other than the Series 1998 Bonds shall be subject to redemption in the manner set forth, if any, in the Supplemental Indenture authorizing the issuance of such Bonds. The Series 1998 Bonds may not be called for redemption by the County except as provided below:

(a) Optional Redemption. (i) The Series 1998 Bonds bearing interest at Daily, Weekly, Monthly, Quarterly, Semiannual or Extended Rates (but only if the Extended Rate Period is one year in duration) are subject to optional redemption from Eligible Funds prior to their stated maturity upon request of the County in whole or in part at any time at a price equal to the principal amount thereof, without premium, plus accrued interest thereon to the redemption date.

(ii) The Series 1998 Bonds bearing interest at Extended Rates (but only if the Extended Rate Period is more than one year in duration) or the Fixed Rate are subject to optional redemption from Eligible Funds (or from moneys that are not Eligible Funds if there shall not be a Credit Facility in place at the time of such redemption or if the Credit Facility in place at the time of such redemption is a policy of municipal bond insurance) prior to their stated maturity upon request of the County in whole or in part at the times and at the prices set forth below, and in such amounts and of such maturities as the County shall direct, plus accrued interest thereon to the redemption date:

Years Remaining from Conversion Date until end of Extended Rate Period or Final Maturity of Bonds in the Fixed Rate Period	First Day of Redemption Period	Redemption Price
More than fifteen	Tenth anniversary of Conversion Date	102% declining by 1% on each succeeding anniversary of the tenth anniversary of the Conversion Date until reaching 100% and thereafter at 100%
More than seven but not more than fifteen	Seventh anniversary of Conversion Date	102% declining by 1% on each succeeding anniversary of the seventh anniversary of the Conversion Date until reaching 100% and thereafter at 100%

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(c) Mandatory Redemption. The Series 1998 Bonds are also subject to redemption prior to maturity at a redemption price equal to the principal amount thereof, plus accrued interest, by application by the Trustee of funds on deposit to the credit of the Sinking Fund on September 1 in the years and in the principal amounts as follows:

YEAR	AMOUNT	YEAR	AMOUNT
2003	\$1,060,000	2016	\$1,940,000
2004	1,115,000	2017	2,035,000
2005	1,165,000	2018	2,130,000
2006	1,220,000	2019	2,235,000
2007	1,280,000	2020	2,340,000
2008	1,340,000	2021	2,450,000
2009	1,405,000	2022	2,565,000
2010	1,470,000	2023	2,690,000
2011	1,540,000	2024	2,815,000
2012	1,615,000	2025	2,950,000
2013	1,690,000	2026	3,090,000
2014	1,770,000	2027*	3,235,000
2015	1,855,000		

* By operation of maturity.

(d) If less than all of the Bonds of any one maturity of a Series shall be called for redemption, the particular Bonds to be redeemed shall be selected by the Trustee in such manner as the Trustee in its discretion deems fair and appropriate except to the extent otherwise provided in the Supplemental Indenture authorizing the Bonds of such Series.

SECTION 3.02. Notice of Redemption. Except as otherwise provided with respect to a Series of Bonds in the Supplemental Indenture authorizing the issuance of the Bonds of such Series, at least 30 days, but not more than 45 days, before the redemption date of any Bonds, the Trustee shall cause a notice of such redemption to be: (a) filed with any Paying Agent; (b) sent by telefacsimile followed by first class mail to registered securities depositories and to national information services that disseminate redemption notices; and (c) mailed, postage prepaid, to all Owners of Bonds to be redeemed in whole or in part at their addresses as they appear on the registration books herein provided for. Failure to file any such notice with any Paying Agent or to mail any such notice to any Bondholder or to any securities depository or national information service or any defect therein shall not affect the validity of the proceedings for redemption, except to the extent a Bondholder is prejudiced thereby, and then, only with respect to such Bondholder. Except as otherwise provided with respect to a Series of Bonds in the Supplemental Indenture authorizing the issuance of the Bonds of such Series, each such notice shall set forth: (1) the date fixed for redemption; (2) the redemption price to be paid; (3) the CUSIP numbers and the certificate numbers of the Bonds to be redeemed; (4) the name and address of the Paying Agent for the Bonds; (5) the dated date, interest rate and maturity date of the Bonds; and (6) if less than all of the Bonds of a Series then Outstanding shall be called for

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redemption, the amounts of each of the Bonds to be redeemed; and (7) the name, address and telephone number of a contact for such redemption.

SECTION 3.03. [Reserved]

SECTION 3.04. Redemption of Portions of Bonds. Except as provided in Section 2.10, any Bond which is to be redeemed only in part shall be surrendered at any place of payment specified in the notice of redemption (with due endorsement by, or written instrument of transfer in form satisfactory to the Bond Registrar duly executed by the Owner thereof or its duly authorized attorney or legal representative in writing) and the County shall execute and the Bond Registrar shall authenticate and deliver to the Owner of such Bond, without charge, other than any applicable tax or other governmental charge, a new Bond or Bonds, of any Authorized Denomination, as requested by such Owner in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bonds so surrendered.

SECTION 3.05. Effect of Call for Redemption. On the date fixed for redemption, notice having been given in the manner and under the conditions hereinabove provided, the Bonds or portions thereof called for redemption shall be due and payable at the redemption price provided therefor. If money or Escrow Securities, or a combination of both, sufficient to pay the redemption price of the Bonds to be redeemed are held by the Trustee in trust for the Owners of Bonds to be redeemed on the date fixed for redemption, then interest on the Bonds called for redemption shall cease to accrue; such Bonds shall cease to be entitled to any benefits or security under this Indenture or to be deemed Outstanding, and the Owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof. Bonds and portions of Bonds for which irrevocable instructions to pay on one or more specified dates or to call for redemption at the redemption date have been given to the Trustee in form satisfactory to it shall not thereafter be deemed to be Outstanding under this Indenture and shall cease to be entitled to the security of or any rights under this Indenture, other than rights to receive payment of the redemption price thereof, to be given notice of redemption in the manner provided in Section 3.02, and, to the extent hereinafter provided, to receive Bonds for any unredeemed portions of Bonds, if money or Escrow Securities, or a combination of both, sufficient to pay the redemption price of such Bonds or portions thereof, are held in separate accounts by the Trustee in trust for the Owners of such Bonds. All money held by the Trustee under this Section 3.05 for the redemption of Bonds after the redemption date shall be held uninvested or invested at the written direction of the County in Escrow Securities that mature on or before the redemption date.

For purposes of this Article III, Escrow Securities shall be deemed to be sufficient to redeem Bonds on a specified date if the principal of and the interest on such Escrow Securities, when due, will be sufficient to pay on such date the redemption price of such Bonds to such date.

If a portion of an Outstanding Bond shall be selected for redemption, the Owner thereof or its attorney or legal representative shall present and surrender such Bond to the Bond Registrar for payment of the redemption price of the portion thereof called for redemption, and the County shall execute and the Bond Registrar shall authenticate and deliver to or upon the

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(b) Notice of Tender. Each notice of tender:

(i) shall, in the case of a written notice, be delivered to the Trustee and, in the case of Series 1998 Bonds bearing interest at Weekly Rates, a copy thereof delivered to the Remarketing Agent, at their respective principal offices and be substantially in the form attached as Exhibit B hereto;

(ii) shall state, whether delivered in writing or by telephone (A) the principal amount of the Series 1998 Bond or portion of the Series 1998 Bond to be purchased, (B) that the Owner irrevocably demands purchase of such Series 1998 Bond or portion thereof, (C) the date on which such Series 1998 Bond or portion is to be purchased, (D) payment instructions, and (E) the DTC number of such Direct Participant; and

(iii) shall automatically constitute, whether delivered in writing or by telephone (A) an irrevocable offer to sell the Series 1998 Bond or portion to which the notice relates on the Purchase Date to any purchaser selected by the Remarketing Agent, at the Purchase Price, (B) an irrevocable authorization and instruction to the Series 1998 Bond Registrar to effect transfer of such Series 1998 Bond or portion upon payment of such price to the Trustee on the Purchase Date, (C) an irrevocable authorization and instruction to the Tender Agent to effect the exchange of the Series 1998 Bond to be purchased in whole or in part for other Series 1998 Bonds of the same maturity in an equal aggregate principal amount so as to facilitate the sale of such Series 1998 Bond or portion, and (D) an acknowledgment that such Owner will have no further rights with respect to such Series 1998 Bond or portion thereof upon payment of the Purchase Price by the Trustee on the Purchase Date to the Direct Participant from whom the notice of tender is received, except for the right of such Owner to receive such Purchase Price upon surrender of such Series 1998 Bond to the Tender Agent.

The determination of the Trustee as to whether a notice of tender has been properly delivered pursuant to the foregoing shall be conclusive and binding upon the Owner. The Trustee shall hold beneficial ownership interests of Series 1998 Bonds delivered to it pursuant to this Section pending settlement in trust for the benefit of the direct participant from whom the beneficial interests in the Series 1998 Bonds are received and shall remit any interest payments received with respect to such Series 1998 Bonds for the period prior to the Purchase Date to such Direct Participant.

(c) Series 1998 Bonds to be Remarketed. Not later than 4:30 p.m., New York City time, on the Business Day immediately following the date of receipt of any notice of tender (or immediately upon such receipt, in the case of Series 1998 Bonds bearing interest at Daily Rates), the Trustee shall notify the Tender Agent, if other than the Trustee, and the Remarketing Agent of the principal amount of Series 1998 Bonds or portions thereof to be tendered and remarketed and the date they are to be tendered and remarketed. Such notices shall be given by telephone, telegram, telex or other similar communication and shall be promptly confirmed in writing.

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order of such Owner or its legal representative, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond of the same stated maturity and bearing interest at the same rate.

SECTION 3.06. Expenses of Redemption. The expenses of any redemption of Bonds pursuant to this Article shall be paid from the Administrative Fund.

SECTION 3.07. Optional Tenders by Owners During Variable Rate Periods.

(a) Purchase Dates. During any Variable Rate Period a beneficial owner of the Series 1998 Bonds (other than Provider Bonds) may elect to have its Series 1998 Bonds (or portions thereof in Authorized Denominations) purchased at the Purchase Price, on the following Purchase Dates by causing the Direct Participant through whom such beneficial owner owns such Series 1998 Bond to give the following irrevocable telephonic or written notices meeting the further requirements of subsection (b) of this Section 3.07 and upon transfer on the registration books of DTC on the same day such notice is given of the beneficial ownership interest in such Series 1998 Bonds to the account of the Trustee, "free delivery" for settlement on the Purchase Date:

(i) Series 1998 Bonds bearing interest at Daily Rates may be tendered for purchase on any Business Day upon telephonic notice of tender given to the Trustee and the Remarketing Agent not later than 10:30 a.m., New York City time, on the Purchase Date;

(ii) Series 1998 Bonds bearing interest at Weekly Rates may be tendered for purchase on any Business Day upon delivery of a written notice of tender to the Trustee (with a copy thereof to the Remarketing Agent) not later than 5:00 p.m., New York City time, on a Business Day not less than 7 days prior to the Purchase Date;

(iii) Series 1998 Bonds bearing interest at Monthly, Quarterly or Semiannual Rates may be tendered for purchase on any Interest Payment Date upon delivery of a written notice of tender to the Trustee not later than 5:00 p.m., New York City time, on a Business Day which is not less than 7 days prior to the Interest Payment Date in the case of Series 1998 Bonds bearing interest at Monthly and Quarterly Rates, or 15 days prior to the Interest Payment Date in the case of Series 1998 Bonds bearing interest at Semiannual Rates; and

(iv) Series 1998 Bonds bearing interest at Extended Rates may be tendered for purchase on the commencement date of any Extended Rate Period (other than the Extended Rate Conversion Date) upon delivery of a written notice of tender to the Trustee not later than 5:00 p.m., New York City time, on a Business Day which is not less than 15 days prior to the Purchase Date.

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(d) Remarketing of Tendered Series 1998 Bonds. The Remarketing Agent shall offer for sale and use its best efforts to find purchasers for all Series 1998 Bonds or portions thereof properly tendered. All Series 1998 Bonds shall be at all times remarketed at the Purchase Price. Notwithstanding the foregoing, the Remarketing Agent shall not offer for sale any Series 1998 Bond if notice of (i) any optional or mandatory redemption, (ii) any conversion from one Variable Rate Period to another or to a Fixed Rate Period has been given to the Owners of the Series 1998 Bonds pursuant to the provisions of this Indenture, or (iii) any defeasance in accordance with the provisions of Article XII has occurred, unless the Remarketing Agent has advised the Person in writing to whom the offer is made of such occurrence and the effect of the same on the rights of such Owners including, but not limited to, the rights of such Owners to tender their Series 1998 Bonds, as described in the conversion notice from the Tender Agent to the Owners of the Series 1998 Bonds.

SECTION 3.08. Mandatory Tenders Upon Variable Rate Conversion.

(a) Purchase Dates. In the case of any conversion from one Variable Rate Period to another Variable Rate Period (except a conversion between a Daily Rate Period and a Weekly Rate Period), the Series 1998 Bonds to be converted are subject to mandatory tender for purchase on the Conversion Date at the Purchase Price.

(b) Notice to Owners. Any notice of a conversion given to Bondholders pursuant to Section 2.06(j) shall, in addition to the requirements of such Section, specify that the Series 1998 Bonds to be converted will be subject to mandatory tender for purchase on the Conversion Date and the time at which Series 1998 Bonds are to be tendered for purchase.

(c) Remarketing. At or before 4:00 p.m., New York City time, on the fifth Business Day immediately preceding the conversion to a Daily, Weekly or Monthly Rate Period or on the seventh calendar day (or, if such day is not a Business Day, on the next succeeding Business Day) preceding the conversion to a Quarterly Rate Period or on the fifteenth calendar day (or, if such day is not a Business Day, on the next succeeding Business Day) preceding the conversion to a Semiannual or Extended Rate Period, the Tender Agent shall notify the Trustee, the Credit Provider, the Liquidity Provider and the Remarketing Agent, by telephone, telegram, telex or other similar communication, of the aggregate principal amount of Series 1998 Bonds to be tendered for purchase on the Conversion Date or the Purchase Date. The Remarketing Agent shall offer for sale and use its best efforts to find purchasers for the Series 1998 Bonds to be tendered. All Series 1998 Bonds shall be at all times remarketed at the Purchase Price.

SECTION 3.09. Mandatory Tenders Upon Expiration, Substitution or Termination of Credit Facility or Liquidity Facility.

(a) Purchase Dates. Prior to the Fixed Rate Conversion Date of the Series 1998 Bonds, the Series 1998 Bonds shall be subject to mandatory tender for purchase at the Purchase Price:

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(i) on a Business Day which is at least five days prior to the date on which the Credit Facility or Liquidity Facility is to be canceled in connection with replacement by an Alternate Credit Facility pursuant to Section 13.03 or an Alternate Liquidity Facility pursuant to Section 13.06, as the case may be; or

(ii) on a Business Day which is at least five days prior to the expiration of the Credit Facility or the Liquidity Facility; or

(iii) on a Business Day which is at least five days prior to the termination of the Credit Facility or the Liquidity Facility, other than as a result of the occurrence of a Special Termination Event.

(b) **[RESERVED]**

(c) **Notice to Owners.** Notice of mandatory tender of Series 1998 Bonds shall be given by mail by the Bond Registrar at the direction of the Trustee to the Owners of said Series 1998 Bonds by first class mail not less than 30 days prior to the mandatory tender date. A copy of such notice shall be sent to the County and the Trustee. Notice having been so given, such mandatory tender shall occur on the date provided in such notice whether or not an Alternate Credit Facility or Liquidity Facility, as the case may be, is provided after such initial notice has been given.

(d) **Remarketing.** On the Business Day on which the first notice is mailed pursuant to 3.09(c), the Trustee shall notify the Tender Agent and the Remarketing Agent by telephone, telegram, teletype, telex or other similar communication of the aggregate principal amount of Series 1998 Bonds to be tendered for purchase on the mandatory tender date.

The Remarketing Agent shall offer for sale at par and use its best efforts to find purchasers for the Series 1998 Bonds to be tendered pursuant to Section 3.09(a) and advise them whether the Credit Facility or the Liquidity Facility will be replaced. In the case of replacement of the Credit Facility or Liquidity Facility, the Remarketing Agent shall inform prospective purchasers of the identity of the new Credit Provider or Liquidity Provider and the ratings to be in effect on the Series 1998 Bonds following such replacement. All Series 1998 Bonds shall be at all times remarketed at the Purchase Price.

SECTION 3.10. Purchase of Tendered Series 1998 Bonds.

(a) **Notice.** At or before 3:30 p.m., New York City time, on the Business Day immediately preceding the Purchase Date (or 11:00 a.m., New York City time, on the Purchase Date in the case of Series 1998 Bonds bearing interest at Daily Rates), the Remarketing Agent shall give notice by telephone, telegram, teletype, telex or other similar communication to the Trustee of the principal amount of tendered Series 1998 Bonds which have been remarketed and of the names, addresses and taxpayer identification numbers of the purchasers and the denominations of remarketed Series 1998 Bonds to be delivered to each purchaser. On the Purchase Date, the Trustee shall draw on the Liquidity Facility to the extent necessary to timely pay the Purchase Price with regard to the Series 1998 Bonds for which remarketing proceeds

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(1) Series 1998 Bonds purchased or remarketed by the Remarketing Agent shall be registered in accordance with the instructions of the Remarketing Agent and made available for delivery to the Remarketing Agent; and

(2) Series 1998 Bonds purchased with funds made available under or pursuant to the Liquidity Facility shall be registered in the name of the Liquidity Provider or its nominee, designee or assignee and shall be held by the Trustee in trust for the benefit of the Liquidity Provider or its nominee, designee or assignee or shall be delivered to or to the order of the Liquidity Provider, all in accordance with the provisions of the Liquidity Facility. While so registered, such Series 1998 Bonds shall constitute Provider Bonds.

(i) While the DTC Book-Entry Only System is in effect for the Series 1998 Bonds, the Trustee shall deliver Series 1998 Bonds purchased or remarketed by the Remarketing Agent by transfer of beneficial ownership of such Series 1998 Bonds on the registration books of DTC to or upon the order of the Remarketing Agent.

(ii) While the DTC Book-Entry Only System is in effect for the Series 1998 Bonds, the Trustee shall cause Series 1998 Bonds purchased with funds made available under or pursuant to the Liquidity Facility to be registered in the name of the Liquidity Provider or its designee, nominee or assignee on the registration book of DTC. Notwithstanding the foregoing, to the extent required by the Liquidity Facility, the Trustee shall withdraw Provider Bonds from the DTC Book-Entry Only System and shall prepare and authenticate physical Series 1998 Bonds representing such Provider Bonds. While the DTC Book-Entry Only System is in effect for the Series 1998 Bonds, in the event that Provider Bonds which are not held under the DTC Book-Entry Only System are subsequently remarketed pursuant to the terms of this Article III and the Liquidity Facility, the Trustee shall take such action as shall be necessary to reinstate the DTC Book-Entry Only System for such Series 1998 Bonds and shall transfer beneficial ownership thereof on the books of DTC to or upon the order of the Remarketing Agent.

(e) **Delivery of Series 1998 Bonds: Effect of Failure to Surrender Series 1998 Bonds.**

(i) All Series 1998 Bonds to be purchased on any date shall be required to be delivered to the designated corporate trust office of the Tender Agent at or before 11:30 a.m., New York City time, on the Purchase Date, except that Series 1998 Bonds bearing interest at Semiannual or Extended Rates being tendered for purchase at the election of the Owner pursuant to Section 3.07 shall be delivered to the designated corporate trust office of the Tender Agent along with the notice of tender.

(ii) If the Owner of any Series 1998 Bond (or portion thereof) that is subject to purchase pursuant to this Article III fails to surrender such Series 1998 Bond to the Tender Agent for purchase on the Purchase Date, and if the Trustee is in receipt of the Purchase Price therefor, such Series 1998 Bond (or portion thereof) shall nevertheless be deemed purchased on the Purchase Date and ownership of such Series 1998 Bond (or portion thereof) shall be transferred to the purchaser thereof as provided in subsection (d) of this Section 3.10. Any Owner who fails to deliver a Series 1998 Bond for purchase as required above shall have no

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(other than proceeds of sale to the County) have not been paid to the Trustee. In the case of the Initial Liquidity Facility, such draw shall be made not later than 12:00 noon, New York City time, on the Purchase Date. In the event that the Trustee does not receive from the Remarketing Agent the notice described in this Section, on the Purchase Date the Trustee shall draw on the Liquidity Facility to the extent necessary to timely pay the Purchase Price of all Series 1998 Bonds subject to tender for purchase on such Purchase Date. In the case of the Initial Liquidity Facility, such draw shall be made not later than 12:00 noon, New York City time, on the Purchase Date.

Notwithstanding anything to the contrary contained in this Indenture, the Trustee may not draw on the Liquidity Facility after the occurrence of a Special Termination Event.

(b) **Sources of Payment.** The Remarketing Agent shall pay to the Trustee, on the Purchase Date, all amounts representing proceeds of the remarketing of tendered Series 1998 Bonds, such payments to be made in the manner and at the time specified in Sections 3.07(d), 3.08(c), 3.09(d), 3.10(d) and 3.12(c), as applicable. All such proceeds, the proceeds of a draw upon the Liquidity Facility and all other Eligible Funds shall be held by the Trustee in trust in a separate segregated account solely for the benefit of the Series 1998 Bonds. The Initial Liquidity Provider has agreed under the Initial Liquidity Facility to pay, on or before 3:00 p.m., New York City time, on the Purchase Date, the Purchase Price to the Trustee of such Series 1998 Bonds that have not been remarketed.

(c) **Payments by the Trustee.** Before 4:00 p.m., New York City time, on the Purchase Date and upon receipt by the Trustee of 100% of the aggregate Purchase Price of the tendered Series 1998 Bonds, the Trustee shall pay the Purchase Price of such Series 1998 Bonds to the Owners thereof (or as otherwise provided in Section 3.07) at its principal office or by bank wire transfer. Such payments shall be made in immediately available funds. Payments of such Purchase Price are to be made from the following sources in the order of priority indicated:

(i) The proceeds of the sale of the Series 1998 Bonds which have been remarketed by the Remarketing Agent (other than proceeds of a sale of the Series 1998 Bonds to the County); and

(ii) The proceeds of the sale of the Series 1998 Bonds which have been purchased by the Liquidity Provider pursuant to the Liquidity Facility or other proceeds received under or pursuant to a Liquidity Facility;

(iii) Moneys paid by the County for such purpose that are Eligible Funds; and

(iv) Other moneys paid by the County for such purpose.

(d) **Registration and Delivery of Tendered or Purchased Series 1998 Bonds.**

(i) Subject to the requirements of clauses (ii) and (iii) immediately below, on the Purchase Date, the Bond Registrar shall register and deliver (or hold) all Series 1998 Bonds purchased on any Purchase Date as follows:

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further rights thereunder except the right to receive the Purchase Price thereof upon presentation and surrender of said Series 1998 Bond to the Tender Agent. The Tender Agent shall promptly notify the Trustee of any such failure to deliver a Series 1998 Bond to the Tender Agent, and the Trustee shall be entitled to conclusively rely on such notification.

(f) **Investment of Funds.** All money held by the Trustee for the payment of the Purchase Price of Series 1998 Bonds from whatever source derived, including remarketing proceeds and draws upon the Liquidity Facility, shall be held in a separate segregated account and shall be held uninvested.

(g) **Exception for Bonds Owned by County.** Notwithstanding anything in this Agreement to the contrary, the Liquidity Provider shall not be required to purchase Series 1998 Bonds subject to optional or mandatory tender for purchase under this Indenture that are beneficially held (or held in certificated form) by or on behalf of the County or any affiliate of the County.

SECTION 3.11. **Series 1998 Bonds Purchased Under Liquidity Facility.** In the event that any Series 1998 Bonds are Provider Bonds, such Series 1998 Bonds shall be held in accordance with Section 3.10(d) hereof and the Remarketing Agent shall continue to offer for sale and use its best efforts to sell such Series 1998 Bonds at the Purchase Price. While the Liquidity Facility is effective, Series 1998 Bonds purchased with funds made available under the Liquidity Facility shall not be delivered upon remarketing unless the Liquidity Facility is reinstated for the principal amount of the outstanding Series 1998 Bonds and interest thereon in accordance with its terms and the Remarketing Agent, the Bond Registrar, the Tender Agent, any designee of the Liquidity Provider then holding Provider Bonds and the Trustee have been advised in writing by the Liquidity Provider that it has elected to reinstate the Liquidity Facility in full.

SECTION 3.12. Mandatory Tenders Upon Conversion to Fixed Rate.

(a) **Purchase Date.** In the case of any conversion from a Variable Rate Period to the Fixed Rate Period, the Series 1998 Bonds to be converted are subject to mandatory tender for purchase on the Conversion Date at the Purchase Price.

(b) **Notice to Owners.** Any notice of a conversion given to Bondholders pursuant to Section 2.06(c) shall, in addition to the requirements of such Section, specify that the Series 1998 Bonds to be converted will be subject to mandatory tender for purchase on the Conversion Date and the time at which Series 1998 Bonds are to be tendered for purchase.

(c) **Remarketing.** At or before 4:00 p.m., New York City time, on the fifteenth calendar day (or, if such day is not a Business Day, on the next succeeding Business Day) preceding the conversion to a Fixed Rate Period, the Tender Agent shall notify the Trustee, the Credit Provider, the Liquidity Provider and the Remarketing Agent, by telephone, telegram, teletype, telex or other similar communication, of the aggregate principal amount of Series 1998 Bonds to be tendered for purchase on the Conversion Date or the Purchase Date. The

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Remarketing Agent shall offer for sale and use its best efforts to find purchasers for the Series 1998 Bonds to be tendered.

SECTION 3.13. Insufficient Funds for Purchases. If the moneys available for purchase of Series 1998 Bonds pursuant to this Article are inadequate for the purchase of all Series 1998 Bonds which are tendered on any Purchase Date, all Series 1998 Bonds subject to such purchase shall continue to bear interest at the same rate as in effect on the day prior to the Purchase Date to the date on which the earliest of the following occurs:

- (i) The Fixed Rate Conversion Date for the Series 1998 Bonds;
- (ii) The date on which any default by the Liquidity Provider under the terms of the Liquidity Facility has been cured; or
- (iii) The fifth day after the date on which an Alternate Liquidity Facility meeting the requirements of Section 13.06 becomes effective.

If the preceding paragraph becomes applicable, (i) the Tender Agent shall immediately (but no later than the end of the next succeeding Business Day) return all tendered Series 1998 Bonds to the Owners thereof and notify all Owners of Series 1998 Bonds in writing of the interest rate to be effective pursuant to the preceding paragraph and (ii) the Trustee shall return all moneys received for the purchase of such Series 1998 Bonds to the Persons who provided such moneys; provided, however, that subject to Section 3.16 of this Indenture, the Owners shall retain all rights to tender the Series 1998 Bonds pursuant to the provisions of this Indenture and the obligation of the County to honor such tenders shall remain in effect until payment therefor has been provided in accordance with the provisions of this Indenture.

SECTION 3.14. Book-Entry Tendere. Notwithstanding any other provision of this Article III to the contrary, all tenders for purchase during any period in which the Series 1998 Bonds are registered in the name of Cede & Co. (or the nominee of any successor securities depository) shall be subject to the terms and conditions set forth in the Representation Letter and any notes and regulations promulgated by DTC.

SECTION 3.15. Duties of Trustee with Respect to Purchase of Series 1998 Bonds. The Trustee agrees, with respect to any optional or mandatory tender of the Series 1998 Bonds:

- (a) to hold all moneys, other than moneys delivered to it by or on behalf of the County for the purchase of Series 1998 Bonds, delivered to it hereunder for the purchase of Series 1998 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 the Series 1998 Bonds purchased with such moneys shall have been delivered to or for the account of such Person or entity; and
- (b) to hold all moneys delivered to it hereunder by or on behalf of the County for the purchase of Series 1998 Bonds as agent and bailee of, and in escrow for the benefit of, the Owners who shall deliver Series 1998 Bonds to it for purchase until the Series 1998 Bonds purchased with such moneys shall have delivered to or for the account the County.

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ARTICLE IV

ISSUANCE OF SENIOR BONDS

SECTION 4.01. Issuance of Additional Senior Bonds. The County shall only issue Additional Senior Bonds under Section 2.07 of the Senior Bond Resolution upon compliance with the requirements of said Section 2.07 and upon filing with the Trustee either:

- (i) a certificate signed by the Finance Director demonstrating that the "Adjusted Net Revenue" (as hereafter defined) for the immediately preceding Fiscal Year or for any twelve consecutive months in the eighteen months immediately preceding the date of issuance of the Additional Senior Bonds with respect to which the certificate is made ("Test Period"), as selected by the Finance Director, is equal to not less than 110% of the maximum Composite Principal and Interest Requirements in the current or any future Bond Year for all Senior Bonds then outstanding under the provisions of the Senior Bond Resolution, including the Additional Senior Bonds with respect to which the certificate is made, and for all Bonds then Outstanding. Adjusted Net Revenue shall mean, for the purposes hereof, the Net Revenue during the Test Period, as determined by the Accountant (excluding investment income on funds on deposit in the Construction Fund), adjusted by the Finance Director to reflect (x) 100% of the additional Net Revenue which, in the opinion of the Rate Consultant, would have been received by the County from increases in tariffs, rates, fees, rentals and other charges for the use of Port Facilities or the services furnished by the County if such increases had been implemented and in effect during such Test Period, provided that such increases must be adopted as of the date the certification required by this Section 4.01 is made and such increase must be effective on, or scheduled to become effective no later than six months from, the date on which such certificate is made; and (y) 100% of the additional Net Revenue which, in the opinion of the Rate Consultant, would have been realized during such Test Period but for the inclusion, in Operating Expenses during such Test Period, of specified sums of extraordinary, non-recurring, expenditures which materially and adversely distort Net Revenue during the Test Period as a fair basis upon which to project future Net Revenue; or

- (ii) a certificate of the Rate Consultant demonstrating that the Net Revenue (excluding investment income on funds on deposit in the Construction Fund) projected by the Rate Consultant for each Bond Year from issuance of the Additional Senior Bonds through the fifth Bond Year after the Bond Year in which the Project financed with the proceeds of such Additional Senior Bonds is scheduled to be completed is equal to not less than 110% of the annual Composite Principal and Interest Requirements in each of such Bond Years for all Senior Bonds then outstanding under the provisions of the Senior Bond Resolution, including the Additional Senior Bonds with respect to which the certificate is made, and for all Bonds then Outstanding.

SECTION 4.02. Issuance of Refunding Senior Bonds. The County shall only issue Refunding Senior Bonds under Section 2.08 of the Senior Bond Resolution upon compliance with the requirements of said Section 2.08 and, if the certification described in clause (c)(iv) of said

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SECTION 3.16. No Tender Upon Special Termination Event. Notwithstanding anything to the contrary contained in this Indenture, the Series 1998 Bonds shall no longer be subject to optional tender for purchase or, except for Provider Bonds in accordance with Section 3.17 hereof, to mandatory tender for purchase as provided in this Article III if there shall have occurred a Special Termination Event. If a Special Termination Event occurs, the Trustee, upon receipt of written notice from the Liquidity Provider of the occurrence of such Special Termination Event, shall give or cause the Bond Registrar to give notice by first class mail to the Owners of the Series 1998 Bonds (i) of the occurrence of such Special Termination Event and the termination or suspension, as the case may be, of the obligation of the Liquidity Provider to purchase Series 1998 Bonds and (ii) that the Series 1998 Bonds are no longer subject to optional tender for purchase or mandatory tender for purchase.

If, after the occurrence of a Special Termination Event, the County shall provide an Alternate Liquidity Facility or if the Liquidity Facility shall be reinstated, in each case so that a Liquidity Facility is in effect that will provide funds to pay the Purchase Price of the Series 1998 Bonds tendered or deemed for purchase in accordance with the provisions of this Indenture, the optional and mandatory tender for purchase provisions of this Indenture will be reinstated. The Trustee, upon receipt of such Alternate Liquidity Facility or written notice of reinstatement of the Liquidity Facility, shall give or cause the Bond Registrar to give written notice by first class mail to the Owners of the Series 1998 Bonds (i) of the occurrence of such event and (ii) the reinstatement of the optional and mandatory tender for purchase provisions of this Indenture.

SECTION 3.17. Tender of Provider Bonds. Provider Bonds shall be subject to tender for purchase in accordance with the provisions of the Liquidity Facility or other reimbursement or similar agreement entered into between the County and the Liquidity Provider.

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Section 2.08 is being delivered, upon filing with the Trustee a certificate signed by the Finance Director confirming that the Net Revenue (excluding investment income on funds on deposit in the Construction Fund) projected by the Rate Consultant, in writing, for each Bond Year from issuance of the Refunding Senior Bonds through the fifth Bond Year after the Bond Year in which the Refunding Senior Bonds are issued is equal to not less than 110% of the annual Composite Principal and Interest Requirements in each of such Bond Years for all Senior Bonds then outstanding under the provisions of the Senior Bond Resolution, excluding any Senior Bonds being defeased by proceeds of the Refunding Senior Bonds and including the Refunding Senior Bonds with respect to which the certificate is made, and for all Bonds then Outstanding.

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ARTICLE V
REVENUE AND FUNDS

SECTION 5.01. Pledge of Pledged Revenue. The County hereby pledges and imposes a lien upon the Pledged Revenue and any and all other monies on deposit in the Funds and Accounts, other than the Administrative Fund and the Rebate Fund, including, without limitation, the investment earnings thereon, to secure the payment of the principal of, redemption premium, if any, and interest on the Bonds and the performance by the County of its other obligations under this Indenture.

The Bonds issued under the provisions of this Indenture constitute Subordinate Obligations under the Senior Bond Resolution and are subordinate in all respects to the lien on Net Revenue in favor of all Senior Bonds heretofore or hereafter issued under the provisions of the Senior Bond Resolution and any other superior liens created from time to time in accordance with the provisions of the Senior Bond Resolution and this Indenture.

SECTION 5.02. Rate Covenants. The County covenants:

(a) that it will continue in effect the present tariff of rates and fees for, and the present rentals and other charges for the use of, the Port Facilities and the services furnished by the County until the same shall be revised as hereinafter provided,

(b) that it will not change, revise or reduce any such rates, fees, rentals and other charges if such change, revision or reduction will result in producing less Gross Revenue unless such rates, fees, rentals and other charges as so changed, revised or reduced will produce sufficient Gross Revenue to comply with subsection (c) of this Section, and

(c) that, subject to the foregoing provisions of this Section 5.02, from time to time and as often as it shall appear necessary it will revise the rates, fees, rentals and other charges for the use of the Port Facilities and for the services furnished by the County as may be necessary or proper in order that the Gross Revenue (excluding investment income on funds on deposit in the Construction Fund) and investment income on funds on deposit in the Sinking Fund and the Debt Service Reserve Fund will at all times be sufficient in each Fiscal Year to provide an amount at least equal to the sum of:

- (i) 100% of the amounts required under clauses (i), (iii) and (iv) of Section 5.02(c) of the Senior Bond Resolution for the current Fiscal Year,
- (ii) 100% of the Administrative Expenses for the current Fiscal Year,
- (iii) 110% of the Composite Principal and Interest Requirements for the current Fiscal Year, and
- (iv) 100% of the Debt Service Reserve Fund Deposit Requirement for the current Fiscal Year.

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the Annual Budget as are subsequently ratified by the County. Nothing contained herein shall limit the amount which the County may expend for Operating Expenses and Administrative Expenses in any Fiscal Year provided any amounts expended therefor in excess of the total amount provided in the Annual Budget shall be received by the County from a source other than Gross Revenue in such Fiscal Year.

SECTION 5.04. Sinking Fund, Additional Funds and Accounts. A special fund is hereby created and designated "Broward County, Florida Subordinate Port Facilities Refunding Revenue Bonds Sinking Fund" (herein called "Sinking Fund"). Three additional special funds are hereby created and designated "Broward County, Florida Subordinate Port Facilities Refunding Revenue Bonds Debt Service Reserve Fund" (herein called the "Debt Service Reserve Fund"), "Broward County, Florida Subordinate Port Facilities Refunding Revenue Bonds Administrative Fund" (herein called the "Administrative Fund") and "Broward County, Florida Subordinate Port Facilities Refunding Revenue Bonds Rebate Fund" (herein called the "Rebate Fund").

The moneys in the Administrative Fund and Rebate Fund shall be held by the County in trust and applied as hereinafter provided. The moneys in the Sinking Fund and the Debt Service Reserve Fund shall be held by the Trustee in trust and applied as hereinafter provided and, pending such application, shall be subject to a lien and charge in favor of the Owners of the Bonds issued and Outstanding under this Indenture and for the further security of such Owners until paid out or transferred as herein provided.

SECTION 5.05. Flow of Funds. The Finance Director shall transfer, to the extent legally available, from the General Fund to the Rebate Fund the amounts required to be transferred in order to comply with the rebate covenants set forth in Section 7.14 hereof, when such amounts are required to be transferred.

Thereafter, the Finance Director shall, not later than the 27th day of the month next succeeding the month in which Bonds are issued under the provisions of this Indenture and in each month thereafter, withdraw and transfer, to the extent legally available, an amount from the General Fund to the Administrative Fund so that thereafter the amount on deposit in the Administrative Fund equals the amount necessary for Administrative Expenses payable therefrom during the next month; provided, however, that such transfer shall not be required to be made to the extent that sufficient money is on deposit in the Administrative Fund.

The Finance Director shall promptly thereafter withdraw, to the extent legally available, from the General Fund amounts sufficient to transfer to the Trustee or pay, as applicable, the following amounts in the following order of priority:

- (a) first, deposit to the credit of the Sinking Fund, such amount (or the entire sum so withdrawn if less than the required amount) as shall equal the sum of
 - (i) an amount that, together with an equal amount assumed to be deposited on one Deposit Day of each succeeding calendar month prior to the next Interest Payment Date, shall equal (or shall be estimated to equal during a Daily Rate Period or Weekly

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The deposit to the credit of the Sinking Fund in any Fiscal Year of an amount in excess of the amounts required under this Indenture for such Fiscal Year shall be taken into account in adjusting the rates, fees, rentals and other charges for any subsequent Fiscal Years. Any deficiency in the amounts deposited to the credit of the Sinking Fund or the Debt Service Reserve Fund in any Fiscal Year shall, as promptly as may be practicable, be added to the amounts referred to above for the remaining Fiscal Years in adjusting such rates, fees, rentals and other charges.

The County covenants that if at any time the total amount of Gross Revenue and investment income on funds on deposit in the Sinking Fund and the Debt Service Reserve Fund realized in any Fiscal Year shall be less than the amounts referred to above for such Fiscal Year, it will, before the 45th day of the following Fiscal Year, request (i) the Rate Consultant to make its recommendations as to a revision of the rates, fees, rentals and other charges and (ii) the Rate Consultant or the Consulting Engineers to make its recommendations as to any changes in methods of operation. The copies of such requests and of the recommendations of the Rate Consultant and Consulting Engineers shall be filed with the Trustee and the Finance Director.

Anything in this Indenture to the contrary notwithstanding, if the County shall comply with all above recommendations of the Rate Consultant and the Consulting Engineers, the failure to meet the requirements of clause (c) above in any Fiscal Year will not constitute an Event of Default under the provisions of this Indenture if Pledged Revenue is sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds payable in such Fiscal Year.

Notwithstanding any of the foregoing provisions of this Section 5.02, leases and other agreements and contracts for the use of Port Facilities in effect on the date of the execution of this Indenture shall not be subject to revisions except in accordance with their terms, and the County may enter into new leases or other agreements or contracts for the use of Port Facilities on such terms and for such periods of time as it shall determine to be proper.

SECTION 5.03. Annual Budget. The County covenants that on or before the first day of each Fiscal Year it will adopt a budget for such Fiscal Year. Copies of the Annual Budget shall be filed with the Finance Director.

If for any reason the County shall not have adopted the Annual Budget before the first day of any Fiscal Year, the Annual Budget for the preceding Fiscal Year shall, until the adoption of the Annual Budget, be deemed to be in full force and shall be treated as the Annual Budget under the provisions of this Article.

The County may at any time adopt an amend or supplemental Annual Budget for the remainder of the then current Fiscal Year, and the Annual Budget so amended or supplemented shall be treated as the Annual Budget under the provisions of this Article. Copies of any such amended or supplemental Annual Budget shall be filed with the Finance Director.

The County further covenants that the amount expended for Operating Expenses and Administrative Expenses in any Fiscal Year will not exceed the reasonable and necessary amount thereof, except that in the event of an emergency such amounts may be expended in excess of

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Rate Period) the Interest Requirements of the Bonds payable on the next Interest Payment Date, and

- (ii) an amount that, together with an equal amount assumed to be deposited on one Deposit Day of each succeeding calendar month prior to the next principal payment date (including any date established for the payment of Amortization Requirements) for the Bonds occurring within one year of the date of such deposit, shall equal the Principal Requirements of the Bonds payable on such next principal payment date (or date established for the payment of Amortization Requirements);

provided that in making such transfer to the Trustee, the Trustee shall take into account any accrued interest deposited from the proceeds of a Series of Bonds and any amounts specified in a certificate of an Authorized Officer delivered to the Trustee prior to such Deposit Day as credited to the Sinking Fund and anticipated to be available to pay interest on Bonds on the next Interest Payment Date; provided further, that, in making such transfer, the Trustee shall take into account any investment income realized by the County from the investment of moneys to the credit of the Sinking Fund and the Debt Service Reserve Fund (or any other excess in the Debt Service Reserve Fund transferred or then transferable to the Sinking Fund pursuant to Section 5.08(b)) since the Deposit Day next preceding the Interest Payment Date last occurring prior to such Deposit Day; and provided further that, in the event the County has entered into any Hedge Agreement pursuant to the provisions of this Indenture, amounts shall be deposited in the Sinking Fund at such other times and/or in such other amounts or transferred to such other parties as necessary to pay the Hedge Obligations due under the Hedge Agreement on a party with interest due on the Bonds. Notwithstanding the foregoing, the County shall remain obligated to cure any deficiency in the amount so deposited for the payment of interest on Variable Rate Bonds on or prior to the applicable Interest Payment Date, and the Finance Director shall withdraw and transfer to the Trustee from the General Fund, to the extent legally available, the amount necessary to cure any such deficiency on or prior to such Interest Payment Date; and

(b) second, to the credit of the Debt Service Reserve Fund, such amount, if any, remaining after the deposits under clause (a) above (or the entire balance if less than the required amount) as shall equal the Debt Service Reserve Fund Deposit Requirement; provided, however, that if the Debt Service Reserve Fund Deposit Requirement is being satisfied by the reinstatement of a Reserve Facility, there shall be paid to the Reserve Facility Provider such amount, if any, remaining after making the deposit under clause (a) above (or the entire balance if less than the required amount), as may be required to cause the Debt Service Reserve Fund Deposit Requirement to be satisfied.

(c) third, to pay other amounts due Credit Providers, Liquidity Providers, Reserve Facility Providers, Fiduciaries, Counterparties and others which are not payable as Administrative Expenses or pursuant to clauses (a) and (b) above;

The payments and deposits required pursuant to this Section shall be cumulative and the amount of any deficiency in any month shall be added to the amount otherwise required to be

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paid or deposited in each month thereafter until such time as such deficiency shall have been made up.

Notwithstanding the foregoing provisions of clause (a), if there shall be to the credit of the Sinking Fund on a Deposit Day the amount required to be on deposit to the credit of such Fund on the next Interest Payment Date and the next principal payment date, no further deposit into such Fund on account of the requirements of said clause shall then be required.

In the event that with respect to any Series of Bonds, the periods to elapse between Interest Payment Dates for the purposes of clause (a)(i) above or between the date of delivery of the Bonds and the next principal payment date for the purposes of clause (a)(ii) above will be other than six months or twelve months, respectively, then such monthly payments shall be increased or decreased accordingly, in sufficient amounts to provide, as to such Series, the required interest or principal amount maturing on the next Interest Payment Date or principal payment date, as applicable.

SECTION 5.06. Application of Monies in Administrative Fund. Money held in the Administrative Fund shall be applied toward payment of Administrative Expenses as the same are due and payable.

SECTION 5.07. Application of Moneys in Sinking Fund.

(a) The Trustee shall, on or before the Business Day immediately preceding each Interest Payment Date, withdraw from the Sinking Fund and transfer to the Paying Agent, and the Paying Agent shall (1) remit by mail to each Owner of Bonds the amounts required for paying the interest on such Bonds as such interest becomes due and payable and (2) set aside or deposit in trust with the Paying Agent, the amounts required for paying the principal of such Bonds as such principal becomes due and payable.

(b) Except in the case of any Bonds that constitute Variable Rate Bonds or Put Bonds, the County may direct the Trustee to purchase Bonds identified by the County prior to maturity at the most advantageous price obtainable with reasonable diligence by the County, such price not to exceed the principal of such Bonds. The Trustee shall pay the purchase price and the interest accrued on such Bonds to the date of settlement therefor from the Sinking Fund; provided, however, that money in the Sinking Fund may be used by the Trustee to purchase Bonds for cancellation only to the extent said moneys are in excess of the amount required for payment of the Bonds theretofore matured and the total amount of interest and principal on the Bonds scheduled to become due on the next succeeding Interest Payment Date or Principal Payment Date, respectively.

(c) In the case of Bonds secured by a Credit Facility or Liquidity Facility, amounts on deposit in the Sinking Fund may be applied to reimburse the Credit Provider or Liquidity Provider for amounts drawn under such Credit Facility or Liquidity Facility to pay the principal or Purchase Price of and premium, if any, and interest on such Bonds, as appropriate.

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(d) In the case of Bonds with respect to which the County has entered into a Hedge Agreement, amounts on deposit in the Sinking Fund may be applied to pay Hedge Obligations.

SECTION 5.08. Use of Moneys in Debt Service Reserve Fund.

(a) Moneys held for the credit of the Debt Service Reserve Fund shall be transferred to the credit of the Sinking Fund and used for the purpose of paying the principal and interest of all Bonds whenever and to the extent that the moneys held for the credit of the Sinking Fund shall be insufficient for such purpose. If the amount transferred from the Debt Service Reserve Fund to the Sinking Fund pursuant to the preceding sentence shall be less than the amount required to be transferred thereunder, any amount thereafter deposited to the credit of the Debt Service Reserve Fund shall be immediately transferred to the Sinking Fund as and to the extent required to make up such deficiency.

(b) If on the Deposit Day immediately preceding each Interest Payment Date and/or principal payment date the moneys held for the credit of the Debt Service Reserve Fund shall exceed an amount equal to the Debt Service Reserve Fund Requirement, the Trustee shall transfer such excess to the credit of the Sinking Fund.

(c) Whenever the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement, the Trustee shall notify the County of the amount of the deficiency. Upon such notification, the Finance Director shall withdraw and transfer to the Trustee, from legally available moneys in the General Fund, on the Deposit Day in each month thereafter an amount not less than Debt Service Reserve Fund Deposit Requirement until such deficiency is remedied.

(d) The County may satisfy all or a portion of the Debt Service Reserve Fund Requirement by the deposit with the Trustee of a Reserve Facility. A Reserve Facility shall be payable (upon the giving of notice as required thereunder) on any Interest Payment Date or redemption or principal payment date on which a deficiency exists for the Bonds of the Series of Bonds for which such Reserve Facility was issued, which cannot be cured by moneys in the Debt Service Reserve Fund or any other Fund, Account or Subaccount held pursuant to this Indenture and available for such purpose.

If any such Reserve Facility is substituted for moneys on deposit in the Debt Service Reserve Fund, the excess moneys in the Reserve Account shall be applied to satisfy any such deficiency in any of the Funds, Accounts or Subaccounts under this Indenture, and any remaining balance shall be deemed surplus, shall be released from the lien of this Indenture and may be used by the County for any lawful purpose. If a disbursement is made from a Reserve Facility, the County shall be obligated, in accordance with Section 5.05(b), to either reinstate the maximum limits of such Reserve Facility following such disbursement or deposit into Debt Service Reserve Fund the amount of the disbursement made under such Reserve Facility, or to undertake a combination of such alternatives.

In the event that upon the occurrence of any deficiency in the Sinking Fund, the Debt Service Reserve Fund is then funded with one or more Reserve Facilities, the Trustee, pursuant

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to the provisions of any such facilities, shall, on the Interest Payment Date or principal payment date or redemption date to which such deficiency relates, draw upon or cause to be paid under such facilities, on a pro-rata basis thereunder, an amount sufficient to remedy such deficiency, in accordance with the terms and provisions of such facilities and any corresponding reimbursement or other agreement governing such facilities; provided however, that if at the time of such deficiency the Debt Service Reserve Fund is only partially funded with one or more Reserve Facilities, prior to drawing on such facilities or causing payments to be made thereunder, there shall first be applied any cash and securities on deposit in the Debt Service Reserve Fund to remedy the deficiency and, if after such application a deficiency still exists, the shall make up the balance of the deficiency by drawing on such facilities or causing payments to be made thereunder, as provided in this paragraph. Amounts drawn or paid under a Reserve Facility shall be applied as set forth in clause (a) of this Section 5.08. Any amounts drawn or paid under a Reserve Facility shall be reimbursed to the issuer thereof in accordance with the terms and provisions of the reimbursement or other agreement governing such facility.

SECTION 5.09. Moneys Set Aside to be Held in Trust. All moneys that the Trustee shall have withdrawn from the Sinking Fund or shall have received from any other source and set aside, or deposited with the Bond Registrar or Paying Agents, for the purpose of paying any of the Bonds hereby secured at the maturity thereof shall be held in trust for the respective Owners of such Bonds. But any moneys that shall be so set aside or deposited and that shall remain unclaimed by the Owners of such Bonds for the period of two years after the date on which such Bonds shall have become due and payable shall upon request in writing be paid to the County or to such officer, board or body as may then be entitled by law to receive the same, and thereafter the Owners of such Bonds shall look only to the County or to such officer, board or body, as the case may be, for payment and then only to the extent of the amounts so received without any interest thereon, and the Trustee, the Bond Registrar, the Trustee and the Paying Agent shall have no responsibility with respect to such moneys.

SECTION 5.10. Separate Accounts. Except as provided in Section 3.10(b) hereof, the moneys required to be accounted for in each of the Funds, Accounts and Subaccounts established herein by the County and the Trustee, respectively, may be deposited by the County or the Trustee, as applicable, in a single bank account, and may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the moneys on deposit therein and such investments for the various purposes of such Funds, Accounts and Subaccounts as herein provided.

The designation and establishment of the various Funds, Accounts and Subaccounts in and by this Indenture shall not be construed to require the establishment of any completely independent, self-balancing funds as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenue for certain purposes and to establish certain priorities for application of such revenue as herein provided.

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ARTICLE VI

DEPOSITARIES OF MONEYS, SECURITY FOR DEPOSITS AND INVESTMENTS OF FUNDS

SECTION 6.01. Security for Deposits. All moneys received by or on behalf of the County, subject to the provisions of this Indenture, including all such moneys delivered to the Trustee, shall be held in accordance herewith by the County or the Trustee, as applicable; provided, however, that moneys held by the County shall be deposited with a Depository or Depositories. All such moneys shall be held in trust, shall be applied only in accordance with the provisions of this Indenture and shall not be subject to lien or attachment by any creditor of the County or Trustee except as otherwise provided in this Indenture.

All moneys held by the Trustee or a Depository hereunder in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal agency shall be continuously secured in such manner as may then be provided by applicable State or federal laws or regulations regarding the security for, or granting a preference in the case of, the deposit of public funds; provided, however, that it shall not be necessary for the Paying Agent to give security for the deposits of any moneys with them for the payment of the principal of or the redemption premium or the interest on any Bonds issued hereunder or for the County to give security for any moneys which shall be represented by obligations purchased under the provisions of this Article as an investment of such money.

SECTION 6.02. Investment of Moneys. Moneys held for the credit of the Sinking Fund, the Debt Service Reserve Fund, the Administrative Fund and the Rebate Fund shall, as nearly as may be practicable, be continuously invested and reinvested with respect to the Administrative Fund and the Rebate Fund, by the Finance Director, and with respect to the Sinking Fund and the Debt Service Reserve Fund, by the Trustee, only upon written direction or telephonic direction promptly followed by written direction of an Authorized Officer to the Trustee, in Investment Securities which shall mature, or which shall be subject to redemption by the holder thereof at the option of such holder, not later than the respective dates when moneys held for the credit of said Funds will be estimated by an Authorized Officer to be required for the purposes intended (which Investment Securities, in the case of the Debt Service Reserve Fund, may be as late as the final maturity of the Bonds). Any and all such investments shall comply with any requirements set forth in any certificate or other instrument of the County with respect to preventing any Series of Bonds from being characterized as "arbitrage bonds" within the meaning of Section 148 of the Code or any successor provision thereto. The Trustee shall assume that any Investment Security in which the County has directed it to invest is a lawful investment for the County.

Investment Securities so purchased as an investment of moneys in any Fund, Account or Subaccount shall be deemed at all times to be part of such Fund, Account or Subaccount. The interest accruing thereon and any gain realized from such investment shall be credited to, and any loss resulting from such investment shall be charged to, the respective Fund, Account or Subaccount. The Finance Director or the Trustee, upon direction of an Authorized Officer, as applicable, shall sell or present for payment or redemption any Investment Securities so acquired

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whenever it shall be necessary to do so in order to provide moneys to meet any payment from such Fund, Account or Subaccount. Neither the County, the Trustee nor any agent thereof shall be liable, or responsible, for any loss resulting from any such investment.

Any and all income received from the investment of moneys in the Sinking Fund shall be retained therein.

Any and all income earned on investments in the Debt Service Reserve Fund shall be transferred to the Sinking Fund; provided, however, such income in the Debt Service Reserve Fund shall be retained in Debt Service Reserve Fund in the event that amounts on deposit therein are less than the Debt Service Reserve Fund Requirement.

Any income received from the investment of moneys in the Administrative Fund and the Rebate Fund shall remain therein.

The Trustee shall value Investment Securities credited to the Sinking Fund or Debt Service Reserve Fund upon request of the County or the Credit Provider, but, in any event, not less often than annually, as follows:

- (a) As to Investment Securities the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times): the average of the bid and asked prices for such Investment Securities so published on or most recently prior to such time of determination;
- (b) As to Investment Securities the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such time of determination for such Investment Securities by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such Investment Securities or the bid price published by a nationally recognized pricing service;
- (c) As to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and
- (d) As to any Investment Securities not specified above: the value thereof established by prior agreement between the County, the Trustee and the Credit Provider.

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Port Facilities, that all compensation, salaries, fees and wages paid by it in connection with the maintenance, repair and operation of the Port Facilities will be reasonable, that no more persons will be employed by it than are necessary, that it will maintain and operate the Port Facilities in an efficient and economical manner and that, from the Gross Revenue thereof, it will at all times maintain the Port Facilities in good repair and in sound operating condition and will make all necessary repairs, renewals and replacements.

SECTION 7.04. Covenant Against Encumbrances. The County covenants that, from Gross Revenue, it will pay, as part of Operating Expenses, all taxes and assessments or other municipal or governmental charges lawfully levied or assessed upon or in respect of the Port Facilities or upon any part thereof or upon any Gross Revenue when the same shall become due and payable by the County. Except to the extent permitted in the Senior Bond Resolution and this Indenture, the County will not create or suffer to be created any lien or charge upon the Port Facilities or any part thereof or upon the Pledged Revenue ranking equally with or prior to the Bonds except (i) in connection with Senior Bonds, the lien for the benefit of Senior Bonds and liens for the benefit of any Senior Credit Provider, any provider of a Senior Reserve Account Credit Facility or any provider of a Senior Hedge Agreement and (ii) in connection with Bonds, liens for the benefit of any Credit Provider, Liquidity Provider or Counterparty. The County will pay or cause to be discharged, or will make adequate provision to satisfy and discharge, within sixty days after the same shall accrue, all lawful claims and demands against the County for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the Port Facilities or any part thereof or upon the Gross Revenue: provided, however, that nothing contained in this Section 7.04 shall require the County to pay or cause to be discharged, or make provision for, any such lien or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

SECTION 7.05. Retention of Consulting Engineers, Accountants and Rate Consultant/ Appointment of Officers. The County covenants that (i) it will, for the purpose of performing and carrying out the duties imposed on the Consulting Engineers by the Senior Bond Resolution and this Indenture, retain an independent engineer or engineering firm or corporation of nationally recognized ability and standing, (ii) it will, for the purpose of performing and carrying out the duties imposed on the Accountants by the Senior Bond Resolution and this Indenture, retain an independent certified public accountant or firm of certified public accountants of nationally recognized ability and standing and (iii) it will, from time to time as necessary, for the purpose of performing and carrying out the duties imposed on the Rate Consultant by the Senior Bond Resolution and this Indenture, retain an independent consultant or consulting firm or corporation of nationally recognized ability and standing. Except for any fees and expenses incurred under the provisions of Section 4.03 of the Senior Bond Resolution, the cost of retaining Consulting Engineers, Accountants and the Rate Consultant shall be treated as part of Operating Expenses. The County covenants that it will appoint and maintain a Finance Director and such other Authorized Officers as it deems appropriate, and delegate to such persons the duties imposed or permitted to be imposed upon them by the Senior Bond Resolution and this Indenture.

SECTION 7.06. Insurance. The County covenants that it will maintain a practical insurance program, including property and comprehensive liability insurance, with reasonable

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ARTICLE VII

PARTICULAR COVENANTS

SECTION 7.01. Payment of Principal, Interest and Premium; Limited and Subordinated Obligations. The County covenants that it will promptly pay the principal of and the interest on the Bonds, and any premium required for the retirement of said Bonds by purchase or redemption, at the places, on the dates and in the manner specified herein and in said Bonds.

Except as otherwise provided in this Indenture, the principal, interest and premium on the Bonds are payable solely from the Pledged Revenue which is hereby pledged to the payment thereof and the moneys on deposit from time to time in the Funds, Accounts and Subaccounts, other than the Administrative Fund and the Rebate Fund, in the manner and to the extent hereinabove particularly specified, and nothing in the Bonds or in this Indenture shall be construed as obligating the County to pay the principal, the interest and premium, if any, thereon except from the Pledged Revenue and the moneys on deposit from time to time in the Funds, Accounts and Subaccounts, other than the Administrative Fund and the Rebate Fund, or as pledging the full faith and credit of the County or as obligating the County, directly or indirectly or contingently, to levy or to pledge any form of taxation whatever therefor.

The Bonds issued under the provisions of this Indenture constitute Subordinate Obligations under the Senior Bond Resolution and are subordinate in all respects to the lien on Net Revenue in favor of all Senior Bonds heretofore or hereafter issued under the provisions of the Senior Bond Resolution and any other superior liens created from time to time in accordance with the provisions of the Senior Bond Resolution and this Indenture.

SECTION 7.02. Covenants Regarding Senior Bond Resolution.

(a) The County covenants that (i) it will deposit and apply the Gross Revenue in accordance with the provisions of Article V of the Senior Bond Resolution, (ii) it will apply in each month moneys on deposit in the General Fund which, under the provisions of Section 5.13 of the Senior Bond Resolution are legally available for such purpose, to the payment of the County's obligations under this Indenture prior to application to any other purposes permitted under Section 5.13 of the Senior Bond Resolution, other than those purposes which under Section 5.13 of the Senior Bond Resolution have priority over the County's obligations under this Indenture, and (iii) it will continue to comply with the provisions of clauses (i) and (ii) above notwithstanding the discharge and release of the Senior Bond Resolution in accordance with its terms.

(b) The County further covenants that it will comply with all of its covenants and agreements under the Senior Bond Resolution and that it will not adopt a supplemental resolution under the provisions of Article X of the Senior Bond Resolution which shall have a material adverse effect upon the Owners of the Bonds.

SECTION 7.03. Operation of the Port Facilities. The County covenants that it will establish and enforce reasonable rules and regulations governing the use and operation of the

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terms, conditions, provisions and costs, which the Finance Director determines, with the recommendations of the Consulting Engineers, will afford adequate protection against loss, including loss of Gross Revenue, caused by damage to or destruction of the Port Facilities or any part thereof and for bodily injury and property damage. All such insurance policies shall be carried with a responsible insurance company or companies satisfactory to the Finance Director and authorized and qualified under the laws of the State of Florida to assume the risks thereof.

The proceeds of all such insurance covering damage to or destruction of the Port Facilities shall be deposited with the Finance Director and shall be available for and shall, to the extent necessary, be applied to the repair, replacement or reconstruction of the damaged or destroyed property, and shall be paid out in the manner provided in the Senior Bond Resolution for payments from the Construction Fund. If such proceeds are more than sufficient for such purpose, the balance remaining shall be deposited to the credit of the Gross Revenue Fund. If such proceeds shall be insufficient for such purpose, the deficiency may be supplied out of any monies in the Renewal and Replacement Fund and then from the Gross Revenue Fund. The proceeds of all insurance covering loss of Gross Revenue shall be deposited to the credit of the Gross Revenue Fund.

Notwithstanding the foregoing provisions of this Section, the County may institute and maintain self-insurance programs with regard to such risks as shall be consistent with the recommendations of the Consulting Engineers.

SECTION 7.07. Use of Gross Revenue. The County covenants and agrees that none of the Gross Revenue will be used for any purpose other than as provided in the Senior Bond Resolution and this Indenture. The County further covenants that it will adopt such resolutions and such rules and regulations as may be necessary or appropriate to carry out the obligations of the County under the provisions of the Senior Bond Resolution and this Indenture.

SECTION 7.08. Records, Accounts and Audits. The County covenants that it will keep accurate records and accounts of all items of cost and all expenditures relating to the Department and of the Gross Revenue earned and the application of such Gross Revenue. All expenditures must be accounted for by proper invoices or approved charge documents prior to any such expenditure.

The County further covenants that at least quarterly it will cause to be filed with the Finance Director a report signed by the Finance Director setting forth financial statements prepared in accordance with generally accepted accounting principles applicable to the operations of the Department (i) for all months of the current Fiscal Year including the month in which said report is given, and (ii) for the same months of the preceding Fiscal Year.

The County further covenants that it will, at the end of each Fiscal Year, prepare financial statements in accordance with generally accepted accounting principles applicable to operations of the Department and that it will cause an audit of the financial statements to be made by the Accountant, which may be part of the County's Comprehensive Annual Financial Report. Such audit will be conducted in accordance with generally accepted auditing standards

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applicable to operations of the County. The audit will be completed within one hundred eighty days after the end of the Fiscal Year. Within a reasonable time thereafter reports of such audit and copies of each report shall be filed with the Finance Director and copies of such reports shall be mailed by the County to the Trustee and the Consulting Engineers. The scope of the Accountant's audit will be sufficient to enable it to report as to compliance by the County with the rate covenant of this Indenture and any material non-compliance by the County of the conditions and covenants under this Indenture.

The County further covenants that it will cause any additional reports relating to the County to be made as required by law. The cost of such audits and reports shall be treated as a part of the Operating Expenses.

All of the reports described in this Section 7.08 shall be made available by the County to any Bondholder that requests same.

SECTION 7.09. Sale or Disposal of Port Facilities. The County covenants that, except as permitted by this Section 7.09 and as in this Indenture otherwise permitted, it will not sell or otherwise dispose of or encumber the Port Facilities or any part thereof. The foregoing shall not prohibit the County from entering into any lease of Port Facilities permitted by the Act. The County may, from time to time sell any machinery, fixtures, apparatus, tools, instruments or other property acquired by the County in connection with the Port Facilities and materials used in connection therewith, if the Port Director shall determine that such property is no longer needed or is no longer useful in connection with the construction or operation or maintenance of the Port Facilities. The proceeds of any such sale shall be applied to the replacement of the property so sold or disposed of and any property so acquired as such replacement shall become a part of the Port Facilities subject to this Indenture or such proceeds shall be deposited as provided in Section 7.09 of the Senior Bond Resolution (notwithstanding the discharge and release of the Senior Bond Resolution in accordance with its terms). Notwithstanding the foregoing, the County may from time to time permanently abandon the use of, sell or trade any property forming a part of the Port Facilities, but only if there shall be filed with the Finance Director prior to such abandonment, sale or trade, a certificate of the Consulting Engineers, stating:

- (a) that the County is not then in default in the performance of any of the material covenants, conditions, agreements or provisions contained in the Senior Bond Resolution and this Indenture; and
- (b) that the Gross Revenue for the next succeeding twelve months, after giving effect to such abandonment, sale or trade and any replacement, and after adjustment to reflect changes in the rate schedule in effect on the date of such certificate, are anticipated to be sufficient in all respects to comply with Section 5.02 of this Indenture; and
- (c) that such abandonment, sale or trade considering the use the County has stated it intends to make with any proceeds derived therefrom, and after consideration of all other benefits and detriments anticipated to result therefrom, will not have a

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"private activity bonds" as that term is defined in Section 141 of the Code (or any successor provision thereto), except as to any Series so categorized at the time of issuance, or "arbitrage bonds" as that term is defined in Section 148 of the Code (or any successor provision thereto) and that it will comply with such sections of the Code throughout the term of the Bonds.

(c) The County may, if it so elects, issue one or more Series of Taxable Bonds, the interest on which is (or may be) includable in the gross income of the Owners thereof for federal income tax purposes, provided that the issuance thereof will not cause the interest on any other Bonds therefore issued hereunder to be or become subject to federal income taxation.

(d) Notwithstanding anything to the contrary contained in subparagraphs (a) through (c) hereof, the County hereby elects to issue the Series 1998 Bonds and may, if it so elects, issue other Series of Bonds as "private activity bonds," as that term is defined in Section 141 (or any successor provision thereto) of the Code and which are "qualified bonds," as that term is defined in Section 141 (or any successor provision thereto) of the Code and the County covenants that it will not make or direct the making of any investment nor will it use the proceeds of any such Series in a manner which would make such Bonds not "qualified bonds."

SECTION 7.14. Arbitrage Rebate Covenants. Prior to the issuance of each Series of Bonds other than any Series of Taxable Bonds, the County shall execute and deliver a certificate or agreement containing arbitrage rebate covenants (the "Rebate Covenants") as to said Series of Bonds. The County shall make or cause to be made payments from the Rebate Fund of amounts required to be deposited therein to the United States of America in the amounts and at the times required by the Rebate Covenants. The County covenants for the benefit of the Bondholders that it will comply with the requirements of the Rebate Covenants. There shall be excluded from the pledge and lien of this Indenture the Rebate Fund, together with all moneys and securities from time to time held therein and all investment earnings derived therefrom. The County shall not be required to comply with the requirements of this Section 7.14, or with the Rebate Covenants, in the event that the County obtains an Opinion of Bond Counsel that: (a) such compliance is not required in order to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes; and/or (b) compliance with some other requirement is necessary to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes or is a permissible substitute for any deleted requirement. The County shall enter into a Supplemental Indenture, or amend the Rebate Covenants, as may be applicable, to reflect the deletion or substitution of any such requirement.

SECTION 7.15. Covenants with Credit Providers and Liquidity Providers.

(a) The County may make such covenants as it may, in its sole discretion, determine to be appropriate with any Credit Provider, Liquidity Provider or other financial institution that shall agree to provide for Bonds of any one or more Series a Credit Facility or Liquidity Facility that shall enhance the security or the value of such Bonds; provided, however, such covenants may not impair the rights of any existing Bondholders in any manner that, pursuant to Section 11.02, would require such Bondholder's consent, without first obtaining such consent.

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material adverse impact on future Pledged Revenue and is consistent with the County's business and purpose.

The proceeds of any disposition authorized by the Consulting Engineers' certificate as aforesaid shall be applied as stated therein or, if not so stated, the proceeds of the sale of any property shall either be deposited by the County as provided in Section 7.09 the Senior Bond Resolution, or shall be applied to the replacement of the property so sold, and any property acquired as such replacement shall become a part of the Port Facilities subject to the provisions of this Indenture.

SECTION 7.10. Special Purpose Bonds. Notwithstanding any other provision of this Indenture, the County may issue Special Purpose Bonds in accordance with the provisions of Section 7.10 of the Senior Bond Resolution, provided, however, that to the extent the same shall constitute a Subordinated Obligation, payment therefor shall be subordinate to the payment of principal of and interest on the Bonds.

SECTION 7.11. Subordinated Obligations. Subject to the provisions of Section 7.04 of this Indenture, the County may issue additional Subordinated Obligations.

SECTION 7.12. Other Indebtedness. Nothing in this Indenture shall be construed as in any way prohibiting or limiting the power of the County to enter into agreements, including interest rate swaps, incur obligations, undertake indebtedness or otherwise enter into any financing transactions to the extent such agreements, obligations, indebtedness or financing transactions do not impose any lien upon the Net Revenue or the Pledged Revenue and are payable from sources other than Gross Revenue. The foregoing shall include bond or revenue anticipation notes, including notes anticipated to be paid from proceeds of Bonds issued hereunder, and any other obligations of the County that are payable from funds other than Gross Revenue.

SECTION 7.13. Investments and Use of Proceeds to Comply with Code; Taxable Bonds.

(a) The County covenants with the Owners of each Series of Bonds (other than Taxable Bonds), that it shall comply with the requirements of the Code necessary to maintain the exclusion of interest on the Bonds from gross income for purposes of federal income taxation, including the payment of any amount required to be rebated to the U.S. Treasury pursuant to the Code, and, in particular, that it shall not make or direct the making of any investment or other use of proceeds of such Series of Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause the interest on such Series of Bonds to be or become subject to federal income taxation, nor shall it fail to do any act which is necessary to prevent such interest from becoming subject to federal income taxation.

(b) The County covenants with the Owners of each Series of Bonds (other than Taxable Bonds) that neither the County nor any other person under its control or direction will make any investment or other use of the proceeds of such Series of Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause such Series of Bonds to be

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(b) For so long as the Initial Credit Facility is in effect and the Initial Credit Provider has not defaulted in its obligations thereunder, and notwithstanding any provisions to the contrary contained in this Indenture, the County, the Trustee, the Bond Registrar and the Paying Agent, as applicable, covenant and agree, but solely for the benefit of the Initial Credit Provider, as follows:

- (1) Consent of the Initial Credit Provider.

Any provision of this Indenture expressly recognizing or granting rights in or to the Initial Credit Provider may not be amended in any manner which affects the rights of the Initial Credit Provider without the prior written consent of the Initial Credit Provider.

- (2) Consent of the Initial Credit Provider in Lieu of Bondholder Consent.

The Initial Credit Provider's consent shall be required in lieu of the consent of the Owners of the Series 1998 Bonds, when required, for the following purposes: (i) execution and delivery of any amendment or change to or modification of this Indenture; (ii) removal of the Trustee or Paying Agent and selection and appointment of any successor Trustee or Paying Agent; and (iii) initiation or approval of any action not described in (i) or (ii) above which requires consent of the Owners of the Series 1998 Bonds.

- (3) Consent of the Initial Credit Provider in the Event of Insolvency.

Any reorganization or liquidation plan with respect to the Department must be acceptable to the Initial Credit Provider. In the event of any reorganization or liquidation, the Initial Credit Provider shall have the right to vote on behalf of all Owners of the Series 1998 Bonds but shall in no event vote to reduce the principal amount of Series 1998 Bonds Outstanding or to reduce the interest rate which the Series 1998 Bonds bear.

- (4) Rights of the Initial Credit Provider Upon Default.

Anything in this Indenture to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, the Initial Credit Provider shall be deemed the Owner of all the Series 1998 Bonds for purposes of exercising all rights and remedies granted to the Owners of the Series 1998 Bonds under this Indenture.

- (5) Notices to the Initial Credit Provider; Accountings.

(A) The County or the Trustee, as applicable, shall furnish to the Initial Credit Provider:

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(i) as soon as practicable after filing thereof, a copy of any financial statement of the Department and a copy of any audit and annual report of the Department;

(ii) a copy of any notice to be given to the Owners of the Series 1998 Bonds, including, without limitation, notice of any redemption of or defeasance of Series 1998 Bonds, and any certificate rendered pursuant to this Indenture relating to the security for the Series 1998 Bonds; and

(iii) such additional information it may reasonably request.

(B) The Trustee or the County, as applicable, shall notify the Initial Credit Provider of any failure of the County to provide relevant notices or certificates.

(C) The County will permit the Initial Credit Provider to discuss the affairs, finances and accounts of the Department or any information the Initial Credit Provider may reasonably request regarding the security for the Series 1998 Bonds with appropriate officers of the County. The Trustee and the County will permit the Initial Credit Provider to have access to and to make copies of all books and records relating to the Series 1998 Bonds at any reasonable time.

(D) The Initial Credit Provider shall have the right to direct an accounting of the Department at the County's expense, and the County's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from the Initial Credit Provider shall be deemed as a default hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any Owner of the Series 1998 Bonds.

(E) Notwithstanding any other provision of this Indenture, the Trustee or the County, as applicable, shall immediately notify the Initial Credit Provider if at any time there are insufficient moneys to make any payments of principal and/or interest on the Series 1998 Bonds as required and immediately upon the occurrence of any Event of Default under this Indenture.

(F) The County agrees to provide to the Initial Credit Provider copies of all information and notices required to be provided under the Continuing Disclosure Agreement at the same time as such information and notices are provided thereunder.

(6) Series 1998 Bonds Outstanding.

Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due on the Series 1998 Bonds shall be paid by Initial Credit Provider pursuant to the Initial Credit Facility, the Series 1998 Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the

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that should they be entitled to receive full payment of principal from the Initial Credit Provider, they must surrender their Series 1998 Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Series 1998 Bonds to be registered in the name of the Initial Credit Provider) for payment to the Insurance Trustee, and not the Paying Agent and (iv) that should they be entitled to receive partial payment of principal from the Initial Credit Provider, they must surrender their Series 1998 Bonds for payment thereon first to the Paying Agent who shall note on such Series 1998 Bonds the portion of the principal paid by the Paying Agent and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(E) In the event that the Trustee has notice that any payment of principal of or interest on a Series 1998 Bond which has become Due for Payment (as defined in the Initial Credit Facility) and which is made to a Bondholder by or on behalf of the County has been deemed a preferential transfer and theretofore recovered from its Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time the Initial Credit Provider is notified pursuant to (A) above, notify all Owners that in the event that any Owner's payment is so recovered, such Owner will be entitled to payment from the Initial Credit Provider to the extent of such recovery if sufficient funds are not otherwise available, and the Paying Agent shall furnish to the Initial Credit Provider its records evidencing the payments of principal of and interest on the Series 1998 Bonds which have been made by the Paying Agent and subsequently recovered from Owners and the dates on which such payments were made.

(F) In addition to those rights granted the Initial Credit Provider under this Indenture, the Initial Credit Provider shall, to the extent it makes payment of principal of or interest on Series 1998 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Initial Credit Facility, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Bond Registrar shall note the Initial Credit Provider's rights as subrogee on the registration books of the County maintained by the Bond Registrar upon receipt from the Initial Credit Provider of proof of the payment of interest thereon to the Owners of the Series 1998 Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Bond Registrar shall note the Initial Credit Provider's rights as subrogee on the registration books of the County maintained by the Bond Registrar upon surrender of the Series 1998 Bonds by the Owners thereof together with proof of the payment of principal thereof.

(8) Fiduciaries Related Provisions.

(A) The Trustee or the Paying Agent may be removed at any time, at the request of the Initial Credit Provider, for any breach of the trusts set forth in this Indenture.

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County, and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the County to the Owners shall continue to exist and shall run to the benefit of the Initial Credit Provider, and the Initial Credit Provider shall be subrogated to the rights of such Owners.

(7) Payment Procedure Pursuant to the Initial Credit Facility.

(A) At least one (1) day prior to all Interest Payment Dates the Trustee will determine whether there will be sufficient funds in the Funds and Accounts available therefor to pay the principal of or interest on the Series 1998 Bonds on such Interest Payment Date. If the Trustee determines that there will be insufficient funds in such Funds or Accounts, the Trustee shall so notify the Initial Credit Provider. Such notice shall specify the amount of the anticipated deficiency, the Series 1998 Bonds to which such deficiency is applicable and whether such Series 1998 Bonds will be deficient as to principal or interest, or both. If the Trustee has not so notified the Initial Credit Provider at least one (1) day prior to an Interest Payment Date, the Initial Credit Provider will make payments of principal or interest due on the Series 1998 Bonds on or before the first (1st) day next following the date on which the Initial Credit Provider shall have received notice of nonpayment from the Trustee.

(B) The Bond Registrar shall, after the giving of notice by the Trustee to the Initial Credit Provider as provided in (A) above, make available to the Initial Credit Provider and, at the Initial Credit Provider's direction, to the United States Trust Company of New York, as insurance trustee for the Initial Credit Provider or any successor insurance trustee (the "Insurance Trustee"), the registration books of the County maintained by the Bond Registrar, and the County shall make available to the Initial Credit Provider and to the Insurance Trustee all records relating to the Funds and Accounts.

(C) The Bond Registrar shall provide the Initial Credit Provider and the Insurance Trustee with a list of Owners of Series 1998 Bonds entitled to receive principal or interest payments from the Initial Credit Provider under the terms of the Initial Credit Facility, and the Paying Agent shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the Owners of Series 1998 Bonds entitled to receive full or partial interest payments from the Initial Credit Provider and (ii) to pay principal upon Series 1998 Bonds surrendered to the Insurance Trustee by the Owners of Series 1998 Bonds entitled to receive full or partial principal payments from the Initial Credit Provider.

(D) The Trustee shall, at the time it provides notice to the Initial Credit Provider pursuant to (A) above, notify Owners of Series 1998 Bonds entitled to receive the payment of principal or interest thereon from the Initial Credit Provider (i) as to the fact of such entitlement, (ii) that the Initial Credit Provider will remit to them all or a part of the interest payments next coming due upon proof of Bondholder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the Owner's right to payment, (iii)

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(B) The Initial Credit Provider shall receive prior written notice of any Trustee or Paying Agent resignation.

(C) Any successor Paying Agent with respect to the Series 1998 Bonds shall not be appointed unless the Initial Credit Provider approves such successor in writing.

(D) Notwithstanding any other provisions of this Indenture, in determining whether the rights of the Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of this Indenture, the Trustee shall consider the effect on the Bondholders as if there were no Initial Credit Facility.

(E) Notwithstanding any other provisions of this Indenture, no removal, resignation or termination of the Trustee or Paying Agent shall take effect until a successor, acceptable to the Initial Credit Provider, shall be appointed.

(9) Interested Parties.

(A) To the extent that this Indenture confers upon or gives or grants to the Initial Credit Provider any right, remedy or claim thereunder, the Initial Credit Provider is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted thereunder.

(B) Nothing in this Section 7.15(b) expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the County, the Initial Credit Provider, the Trustee, the Bond Registrar and the Paying Agent, any right, remedy or claim under or by reason of any covenant, condition or stipulation of this Section 7.15(b), and all covenants, stipulations, promises and agreements in this Section 7.15(b) contained by and on behalf of the County shall be for the sole and exclusive benefit of the County, the Initial Credit Provider, the Trustee, the Bond Registrar and the Paying Agent.

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ARTICLE VIII

CERTAIN MATTERS RELATING TO THE TRUSTEE,
BOND REGISTRAR AND PAYING AGENT

SECTION 8.01. Certain Matters Relating to the Trustee, Bond Registrar and Paying Agent.

(a) The Trustee, Bond Registrar and Paying Agent (hereinafter sometimes referred to collectively as the "Fiduciaries") will signify the acceptance of the duties and obligations imposed upon them by this Indenture and any other agreements with the County by executing and delivering to the County a written acceptance thereof, and by executing such acceptance, each Fiduciary shall be deemed to have accepted such duties and obligations with respect to the Bonds, upon and subject to the provisions set forth in this Article VIII.

(b) Except during the continuance of an Event of Default, (i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee; (b) in the absence of had faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. In case the Trustee has actual notice that an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in the exercise of such rights and powers, as a prudent man would exercise or use under the circumstances in the conduct of its own affairs. The Trustee may consult with counsel, including counsel who rendered the approving opinion on the Bonds, and the written advice or 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.

SECTION 8.02. Responsibilities of Fiduciaries. The statements contained herein and in the Bonds shall be taken as the statements of the County and the Fiduciaries assume no responsibility for the correctness of same. The Fiduciaries make no representation as to the validity or sufficiency of this Indenture or as to the security afforded by this Indenture and each Fiduciary shall incur no liability with respect thereof. The Bond Registrar shall, however, be responsible for its representation contained in its certificate of authentication on the Bonds. The Fiduciaries shall not be under any responsibility or duty with respect to the application of any moneys paid by such Fiduciaries in accordance with the provisions of this Indenture to or upon the order of the County or to any other Fiduciary. The Fiduciaries shall not be under any obligation or duty to perform any act which would involve them in expense or liability or to institute or defend any suit with respect thereof, or to advance any of their own moneys, unless indemnified to their satisfaction. Subject to the provisions of the following paragraph, the Fiduciaries shall not be liable in connection with the performance of their duties hereunder except for their own negligence or willful default.

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SECTION 8.05. Certain Permitted Acts. A Fiduciary may become the Owner of any Bonds, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, a Fiduciary may act as Depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds of this Indenture, whether or not any such committee shall represent the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

SECTION 8.06. Resignation of Trustee. The Trustee may at any time resign and be discharged from the duties and obligations created by this Indenture by giving not less than 90 days' written notice to the County and the Credit Provider, and sending notice thereof by first-class, postage prepaid mail to the Bondholders. Such resignation shall take effect upon the date in such notice unless previously a successor Trustee shall have been appointed by the County or the Bondholders as provided in Sections 8.07 and 8.08, in which event such resignation shall take effect immediately on the appointment of such successor; provided that no resignation shall become effective until the appointment of a successor Trustee.

SECTION 8.07. Removal of Trustee. The Trustee may be removed at any time with or without cause by any instrument or concurrent instruments in writing, filed with the Trustee and the Credit Provider, and signed by the Owners of a majority in principal amount of the Bonds then Outstanding or their duly authorized attorneys or legal representatives. So long as no Event of Default or an event which with notice or passage of time, or both, would become an Event of Default, shall have occurred and be continuing, the Trustee may be removed at any time with or without cause by resolution of the County filed with the Trustee and the Credit Provider. No removal shall become effective until the appointment of a successor Trustee. Notwithstanding anything to the contrary contained herein or in this Indenture, the County shall pay to the Trustee all fees, charges and expenses owing to the Trustee together with all fees and expenses (including reasonable attorneys' fees and expenses) reasonably incurred by the Trustee in connection with its removal by the County.

SECTION 8.08. Appointment of Successor Trustee. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor shall be appointed by the County by a duly executed written instrument signed by an Authorized Officer. The County shall give notice of any such appointment made by it by mailing written notice of such appointment by first-class mail, postage prepaid, to the Credit Provider and to the Owners of the Bonds as their names and addresses appear in the books kept by the Bond Registrar, such notice to be given within 30 days after such appointment.

If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section 8.08 within 45 days after the Trustee shall have resigned or been removed or after a vacancy in the office of the Trustee shall have occurred, the Trustee or the Owner of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem

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SECTION 8.03. Evidence on Which Fiduciaries May Act. The Fiduciaries, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document furnished to them pursuant to any provision of this Indenture shall examine such instrument to determine whether it conforms to the requirements of this Indenture and shall be protected in acting upon any such instrument believed by them to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may reasonably consult with counsel and certified public accounting firms, who may or may not be counsel to, or accountants for, the County, and the opinion of such counsel or accountants shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Indenture in good faith and in accordance therewith.

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

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

The Trustee shall not be presumed to have knowledge of any Event of Default other than those Events of Default described in Section 9.02(a), (b) and (c), unless the Trustee receives written notice specifying such Event of Default from the County or the Owners of ten percent (10%) or more in aggregate principal amount of Outstanding Bonds.

SECTION 8.04. Compensation. Prior to its appointment, each Fiduciary shall file with the County a negotiated schedule of anticipated fees and charges for services to be performed pursuant to this Indenture. The County shall pay to such Fiduciary from time to time pursuant to such schedule reasonable compensation for all services rendered, and all reasonable expenses, charges, counsel fees and expenses and other disbursements, including those of its attorneys, agents, and other Persons not regularly in its employ, incurred in and about the performance of its powers and duties under this Indenture. To the extent permitted by law, the County hereby agrees to indemnify each Fiduciary and hold it harmless from any and all claims, liabilities, losses, actions, suits or proceedings at law or in equity brought by third parties, or any other expenses, fees or charges of any character or nature which it may incur or with which it may be threatened by reason of such third party threats or proceedings, except in the case of such Fiduciary's own negligence or willful default, and in connection therewith to indemnify such Fiduciary against any and all expenses, including attorneys' fees and expenses and the costs of defending any action, suit or proceeding or resisting any claim, including appellate proceedings. Notwithstanding anything in this Indenture to the contrary, no Fiduciary shall be entitled to payment from or have any claim or lien on moneys paid under a Credit Facility or a Liquidity Facility or on moneys representing the proceeds of remarketing of Bonds under Article III of this Indenture.

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proper, appoint a successor Trustee. The County shall pay the Trustee all fees and expenses, including reasonable attorneys' fees and expenses and the costs of bringing such proceedings (including appellate proceedings) incurred by the Trustee in connection with obtaining such court appointment of a successor Trustee.

Any Trustee appointed under the provisions of this Section 8.08 shall be a subsidiary of, or under common control with, a bank with trust powers, a trust company or a national banking association with trust powers, having capital stock, surplus and undivided earnings aggregating at least \$50,000,000, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture. Any such bank or trust company shall be organized and existing under the laws of a state of the United States.

SECTION 8.09. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under this Indenture shall execute, acknowledge and deliver to its predecessor Trustee, and also to the County, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee. The Trustee ceasing to act shall nevertheless, on the written request of the County, or of the successor Trustee, execute, acknowledge and deliver such instrument of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under this Indenture, and shall pay over and assign to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the County be reasonably required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, power and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the County.

SECTION 8.10. Merger or Consolidation of Fiduciary. Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank with trust powers, a trust company or a national banking association with trust powers and shall be authorized by law to perform all duties imposed upon it by this Indenture, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act. Any such bank or trust company shall be organized and existing under the laws of a state of the United States.

SECTION 8.11. Adoption of Authentication. In case any of the Bonds contemplated to be issued under this Indenture shall have been authenticated but not delivered, any successor Bond Registrar may adopt the certificate of authentication of any predecessor Bond Registrar so authenticating such Bonds and deliver such Bonds so authenticated; and in case any of the Bonds shall not have been authenticated, any successor Bond Registrar may authenticate such Bonds

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in the name of, but as successor to, the predecessor Bond Registrar, or in the name of the successor Bond Registrar; and, in all such cases, such certificate shall be given full force and effect.

SECTION 8.12. Resignation or Removal of Paying Agent and Appointment of Successor. The Paying Agent may, at any time, resign and be discharged of the duties and obligations created by this Indenture by giving 90 days' written notice to the County, the Credit Provider and the Trustee. So long as no Event of Default or an event which, with notice or passage of time, or both, would become an Event of Default, shall have occurred and be continuing, the Paying Agent may be removed at any time by an instrument filed with such Paying Agent, the Credit Provider and the Trustee and signed by an Authorized Officer. Any successor Paying Agent shall be appointed by the County and shall either be the County or a bank with trust powers, a trust company or a national banking association with trust powers willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture. Any such bank or trust company shall be organized and existing under the laws of a state of the United States. The County shall give written notice of such appointment to the Credit Provider.

In the event of the resignation or removal of the Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

SECTION 8.13. Resignation and Removal of Bond Registrar and Appointment of Successor. The Bond Registrar may, at any time, resign and be discharged of the duties and obligations created by this Indenture by giving at least 90 days' written notice to the County, the Credit Provider and the Trustee. So long as no Event of Default, shall have occurred and be continuing, the Bond Registrar may be removed at any time by an instrument filed with such Bond Registrar, the Credit Provider and Trustee and signed by an Authorized Officer. Any successor Bond Registrar shall be appointed by the County and shall either be the County or a bank with trust powers, a trust company or a national banking association with trust powers willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed by this Indenture. Any such bank or trust company shall be organized and existing under the laws of a state of the United States. The County shall give written notice of such appointment to the Credit Provider. In the event of the resignation or removal of the Bond Registrar, such Bond Registrar shall assign and deliver the books for registration and transfer of Bonds maintained by it to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Bond Registrar, the Trustee shall act as such Bond Registrar.

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(h) the County shall default in its obligation to duly and punctually perform any other of the material covenants, conditions, agreements and provisions contained in the Bonds or in this Indenture and such default shall continue for thirty days after written notice specifying such default and requiring same to be remedied shall have been given to the County by the Trustee or the Owners of not less than ten percent in aggregate principal amount of the Bonds then Outstanding; or

(i) written notice shall have been received by the County from a Credit Provider or Liquidity Provider that an event of default has occurred under the agreement underlying a Credit Facility or Liquidity Facility; or

(j) an event of default shall have occurred under the Senior Bond Resolution.

In determining whether an Event of Default has occurred or is continuing under Section 9.02 (a), (b) or (c), no effect shall be given to payments made under a Credit Facility.

The Trustee shall provide to the County, the Credit Provider, the Liquidity Provider, the Reserve Facility Provider and the Remarketing Agent immediate notice of any default under Section 9.02 (a), (b) or (c) and notice of any other Event of Default known to the Trustee (as provided in Section 8.03) within 10 days after the Trustee has acquired knowledge thereof. The Trustee shall provide to the Owners of the Bonds prompt written notice of the occurrence and continuance of any Event of Default after the Trustee has acquired knowledge thereof (as provided in Section 8.03).

SECTION 9.03. Enforcement of Remedies by Trustee. Upon the happening and continuance of any Event of Default, the Trustee, on behalf of the Owners of the Bonds, may, but shall not be obligated to, and shall, if directed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding and if the conditions precedent hereinafter described are satisfied, exercise all rights granted to Bondholders pursuant to this Article IX in the manner and to the extent specified in this Indenture. Neither the Bonds nor this Indenture confers any right to accelerate the maturity of any of the Bonds. The Owners of the Bonds shall have no right to enforce any remedies upon an Event of Default, except as herein provided. In the event that the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have given to the Trustee written notice of an Event of Default on account of which a suit, action or proceeding is to be taken, have made written request of the Trustee to proceed with same, have afforded the Trustee a reasonable opportunity to institute such suit, action or proceeding in its or their name, and shall have offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities, including attorneys' fees and expenses, that may be incurred in connection therewith, the foregoing written notifications, requests and offers of indemnity being conditions precedent to the obligation of the Trustee to pursue any remedy hereunder, and notwithstanding compliance with such conditions precedent the Trustee shall have refused or neglected to comply with such request within a reasonable time, then any Owner of the Bonds may institute any suit, action, mandamus or other proceeding in equity or at law for the enforcement of any right under this Indenture. In addition, upon providing the Trustee with reasonable security and indemnity against costs, expenses and liabilities as aforesaid, the Owners of a majority in aggregate principal

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ARTICLE IX

EVENTS OF DEFAULT; REMEDIES

SECTION 9.01. Extension of Interest Payment. In case the time for the payment of interest on any Bond shall be extended by operation of law, whether or not such extension be by or with the consent of the County, such interest so extended shall not be entitled in case of default hereunder to the benefit or security of this Indenture except subject to the prior payment in full of the principal of all Bonds then Outstanding and of all interest the time for the payment of which shall not have been extended.

SECTION 9.02. Events of Default. Each of the following events is hereby declared an "Event of Default":

(a) payment of the principal or Purchase Price of and the redemption premium, if any, on any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) payment of any installment of interest on any of the Bonds shall not be made when the same shall become due and payable; or

(c) redemption of Term Bonds in accordance with an Amortization Requirement shall not be made as required; or

(d) the County admits in writing its inability to pay its debts generally as they become due, or files a petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of a receiver or trustee for itself or for all or a substantial part of the Port Facilities; or

(e) the County is adjudged insolvent by a court of competent jurisdiction, or is adjudged bankrupt or a petition in bankruptcy is filed against the County, or an order, judgment or decree is entered by a court of competent jurisdiction appointing, without the consent of the County, a receiver or trustee of the County or of the whole or any part of its property and any of the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within ninety days from the date of entry thereof; or

(f) the County shall file a petition or answer seeking reorganization or any arrangement under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof; or

(g) under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the County or of the whole or any substantial part of its property, and such custody or control shall not be terminated within ninety days from the date of assumption of such custody or control; or

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amount of the Bonds then Outstanding may, by written notice delivered to the Trustee, direct the method and place of conducting all remedial proceedings to be taken by the Trustee, provided such direction shall not be contrary to provisions of law and this Indenture and, provided further, the Trustee shall have the right to decline to follow any such direction which, in the opinion of the Trustee, would be unjustly prejudicial to Owners of the Bonds not parties to such direction. In the absence of such direction from Bondholders, the Trustee may proceed in the manner it deems appropriate in accordance with the terms and conditions hereof. The Trustee may, in its discretion, notwithstanding the failure of the Owners of the Bonds to provide the indemnity required by the conditions precedent heretofore described, nevertheless bring such suits, actions or proceedings or take such other action as, in its judgment, is proper to be done by it as Trustee, without indemnity, in which event the County shall reimburse the Trustee, from moneys legally available in the General Fund, for all costs and expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith. Upon an Event of Default the Trustee may exercise all rights and powers granted to the County pursuant to Section 9.03 subject, however, to the Trustee's right to reimburse itself for the costs, expenses and liabilities for which it is indemnified pursuant to this Indenture, prior to application of any money in the Sinking Fund for the benefit of the Owners of the Bonds. Upon the occurrence of an Event of Default and the continuance of such Event of Default, the Trustee shall give by first-class, postage prepaid mail to all Bondholders, as their names and addresses appear in the books kept by the Bond Registrar, notice of such Event of Default known to the Trustee, unless such Event of Default shall have been cured; provided, however, that except in the case of an Event of Default described in Sections 9.02(a), (b) or (c), the Trustee shall be protected in withholding such notice so long as the Trustee in good faith determines that such Event of Default is not materially adverse to the interest of Bondholders.

SECTION 9.04. Pro Rata Application of Funds. Anything in this Indenture to the contrary notwithstanding, if at any time during the continuance of an Event of Default the moneys in the Sinking Fund and the Debt Service Reserve Fund when applied in accordance with Article V, shall not be sufficient to pay the principal of, the premium, if any, or the interest on the Bonds as the same are then due and payable, such moneys, together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article or otherwise, shall be applied by the Trustee as follows:

First: to the payment to the Fiduciaries of the amount necessary to compensate the Fiduciaries in accordance with the provisions of this Indenture;

Second: to the payment of the Persons entitled thereto of all installments of interest then due and payable on the Bonds, in the order in which such installments become due and payable on the Bonds, and, if the amount available shall not be sufficient to pay in full any particular installment on the Bonds, then the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds;

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Third: to the payment of the Persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which sufficient moneys are held pursuant to the provisions of this Indenture), in the order in which such principal became due, with interest thereon at the respective rates specified therein from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full the principal of Bonds due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably, according to the amount of such principal due on such date, to the Persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds;

Fourth: to the payment of the interest on and principal of the Bonds, to the purchase and retirement of Bonds and to the redemption of Bonds, all in accordance with the provisions of Article V; and

Fifth: to the County for any lawful purpose.

The provisions of this Section are in all respects subject to the provisions of Section 9.01.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion 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; the deposit of such moneys with the Paying Agent or otherwise setting aside such moneys in trust for the proper purpose, shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to any Bondholder, Credit Provider, Liquidity Provider or to any other Person for any delay in applying any such funds, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application. Whenever the Trustee shall exercise such discretion in applying such funds it shall fix the date 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 fixing of any such date, and shall not be required to make payment to the Owner of any Bond until such Bond shall be surrendered to it for appropriate endorsement.

SECTION 9.05. Effect of Discontinuance of Proceedings. In case any proceeding taken by the Trustee or any Bondholder on account of any Event of Default shall have been discontinued or abandoned for any reason, then and in every such case, the County, the Trustee and the Bondholder shall be restored to their former positions and rights hereunder, respectively, and all rights and remedies of the County, the Trustee and the Bondholders shall continue as though no such proceeding had been taken.

SECTION 9.06. Restriction on Individual Bondholder Actions. No Owner of any of the Bonds hereby secured shall have any right in any manner whatever by its or their action to

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ARTICLE X

EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOF OF OWNERSHIP OF BONDS

SECTION 10.01. Execution of Instruments by Bondholders and Proof of Ownership of Bonds. Any request, direction, consent or other instrument in writing required or permitted by this Indenture to be signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders or their duly authorized attorneys or legal representatives. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the County and the Trustee with regard to any action taken by it under such instrument if made in the following manner:

(a) The fact and date of the execution by any Person of any such instrument may be proved by the verification of any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before him, or by an affidavit of a witness to such execution. Where such execution is on behalf of a Person other than an individual such verification or affidavit shall also constitute sufficient proof of the authority of the signer thereof.

(b) Ownership of Bonds should be proved by registration books of the County, or the Bond Registrar on behalf of the County, maintained as provided in this Indenture.

Nothing contained in this Indenture shall be construed as limiting the County or the Trustee to such proof, it being intended that the County and the Trustee may accept any other evidence of the matters herein stated which it may deem sufficient. Any request or consent of the Owner of any Bond shall bind every future Owner of the same Bond in respect of anything done by the County or the Trustee pursuant to such request or consent.

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affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained for the benefit of all Owners of such Bonds.

SECTION 9.07. No Remedy Exclusive. No remedy herein conferred upon the Bondholders is intended to be exclusive of any other remedy or remedies herein provided, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder.

SECTION 9.08. Delay Not a Waiver. No delay or omission of the Trustee or a Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee and the Bondholders may be exercised from time to time and as often as may be deemed expedient.

SECTION 9.09. Right to Enforce Payment of Bonds. Nothing in this Indenture shall affect or impair the right of any Bondholder to enforce the payment of the principal of, premium, if any, and interest on its Bond, or the obligation of the County to pay the principal of, premium, if any, and interest on each Bond to the Owners thereof at the time and place in said Bond expressed.

SECTION 9.10. Rights of Credit Provider. In the event that, following an Event of Default, a Credit Provider honors its obligation under a Credit Facility to make payments on a Series of Bonds, said Credit Provider shall be entitled to exercise the rights of the Owners of the said Bonds for the purposes of this Article.

Anything in this Indenture to the contrary notwithstanding, while an Event of Default has occurred and is continuing hereunder, any Credit Provider, on behalf of the Owners of Bonds secured by such Credit Provider, or Owners of a majority in principal amount of the Bonds then Outstanding hereunder shall have the right, by an instrument in writing executed and delivered to the County and the Trustee, to direct the time and method of conducting all proceedings available under this Indenture or exercising any trust or power conferred by this Indenture in accordance with the provisions of this Indenture; provided, however, that the Credit Provider shall have no such rights if it has defaulted under its obligations under a Credit Facility. In the event of a conflict between the directions of any Credit Provider and those of the Owners of such Bonds, with respect to an Event of Default described in Section 9.02(i), the directions of such Credit Provider shall prevail, and with respect to any other Event of Default the directions of the Owners of the Bonds shall prevail.

The Trustee shall accept notice from the Credit Provider as to the occurrence or continuance of any Event of Default.

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ARTICLE XI

SUPPLEMENTS AND AMENDMENTS

SECTION 11.01. Supplemental Indenture Without Bondholders' Consent. The County and the Trustee, from time to time and at any time, without obtaining consent from Bondholders, may enter into Supplemental Indentures that are not inconsistent with the terms and provisions hereof (which Supplemental Indentures shall thereafter form a part of the Indenture):

(a) to cure any ambiguity or defect or omission or to correct any inconsistent provisions in this Indenture; or

(b) to grant to or confer upon the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders; or

(c) to add to the conditions, limitations and restrictions on the issuance of Bonds under the provisions of this Indenture other conditions, limitations and restrictions thereafter to be observed; or

(d) to add to the covenants and agreements of the County in this Indenture other covenants and agreements thereafter to be observed by the County or to surrender any right or power herein reserved to or conferred upon the County; or

(e) to permit the issuance of Bonds, the interest on which is intended to be exempt from federal income taxation, in coupon form, if as a condition precedent to the enactment of such supplemental resolution, there shall be delivered to the County an Opinion of Bond Counsel; or

(f) to qualify the Bonds or any of the Bonds for registration under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended; or

(g) to qualify this Indenture as an "indenture" under the Trust Indenture Act of 1939, as amended; or

(h) to make such changes as may be necessary to adjust the terms hereof so as to facilitate the issuance of Variable Rate Bonds, Capital Appreciation Bonds, Capital Appreciation and Income Bonds, Convertible Bonds, Put Bonds and such other forms of Bonds as may be marketable from time to time; or

(i) to make such changes as may be necessary to maintain the exclusion of interest on any Series of Bonds from gross income for federal income tax purposes as said exclusion was intended to exist, if at all, at the time of issuance of such Series; or

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(j) to make such changes as may evidence the right and interest herein of a Credit Provider, Liquidity Provider or Reserve Facility Provider; or

(k) to make such changes as may be necessary in order to obtain or maintain a rating or ratings on any Series of Bonds from one or more nationally recognized rating agencies; or

(l) to authorize and provide for the issuance of Refunding Bonds in accordance with the provisions of Section 2.07 and to specify and determine the matters and things referred to in Sections 2.07 and any other matters and things relative to such Bonds which are not contrary to or inconsistent with this Indenture as theretofore in effect; or

(m) to amend, modify or rescind any provision in this Indenture at any time prior to the first delivery of such Bonds; or

(n) to make any other change, except those set forth in clauses (a) through (e) of Section 11.02, which is necessary to be made to permit the County to proceed with a transaction or activity that, in the written opinion of the Consulting Engineers as filed with the County, is in the best interest of the County to pursue, if there shall first be delivered an Opinion of Bond Counsel; provided that no Supplemental Indenture shall be entered into for this purpose unless the Credit Provider shall have provided its written consent thereto.

At least 30 days prior to the proposed entry by the County and the Trustee into a Supplemental Indenture for any of the purposes of this Section 11.01, the County shall cause a notice of such Supplemental Indenture to be mailed, postage prepaid, to the Credit Provider, the Trustee and all Owners of Bonds at their addresses as they appear on the registration books of the County maintained by the Bond Registrar and to the Rating Agencies. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the offices of the County for inspection by all Bondholders. A failure on the part of the County to mail the notice required by this Section 11.01 shall not affect the validity of the Supplemental Indenture. The County shall provide the Credit Provider with an executed copy of such Supplemental Indenture, together with a transcript of all proceedings of the County relating thereto.

SECTION 11.02. Supplemental Indenture with Bondholders' Consent. Subject to the terms and provisions contained in this Section 11.02 and in Section 11.01, and not otherwise, the Owners 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 Indenture to the contrary notwithstanding, to consent to and approve any Supplemental Indenture as shall be deemed necessary or desirable by the County for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture; provided, however, that nothing herein contained shall permit, or be construed as permitting: (a) an extension of the maturity of the principal of or the interest on any Bond issued hereunder; or (b) a reduction in the principal amount of any Bond or the redemption premium

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or the rate of interest thereon; or (c) the creation of a lien upon or a pledge of Net Revenue or Pledge Revenue other than the liens and pledges created by the Senior Bond Resolution and this Indenture or permitted to be created by the Senior Bond Resolution and this Indenture; or (d) a preference or priority of any Bond or Bonds over any other Bond or Bonds except as permitted by this Indenture; or (e) a reduction in the aggregate principal amount of the Bonds required for consent to a Supplemental Indenture. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders of the adoption of any Supplemental Indenture as authorized in Section 11.01.

If at any time the County shall determine that it is necessary or desirable to enter into any Supplemental Indenture for any of the purposes of this Section, an Authorized Officer shall cause notice of the proposed Supplemental Indenture to be mailed not less than 15 days prior to the date on which it is proposed that such Supplemental Indenture take effect, postage prepaid, to the Trustee, the Credit Provider and all Owners of Bonds at their addresses as they appear on the registration books and to all Rating Agencies. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the registered office of the County for inspection by all Bondholders. The County shall not, however, be subject to any liability to any Bondholder by reason of its failure to cause the notice required by this Section 11.02 to be mailed and any such failure shall not affect the validity of such Supplemental Indenture when consented to and approved as provided in this Section 11.02. A subsequent resolution of the County may provide that the form and manner of providing notice to Bondholders be in some different form if so determined by the County.

Whenever the County shall deliver to the Finance Director an instrument or instruments in writing purporting to be executed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed Supplemental Indenture and shall specifically consent to and approve the enactment thereof in substantially the form thereof referred to in such instrument, thereupon, but not otherwise, the County may enter into such Supplemental Indenture in substantially such form, without liability or responsibility to any Owner of any Bond, whether or not such Owner shall have consented thereto. Notwithstanding the foregoing, the County may enter into the proposed Supplemental Indenture prior to receiving the requisite consents provided the effective date of said Supplemental Indenture, by its terms, is delayed until, and conditioned upon, receipt of the required consents.

If the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the entry into (or effective date of) such Supplemental Indenture shall have consented to and approved such Supplemental Indenture as herein provided, no Owner of any Bond shall have any right to object to the enactment of such Supplemental Indenture, or 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 County from adopting the same or from taking any action pursuant to the provisions thereof.

Any consent given by a Bondholder shall be binding with respect to all Bonds owned by said Bondholder on the date consent is given, and shall bind all future Owners of said Bonds, so that said future Owners shall have been deemed to consent to the proposed Supplemental

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Indenture with the same force and effect as if they had executed a consent as of the effective date thereof.

The consent of the Owners of any Series of Bonds to be issued hereunder shall be deemed given if the underwriters or initial marketing group consent in writing to such Supplemental Indenture and the substance of such Supplemental Indenture is disclosed in the official statement or other offering document pursuant to which such Series of Bonds are offered and sold to the public.

Notwithstanding anything in this Indenture to the contrary, whenever the consent, approval or direction of the Owners of any Bonds shall be required under this Indenture, each Credit Provider, if any, shall be deemed for all purposes under this Indenture to be the Owner of all Bonds with respect to which it shall have provided a Credit Facility, for so long as such Credit Facility remains in full force and effect and shall not have been dishonored or disavowed by such Credit Provider. The County shall provide the Credit Provider with an executed copy of such Supplemental Indenture, together with a transcript of all proceedings of the County relating thereto.

Upon the entry into any Supplemental Indenture pursuant to the provisions of this Section, this Indenture shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the County and all Owners of Bonds then Outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of this Indenture as so modified and amended.

SECTION 11.03. Supplemental Indentures Part of Indenture. Any Supplemental Indenture entered in accordance with the provisions of this Indenture shall thereafter form a part of this Indenture, and all of the terms and conditions contained in any such Supplemental Indenture as to any provisions authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes. In case of the entry into any Supplemental Indenture, express reference may be made thereof in the text of any Bonds issued thereafter, if deemed necessary or desirable by the County.

SECTION 11.04. Opinion of Bond Counsel Required. Notwithstanding anything in this Indenture to the contrary, the Trustee shall have no obligation to enter into any Supplemental Indenture unless it shall have been first provided an Opinion of Bond Counsel with respect thereto.

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ARTICLE XII

DEFEASANCE

SECTION 12.01. Defeasance. If (a) all the Outstanding Bonds shall have been paid as provided below, and (b) the County shall pay or cause to be paid to the Trustee, Paying Agent and Bond Registrar and any other agents and other parties designated by a Supplemental Indenture, all sums of money due or to become due according to the provisions hereof and such other instruments as may be entered into with such agents and parties, then and in only that case the right, title and interest of the Bondholders hereunder shall cease, terminate and become void, and such Bonds shall cease to be entitled to any lien, benefit or security under this Indenture. In such event, this Indenture shall be discharged and released and amounts held in the Funds, Accounts and Subaccounts created hereunder shall be released to the County for its own purposes.

Any Bond shall be deemed to have been paid within the meaning and with the effect expressed in this Section 12.01 when the whole amount of the principal of and interest on such Bond shall have been paid or when: (a) there shall have been deposited with the Paying Agent or other appropriate Escrow Agent solely for the Owner of such Bond and other Bonds being defeased and specifically designated for the purpose of defeasance either moneys, Escrow Securities, or any combination thereof, in an amount which shall be verified by an Accountant as sufficient, with interest earnings thereon, to pay when due the principal of and premium, if any, and interest due and to become due on such Bonds on or prior to the redemption date or maturity date thereof, as the case may be; and (b) in the event such Bond does not mature and is not to be redeemed within the next succeeding 60 days, the County shall have notified, as soon as practicable, the Owner of such Bond, in the manner set forth in Article III, stating that the deposit of moneys and/or Escrow Securities required by clause (a) of this paragraph has been made with the Paying Agent or other Escrow Agent solely for the Owner of such Bond and other Bonds being defeased, and that such Bond is deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of and premium, if any, and interest on such Bond.

Except as hereinafter provided, neither the moneys nor Escrow Securities deposited with the Paying Agent or other Escrow Agent pursuant to this Section 12.01 nor principal or interest payments on any such obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and premium, if any, and interest on said Bonds. Moneys and Escrow Securities held by an Escrow Agent may be substituted for other moneys and Escrow Securities to the extent permitted by an Escrow Deposit Agreement.

As to Variable Rate Bonds, the amount required for the interest thereon shall be calculated at the maximum rate permitted by the terms of the provisions which authorized the issuance of such Variable Rate Bonds; provided, however, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than such maximum rate for any period, the total amount of moneys and Escrow Securities on deposit for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited on such date in respect of such Variable Rate Bonds in order fully to discharge and

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satisfy such Bonds pursuant to the provisions of this Section, the County may use the amount of such excess, free and clear of any trust, lien, security interest, pledge or assignment securing said Variable Rate Bonds or otherwise existing under this Indenture; subject however, to the County obtaining an Opinion of Bond Counsel.

Notwithstanding any of the provisions of this Indenture to the contrary, Put Bonds may only be fully discharged and satisfied either by paying the principal of and interest on said Bonds as they become due and payable or by depositing moneys or Escrow Securities which shall be sufficient at the time of such deposit to pay when due the maximum amount of principal of and redemption premium, if any, and interest on such Put Bonds which could become payable to the Owners of such Bonds upon the exercise of any tender options provided to the Owners of such Bonds and the County; provided, however, that if, at the time a deposit is made pursuant to this paragraph, the options originally exercisable on the Put Bonds are no longer exercisable, such Bonds shall not be considered Put Bonds for these purposes.

If any portion of the moneys described for the payment of the principal of and redemption premium, if any, and interest on any portion of Bonds is not required for such purpose, the County may use the amount of such excess, free and clear of any trust, lien, security interest, pledge or assignment securing said Bonds or otherwise existing under this Indenture.

ARTICLE XIII

CREDIT FACILITIES, LIQUIDITY FACILITIES AND MISCELLANEOUS PROVISIONS RELATED TO VARIABLE RATE BONDS

SECTION 13.01. Credit Facility. The Trustee shall hold and maintain each Credit Facility for the benefit of the Bondholders benefited thereby until such Credit Facility terminates or expires in accordance with its terms. If at any time during the term of a Credit Facility any successor Trustee shall be appointed and qualified under this Indenture, the resigning or removed Trustee shall request that the Credit Provider transfer the Credit Facility to the successor Trustee, to the extent such action is necessary, and shall comply with the applicable provisions of the Credit Facility. If the resigning or removed Trustee fails to make this request, the successor Trustee shall do so before accepting appointment. Upon the termination or expiration of a Credit Facility in accordance with its terms, the Trustee shall promptly surrender the Credit Facility then in effect to the Credit Provider.

SECTION 13.02. Enforcement of Credit Facility. (a) The County and the Trustee, for the benefit of the Owners of the Bonds benefited thereby, shall diligently enforce and take all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and provisions of each Credit Facility as contemplated herein and therein. The Trustee shall not consent to or permit any amendment or modification of a Credit Facility or any credit or reimbursement agreement pursuant to which a Credit Facility has been issued which would materially adversely affect the rights or interests of the Owners of any of the Bonds without the written consent of the Owners of 100% in aggregate principal amount of such Bonds.

(b) Any provisions in this Indenture requiring notice to or from a Credit Provider or the consent thereof prior to any action by the Trustee or the County shall have no force or effect with respect to such Credit Provider (i) following the later of (1) the termination or expiration of such Credit Facility, and (2) the repayment of all amounts owed to such Credit Provider pursuant to the credit or reimbursement agreement pursuant to which such Credit Facility was issued or (ii) following the failure or refusal of such Credit Provider to honor a properly presented and conforming draw under such Credit Facility, except with respect to all rights accruing to the Credit Provider with respect to unreimbursed draws on the Credit Facility.

SECTION 13.03. Alternate Credit Facilities. (a) An Alternate Credit Facility, in substitution for any Credit Facility then in effect, may be provided if the County shall give written notice not more than 60 nor less than 30 calendar days prior to the date such Alternate Credit Facility is to take effect (an "Alternate Credit Facility Date") to the Trustee, the Tender Agent, the Remarketing Agent, the Rating Agency, the Liquidity Provider and the Credit Provider stating its election to provide an Alternate Credit Facility. Any such Alternate Credit Facility must satisfy the requirements of this Indenture for a Credit Facility. Each Alternate Credit Facility Date shall be determined by the County in the notice to be provided pursuant to the first sentence of this clause (a). Each Alternate Credit Facility Date shall be a Business Day that is at least five days prior to the termination or expiration of the Credit Facility to be replaced.

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(b) Upon the exercise of such option by the County, the Trustee shall send to the Bondholders a Notice of Alternate Credit Facility in substantially the form of Exhibit C not later than 20 calendar days prior to the Alternate Credit Facility Date. The Trustee shall not accept such Alternate Credit Facility unless the Trustee shall have received (i) prior to sending the Notice of Alternate Credit Facility, an Opinion of Bond Counsel, and (ii) at the time of delivery of the Alternate Credit Facility, a certificate from an Authorized Officer and a written acknowledgment by the Credit Provider stating that all amounts owing to the Credit Provider under the credit or reimbursement agreement pursuant to which the Credit Facility to be replaced has been issued have been paid.

SECTION 13.04. Liquidity Facility. The Trustee shall hold and maintain each Liquidity Facility for the benefit of the Bondholders benefited thereby until such Liquidity Facility terminates or expires in accordance with its terms. If at any time during the term of a Liquidity Facility any successor Trustee shall be appointed and qualified under this Indenture, the resigning or removed Trustee shall request that the Liquidity Provider transfer the Liquidity Facility to the successor Trustee, to the extent such action is necessary, and shall comply with the applicable provisions of the Liquidity Facility. If the resigning or removed Trustee fails to make this request, the successor Trustee shall do so before accepting appointment. Upon the termination or expiration of a Liquidity Facility in accordance with its terms, the Trustee shall promptly surrender the Liquidity Facility then in effect to the Liquidity Provider. If a Liquidity Facility shall be about to expire or terminate in accordance with its terms, without being extended or replaced by an Alternate Liquidity Facility, then the County and the Remarketing Agent shall use their best efforts to convert the Bonds secured by such Liquidity Facility to a fixed rate of interest prior to such expiration or termination, and, in the event of such expiration or termination, as soon as possible thereafter.

SECTION 13.05. Enforcement of Liquidity Facility. (a) The County and the Trustee, for the benefit of the Owners of the Bonds benefited thereby, shall diligently enforce and take all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and provisions of each Liquidity Facility as contemplated herein and therein. The Trustee shall not consent to or permit any amendment or modification of a Liquidity Facility or any credit or reimbursement agreement pursuant to which a Liquidity Facility has been issued which would materially adversely affect the rights or interests of the Owners of any of the Bonds without the written consent of the Owners of 100% in aggregate principal amount of such Bonds.

(b) Any provisions in this Indenture requiring notice to or from a Liquidity Provider or the consent thereof prior to any action by the Trustee or the County shall have no force or effect with respect to such Liquidity Provider (i) following the later of (1) the termination or expiration of such Liquidity Facility, and (2) the repayment of all amounts owed to such Liquidity Provider pursuant to the credit or reimbursement agreement pursuant to which such Liquidity Facility was issued or (ii) following the failure or refusal of such Liquidity Provider to honor a properly presented and conforming draw under such Liquidity Facility, except with respect to all rights accruing to the Liquidity Provider with respect to unreimbursed draws on the Liquidity Facility.

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SECTION 13.06. Alternate Liquidity Facilities.

(a) With the prior written consent of the Credit Provider, an Alternate Liquidity Facility, in substitution for any Liquidity Facility then in effect, may be provided if the County shall give written notice not more than 60 nor less than 30 calendar days prior to the date such Alternate Liquidity Facility is to take effect (an "Alternate Liquidity Facility Date") to the Trustee, the Tender Agent, the Remarketing Agent, the Rating Agency, the Credit Provider and the Liquidity Provider stating its election to provide an Alternate Liquidity Facility. Any such Alternate Liquidity Facility must satisfy the requirements of this Indenture for a Liquidity Facility. Each Alternate Liquidity Facility Date shall be determined by the County in the notice to be provided pursuant to the first sentence of this clause (a). Each Alternate Liquidity Facility Date shall be a Business Day that is at least five days prior to the termination or expiration of the Liquidity Facility to be replaced.

(b) Upon the exercise of such option by the County, the Trustee shall send to the Bondholders a Notice of Alternate Liquidity Facility in substantially the form of Exhibit C not later than 20 calendar days prior to the Alternate Liquidity Facility Date. The Trustee shall not accept such Alternate Liquidity Facility unless the Trustee shall have received (i) prior to sending the Notice of Alternate Liquidity Facility, an Opinion of Bond Counsel and (ii) at the time of delivery of the Alternate Liquidity Facility, a certificate from an Authorized Officer and a written acknowledgment by the Liquidity Provider stating that all amounts owing to the Liquidity Provider under the Liquidity Facility or any other reimbursement or similar agreement pursuant to which the Liquidity Facility to be replaced has been issued have been paid and that there are no Provider Bonds Outstanding or that all Provider Bonds have been purchased by the Liquidity Provider of the Alternate Liquidity Facility.

SECTION 13.07. Remarketing Agent. The initial Remarketing Agent for the Series 1998 Bonds shall be PaineWebber Incorporated. The County may appoint a successor Remarketing Agent for the Series 1998 Bonds and may appoint Remarketing Agents for other Series of Bonds and their successors in compliance with the conditions set forth in Section 13.08. The Remarketing Agent shall designate to the Trustee its principal office and signify its acceptance of the duties and obligations imposed upon it hereunder by entering into a Remarketing Agreement with the County under which the Remarketing Agent shall agree 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 County, the Trustee and the Tender Agent at all reasonable times.

SECTION 13.08. Qualifications of Remarketing Agent. Each Remarketing Agent shall be a member of the National Association of Securities Dealers, Inc., a national banking association or a commercial banking corporation and shall meet such capitalization and/or credit requirements as the County may determine from time to time, shall be appointed by the County and shall be authorized by law to perform all the duties imposed upon it by this Indenture. The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 60 days' written notice to the County, the Tender Agent, the Trustee, the Credit Provider and the Liquidity Provider. The Remarketing Agent may be removed at any time, with or without cause by the County, upon at least 30 days'

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written notice to the Remarketing Agent, by an instrument signed by Authorized Officer, filed with the Trustee, the Credit Provider, the Liquidity Provider, the Tender Agent and the Remarketing Agent. Notwithstanding the foregoing, no removal or resignation shall take effect until the County has appointed a successor Remarketing Agent, with the prior written approval of the Credit Provider and the Liquidity Provider, and such successor Remarketing Agent has accepted such appointment.

SECTION 13.09. Tender Agent. The Trustee shall be the initial Tender Agent with respect to the Series 1998 Bonds. The Trustee hereby agrees to carry out its responsibilities as Tender Agent set forth in this Indenture. Any other Tender Agent that is not also the Trustee shall signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the County and the Trustee, under which the Tender Agent shall agree to particularly:

(i) hold all Bonds delivered to it for purchase hereunder as agent and bailee of, and in escrow for the benefit of, the respective Owners which 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 Owners; and

(ii) keep such books and records as shall be consistent with prudent industry practice, and make such books and records available for inspection by the other parties.

The parties hereto shall each cooperate 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 designated office of the Tender Agent, and to otherwise enable the Tender Agent to carry out its duties under this Indenture.

The Tender Agent, the Trustee and the Remarketing Agent shall cooperate to the extent necessary to permit the preparation, execution, issuance, authentication and delivery by the Tender Agent of replacement Bonds in connection with the tender and remarketing of Bonds under this Indenture.

The County and the Trustee acknowledge that, in carrying out its responsibilities hereunder, the Tender Agent shall be acting solely for the benefit of and as agent for the Owners from time to time of the Bonds. No delivery of the Bonds to the Tender Agent or any agent of the Tender Agent or purchase of Bonds by the Tender Agent shall constitute a redemption of the Bonds or any extinguishment of the debt evidenced thereby.

The Tender Agent shall be a member of the National Association of Securities Dealers, Inc., a bank with trust powers, a trust company or a national banking association with trust powers and shall meet such capitalization and/or credit requirements as the County may determine from time to time, shall be appointed by the County and shall be authorized by law to perform all the duties imposed upon it by this Indenture. Any such bank or trust company shall be organized and existing under the laws of a state of the United States. The Tender Agent may resign and be discharged of the duties and obligation created by this Indenture by giving at least 60 days' notice by mail to the Trustee, the County, the Remarketing Agent, the Credit

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ARTICLE XIV

MISCELLANEOUS PROVISIONS

SECTION 14.01. Effect of Covenants. All covenants, stipulations, obligations and agreements of the County contained in this Indenture shall be deemed to be covenants, stipulations, obligations and agreements of the County to the full extent authorized or permitted by law, and all such covenants, stipulations, obligations and agreements shall bind or inure to the benefit of the successor or successors thereof from time to time and any officer, board, body or commission to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

Except as otherwise provided in this Indenture, all rights, powers and privileges conferred and duties and liabilities imposed upon the County by the provisions of this Indenture shall be exercised or performed by the Board of the County or by such other officers, board, body or commission as may be required by law to exercise such powers or to perform such duties.

No covenants, stipulation, obligation or agreement herein contained shall be deemed to be a covenant, stipulation, obligation or agreement of any member, agent or employee of the County in its individual capacity, and neither the Board nor any official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 14.02. Manner of Giving Notice. Except as otherwise provided in this Indenture, any notice, demand, direction, request or other instrument authorized or required by this Indenture to be given to or filed with the County shall be deemed to have been sufficiently given or filed for all purposes of this Indenture if and when sent by registered mail, return receipt requested to the County at Broward County, Florida, 115 South Andrews Avenue, Room 513, Fort Lauderdale, Florida 33301, Attention: Director of the Department of Finance and Administrative Services. Except as otherwise provided in this Indenture, any notice, demand, direction, request or other instrument authorized or required by this Indenture to be given to or filed with the Trustee shall be deemed to have been sufficiently given or filed for all purposes of this Indenture if and when sent by registered mail, return receipt requested to the Trustee at The Bank of New York, c/o The Bank of New York Trust Company of Florida, N.A., 10161 Centurion Parkway, Jacksonville, Florida 32256, Attention: Corporate Trust Department. Except as otherwise provided in this Indenture, any notice, demand, direction, request or other instrument authorized or required by this Indenture to be given to or filed with the Tender Agent shall be deemed to have been sufficiently given or filed for all purposes of this Indenture if and when sent by registered mail, return receipt requested to the Tender Agent at The Bank of New York, 101 Barclay Street, New York, New York 10286, with a copy c/o The Bank of New York Trust Company of Florida, N.A., 10161 Centurion Parkway, Jacksonville, Florida 32256, Attention: Corporate Trust Department. Except as otherwise provided in this Indenture, any notice, demand, direction, request or other instrument authorized or required by this Indenture to be given to or filed with the Remarketing Agent for the Series 1998 Bonds shall be deemed to have been sufficiently given or filed for all purposes of this Indenture if and when sent by

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Provider and the Liquidity Provider, provided, however, that such resignation shall not take effect unless and until a successor Tender Agent shall be appointed by the County. The County shall use its best efforts to appoint a successor Tender Agent during such 60 day period and in the event a successor Tender Agent has not taken office prior to the expiration of such 60 day period, the Tender Agent may petition a court of applicable jurisdiction to appoint a successor Tender Agent. The Tender Agent may be removed at any time with or without cause by an instrument signed by an Authorized Officer and filed with the Credit Provider, the Liquidity Provider, the Tender Agent, the Remarketing Agent and the Trustee; provided, however, that such removal shall not take effect unless and until a successor Tender Agent shall be appointed by the County. In the event of the resignation or removal of the Tender Agent, the Tender Agent shall deliver any moneys and Bonds held by it to its successor, and if there be no successor, to the Trustee.

SECTION 13.10. Notice to Rating Agencies. The Trustee shall notify the Rating Agencies, the Credit Provider and the Liquidity Provider as soon as practicable (a) after the Trustee becomes aware of (i) any expiration, termination or renewal of a Credit Facility or a Liquidity Facility, (ii) any change in a Credit Facility or Liquidity Facility of this Indenture, or (iii) the failure of a Credit Provider or Liquidity Provider to reinstate the interest portion of a Credit Facility or Liquidity Facility within the time allotted for such reinstatement to occur, or (b) if (i) the Trustee or the Tender Agent resigns or is removed or a new Trustee or Tender Agent is appointed, (ii) the Remarketing Agent resigns or is removed or a new Remarketing Agent is appointed, (iii) an Alternate Credit Facility or an Alternate Liquidity Facility is provided, (iv) there is a mandatory tender for purchase for a Series of Bonds in whole, (v) there is a call for the redemption of a Series of Bonds in whole, (vi) there is a change in the interest mode or otherwise in the method for determination of the interest payable on a Series of Bonds pursuant to Section 2.06 or otherwise, (vii) all of the Bonds of a Series are defeased pursuant to Article XII, or (viii) the County issues any Series of Bonds other than the Series 1998 Bonds.

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registered mail, return receipt requested to the Remarketing Agent for the Series 1998 Bonds at PaineWebber Incorporated, 1285 Avenue of the Americas, New York, New York 10019, Attention: Short-Term Desk. Except as otherwise provided in this Indenture, any notice, demand, direction, request or other instrument authorized or required by this Indenture to be given to or filed with the Initial Credit Provider shall be deemed to have been sufficiently given or filed for all purposes of this Indenture if and when sent by registered mail, return receipt requested to the Initial Credit Provider at Ambac Assurance Corporation, One State Street Plaza, New York, New York 10004, Attention: General Counsel. Except as otherwise provided in this Indenture, any notice, demand, direction, request or other instrument authorized or required by this Indenture to be given to or filed with the Liquidity Provider for the Series 1998 Bonds shall be deemed to have been sufficiently given or filed for all purposes of this Indenture if and when sent by registered mail, return receipt requested to the Liquidity Provider for the Series 1998 Bonds at address set forth in the Liquidity Facility or any reimbursement or similar agreement entered into between the County and the Liquidity Provider. Except as otherwise provided in this Indenture, any notice, demand, direction, request or other instrument authorized or required by this Indenture to be given to or filed with Fitch for the Series 1998 Bonds shall be deemed to have been sufficiently given or filed for all purposes of this Indenture if and when sent by registered mail, return receipt requested to Fitch IBCA, Inc., One State Street Plaza, New York, New York 10004, Attention: Public Finance. Except as otherwise provided in this Indenture, any notice, demand, direction, request or other instrument authorized or required by this Indenture to be given to or filed with Moody's for the Series 1998 Bonds shall be deemed to have been sufficiently given or filed for all purposes of this Indenture if and when sent by registered mail, return receipt requested to Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007-2796, Attention: Public Finance Department. Except as otherwise provided in this Indenture, any notice, demand, direction, request or other instrument authorized or required by this Indenture to be given to or filed with S&P for the Series 1998 Bonds shall be deemed to have been sufficiently given or filed for all purposes of this Indenture if and when sent by registered mail, return receipt requested to Standard & Poor's Ratings Services, 25 Broadway, New York, New York 10004, Attention: Public Finance Ratings.

All documents received by the County or the Trustee under the provisions of this Indenture shall be retained in its possession, subject at all reasonable times to the inspection of any Bondholder, and the agents and representatives thereof.

SECTION 14.03. Successorship of County. In the event that the offices of any officer of the County mentioned in this Indenture shall be abolished or any two or more of such offices shall be merged or consolidated, or in the event of a vacancy in any such office by reason of death, resignation, removal from office or otherwise, or in the event any such officer shall become incapable of performing the duties of his office by reason of sickness, absence from the County or otherwise, all powers conferred and all obligations and duties imposed upon such officer shall be performed by the officer succeeding to the principal functions thereof or by the officer upon whom such powers, obligations and duties shall be imposed by law. The County may be dissolved or terminated in accordance with the Act and other applicable law only pursuant to a plan of transfer in connection with which an appropriate successor unit of government agrees to accept and assume all obligations of the County hereunder, including, specifically, the obligation to collect and enforce the Gross Revenue and to pay the principal and

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interest on the Bonds from the Pledged Revenue and the moneys on deposit in the Funds, Accounts and Subaccounts.

SECTION 14.04. Further Acts. The officers and agents of the County are hereby authorized and directed to do all the acts and things required of them by the Bonds and this Indenture, for the full, punctual and complete performance of all of the terms, covenants, provisions and agreements contained in the Bonds and this Indenture.

SECTION 14.05. Headings Not Part of Indenture. Any headings preceding the texts of the several Articles and Sections hereof and any table of contents, marginal notes or footnotes appended to copies hereof shall be solely for convenience of reference, and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect.

SECTION 14.06. County, Fiduciaries and Bondholders Alone Have Rights Under Indenture. Except as herein otherwise expressly provided, nothing in this Indenture, expressed or implied, is intended or shall be construed to confer upon any Person, firm or corporation, other than the County, the Fiduciaries and the Owners of the Bonds, any right, remedy or claim, legal or equitable, under or by reason of this Indenture or any provision hereof, this Indenture and all its provisions being intended to be and being for the sole and exclusive benefit of the County, the Fiduciaries and the Owners from time to time of the Bonds.

SECTION 14.07. Effect of Partial Invalidity. In case any one or more of the provisions of this Indenture or of any Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Indenture or of the Bonds, but this Indenture and the Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained therein. The Bonds are issued and this Indenture is entered into with the intent that the laws of the State shall govern their construction.

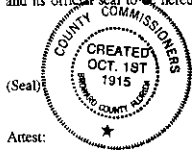
SECTION 14.08. County to Purchase or Deal in Bonds. Any bank or trust company acting as Trustee, Bond Registrar or Paying Agent under this Indenture, and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Bondholder may be entitled to take with like effect as if such bank or trust company were not the Trustee, Bond Registrar or Paying Agent under this Indenture.

SECTION 14.09. Capital Appreciation Bonds and Capital Appreciation and Income Bonds. For the purposes of: (a) receiving payment of the redemption price if a Capital Appreciation Bond is redeemed prior to maturity; or (b) receiving payment of a Capital Appreciation Bond if the principal of all Bonds becomes due and payable under the provisions of this Indenture; or (c) computing the amount of Bonds held by the Owner of a Capital Appreciation Bond in giving to the County or the Trustee or receiver appointed to represent the Bondholders any notice, consent, request or demand pursuant to this Indenture for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value. For all of the foregoing purposes as they relate to Capital Appreciation and Income Bonds, the principal amount of a Capital Appreciation and Income Bond, on or prior to its Interest Commencement Date, shall be its Appreciated Value.

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IN WITNESS WHEREOF, the County has caused this Indenture to be signed in its name and on its behalf by the Chair, and its seal to be hereunto affixed and attested by its County Administrator, and to evidence its acceptance of the trusts hereby created, the Trustee has caused this Indenture to be signed in its name and on its behalf by one of its duly authorized signatories, and its official seal to be hereunto affixed.



BROWARD COUNTY, FLORIDA

By: *[Signature]*
Chair, Board of County Commissioners

Attest:

[Signature]
County Administrator and Ex-Officio Clerk
of the Board of County Commissioners

THE BANK OF NEW YORK,
as Trustee

By: *[Signature]*
Authorized Signatory

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SECTION 14.10. Payments Due on Days That Are Not Business Days. In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of Bonds shall not be Business Day, then payment of such interest or principal and any redemption premium need not be mailed by the Paying Agent on such date but may be mailed on the next succeeding Business Day with the same force and effect as if mailed on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date of maturity.

SECTION 14.11. Suspension of Publication or Mail. If, because of the temporary or permanent suspension of publication of any newspaper or financial journal, the suspension of delivery of registered mail or, for any other reason, the County shall be unable to publish in a newspaper or financial journal or mail by registered mail any notice required to be published or mailed by the provisions of this Indenture, the County shall give such notice in such other manner as in the judgment of the County shall most effectively approximate such publication or mailing thereof, and the giving of such notice in such manner shall for all purposes of this Indenture be deemed to be in compliance with the requirement for the publication or mailing thereof.

Except as otherwise provided herein, for all purposes of this Indenture, anything required to be mailed shall be deemed mailed upon the deposit of the item with the U.S. Postal Service, by registered mail, return receipt requested and addressed to the addressee as set forth in Section 13.02 or otherwise provided in this Indenture.

SECTION 14.12. Governing Law; Venue. This Indenture shall be governed by the laws of the State. Venue of all proceedings in connection with this Indenture shall be exclusively in Broward County, Florida.

SECTION 14.13. Effective. This Indenture shall take effect as of its date.

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EXHIBIT A

FORM OF BOND

UNITED STATES OF AMERICA
STATE OF FLORIDA
BROWARD COUNTY, FLORIDA
SUBORDINATE PORT FACILITIES REFUNDING REVENUE BONDS, SERIES 1998

No. R- _____ \$ _____

MATURITY DATE	INTEREST RATE	DATE OF ORIGINAL ISSUANCE	CUSIP
September 1, 2027	Variable	June 4, 1998	

REGISTERED HOLDER: Cede & Co.

PRINCIPAL AMOUNT: _____ DOLLARS

BROWARD COUNTY, FLORIDA, a political subdivision of the State of Florida (the "County"), for value received, hereby promises to pay in lawful money of the United States of America to the registered holder shown above or registered assigns, on the Maturity Date specified above, unless this Bond shall be redeemable and shall have previously been called for redemption and payment of the redemption price made or provided for, but solely from the revenues of the County and the funds pledged for the payment hereof pursuant to the Indenture hereinafter mentioned and not otherwise, upon surrender hereof, the Principal Amount shown above and to pay interest on such Principal Amount in like manner, but solely from said revenues and the funds aforesaid, from the date hereof or from the Interest Payment Date (as defined in the Indenture) next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is an Interest Payment Date to which interest shall have been paid, in which case from such date, at the rate per annum determined as described herein on the dates specified in the Indenture until payment of such Principal Amount, or provision therefor, shall have been made upon redemption or at maturity. The principal of and the premium, if any, payable upon redemption, are payable at the designated office of The Bank of New York, as paying agent (in such capacity, the "Paying Agent"), which initially is in New York, New York, or at the principal office of any other paying agent appointed under the Indenture hereinafter mentioned. Payment of interest on any Interest Payment Date with respect to this Bond will be made to the person in whose name this Bond is registered on the registration books of the County kept by the Trustee hereinafter mentioned (in such capacity, the "Bond Registrar") at the close of business on the Record Date (as defined in the Indenture) by check or draft mailed on the Interest Payment Date by the Paying Agent to such registered holder (the

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"Holder" or "Owner") at its address as it appears on said bond registration books or, in the case of a Holder of \$1,000,000 or more of Series 1998 Bonds, by wire transfer to a domestic bank account specified in writing by such Holder to the Trustee and Paying Agent at least 15 days prior to an Interest Payment Date. If and to the extent that the County shall fail to make a required payment or provision for payment of interest on any Series 1998 Bond on any Interest Payment Date, that interest shall cease to be payable to the person who was the Holder of that Series 1998 Bond as of the applicable Record Date. When moneys become available for payment of interest on such Series 1998 Bond, the Trustee shall establish a Special Record Date (as defined in the Indenture) for the payment of that interest which shall not be more than twenty, nor fewer than ten, days prior to the date of the proposed payment. Not fewer than ten days prior to the Special Record Date, notice of the proposed payment and of the Special Record Date therefor shall be mailed to each Holder of record on the fifth day prior to such mailing at its address as it appears on the registration books of the County maintained pursuant to the Indenture. Thereafter, such interest shall be payable to the Holders of such Series 1998 Bonds at the close of business on the Special Record Date. Except as otherwise provided in the Indenture, the principal of, and redemption premium, if any, on the Series 1998 Bonds shall be payable to or upon the order of the Holder thereof or its duly authorized attorney or legal representative, as the same falls due, upon the presentation and surrender of such Series 1998 Bonds at the designated corporate trust office of the Paying Agent. The principal of and the interest on the Series 1998 Bonds shall be payable in any coin or currency of the United States of America, or by check or wire payment in such currency, as, at the respective times of payment, is legal tender for the payment of public and private debts.

The principal, interest and premium, if any, on this Bond and such other bonds of the series of which it forms a part are payable solely from the Pledged Revenue (as defined in the Indenture) which is pledged to the payment thereof and the moneys on deposit from time to time in the funds, accounts and subaccounts created and maintained pursuant to the Indenture, other than the Administrative Fund and the Rebate Fund (as said terms are defined in the Indenture), in the manner and to the extent specified in the Indenture, and nothing in this Bond or in the Indenture shall be construed as obligating the County to pay the principal, the interest and premium, if any, thereon except from the Pledged Revenue and the moneys on deposit from time to time in such funds, accounts and subaccounts created and maintained pursuant to the Indenture, other than the Administrative Fund and the Rebate Fund, or as pledging the full faith and credit of the County or as obligating the County, directly or indirectly or contingently, to levy or to pledge any form of taxation whatever therefor. No holder of this Bond shall ever have the right to compel the exercise of the taxing power of the County, or the application of any funds other than the funds pledged under the Indenture to the payment of this Bond.

It is further agreed between the County and the Holder of this Bond that this Bond and the obligation evidenced hereby shall not constitute a lien upon any property of the County, but shall constitute a lien only on the Pledged Revenue and the moneys on deposit from time to time in the funds, accounts and subaccounts created and maintained pursuant to the Indenture other than the Administrative Fund and the Rebate Fund, all in the manner provided in the Indenture.

This Bond constitutes a Subordinated Obligation under the Senior Bond Resolution (as said terms are defined in the Indenture) and is subordinate in all respects to the lien on Net

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Revenue in favor of all Senior Bonds (as said terms are defined in the Indenture) heretofore or hereinafter issued under the provisions of the Senior Bond Resolution and any other superior liens created from time to time in accordance with the provisions of the Senior Bond Resolution and the Indenture.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been duly executed by the Bond Registrar.

This Bond is one of a duly authorized series of bonds in the aggregate principal amount of \$49,000,000 (hereinafter referred to as the "Series 1998 Bonds") being issued under the hereinafter described Indenture (and together with any other bonds issued or issuable under the Indenture on a parity therewith, the "Bonds") for the purpose of providing funds to (i) refund and defease the County's outstanding \$40,000,000 principal amount Sales Tax Revenue Commercial Paper Notes, Series B, issued to prepay, together with a temporary advance made by the County in anticipation of permanent financing in the amount of \$5,000,000 (the "County Advance"), a Promissory Note issued by the County to acquire a certain parcel of real property which constitutes part of the Port Facilities (as defined in the Indenture), (ii) repay a portion of the County Advance, (iii) fund a debt service reserve in respect of the Series 1998 Bonds and (iv) pay certain costs associated with the issuance of the Series 1998 Bonds.

The Series 1998 Bonds are issued under and entitled to the security of the Trust Indenture dated as of May 1, 1998 (as the same may be amended or supplemented from time to time, the "Indenture"), between the County and The Bank of New York, New York, New York, as Trustee (in such capacity, the "Trustee"). Reference is made to the Indenture for the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the County and the Trustee, the rights of the Holders of the Series 1998 Bonds, the terms on which the Series 1998 Bonds are issued and secured, and the terms on which obligations secured with a superior lien or on a parity with the lien in favor of the Series 1998 Bonds may be issued and secured, and to all the provisions of which the Holder hereof by the acceptance of this Bond assents.

This Bond is issued, and the Indenture was made and entered into, under and pursuant to the Constitution and laws of the State of Florida, including particularly the Act (as defined in the Indenture).

The Series 1998 Bonds are being issued by means of a book entry system, with bond certificates immobilized at The Depository Trust Company, New York, New York, or its successor as Securities Depository, evidencing ownership of the Series 1998 Bonds in Authorized Denominations (as hereinafter defined), and with transfers of beneficial ownership effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository. Series 1998 Bond certificates are not available for distribution to the public, except as provided in Section 2.10 of the Indenture. The principal or redemption price of and interest on this Bond are payable by the Paying Agent to the Registered Owner of this Bond, as nominee of the Securities Depository. Transfer of principal, redemption price and interest payments to participants of the Securities Depository is the responsibility of

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the Securities Depository; transfer of principal, redemption price and interest payments to beneficial owners by participants of the Securities Depository will be the responsibility of such participants and other nominees of beneficial owners. The County and the Trustee are not responsible or liable for maintaining, supervising or reviewing the records maintained by the Securities Depository, its participants or persons acting through such participants.

The Series 1998 Bonds are issuable as fully registered bonds. While the Series 1998 Bonds bear interest at a Daily, Weekly or Monthly Rate (as each such term is defined in the Indenture) they shall be issued in denominations of \$100,000 and integral multiples over \$5,000 and while the Series 1998 Bonds bear interest at a Quarterly, Semiannual, Extended or Fixed Rate, shall be issued in denominations of \$5,000, and integral multiples thereof (collectively, the "Authorized Denominations").

Subject to the limitations and upon payment of any tax or other governmental charge required to be paid with respect thereto, Series 1998 Bonds may be exchanged for a like aggregate principal amount of Series 1998 Bonds of the same maturity. The County and Bond Registrar shall not be required to execute, transfer or exchange any Series 1998 Bond during the period beginning at the close of business on a Record Date (or Special Record Date) and ending at the close of business on the next Interest Payment Date (or date set for payment of interest for which the Special Record Date was set). The County and Bond Registrar shall not be required to transfer or exchange any Series 1998 Bond: (a) during the fifteen days immediately preceding the date of mailing of notice of the redemption of such Series 1998 Bond; or (b) after such Series 1998 Bond has been selected for redemption or has matured.

THE INTEREST PERIOD, THE APPLICABLE INTEREST RATE, THE SELECTION OF THE METHOD OF DETERMINING THE APPLICABLE INTEREST RATE AND DATES OF PAYMENT ON INTEREST ON THE SERIES 1998 BONDS WILL BE DETERMINED UPON THE TERMS AND CONDITIONS DESCRIBED IN THE INDENTURE, TO WHICH PROVISIONS SPECIFIC REFERENCE IS HEREBY MADE AND ALL OF WHICH PROVISIONS ARE HEREBY SPECIFICALLY INCORPORATED HEREIN BY REFERENCE.

The interest rate on the Series 1998 Bonds will be determined periodically in such manner as described in Section 2.06 of the Indenture.

The Series 1998 Bonds bearing interest at Daily, Weekly, Monthly, Quarterly, Semiannual or Extended Rates (as each such term is defined in the Indenture) (but only if the Extended Rate Period (as defined in the Indenture) is one year in duration) are subject to optional redemption from Eligible Funds (as defined in the Indenture) prior to their stated maturity upon request of the County in whole or in part at a price equal to the principal amount thereof, without premium, plus accrued interest thereon to the redemption date.

The Series 1998 Bonds bearing interest at Extended Rates (but only if the Extended Rate Period is more than one year in duration) or the Fixed Rate (as defined in the Indenture) are subject to optional redemption from Eligible Funds (or from moneys that are not Eligible Funds if there shall not be a Credit Facility (as defined in the Indenture) in place at the time of such redemption or if the Credit Facility in place at the time of such redemption is a policy of

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municipal bond insurance) prior to their stated maturity upon request of the County in whole or in part at the times and at the prices set forth below, and in such amounts and of such maturities as the County shall direct, plus accrued interest thereon to the redemption date:

Years Remaining from Conversion Date until end of Extended Rate Period or Final Maturity of Bonds in the Fixed Rate Period	First Day of Redemption Period	Redemption Price
More than fifteen	Tenth anniversary of Conversion Date	102% declining by 1% on each succeeding anniversary of the tenth anniversary of the Conversion Date until reaching 100% and thereafter at 100%
More than seven but not more than fifteen	Seventh anniversary of Conversion Date	102% declining by 1% on each succeeding anniversary of the seventh anniversary of the Conversion Date until reaching 100% and thereafter at 100%
More than five but not more than seven	Fourth anniversary of Conversion Date	101% declining by 1% on the next anniversary after the fourth anniversary of the Conversion Date and thereafter at 100%
Five or fewer	Not callable	

Notwithstanding any provision in the Indenture or the Series 1998 Bonds to the contrary, the Indenture and the 1998 Bonds may be amended as of the Conversion Date (as defined in the Indenture) upon the request of the County, without the consent of any of the Holders, to change the redemption provisions applicable during an Extended Rate Period or the Fixed Rate Period (as defined in the Indenture) to such redemption provisions as are acceptable to the County provided the County provides to the Trustee an opinion of bond counsel to the effect that such amendment will not adversely affect the exclusion from gross income of interest on the Bonds for purposes of federal income taxation.

If the redemption price is required to be paid with Eligible Funds, the Trustee shall cancel the optional redemption of the Series 1998 Bonds if it determines that sufficient Eligible Funds will not be available on the redemption date. It is understood that the Initial Credit Facility (as defined in the Indenture) and the Initial Liquidity Facility (as defined in the

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Indenture) are not available to provide Eligible Funds for the payment of any optional redemption.

Provider Bonds (as defined in the Indenture) are subject to redemption prior to maturity (i) at the option of the County as a whole or in part in such amounts and of such maturities as the County may direct on any date at the principal amount thereof, without premium, plus interest accrued thereon to the redemption date and (ii) otherwise as provided in the Liquidity Facility or other reimbursement or similar agreement entered into between the County and the Liquidity Provider.

The Series 1998 Bonds are also subject to redemption prior to maturity at a redemption price equal to the principal amount thereof, plus accrued interest, by application by the Trustee of funds on deposit to the credit of the Sinking Fund (as defined in the Indenture) on September 1 in the years and in the principal amounts set forth in the Indenture.

In the event any of the Series 1998 Bonds are called for redemption as aforesaid, at least 30 days, but not more than 45 days, before the redemption date of any Series 1998 Bonds, the Trustee shall cause a notice of such redemption to be: (a) filed with any Paying Agent; (b) sent by telefacsimile followed by first class mail to registered securities depositories and to national information services that disseminate redemption notices; and (c) mailed, postage prepaid, to all Holders of Series 1998 Bonds to be redeemed in whole or in part at their addresses as they appear on the registration books herein provided for. Failure to file any such notice with any Paying Agent or to mail any such notice to any Holder or to any securities depository or national information service or any defect therein shall not affect the validity of the proceedings for redemption, except to the extent a Holder is prejudiced thereby, and then, only with respect to such Holder. Except as otherwise provided with respect to the book-entry system, any Series 1998 Bond which is to be redeemed only in part shall be surrendered at any place of payment specified in the notice of redemption (with due endorsement by, or written instrument of transfer in form satisfactory to the Bond Registrar duly executed by the Holder thereof or its duly authorized attorney or legal representative in writing) and the County shall execute and the Bond Registrar shall authenticate and deliver to the Holder of such Series 1998 Bond, without charge, other than any applicable tax or other governmental charge, a new Series 1998 Bond or Series 1998 Bonds, of any Authorized Denomination, as requested by such Holder in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Series 1998 Bonds so surrendered.

On the date fixed for redemption, notice having been given in the manner and under the conditions described in the Indenture, the Series 1998 Bonds or portions thereof called for redemption shall be due and payable at the Redemption Price (as defined in the Indenture) provided therefor. If money or Escrow Securities (as defined in the Indenture), or a combination of both, sufficient to pay the redemption price of the Series 1998 Bonds to be redeemed are held by the Trustee in trust for the Holders of Series 1998 Bonds to be redeemed on the date fixed for redemption, then interest on the Series 1998 Bonds called for redemption shall cease to accrue; such Series 1998 Bonds shall cease to be entitled to any benefits or security under the Indenture or to be deemed outstanding, and the Owners of such Series 1998 Bonds shall have no rights in respect thereof except to receive payment of the redemption price

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connection with replacement by an Alternate Credit Facility pursuant to the Indenture or an Alternate Liquidity Facility pursuant to the Indenture, as the case may be; or

(ii) on a Business Day which is at least five days prior to the expiration of the Credit Facility or the Liquidity Facility; or

(iii) on a Business Day which is at least five days prior to the termination of the Credit Facility or the Liquidity Facility, other than as a result of the occurrence of a Special Termination Event (as defined in the Indenture).

In the case of any conversion from a Variable Rate Period to the Fixed Rate Period, the Series 1998 Bonds to be converted are subject to mandatory tender for purchase on the Conversion Date at the Purchase Price.

Provider Bonds shall be subject to tender for purchase in accordance with the provisions of the Liquidity Facility or other reimbursement or similar agreement entered into between the County and the Liquidity Provider.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THE INDENTURE OR THE SERIES 1998 BONDS, THE SERIES 1998 BONDS SHALL NO LONGER BE SUBJECT TO OPTIONAL TENDER FOR PURCHASE OR, EXCEPT FOR PROVIDER BONDS, TO MANDATORY TENDER FOR PURCHASE IF THERE SHALL HAVE OCCURRED A SPECIAL TERMINATION EVENT. REFERENCE IS HEREBY MADE TO THE INDENTURE AND THE LIQUIDITY FACILITY FOR THE EVENTS WHICH CONSTITUTE SPECIAL TERMINATION EVENTS AND THE CIRCUMSTANCES UPON WHICH THE OPTIONAL AND MANDATORY TENDER FOR PURCHASE PROVISIONS ON THE INDENTURE WILL BE REINSTATED.

If the Owner of any Series 1998 Bond (or portion thereof) that is subject to purchase fails to surrender such Series 1998 Bond to the Tender Agent for purchase on the Purchase Date, and if the Trustee is in receipt of the Purchase Price therefor, such Series 1998 Bond (or portion thereof) shall nevertheless be deemed purchased on the Purchase Date and ownership of such Series 1998 Bond (or portion thereof) shall be transferred to the purchaser thereof as provided in the Indenture. Any Owner who fails to deliver a Series 1998 Bond for purchase as required above shall have no further rights thereunder except the right to receive the Purchase Price thereof upon presentation and surrender of said Series 1998 Bond to the Tender Agent.

No Owner of any of the Series 1998 Bonds secured by the Indenture shall have any right in any manner whatever by its or their action to affect, disturb or prejudice the security of the Indenture, or to enforce any right hereunder except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained for the benefit of all Owners of such Series 1998 Bonds.

It is hereby certified that this Bond is authorized by and is issued in conformity with the requirements of the Constitution and statutes of the State of Florida. Without limiting the generality of the foregoing certification, it is hereby further certified that all conditions, acts and

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thereof. Series 1998 Bonds and portions of Series 1998 Bonds for which irrevocable instructions to pay on one or more specified dates or to call for redemption at the redemption date have been given to the Trustee in form satisfactory to it shall not thereafter be deemed to be Outstanding under this Indenture and shall cease to be entitled to the security of or any rights under this Indenture, other than rights to receive payment of the redemption price thereof, to be given notice of redemption in the manner provided in the Indenture, and, to the extent provided in the Indenture, to receive Series 1998 Bonds for any unredeemed portions of Series 1998 Bonds, if money or Escrow Securities, or a combination of both, sufficient to pay the redemption price of such Series 1998 Bonds or portions thereof, are held in separate accounts by the Trustee in trust for the Owners of such Series 1998 Bonds.

During any Variable Rate Period (as defined in the Indenture) a beneficial owner of the Series 1998 Bonds (other than Provider Bonds) may elect to have its Series 1998 Bonds (or portions thereof in Authorized Denominations) purchased at the Purchase Price (as defined in the Indenture), on the Purchase Dates (as defined in the Indenture) by causing the Direct Participant (as defined in the Indenture) through whom such beneficial owner owns such Series 1998 Bond to give irrevocable telephonic or written notice meeting the requirements of the Section 3.07 of the Indenture and upon transfer on the registration books of the Securities Depository on the same day such notice is given of the beneficial ownership interest in such Series 1998 Bonds to the account of the Trustee, "free delivery" for settlement on the Purchase Date.

Each notice of tender shall automatically constitute, whether delivered in writing or by telephone (A) an irrevocable offer to sell the Series 1998 Bond or portion to which the notice relates on the Purchase Date to any purchaser selected by the Remarketing Agent (as defined in the Indenture), at the Purchase Price, (B) an irrevocable authorization and instruction to the Bond Registrar to effect transfer of such Series 1998 Bond or portion upon payment of such price to the Trustee on the Purchase Date, (C) an irrevocable authorization and instruction to the Tender Agent to effect the exchange of the Series 1998 Bond to be purchased in whole or in part for other Series 1998 Bonds of the same maturity in an equal aggregate principal amount so as to facilitate the sale of such Series 1998 Bond or portion, and (D) an acknowledgment that such Owner will have no further rights with respect to such Series 1998 Bond or portion thereof upon payment of the Purchase Price by the Trustee on the Purchase Date to the Direct Participant from whom the notice of tender is received, except for the right of such Owner to receive such Purchase Price upon surrender of such Series 1998 Bond to the Tender Agent.

In the case of any conversion from one Variable Rate Period to another Variable Rate Period (except a conversion between a Daily Rate Period and a Weekly Rate Period), the Series 1998 Bonds to be converted are subject to mandatory tender for purchase on the Conversion Date at the Purchase Price.

Prior to the Fixed Rate Conversion Date of the Series 1998 Bonds, the Series 1998 Bonds shall be subject to mandatory tender for purchase at the Purchase Price:

(i) on a Business Day (as defined in the Indenture) which is at least five days prior to the date on which the Credit Facility or Liquidity Facility is to be canceled in

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things required to exist, happen and be performed under the Act and under the Indenture prior to the issuance of this Bond, exist, have happened and have been performed, and that the issuance, authentication and delivery of this Bond have been duly authorized by a duly adopted resolution of the County.

IN WITNESS WHEREOF, Broward County, Florida has caused this Bond to be executed by the manual or facsimile signature of the Chair of the Board of County Commissioners and attested and countersigned by the manual or facsimile signature of its County Administrator and Ex-Officio Clerk of the Board of County Commissioners, and has caused the seal of the County to be affixed hereto or imprinted or reproduced hereon.

BROWARD COUNTY, FLORIDA

(SEAL)

Attest and Countersigned:

Chair of the Board of County Commissioners

County Administrator and Ex-Officio Clerk of the Board of County Commissioners

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CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds delivered pursuant to the within-mentioned Indenture.

Date of Authentication: _____

THE BANK OF NEW YORK,
as Bond Registrar

By: _____
Authorized Signatory

STATEMENT OF INSURANCE

Municipal Bond Insurance Policy No. 15221BE (the "Policy") with respect to payments due for principal of and interest on this Bond has been issued by Ambac Assurance Corporation ("Ambac Assurance").

ABBREVIATIONS

The following abbreviations, when used in inscription on the face of the within Bond, shall be constituted as though they were written out in full according to applicable laws or regulations:

- COM - as tenants in common
ENT - as tenants by the
TEN - as joint tenants with right of survivorship and not as tenants in common
UNIF GIFT MIN ACT - Custodian for (Cust) (Minor) under Uniform Gifts to Minors Act of (State)

Additional abbreviations may also be used though not in the above list.

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EXHIBIT B

NOTICE OF OPTIONAL TENDER

The Bank of New York, as Trustee
c/o The Bank of New York Trust
Company of Florida, N.A.
10161 Centurion Parkway
Jacksonville, Florida 32256
Attention: Corporate Trust Department

Ladies and Gentlemen:

The notice is being sent pursuant to the provisions of the Trust Indenture dated as of May 1, 1998 (the "Indenture") from Broward County, Florida to The Bank of New York, as Trustee.

1. Subject to the provisions of the Indenture, the undersigned, a Direct Participant, irrevocably demands purchase of \$ principal amount of Broward County, Florida Subordinate Port Facilities Refunding Revenue Bonds, Series 1998, on at the Purchase Price.

- 2. The undersigned's DTC number is
3. The payment instructions for the Purchase Price are as follows:

Dated: _____

(Direct Participant)

By: _____
Title: _____

[with respect to Weekly Rate Bonds
cc: PaineWebber Incorporated
1285 Avenue of the Americas
New York, New York 10019
Attention: Short-Term Desk]

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ASSIGNMENT AND TRANSFER

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(please print or typewrite name and address of transferee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to transfer the with Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed: _____

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust Company.

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

Please insert social security or other identifying number of Assignee.

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EXHIBIT C

NOTICE OF ALTERNATE CREDIT OR LIQUIDITY FACILITY

NOTICE TO BONDHOLDERS

This notice is being sent pursuant to the provisions of the Trust Indenture dated as of May 1, 1998 (the "Indenture") from Broward County, Florida (the "County") to The Bank of New York, as Trustee. Capitalized terms used in this notice shall have the same meanings as in the Indenture.

You are hereby notified as follows:

- 1. An Alternate [Credit/Liquidity] Facility issued by and relating to the County's Subordinate Port Facilities Refunding Revenue Bonds, Series 1998 (the "Bonds"), will become effective on (the "Alternate [Credit/Liquidity] Facility Date"). Your Bond will be subject to mandatory tender for purchase on at a price of 100% of the principal amount thereof, plus interest accrued thereon to such date.
2. Payment of the purchase price for your Bond will be made on the Alternate [Credit/Liquidity] Facility Date upon presentation and surrender at the address of the Tender Agent set forth below prior to 11:30 a.m., New York City Time on the Alternate [Credit/Liquidity] Facility Date, of such Bond, duly endorsed in blank for transfer (with all signatures guaranteed by an eligible guarantor institution as defined by SEC Rule 17Ad-15 (17 CFR 240.17Ad-15):

3. In addition, you are further notified that interest will no longer accrue to you on your Bond on and after the Alternate [Credit/Liquidity] Facility Date and, other than the right to receive payment of the purchase price for your Bond, you shall then cease to have further rights under the Indenture.

Dated: _____

By: _____
Title: _____

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FIRST SUPPLEMENTAL
TRUST INDENTURE

From

BROWARD COUNTY, FLORIDA

To

THE BANK OF NEW YORK MELLON TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee

Dated as of July 1, 2008

Securing

BROWARD COUNTY, FLORIDA
SUBORDINATE PORT FACILITIES REFUNDING REVENUE BONDS
SERIES 2008

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(continued)

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**FIRST SUPPLEMENTAL
TRUST INDENTURE**

This FIRST SUPPLEMENTAL TRUST INDENTURE is dated as of July 1, 2008 (this "First Supplemental Indenture"), and is from BROWARD COUNTY, FLORIDA, a political subdivision of the State of Florida (the "County") to THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association, as trustee (the "Trustee").

WITNESSETH:

WHEREAS, pursuant to Chapter 91-346, Laws of Florida, Chapter 94-429, Laws of Florida, and the approval by the voters of Broward County, Florida, in a referendum held on March 10, 1992, the Port Everglades District (the "District") and the Port Everglades Authority (the "Authority") were dissolved and all powers, duties, responsibilities, obligations and functions of the District and the Authority were transferred to be performed by the County and the County assumed, subject to their terms, all indebtedness of the District and the Authority; and

WHEREAS, the County now operates the Port Facilities (as hereinafter defined) through the County's Port Everglades Department (the "Department"); and

WHEREAS, under the provisions of Resolution No. 24-1989, adopted by the Authority on July 20, 1989, as supplemented and amended by Resolution No. 26-1989, adopted by the Authority on August 10, 1989, Resolution No. 21-1990, adopted by the Authority on December 6, 1990 and Resolution No. 1998-375, adopted by the County on May 5, 1998 but which became effective on June 4, 1998 (collectively, as further supplemented and amended from time to time, the "Senior Bond Resolution"), there have been issued (i) \$117,454,948 Port Everglades Authority Port Facilities Refunding Revenue Bonds, Series 1989-A, of which \$55,660,000 (including accreted value) are currently outstanding, (ii) \$13,195,000 Broward County, Florida Port Facilities Refunding Revenue Bonds, Series 1998A, of which \$13,065,000 are currently outstanding, (iii) \$80,440,000 Broward County, Florida Port Facilities Refunding Revenue Bonds, Series 1998B, of which \$79,825,000 are currently outstanding, and (iv) \$72,440,000 Broward County, Florida Port Facilities Refunding Revenue Bonds, Series 1998C, of which \$72,440,000 are currently outstanding (collectively, together with additional bonds issued under the provisions of the Senior Bond Resolution from time to time, the "Senior Bonds"); and

WHEREAS, on October 24, 1997, the County issued its \$45,000,000 promissory note to Port Property Associates, L.P. (the "Promissory Note"), to fund the cost of acquiring a certain parcel of real property which constitutes part of the Port Facilities; and

WHEREAS, on March 30, 1998, the County issued its \$40,000,000 Sales Tax Revenue Commercial Paper Notes, Series B (the "1998 Commercial Paper Notes"), to prepay, together with a temporary advance made by the County in anticipation of permanent financing in the amount of \$5,000,000 (the "County Advance"), the Promissory Note; and

WHEREAS, pursuant to the Constitution and laws of the State of Florida, including without limitation, Chapter 125, Florida Statutes, Chapter 166, Florida Statutes, Chapter 315,

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Florida Statutes, each as amended, and the County's home rule charter (collectively, the "Act"), Resolution No. 1998-377 adopted by the County on May 5, 1998, as supplemented by Resolution No. 1998-529 adopted by the County on May 26, 1998 (collectively, the "Bond Resolution") and a Trust Indenture dated as of May 1, 1998 (the "Original Indenture") from the County to The Bank of New York, as trustee (now, The Bank of New York Mellon Trust Company, National Association) (the "Trustee") the County authorized the issuance of its \$49,000,000 Subordinate Port Facilities Refunding Revenue Bonds Series 1998 (the "Series 1998 Bonds") to refund and defease all of the 1998 Commercial Paper Notes; and

WHEREAS, Section 7.11 of the Senior Bond Resolution permits the issuance of obligations payable in whole or in part from the Net Revenue (as defined therein) which, by their terms, are subordinated to the lien on Net Revenue in favor of all Senior Bonds theretofore and thereafter issued under the provisions of the Senior Bond Resolution; and

WHEREAS, Section 2.07 of the Original Indenture permits the issuance of Refunding Bonds, as such term is defined in the Original Indenture to refund all or a portion of the Series 1998 Bonds pursuant to a Supplemental Indenture, as such term is defined in the Original Indenture; and

WHEREAS, the County has determined to issue its Subordinate Port Facilities Refunding Revenue Bonds, Series 2008, in an aggregate principal amount of \$46,145,000 (the "Series 2008 Bonds") under the provisions of Resolution No. 2008-388 adopted by the County on June 24, 2008 (the "Series Resolution"), the Original Indenture and this First Supplemental Indenture (collectively, the "Indenture"), for the purpose of providing funds, together with other available moneys, if any, to (i) refund and defease all of the Series 1998 Bonds, (ii) fund a deposit to the Debt Service Reserve Fund (as hereinafter defined), (iii) pay a Termination Payment (as defined herein) and (iv) pay certain costs of issuance and expenses relating to the Series 2008 Bonds; and

WHEREAS, all things necessary to make the Series 2008 Bonds when authenticated by the Trustee and issued as in the Indenture provided, the valid, binding and legal obligations of the County according to the import thereof, and to constitute this Indenture a valid pledge of and grant of a lien on the Trust Estate (as hereinafter defined), subject to the provisions of the Indenture, to secure the payment of the principal of and interest on the Series 2008 Bonds (as hereinafter defined) have been done and performed, in due form and time, as required by law; and

WHEREAS, the execution and delivery of this First Supplemental Indenture and the execution and issuance of the Series 2008 Bonds, subject to the terms hereof, have in all respects been duly authorized by the County;

GRANTING CLAUSES

Now, Therefore, the Indenture Witnesseth:

That in order to secure the payment of the principal of, premium, if any, and interest on all Bonds issued and to be issued under the Original Indenture, according to the import thereof, and to reimburse any Credit Provider and Liquidity Provider and any Reserve Facility Provider (each as defined in the Original Indenture) for amounts owed to them under any Credit Facility,

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Liquidity Facility or Reserve Facility (each as defined in the Original Indenture), respectively, but subject to the limitations set forth therein, and the performance and observance of each and every covenant and condition contained herein, in the Original Indenture and in the Bonds, and for and in consideration of the premises and of the acceptance by the Trustee of the trusts hereby created, and of the purchase and acceptance of the Bonds by the respective Owners (as defined in the Original Indenture) thereof, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, and for the purpose of fixing and declaring the terms and conditions upon which the Bonds shall be issued, authenticated, delivered, secured and accepted by all Persons (as defined in the Original Indenture) who shall from time to time be or become Owners thereof, the County has previously assigned, pledged and granted a lien upon and a security interest in all of its right, title and interest in and to the following described property, rights and interests (collectively, the "Trust Estate") to the Trustee and its successors in trust and assigns, to the extent provided in the Original Indenture and this First Supplemental Indenture:

(a) the Pledged Revenue (as defined in the Original Indenture);

(b) all Funds, Accounts and Subaccounts (each as defined in the Original Indenture) established pursuant to the Original Indenture, other than the Administrative Fund and the Rebate Fund (each as defined in the Original Indenture), and all moneys and securities and earnings in such Funds, Accounts and Subaccounts; and

(c) Any and all other contracts, instruments, moneys, revenues or sources of revenues, securities and property furnished from time to time to the Trustee by the County or on behalf of the County or by any other Persons to be held by the Trustee as part of the Trust Estate under the terms of the Original Indenture and this First Supplemental Indenture;

But in trust nevertheless, for the equal and proportionate benefit and security of the Bonds issued and to be issued hereunder and secured by the Original Indenture, including any Bonds hereafter issued, without preference, priority or distinction as to participation in the lien, benefit and protection hereof of any one Bond over any other or from the others by reason of priority in the issue or negotiation thereof or by reason of the date or dates of maturity thereof, or for any other reason whatsoever (except as expressly provided in the Indenture), so that each and all of the Bonds shall have the same right, lien and privilege under the Original Indenture and shall be equally secured hereby, with the same effect as if the same had all been made, issued and negotiated upon the delivery hereof (all except as expressly provided in the Original Indenture);

Provided, however, that prior to the occurrence of an Event of Default (as hereinafter defined) the lien on and pledge of the Trust Estate conferred by the Original Indenture in favor of the Trustee shall be subject in all respects to the provisions of the Original Indenture that require the application of Pledged Revenue or other moneys to the Funds created under the Original Indenture, including in each case any Account or Subaccount established therein, prior to the application of such Pledged Revenue or other moneys for the payment of the principal or redemption price of and the interest on the Bonds. No Owner of any Bond has the right to compel any exercise of the taxing power of any unit of government to pay the principal or Redemption Price of the Bonds or the interest thereon.

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Notwithstanding the foregoing provisions of these Granting Clauses:

(i) moneys in and investments of the Administrative Fund shall not be pledged to the payment of the Bonds and shall be applied solely to the payment of Administrative Expenses or as may otherwise be provided in the Original Indenture;

(ii) moneys in and investments of the Rebate Fund shall not be pledged to the payment of the Bonds and shall be applied solely to the payment of rebate amounts due to the United States of America with respect to Bonds or payments in lieu thereof or as otherwise provided in the Original Indenture; and

(iii) upon the occurrence of an Event of Default (as defined in the Original Indenture) the Trustee shall have a first lien on amounts held pursuant to Section 9.04 of the Original Indenture.

Provided Further, however, that these presents are upon the condition that, if the County, or its successors, shall well and truly pay or cause to be paid, or provide for the payment of all principal, premium, if any, and interest on the Bonds due or to become due thereon, at the times and in the manner stipulated therein and herein, then the Original Indenture and the rights thereby granted shall cease, terminate and be void, but shall otherwise be and remain in full force;

And it is hereby covenanted and agreed by and among the County, the Trustee and the Owners from time to time of the Series 2008 Bonds, that the terms and conditions upon which the Series 2008 Bonds are to be issued, authenticated, delivered, secured and accepted by all Persons who shall from time to time be or become the Owners thereof, and the trusts and conditions upon which the moneys and securities hereby pledged are to be held and disposed of, which trusts and conditions the Trustee hereby accepts, are as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. **Definitions.** Capitalized terms used herein without definition shall have the meaning ascribed thereto in the Original Indenture, unless the context or use clearly indicates another meaning or intent. Unless the context otherwise requires, the terms defined in this Section 1.01 shall for all purposes hereof and of any amendment hereof or supplement hereto and of the Series 2008 Bonds and of any certificate, opinion, request or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

"Alternate Credit Facility" shall mean a Credit Facility provided pursuant to the terms of Section 5.03.

"Alternate Credit Facility Date" shall have the meaning ascribed to it in Section 5.03.

"Alternate Liquidity Facility" shall mean a Liquidity Facility provided pursuant to the terms of Section 5.06.

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"Alternate Liquidity Facility Date" shall have the meaning ascribed to it in Section 5.06.

"Amortization Requirements" shall mean the money required to be deposited in the Sinking Fund for the purpose of the mandatory redemption or payment at maturity of any Term Bonds issued pursuant to this First Supplemental Indenture, the specific amounts and times of such deposits to be as provided in Section 3.01 hereof with respect to the Series 2008 Bonds.

"Authorized Denomination" shall mean in the case of the Series 2008 Bonds, (i) while the Series 2008 Bonds bear interest at a Daily, Weekly or Monthly Rates, \$100,000 and integral multiples of \$5,000 over \$100,000, and (ii) while the Series 2008 Bonds bear interest at a Quarterly, Semiannual, Extended or Fixed Rate, \$5,000 and integral multiples thereof.

"Average Rate" shall mean the rate determined by dividing the total amount of interest paid on all Variable Rate Bonds for a given period by the average principal amount of all Variable Rate Bonds Outstanding during that period.

"Board" shall mean the Board of County Commissioners of Broward County, Florida, or any successor in which the general legislative powers of the County shall be vested.

"Bond" or "Bonds" shall mean the Outstanding Series 2008 Bonds and Refunding Bonds.

"Bond Registrar" shall mean the County or a bank or trust company, either within or without the State of Florida, designated as such by resolution of the County, which shall perform such functions as Bond Registrar as are required by the Indenture with respect to one or more Series of Bonds. Notwithstanding the preceding sentence, the Trustee shall be the initial Bond Registrar.

"Bond Year" shall mean the period commencing the first day of September in each year and ending the last day of August of the following year.

"Bondholder" (or "Owner") shall mean the registered owners of the Bonds as shown on the registration books of the Bond Registrar maintained pursuant to Section 2.04 of the Original Indenture.

"Business Day" shall mean any day other than (i) Saturday or Sunday, (ii) a day on which the Trustee, any Credit Provider or any Liquidity Provider is lawfully closed, (iii) a day on which the federal reserve bank for the federal reserve bank in which the Trustee or Tender Agent is located is closed; or (iv) a day on which the New York Stock Exchange is closed.

"Continuing Disclosure Agreement" shall mean the Continuing Disclosure Agreement dated as of July 1, 2008 with respect to the Series 2008 Bonds between the County and the Trustee.

"Conversion Date" shall mean:

(a) When used with respect to a Fixed Rate, the date on which a Fixed Rate becomes effective pursuant to Section 2.02(1); and

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(b) When used with respect to any particular Variable Rate Period, the date on which such Rate Period first becomes effective pursuant to Section 2.02.

"Counterparty" shall mean the Person entering into a Hedge Agreement with the County.

"County" shall have the meaning ascribed to it in the introductory paragraph to this First Supplemental Indenture.

"County Administrator" shall mean the County Administrator and ex-officio Clerk of the Board or its designee or the Person succeeding to its principal functions.

"County Attorney" shall mean the County Attorney of the County, its designee or the Person succeeding to its principal functions.

"County Purchase Account" means the account by that name in the Purchase Fund established pursuant to Section 3.09(b)(ii) hereof.

"Credit Facility" shall mean initially the 2008 Letter of Credit and each and every other irrevocable letter of credit, policy of municipal bond insurance, surety bond, guaranty, purchase agreement, credit agreement or similar facility in which the entity providing such facility irrevocably agrees to provide funds to make payment of the principal of and interest on the Series 2008 Bonds when due. The term "Credit Facility" shall also include an "Alternate Credit Facility."

"Credit Facility Fund" means the fund by that name established pursuant to Section 5.02(a) hereof.

"Credit Provider" means initially the provider of the 2008 Letter of Credit and each other provider of a Credit Facility, if any, with respect to the Series 2008 Bonds.

"Daily Rate" shall mean the interest rate determined for the Series 2008 Bonds for a Daily Rate Period pursuant to Section 2.02(b).

"Daily Rate Period" shall mean, while the Series 2008 Bonds bear interest at the Daily Rate, the period commencing on each Business Day to but excluding the following Business Day.

"Department" shall have the meaning ascribed to it in the recitals to this First Supplemental Indenture.

"Deposit Day" shall mean the day on or before the 27th day of each month on which day a withdrawal from the General Fund and a deposit to one or more Funds, Accounts or Subaccounts is required to accomplish the payments and transfers required by this Indenture.

"Direct Participant" shall mean a participant in the DTC Book-Entry Only System on whose DTC accounts ownership interests in securities are credited.

"DTC" means The Depository Trust Company, New York New York, and its successors and assigns.

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"Fixed Rate" means an interest rate to be determined for the Series 2008 Bonds pursuant to Section 2.02(e).

"Fixed Rate Period" means the period of time from the Conversion Date to a Fixed Rate to the Maturity Date.

"Hedge Agreement" shall mean the 2008 Hedge Agreement and shall also include an interest rate exchange agreement, an interest rate swap agreement, a forward purchase contract, a put option contract, a call option contract or any other financial product which is used by the County as a hedging device with respect to its obligation to pay debt service on any of the Bonds, entered into between the County and a Counterparty; provided that such arrangement shall be specifically designated in a certificate of the Finance Director as a "Hedge Agreement" for purposes of this First Supplemental Indenture.

"Interest Payment Date" shall mean, (a) with respect to the Series 2008 Bonds:

(i) When the Series 2008 Bonds bear interest at the Daily, Weekly or Monthly Rate, the first Business Day of each calendar month commencing with the first Business Day of the calendar month following the initial issuance and delivery of the Series 2008 Bonds;

(ii) When the Series 2008 Bonds bear interest at the Quarterly Rate, the first Business Day of the third calendar month following the Conversion Date to a Quarterly Rate and subsequently the first Business day of each third calendar month thereafter;

(iii) When the Series 2008 Bonds bear interest at the Semiannual or Extended Rate, the first Business Day of the sixth month following the Conversion Date to a Semiannual or Extended Rate and subsequently the first Business Day of each sixth calendar month thereafter;

(iv) When the Series 2008 Bonds bear interest at the Fixed Rate, each March 1 and September 1 after the Conversion Date to a Fixed Rate; and

(v) When the Series 2008 Bonds constitute Provider Bonds, each date on which interest on the Provider Bonds is due and payable in accordance with the provisions of the Liquidity Facility or any reimbursement or similar agreement entered into between the County and the Liquidity Provider; and

"Liquidity Facility" shall mean initially the 2008 Letter of Credit and each and every other letter of credit, policy of insurance, surety bond, guaranty, purchase agreement, credit agreement or similar facility in which the entity providing such facility agrees to provide funds to pay the purchase price of, or agrees to purchase, Series 2008 Bonds upon their tender by the Owners thereof. The term "Liquidity Facility" shall also include an Alternate Liquidity Facility.

"Liquidity Facility Account" shall mean the account by that name in the Purchase Fund established pursuant to Section 3.09(b)(ii) hereof.

"Liquidity Provider" shall mean initially the provider of the 2008 Letter of Credit and each other provider of a Liquidity Facility, if any, with respect to the Series 2008 Bonds.

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"Electronic Means" shall mean telecopy, telegraph, telex, facsimile transmission or other similar electronic means of written communication.

"Eligible Funds" shall mean, with respect to the Series 2008 Bonds:

(a) Proceeds of Bonds or Refunding Bonds deposited with the Trustee contemporaneously with the issuance and sale of such Bonds or Refunding Bonds (other than proceeds of sale of Bonds to the County) and which were continuously thereafter subject to the lien of the Indenture in a separate and segregated fund, account or subaccount established hereunder in which no moneys which were not Eligible Funds were at any time held while such proceeds were held therein, together with the investment earnings thereon;

(b) Moneys (i) held in any Fund, Account or Subaccount in which no other moneys which are not Eligible Funds are held, and (ii) which have been on deposit with the Trustee for at least 366 consecutive days during which period no Event of Bankruptcy shall have occurred, together with the investment earnings thereon;

(c) Proceeds of a drawing under the Credit Facility or the Liquidity Facility; and

(d) Any other moneys deposited with the Trustee if there is delivered to the Trustee at the time of the issuance and sale of such Refunding Bonds or the deposit of such other moneys with the Trustee a written opinion of nationally recognized bankruptcy counsel to the effect that payments with such proceeds or other moneys, as the case may be, of principal of, premium, if any, or interest on the Bonds would not be avoidable transfers under the United States Bankruptcy Code should an Event of Bankruptcy hereafter occur.

"Extended Rate" shall mean the interest rate determined for the Series 2008 Bonds for an Extended Rate Period pursuant to Section 2.02(g).

"Extended Rate Period" shall mean, while the Series 2008 Bonds bear interest at the Extended Rate, the period commencing either on the Conversion Date to the Extended Rate or on the first Business Day of the calendar month following the last day of the prior Rate Period, extending for a period of one year or integral multiples of six months in excess of one year as established by the Remarketing Agent and ending on a day which is the last day preceding the first Business Day of a calendar month.

"Fiduciary" or "Fiduciaries" shall mean the Trustee, Bond Registrar and Paying Agent, or, as the context may require, any one of them.

"Finance Director" shall mean the Chief Financial Officer and the Director of the Department of Finance and Administrative Services of the County, the Deputy Chief Financial Officer and the Deputy Director of the Department of Finance and Administrative Services of the County or its designee or the Person succeeding to its principal functions.

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"Maximum Rate" shall mean, with respect to the Series 2008 Bonds, the lower of 15% or the highest rate of interest allowed by law.

"Mayor" shall mean the Mayor of the Board, or in the absence of the Mayor, the Vice Mayor, or the person succeeding to its principal functions.

"Monthly Rate" shall mean the interest rate determined for a Monthly Rate Period pursuant to Section 2.02(d).

"Monthly Rate Period" shall mean, while the Series 2008 Bonds bear interest at the Monthly Rate, the period commencing on the first Business Day of each month to but excluding the first Business Day of the following month.

"Moody's" shall mean Moody's Investors Service, Inc. and 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 County by written notice of an Authorized Officer to the Trustee.

"Official Statement" shall mean, with respect to the Series 2008 Bonds, the Official Statement dated July 9, 2008 relating to the Series 2008 Bonds.

"Original Indenture" shall have the meaning ascribed to it in the recitals to this First Supplemental Indenture.

"Owner" (or "Bondholder") shall mean the registered owners of the Bonds as shown on the registration books of the Bond Registrar maintained pursuant to Section 2.04 of the Original Indenture.

"Participant" shall mean one of the entities which is a member of the Securities Depository and deposits securities, directly or indirectly in the Book-Entry Only System maintained pursuant to Section 2.03.

"Paying Agent" shall mean the County or a bank or trust company, either within or without the State of Florida, designated as such by resolution of the County, which shall perform such functions as Paying Agent as are required by the Indenture with respect to one or more Series of Bonds. Notwithstanding the preceding sentence, the Trustee shall be the initial Paying Agent for the Series 2008 Bonds.

"Provider Bonds" shall have the meaning ascribed to it in Section 3.09(d)(i)(2) hereof.

"Provider Rate" shall mean the interest rate which Provider Bonds bear, from time to time, as determined in the accordance with the provisions of the Liquidity Facility or any reimbursement or similar agreement entered into between the County and the Liquidity Provider.

"Purchase Date" shall mean the date upon which the Tender Agent is obligated to purchase a Series 2008 Bond or Series 2008 Bonds pursuant to Article III.

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"Purchase Fund" shall mean the fund with that name established pursuant to Section 3.09(b)(i) hereof.

"Purchase Price" of any Series 2008 Bond required to be purchased by the Tender Agent pursuant to Article III, means an amount equal to the principal amount of such Series 2008 Bond plus, if the Purchase Date is other than an Interest Payment Date, accrued interest thereon, at the rate applicable to the Series 2008 Bond from the most recent Interest Payment Date and up to but excluding the Purchase Date.

"Quarterly Rate" shall mean the interest rate determined for the Series 2008 Bonds for any Quarterly Rate Period pursuant to Section 2.02(e) hereof.

"Quarterly Rate Period" shall mean, while the Series 2008 Bonds bear interest at the Quarterly Rate, the period commencing on the Conversion Date to a Quarterly Rate for the Series 2008 Bonds, and on the first Business Day of each third calendar month thereafter, to but excluding the first Business Day of the third calendar month thereafter.

"Rate Period" or "Period" shall mean, when used with respect to any particular rate of interest applicable to the Series 2008 Bonds (whether a Daily, Weekly, Monthly, Quarterly, Semiannual, Extended or Fixed Rate), the period during which such rate of interest will remain in effect pursuant to Section 2.02.

"Record Date" shall mean, in the case of the Series 2008 Bonds (i) the Business Day immediately prior to the Interest Payment Date in question in the case of the Daily and Weekly Rate Periods, (ii) the last Business Day at least 5 days prior to the Interest Payment Date in question in the case of the Monthly Rate Periods, and (iii) the 15th day (whether or not a Business Day) of the calendar month immediately preceding such Interest Payment Date in the case of a Quarterly, Semiannual, Extended Rate or Fixed Rate Period.

"Reimbursement Agreement" shall mean the Reimbursement Agreement between the County and the 2008 Letter of Credit Provider dated as of July 1, 2008, as the same may be extended, amended or supplemented in accordance with its terms.

"Remarketing Agent" shall mean the remarketing agent appointed pursuant to Section 5.07 hereof.

"Remarketing Agreement" shall mean, with respect to the Series 2008 Bonds, the Remarketing Agreement dated as of July 1, 2008 herewith between the County and the Remarketing Agent.

"Remarketing Proceeds Account" shall mean the account by that name in the Purchase Fund established pursuant to Section 3.09(b)(ii) hereof.

"Securities Depository" shall mean DTC or its nominee, and its successors appointed by the County in accordance with the provisions of Section 2.03 hereof.

"Semiannual Rate" shall mean the interest rate determined for a Semiannual Rate Period pursuant to Section 2.02(f) hereof.

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"Semiannual Rate Period" shall mean, while the Series 2008 Bonds bear interest at the Semiannual Rate, the period commencing on the Conversion Date to a Semiannual Rate and from and including the first Business Day of each sixth calendar month thereafter to but excluding the first Business Day of the sixth calendar month thereafter.

"Senior Bond Resolution" shall have the meaning ascribed to it in the recitals to this First Supplemental Indenture.

"Senior Bonds" shall have the meaning ascribed to it in the recitals to this First Supplemental Indenture.

"Series 2008 Bonds" shall mean the Broward County, Florida Subordinate Port Facilities Refunding Revenue Bonds, Series 2008, authorized to be issued pursuant to Section 2.01 hereof.

"Tender Agent" shall mean The Bank of New York Mellon Trust Company, National Association, a national banking association, or any successor or successors appointed in accordance with Section 5.09 of this First Supplemental Indenture.

"Tender Agent Agreement" shall mean the Tender Agent Agreement dated as of July 1, 2008 between the County and the Tender Agent.

"Termination Payment" shall mean the payment required to be made from the County to the Initial Counterparty with respect to the termination of the Initial Hedge Agreement.

"Trustee" shall mean The Bank of New York Mellon Trust Company, National Association, a national banking association, or any other bank or trust company, either within or without the State of Florida, having fiduciary powers and designated as Trustee in the manner provided in Section 8.08 of the Original Indenture.

"Trust Estate" shall have the meaning ascribed to it in the recitals to the Original Indenture.

"2008 Counterparty" shall mean Goldman Sachs Capital Markets, L.P. or any successor thereto.

"2008 Escrow Agent" shall mean a bank or trust company, either within or without the State of Florida, having fiduciary powers and designated as Escrow Agent in an Escrow Deposit Agreement and performing such functions as are required by such Escrow Deposit Agreement.

"2008 Escrow Deposit Agreement" shall mean an Escrow Deposit Agreement, by and between the County and the 2008 Escrow Agent, pursuant to which cash and Escrow Securities will be held by the Escrow Agent to provide for payment, in whole or in part, of all or a portion of one or more specified Series of Bonds.

"2008 Hedge Agreement" shall mean collectively, the ISDA Master Agreement, the Schedule to the ISDA Master Agreement, the Credit Support Annex to the Schedule, the Guaranty and the Confirmation each by and between the County and the 2008 Counterparty, each dated as of July 10, 2008.

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"2008 Letter of Credit" shall mean the irrevocable direct pay letter of credit dated as of July 10, 2008 issued by the 2008 Letter of Credit Provider pursuant to the Reimbursement Agreement, as the same may be extended, amended or supplemented from time to time in accordance with its terms.

"2008 Letter of Credit Provider" shall mean The Bank of Nova Scotia, acting through its New York Agency, or any successor thereto. The 2008 Letter of Credit Provider shall constitute a Liquidity Provider and a Credit Provider for all purposes herein.

"Variable Rate" shall mean, as the context requires, the Daily, Weekly, Monthly, Quarterly, Semiannual or Extended Rate applicable to the Series 2008 Bonds.

"Variable Rate Period" shall mean, the Daily Rate Period, the Weekly Rate Period, the Monthly Rate Period, the Quarterly Rate Period, the Semiannual Rate Period or the Extended Rate Period applicable to the Series 2008 Bonds.

"Weekly Rate" shall mean with respect to the Series 2008 Bonds the interest rate determined for a Weekly Rate Period pursuant to Section 2.02(c) hereof.

"Weekly Rate Period" shall mean, while the Series 2008 Bonds bear interest at the Weekly Rate, the period commencing on Thursday of each week (or in the case of the first Weekly Rate Period, on the date of original issuance and delivery of the Series 2008 Bonds) to but excluding Thursday of the following week (or in the case of the first Weekly Rate Period, the Thursday immediately following the date of original issuance and delivery of the Series 2008 Bonds), except that (a) in the case of a conversion to a Weekly Rate Period from a different Variable Rate Period, the initial Weekly Rate Period shall be from and including and including the Conversion Date to a Weekly Rate to but excluding Thursday of the following week, and (b) in the case of a conversion of the Series 2008 Bonds from a Weekly Rate Period to a different Rate Period, the last Weekly Rate Period shall end on and exclude the Conversion Date.

SECTION 1.02. Interpretation. (a) In this First Supplemental Indenture, unless the context otherwise requires:

(i) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this First Supplemental Indenture, refer to this First Supplemental Indenture, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of this First Supplemental Indenture;

(ii) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(iii) References to Articles and Sections refer to Articles and Sections of this First Supplemental Indenture unless the context specifically requires otherwise;

(iv) Any headings preceding the text of the several Articles and Sections of this First Supplemental Indenture, and any table of contents or marginal notes appended to

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copies hereof, shall be solely for convenience of reference and shall not constitute a part of this First Supplemental Indenture, nor shall they affect its meaning, construction or effect; and

(v) References to Funds shall include any and all Accounts or Subaccounts therein, unless the context otherwise requires.

(b) Whenever in this First Supplemental Indenture the County or the Trustee is named or referred to, it shall include, and shall be deemed to include, its respective successors and assigns whether so expressed or not. All of the covenants, stipulations, obligations and agreements by or on behalf of, and other provisions for the benefit of, the County or the Trustee contained in this Indenture shall bind and inure to the benefit of such respective successors and assigns and shall bind and inure to the benefit of any officer, board, commission, authority, agency or instrumentality to whom or to which there shall be transferred by or in accordance with law any right, power or duty of the County or of its successors or assigns, the possession of which is necessary or appropriate in order to comply with any such covenants, stipulations, obligations, agreements or other provisions of this First Supplemental Indenture.

(c) Nothing in this First Supplemental Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person other than the County, the Trustee, any Credit Provider, any Liquidity Provider, any Reserve Facility Provider, including their respective agents, and the Owners, any right, remedy or claim under or by reason of this First Supplemental Indenture or any covenant, condition or stipulation hereof. All the covenants, stipulations, promises and agreements in this Indenture contained by or on behalf of the County shall be for the sole benefit of the County, the Trustee, any Credit Provider, any Liquidity Provider, any Reserve Facility Provider, including their respective agents and the Owners.

ARTICLE II

AUTHORIZATION, DETAILS, EXECUTION, DELIVERY AND REGISTRATION OF SERIES 2008 BONDS

SECTION 2.01. Authorization of Series 2008 Bonds.

(a) General Terms and Provisions.

(i) Terms of Series 2008 Bonds. The Series 2008 Bonds: (A) shall be issued in the initial aggregate principal amount of \$46,145,000; (B) shall be dated the date of the issuance thereof; (C) shall mature on September 1, 2027; (D) shall be substantially in the form attached as Exhibit A to the Original Indenture; (E) shall be payable as to interest on each Interest Payment Date established therefor at the rate per annum determined as provided in the form thereof and in this Section 2.01; (F) shall be subject to redemption, to optional and mandatory tender for purchase, and to remarketing, all as provided in the form thereof and in Article III of this First Supplemental Indenture; and (G) shall be considered Bonds for all purposes of the Original Indenture. Interest on Series 2008 Bonds while bearing interest at the Daily Rate, Weekly Rate, Monthly Rate and Quarterly Rate will be calculated based on the actual days elapsed and a year of 365 or 366 days, as applicable, and interest on the Series 2008 Bonds bearing interest at the Semiannual Rate, Extended Rate or Fixed Rate will be calculated based on a year of 360 days consisting of twelve 30-day months.

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(ii) Purposes of Series 2008 Bonds. The Series 2008 Bonds shall be issued for the purposes of providing funds, together with other available moneys in the amount of \$5,057,188.00, to (A) refund and defease all of the outstanding Series 1998 Bonds, (B) pay all a Termination Payment, (C) fund a deposit to the Debt Service Reserve Fund Requirement in respect of the Series 2008 Bonds, and (D) pay certain costs of issuance and expenses relating to the Series 2008 Bonds.

(iii) Application of Proceeds. The net proceeds of the Series 2008 Bonds in the amount of \$46,044,246.25 shall be applied as follows:

(1) \$43,887,216.44 shall be immediately paid to The Bank of New York Mellon Trust Company, National Association, as Escrow Agent to refund and defease the Series 1998 Bonds;

(2) \$1,726,400.00 shall be immediately applied to pay a portion of the Termination Payment on the Initial Hedge Agreement, together with \$1,663,600.00 from the County;

(3) \$16,914.38 from the proceeds of the Series 2008 Bonds will be used to fund the Debt Service Reserve Fund Requirement, together with \$3,393,588.00 amount currently held in the Debt Service Reserve Fund with respect to the Series 1998 Bonds, which total equals the Debt Service Reserve Fund Requirement in connection with the issuance of the Series 2008 Bonds; and

(4) \$413,715.43 shall be applied, or deposited to the credit of a special account established by the County to be applied, to the payment of the costs of issuance and expenses relating to the issuance of the Series 2008 Bonds, including, but not limited to, financial advisory, accounting and legal fees, rating agency fees, Escrow Agent fees, printing costs, initial Bond Registrar fees, initial Paying Agent fees, initial Trustee fees, Credit Facility and Liquidity Facility fees and expenses, and any other expenses relating to the issuance of the Series 2008 Bonds.

(iv) Conditions Precedent to Issuance of Series 2008 Bonds. The Series 2008 Bonds shall be authenticated by the Bond Registrar and delivered by the Trustee in such manner as shall be specified in writing by an Authorized Officer, but only after the Series 2008 Bonds shall have been executed as provided in the Original Indenture and there shall have been delivered the following:

(A) to the Trustee, a copy of the Original Indenture, fully executed copies of this First Supplemental Indenture, the 2008 Letter of Credit, the Reimbursement Agreement, the 2008 Hedge Agreement, the Remarketing Agreement and the Tender Agent Agreement;

(B) a written opinion or opinions of Bond Counsel stating that it is of the opinion that the issuance of such Series 2008 Bonds has been duly authorized and that the Original Indenture creates a valid and enforceable pledge of the Trust Estate.

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(ii) The preliminary Variable Rate or the Variable Rate so to be determined shall be the lowest rate of interest which, in the judgment of the Remarketing Agent, would cause the Series 2008 Bonds to have a market value equal to the principal amount thereof, plus accrued interest, under prevailing market conditions as of the date of determination of such preliminary Variable Rate or Variable Rate. The preliminary Variable Rate is intended to serve only as an indication of the lowest interest rate that would cause the Series 2008 Bonds to have a market value equal to par under market conditions on the date on which such preliminary Variable Rate is determined. The Variable Rate determined after the preliminary Variable Rate is determined may be higher, lower or the same as such preliminary Variable Rate. Notwithstanding the foregoing, in no event shall the preliminary Variable Rate or the Variable Rate for any Variable Rate Period exceed the Maximum Rate.

(iii) All determinations of Variable Rates pursuant to this Section shall be conclusive and binding upon the County, the Trustee, the Bond Registrar, the Tender Agent, the Credit Provider, the Liquidity Provider, and the Owners of the Series 2008 Bonds. The County, the Trustee, the Bond Registrar, the Tender Agent and the Remarketing Agent shall not be liable to the Owner of any Series 2008 Bond for failure to give any notice required above or for failure of the Owner of any Series 2008 Bond to receive any such notice.

(b) Daily Rates.

(i) Daily Rate Periods shall commence initially on the Conversion Date to but excluding the following Business Day, and subsequently begin on the next Business Day to but excluding the following Business Day.

(ii) The Daily Rate for each Daily Rate Period shall be determined by the Remarketing Agent not later than 10:00 a.m., New York City time, on the commencement date of the Daily Rate Period to which it relates.

(c) Weekly Rates.

(i) The first Weekly Rate Period shall commence on the date of original issuance and delivery of the Series 2008 Bonds and shall run to but excluding the next succeeding Thursday. Weekly Rate Periods thereafter shall be from Thursday of each week to but excluding Thursday of the following week; except that (A) in the case of a conversion to a Weekly Rate Period from a different Variable Rate Period, the initial Weekly Rate Period for the Series 2008 Bonds shall commence on the Conversion Date to but excluding Thursday of the following week; and (B) in the case of a conversion of the Series 2008 Bonds from a Weekly Rate Period to a different Rate Period, the last Weekly Rate Period shall end on and exclude the Conversion Date.

(ii) The Weekly Rate for each Weekly Rate Period shall be determined by the Remarketing Agent not later than 4:00 p.m., New York City time, on Wednesday or, if such Wednesday is not a Business Day, the last Business Day which is immediately prior to the commencement date of the Weekly Rate Period to which it relates.

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(C) a certificate of an Authorized Officer to the effect that no Event of Default has occurred and is continuing as of the date of issuance of such Series 2008 Bonds (except any Event of Default that may be cured by application of the proceeds of such Series 2008 Bonds);

(D) to, or for the account of, the County, \$46,044,246.25, in immediately available funds, constituting the purchase price for the Series 2008 Bonds upon their initial issuance and delivery; and

(E) a certificate of the Rate Consultant demonstrating that the Pledged Revenue and investment income on funds on deposit in the Sinking Fund and the Debt Service Reserve Fund projected by the Rate Consultant for each Bond Year from issuance of the Series 2008 Bonds through the fifth Bond Year after the Bond Year in which the Series 2008 Bonds are issued is equal to not less than 110% of the annual Principal and Interest Requirements in each of such Bond Years for all Bonds then Outstanding, excluding the Series 1998 Bonds being defeased by proceeds of the Series 2008 Bonds and including the Series 2008 Bonds with respect to which the certificate is made.

SECTION 2.02. Variable Rate; Determination by Remarketing Agent; Notice of Rates Determined.

(a) General. The Series 2008 Bonds shall initially bear interest at the Weekly Rate until converted to another Rate Period as provided herein. Subject to the further provisions of this Article II with respect to particular Variable Rates or conversions between Rate Periods, and subject to the provisions of the Series 2008 Bonds, the Variable Rate to be applicable to Series 2008 Bonds during any Variable Rate Period shall be determined by the Remarketing Agent as provided in this Section 2.02 and notice thereof shall be given as follows:

(i) Notice of each preliminary Variable Rate and Variable Rate shall be given as follows:

(A) By the Remarketing Agent to the Trustee, the Bond Registrar and the Tender Agent by telephone (followed by notice in writing by an authorized officer of the Remarketing Agent) not later than 5:00 p.m., New York City time, (10:00 a.m., New York City time, with respect to Daily Rates) on the date of determination; and

(B) On the last Business Day of each month or more frequently upon the Credit Provider's or Liquidity Provider's written request, the Tender Agent shall provide written notice thereof to the Credit Provider and the Liquidity Provider.

Notice of each preliminary Monthly, Quarterly, Semiannual and Extended Rate, and of each Monthly, Quarterly, Semiannual and Extended Rate, shall be given by the Bond Registrar by sending notice in writing to the Owners of the Series 2008 Bonds and the Trustee not later than 5:00 p.m., New York City time, on the third Business Day following the date of determination. The Tender Agent shall inform the Owners of the Series 2008 Bonds and the Trustee of the Daily and Weekly Rates upon request.

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(d) Monthly Rates.

(i) Monthly Rate Periods shall commence initially on the Conversion Date to but excluding the first Business Day of the following month and subsequently begin on and include the first Business Day of each calendar month to but excluding the first Business Day of the following month.

(ii) The Monthly Rate for each Monthly Rate Period shall be determined by the Remarketing Agent as follows:

(A) A preliminary Monthly Rate for each Monthly Rate Period shall be determined by the Remarketing Agent not later than 4:00 p.m., New York City time, on the last Business Day which is at least 8 days immediately preceding the commencement date of such period; and

(B) The actual Monthly Rate for each Monthly Rate Period shall be determined by the Remarketing Agent not later than 4:00 p.m., New York City time, on the Business Day immediately preceding the commencement date of such period.

(e) Quarterly Rates.

(i) Quarterly Rate Periods shall (A) commence initially on the Conversion Date to but excluding the first Business Day of the third calendar month thereafter and subsequently begin on and include the first Business Day of each third calendar month thereafter; (B) to but excluding the first Business Day of the third calendar month thereafter.

(ii) The Quarterly Rate for each Quarterly Rate Period shall be determined as follows:

(A) A preliminary Quarterly Rate for each Quarterly Rate Period shall be determined by the Remarketing Agent not later than 4:00 p.m., New York City time, on the last Business Day which is at least 15 days preceding the commencement date of such period; and

(B) The actual Quarterly Rate for each Quarterly Rate Period shall be determined by the Remarketing Agent not later than 4:00 p.m., New York City time, on the Business Day immediately preceding the commencement date of such period.

(f) Semiannual Rates.

(i) Semiannual Rate Periods shall (A) commence initially on the Conversion Date and subsequently begin on and include the first Business Day of each sixth calendar month thereafter; (B) to but excluding the first Business Day of the sixth month thereafter.

(ii) The Semiannual Rate for each Semiannual Rate Period shall be determined as follows:

(A) A preliminary Semiannual Rate for each Semiannual Rate Period shall be determined by the Remarketing Agent not later than 4:00 p.m., New York City

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time, on the last Business Day which is at least 30 days immediately preceding the commencement date of such period.

(B) The actual Semiannual Rate for each Semiannual Rate Period shall be determined by the Remarketing Agent not later than 4:00 p.m., New York City time, on the Business Day immediately preceding the commencement date of such period.

(g) Extended Rates.

(i) Extended Rate Periods shall commence initially on the Conversion Date, and subsequently begin on the first Business Day of the calendar month following the last day of the prior Rate Period and extend for a period of one year or integral multiples of six months in excess of one year set by the Remarketing Agent, and end on a day which is the last day preceding the first Business Day of a calendar month.

(ii) The Extended Rate for each Extended Rate Period shall be determined as follows:

(A) A preliminary Extended Rate for each Extended Rate Period shall be determined by the Remarketing Agent not later than 4:00 p.m., New York City time, on the last Business Day which is at least 30 days immediately preceding the commencement date of such period;

(B) The actual Extended Rate for each Extended Rate Period shall be determined by the Remarketing Agent not later than 4:00 p.m., New York City time, on the Business Day immediately preceding the commencement date of such period.

(h) Limitation on Rate Periods. None of the Variable Rate Periods may extend beyond the scheduled expiration date of the Credit Facility or the Liquidity Facility.

(i) Conversion between Variable Rate Periods. At the option of the County and upon delivery of an Opinion of Bond Counsel to the Trustee and the County, the Series 2008 Bonds may be converted from one Variable Rate Period to another as provided in this clause (i). In the case of conversion from one Variable Rate Period to a different Variable Rate Period, the Conversion Date shall be an Interest Payment Date for the Variable Rate Period from which the conversion is to be made; provided, however, that in the case of a conversion from an Extended Rate Period, the Conversion Date shall be limited to an Interest Payment Date on which a new Extended Rate Period for the Series 2008 Bonds would otherwise have commenced pursuant to Section 2.02(g). At the direction of the County, the Remarketing Agent shall give written notice of any conversion pursuant to this Section to the Trustee, the Bond Registrar, the Tender Agent, the County, the Credit Provider and the Liquidity Provider not less than five Business Days prior to the date on which the Tender Agent is required to notify the Owners of the conversion in the manner provided in this clause (i). Such notice shall specify the Conversion Date and the Rate Period to which the conversion will be made. Not less than 30 days prior to any Conversion Date, the Tender Agent shall mail or cause the Bond Registrar to mail a written notice of the conversion to the County, the Trustee, the Credit Provider, the Liquidity Provider and all of the Owners of the Series 2008 Bonds. Such notice shall set forth (A) the information contained in the notice from the Remarketing Agent pursuant to this clause (i) above, (B) the Interest Payment

Dates for the new Rate Period, (C) the dates on which the Remarketing Agent will determine and the Tender Agent will notify the Owners of the preliminary Variable Rate (if applicable) and the Variable Rate for the Variable Rate Period commencing on the Conversion Date, and (D) the matters required to be stated pursuant to Section 3.06(b) with respect to purchases of Series 2008 Bonds which are governed by such Section.

(j) Determination of Variable Rate Effective on Conversion Date. The preliminary Variable Rate (if applicable) and the Variable Rate for the Variable Rate Period commencing on the Conversion Date shall be determined by the Remarketing Agent in the manner and on the dates provided in this Section 2.02. In addition to determining the Variable Rate for the Rate Period to which conversion is to be made, the Remarketing Agent shall determine a Weekly Rate at the time specified in Section 2.02(c), and give notice thereof to the Tender Agent, the Bond Registrar and the Trustee, which Weekly Rate shall take effect, if needed, pursuant to clause (k) below.

(k) Conditions on which Conversion to a Variable Rate Ineffective. Notwithstanding the delivery of notice of conversion pursuant to clause (i) above, conversion to a new Variable Rate Period shall not take effect as to the Series 2008 Bonds if:

(i) The Remarketing Agent fails to determine a Variable Rate for the Rate Period to which the conversion is to be made;

(ii) Any notice required by Section 2.02(i) is not given when required;

(iii) There is not delivered to the County and the Trustee an Opinion of Bond Counsel, dated as of the Conversion Date;

(iv) Such notice of conversion is rescinded by the County by written notice of such rescission to the Tender Agent, the Trustee and the Remarketing Agent which written notice is delivered prior to the applicable Conversion Date. If the Tender Agent receives notice of such rescission prior to the time the Tender Agent has given or caused to be given notice to the Owners of the Series 2008 Bonds, then such notice of conversion shall be of no force and effect. If the Tender Agent receives notice of such rescission after the Tender Agent has given or caused to be given notice to the Owners of the Series 2008 Bonds, then the Series 2008 Bonds shall automatically adjust to a Weekly Rate Period. Any purchases of Series 2008 Bonds scheduled or required to take place on the proposed effective date of any Rate Period (being also the effective date of the automatic adjustment to a Weekly Rate Period as in this Section 2.02(k) provided) shall take place on such date. No Opinion of Bond Counsel shall be required in connection with any automatic adjustment to a Weekly Rate Period as provided in this Section 2.02(k); or

(v) There is not delivered to the Trustee written evidence from the Rating Agencies that any such conversion to a Quarterly Rate, Semiannual Rate or Extended Rate will not, of itself, cause a reduction or withdrawal of any rating then assigned to the Series 2008 Bonds.

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Except as specifically provided in (iv) above, in any such event, the Series 2008 Bonds which were to be converted shall automatically be converted to a Weekly Rate Period on the date such conversion was to be made, provided that any mandatory or optional tender for purchase on the Conversion Date shall nevertheless be carried out. No cancellation of a conversion pursuant to this subsection shall constitute an Event of Default hereunder. Upon the occurrence of an event described in (i) above, the Weekly Rate for the Series 2008 Bonds shall be the per annum rate of interest determined on each Thursday (or if such day is not a Business Day, the immediately preceding Business Day) by the Trustee which is equal to the lesser of the Maximum Rate and a rate equal to the "Securities Industry and Financial Markets Association ("SIFMA") Municipal Swap Index" (or a comparable index, if such index is no longer published) most recently published, plus 30 basis points.

(l) Conversion to Fixed Rate. The Series 2008 Bonds shall be converted to bear interest at a Fixed Rate upon request of the County as provided in this clause (l). The Fixed Rate Conversion Date shall be:

(i) In the case of a conversion from a Variable Rate Period other than an Extended Rate Period, an Interest Payment Date for the Series 2008 Bonds on which interest is payable for the Variable Rate Period from which the conversion is to be made; and

(ii) In the case of a conversion from an Extended Rate Period, an Interest Payment Date for the Series 2008 Bonds on which a new Extended Rate Period would otherwise have commenced pursuant to Section 2.02(g).

Not less than 45 days (or such shorter period approved by the parties to receive the same) prior to the Fixed Rate Conversion Date, the County shall give written notice to the Trustee, the Bond Registrar, the Tender Agent, the Remarketing Agent, the Credit Provider and the Liquidity Provider, setting forth (A) the election to convert the Series 2008 Bonds to a Fixed Rate, and (B) the proposed Fixed Rate Conversion Date. As a condition of any such conversion, the Trustee, the Credit Provider, the Liquidity Provider and the Remarketing Agent shall receive, concurrently with the notice, an Opinion of Bond Counsel.

(m) Preliminary Determination of Terms of Series 2008 Bonds while Bearing Interest at the Fixed Rate. The Remarketing Agent shall make a preliminary determination of the Fixed Rate or Fixed Rates for the Series 2008 Bonds and the maturities of the Series 2008 Bonds in the same manner as is provided for the final determination of rates pursuant to Section 2.02(o). Such preliminary determination shall be made on a Business Day which is at least 35 days prior to the Fixed Rate Conversion Date. On the date of the preliminary determination, the Remarketing Agent shall notify the Tender Agent and the Tender Agent shall notify the County, the Trustee, the Bond Registrar, the Credit Provider and the Liquidity Provider, by telephone (promptly confirmed in writing), or by Electronic Means of the preliminary Fixed Rate or Rate or Rates so determined.

(n) Notice of Conversion to Fixed Rate. The Tender Agent shall mail or cause the Bond Registrar to mail a notice of the proposed conversion to the County, the Bond Registrar, the Trustee, the Credit Provider, the Liquidity Provider and the Owners of all Series 2008 Bonds to be converted. Such notice shall be mailed not less than 30 days prior to the proposed Fixed

Rate Conversion Date. Such notice shall set forth the proposed Fixed Rate Conversion Date and state:

(i) that the Series 2008 Bonds are subject to mandatory tender for purchase (without the right to retain) on the Conversion Date at a Purchase Price of par plus accrued interest; and

(ii) that the Series 2008 Bonds shall be deemed purchased on the Conversion Date, and thereafter the Owner shall have no further rights hereunder except to receive such Purchase Price.

(o) Determination of Fixed Rate. The Remarketing Agent shall determine the Fixed Rate or Fixed Rates for the Series 2008 Bonds by not later than 3:30 p.m., New York City time, on the last Business Day that is at least 5 days prior to the Conversion Date for the Series 2008 Bonds. The Fixed Rate or Fixed Rates shall be the lowest rate or rates of interest per annum (not in excess of the maximum rate of interest allowed by law) which, in the judgment of the Remarketing Agent as of the date of determination and under prevailing market conditions, would cause the Fixed Rate Series 2008 Bonds to have a market value equal to the principal amount thereof, plus accrued interest; provided, however, that, at the request of the County, the Fixed Rate or Fixed Rates can be such lower rate or rates of interest which, in the judgment of the Remarketing Agent as of the date of determination and under prevailing market conditions, would cause the Fixed Rate Series 2008 Bonds to have a market value of less than the principal amount thereof, plus accrued interest, but not less than 95% of the principal amount thereof, upon delivery of an Opinion of Bond Counsel to the Trustee, the Credit Provider, the Liquidity Provider and the Remarketing Agent. If necessary or desirable to achieve the lowest Fixed Rate or Fixed Rates on the Series 2008 Bonds, the Remarketing Agent may determine that some or all of the Series 2008 Bonds shall be converted to Serial Bonds maturing in years for which Amortization Requirements have been established for the Series 2008 Bonds and maturing in aggregate principal amounts that correspond to such Amortization Requirements. Not later than 4:00 p.m., New York City time, on the date of determination of the Fixed Rate, the Remarketing Agent shall notify the Tender Agent of the Fixed Rate or Fixed Rates and of any serialization of the maturities of the Series 2008 Bonds by telephone (promptly confirmed in writing). Such determination shall be conclusive and binding upon the County, the Trustee, the Tender Agent, the Credit Provider, the Liquidity Provider and the Owners of the Series 2008 Bonds. The Tender Agent shall make such Fixed Rate and serialization of the maturities of the Series 2008 Bonds available upon request by telephone (promptly confirmed in writing), telegram, teletype, telex or other similar communication to the County, the Trustee, the Credit Provider and the Liquidity Provider. In addition to determining a Fixed Rate, the Remarketing Agent shall determine a Weekly Rate pursuant to Section 2.02(c) and give notice thereof to the Tender Agent, the Bond Registrar, the Trustee, the Credit Provider and the Liquidity Provider, which Weekly Rate shall take effect if needed pursuant to Section 2.02(p).

(p) Conditions on which Conversion to Fixed Rate Ineffective. Notwithstanding the delivery of notice of a Conversion Date to a Fixed Rate pursuant to Section 2.02(n) above, conversion of Series 2008 Bonds to a Fixed Rate Period shall not take effect:

(i) if the County withdraws such notice of conversion not later than the Business Day preceding the date on which the Fixed Rate is to be determined;

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- (ii) if the Remarketing Agent fails to determine a Fixed Rate;
- (iii) if any notice required by Section 2.02(n) is not given when required; or
- (iv) if upon the conversion, any Fixed Rate Series 2008 Bonds would be Provider Bonds unless the Liquidity Provider consents.

In any of such events, the Series 2008 Bonds shall automatically be converted to a Weekly Rate for a Weekly Rate Period which shall commence on the date the Fixed Rate conversion was to be made, provided that the mandatory tender for purchase pursuant to Sections 3.06 and 3.07 shall nevertheless be carried out if notice of the Fixed Rate conversion had been given to the Owners of the Series 2008 Bonds. Withdrawal of a conversion notice shall be given by the County to the Trustee, the Tender Agent, the Bond Registrar, the Remarketing Agent, the Credit Provider and the Liquidity Provider, by telephone, promptly confirmed in writing. No cancellation of a Fixed Rate conversion pursuant to this subsection shall constitute an Event of Default hereunder. If the Series 2008 Bonds are converted to a Weekly Rate, and the Remarketing Agent fails to set a Weekly Rate, the Weekly Rate shall be the per annum rate of interest determined on each Thursday (or if such day is not a Business Day, the immediately preceding Business Day) by the Trustee which is equal to the lesser of the Maximum Rate and a rate equal to "SIFMA Municipal Swap Index" (or a comparable index, if such index is no longer published) most recently published, plus 50 basis points.

(4) **Effect of Conversion to Fixed Rate.** Once the County has effectively exercised its option to convert the Series 2008 Bonds to a Fixed Rate pursuant to this Section 2.02, the County shall have no further options to convert the Series 2008 Bonds to any other Rate Period, and the Series 2008 Bonds shall no longer be payable from or secured by the Liquidity Facility or subject to tender for purchase.

(r) **Provider Bonds.** Notwithstanding anything to the contrary contained in this First Supplemental Indenture, Provider Bonds shall bear interest at the Provider Rate payable on the Interest Payment Dates, all in accordance with the provisions of the Liquidity Facility or any reimbursement or similar agreement entered into between the County and the Liquidity Provider.

SECTION 2.03. Book-Entry Only System for Series 2008 Bonds. The Series 2008 Bonds shall be initially issued in the name of Cede & Co., as nominee for DTC as the initial Securities Depository and Owner of the Series 2008 Bonds, and may be held in the custody of or by the Trustee for the account of the Securities Depository. A single certificate will be issued and delivered to the Securities Depository for each maturity of the Series 2008 Bonds (except as otherwise required by DTC). The ultimate purchasers of ownership interests in the Series 2008 Bonds (the "Beneficial Owners") will not receive physical delivery of Series 2008 Bond certificates except as provided herein. For so long as the Securities Depository shall continue to serve as securities depository for the Series 2008 Bonds as provided herein, all transfers of beneficial ownership interests will be made by book-entry only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of Series 2008 Bonds is to receive, hold or deliver any Series 2008 Bond certificate.

The County and the Fiduciaries shall treat the Securities Depository (or its nominee) as the sole and exclusive Owner of the Series 2008 Bonds registered in its name for the purposes of

payment of the principal of and interest on or redemption price, if any, of the Series 2008 Bonds or portion thereof to be redeemed, and of giving any notice permitted or required to be given to Series 2008 Bondholders under this First Supplemental Indenture and neither the County nor the Fiduciaries shall be affected by any notice to the contrary. Neither the County nor the Trustee shall have any responsibility or obligations to the Securities Depository, any Participant, any Beneficial Owner or any other Person which is not shown on the bond registration books maintained by the Bond Registrar, with respect to the accuracy of any records maintained by the Securities Depository or any Participant; the payment by the Securities Depository or any Participant of any amount in respect of the principal of and interest on the Series 2008 Bonds; any notice which is permitted or required to be given to Series 2008 Bondholders under this First Supplemental Indenture; the selection by the Securities Depository or any Participant of any Person to receive payment in the event of a partial redemption of the Series 2008 Bonds; or any consent given or other action taken by the Securities Depository as a Series 2008 Bondholder. The Trustee shall pay all principal of and interest on or redemption price, if any, of the Series 2008 Bonds registered in the name of Cede & Co. only to or "upon the order of" the Securities Depository, and all such payments shall be valid and effective to fully satisfy and discharge the County's obligations with respect to the principal of and interest on or redemption price, if any, of such Series 2008 Bonds to the extent of the sum or sums so paid.

The County and the Fiduciaries covenant and agree, so long as DTC shall continue to serve as Securities Depository for the Series 2008 Bonds, to meet the requirements of DTC, including those contained in the Representation Letter.

The County and the Fiduciaries may rely conclusively upon (i) a certificate of the Securities Depository as to the identity of the Participants in the Book-Entry Only System with respect to the Series 2008 Bonds and (ii) a certificate of any such Participant as to the identity of, and the respective principal amount of Series 2008 Bonds beneficially owned by, the Beneficial Owners.

Whenever, during the term of the Series 2008 Bonds, the beneficial ownership thereof is determined by a book-entry at the Securities Depository, the requirements in this First Supplemental Indenture of holding, delivering or transferring Series 2008 Bonds shall be deemed modified to require the appropriate Person to meet the requirements of the Securities Depository as to registering or transferring the book-entry to produce the same effect. Any provision hereof permitting or requiring delivery of Series 2008 Bonds shall, while the Series 2008 Bonds are in a Book-Entry Only System, be satisfied by the notation on the books of the Securities Depository in accordance with the law of the State.

The Trustee and the County, at the direction and expense of the County, may from time to time appoint a successor Securities Depository and enter into an agreement with the Securities Depository, to establish procedures with respect to the Series 2008 Bonds not inconsistent with the provisions of this First Supplemental Indenture. Any successor Securities Depository shall be approved by the Trustee and shall be a "clearing agency" registered under Section 17A of the Securities Exchange Act of 1934, as amended.

The Trustee and the County, at the direction and expense of the County, will cause the delivery of bond certificates to each Beneficial Owner, registered in the name of such Beneficial Owner, under the following circumstances:

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(a) The Securities Depository determines to discontinue providing its service with respect to the Series 2008 Bonds and no successor Securities Depository is appointed as described above. Such a determination may be made at any time by giving 30 days' written notice to the County and the Trustee and discharging its responsibilities with respect thereto under applicable law; or

(b) The County determines not to continue the Book-Entry Only System through a Securities Depository.

The Trustee is hereby authorized to make such changes to the form of Series 2008 Bonds attached to the Original Indenture as Exhibit A which are not inconsistent with the Original Indenture and which are necessary or appropriate upon the appointment of a successor Securities Depository or while the Book-Entry Only System is not in effect.

If at any time, the Securities Depository ceases to hold the Series 2008 Bonds, thereafter all references herein to the Securities Depository shall be of no further force or effect.

ARTICLE III

REDEMPTION AND TENDER FOR PURCHASE OF BONDS

SECTION 3.01. Redemption Dates and Prices. The Series 2008 Bonds shall be subject to redemption in the manner set forth herein. The Series 2008 Bonds may not be called for redemption by the County except as provided below:

(a) **Optional Redemption.** (i) The Series 2008 Bonds bearing interest at Daily, Weekly, Monthly, Quarterly, Semiannual or Extended Rates (but only if the Extended Rate Period is one year in duration) are subject to optional redemption from Eligible Funds prior to their stated maturity upon request of the County in whole or in part at any time at a price equal to the principal amount thereof, without premium, plus accrued interest thereon to the redemption date.

(ii) The Series 2008 Bonds bearing interest at Extended Rates (but only if the Extended Rate Period is more than one year in duration) or the Fixed Rate are subject to optional redemption from Eligible Funds (or from moneys that are not Eligible Funds if there shall not be a Credit Facility in place at the time of such redemption or if the Credit Facility in place at the time of such redemption is a policy of municipal bond insurance) prior to their stated maturity upon request of the County in whole or in part at any time at least ten years after the Conversion Date at 100% of the principal amount thereof, and in such amounts and of such maturities as the County shall direct, plus accrued interest thereon to the redemption date, without premium.

Notwithstanding any provision in this First Supplemental Indenture or the Series 2008 Bonds to the contrary, this First Supplemental Indenture and the Series 2008 Bonds may be amended as of the Conversion Date upon the request of the County, without the consent of any of the Bondholders, to change the redemption provisions applicable during an Extended Rate Period or the Fixed Rate Period to such redemption provisions as are acceptable to the County provided the County provides an Opinion of Bond Counsel to the Trustee.

(iii) Prior to notice being given to the Owners of affected Series 2008 Bonds of any optional redemption of Series 2008 Bonds under this Section 3.01(a), either (A) there shall be deposited with the Trustee an amount sufficient to pay the principal amount of the Series 2008 Bonds subject to redemption, plus accrued interest to the redemption date, or (B) such notice shall state that the redemption is conditioned on the receipt of moneys for such redemption by the Trustee on or prior to the redemption date. In the event that a conditional notice of redemption is given and such moneys are not timely received, the redemption for which such notice was given shall not be undertaken. Amounts deposited pursuant to this paragraph shall be kept by the Trustee in a trust account separate and segregated from all other moneys deposited under this First Supplemental Indenture and shall be held uninvested unless invested at the direction of an Authorized Officer only in Essex Securities that mature on or before the redemption date. If the redemption price is required to be paid with Eligible Funds as specified in Section 3.01(a)(i) or (ii), the Trustee shall cancel the redemption of the Series 2008 Bonds if it determines that sufficient Eligible Funds will not be available on the redemption date.

(iv) The County shall not cause an optional redemption of the Series 2008 Bonds with the proceeds of a drawing on the 2008 Letter of Credit without the prior consent of the 2008 Letter of Credit Provider.

(b) Provider Bonds are subject to redemption prior to maturity (i) at the option of the County as a whole or in part in such amounts and of such maturities as the County may direct on any date at the principal amount thereof, without premium, plus interest accrued thereon to the redemption date and (ii) otherwise as provided in the Liquidity Facility or other reimbursement or similar agreement entered into between the County and the Liquidity Provider. Provider Bonds shall be optionally redeemed before any other Series 2008 Bonds.

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(c) **Mandatory Redemption.** The Series 2008 Bonds are also subject to redemption prior to maturity at a redemption price equal to the principal amount thereof, plus accrued interest, without premium, by application by the Trustee from draws on the Credit Facility or if there is no Credit Facility in place or if such Credit Facility is a municipal bond insurance policy, from funds on deposit to the credit of the Sinking Fund on September 1 in the years and in the principal amounts as follows:

YEAR	AMOUNT	YEAR	AMOUNT
2008	\$1,425,000	2018	\$2,310,000
2009	1,670,000	2019	2,395,000
2010	1,730,000	2020	2,480,000
2011	1,795,000	2021	2,575,000
2012	1,860,000	2022	2,665,000
2013	1,930,000	2023	2,765,000
2014	2,000,000	2024	2,865,000
2015	2,075,000	2025	2,970,000
2016	2,145,000	2026	3,075,000
2017	2,230,000	2027*	3,185,000

*By operation of maturity.

(d) If less than all of the Series 2008 Bonds of any one maturity shall be called for redemption, the particular Series 2008 Bonds to be redeemed shall be selected by the Trustee in such manner as the Trustee in its discretion deems fair and appropriate.

SECTION 3.02. Notice of Redemption. At least 30 days, but not more than 45 days (with respect to Series 2008 Bonds in a Daily Rate Period or Weekly Rate Period at least 15 days), before the redemption date of any Series 2008 Bonds, the Trustee shall cause a notice of such redemption to be: (a) filed with the Paying Agent; (b) sent by telefacsimile followed by first class mail to registered securities depositories and to national information services that disseminate redemption notices; and (c) mailed, postage prepaid, to all Owners of Series 2008 Bonds to be redeemed in whole or in part at their addresses as they appear on the registration books herein provided for. Failure to file any such notice with the Paying Agent or to mail any such notice to any Bondholder or to any securities depository or national information service or any defect therein shall not affect the validity of the proceedings for redemption, except to the extent a Bondholder is prejudiced thereby, and then, only with respect to such Bondholder. Each such notice shall set forth: (1) the date fixed for redemption; (2) the redemption price to be paid; (3) the CUSIP numbers and the certificate numbers of the Series 2008 Bonds to be redeemed; (4) the name and address of the Paying Agent for the Series 2008 Bonds; (5) the dated date, interest rate and maturity date of the Series 2008 Bonds; and (6) if less than all of the Series 2008 Bonds then Outstanding shall be called for redemption, the amounts of each of the Series 2008 Bonds to be redeemed, and (7) the name, address and telephone number of a contact for such redemption. Such notice may be conditioned upon the occurrence of certain events stated within such notice, and shall be of no effect if such conditions are not met.

SECTION 3.03. Redemption of Portions of Bonds. Except as provided in Section 2.10 of the Original Indenture, any Series 2008 Bond which is to be redeemed only in part shall be

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(b) **Notice of Tender.** Each notice of tender:

(i) shall, in the case of a written notice, be delivered by Electronic Means to the Tender Agent and Trustee, if not also the Tender Agent and, in the case of Series 2008 Bonds bearing interest at Weekly Rates, a copy thereof delivered to the Remarketing Agent, at their respective principal offices and be substantially in the form attached as Exhibit A hereto;

(ii) shall state, whether delivered in writing by Electronic Means or by telephone (A) the principal amount of the Series 2008 Bond or portion of the Series 2008 Bond to be purchased, (B) that the Owner irrevocably demands purchase of such Series 2008 Bond or portion thereof, (C) the date on which such Series 2008 Bond or portion is to be purchased, (D) payment instructions, and (E) the DTC number of such Direct Participant; and

(iii) shall automatically constitute, whether delivered in writing by Electronic Means or by telephone (A) an irrevocable offer to sell the Series 2008 Bond or portion to which the notice relates on the Purchase Date to any purchaser selected by the Remarketing Agent, at the Purchase Price, (B) an irrevocable authorization and instruction to the Bond Registrar to effect transfer of such Series 2008 Bond or portion upon payment of such price to the Tender Agent on the Purchase Date, (C) an irrevocable authorization and instruction to the Tender Agent to effect the exchange of the Series 2008 Bond to be purchased in whole or in part for other Series 2008 Bonds of the same maturity in an equal aggregate principal amount so as to facilitate the sale of such Series 2008 Bond or portion, and (D) an acknowledgment that such Owner will have no further rights with respect to such Series 2008 Bond or portion thereof upon payment of the Purchase Price by the Trustee on the Purchase Date to the Direct Participant from whom the notice of tender is received, except for the right of such Owner to receive such Purchase Price upon surrender of such Series 2008 Bond to the Tender Agent.

The determination of the Tender Agent or the Trustee, as applicable, as to whether a notice of tender has been properly delivered pursuant to the foregoing shall be conclusive and binding upon the Owner. The Tender Agent shall hold beneficial ownership interests of Series 2008 Bonds delivered to it pursuant to this Section pending settlement in trust for the benefit of the direct participant from whom the beneficial interests in the Series 2008 Bonds are received and shall remit any interest payments received with respect to such Series 2008 Bonds for the period prior to the Purchase Date to such Direct Participant.

(c) **Series 2008 Bonds to be Remarketed.** Not later than 4:30 p.m., New York City time, on the Business Day immediately following the date of receipt of any notice of tender (or immediately upon such receipt, in the case of Series 2008 Bonds bearing interest at Daily Rates), the Trustee shall notify the Tender Agent, if other than the Trustee, and the Remarketing Agent of the principal amount of Series 2008 Bonds or portions thereof to be tendered and remarketed and the date they are to be tendered and remarketed. Such notices shall be given by Electronic Means, or other similar communication.

(d) **Remarketing of Tendered Series 2008 Bonds.** The Remarketing Agent shall offer for sale and use its best efforts to find purchasers for all Series 2008 Bonds or portions thereof properly tendered. All Series 2008 Bonds shall be at all times remarketed at the Purchase Price. Notwithstanding the foregoing, the Remarketing Agent shall not offer for sale any Series 2008 Bond if notice of (i) any optional or mandatory redemption, (ii) any conversion from one

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surrendered at any place of payment specified in the notice of redemption (with due endorsement by, or written instrument of transfer in form satisfactory to the Bond Registrar duly executed by the Owner thereof or its duly authorized attorney or legal representative in writing) and the County shall execute and the Bond Registrar shall authenticate and deliver to the Owner of such Series 2008 Bond, without charge, other than any applicable tax or other governmental charge, a new Series 2008 Bond or Series 2008 Bonds, of any Authorized Denomination, as requested by such Owner in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Series 2008 Bonds so surrendered.

SECTION 3.04. Expenses of Redemption. The expenses of any redemption of Series 2008 Bonds pursuant to this Article shall be paid from the Administrative Fund.

SECTION 3.05. Optional Tenders by Owners During Variable Rate Periods.

(a) **Purchase Dates.** During any Variable Rate Period a beneficial owner of the Series 2008 Bonds (other than Provider Bonds) may elect to have its Series 2008 Bonds (or portions thereof in Authorized Denominations) purchased at the Purchase Price, on the following Purchase Dates by causing the Direct Participant through whom such beneficial owner owns such Series 2008 Bond to give the following irrevocable telephonic or written notices meeting the further requirements of subsection (b) of this Section 3.05 and upon transfer on the registration books of DTC on the same day such notice is given of the beneficial ownership interest in such Series 2008 Bonds to the account of the Trustee, "free delivery" for settlement on the Purchase Date:

(i) Series 2008 Bonds bearing interest at Daily Rates may be tendered for purchase on any Business Day upon telephonic notice of tender given to the Trustee and the Remarketing Agent not later than 10:30 a.m., New York City time, on the Purchase Date;

(ii) Series 2008 Bonds bearing interest at Weekly Rates may be tendered for purchase on any Business Day upon delivery of a written notice of tender to the Trustee (with a copy thereof to the Remarketing Agent) not later than 5:00 p.m., New York City time, on a Business Day not less than 7 days prior to the Purchase Date;

(iii) Series 2008 Bonds bearing interest at Monthly, Quarterly or Semiannual Rates may be tendered for purchase on any Interest Payment Date upon delivery of a written notice of tender to the Trustee not later than 5:00 p.m., New York City time, on a Business Day which is not less than 7 days prior to the Purchase Date in the case of Series 2008 Bonds bearing interest at Monthly and Quarterly Rates, or 15 days prior to the Purchase Date in the case of Series 2008 Bonds bearing interest at Semiannual Rates; and

(iv) Series 2008 Bonds bearing interest at Extended Rates may be tendered for purchase on the commencement date of any Extended Rate Period (other than the Extended Rate Conversion Date) upon delivery of a written notice of tender to the Trustee not later than 5:00 p.m., New York City time, on a Business Day which is not less than 15 days prior to the Purchase Date.

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Variable Rate Period to another or to a Fixed Rate Period has been given to the Owners of the Series 2008 Bonds pursuant to the provisions of this First Supplemental Indenture, or (iii) any defeasance in accordance with the provisions of Article XII of the Original Indenture has occurred, unless the Remarketing Agent has advised the Person in writing to whom the offer is made of such occurrence and the effect of the same on the rights of such Owners including, but not limited to, the rights of such Owners to tender their Series 2008 Bonds, as described in the conversion notice from the Tender Agent to the Owners of the Series 2008 Bonds.

SECTION 3.06. Mandatory Tenders Upon Variable Rate Conversion.

(a) **Purchase Dates.** In the case of any conversion from one Variable Rate Period to another Variable Rate Period, the Series 2008 Bonds to be converted are subject to mandatory tender for purchase on the Conversion Date at the Purchase Price.

(b) **Notice to Owners.** Any notice of a conversion given to Bondholders pursuant to Section 2.02(i) shall, in addition to the requirements of such Section, specify that the Series 2008 Bonds to be converted will be subject to mandatory tender for purchase on the Conversion Date and the time at which Series 2008 Bonds are to be tendered for purchase.

(c) **Remarketing.** At or before 4:00 p.m., New York City time, on the fifth Business Day immediately preceding the conversion to a Daily, Weekly or Monthly Rate Period or on the seventh calendar day (or, if such day is not a Business Day, on the next succeeding Business Day) preceding the conversion to a Quarterly Rate Period or on the fifteenth calendar day (or, if such day is not a Business Day, on the next succeeding Business Day) preceding the conversion to a Semiannual or Extended Rate Period, the Tender Agent shall notify the Trustee, the Credit Provider, the Liquidity Provider and the Remarketing Agent, by telephone or Electronic Means, of the aggregate principal amount of Series 2008 Bonds to be tendered for purchase on the Conversion Date or the Purchase Date. The Remarketing Agent shall offer for sale and use its best efforts to find purchasers for the Series 2008 Bonds to be tendered. All Series 2008 Bonds shall be at all times remarketed at the Purchase Price.

SECTION 3.07. Mandatory Tenders Upon Expiration, Substitution or Termination of Credit Facility or Liquidity Facility.

(a) **Purchase Dates.** Prior to the Fixed Rate Conversion Date of the Series 2008 Bonds, the Series 2008 Bonds shall be subject to mandatory tender for purchase at the Purchase Price:

(i) on a Business Day which is at least five days prior to the date on which the Credit Facility or Liquidity Facility is to be canceled in connection with replacement by an Alternate Credit Facility pursuant to Section 5.03 or an Alternate Liquidity Facility pursuant to Section 5.06, as the case may be; or

(ii) on a Business Day which is at least five days prior to the expiration of the Credit Facility or the Liquidity Facility; or

(iii) on a Business Day which is at least five days prior to the termination of the Credit Facility or the Liquidity Facility; or

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(iv) after receipt of notice of an event of default, including receipt of notice of non reinstatement under the Credit Facility, on a Business Day which is at least 5 days prior to the termination of the Credit Facility.

(b) [RESERVED]

(c) Notice to Owners. Notice of mandatory tender of Series 2008 Bonds shall be given by mail by the Bond Registrar at the direction of the Trustee to the Owners of said Series 2008 Bonds by first class mail not less than 30 days prior to the mandatory tender date; provided, however, with respect to a mandatory tender in connection with the paragraph (iv) above, such notice shall be mailed not less than 7 days prior to the mandatory tender date. A copy of such notice shall be sent to the County and the Trustee. Notice having been so given, such mandatory tender shall occur on the date provided in such notice whether or not an Alternate Credit Facility or Liquidity Facility, as the case may be, is provided after such initial notice has been given.

(d) Remarketing. On the Business Day on which the first notice is mailed pursuant to 3.07(e), the Trustee shall notify the Tender Agent and the Remarketing Agent by telephone or Electronic Means, of the aggregate principal amount of Series 2008 Bonds to be tendered for purchase on the mandatory tender date.

The Remarketing Agent shall offer for sale at par and use its best efforts to find purchasers for the Series 2008 Bonds to be tendered pursuant to Section 3.07(a) and advise them whether the Credit Facility or the Liquidity Facility will be replaced. In the case of replacement of the Credit Facility or Liquidity Facility, the Remarketing Agent shall inform prospective purchasers of the identity of the new Credit Provider or Liquidity Provider and the ratings to be in effect on the Series 2008 Bonds following such replacement. All Series 2008 Bonds shall be at all times remarketed at the Purchase Price.

SECTION 3.08. Mandatory Tenders Upon Conversion to Fixed Rate.

(a) Purchase Date. In the case of any conversion from a Variable Rate Period to the Fixed Rate Period, the Series 2008 Bonds to be converted are subject to mandatory tender for purchase on the Conversion Date at the Purchase Price.

(b) Notice to Owners. Any notice of a conversion given to Bondholders pursuant to Section 2.02(n) shall, in addition to the requirements of such Section, specify that the Series 2008 Bonds to be converted will be subject to mandatory tender for purchase on the Conversion Date and the time at which Series 2008 Bonds are to be tendered for purchase.

(c) Remarketing. At or before 4:00 p.m., New York City time, on the fifteenth calendar day (or, if such day is not a Business Day, on the next succeeding Business Day) preceding the conversion to a Fixed Rate Period, the Tender Agent shall notify the Trustee, the Credit Provider, the Liquidity Provider and the Remarketing Agent, by telephone or Electronic Means, of the aggregate principal amount of Series 2008 Bonds to be tendered for purchase on the Conversion Date or the Purchase Date. The Remarketing Agent shall offer for sale and use its best efforts to find purchasers for the Series 2008 Bonds to be tendered.

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SECTION 3.09. Purchase of Tendered Series 2008 Bonds.

(a) Notices. At or before 3:30 p.m., New York City time, on the Business Day immediately preceding the Purchase Date (or 11:00 a.m., New York City time, on the Purchase Date in the case of Series 2008 Bonds bearing interest at Daily Rates), the Remarketing Agent shall give notice by telephone or Electronic Means to the Trustee of the principal amount of tendered Series 2008 Bonds which have been remarketed and of the names, addresses and taxpayer identification numbers of the purchasers and the denominations of remarketed Series 2008 Bonds to be delivered to each purchaser. On the Purchase Date, the Trustee shall draw on the Liquidity Facility to the extent necessary to timely pay the Purchase Price with regard to the Series 2008 Bonds for which remarketing proceeds (other than proceeds of sale to the County) have not been paid to the Trustee. In the case of the 2008 Letter of Credit, such draw shall be made not later than 11:30 a.m., New York City time, on the Purchase Date. In the event that the Trustee does not receive from the Remarketing Agent the notice described in this Section, on the Purchase Date the Trustee shall draw on the Liquidity Facility to the extent necessary to timely pay the Purchase Price of all Series 2008 Bonds subject to tender for purchase on such Purchase Date. In the case of the 2008 Letter of Credit, such draw shall be made not later than 11:30 a.m., New York City time, on the Purchase Date.

(b) Sources of Payment; Purchase Fund.

(i) There shall be created and established hereunder with the Trustee or if the Trustee is not also the Tender Agent, with the Tender Agent, a fund to be designated the "Purchase Fund" to be held in trust only for the benefit of the Owners of the Series 2008 Bonds tendered who shall thereafter be restricted exclusively to the moneys held in such fund for the satisfaction of any claim for the Purchase Price of such tendered Series 2008 Bonds. If the Purchase Fund is held by a separate Tender Agent, all references to the Trustee in this Section 3.09 shall be deemed to mean the Tender Agent.

(ii) There shall be created and designated the following accounts within the Purchase Fund: the "Remarketing Proceeds Account," the "Liquidity Facility Account" and the "County Purchase Account." The County shall not have any right, title or interest in any of the funds held on deposit in the Remarketing Proceeds Account or the Liquidity Facility Account created herein nor any remarketing proceeds held for any period of time by the Remarketing Agent. The Remarketing Agent shall pay to the Trustee, on the Purchase Date, all amounts representing proceeds of the remarketing of tendered Series 2008 Bonds pursuant to Sections 3.05(d), 3.06(c), 3.07(d), and 3.08(c), as applicable. Moneys received from the Remarketing Agent shall be deposited by the Trustee in the Remarketing Proceeds Account and paid at the times and in the manner specified in subsection (c) hereof. Moneys received by the Trustee from the Liquidity Facility shall be deposited in the Liquidity Facility Account and paid at the times and in the manner specified in subsection (c) hereof. Eligible Funds received by the Trustee from the County shall be deposited by the Trustee in the County Purchase Fund and paid at the times and in the manner specified in subsection (c) hereof.

(iii) All such proceeds of a draw upon the Liquidity Facility, remarketing proceeds and all other Eligible Funds shall be held by the Trustee in trust in the separate segregated accounts as provided above solely for the benefit of the Series 2008 Bonds. The 2008 Letter of Credit Provider has agreed under the 2008 Letter of Credit to pay, on or before 2:00

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p.m., New York City time, on the Purchase Date, the Purchase Price to the Trustee of such Series 2008 Bonds that have not been remarketed.

(c) Payments by the Trustee. Before 4:00 p.m., New York City time, on the Purchase Date and upon receipt by the Trustee of 100% of the aggregate Purchase Price of the tendered Series 2008 Bonds, the Trustee shall pay the Purchase Price of such Series 2008 Bonds to the Owners thereof (or as otherwise provided in Section 3.05) at its principal office or by bank wire transfer. Such payments shall be made in immediately available funds. Payments of such Purchase Price are to be made from the following sources in the order of priority indicated:

(i) The Remarketing Proceeds Account, the proceeds of the sale of the Series 2008 Bonds which have been remarketed by the Remarketing Agent (other than proceeds of a sale of the Series 2008 Bonds to the County); and

(ii) The Liquidity Facility Account, the proceeds of the sale of the Series 2008 Bonds which have been purchased by the Liquidity Provider pursuant to the Liquidity Facility or other proceeds received under or pursuant to a Liquidity Facility;

(iii) The County Purchase Account, moneys paid by the County for such purpose that are Eligible Funds; and

(iv) Other moneys paid by the County for such purpose.

Failure by the County to deposit Eligible Funds in the County Purchase Account or provide moneys from any source other than a draw on the Liquidity Facility or Credit Facility shall not constitute an Event of Default hereunder.

(d) Registration and Delivery of Tendered or Purchased Series 2008 Bonds.

(i) Subject to the requirements of clauses (ii) and (iii) immediately below, on the Purchase Date, the Bond Registrar shall register and deliver (or hold) all Series 2008 Bonds purchased on any Purchase Date as follows:

(1) Series 2008 Bonds purchased or remarketed by the Remarketing Agent shall be registered in accordance with the instructions of the Remarketing Agent and made available for delivery to the Remarketing Agent; and

(2) Series 2008 Bonds purchased with funds made available under or pursuant to the Liquidity Facility shall be registered in the name of the Liquidity Provider or its nominee, designee or assignee and shall be held by the Trustee in trust for the benefit of the Liquidity Provider or its nominee, designee or assignee or shall be delivered to or to the order of the Liquidity Provider, all in accordance with the provisions of the Liquidity Facility. While so registered, such Series 2008 Bonds shall constitute Provider Bonds.

(ii) While the DTC Book-Entry Only System is in effect for the Series 2008 Bonds, the Trustee shall deliver Series 2008 Bonds purchased or remarketed by the Remarketing Agent by transfer of beneficial ownership of such Series 2008 Bonds on the registration books of DTC (or upon the order of the Remarketing Agent).

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(iii) While the DTC Book-Entry Only System is in effect for the Series 2008 Bonds, the Trustee shall cause Series 2008 Bonds purchased with funds made available under or pursuant to the Liquidity Facility to be registered in the name of the Liquidity Provider or its designee, nominee or assignee on the registration book of DTC. Notwithstanding the foregoing, to the extent required by the Liquidity Facility, the Trustee shall withdraw Provider Bonds from the DTC Book-Entry Only System and shall prepare and authenticate physical Series 2008 Bonds representing such Provider Bonds. While the DTC Book-Entry Only System is in effect for the Series 2008 Bonds, in the event that Provider Bonds which are not held under the DTC Book-Entry Only System are subsequently remarketed pursuant to the terms of this Article III and the Liquidity Facility, the Trustee shall take such action as shall be necessary to reinstate the DTC Book-Entry Only System for such Series 2008 Bonds and shall transfer beneficial ownership thereof on the books of DTC to or upon the order of the Remarketing Agent.

(e) Delivery of Series 2008 Bonds; Effect of Failure to Surrender Series 2008 Bonds.

(i) All Series 2008 Bonds to be purchased on any date shall be required to be delivered to the designated corporate trust office of the Tender Agent at or before 11:30 a.m., New York City time, on the Purchase Date, except that Series 2008 Bonds bearing interest at Semiannual or Extended Rates being tendered for purchase at the election of the Owner pursuant to Section 3.05 shall be delivered to the designated corporate trust office of the Tender Agent along with the notice of tender.

(ii) If the Owner of any Series 2008 Bond (or portion thereof) that is subject to purchase pursuant to this Article III fails to surrender such Series 2008 Bond to the Tender Agent for purchase on the Purchase Date, and if the Trustee is in receipt of the Purchase Price therefor, such Series 2008 Bond (or portion thereof) shall nevertheless be deemed purchased on the Purchase Date and ownership of such Series 2008 Bond (or portion thereof) shall be transferred to the purchaser thereof as provided in subsection (d) of this Section 3.09. Any Owner who fails to deliver a Series 2008 Bond for purchase as required above shall have no further rights thereunder except the right to receive the Purchase Price thereof upon presentation and surrender of said Series 2008 Bond to the Tender Agent. The Tender Agent shall promptly notify the Trustee of any such failure to deliver a Series 2008 Bond to the Tender Agent, and the Trustee shall be entitled to conclusively rely on such notification.

(f) Investment of Funds. All money held by the Trustee for the payment of the Purchase Price of Series 2008 Bonds in the Purchase Fund from whatever source derived, including remarketing proceeds and draws upon the Liquidity Facility, shall be held in separate segregated accounts, as provided herein and shall be held uninvested.

(g) Exception for Series 2008 Bonds Owned by County. Notwithstanding anything in this Agreement to the contrary, the Liquidity Provider shall not be required to purchase Series 2008 Bonds subject to optional or mandatory tender for purchase under this First Supplemental Indenture that are beneficially held (or held in certificated form) by or on behalf of the County or any affiliate of the County.

SECTION 3.10. Series 2008 Bonds Purchased Under Liquidity Facility. In the event that any Series 2008 Bonds are Provider Bonds, such Series 2008 Bonds shall be held in accordance with Section 3.09(d)(i)(2) hereof and the Remarketing Agent shall continue to offer

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for sale and use its best efforts to sell such Series 2008 Bonds at the Purchase Price. While the Liquidity Facility is effective, Series 2008 Bonds purchased with funds made available under the Liquidity Facility shall not be delivered upon remarketing unless the Liquidity Facility is reinstated for the principal amount of the outstanding Series 2008 Bonds and interest thereon in accordance with its terms and the Remarketing Agent, the Bond Registrar, the Tender Agent, any designee of the Liquidity Provider then holding Provider Bonds and the Trustee have been advised in writing by the Liquidity Provider that it has elected to reinstate the Liquidity Facility in full.

SECTION 3.11. Insufficient Funds for Purchases. If the moneys available for purchase of Series 2008 Bonds pursuant to this Article are inadequate for the purchase of all Series 2008 Bonds which are tendered on any Purchase Date, all Series 2008 Bonds subject to such purchase shall continue to bear interest at the same rate as in effect on the day prior to the Purchase Date to the date on which the earliest of the following occurs:

- (i) The Conversion Date to a Fixed Rate for the Series 2008 Bonds;
- (ii) The date on which any default by the Liquidity Provider under the terms of the Liquidity Facility has been cured; or
- (iii) The fifth day after the date on which an Alternate Liquidity Facility meeting the requirements of Section 5.06 becomes effective.

If the preceding paragraph becomes applicable, (i) the Tender Agent shall immediately (but no later than the end of the next succeeding Business Day) return all tendered Series 2008 Bonds to the Owners thereof and notify all Owners of Series 2008 Bonds in writing of the interest rate to be effective pursuant to the preceding paragraph and (ii) the Trustee shall return all moneys received for the purchase of such Series 2008 Bonds to the Persons who provided such moneys; provided, however, the Owners shall retain all rights to tender the Series 2008 Bonds pursuant to the provisions of this First Supplemental Indenture and the obligation of the County to honor such tenders shall remain in effect until payment therefor has been provided in accordance with the provisions of this Indenture.

SECTION 3.12. Book-Entry Tenders. Notwithstanding any other provision of this Article III to the contrary, all tenders for purchase during any period in which the Series 2008 Bonds are registered in the name of Code & Co. (or the nominee of any successor securities depository) shall be subject to the terms and conditions set forth in the Representation Letter and any notes and regulations promulgated by DIC.

SECTION 3.13. Duties of Trustee with Respect to Purchase of Series 2008 Bonds. The Trustee, as Tender Agent, agrees, with respect to any optional or mandatory tender of the Series 2008 Bonds:

- (a) to hold in the Remarketing Proceeds Account or the Liquidity Facility Account, in accordance with Section 3.09 hereof, all moneys, other than moneys delivered to it by or on behalf of the County for the purchase of Series 2008 Bonds, delivered to it hereunder for the purchase of Series 2008 Bonds as agent and bailee of and in escrow for the benefit of, the Person

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responsible for its representation contained in its certificate of authentication on the Series 2008 Bonds. The Fiduciaries shall not be under any responsibility or duty with respect to the application of any moneys paid by such Fiduciaries in accordance with the provisions of the Indenture to or upon the order of the County or to any other Fiduciary. The Fiduciaries shall not be under any obligation or duty to perform any act which would involve them in expense or liability or to institute or defend any suit with respect thereof, or to advance any of their own moneys, unless indemnified to their satisfaction. Subject to the provisions of the following paragraph, the Fiduciaries shall not be liable in connection with the performance of their duties hereunder or under the Original Indenture except for their own negligence or willful default.

SECTION 4.03. Evidence on Which Fiduciaries May Act. The Fiduciaries, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document furnished to them pursuant to any provision of the Indenture shall examine such instrument to determine whether it conforms to the requirements of the Indenture and shall be protected in acting upon any such instrument believed by them to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may reasonably consult with counsel and certified public accounting firms, who may or may not be counsel to, or accountants for, the County, and the opinion of such counsel or accountants shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Indenture in good faith and in accordance therewith.

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

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

The Trustee shall not be presumed to have knowledge of any Event of Default other than those Events of Default described in Section 9.02(a), (b) and (c) of the Original Indenture, unless the Trustee receives written notice specifying such Event of Default from the County or the Owners of ten percent (10%) or more in aggregate principal amount of Outstanding Bonds.

SECTION 4.04. Compensation. Prior to its appointment, each Fiduciary shall file with the County a negotiated schedule of anticipated fees and charges for services to be performed pursuant to this Indenture. The County shall pay to such Fiduciary from time to time pursuant to such schedule reasonable compensation for all services rendered, and all reasonable expenses, charges, counsel fees and expenses and other disbursements, including those of its attorneys, agents, and other Persons not regularly in its employ, incurred in and about the performance of its powers and duties under the Indenture. To the extent permitted by law, the County hereby agrees to indemnify each Fiduciary and hold it harmless from any and all claims, liabilities, losses, actions, suits or proceedings at law or in equity brought by third parties, or any other expenses, fees or charges of any character or nature which it may incur or with which it may be

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or entity which shall have so delivered such moneys until the Series 2008 Bonds purchased with such moneys shall have been delivered to or for the account of such Person or entity; and

- (b) to hold in the County Purchase Account, in accordance with Section 3.09 hereof, all moneys delivered to it hereunder by or on behalf of the County for the purchase of Series 2008 Bonds as agent of, and in escrow for the benefit of, the Owners who shall deliver Series 2008 Bonds to it for purchase until the Series 2008 Bonds purchased with such moneys shall have delivered to or for the account of the County.

SECTION 3.14. Tender of Provider Bonds. Provider Bonds shall be subject to tender for purchase in accordance with the provisions of the Liquidity Facility or other reimbursement or similar agreement entered into between the County and the Liquidity Provider.

ARTICLE IV

CERTAIN MATTERS RELATING TO THE TRUSTEE, BOND REGISTRAR AND PAYING AGENT

SECTION 4.01. Certain Matters Relating to the Trustee, Bond Registrar and Paying Agent.

- (a) The Trustee, Bond Registrar and Paying Agent (hereinafter sometimes referred to collectively as the "Fiduciaries") will signify the acceptance of the duties and obligations imposed upon them by the Indenture and any other agreements with the County by executing and delivering to the County a written acceptance thereof, and by executing such acceptance, each Fiduciary shall be deemed to have accepted such duties and obligations with respect to the Bonds, upon and subject to the provisions set forth in this Article IV.

- (b) Except during the continuance of an Event of Default, (i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture and no implied covenants or obligations shall be read into the Indenture against the Trustee; (b) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Indenture. In case the Trustee has actual notice that an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in the exercise of such rights and powers, as a prudent man would exercise or use under the circumstances in the conduct of its own affairs. The Trustee may consult with counsel, including counsel who rendered the approving opinion on the Bonds, and the written advice or 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.

SECTION 4.02. Responsibilities of Fiduciaries. The statements contained herein and in the Series 2008 Bonds shall be taken as the statements of the County and the Fiduciaries assume no responsibility for the correctness of same. The Fiduciaries make no representation as to the validity or sufficiency of the Indenture or as to the security afforded by this Indenture and each Fiduciary shall incur no liability with respect thereof. The Bond Registrar shall, however, be

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threatened by reason of such third party threats or proceedings, except in the case of such Fiduciary's own negligence or willful default, and in connection therewith to indemnify such Fiduciary against any and all expenses, including attorneys' fees and expenses and the costs of defending any action, suit or proceeding or resisting any claim, including appellate proceedings. Notwithstanding anything in the Indenture to the contrary, no Fiduciary shall be entitled to payment from or have any claim or lien on moneys paid under a Credit Facility or a Liquidity Facility or on moneys representing the proceeds of remarketing of Series 2008 Bonds under Article III of this First Supplemental Indenture.

SECTION 4.05. Certain Permitted Acts. A Fiduciary may become the Owner of any Series 2008 Bonds, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, a Fiduciary may act as Depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Series 2008 Bonds or the Indenture, whether or not any such committee shall represent the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

SECTION 4.06. Resignation, Removal and Appointment of Successor Trustee. The Trustee may be removed, resign and an appointment of a Successor Trustee shall be accomplished as provided in the Original Indenture.

SECTION 4.07. Resignation or Removal of Paying Agent and Appointment of Successor. The Paying Agent may, at any time, resign and be discharged of the duties and obligations created by the Indenture as set forth in the Original Indenture.

SECTION 4.08. Resignation and Removal of Bond Registrar and Appointment of Successor. The Bond Registrar may, at any time, resign and be discharged of the duties and obligations created by the Indenture as set forth in the Original Indenture.

ARTICLE V

CREDIT FACILITIES, LIQUIDITY FACILITIES AND MISCELLANEOUS PROVISIONS RELATED TO VARIABLE RATE BONDS

SECTION 5.01. Credit Facility. The Trustee shall hold and maintain each Credit Facility for the benefit of the Bondholders of Series 2008 Bonds benefited thereby until such Credit Facility terminates or expires in accordance with its terms. The owners of the Senior Bonds shall have no interest in any Credit Facility held for the benefit of the Series 2008 Bonds. If at any time during the term of a Credit Facility any successor Trustee shall be appointed and qualified under the Indenture, the resigning or removed Trustee shall request that the Credit Provider transfer the Credit Facility to the successor Trustee, to the extent such action is necessary, and shall comply with the applicable provisions of the Credit Facility. If the resigning or removed Trustee fails to make this request, the successor Trustee shall do so before accepting appointment. Upon the termination or expiration of a Credit Facility in accordance with its terms, the Trustee shall promptly surrender the Credit Facility then in effect to the Credit Provider. The 2008 Letter of Credit shall be the initial Credit Facility with respect to the Series 2008 Bonds.

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SECTION 5.02. Credit Facility Fund; Enforcement of Credit Facility.

(a) There shall be created and established hereunder with the Trustee a fund designed the "Credit Facility Fund" to the credit of which the trustee shall deposit all the proceeds of drawings under the Credit Facility as provided in this Section 5.02. Drawing under the Credit Facility shall be deposited by the Trustee to the credit of the Credit Facility Fund and held by the Trustee in trust and applied as hereinafter provided, and pending such application shall be subject to a lien and charge in favor of the Owners of the Series 2008 Bonds.

(b) The Trustee shall, on or prior to each Interest Payment Date, principal payment date or date established for the payment of Amortization Requirements, make the required draw on the Credit Facility on or before the times required therein to make timely payments on such date in an amount sufficient to pay all of the interest, the principal and interest, or Amortization Requirements on the Series 2008 Bonds due on each such date. The Trustee shall then deposit the proceeds of each such drawing in the Credit Facility Fund, until application thereof. The Trustee shall pay to the respective Bondholders of the Series 2008 Bonds all amount held to the credit of the Credit Facility Fund solely for the payment of the interest on, the principal of or Amortization Requirements on the Series 2008 Bonds due on such applicable Interest Payment Date, principal payment date or date established for the payment of Amortization Requirements. Proceeds of drawings under the Credit Facility shall remain uninvested while in the Credit Facility Fund and the Trustee shall have no lien on any of such money contained therein for the payment of their fees and expenses or other amounts owing to the Trustee. Amounts on deposit in the Credit Facility Fund shall not be commingled with any amounts held by the Trustee under the Indenture or otherwise. The Trustee shall not draw on any Credit Facility to pay Provider Bonds or Series 2008 Bonds registered in the name of the County. Upon any payment from the proceeds of the Credit Facility for the interest on any Interest Payment Date, the principal at maturity of the Amortization Requirement on the date established for the payment thereof with respect to the Series 2008 Bonds, the Credit Provider shall be deemed to have acquired from the Bondholders of the Series 2008 Bonds their right to receive payment of such interest and principal amount from the Sinking Fund.

(c) Notwithstanding anything to the contrary contained in the Original Indenture and herein, payment of interest on, principal of and Amortization Requirements of the Series 2008 Bonds on any date (except with respect to an optional redemption of the Series 2008 Bonds) shall be made first from proceeds of a drawing under the Credit Facility and second from other Eligible Funds. All drawing from the Credit Facility shall be requested no later 3:00 p.m. one Business Day prior to such Interest Payment Date, principal payment date or the date established for payment of Amortization Requirements on the Series 2008 Bonds. To the extent that the Credit Provider makes payment of the interest on, principal of or Amortization Requirements of the Series 2008 Bonds, the Credit Provider shall be fully subrogated to the rights of the Owners of the Series 2008 Bonds. To the extent that funds are drawn on the Credit Facility to pay the Interest Requirement and Principal Requirement or Amortization Requirements, as appropriate, when due on the Series 2008 Bonds, the amounts on deposit in the Sinking Fund shall be withdrawn by the Trustee and paid to the Credit Provider on or before 2:00 p.m. on the same day that such drawing is made on the Credit Facility in reimbursement of such draw, as provided in Section 5.07(c) of the Original Indenture. To the extent that funds are insufficient to reimburse the Credit Facility for the full amount of such drawing, such amounts shall be paid as provided by the Credit Facility or such agreement with the Credit Provider relating thereto. For purposes

of the 2008 Letter of Credit, such amounts shall be paid as set forth in the Reimbursement Agreement.

(d) The County and the Trustee, for the benefit of the Owners of the Series 2008 Bonds, shall diligently enforce and take all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and provisions of each Credit Facility as contemplated herein and therein. The County and the Trustee shall not consent to or permit any amendment or modification of a Credit Facility or any credit or reimbursement agreement pursuant to which a Credit Facility has been issued which would materially adversely affect the rights or interests of the Owners of any of the Series 2008 Bonds without the written consent of the Owners of 100% in aggregate principal amount of such Series 2008 Bonds.

(e) Any provisions in the Indenture requiring notice to or from a Credit Provider or the consent thereof prior to any action by the Trustee or the County shall have no force or effect with respect to such Credit Provider (i) following the later of (1) the termination or expiration of such Credit Facility, and (2) the repayment of all amounts owed to such Credit Provider pursuant to the credit or reimbursement agreement pursuant to which such Credit Facility was issued or (ii) following the failure or refusal of such Credit Provider to honor a properly presented and conforming draw under such Credit Facility, except with respect to all rights accruing to the Credit Provider with respect to unreimbursed draws on the Credit Facility.

(f) In addition to those rights granted the 2008 Letter of Credit Provider under this Indenture, the 2008 Letter of Credit Provider shall, to the extent it makes payment of principal of or interest on the Series 2008 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the 2008 Letter of Credit and Reimbursement Agreement, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest the Bond Registrar shall note the 2008 Letter of Credit Provider's rights as subrogee on the registration books of the County maintained by the Bond Registrar upon receipt from the 2008 Letter of Credit Provider of proof of the payment of interest thereon to the Owners of the Series 2008 Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Bond Registrar shall note the 2008 Letter of Credit Provider's rights as subrogee on the registration books of the County maintained by the Bond Registrar upon surrender of the Series 2008 Bonds by the Owners thereof together with proof of the payment of principal thereof.

SECTION 5.03. Alternate Credit Facilities.

(a) An Alternate Credit Facility with respect to the Series 2008 Bonds, in substitution for any Credit Facility then in effect, may be provided if the County shall give written notice not more than 60 nor less than 30 calendar days prior to the date such Alternate Credit Facility is to take effect (an "Alternate Credit Facility Date") to the Trustee, the Tender Agent, the Remarketing Agent, the Rating Agency, the Liquidity Provider and the Credit Provider stating its election to provide an Alternate Credit Facility. Any such Alternate Credit Facility must satisfy the requirements of the Indenture for a Credit Facility. Each Alternate Credit Facility Date shall be determined by the County in the notice to be provided pursuant to the first sentence of this clause (a). Each Alternate Credit Facility Date shall be a Business Day that is at least five days prior to the termination or expiration of the Credit Facility to be replaced.

(b) Upon the exercise of such option by the County, the Trustee shall send to the Bondholders a Notice of Alternate Credit Facility in substantially the form of Exhibit B hereto not later than 20 calendar days prior to the Alternate Credit Facility Date. The Trustee shall not accept such Alternate Credit Facility unless the Trustee shall have received (i) prior to sending the Notice of Alternate Credit Facility, an Opinion of Bond Counsel, and (ii) at the time of delivery of the Alternate Credit Facility, a certificate from an Authorized Officer and a written acknowledgment by the Credit Provider stating that all amounts owing to the Credit Provider under the credit or reimbursement agreement pursuant to which the Credit Facility to be replaced has been issued have been paid.

SECTION 5.04. Liquidity Facility. The Trustee shall hold and maintain each Liquidity Facility for the benefit of the Bondholders of the Series 2008 Bonds benefitted thereby until such Liquidity Facility terminates or expires in accordance with its terms. The owners of the Senior Bonds shall have no interest in any Liquidity Facility held for the benefit of the Series 2008 Bonds. If at any time during the term of a Liquidity Facility any successor Trustee shall be appointed and qualified under the Indenture, the resigning or removed Trustee shall request that the Liquidity Provider transfer the Liquidity Facility to the successor Trustee, to the extent such action is necessary, and shall comply with the applicable provisions of the Liquidity Facility. If the resigning or removed Trustee fails to make this request, the successor Trustee shall do so before accepting appointment. Upon the termination or expiration of a Liquidity Facility in accordance with its terms, the Trustee shall promptly surrender the Liquidity Facility then in effect to the Liquidity Provider. If a Liquidity Facility shall be about to expire or terminate in accordance with its terms, without being extended or replaced by an Alternate Liquidity Facility, then the County and the Remarketing Agent shall use their best efforts to convert the Series 2008 Bonds secured by such Liquidity Facility to a Fixed Rate of interest prior to such expiration or termination, and, in the event of such expiration or termination, as soon as possible thereafter. The 2008 Liquidity Facility shall be the initial Liquidity Facility with respect to the Series 2008 Bonds.

SECTION 5.05. Enforcement of Liquidity Facility. (a) The County and the Trustee, for the benefit of the Owners of the Series 2008 Bonds, shall diligently enforce and take all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and provisions of each Liquidity Facility as contemplated herein and therein. The County and the Trustee shall not consent to or permit any amendment or modification of a Liquidity Facility or any credit or reimbursement agreement pursuant to which a Liquidity Facility has been issued which would materially adversely affect the rights or interests of the Owners of any of the Series 2008 Bonds without the written consent of the Owners of 100% in aggregate principal amount of such Series 2008 Bonds.

(a) Any provisions in the Indenture requiring notice to or from a Liquidity Provider or the consent thereof prior to any action by the Trustee or the County shall have no force or effect with respect to such Liquidity Provider (i) following the later of (1) the termination or expiration of such Liquidity Facility, and (2) the repayment of all amounts owed to such Liquidity Provider pursuant to the credit or reimbursement agreement pursuant to which such Liquidity Facility was issued or (ii) following the failure or refusal of such Liquidity Provider to honor a properly presented and conforming draw under such Liquidity Facility, except with respect to all rights accruing to the Liquidity Provider with respect to unreimbursed draws on the Liquidity Facility.

SECTION 5.06. Alternate Liquidity Facilities.

(a) With the prior written consent of the Credit Provider (provided such Credit Facility will remain in effect after the provision of any Alternate Liquidity Facility), an Alternate Liquidity Facility with respect to the Series 2008 Bonds, in substitution for any Liquidity Facility then in effect, may be provided if the County shall give written notice not more than 60 nor less than 30 calendar days prior to the date such Alternate Liquidity Facility is to take effect (an "Alternate Liquidity Facility Date") to the Trustee, the Tender Agent, the Remarketing Agent, the Rating Agency, the Credit Provider and the Liquidity Provider stating its election to provide an Alternate Liquidity Facility. Any such Alternate Liquidity Facility must satisfy the requirements of the Indenture for a Liquidity Facility. Each Alternate Liquidity Facility Date shall be determined by the County in the notice to be provided pursuant to the first sentence of this clause (a). Each Alternate Liquidity Facility Date shall be a Business Day that is at least five days prior to the termination or expiration of the Liquidity Facility to be replaced.

(b) Upon the exercise of such option by the County, the Trustee shall send to the Bondholders a Notice of Alternate Liquidity Facility in substantially the form of Exhibit B hereto not later than 20 calendar days prior to the Alternate Liquidity Facility Date. The Trustee shall not accept such Alternate Liquidity Facility unless the Trustee shall have received (i) prior to sending the Notice of Alternate Liquidity Facility, an Opinion of Bond Counsel and (ii) at the time of delivery of the Alternate Liquidity Facility, a certificate from an Authorized Officer and a written acknowledgment by the Liquidity Provider stating that all amounts owing to the Liquidity Provider under the Liquidity Facility or any other reimbursement or similar agreement pursuant to which the Liquidity Facility to be replaced has been issued have been paid and that there are no Provider Bonds Outstanding or that all Provider Bonds have been purchased by the Liquidity Provider of the Alternate Liquidity Facility.

SECTION 5.07. Remarketing Agent. The initial Remarketing Agent for the Series 2008 Bonds shall be Morgan Keegan & Company, Inc. The County may appoint a successor Remarketing Agent for the Series 2008 Bonds and their successors in compliance with the conditions set forth in Section 13.08 of the Original Indenture. The Remarketing Agent shall designate to the Trustee its principal office and signify its acceptance of the duties and obligations imposed upon it hereunder by entering into a Remarketing Agreement with the County under which the Remarketing Agent shall agree 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 County, the Trustee and the Tender Agent at all reasonable times.

SECTION 5.08. Tender Agent. The Trustee shall be the initial Tender Agent with respect to the Series 2008 Bonds. The Trustee hereby agrees to carry out its responsibilities as Tender Agent set forth in the Indenture. Any other Tender Agent that is not also the Trustee shall signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the County and the Trustee, under which the Tender Agent shall agree to particularly:

(i) hold all funds delivered to it in the Remarketing Proceeds Account, the Liquidity Facility Account or the County Purchase Account, in accordance with Section 3.09 hereof, hold all Series 2008 Bonds delivered to it for purchase hereunder as agent of, and in escrow for the benefit of, the respective Owners which have so delivered such

Series 2008 Bonds until moneys representing the Purchase Price of such Series 2008 Bonds shall have been delivered to or for the account of or to the order of such Owners; and

(ii) keep such books and records as shall be consistent with prudent industry practice, and make such books and records available for inspection by the other parties.

The parties hereto shall each cooperate 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 Series 2008 Bonds presented at the designated office of the Tender Agent, and to otherwise enable the Tender Agent to carry out its duties under this First Supplemental Indenture.

The Tender Agent, the Trustee and the Remarketing Agent shall cooperate to the extent necessary to permit the preparation, execution, issuance, authentication and delivery by the Tender Agent of replacement Bonds in connection with the tender and remarketing of Series 2008 Bonds under this First Supplemental Indenture.

The County and the Tender Agent acknowledge that, in carrying out its responsibilities under the Indenture, the Tender Agent shall be acting solely for the benefit of and as agent for the Owners from time to time of the Series 2008 Bonds. No delivery of the Series 2008 Bonds to the Tender Agent or any agent of the Tender Agent or purchase of Series 2008 Bonds by the Tender Agent shall constitute a redemption of the Series 2008 Bonds or any extinguishment of the debt evidenced thereby.

The Tender Agent or any successor Tender Agent shall be qualified as set forth in Section 13.09 of the Original Indenture.

SECTION 5.09. Notice to Rating Agencies. The Trustee shall notify the Rating Agencies, the Credit Provider and the Liquidity Provider as soon as practicable (a) after the Trustee becomes aware of (i) any expiration, extension, termination or renewal of a Credit Facility or a Liquidity Facility, (ii) any change in a Credit Facility or Liquidity Facility or this Indenture, or (iii) the failure of a Credit Provider or Liquidity Provider to reinstate the interest portion of a Credit Facility or Liquidity Facility within the time allotted for such reinstatement to occur, or (b) if (i) the Trustee or the Tender Agent resigns or is removed or a new Trustee or Tender Agent is appointed, (ii) the Remarketing Agent resigns or is removed or a new Remarketing Agent is appointed, (iii) an Alternate Credit Facility or an Alternate Liquidity Facility is provided, (iv) there is a mandatory tender for purchase for a Series of Bonds in whole, (v) there is a call for the redemption of a Series of Bonds in whole, (vi) there is a change in the interest mode or otherwise in the method for determination of the interest payable on the Series 2008 Bonds pursuant to Section 2.02 hereof or otherwise, (vii) all of the Bonds of a Series are defeased pursuant to Article XII of the Original Indenture, or (viii) the County issues any Series of Bonds other than the Series 2008 Bonds.

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Tennessee, 38103. Except as otherwise provided in this First Supplemental Indenture, any notice, demand, direction, request or other instrument authorized or required by this First Supplemental Indenture to be given to or filed with the 2008 Liquidity Provider for the Series 2008 Bonds shall be deemed to have been sufficiently given or filed for all purposes of this First Supplemental Indenture if and when sent by registered mail, return receipt requested to the Liquidity Provider for the Series 2008 Bonds at address set forth in the Liquidity Facility or any reimbursement or similar agreement entered into between the County and the Liquidity Provider. Except as otherwise provided in this First Supplemental Indenture, any notice, demand, direction, request or other instrument authorized or required by this First Supplemental Indenture to be given to or filed with Fitch for the Series 2008 Bonds shall be deemed to have been sufficiently given or filed for all purposes of this Indenture if and when sent by registered mail, return receipt requested to Fitch Ratings, One State Street Plaza, New York, New York 10004, Attention: Public Finance. Except as otherwise provided in this First Supplemental Indenture, any notice, demand, direction, request or other instrument authorized or required by this Indenture to be given to or filed with Moody's for the Series 2008 Bonds shall be deemed to have been sufficiently given or filed for all purposes of this First Supplemental Indenture if and when sent by registered mail, return receipt requested to Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenway Street, New York, New York 10007, Attention: Public Finance Department. Except as otherwise provided in this First Supplemental Indenture, any notice, demand, direction, request or other instrument authorized or required by this First Supplemental Indenture to be given to or filed with S&P for the Series 2008 Bonds shall be deemed to have been sufficiently given or filed for all purposes of this First Supplemental Indenture if and when sent by registered mail, return receipt requested to Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041, Attention: Public Finance Ratings.

All documents received by the County or the Trustee under the provisions of this First Supplemental Indenture shall be retained in its possession, subject at all reasonable times to the inspection of any Bondholder, and the agents and representatives thereof.

SECTION 6.03. Successorship of County. In the event that the offices of any officer of the County mentioned in this First Supplemental Indenture shall be abolished or any two or more of such offices shall be merged or consolidated, or in the event of a vacancy in any such office by reason of death, resignation, removal from office or otherwise, or in the event any such officer shall become incapable of performing the duties of its office by reason of sickness, absence from the County or otherwise, all powers conferred and all obligations and duties imposed upon such officer shall be performed by the officer succeeding to the principal functions thereof or by the officer upon whom such powers, obligations and duties shall be imposed by law. The County may be dissolved or terminated in accordance with the Act and other applicable law only pursuant to a plan of transfer in connection with which an appropriate successor unit of government agrees to accept and assume all obligations of the County hereunder, including, specifically, the obligation to collect and enforce the Gross Revenue and to pay the principal and interest on the Series 2008 Bonds from the Pledged Revenue and the moneys on deposit in the Funds, Accounts and Subaccounts.

SECTION 6.04. Further Acts. The officers and agents of the County are hereby authorized and directed to do all the acts and things required of them by the Series 2008 Bonds and this First Supplemental Indenture, for the full, punctual and complete performance of all of

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ARTICLE VI

MISCELLANEOUS PROVISIONS

SECTION 6.01. Effect of Covenants. All covenants, stipulations, obligations and agreements of the County contained in this First Supplemental Indenture shall be deemed to be covenants, stipulations, obligations and agreements of the County to the full extent authorized or permitted by law, and all such covenants, stipulations, obligations and agreements shall bind or inure to the benefit of the successor or successors thereof from time to time and any officer, board, body or commission to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

Except as otherwise provided in this First Supplemental Indenture, all rights, powers and privileges conferred and duties and liabilities imposed upon the County by the provisions of this First Supplemental Indenture shall be exercised or performed by the Board of the County or by such other officers, board, body or commission as may be required by law to exercise such powers or to perform such duties.

No covenants, stipulation, obligation or agreement herein contained shall be deemed to be a covenant, stipulation, obligation or agreement of any member, agent or employee of the County in its individual capacity, and neither the Board nor any official executing the Series 2008 Bonds shall be liable personally on the Series 2008 Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 6.02. Manner of Giving Notice. Except as otherwise provided in this First Supplemental Indenture, any notice, demand, direction, request or other instrument authorized or required by this Indenture to be given to or filed with the County shall be deemed to have been sufficiently given or filed for all purposes of this First Supplemental Indenture if and when sent by registered mail, return receipt requested to the County at Broward County, Florida, 115 South Andrews Avenue, Room 513, Fort Lauderdale, Florida 33301, Attention: Chief Financial Officer and Director of the Department of Finance and Administrative Services. Except as otherwise provided in the Indenture, any notice, demand, direction, request or other instrument authorized or required by the Indenture to be given to or filed with the Trustee shall be deemed to have been sufficiently given or filed for all purposes of this First Supplemental Indenture if and when sent by registered mail, return receipt requested to the Trustee at The Bank of New York Mellon Trust Company, National Association, 10161 Centurion Parkway, Jacksonville, Florida 32256, Attention: Corporate Trust Department. Except as otherwise provided in this First Supplemental Indenture, any notice, demand, direction, request or other instrument authorized or required by this First Supplemental Indenture to be given to or filed with the Tender Agent shall be deemed to have been sufficiently given or filed for all purposes of this First Supplemental Indenture if and when sent by registered mail, return receipt requested to the Tender Agent at The Bank of New York Mellon Trust Company, National Association, 101 Barclay Street, New York, New York 10286. Except as otherwise provided in the First Supplemental Indenture, any notice, demand, direction, request or other instrument authorized or required by the Indenture to be given to or filed with the Remarketing Agent for the Series 2008 Bonds shall be deemed to have been sufficiently given or filed for all purposes of this First Supplemental Indenture if and when sent by registered mail, return receipt requested to the Remarketing Agent for the Series 2008 Bonds at 50 North Front Street, Memphis,

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the terms, covenants, provisions and agreements contained in the Series 2008 Bonds and this First Supplemental Indenture.

SECTION 6.05. Headings Not Part of First Supplemental Indenture. Any headings preceding the texts of the several Articles and Sections hereof and any table of contents, marginal notes or footnotes appended to copies hereof shall be solely for convenience of reference, and shall not constitute a part of this First Supplemental Indenture, nor shall they affect its meaning, construction or effect.

SECTION 6.06. County, Fiduciaries and Bondholders Alone Have Rights Under Indenture. Except as herein otherwise expressly provided, nothing in the Indenture, expressed or implied, is intended or shall be construed to confer upon any Person, firm or corporation, other than the County, the Fiduciaries and the Owners of the Series 2008 Bonds, any right, remedy or claim, legal or equitable, under or by reason of the Original Indenture or any provision hereof, the Indenture and all its provisions being intended to be and being for the sole and exclusive benefit of the County, the Fiduciaries and the Owners from time to time of the Series 2008 Bonds.

SECTION 6.07. Effect of Partial Invalidity. In case any one or more of the provisions of this First Supplemental Indenture or of any Series 2008 Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this First Supplemental Indenture or of the Series 2008 Bonds, but this First Supplemental Indenture and the Series 2008 Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained therein. The Series 2008 Bonds are issued and this First Supplemental Indenture is entered into with the intent that the laws of the State shall govern their construction.

SECTION 6.08. County to Purchase or Deal in Series 2008 Bonds. Any bank or trust company acting as Trustee, Bond Registrar or Paying Agent under this First Supplemental Indenture, and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in any of the Series 2008 Bonds and may join in any action which any Bondholder may be entitled to take with like effect as if such bank or trust company were not the Trustee, Bond Registrar or Paying Agent under this First Supplemental Indenture.

SECTION 6.09. Governing Law; Venue. This First Supplemental Indenture shall be governed by the laws of the State. Venue of all proceedings in connection with this First Supplemental Indenture shall be exclusively in Broward County, Florida.

SECTION 6.10. Effective. This First Supplemental Indenture shall take effect as of its date.

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IN WITNESS WHEREOF, the County has caused this First Supplemental Agreement Indenture to be signed in its name and on its behalf by the Mayor, and its seal to be hereunto affixed and attested by its County Administrator, and to evidence its acceptance of the trusts hereby created, the Trustee has caused this First Supplemental Agreement Indenture to be signed in its name and on its behalf by one of its duly authorized signatories, and its official seal to be hereunto affixed.

(Seal)



BROWARD COUNTY, FLORIDA

By: [Signature]
Vice Mayor, Board of County Commissioners

Attest:

[Signature]

Interim Deputy County Administrator and Ex-Officio Clerk of the Board of County Commissioners

THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

(Seal)

By: [Signature]
Authorized Signatory

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EXHIBIT A

NOTICE OF OPTIONAL TENDER

The Bank of New York Mellon Trust Company, National Association, as Trustee
10161 Centurion Parkway
Jacksonville, Florida 32256
Attention: Corporate Trust Department

Ladies and Gentlemen:

The notice is being sent pursuant to the provisions of the First Supplemental Trust Indenture dated as of July 1, 2008 (the "First Supplemental Indenture") from Broward County, Florida to The Bank of New York Mellon Trust Company, National Association, as Trustee. Capitalized terms used in this notice shall have the same meanings as in the First Supplemental Indenture. In accordance with the provisions of Section 3.05 of the First Supplemental Indenture, you are hereby notified as follows:

- 1. Subject to the provisions of the First Supplemental Indenture, the undersigned, a Direct Participant, irrevocably demands purchase of \$ _____ principal amount of Broward County, Florida Subordinate Port Facilities Refunding Revenue Bonds, Series 2008, on _____ at the Purchase Price.
- 2. The undersigned's DTC number is _____.
- 3. The payment instructions for the Purchase Price are as follows:

Dated: _____

(Direct Participant)

By: _____
Title: _____

[with respect to Weekly Rate Bonds
cc: insert Remarketing Agent information]

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EXHIBIT B

NOTICE OF ALTERNATE CREDIT OR LIQUIDITY FACILITY

NOTICE TO BONDHOLDERS

This notice is being sent pursuant to the provisions of the First Supplemental Trust Indenture dated as of July 1, 2008 (the "First Supplemental Indenture") from Broward County, Florida (the "County") to The Bank of New York Mellon Trust Company, National Association, as Trustee. Capitalized terms used in this notice shall have the same meanings as in the Indenture.

You are hereby notified as follows:

- 1. An Alternate [Credit/Liquidity] Facility issued by _____ and relating to the County's Subordinate Port Facilities Refunding Revenue Bonds, Series 2008 (the "Bonds"), will become effective on _____ (the "Alternate [Credit/Liquidity] Facility Date"). Your Bond will be subject to mandatory tender for purchase on _____ at a price of 100% of the principal amount thereof, plus interest accrued thereon to such date.
- 2. Payment of the purchase price for your Bond will be made on the Alternate [Credit/Liquidity] Facility Date upon presentation and surrender at the address of the Tender Agent set forth below prior to 11:30 a.m., New York City Time on the Alternate [Credit/Liquidity] Facility Date, of such Bond, duly endorsed in blank for transfer (with all signatures guaranteed by an eligible guarantor institution as defined by SEC Rule 17Ad-15 (17 CFR 240.17Ad-15):

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3. In addition, you are further notified that interest will no longer accrue to you on your Bond on and after the Alternate [Credit/Liquidity] Facility Date and, other than the right to receive payment of the purchase price for your Bond, you shall then cease to have further rights under the Indenture.

Dated: _____

By: _____
Title: _____

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APPENDIX E
CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (the "Agreement") dated July 10, 2008, is made by and between BROWARD COUNTY, FLORIDA, a political subdivision of the State of Florida and a public body corporate and politic (the "Obligated Person"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America and having a designated office in Jacksonville, Florida, as trustee (the "Trustee"), under the circumstances summarized in the following recitals (each capitalized term used but not otherwise defined herein has the meaning assigned to it in Section 1 below or in the Resolution or the Indenture hereinafter defined):

A. The Obligated Person has determined to issue and sell the Bonds, and the Bonds will be issued pursuant to and secured by the Indenture.

B. The Obligated Person has determined to comply with the requirements of the Rule to the extent applicable to the Bonds.

NOW, THEREFORE, in consideration of the recitals and the mutual representations and agreements hereinafter contained, the Obligated Person and the Trustee agree, in accordance with the provisions of the Rule, for the benefit of the holders and beneficial owners from time to time of the Bonds, as follows:

Section 1. Definitions and Interpretation. In addition to the words and terms defined elsewhere in this Agreement or by reference to the Resolution or the Indenture, unless the context or use clearly indicates another or different meaning or intent:

"Accounting Principles" means the accounting principles applied from time to time in the preparation of the Financial Statements, initially generally accepted accounting principles as recommended from time to time by the Governmental Accounting Standards Board of the American Institute of Certified Public Accountants.

"Annual Information" means the following information and operating data for the applicable Fiscal Year concerning the Department and contained in the Official Statement: total cruise passenger traffic, total cargo tonnage handled and the information under the table entitled "PORT EVERGLADES DEPARTMENT - HISTORICAL REVENUE, EXPENSES AND DEBT SERVICE COVERAGE – HISTORICAL SENIOR AND SUBORDINATED DEBT SERVICE COVERAGE".

"Authorized Disclosure Representative" means the Finance Director, or any other person or persons at the time designated to act on behalf of the Obligated Person by written certificate furnished to the Trustee, containing the specimen signature of such person or persons and signed on behalf of the Obligated Person by the Mayor. The certificate may designate an alternate or alternates, each of whom shall have the same authority, duties and powers as such Authorized Disclosure Representative.

"Bonds" means the \$46,145,000 Broward County, Florida Subordinate Port Facilities Refunding Revenue Bonds, Series 2008, dated July 10, 2008.

“Business Day” means any day other than a Saturday, Sunday or a day on which the Trustee is required, or authorized or not prohibited by law (including executive orders), to close and is closed.

“Department” means the Obligated Person’s Port Everglades Department.

“Filing Date” means the 180th day following the end of each Fiscal Year (or the next preceding Business Day if that day is not a Business Day).

“Financial Statements” means the audited financial statements of the Obligated Person with respect to the Department for the applicable Fiscal Year, which may be part of the Obligated Person’s consolidated audited financial report.

“Fiscal Year” means each fiscal year of the Obligated Person ending on or after September 30, 2008.

“Holder” means “Owner” as defined in the Indenture.

“Indenture” means that certain Trust Indenture dated as of May 1, 1998 from the Obligated Person to the Trustee, as supplemented by that First Supplemental Trust Indenture from the Obligated Person to the Trustee dated as of July 1, 2008, as supplemented and amended from time to time.

“MSRB” means the Municipal Securities Rulemaking Board.

“NRMSIR” means each nationally recognized municipal securities information repository designated from time to time by the SEC in accordance with the Rule.

“Notice Addresses”:

As to the Trustee:	The Bank of New York Mellon Trust Company, National Association 10161 Centurion Parkway Jacksonville, Florida 32256 Attention: Corporate Trust Administration Telephone No.: (904) 645-1906 Facsimile No.: (904) 645-1998
As to the Obligated Person:	Broward County, Florida 115 S. Andrews Avenue Ft. Lauderdale, Florida 33301 Attention: Director, Department of Finance and Administrative Services Telephone No.: (954) 357-7130 Facsimile No.: (954) 357-7134

“Official Statement” means the Official Statement with respect to the Bonds dated July 8, 2008.

“Original Purchaser” means Siebert Brandford Shank & Co, LLC.

“Resolution” means Resolution No. 2008-388 adopted by the Obligated Person on June 24, 2008, authorizing the issuance of the Bonds.

“Rule” means Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934.

“SEC” means the Securities and Exchange Commission.

“Specified Events” means the occurrence of any of the following events, within the meaning of the Rule, with respect to the Bonds: principal and interest payment delinquencies; non-payment related defaults; unscheduled draws on the Reserve Account reflecting financial difficulties; unscheduled draws on credit enhancements reflecting financial difficulties; substitution of credit or liquidity providers, or their failure to perform; adverse tax opinions or events affecting the tax-exempt status of the Bonds; modifications to rights of Holders or beneficial owners; bond calls (other than scheduled mandatory redemption the terms of which are in the Official Statement and for which notice has been provided in accordance with the Rule); defeasances; release, substitution, or sale of property securing repayment of the Bonds; and rating changes.

“SID” means the state information depository, if any, designated by the State of Florida and with which filings are required to be made by the Obligated Person in accordance with the Rule.

The captions and headings in this Agreement are solely for convenience of reference and in no way define, limit or describe the scope or intent of any Sections, subsections, paragraphs, subparagraphs or clauses hereof. Reference to a Section means a section of this Agreement and to an Exhibit means an exhibit to this Agreement, unless otherwise indicated.

Section 2. Provision of Annual Information; Audited Financial Statements.

(a) The Obligated Person hereby agrees to provide or cause to be provided to each NRMSIR, to any SID and to the Trustee,

(i) its Annual Information for the preceding Fiscal Year not later than the Filing Date for that Fiscal Year; and

(ii) when and if available, the Financial Statements for each Fiscal Year prepared in accordance with the Accounting Principles.

The Obligated Person expects that the Financial Statements will be prepared and will be available together with its Annual Information.

(b) The Obligated Person expects that its Annual Information will be provided directly by the Obligated Person.

(c) If the Trustee has not received the Annual Information for a Fiscal Year by its close of business on the fifteenth Business Day preceding the Filing Date for that Fiscal Year, then the Trustee shall provide a notice to the Authorized Disclosure Representative, not later than the Trustee's close of business on the next Business Day, substantially in the form of Exhibit A, by facsimile transmission (or other means similarly prompt) and by certified or registered mail, postage prepaid, return receipt requested. If the Trustee has not received the Annual Information by its close of business on the Filing Date, the Trustee shall provide a notice to the Authorized Disclosure Representative, not later than the Trustee's close of business on the next Business Day, substantially in the form of Exhibit B, by facsimile transmission (or other means similarly prompt). The Obligated Person shall be entitled to provide written evidence of the submission of the Annual Information in accordance with subsection 2(a)(i), including a certificate of the Authorized Disclosure Representative as to the relevant facts, and, if applicable, a written statement regarding any failure to comply with subsection 2(a)(i). The Trustee shall be entitled to rely conclusively upon any written evidence provided by the Obligated Person regarding the provision of the Annual Information to any NRMSIR or SID. If, in any instance, the Annual Information was not timely filed by the Filing Date or the Obligated Person fails to provide the Trustee with written evidence of filing the Annual Information with each NRMSIR and any SID, by 3:00 p.m., eastern time, on the second Business Day following the Filing Date, the Trustee shall send or cause to be sent promptly, but in any event not later than its close of business on the second Business Day following the Filing Date, a notice substantially in the form of Exhibit C, modified to reflect the pertinent facts, to each NRMSIR or to the MSRB, and to any SID (with a duplicate copy of such notice to the Authorized Disclosure Representative) by facsimile transmission (or other means similarly prompt).

Section 3. Notice of Specified Events; Changes in Accounting Principles or Fiscal Year.

(a) The Obligated Person agrees to provide or cause to be provided to each NRMSIR or to the MSRB, and to the Trustee and to any SID, in a timely manner, (i) notice of any Specified Event, if that Event is material, (ii) in the manner described in subsection 2(c), notice of its failure to provide or cause to be provided the Annual Information on or prior to the Filing Date, and (iii) notice of any change in the Accounting Principles applied in the preparation of the Financial Statements or any change in the dates on which the Fiscal Year of the Obligated Person begins and ends.

The Trustee shall promptly notify the Authorized Disclosure Representative upon becoming aware of the occurrence of any Specified Event.

Section 4. Dissemination Agent. The Obligated Person or the Trustee may, from time to time, appoint or engage an agent to act on its behalf in performing its obligations under this Agreement and may discharge any such agent, with or without appointing a successor; provided, that the Obligated person or the Trustee shall provide the other party with written notice of such appointment or discharge and provided further, that neither the Obligated Person nor the Trustee shall be relieved in any respect by appointment of an agent from primary liability for the performance of their obligations under this Agreement.

Section 5. Remedy for Breach. This Agreement shall be solely for the benefit of the holders and beneficial owners from time to time of the Bonds. The exclusive remedy for any breach of this Agreement by the Obligated Person shall be limited, to the extent permitted by law, to a right of holders and beneficial owners, or the Trustee, to institute and maintain, or to cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by the Obligated Person of its obligations under this Agreement. The Trustee may exercise any such right and, if requested to do so by the Holders of at least 25% in aggregate principal amount of the Bonds then outstanding, subject to the same conditions, limitations and procedures that would apply under the Indenture, the Trustee shall exercise any such right. Any holder or beneficial owner may exercise any such right; provided that, except in the instance of an alleged failure of the Obligated Person to provide or cause to be provided a pertinent filing if such a filing is due and has not been made, any such right shall be exercised in the same manner and subject to the same conditions and limitations that would apply under the Indenture. Holders and beneficial owners shall not be entitled to institute or maintain any such proceedings individually that assert a breach of this Agreement that is based on the alleged inadequacy of any pertinent filing that has been made. Notwithstanding any other provisions of the Resolution, the indenture or this Agreement, any failure by the Obligated Person to comply with any provisions of this Agreement shall not constitute an “Event of Default” under the Indenture.

Section 6. Performance by the Trustee.

(a) Solely for the purpose of (i) defining the standards of care and performance applicable to the Trustee in the performance of its obligations under this Agreement, (ii) the manner of execution by the Trustee of those obligations, (iii) defining the manner in which, and the conditions under which, the Trustee may be required to take any action at the direction of Holders, including the condition that indemnification be provided, and (iv) matters of removal, resignation and succession of the Trustee under this Agreement, the Indenture is hereby made applicable to this Agreement as if this Agreement were contained in the Indenture; provided that the Trustee shall have only such duties under this Agreement as are specifically set forth in this Agreement.

(b) The Trustee is a party to this Agreement for and on behalf of the holders and beneficial owners of the Bonds and shall not be considered to be the agent of the Obligated Person when performing any actions required to be taken by the Trustee under this Agreement.

(c) The Trustee shall not have any obligation under this Agreement to investigate or determine whether any filing made under this Agreement complies with federal securities laws or rules.

Section 7. Amendment; Waiver. This Agreement may be amended, and noncompliance with any provision of this Agreement may be waived, as may be necessary or appropriate to achieve its compliance with any applicable federal securities law or rule, to cure any ambiguity, inconsistency or formal defect or omission, and to address any change in circumstances arising from a change in legal requirements, change in law, or change in the identity, nature, or status of the Obligated Person, or type of business conducted by the Obligated Person. Any such amendment or waiver shall not be effective unless the Agreement (as amended or taking into

account such waiver) would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until the Obligated Person and the Trustee shall have received either (a) a written opinion of bond or other qualified independent special counsel selected by the Obligated Person, or determination by the Trustee, that the amendment or waiver would not materially impair the interests of holders or beneficial owners, or (b) the written consent to the amendment or waiver of the Holders of at least a majority of the principal amount of the Bonds then outstanding. Annual Information containing any revised operating data or financial information shall explain, in narrative form, the reasons for any such amendment or waiver and the impact of the change on the type of operating data or financial information being provided.

Section 8. Term. The obligations of the Obligated Person under this Agreement shall remain in effect only for such period that (i) the Bonds are outstanding in accordance with their terms and (ii) such Obligated Person remains an “obligated person” with respect to the Bonds within the meaning of the Rule. The Obligated Person shall provide written notice of such termination to each NRMSIR, the MSRB, any SID and the Trustee.

Section 9. Sources of Payments; Extent of Covenants; No Personal Liability. The County shall be required to use only Pledged Revenue (as defined in the Indenture) to pay any costs and expenses to be incurred in the performance of this Agreement, and the performance of the obligations hereunder shall be subject to the availability of Pledged Revenue for that purpose. This Agreement does not and shall not constitute a general obligation of the Obligated Person. All covenants, stipulations, obligations and agreements of the Obligated Person contained in this Agreement are and shall be deemed to be covenants, stipulations, obligations and agreements of the Obligated Person to the full extent authorized by law. No covenant, stipulation, obligation or agreement of the Obligated Person contained in this Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future officer, agent or employee of the Obligated Person in other than that person’s official capacity.

Section 10. Notice to the Remarketing Agent. Any notice (including the filing of any Annual Report) provided by the Obligated Person or Trustee pursuant to this Agreement shall also be filed with the remarketing agent for the Bonds.

Section 11. Notices. Except as otherwise expressly provided in this Agreement, it shall be sufficient service or giving of any notice, if that notice is either mailed by first class mail, postage prepaid, addressed to the relevant party at its Notice Address, or transmitted by facsimile transmission addressed to the relevant party at its number for receipt of facsimile transmissions set forth in its Notice Address. The Obligated Person and the Trustee may designate from time to time, by notice given hereunder, any further or different addresses (including facsimile transmission numbers) to which any subsequent notice shall be sent.

Section 12. Beneficiaries. This Agreement shall inure solely to the benefit of the Obligated Person, the Trustee and the holders and beneficial owners from time to time of the Bonds, and any official, employee or agent thereof acting for and on its behalf, and shall not create any rights in any other person or entity.

Section 13. Severability. In case any section or provision of this Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reason held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

Section 14. Counterparts. This 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 15. Governing Law: Venue. This Agreement shall be deemed to be an agreement made under the laws of the State of Florida and for all purposes shall be governed by and construed in accordance with the laws of the State of Florida. Venue of all proceedings in connection with this Agreement shall be in Broward County, Florida.

[Signature Page to follow]

IN WITNESS WHEREOF, the Obligated Person and the Trustee have caused this Agreement to be duly executed in their respective names, all as of the date set forth above.

(SEAL)

BROWARD COUNTY, FLORIDA

Attest:

R.H. Brown
Interim Deputy County Administrator

By: *Stacy*
Vice Mayor

(SEAL)



THE BANK OF NEW YORK MELLON
TRUST COMPANY, NATIONAL
ASSOCIATION,
as Trustee

By: *Barbara B. Buck*
Authorized Signatory

Prepared by:

Edwards Angell Palmer & Dodge LLP,
Co-Disclosure Counsel

BROWARD COUNTY, FLORIDA

**SUBORDINATE PORT FACILITIES REFUNDING REVENUE BONDS,
SERIES 2008**

**NOTICE TO OBLIGATED PERSON OF FAILURE
TO FILE ANNUAL INFORMATION**

TO: [Authorized Disclosure Representative],
Broward County, Florida
[Notice Address]

The undersigned, as the trustee with respect to the captioned bonds (the "Bonds"), and serving in that capacity under the Continuing Disclosure Agreement dated as of July 1, 2008 (the "Agreement"), between the undersigned and Broward County, Florida (the "Obligated Person") hereby notifies you (with each capitalized term used but not defined herein having the meaning assigned to it in the Agreement), that you, as the Obligated Person, as of the date of this notice, have not provided or caused to be provided to the undersigned the Annual Information that is required under the Agreement to be so provided not later than _____. The Annual Information is required under the Agreement to be provided both to the undersigned and to each NRMSIR and any SID not later than that date.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, NATIONAL
ASSOCIATION,
as Trustee

Dated: _____

By: _____
Title: _____

BROWARD COUNTY, FLORIDA

**SUBORDINATE PORT FACILITIES REFUNDING REVENUE BONDS,
SERIES 2008**

**SECOND NOTICE TO OBLIGATED PERSON OF FAILURE
TO FILE ANNUAL INFORMATION**

TO: [Authorized Disclosure Representative],
Broward County, Florida
[Notice Address]

The undersigned, as the trustee with respect to the captioned bonds (the "Bonds"), and serving in that capacity under the Continuing Disclosure Agreement dated as of July 1, 2008 (the "Agreement"), between the undersigned and Broward County, Florida (the "Obligated Person"), hereby notifies you (with each capitalized term used but not defined herein having the meaning assigned to it in the Agreement), that you, as the Obligated Person, as of the date of this notice, have not provided to the undersigned the Annual Information that was required under the Agreement to be so provided not later than _____.

Please provide the required Annual Information to the undersigned, together with written evidence as to whether that information has been provided to each NRMSIR and any SID and, if so, when it was provided. If, in any instance, the Annual Information was not timely provided to a NRMSIR or any SID in accordance with subsection 2(a)(i) of the Agreement, you may submit a written statement regarding the Obligated Person's failure to comply that would be provided to each NRMSIR or to the MSRB, and to any SID with the notice that the undersigned must give of that failure to comply under subsection 2(c) of the Agreement. Any such written evidence or statement must be received by the undersigned not later than 3:00 p.m., eastern time, on _____. If the undersigned has not received written evidence by that time that a timely filing was made, a notice will be filed promptly thereafter with each NRMSIR or the MSRB, and any SID, substantially in the form attached as Exhibit C to the Agreement.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, NATIONAL
ASSOCIATION,
as Trustee

Dated: _____

By: _____
Title: _____

BROWARD COUNTY, FLORIDA

**SUBORDINATE PORT FACILITIES REFUNDING REVENUE BONDS,
SERIES 2008**

**NOTICE TO REPOSITORIES[, MSRB AND] [SID] OF
FAILURE TO [TIMELY] FILE ANNUAL INFORMATION**

TO: [NRMSIRs or MSRB, SID]

The undersigned, as the trustee with respect to the captioned bonds (the "Bonds"), and serving in that capacity under the Continuing Disclosure Agreement dated as of July 1, 2008 (the "Agreement"), between the undersigned and Broward County, Florida (the "Obligated Person"), hereby notifies you (with each capitalized term used but not defined herein having the meaning assigned to it in the Agreement), that:

[1. The Obligated Person, as of the date of this notice, has not provided or caused to be provided to the Trustee the Annual Information for its Fiscal Year that ended _____, _____, and has not provided any written evidence to the Trustee concerning the timeliness of its filing of that Annual Information with each NRMSIR and any SID. That Annual Information was required under the Agreement to be provided to the Trustee, each NRMSIR and any SID not later than _____].

[1. The Obligated Person provided or caused to be provided the Annual Information that was required to be provided to each NRMSIR and any SID not later than _____, _____].

[2. The Obligated Person has provided the attached statement concerning its failure to provide or cause to be provided the Annual Information in accordance with the Agreement. The Trustee does not assume any responsibility for the accuracy or completeness of that statement and has not undertaken, and will not undertake, any investigation to determine its accuracy or completeness.]

THE BANK OF NEW YORK MELLON
TRUST COMPANY, NATIONAL
ASSOCIATION,
as Trustee

Dated: _____

By: _____
Title: _____

cc: [Authorized Disclosure Representative]
Broward County, Florida

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APPENDIX F-1

COPY OF ORIGINAL OPINIONS OF CO-BOND COUNSEL

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July 10, 2008

Board of County Commissioners of
Broward County, Florida
Fort Lauderdale, Florida

Re: \$46,145,000 Broward County, Florida Subordinate Port Facilities Refunding Revenue
Bonds, Series 2008

Dear Ladies and Gentlemen:

We have examined the transcript of proceedings (the "Transcript") relating to the issuance by Broward County, Florida (the "County") of its \$46,145,000 aggregate principal amount of Broward County, Florida Subordinate Port Facilities Refunding Revenue Bonds, Series 2008 (the "Series 2008 Bonds"). All terms used in capitalized form and not defined herein have the meanings ascribed to such terms in the Indenture described hereinbelow.

The Series 2008 Bonds are issued pursuant to Resolution No. 1998-377 adopted by the Board of County Commissioners of the County (the "Board") on May 5, 1998, as amended and supplemented by Resolution No. 1998-529 adopted by the Board on May 26, 1998, and as further supplemented by Resolution No. 2008-388 adopted by the Board on June 24, 2008 (collectively, the "Bond Resolution") and a Trust Indenture dated as of May 1, 1998 (the "Original Indenture") from the County to The Bank of New York Mellon Trust Company, National Association (successor in interest to The Bank of New York), as trustee (the "Trustee"), as supplemented by the First Supplemental Trust Indenture dated as of July 1, 2008 (the "Supplemental Indenture" and, together with the Original Indenture, the "Indenture") from the County to the Trustee.

The documents in the Transcript examined include a certified copy of the Bond Resolution. We have also examined a copy of one of the Series 2008 Bonds as executed and authenticated. We assume that all other Series 2008 Bonds have been similarly executed and authenticated. Based on this examination, we are of the opinion that, under existing law:

1. The County is duly organized and validly existing as a public body corporate and politic of the State of Florida under the Constitution and laws of the State of Florida, with the power to issue the Series 2008 Bonds.

2. The Series 2008 Bonds, the Bond Resolution and the Indenture are valid and legally binding limited obligations of the County, enforceable in accordance with their respective terms, subject to bankruptcy laws and other laws affecting creditors' rights and to the exercise of judicial discretion. The payment of the principal of, redemption premium, if any, and interest on the Series 2008 Bonds (collectively, the "Debt Service Charges") is secured by a pledge by the County of the Pledged Revenue and moneys on deposit in Funds, Accounts and Subaccounts,

other than the Administrative Fund and the Rebate Fund established under the Indenture. The Series 2008 Bonds do not constitute a debt of the County within the meaning of any constitutional, statutory or other provision, and the County is not obligated to pay the Debt Service Charges thereon except from the Pledged Revenue and moneys on deposit in the Funds, Accounts and Subaccounts, other than the Administrative Fund and Rebate Fund established under the Indenture. Neither the full faith and credit nor the ad valorem taxing power of the County are pledged to the payment of the Debt Service Charges on the Series 2008 Bonds.

3. The issuance of the Series 2008 Bonds has been duly authorized by the County and all of the legal conditions precedent to the delivery of the Series 2008 Bonds have been fulfilled.

4. The interest on the Series 2008 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except for interest on any Series 2008 Bond for any period during which it is held by a "substantial user" or a "related person" as those terms are used in Section 147(a) of the Code, and is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. We express no opinion as to any other federal tax consequences regarding the Series 2008 Bonds.

Under the Code, interest on the Series 2008 Bonds may be subject to a branch profits tax imposed on certain foreign corporations doing business in the United States and to a tax imposed on excess net passive income of certain S corporations.

In giving the foregoing opinion with respect to the treatment of the interest on the Series 2008 Bonds and the status of the Series 2008 Bonds under the federal tax laws, we have relied upon, and assumed continuing compliance with, the County's covenants and the accuracy, which we have not independently verified, of the representations and certifications of the County contained in the Transcript. The accuracy of those representations and certifications, and the County's continuing compliance with those covenants, may be necessary for the interest on the Series 2008 Bonds to be and to remain excluded from gross income for federal income tax purposes. Failure to comply with certain of those covenants subsequent to issuance of the Series 2008 Bonds may cause the interest on the Series 2008 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2008 Bonds.

5. The Series 2008 Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended.

In rendering the foregoing opinions, we have assumed the accuracy and truthfulness of all public records and of all certifications, documents and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities and have not verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing upon such public records, certifications, documents and proceedings.

We express no opinion as to the adequacy or accuracy of any Official Statement pertaining to the Series 2008 Bonds.

Respectfully submitted,

Squire, Sanders & Dempsey L.L.P.

Law Office
of
PERRY E. THURSTON, JR., P.A.
ATTORNEY AT LAW

1236 Southeast Fourth Avenue
Fort Lauderdale, Florida 33316

July 10, 2008

PERRY E. THURSTON, JR.

Telephone
(954) 767-6400
Facsimile
(954) 767-0671

Board of County Commissioners of
Broward County, Florida
Fort Lauderdale, Florida

Re: \$46,145,000 Broward County, Florida Subordinate Port Facilities Refunding Revenue
Bonds, Series 2008

Dear Ladies and Gentlemen:

We have examined the transcript of proceedings (the "Transcript") relating to the issuance by Broward County, Florida (the "County") of its \$46,145,000 aggregate principal amount of Broward County, Florida Subordinate Port Facilities Refunding Revenue Bonds, Series 2008 (the "Series 2008 Bonds"). All terms used in capitalized form and not defined herein have the meanings ascribed to such terms in the Indenture described hereinbelow.

The Series 2008 Bonds are issued pursuant to Resolution No. 1998-377 adopted by the Board of County Commissioners of the County (the "Board") on May 5, 1998, as amended and supplemented by Resolution No. 1998-529 adopted by the Board on May 26, 1998, and as further supplemented by Resolution No. 2008-388 adopted by the Board on June 24, 2008 (collectively, the "Bond Resolution") and a Trust Indenture dated as of May 1, 1998 (the "Original Indenture") from the County to The Bank of New York Mellon Trust Company, National Association (successor in interest to The Bank of New York), as trustee (the "Trustee"), as supplemented by the First Supplemental Trust Indenture dated as of July 1, 2008 (the "Supplemental Indenture" and, together with the Original Indenture, the "Indenture") from the County to the Trustee.

The documents in the Transcript examined include a certified copy of the Bond Resolution. We have also examined a copy of one of the Series 2008 Bonds as executed and authenticated. We assume that all other Series 2008 Bonds have been similarly executed and authenticated. Based on this examination, we are of the opinion that, under existing law:

1. The County is duly organized and validly existing as a public body corporate and politic of the State of Florida under the Constitution and laws of the State of Florida, with the power to issue the Series 2008 Bonds.
2. The Series 2008 Bonds, the Bond Resolution and the Indenture are valid and legally binding limited obligations of the County, enforceable in accordance with their respective terms, subject to bankruptcy laws and other laws affecting creditors' rights and to the exercise of

judicial discretion. The payment of the principal of, redemption premium, if any, and interest on the Series 2008 Bonds (collectively, the "Debt Service Charges") is secured by a pledge by the County of the Pledged Revenue and moneys on deposit in Funds, Accounts and Subaccounts, other than the Administrative Fund and the Rebate Fund established under the Indenture. The Series 2008 Bonds do not constitute a debt of the County within the meaning of any constitutional, statutory or other provision, and the County is not obligated to pay the Debt Service Charges thereon except from the Pledged Revenue and moneys on deposit in the Funds, Accounts and Subaccounts, other than the Administrative Fund and Rebate Fund established under the Indenture. Neither the full faith and credit nor the ad valorem taxing power of the County are pledged to the payment of the Debt Service Charges on the Series 2008 Bonds.

3. The issuance of the Series 2008 Bonds has been duly authorized by the County and all of the legal conditions precedent to the delivery of the Series 2008 Bonds have been fulfilled.

4. The interest on the Series 2008 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except for interest on any Series 2008 Bond for any period during which it is held by a "substantial user" or a "related person" as those terms are used in Section 147(a) of the Code, and is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. We express no opinion as to any other federal tax consequences regarding the Series 2008 Bonds.

Under the Code, interest on the Series 2008 Bonds may be subject to a branch profits tax imposed on certain foreign corporations doing business in the United States and to a tax imposed on excess net passive income of certain S corporations.

In giving the foregoing opinion with respect to the treatment of the interest on the Series 2008 Bonds and the status of the Series 2008 Bonds under the federal tax laws, we have relied upon, and assumed continuing compliance with, the County's covenants and the accuracy, which we have not independently verified, of the representations and certifications of the County contained in the Transcript. The accuracy of those representations and certifications, and the County's continuing compliance with those covenants, may be necessary for the interest on the Series 2008 Bonds to be and to remain excluded from gross income for federal income tax purposes. Failure to comply with certain of those covenants subsequent to issuance of the Series 2008 Bonds may cause the interest on the Series 2008 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2008 Bonds.


5. The Series 2008 Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended.

In rendering the foregoing opinions, we have assumed the accuracy and truthfulness of all public records and of all certifications, documents and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official

capacities and have not verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing upon such public records, certifications, documents and proceedings.

We express no opinion as to the adequacy or accuracy of any Official Statement pertaining to the Series 2008 Bonds.

Respectfully submitted,

A handwritten signature in black ink, appearing to be "Teung", written in a cursive style with a long horizontal flourish extending to the right.

APPENDIX F-2

FORM OF OPINIONS OF CO-BOND COUNSEL
IN CONNECTION WITH DELIVERY OF THE 2014 ALTERNATE LETTER OF CREDIT

_____, 2014

Broward County, Florida
Fort Lauderdale, Florida

RBC Capital Markets, LLC
as Remarketing Agent
New York, New York

Regions Bank,
as Trustee
Jacksonville, Florida

Royal Bank of Canada
New York, New York

We have served as bond counsel to our client Broward County, Florida (the “County”) and not as counsel to any other person in connection with the delivery of that certain Irrevocable Direct-Pay Letter of Credit by Royal Bank of Canada relating to the hereinafter identified Bonds on July 1, 2014 (the “Action”). The Bonds are the \$35,735,000 outstanding aggregate principal amount of Broward County, Florida Subordinate Port Facilities Refunding Revenue Bonds, Series 2008, dated July 10, 2008 (the “Bonds”).

In our capacity as bond counsel, we have examined such proceedings, documents, matters and law as we deem necessary to render the opinion set forth in this letter.

Based on that examination and subject to the limitations stated below, we are of the opinion that, under existing law, the Action (i) is authorized or permitted by the laws of the State of Florida (the “State”) and the Trust Indenture dated as of May 1, 1998, as supplemented by the First Supplemental Trust Indenture dated as of July 1, 2008, each from the County to Regions Bank, as successor trustee; (ii) will not adversely affect the validity of the Bonds under the laws of the State; and (iii) will not, by itself, adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes to the extent described in our legal opinion as bond counsel to the County rendered in connection with the original issuance of the Bonds and dated July 10, 2008 (the “Original Opinion”).

The opinion stated above is based on an analysis of existing laws, regulations, rulings and court decisions and covers certain matters not directly addressed by such authorities. In rendering such opinion we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined, and (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the County.

The opinion stated above is limited to the legal effect of the Action, and we have not reexamined any of the matters upon which our Original Opinion was based, including the

certifications and representations of fact made as of that date. Further, we have not obtained, verified or reviewed any information concerning any event (except the Action) that might have occurred subsequent to the original issuance of the Bonds and that might have adversely affected the exclusion from gross income of interest on the Bonds for federal income tax purposes. Accordingly, except as expressly stated above, we express no opinion as to any matters concerning the status of the interest on the Bonds under the Internal Revenue Code of 1986, as amended, including specifically whether the interest on the Bonds is excluded from gross income for federal income tax purposes.

This letter is furnished by us solely for your benefit in connection with the Action and may not be relied upon for any other purpose or by any other person including the holders, owners or beneficial owners of the Bonds. The opinion in this letter is stated only as of this date, and no other opinion shall be implied or inferred as a result of anything contained in or omitted from this letter. Our engagement with respect to this matter has concluded on this date.

Respectfully submitted,

APPENDIX G

INFORMATION REGARDING THE 2014 ALTERNATE LETTER OF CREDIT PROVIDER

Royal Bank of Canada (referred to in this section as “Royal Bank”) is a Schedule I bank under the *Bank Act* (Canada), which constitutes its charter and governs its operations. Royal Bank’s corporate headquarters are located at Royal Bank Plaza, 200 Bay Street, Toronto, Ontario M5J 2J5, Canada, and its head office is located at 1 Place Ville Marie, Montreal, Quebec H3C 3A9, Canada. Royal Bank is the parent company of RBC Capital Markets, LLC, the Remarketing Agent.

Royal Bank is Canada’s largest bank, and one of the largest banks in the world, based on market capitalization. Royal Bank is one of North America’s leading diversified financial services companies and provides personal and commercial banking, wealth management services, insurance, investor services and capital markets products and services on a global basis. Royal Bank and its subsidiaries employ approximately 79,000 full- and part-time employees who serve more than 16 million personal, business, public sector and institutional clients through offices in Canada, the U.S. and 42 other countries.

Royal Bank had, on a consolidated basis, as at April 30, 2014, total assets of C\$895.9 billion (approximately US\$817.4 billion*), equity attributable to shareholders of C\$51.5 billion (approximately US\$47 billion*), and total deposits of C\$587.1 billion (approximately US\$535.7 billion*). The foregoing figures were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and have been extracted and derived from, and are qualified by reference to, Royal Bank’s unaudited Interim Consolidated Financial Statements included in its quarterly Report to Shareholders for the fiscal period ended April 30, 2014.

The senior long-term unsecured debt of Royal Bank has been assigned ratings of AA- (stable outlook) by Standard & Poor’s Ratings Services, Aa3 (negative outlook) by Moody’s Investors Service and AA (stable outlook) by Fitch Ratings. Royal Bank’s common shares are listed on the Toronto Stock Exchange, the New York Stock Exchange and the Swiss Exchange under the trading symbol “RY.” Its preferred shares are listed on the Toronto Stock Exchange.

Upon written request, and without charge, Royal Bank will provide a copy of its most recent publicly filed Annual Report on Form 40-F, which includes audited Consolidated Financial Statements, to any person to whom this Remarketing Circular is delivered. Requests for such copies should be directed to Investor Relations, Royal Bank of Canada, by writing to 200 Bay Street, 4th Floor, North Tower, Toronto, Ontario M5J 2W7, Canada, or by calling (416) 955-7802, or by visiting rbc.com/investorrelations.

The delivery of this Remarketing Circular does not imply that there has been no change in the affairs of Royal Bank since the date hereof or that the information contained or referred to herein is correct as at any time subsequent to its date.

*As at April 30, 2014: C\$1.00 = US\$0.912409.

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