

A RESOLUTION FURTHER AMENDING AND RESTATING A RESOLUTION OF JEA ADOPTED ON AUGUST 16, 1988 ENTITLED "A RESOLUTION OF THE JACKSONVILLE ELECTRIC AUTHORITY AUTHORIZING THE ISSUANCE OF ELECTRIC SYSTEM SUBORDINATED REVENUE BONDS OF SAID AUTHORITY FOR THE PURPOSE OF FINANCING THE CONSTRUCTION AND ACQUISITION OF ADDITIONS, EXTENSIONS AND IMPROVEMENTS TO THE ELECTRIC SYSTEM OF SAID AUTHORITY AND THE REFUNDING OF CERTAIN INDEBTEDNESS OF SAID AUTHORITY, AND ANY OTHER LAWFUL PURPOSE OF SAID AUTHORITY RELATING TO ITS ELECTRIC SYSTEM; SPECIFYING DEFINITIONS AND THE STATUTORY AUTHORITY THEREFOR; SPECIFYING TERMS AND CONDITIONS FOR THE AUTHORIZATION AND ISSUANCE OF SAID BONDS; SPECIFYING GENERAL TERMS AND PROVISIONS OF SAID BONDS; SPECIFYING GENERAL TERMS FOR THE REDEMPTION OF SAID BONDS; PROVIDING FOR THE PAYMENT AND SECURITY OF SAID BONDS AND PROVIDING FOR THE ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF; MAKING CERTAIN COVENANTS AND AGREEMENTS WITH THE HOLDERS OF SAID BONDS; ESTABLISHING EVENTS OF DEFAULT AND REMEDIES THEREFOR; PROVIDING FOR THE RIGHTS AND RESPONSIBILITIES OF THE FIDUCIARIES; PROVIDING FOR AMENDING AND SUPPLEMENTING SUCH RESOLUTION; PROVIDING CERTAIN OTHER MATTERS IN CONNECTION WITH SAID BONDS; AND PROVIDING AN EFFECTIVE DATE", AS HERETOFORE AMENDED AND RESTATED.

**[Electric System Subordinated Bond Resolution
adopted on August 16, 1988,
as amended and restated on January 18, 2000
(amendment and restatement effective March 9, 2000),
and as further amended through September 26, 2012]**

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I	
DEFINITIONS AND STATUTORY AUTHORITY.....	2
SECTION 1.01. Definitions.....	2
SECTION 1.02. Authority for the Subordinated Resolution.....	20
SECTION 1.03. Subordinated Resolution to Constitute Contract.....	20
ARTICLE II	
AUTHORIZATION AND ISSUANCE OF SUBORDINATED BONDS.....	20
SECTION 2.01. Authorization of Subordinated Bonds	20
SECTION 2.02. General Provisions for Issuance of Subordinated Bonds.....	21
SECTION 2.03. Subordinated Bonds Other than Refunding Subordinated Bonds and Special Subordinated Bonds	22
SECTION 2.04. Refunding Subordinated Bonds	23
SECTION 2.05. Special Subordinated Bonds	24
SECTION 2.06. Special Provisions Relating to Capital Appreciation Subordinated Bonds, Deferred Income Subordinated Bonds and Special Subordinated Bonds	25
ARTICLE III	
GENERAL TERMS AND PROVISIONS OF SUBORDINATED BONDS	26
SECTION 3.01. Medium of Payment; Form and Date; Letters and Numbers	26
SECTION 3.02. Legends	26
SECTION 3.03. Execution and Authentication.....	27
SECTION 3.04. Interchangeability of Subordinated Bonds.....	27
SECTION 3.05. Negotiability, Transfer and Registry.....	28
SECTION 3.06. Regulations With Respect to Exchanges and Transfers	28
SECTION 3.07. Subordinated Bonds Mutilated, Lost, Stolen or Destroyed	29
SECTION 3.08. Payment of Interest on Registered Subordinated Bonds; Interest Rights Preserved.....	29
SECTION 3.09. Book Entry Subordinated Bonds	30
ARTICLE IV	
REDEMPTION OF SUBORDINATED BONDS	33
SECTION 4.01. Privilege of Redemption and Redemption Price.....	33
SECTION 4.02. Redemption of Subordinated Bonds	33
SECTION 4.03. Selection of Subordinated Bonds to be Redeemed	33
SECTION 4.04. Notice of Redemption	34
SECTION 4.05. Payment of Redeemed Subordinated Bonds.....	34
SECTION 4.06. Cancellation and Destruction of Subordinated Bonds	35

TABLE OF CONTENTS
(continued)

	<u>Page</u>
ARTICLE V	
ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF	35
SECTION 5.01. Payment and Security for the Subordinated Bonds	35
SECTION 5.02. Establishment of Funds.....	36
SECTION 5.03. Subordinated Bond Construction Fund.....	37
SECTION 5.04. Deposit of Revenues	37
SECTION 5.05. Subordinated Bond Fund	38
SECTION 5.06. Subordinated Bond Rate Stabilization Fund.....	40
SECTION 5.07. Investment of Funds.....	40
SECTION 5.08. Credits Against Sinking Fund Installments	41
SECTION 5.09. Purchases of Subordinated Bonds.....	42
ARTICLE VI	
PARTICULAR COVENANTS OF JEA	
42	
SECTION 6.01. Payment of Subordinated Bonds.....	42
SECTION 6.02. Extension of Payment of Subordinated Bonds	42
SECTION 6.03. Offices for Servicing Subordinated Bonds	42
SECTION 6.04. Further Assurance	43
SECTION 6.05. Power to Issue Subordinated Bonds and Pledge Funds	43
SECTION 6.06. Rate Covenant.....	43
SECTION 6.07. Books and Records	44
SECTION 6.08. Annual Audit.....	44
SECTION 6.09. Sale or Mortgage of the Electric System	44
SECTION 6.10. No Free Service.....	44
SECTION 6.11. Corporate Reorganization	44
SECTION 6.12. Prior Lien Debt	44
SECTION 6.13. Indebtedness Subordinate to Subordinated Bonds.....	45
SECTION 6.14. Payment from Revenues	45
ARTICLE VII	
REMEDIES ON DEFAULT.....	
45	
SECTION 7.01. Events of Default; Acceleration of Maturity	45
SECTION 7.02. Accounting and Examination of Records After Default.....	46
SECTION 7.03. Application of Moneys after Default	46
SECTION 7.04. Subordinated Bonds Held by JEA Not Entitled to Distribution	47
SECTION 7.05. Remedies Not Exclusive	47
SECTION 7.06. Effect of Waiver and Other Circumstances	48
SECTION 7.07. Notice of Default.....	48
ARTICLE VIII	
THE FIDUCIARIES.....	
48	
SECTION 8.01. Paying Agents	48
SECTION 8.02. Responsibilities of Fiduciaries	49

TABLE OF CONTENTS
(continued)

	<u>Page</u>
SECTION 8.03. Evidence on Which Fiduciaries May Act	49
SECTION 8.04. Certain Permitted Acts	50
SECTION 8.05. Merger or Consolidation	50
ARTICLE IX	
MISCELLANEOUS	50
SECTION 9.01. Defeasance	50
SECTION 9.02. Moneys Held for Particular Subordinated Bonds	55
SECTION 9.03. Preservation and Inspection of Documents	55
SECTION 9.04. Parties Interested Herein	55
SECTION 9.05. No Recourse on Subordinated Bonds	55
SECTION 9.06. Publication of Notice; Suspension of Publication	55
SECTION 9.07. Evidence of Signatures of Holders and Ownership of Subordinated Bonds	56
SECTION 9.08. Permitted Acts	57
SECTION 9.09. Holidays	57
ARTICLE X	
SUPPLEMENTAL SUBORDINATED RESOLUTIONS	57
SECTION 10.01. Supplemental Subordinated Resolutions Effective Without Delivery of Opinion of Counsel as to No Material Adverse Effect	57
SECTION 10.02. Supplemental Subordinated Resolutions Effective Upon Delivery of Opinion of Counsel as to No Material Adverse Effect	58
SECTION 10.03. Supplemental Subordinated Resolutions Effective With Consent of Holders	59
SECTION 10.04. General Provisions	59
ARTICLE XI	
AMENDMENTS	60
SECTION 11.01. Mailing and Publication	60
SECTION 11.02. Powers of Amendment	60
SECTION 11.03. Consent of Holders	60
SECTION 11.04. Modifications or Amendments by Unanimous Consent	62
SECTION 11.05. Exclusion of Subordinated Bonds	62
SECTION 11.06. Notation on Subordinated Bonds	62
SECTION 11.07. Action by the Credit Enhancer When Action by Holders Required	63
ARTICLE XII	
EFFECTIVE DATE	64
SECTION 12.01. Effective Date	64

[ELECTRIC SYSTEM SUBORDINATED BOND RESOLUTION

**(COMPOSITE COPY: REFLECTS ALL AMENDMENTS
THROUGH SEPTEMBER 26, 2012)]**

WHEREAS, on August 16, 1988, JEA (formerly known as the Jacksonville Electric Authority) adopted the resolution referred to in the title hereof (the “Subordinated Resolution”), which Subordinated Resolution (a) supplemented the Electric System Resolution referred to therein and (b) authorized the issuance by JEA from time to time of Subordinated Bonds (such term, and all other capitalized terms used in these recitals without definition, having the respective meanings assigned thereto in the Subordinated Resolution, as heretofore amended and restated as described below); and

WHEREAS, on April 21, 1992, JEA adopted a resolution amending and restating the Subordinated Resolution; and

WHEREAS, on May 19, 1998, JEA adopted a resolution (hereinafter referred to as the “Amending Resolution”) that, subject to the satisfaction of the conditions contained therein, will amend and restate, and further amend, the Electric System Resolution as currently in effect for the purpose, among others, of affording JEA additional flexibility in financing and operating the Electric System; and

WHEREAS, it is hereby determined that it is necessary and desirable that the Subordinated Resolution, as heretofore amended and restated, be further amended and restated in the manner hereinafter provided, so that, upon the effectiveness of the amendment and restatement of the Electric System Resolution as provided in the Amending Resolution, certain of the provisions of the Subordinated Resolution, as so amended and restated, will be consistent with corresponding provisions of the Electric System Resolution, as so amended and restated; and

WHEREAS, clause (8) of Section 10.01 of the Subordinated Resolution, as heretofore amended and restated, authorizes JEA to adopt a Supplemental Subordinated Resolution in order to modify any of the provisions of the Subordinated Resolution in any respect whatever, provided that such modification shall be, and be expressed to be, effective only after all Subordinated Bonds Outstanding at the date of the adoption of such Supplemental Subordinated Resolution shall cease to be Outstanding;

NOW, THEREFORE, BE IT RESOLVED by JEA that upon the date on which all of the Subordinated Bonds Outstanding on the date of adoption of this resolution shall cease to be Outstanding, the Subordinated Resolution, as heretofore amended and restated, shall be amended and restated to read in its entirety as follows:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

SECTION 1.01. Definitions. The terms defined in this Section (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this resolution shall have the respective meanings specified in this Section.

Accreted Value:

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

Accrued Aggregate Subordinated Debt Service:

The term “Accrued Aggregate Subordinated Debt Service” shall mean, as of any date of calculation, an amount equal to the sum of the amounts of accrued Subordinated Debt Service with respect to all Series, calculating the accrued Subordinated Debt Service with respect to each Series at an amount equal to the sum of (i) interest on the Subordinated Bonds of such Series accrued and unpaid and to accrue to the end of the then current calendar month, and (ii) Principal Installments due and unpaid and that portion of the Principal Installments for such Series next due which would have accrued (if deemed to accrue in the manner set forth in the definition of Subordinated Debt Service) to the end of such calendar month; *provided, however*, that (i) there shall be excluded from the calculation of Accrued Aggregate Subordinated Debt Service any Principal Installments which are Refundable Principal Installments and (ii) the principal and interest portions of the Accreted Value of Capital Appreciation Subordinated Bonds or the Appreciated Value of Deferred Income Subordinated Bonds shall be included in the calculation of Accrued Aggregate Subordinated Debt Service at the times and in the manner provided in paragraph 1 of Section 2.06 hereof.

Act:

The term “Act” shall have the meaning given to such term in the Electric System Resolution, as such meaning may hereafter be amended or modified in accordance with the provisions of the Electric System Resolution.

Adjusted Aggregate Subordinated Debt Service:

The term “Adjusted Aggregate Subordinated Debt Service” for any period shall mean, as of any date of calculation, the Aggregate Subordinated Debt Service for such period except that (a) if any Refundable Principal Installment for any Series of Subordinated Bonds is included in Aggregate Subordinated Debt Service for such period, Adjusted Aggregate Subordinated Debt Service shall mean Aggregate Subordinated Debt Service determined (i) in the case of Refundable Principal Installments with respect to Subordinated Bonds other than Commercial Paper Notes and Medium-Term Notes, as if each such Refundable Principal Installment had been payable, over a period extending from the due date of such Principal Installment through the later of (x) the 30th anniversary of the issuance of such Series of Subordinated Bonds or (y) the 10th anniversary of the due date of such Refundable Principal Installment, in installments which would have required equal annual payments of principal and interest over such period and (ii) in the case of Refundable Principal Installments with respect to Commercial Paper Notes or Medium-Term Notes, in accordance with the then current Commercial Paper Payment Plan or Medium-Term Note Payment Plan, as applicable, with respect thereto and (b) the principal and interest portions of the Accreted Value of Capital Appreciation Subordinated Bonds or the Appreciated Value of Deferred Income Subordinated Bonds shall be included in the calculation of Adjusted Aggregate Subordinated Debt Service at the times and in the manner provided in paragraph 1 of Section 2.06 hereof. Interest deemed payable in any Fiscal Year after the actual due date of any Refundable Principal Installment of any Series of Subordinated Bonds shall be calculated at such rate of interest as JEA, or a banking or financial institution selected by JEA, determines would be a reasonable estimate of the rate of interest that would be borne on Subordinated Bonds maturing at the times determined in accordance with the provisions of the preceding sentence.

Adjusted Debt Service Requirement:

The term “Adjusted Debt Service Requirement” shall have the meaning given to such term in the Electric System Resolution, as the same shall be amended and restated as provided in the Amending Resolution.

Adjusted Net Revenues:

The term “Adjusted Net Revenues” shall mean the Net Revenues for any period, plus (X) the amounts, if any, paid from the Subordinated Bond Rate Stabilization Fund into the Subordinated Bond Fund during such period, and minus (Y) the amounts, if any, paid from the Revenue Fund into the Subordinated Bond Rate Stabilization Fund during such period.

Aggregate Adjusted Electric System Debt Service:

The term “Aggregate Adjusted Electric System Debt Service” shall mean, for any Fiscal Year, (a) prior to the effectiveness of the amendment and restatement of the Electric

System Resolution provided for in the Amending Resolution, the sum of (i) the Debt Service Requirement for such Fiscal Year and (ii) the Adjusted Aggregate Subordinated Debt Service for such Fiscal Year (b) from and after the effectiveness of the amendment and restatement of the Electric System Resolution provided for in the Amending Resolution, the sum of (i) the Adjusted Debt Service Requirement for such Fiscal Year and (ii) the Adjusted Aggregate Subordinated Debt Service for such Fiscal Year.

Aggregate Subordinated Debt Service:

The term “Aggregate Subordinated Debt Service”, for any period shall mean, as of any date of calculation, the sum of the amounts of Subordinated Debt Service for such period with respect to all Series; *provided, however*, that (a) for purposes of estimating Aggregate Subordinated Debt Service for any future period (i) any Variable Rate Subordinated Bonds, Commercial Paper Notes and Medium-Term Notes Outstanding during such period shall be assumed to bear interest during such period at the greater of (X) the actual rate of interest then borne by such Variable Rate Subordinated Bonds, Commercial Paper Notes or Medium-Term Notes or (Y) the Certified Interest Rate applicable thereto and (ii) any Option Subordinated Bonds Outstanding during such period shall be assumed to mature on the stated maturity date thereof and (b) the principal and interest portions of the Accreted Value of Capital Appreciation Subordinated Bonds or the Appreciated Value of Deferred Income Subordinated Bonds shall be included in the calculation of Aggregate Subordinated Debt Service at the times and in the manner provided in paragraph 1 of Section 2.06 hereof.

Alternate Variable Rate Taxable Index:

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

Alternate Variable Rate Tax-Exempt Index:

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

Amending Resolution:

The term “Amending Resolution” shall have the meaning given to such term in the recitals hereto.

Appreciated Value:

The term “Appreciated Value” shall mean, with respect to any Deferred Income Subordinated Bond (i) as of any date of computation prior to the Current Interest Commencement Date, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the Supplemental Subordinated Resolution authorizing such Deferred Income

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

Authenticating Agent:

The term “Authenticating Agent” shall mean an officer of JEA, a transfer agent duly registered pursuant to the Securities Exchange Act of 1934, as amended (or successor provision of law), or a bank or trust company or national banking association at the time appointed by a Subordinated Bond Registrar as its agent to authenticate Commercial Paper Notes or Medium-Term Notes.

Authorized Newspaper:

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

Authorized Officer of JEA:

The term “Authorized Officer of JEA” shall mean (a) the Chair, the Vice Chair and the Secretary of the governing body of JEA, (b) the Managing Director and Chief Executive Officer, the Chief Financial Officer, the Chief Information Officer, the Strategic Assessment Officer and the Treasurer of JEA (or any officer of JEA hereafter serving in a capacity equivalent to that of any of the foregoing officers) or (c) any other officer or employee of JEA authorized to perform specific acts or duties by resolution duly adopted by the governing body of JEA.

Bearer Commercial Paper Note:

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

BMA Municipal Swap Index:

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

Book Entry Subordinated Bond:

The term “Book Entry Subordinated Bond” shall mean a Subordinated Bond authorized to be issued to, and issued to and, except as provided in paragraph 4 of Section 3.09, restricted to being registered in the name of, a Securities Depository for the participants in such Securities Depository or the beneficial owners of such Subordinated Bond.

Build America Bonds:

The term “Build America Bonds” shall mean any Subordinated Bonds with respect to which JEA has irrevocably elected, pursuant to Section 54AA(g) of the Code, or any similar federal program creating subsidies for municipal borrowers for which JEA qualifies, to receive cash subsidy payments from the U.S. Treasury equal to a portion of the interest payable on such Subordinated Bonds.

Capital Appreciation Subordinated Bonds:

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

Certified Interest Rate:

The term “Certified Interest Rate” shall mean, as of any date of determination:

- (i) with respect to (A) any Commercial Paper Notes or Medium-Term Notes, (B) any Variable Rate Subordinated Bonds maturing on a particular date or (C) prior to the effectiveness of the amendment of the definition of the term “Certified Interest Rate” contained in the Electric System Resolution provided for in the May 2003 Senior Amending Resolution, any Electric System Bonds that bear interest at a variable or floating rate (such Electric System Bonds being hereinafter referred to as “Variable Rate Electric System Bonds”) maturing on a particular date, in each of the foregoing cases, that were, at the date of the original issuance thereof, the subject of an Opinion of Counsel to the effect that the interest thereon is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest equal to the lesser of (1) the average of the Variable Rate Tax-Exempt Index for the five (5) years preceding such date of determination and (2) the average rate of interest borne by such Commercial Paper Notes, Medium-Term Notes, Variable Rate Subordinated Bonds or

Variable Rate Electric System Bonds, as the case may be, for the twelve (12) months preceding such date of determination; *provided, however*, if such Commercial Paper Notes, Medium-Term Notes, Variable Rate Subordinated Bonds or Variable Rate Electric System Bonds, as the case may be, are then being issued or shall not have been Outstanding for twelve (12) months, then the rate of interest determined pursuant to this clause (i) shall be the rate determined pursuant to the foregoing subclause (1), and

(ii) with respect to (A) any Commercial Paper Notes or Medium-Term Notes, (B) any Variable Rate Subordinated Bonds maturing on a particular date or (C) prior to the effectiveness of the amendment of the definition of the term “Certified Interest Rate” contained in the Electric System Resolution provided for in the May 2003 Senior Amending Resolution, any Variable Rate Electric System Bonds maturing on a particular date, in each of the foregoing cases, that were not, at the date of the original issuance thereof, the subject of an Opinion of Counsel to the effect that the interest thereon is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest equal to the lesser of (a) the average of the Variable Rate Taxable Index for the five (5) years preceding such date of determination and (b) the average rate of interest borne by such Commercial Paper Notes, Medium-Term Notes, Variable Rate Subordinated Bonds or Variable Rate Electric System Bonds, as the case may be, for the twelve (12) months preceding such date of determination; *provided, however*, if such Commercial Paper Notes, Medium-Term Notes, Variable Rate Subordinated Bonds or Variable Rate Electric System Bonds, as the case may be, are then being issued or shall not have been Outstanding for twelve (12) months, then the rate of interest determined pursuant to this clause (ii) shall be the rate determined pursuant to the foregoing subclause (a).

City:

The term “City” shall have the meaning given to such term in the Electric System Resolution, as such meaning may hereafter be amended or modified in accordance with the provisions of the Electric System Resolution.

Code:

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

Commercial Paper Note:

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

Commercial Paper Payment Plan:

The term “Commercial Paper Payment Plan” shall mean, with respect to any Series of Commercial Paper Notes and as of any time, the then current Commercial Paper Payment Plan for such notes contained in a certificate of an Authorized Officer of JEA delivered pursuant to Section 2.02 hereof and setting forth the sources of funds expected to be utilized by JEA to pay the principal of and interest on such Commercial Paper Notes; *provided, however*, that if any Commercial Paper Payment Plan provides for the refunding of any Commercial Paper Note with proceeds of (a) Subordinated Bonds other than Commercial Paper Notes or Medium-Term Notes or (b) Electric System Bonds, in either such case, that JEA intends to pay from Revenues, the principal of such Commercial Paper Note shall, for purposes of the Commercial Paper Payment Plan, be assumed to come due over a period commencing with the due date of the Commercial Paper Note and ending not later than the later of (x) the 30th anniversary of the first issuance of Commercial Paper Notes of such Series or (y) the 10th anniversary of the due date of the Commercial Paper Note to be refunded, in installments such that the principal and interest payable on such Commercial Paper Note in each Fiscal Year in such period will be equal to the principal and interest payable on such Commercial Paper Note in each other Fiscal Year in such period.

Consulting Engineer:

The term “Consulting Engineer” shall have the meaning given to such term in the Electric System Resolution, as such meaning may hereafter be amended or modified in accordance with the provisions of the Electric System Resolution.

Cost of Operation and Maintenance:

The term “Cost of Operation and Maintenance” shall have the meaning given to such term in the Electric System Resolution, as such meaning may hereafter be amended or modified in accordance with the provisions of the Electric System Resolution.

Credit Enhancement:

The term “Credit Enhancement” shall mean, with respect to the Subordinated Bonds of a Series, a maturity within a Series or an interest rate within a maturity or the Electric System Bonds of an installment, a maturity within an installment or an interest rate within a maturity, the issuance of an insurance policy, letter of credit, surety bond or any other similar obligation, whereby the issuer thereof becomes unconditionally obligated to pay when due, to the extent not paid by JEA or otherwise, the principal of and interest on such Subordinated Bonds or Electric System Bonds, as the case may be.

Credit Enhancer:

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

Current Interest Commencement Date:

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

Debt Service Requirement:

The term “Debt Service Requirement” shall have the meaning given to such term in the Electric System Resolution, as such meaning may hereafter be amended or modified in accordance with the provisions of the Electric System Resolution; *provided, however*, that prior to the effectiveness of the amendment of the definition of the term “Debt Service Requirement” contained in the Electric System Resolution provided for in the March 2010 Amending Resolution, if JEA has issued any Electric System Bonds of any series with respect to which JEA has irrevocably elected, pursuant to Section 54AA(g) of the Code or any similar federal program creating subsidies for municipal borrowers for which JEA qualifies, to receive cash subsidy payments from the U.S. Treasury equal to a portion of the interest payable on such Electric System Bonds, then, for purposes of calculating the Debt Service Requirement with respect to such Electric System Bonds for purposes of subparagraph (1) of paragraph 1 of Section 2.03 and of Section 6.06, (x) in respect of the interest payable on such Electric System Bonds, the interest on such Electric System Bonds of such series shall be calculated net of the amount of the cash subsidy payments due from the U.S. Treasury and (y) for whatever reason, JEA no longer receives cash subsidy payments from the U.S. Treasury in respect of the interest payable on such Electric System Bonds (other than as a result of the U.S Treasury reducing a particular payment by offsetting an amount due from JEA to it), the interest on the Electric System Bonds of such series shall be calculated without regard to such subsidy.

Defaulted Subordinated Interest:

The term “Defaulted Subordinated Interest” shall have the meaning given to such term in Section 3.08.

Defeasance Securities:

The term “Defeasance Securities” shall mean, unless otherwise provided with respect to the Subordinated Bonds of a Series in the Supplemental Subordinated Resolution authorizing such Subordinated Bonds:

- (i) any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America;
- (ii) 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 (a) which are not callable for redemption prior to maturity, or which have been duly called for

redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such bonds or other obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall be also specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) above which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption dates or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate, and (c) as to which the principal of and interest on the bonds and obligations of the character described in clause (i) above on deposit in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (ii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate;

(iii) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in any of clauses (i), (ii) or (v) of this definition, *provided, however*, that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination by federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000;

(iv) certificates of deposit, whether negotiable or nonnegotiable, fully secured as to principal and interest by bonds or other obligations of the character described in clause (i) above;

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

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

in the highest whole rating category by at least two nationally recognized statistical rating organizations, pursuant to which agreements or contracts the Provider shall be absolutely, unconditionally and irrevocably obligated to repay the moneys invested by JEA and interest thereon at a guaranteed rate, without any right of recoupment, counterclaim or set off. The Provider may have the right to assign its obligations under any such agreement or contract to any other insurance company or other financial institution, or subsidiary or affiliate thereof; *provided, however*, that such assignee also shall be an insurance company or other financial institution, or subsidiary or affiliate thereof, satisfying the requirements set forth in either clause (a) or clause (b) of the preceding sentence; and

(vii) upon compliance with the provisions of paragraph 6 of Section 9.01, such securities (a) as are described in clause (i) of this definition and (b) as are described in clause (iii) of this definition so long as such securities evidence ownership of the right to payments of principal and/or interest on obligations described in clause (i) of this definition, in each case, which are subject to redemption prior to maturity at the option of the issuer thereof on a specified date or dates.

Deferred Income Subordinated Bonds:

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

Designated Swap Obligation:

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

Designated Swap Obligation Provider:

The term “Designated Swap Obligation Provider” shall mean any person with whom JEA enters into a Designated Swap Obligation.

Electric System:

The term “Electric System” shall have the meaning given to such term in the Electric System Resolution, as such meaning may hereafter be amended or modified in accordance with the provisions of the Electric System Resolution.

Electric System Bonds:

The term “Electric System Bonds” shall mean all bonds authenticated and delivered pursuant to the Electric System Resolution, and all Additional Parity Obligations (as defined in the Electric System Resolution) issued in accordance with the terms of the Electric System Resolution.

Electric System Debt Securities:

The term “Electric System Debt Securities” shall mean Electric System Bonds, Subordinated Bonds and any other note, bond or other security evidencing indebtedness incurred to provide financing for the Electric System.

Electric System Resolution:

The term “Electric System Resolution” shall mean the resolution of JEA adopted March 30, 1982 authorizing the issuance of the Electric System Bonds, as the same has been or hereafter may be amended and supplemented in accordance with the provisions thereof.

Escrow Agent:

The term “Escrow Agent” shall mean, with respect to the refunding or defeasance of any particular Subordinated Bond or Bonds or Electric System Bond or Bonds at any one time, the entity with which moneys or investments shall be deposited in trust for the Holders of such Subordinated Bond or Bonds or Electric System Bond or Bonds to be refunded or defeased, and who shall agree, through an appropriate agreement with JEA, to perform the duties of Escrow Agent with respect to such Bond or Bonds as provided in the Subordinated Resolution or in a manner consistent with the provisions of the Electric System Resolution, as the case may be.

Event of Default:

The term “Event of Default” shall mean any event specified as such in Section 7.01 hereof.

Fiduciary or Fiduciaries:

The terms “Fiduciary” or “Fiduciaries” shall mean the Subordinated Bond Registrars, the Paying Agents, any Escrow Agent and any Authenticating Agent, or any or all of them, as may be appropriate.

Fiscal Year:

The term “Fiscal Year” shall have the meaning given to such term in the Electric System Resolution, as such meaning may hereafter be amended or modified in accordance with the provisions of the Electric System Resolution.

Fund or Funds:

The terms “Fund” or “Funds” shall mean, as the case may be, each or all of the Funds established in paragraph 1 of Section 5.02 hereof.

Gross Revenues or Revenues:

The terms “Gross Revenues” or “Revenues” shall have the meaning given to such terms in the Electric System Resolution, as such meaning may hereafter be amended or modified in accordance with the provisions of the Electric System Resolution. Prior to the effectiveness of the amendment of the definition of the term “Gross Revenues” or “Revenues” contained in the Electric System Resolution provided for in the March 2010 Amending Resolution, for any purpose of this Subordinated Resolution that requires the computation of Gross Revenues or Revenues with respect to any period of time, “Gross Revenues” or “Revenues” shall be determined in the manner provided in such amendment of such definition thereof contained in the March 2010 Amending Resolution (as if such amendment were fully effective), as such definition may hereafter be amended or modified in accordance with the provisions of the Electric System Resolution.

Holder:

The term “Holder”, when used with respect to Electric System Bonds, shall have the meaning given to the term “Bondholder” in the Electric System Resolution, as such meaning may hereafter be amended or modified in accordance with the provisions of the Electric System Resolution, and, when used with respect to Subordinated Bonds, shall mean (i) any person who shall be the registered owner of any Subordinated Bond or Subordinated Bonds other than Bearer Commercial Paper Notes, (ii) any person who shall be the registered owner of any Commercial Paper Note or Notes that is not a Bearer Commercial Paper Note and (iii) any person who shall be the bearer of any Bearer Commercial Paper Note or Notes.

Investment Securities:

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

March 2010 Amending Resolution:

The term “March 2010 Amending Resolution” shall mean JEA’s Resolution No. 2010-4 adopted on March 16, 2010.

Maximum Annual Aggregate Adjusted Electric System Debt Service:

The term “Maximum Annual Aggregate Adjusted Electric System Debt Service” shall mean, as of any date of calculation, the greatest Aggregate Adjusted Electric System Debt Service for the then current or any future Fiscal Year.

May 2003 Senior Amending Resolution:

The term “May 2003 Senior Amending Resolution” shall mean the resolution of JEA adopted on the date of adoption of [the] Twenty-Fourth Supplemental Subordinated [Electric System] Resolution [adopted by JEA on May 20, 2003] for the purpose of making certain material amendments to the Electric System Resolution.

Medium-Term Note:

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

Medium-Term Note Payment Plan:

The term “Medium-Term Note Payment Plan” shall mean, with respect to any Series of Medium-Term Notes and as of any time, the then current Medium-Term Note Payment Plan for such notes contained in a certificate of an Authorized Officer of JEA delivered pursuant to Section 2.02 hereof and setting forth the sources of funds expected to be utilized by JEA to pay the principal of and interest on such Medium-Term Notes; *provided, however*, that if any Medium-Term Note Payment Plan provides for the refunding of any Medium-Term Note with proceeds of (a) Subordinated Bonds other than Commercial Paper Notes or Medium-Term Notes or (b) Electric System Bonds, in either such case, that JEA intends to pay from Revenues, the principal of such Medium-Term Note shall, for purposes of the Medium-Term Note Payment Plan, be assumed to come due over a period commencing with the due date of the Medium-Term Note and ending not later than the later of (x) the 30th anniversary of the first issuance of Medium-Term Notes of such Series or (y) the 10th anniversary of the due date of the Medium-Term Note to be refunded, in installments such that the principal and interest payable on such Medium-Term Note in each Fiscal Year in such period will be equal to the principal and interest payable on such Medium-Term Note in each other Fiscal Year in such period.

Net Revenues:

The term “Net Revenues” shall have the meaning given to such term in the Electric System Resolution, as such meaning may hereafter be amended or modified in accordance with the provisions of the Electric System Resolution.

One-Month LIBOR Rate:

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

Opinion of Counsel:

The term “Opinion of Counsel” shall mean an opinion in writing signed by an attorney or firm of attorneys (who may be counsel to JEA) selected by JEA.

Option Subordinated Bonds:

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

Outstanding:

The term “Outstanding”, when used with respect to Electric System Bonds, shall have the meaning given to such term in the Electric System Resolution, as such meaning may hereafter be amended or modified in accordance with the provisions of the Electric System Resolution, and, when used with respect to Subordinated Bonds, shall mean, as of any particular time, all Subordinated Bonds authenticated and delivered under the Subordinated Resolution, except:

(a) Subordinated Bonds theretofore cancelled (or, in the case of Book Entry Subordinated Bonds, to the extent provided in paragraph 6 of Section 3.09, portions thereof deemed to have been cancelled) by the Subordinated Bond Registrar therefor at or prior to such date;

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

(c) Subordinated Bonds in lieu of or in substitution for which other Subordinated Bonds shall have been authenticated and delivered pursuant to the terms of Article III or Section 4.05 or Section 11.06 hereof and the Supplemental Subordinated Resolution authorizing the Series to which such Subordinated Bonds belong unless proof

satisfactory to JEA is presented that any such Subordinated Bonds are held by a bona fide purchaser in due course; and

(d) Subordinated Bonds (or, in the case of Book Entry Subordinated Bonds, to the extent provided in paragraph 8 of Section 3.09, portions thereof) deemed to have been paid as provided in paragraph 2 of Section 9.01 hereof or in the Supplemental Subordinated Resolution authorizing the Series to which such Subordinated Bonds belong.

Paying Agent:

The term “Paying Agent” shall mean an officer of JEA, a transfer agent duly registered pursuant to the Securities Exchange Act of 1934, as amended (or successor provision of law), or a bank or trust company or national banking association appointed to act in such capacity hereunder.

Principal Installment:

The term “Principal Installment” shall mean, as of any date of calculation and with respect to any Series, so long as any Subordinated Bonds thereof are Outstanding, (i) the principal amount of Subordinated Bonds (including, in the case of any Option Subordinated Bond, the principal amount thereof tendered for payment prior to the stated maturity thereof) of such Series due (or so tendered for payment) on a certain future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance (determined as provided in Section 5.08) of any Sinking Fund Installments due on a certain future date for Subordinated Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments, or (iii) if such future dates coincide as to different Subordinated Bonds of such Series, the sum of such principal amount of Subordinated Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date plus such applicable redemption premiums, if any.

Redemption Price:

The term “Redemption Price” shall mean, with respect to any Subordinated Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to such Subordinated Bond or the Supplemental Subordinated Resolution authorizing such Subordinated Bond.

Refundable Principal Installment:

The term “Refundable Principal Installment” shall mean any Principal Installment which JEA intends to pay with moneys which are not Revenues; *provided, however*, that (i) in the case of Subordinated Bonds other than Commercial Paper Notes or Medium-Term Notes, such intent shall have been expressed in the Supplemental Subordinated Resolution authorizing such Series of Subordinated Bonds, (ii) in the case of Commercial Paper Notes, such intent shall be expressed in the then current Commercial Paper Payment Plan for such Commercial Paper Notes and (iii) in the case of Medium-Term Notes, such intent shall be expressed in the then current Medium-Term Note Payment Plan for such Medium-Term Notes; and *provided, further*,

that such Principal Installment shall be a Refundable Principal Installment only through the penultimate day of the month preceding the month in which such Principal Installment comes due or such earlier time as JEA no longer intends to pay such Principal Installment with moneys which are not Revenues.

Refunding Subordinated Bonds:

The term “Refunding Subordinated Bonds” shall mean all Subordinated Bonds issued pursuant to Section 2.04, whether issued in one or more Series, and any Subordinated Bonds thereafter authenticated and delivered in lieu of or in substitution for such Subordinated Bonds pursuant to Article III or Section 4.05 or Section 11.06 hereof and the Supplemental Subordinated Resolution authorizing such Refunding Subordinated Bonds.

Regular Record Date:

The term “Regular Record Date” shall have the meaning given to such term in Section 3.08.

Revenue Fund:

The term “Revenue Fund” shall mean the fund by that name established pursuant to the Electric System Resolution.

Securities Depository:

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

Series:

The term “Series” shall mean all of the Subordinated Bonds identified pursuant to the Supplemental Subordinated Resolution authorizing such Subordinated Bonds as a separate Series of Subordinated Bonds, or any Subordinated Bonds thereafter authenticated and delivered in lieu of or in substitution for such Subordinated Bonds pursuant to Article III or Section 4.05 or Section 11.06 hereof and the Supplemental Subordinated Resolution authorizing such Subordinated Bonds, regardless of variations in maturity, interest rate, Sinking Fund Installments, or other provisions.

Sinking Fund Installment:

The term “Sinking Fund Installment” shall mean an amount so designated which is required by the Supplemental Subordinated Resolution authorizing the Subordinated Bonds of a particular Series to be paid into the Subordinated Bond Fund by a specified date for application (on or prior to the due date of such Sinking Fund Installment and pursuant to subsection 3 of

Section 5.05) to the retirement by purchase, redemption or payment at maturity of a portion of the Subordinated Bonds of a particular maturity or an interest rate within a maturity of such Series equal in principal amount to such Sinking Fund Installment.

Special Record Date:

The term “Special Record Date” shall have the meaning given to such term in Section 3.08.

Special Subordinated Bonds:

The term “Special Subordinated Bonds” shall mean all Subordinated Bonds issued pursuant to Section 2.05, whether issued in one or more Series, and any Subordinated Bonds thereafter authenticated and delivered in lieu of or in substitution for such Subordinated Bonds pursuant to Article III or Section 4.05 or Section 11.06 hereof and the Supplemental Subordinated Resolution authorizing such Special Subordinated Bonds.

Subordinated Bond Construction Fund:

The term “Subordinated Bond Construction Fund” shall mean the Subordinated Bond Construction Fund established pursuant to Section 5.02 hereof.

Subordinated Bond Fund:

The term “Subordinated Bond Fund” shall mean the Subordinated Bond Fund established pursuant to Section 5.02 hereof.

Subordinated Bond Rate Stabilization Fund:

The term “Subordinated Bond Rate Stabilization Fund” shall mean the Subordinated Bond Rate Stabilization Fund established pursuant to Section 5.02 hereof.

Subordinated Bond Registrar:

The term “Subordinated Bond Registrar” shall mean the officer of JEA, such transfer agent duly registered pursuant to the Securities Exchange Act of 1934, as amended (or successor provision of law), or such bank or trust company organized under the laws of the United States of America or any state or national banking association, located within or without the State of Florida, appointed by JEA to perform the duties of Subordinated Bond Registrar enumerated in Section 6.03 with respect to one or more Series of Subordinated Bonds.

Subordinated Bonds:

The term “Subordinated Bonds” shall mean all notes, bonds, certificates or other evidences of indebtedness authenticated and delivered hereunder (regardless of the designation thereof).

Subordinated Debt Service:

The term “Subordinated Debt Service” for any period shall mean, as of any date of calculation and with respect to any Series, an amount equal to the sum of (i) interest accruing during such period on the Subordinated Bonds of such Series, except to the extent that such interest is to be paid from the proceeds of Subordinated Bonds or other Electric System Debt Securities and (ii) that portion of each Principal Installment for such Series which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Series (or, (x) in the case of Subordinated Bonds other than Special Subordinated Bonds, if (1) there shall be no such preceding Principal Installment due date or (2) such preceding Principal Installment due date is more than one year prior to the due date of such Principal Installment, then, from a date one year preceding the due date of such Principal Installment or from the date of issuance of the Subordinated Bonds of such Series, whichever date is later and (y) in the case of Special Subordinated Bonds, in accordance with the terms thereof and the Supplemental Subordinated Resolution authorizing such Special Subordinated Bonds, in either such case, except to the extent that such Principal Installment is paid or to be paid from the proceeds of Subordinated Bonds or other Electric System Debt Securities); *provided, however*, that in the event that the Subordinated Bonds of any Series (or any portion thereof) shall constitute Build America Bonds, then in respect of the interest payable on such Subordinated Bonds, for purposes of this definition, the interest on the Subordinated Bonds of such Series shall be calculated net of the cash subsidy payments from the U.S. Treasury. If for whatever reason, JEA no longer receives cash subsidy payments due from the U.S. Treasury in respect of the interest payable on such Subordinated Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), for purposes of this definition, the interest on the Subordinated Bonds of such Series shall be calculated without regard to such subsidy. Such interest and Principal Installments for such Series shall be calculated on the assumption that (x) no Subordinated Bonds (except for Option Subordinated Bonds actually tendered for payment prior to the stated maturity thereof) of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof, (y) the principal amount of Option Subordinated Bonds tendered for payment before the stated maturity thereof shall be deemed to accrue on the date required to be paid pursuant to such tender and (z) the principal and interest portions of the Accreted Value of Capital Appreciation Subordinated Bonds or the Appreciated Value of Deferred Income Subordinated Bonds shall be included in the calculation of Subordinated Debt Service at the times and in the manner provided in paragraph 1 of Section 2.06 hereof.

Notwithstanding anything to the contrary contained herein, (a) if JEA has in connection with any Subordinated Bonds entered into a Designated Swap Obligation which provides that, in respect of a notional amount equal to the Outstanding principal amount of such Subordinated Bonds, JEA is to pay to a Designated Swap Obligation Provider an amount determined based upon a variable rate of interest and the Designated Swap Obligation Provider is to pay to JEA an amount determined based upon a fixed rate of interest, then, for purposes of calculating Subordinated Debt Service with respect to such Subordinated Bonds for purposes of Sections 2.03(1) and 6.06 hereof, it will be assumed that such Subordinated Bonds bear interest at a rate equal to the sum of (1) the lesser of (A) the average of the variable rate payable by JEA pursuant to such Designated Swap Obligation for the five (5) years preceding the date of determination, calculating such rate based upon the method, formula or index with respect

thereto set forth in such Designated Swap Obligation and (B) the average of the actual rates paid by JEA pursuant to such Designated Swap Obligation for the twelve (12) months preceding such date of determination; *provided, however*, if such Designated Swap Obligation shall not have been in effect for twelve (12) months, then the rate of interest determined pursuant to this clause (1) shall be the rate determined pursuant to the foregoing subclause (A) and (2) the difference (whether positive or negative) between (X) the fixed rate of interest on such Subordinated Bonds and (Y) the fixed rate of interest payable to JEA pursuant to such Designated Swap Obligation and (b) if JEA has in connection with any Variable Rate Subordinated Bonds, Commercial Paper Notes or Medium-Term Notes entered into a Designated Swap Obligation which provides that, in respect of a notional amount equal to the Outstanding principal amount of such Variable Rate Subordinated Bonds, Commercial Paper Notes or Medium-Term Notes, as the case may be, JEA is to pay to a Designated Swap Obligation Provider an amount determined based upon a fixed rate of interest and the Designated Swap Obligation Provider is to pay to JEA an amount determined based upon a variable rate of interest, then, for purposes of calculating Subordinated Debt Service with respect to such Variable Rate Subordinated Bonds, Commercial Paper Notes or Medium-Term Notes, as the case may be, for purposes of Sections 2.03(1) and 6.06 hereof, it will be assumed that such Variable Rate Subordinated Bonds, Commercial Paper Notes or Medium-Term Notes, as applicable, bear interest at the fixed rate of interest payable by JEA pursuant to such Designated Swap Obligation.

Subordinated Resolution:

The term “Subordinated Resolution” shall mean this resolution, as from time to time amended or supplemented by Supplemental Subordinated Resolutions in accordance with the terms hereof.

Supplemental Subordinated Resolution:

The term “Supplemental Subordinated Resolution” shall mean any resolution supplemental to this Subordinated Resolution adopted by JEA in accordance with Article X hereof.

U.S. Treasury:

The term “U.S. Treasury” shall mean the U.S. Treasury or any party designated by the federal government to issue cash subsidy payments on Build America Bonds.

Variable Rate Subordinated Bond:

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

Variable Rate Taxable Index:

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

Variable Rate Tax-Exempt Index:

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

SECTION 1.02. Authority for the Subordinated Resolution. This resolution is adopted pursuant to the provisions of the Act, and supplements the Electric System Resolution.

SECTION 1.03. Subordinated Resolution to Constitute Contract. In consideration of the purchase and acceptance of any and all Subordinated Bonds authorized to be issued under the Subordinated Resolution by those who shall hold the same from time to time, the Subordinated Resolution shall be deemed to be and shall constitute a contract between JEA and the Holders from time to time of the Subordinated Bonds; and the pledge made in the Subordinated Resolution and the covenants and agreements set forth in the Subordinated Resolution to be performed on behalf of JEA shall, except as expressly set forth in the Subordinated Resolution or in a Supplemental Subordinated Resolution, be for the equal benefit, protection and security of the Holders of any and all of the Subordinated Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Subordinated Bonds over any other thereof except as expressly provided in or permitted by the Subordinated Resolution.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF SUBORDINATED BONDS

SECTION 2.01. Authorization of Subordinated Bonds. 1. There is hereby authorized an issue of Subordinated Bonds under the Subordinated Resolution which shall be issued from time to time in Series for the purposes of (i) providing a portion of the funds necessary for the construction or acquisition of additions, extensions and improvements to the Electric System, and purposes incidental thereto, (ii) providing funds for the refunding of Outstanding Electric System Bonds or Outstanding Subordinated Bonds and (iii) providing funds for any other lawful purpose of JEA relating to the Electric System. The Subordinated Bonds of each Series may be issued at one time or from time to time in such manner as shall be determined by JEA in the Supplemental Subordinated Resolution authorizing the Subordinated Bonds of such Series. Subject to compliance with applicable law and conditions specified in the Subordinated Resolution for the issuance of Subordinated Bonds, the aggregate principal amount of the issue of Subordinated Bonds authorized hereby shall not be limited.

2. Nothing in the Subordinated Resolution shall be deemed to preclude or restrict the consolidation into a single Series for purposes of issuance and sale of Subordinated Bonds otherwise permitted by the Subordinated Resolution to be issued at the same time in two or more separate Series; *provided, however*, that solely for the purpose of satisfying the requirements of Section 2.02, Section 2.03, Section 2.04 or Section 2.05, as the case may be, the Subordinated Bonds otherwise permitted by the Subordinated Resolution to be issued as a separate Series shall be considered separately as if such Subordinated Bonds were to be issued as a separate Series. In the event that separate Series are combined for purposes of issuance and

sale, they may be issued under a single Supplemental Subordinated Resolution notwithstanding any other provision of the Subordinated Resolution.

SECTION 2.02. General Provisions for Issuance of Subordinated Bonds.

When authorized by a Supplemental Subordinated Resolution, the officers of JEA specified in Section 3.03 hereof may execute Subordinated Bonds of a Series for issuance under the Subordinated Resolution from time to time and deliver such Subordinated Bonds to the Subordinated Bond Registrar or the Authenticating Agent therefor for completion, authentication and delivery. Such Subordinated Bond Registrar or its agent or such Authenticating Agent, as appropriate, shall authenticate and deliver such Subordinated Bonds to JEA or upon its order, but only upon satisfaction by JEA, on or prior to the date of the issuance of the first Subordinated Bonds of such Series to be issued, of the conditions specified in Article X of the Subordinated Resolution and in the Supplemental Subordinated Resolution authorizing the Series of which such Subordinated Bonds are a part and upon satisfaction by JEA of the following conditions:

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

(2) Deposit of the amount, if any, required by the Supplemental Subordinated Resolution to be deposited in the Subordinated Bond Fund for the payment of interest on Subordinated Bonds;

(3) Deposit of the amount, if any, required by the Supplemental Subordinated Resolution to be deposited in the Subordinated Bond Rate Stabilization Fund;

(4) In the case of each Series of Subordinated Bonds any portion of the proceeds of which is to be deposited in the Subordinated Bond Fund for the payment of interest on Subordinated Bonds (other than any accrued interest that is to be applied to the payment of interest on the Subordinated Bonds of such Series on the interest payment date next following the date of issuance of such Subordinated Bonds), an Authorized Officer of JEA shall execute a certificate setting forth the then estimated application of such proceeds so deposited for the payment of interest on any particular Subordinated Bonds, whether or not such Subordinated Bonds are then Outstanding, or then being issued, or to be issued thereafter. Such certificate may be amended from time to time by a new certificate of an Authorized Officer of JEA and, in such event, the proceeds so deposited (or any remaining portion thereof) shall be applied as provided in such new certificate;

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

(6) in the case of a Series of Medium-Term Notes, an Authorized Officer of JEA shall execute a certificate setting forth the Medium-Term Note Payment Plan with

respect to such Medium-Term Notes. Such certificate shall be amended from time to time by a new certificate of an Authorized Officer of JEA to reflect changes, if any, in the expectations of JEA with respect to the sources of funds to be utilized to pay principal of and interest on such Medium-Term Notes;

(7) Receipt of an Opinion of Counsel of recognized standing in the field of law relating to municipal bonds to the effect that the Subordinated Bonds of such Series are (or, if less than all of the Subordinated Bonds of such Series are to be issued on the date of first issuance of such Bonds, that the Subordinated Bonds of such Series not to be so issued on such date, when duly executed, authenticated and delivered, will be) valid and binding obligations of JEA as provided in the Subordinated Resolution, and entitled to the benefits of the Subordinated Resolution and the Act as amended to the date of such Opinion, and such Subordinated Bonds have been duly and validly authorized and have been (or, when duly executed, authenticated and delivered, will be) issued in accordance with law, including the Act as amended to the date of such Opinion, and in accordance with the Subordinated Resolution, and setting forth such other matters as may be specified in the Supplemental Subordinated Resolution authorizing the Subordinated Bonds of such Series. Such Opinion may take exception as to the effect of, or for restrictions or limitations imposed by or resulting from, bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights and may state that no opinion is being rendered as to the availability of any particular remedy. No opinion need be expressed as to the priority of the pledge created by the Subordinated Resolution over the rights of other persons in the property so pledged; and

(8) Such further documents, moneys and securities as are required by the provisions of Article X of the Subordinated Resolution or any Supplemental Subordinated Resolution adopted pursuant to said Article X.

SECTION 2.03. Subordinated Bonds Other than Refunding Subordinated Bonds and Special Subordinated Bonds.

1. One or more Series of Subordinated Bonds may be issued at any time pursuant to this Section 2.03 for any of the purposes referred to in Section 2.01 of the Subordinated Resolution, except that any Series of Refunding Subordinated Bonds shall be issued pursuant to Section 2.04 hereof and any Series of Special Subordinated Bonds shall be issued pursuant to Section 2.05 hereof. Subordinated Bonds of each Series issued pursuant to this Section shall be authenticated and delivered by the Subordinated Bond Registrar or its agent or the Authenticating Agent, as appropriate, therefor only upon compliance by JEA with the terms and conditions set forth in Section 2.02 hereof and upon satisfaction by JEA, prior to the date of the issuance of the first Subordinated Bonds of such Series to be issued, of the following conditions:

(1) The Adjusted Net Revenues for any twelve (12) consecutive month period within the twenty-four (24) consecutive months immediately preceding the first date of issuance of the Subordinated Bonds of such Series shall have been at least equal to the greater of (X) 115% of the Maximum Annual Aggregate Adjusted Electric System Debt Service on the Outstanding Electric System Bonds, the Outstanding Subordinated Bonds and the Subordinated Bonds of such Series or (Y) the sum of (i) the Maximum Annual Aggregate Adjusted Electric System Debt Service on the Outstanding Electric System Bonds, the Outstanding Subordinated Bonds and the Subordinated Bonds of such Series

and (ii) the amount most recently determined to be required to be deposited in the Renewal and Replacement Fund established under the Electric System Resolution for the then current, or a previous, Fiscal Year.

The Adjusted Net Revenues for such twelve (12) month period may be adjusted for the purposes of the calculation required by the preceding paragraph (a) to reflect for such period revisions in the rates, fees, rentals and other charges of JEA for the product and services of the Electric System made after the commencement of such period and preceding the first date of issuance of the Subordinated Bonds of such Series; (b) to reflect any increase in Adjusted Net Revenues due to any new facilities of the Electric System having been placed into use and operation subsequent to the commencement of such period and prior to the first date of issuance of the Subordinated Bonds of such Series; and (c) to include an amount equal to the average annual contribution to Adjusted Net Revenues for the first three full Fiscal Years commencing after the date of completion thereof estimated to be made by the facilities to be acquired and constructed with the proceeds of the Subordinated Bonds of such Series.

For purposes of the second preceding paragraph, Adjusted Net Revenues shall not include any amounts in respect of proceeds from the sale of assets of the Electric System or any proceeds of insurance (other than business interruption insurance).

(2) An Authorized Officer of JEA shall execute a certificate stating that either (a) no Event of Default has occurred and is continuing under the Subordinated Resolution or (b) the application of the proceeds of the sale of such Series of Subordinated Bonds as required by the Supplemental Subordinated Resolution authorizing such Series will cure any such Event of Default.

2. The proceeds, including accrued interest, of the Subordinated Bonds of each Series issued pursuant to this Section 2.03 shall be applied simultaneously with the delivery of such Subordinated Bonds as provided in the Supplemental Subordinated Resolution authorizing such Series.

SECTION 2.04. Refunding Subordinated Bonds. 1. One or more Series of Refunding Subordinated Bonds may be authenticated and delivered to refund any Outstanding Subordinated Bonds or Outstanding Electric System Bonds. Refunding Subordinated Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make the deposits required by the provisions of the Supplemental Subordinated Resolution authorizing such Refunding Subordinated Bonds.

2. Refunding Subordinated Bonds of each Series shall be authenticated and delivered by the Subordinated Bond Registrar or its agent or the Authenticating Agent, as appropriate, therefor only upon satisfaction of the following conditions, in addition to the conditions set forth in Section 2.02 hereof:

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

(b) If the Subordinated Bonds or Electric System Bonds, as the case may be, to be refunded are not to be redeemed or paid at maturity within the next succeeding 60 days, JEA shall provide instructions to the Escrow Agent for such Bonds, satisfactory to it, to give due notice of defeasance in the manner provided for in (a) the Subordinated Resolution and the Supplemental Subordinated Resolution authorizing such Subordinated Bonds or (b) the Electric System Resolution, as applicable; and

(c) JEA shall provide either (i) moneys (including moneys withdrawn and deposited pursuant to paragraph 6 of Section 5.05) in an amount sufficient to effect payment at the applicable redemption price of the Subordinated Bonds or Electric System Bonds, as the case may be, to be redeemed and at the principal amount of the Subordinated Bonds or Electric System Bonds, as the case may be, to be paid at maturity, together with accrued interest on such Subordinated Bonds or Electric System Bonds, as the case may be, to the redemption date or maturity date, as applicable, which moneys shall be held by the Escrow Agent for such Bonds in a separate account irrevocably in trust for and assigned to the respective Holders of the Subordinated Bonds or Electric System Bonds, as the case may be, to be refunded, or (ii) investment securities in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications and any moneys, as shall be necessary to comply with the provisions relating to defeasance contained in (a) the Subordinated Resolution and the Supplemental Subordinated Resolution authorizing such Subordinated Bonds to be refunded or (b) the Electric System Resolution, as applicable, which investment securities and moneys shall be held in trust and used only as provided in said provisions.

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

SECTION 2.05. Special Subordinated Bonds. One or more Series of Special Subordinated Bonds may be issued prior to or concurrently with the issuance of the Subordinated Bonds of a Series authorized pursuant to the provisions of Section 2.03 or 2.04 hereof or the Electric System Bonds of an installment, in either case, for which Credit Enhancement or liquidity support is being provided with respect to such bonds (or a maturity or maturities or interest rate within a maturity thereof) by a third-party. Such Special Subordinated Bonds shall be issued for the purpose of evidencing JEA's obligation to repay any advances or loans made to, or on behalf of, JEA in connection with such Credit Enhancement or liquidity support; *provided, however,* that the stated maximum principal amount of any such Series of Special Subordinated Bonds shall not exceed the aggregate principal amount of the Subordinated Bonds or Electric System Bonds with respect to which such Credit Enhancement or liquidity support is being provided, and such number of days' interest thereon as JEA shall determine prior to the issuance thereof, but not in excess of 366 days' interest thereon, computed at the maximum interest rate applicable thereto.

SECTION 2.06. Special Provisions Relating to Capital Appreciation Subordinated Bonds, Deferred Income Subordinated Bonds and Special Subordinated Bonds. 1. The principal and interest portions of the Accreted Value of Capital Appreciation Subordinated Bonds or the Appreciated Value of Deferred Income Subordinated Bonds

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

2. For the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Subordinated Bond is redeemed prior to maturity, or (ii) receiving payment of a Capital Appreciation Subordinated Bond if the principal of all Subordinated Bonds is declared immediately due and payable following an Event of Default, as provided in Section 7.01 of this Subordinated Resolution or (iii) computing the principal amount of Subordinated Bonds held by the Holder of a Capital Appreciation Subordinated Bond in giving to JEA any notice, consent, request, or demand pursuant to this Subordinated Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Subordinated Bond shall be deemed to be its then current Accreted Value.

3. For the purposes of (i) receiving payment of the Redemption Price if a Deferred Income Subordinated Bond is redeemed prior to maturity, or (ii) receiving payment of a Deferred Income Subordinated Bond if the principal of all Subordinated Bonds is declared immediately due and payable following an Event of Default, as provided in Section 7.01 of this Subordinated Resolution or (iii) computing the principal amount of Subordinated Bonds held by the Holder of a Deferred Income Subordinated Bond in giving to JEA any notice, consent, request, or demand pursuant to this Subordinated Resolution for any purpose whatsoever, the principal amount of a Deferred Income Subordinated Bond shall be deemed to be its then current Appreciated Value.

4. Except as otherwise provided in the Supplemental Subordinated Resolution authorizing a Series of Special Subordinated Bonds, for the purposes of (i) receiving payment of a Special Subordinated Bond, whether at maturity, upon redemption or if the principal of all Subordinated Bonds is declared immediately due and payable following an Event of Default, as provided in Section 7.01 of this Subordinated Resolution or (ii) computing the principal amount of Subordinated Bonds held by the Holder of a Special Subordinated Bond in giving to JEA any notice, consent, request, or demand pursuant to this Subordinated Resolution for any purpose whatsoever, the principal amount of a Special Subordinated Bond shall be deemed to be the actual principal amount that JEA shall owe thereon, which shall equal the aggregate of the amounts advanced to, or on behalf of, JEA in connection with the Subordinated Bonds of the Series or maturity or interest rate within a maturity or the Electric System Bonds of the installment or maturity or interest rate within a maturity for which such Special Subordinated Bond has been issued to evidence JEA's obligation to repay any advances or loans made in respect of the Credit Enhancement or liquidity support provided for such bonds, less any prior repayments thereof.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF SUBORDINATED BONDS

SECTION 3.01. Medium of Payment; Form and Date; Letters and Numbers. 1. The Subordinated Bonds of each Series shall be payable, with respect to interest, principal and Redemption Price, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts or such other currency as may be specified in the Supplemental Subordinated Resolution authorizing the Series of which such Subordinated Bonds are a part.

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

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

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

5. The Subordinated Bonds shall be and have all of the qualities and incidents of negotiable instruments under the laws of the State of Florida, and each successive Holder, in accepting any of the Subordinated Bonds, shall be conclusively deemed to have agreed that such Subordinated Bonds shall be and have all of the qualities and incidents of negotiable instruments under the laws of the State of Florida.

SECTION 3.02. Legends. The Subordinated Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of the Subordinated Resolution as may be necessary or desirable to comply with custom, the rules of any securities exchange or commission or brokerage board, or otherwise, as may be determined by JEA prior to the authentication and delivery thereof.

SECTION 3.03. Execution and Authentication. 1. The Subordinated Bonds shall be executed in the name of JEA by the manual or facsimile signature of its Chair or Vice-Chair, and its corporate seal (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced thereon and attested by the manual or facsimile signature of the Secretary or Assistant Secretary of JEA, or in such other manner as may be required or permitted by law. In case any one or more of the officers who shall have signed or sealed any of the Subordinated Bonds shall cease to be such officer before the Subordinated Bonds so signed and sealed shall have been authenticated and delivered by the Subordinated Bond Registrar therefor or its agent, such Subordinated Bonds may, nevertheless, be authenticated and delivered as herein provided,

and may be issued as if the persons who signed or sealed such Subordinated Bonds had not ceased to hold such offices. Any Subordinated Bond of a Series may be signed and sealed on behalf of JEA by such persons as at the time of the execution of such Subordinated Bonds shall be duly authorized or hold the proper office in JEA, although at the date borne by the Subordinated Bonds of such Series such persons may not have been so authorized or have held such office.

2. Any Subordinated Bonds which have been validated in accordance with the provisions of Chapter 75, Florida Statutes, may have imprinted thereon a certificate of validation in substantially the form set forth in the Supplemental Subordinated Resolution authorizing the Series of which such Subordinated Bonds are a part. Such certificate of validation shall be executed with the facsimile signature of the Chair or the Vice-Chair of JEA.

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

SECTION 3.04. Interchangeability of Subordinated Bonds. Except as otherwise provided in the Supplemental Subordinated Resolution authorizing the Subordinated Bonds of a particular Series, the Subordinated Bonds, upon surrender thereof at the office of the Subordinated Bond Registrar therefor with a written instrument of transfer satisfactory to such Subordinated Bond Registrar, duly executed by the Holder or its duly authorized attorney, may, upon payment by such Holder of any charges which such Subordinated Bond Registrar may make as provided in Section 3.06, be exchanged for an equal aggregate principal amount of Subordinated Bonds of the same Series, maturity, interest rate and redemption provisions of any other authorized denominations.

SECTION 3.05. Negotiability, Transfer and Registry. 1. Title to any Bearer Commercial Paper Note shall pass by delivery as a negotiable instrument payable to bearer.

2. Except as otherwise provided in the Supplemental Subordinated Resolution authorizing the Subordinated Bonds of a particular Series, each Subordinated Bond (other than Bearer Commercial Paper Notes) shall be transferable only upon the books of JEA, which shall be kept for the purpose at the respective offices of the Subordinated Bond Registrar(s), by the Holder thereof in person or by its attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to such Subordinated Bond Registrar, duly executed by the Holder or its duly authorized attorney. Upon the transfer of any such Subordinated Bond, there shall be issued in the name of the transferee a new

Subordinated Bond or Subordinated Bonds of the same aggregate principal amount and Series, maturity, interest rate and redemption provisions as the surrendered Subordinated Bond.

3. JEA and each Fiduciary may deem and treat the bearer of any Bearer Commercial Paper Note as the absolute owner of such Bearer Commercial Paper Note, whether such Bearer Commercial Paper Note shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes, and all such payments so made to any such owner or upon its order shall be valid and effectual to satisfy and discharge the liability upon such Bearer Commercial Paper Note to the extent of the sum or sums so paid, and neither JEA nor any Fiduciary shall be affected by any notice to the contrary.

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

SECTION 3.06. Regulations With Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging or transferring Subordinated Bonds is exercised, the appropriate officers of JEA shall execute and the Subordinated Bond Registrar therefor or its agent shall authenticate and deliver Subordinated Bonds in accordance with the provisions of the Subordinated Resolution. All Subordinated Bonds surrendered in any such exchanges or transfers shall forthwith be delivered to the Subordinated Bond Registrar therefor and cancelled or retained by such Subordinated Bond Registrar. For every such exchange or transfer of Subordinated Bonds, JEA or the Subordinated Bond Registrar therefor may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Unless otherwise provided in the Supplemental Subordinated Resolution authorizing the Subordinated Bonds of a particular Series, neither JEA nor the Subordinated Bond Registrar therefor shall be required (a) to transfer or exchange Subordinated Bonds of any Series for the period next preceding any interest payment date for the Subordinated Bonds of such Series beginning with the Regular Record Date for such interest payment date and ending on such interest payment date, or for the period next preceding any date for the proposed payment of Defaulted Interest with respect to such Subordinated Bonds beginning with the Special Record Date for the date of such proposed payment and ending on the date of such proposed payment, (b) to transfer or exchange Subordinated Bonds of any Series for a period beginning 15 days before the mailing of any notice of redemption and ending on the day of such mailing, or (c) to transfer or exchange any Subordinated Bonds called for redemption.

SECTION 3.07. Subordinated Bonds Mutilated, Lost, Stolen or Destroyed. If any Subordinated Bond becomes mutilated or is lost, stolen or destroyed, an Authorized Officer of JEA may cause to be executed and the Subordinated Bond Registrar therefor or its agent shall authenticate and deliver a new Subordinated Bond of like Series, date of issue, maturity date, principal amount, interest rate per annum and redemption provisions as the Subordinated Bond so mutilated, lost, stolen or destroyed; *provided, however*, that (i) in the case of any such mutilated Subordinated Bond, such Subordinated Bond is first surrendered to JEA or

its agent, (ii) in the case of any such lost, stolen or destroyed Subordinated Bond, there is first furnished evidence of such loss, theft or destruction satisfactory to such Authorized Officer of JEA together with indemnity satisfactory to such Authorized Officer of JEA, (iii) all other reasonable requirements of such Authorized Officer of JEA are complied with, and (iv) expenses in connection with such transaction are paid by the Holder. Any Subordinated Bond surrendered for exchange shall be cancelled. Any such new Subordinated Bonds issued pursuant to this Section in substitution for Subordinated Bonds alleged to be lost, stolen or destroyed shall constitute original additional contractual obligations on the part of JEA, whether or not the Subordinated Bonds so alleged to be lost, stolen or destroyed be at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Subordinated Bonds issued under the Subordinated Resolution, in any moneys or securities held by JEA or any Fiduciary for the benefit for the Holders. If any such certificate lost, stolen or destroyed shall have matured or be about to mature, instead of issuing a new Subordinated Bond pursuant to this Section, an Authorized Officer of JEA may cause the same to be paid, upon being indemnified as aforesaid, without surrender thereof.

SECTION 3.08. Payment of Interest on Registered Subordinated Bonds; Interest Rights Preserved. Interest on any fully registered Subordinated Bond which is payable, and is punctually paid or duly provided for, on any interest payment date shall be paid to the person in whose name that Subordinated Bond is registered at the close of business on the date (hereinafter the “Regular Record Date”) which is the 15th day of the calendar month next preceding such interest payment date (or such other date as may be provided in the Supplemental Subordinated Resolution authorizing the Series of which such Subordinated Bond is a part).

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

the name and at the expense of JEA, cause a similar notice to be published at least once in an Authorized Newspaper, but such publication shall not be a condition precedent to the establishment of such Special Record Date.

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

SECTION 3.09. Book Entry Subordinated Bonds. 1. Anything in the Subordinated Resolution to the contrary notwithstanding, if and to the extent provided in the Supplemental Subordinated Resolution authorizing the Subordinated Bonds of the Series of which such Subordinated Bond is a part, any Subordinated Bond may be authorized and issued as a Book Entry Subordinated Bond.

2. For all purposes of the Subordinated Resolution, the Holder of a Book Entry Subordinated Bond shall be the Securities Depository therefor and neither JEA nor any Fiduciary shall have any responsibility or obligation to the beneficial owner of such Subordinated Bond or to any direct or indirect participant in such Securities Depository. Without limiting the generality of the foregoing, neither JEA nor any Fiduciary shall have any responsibility or obligation to any such participant or to the beneficial owner of a Book Entry Subordinated Bond with respect to (i) the accuracy of the records of the Securities Depository or any participant therein with respect to any beneficial ownership interest in such Subordinated Bond, (ii) the delivery to any participant of the Securities Depository, the beneficial owner of such Subordinated Bond or any other person, other than the Securities Depository, of any notice with respect to such Subordinated Bond, including any notice of the redemption thereof, or (iii) the payment to any participant of the Securities Depository, the beneficial owner of such Subordinated Bond or any other person, other than the Securities Depository, of any amount with respect to the principal or Redemption Price of, or interest on, such Subordinated Bond. JEA and the Fiduciaries may treat the Securities Depository therefor as, and deem such Securities Depository to be, the absolute owner of a Book Entry Subordinated Bond for all purposes whatsoever, including (w) payment of the principal or Redemption Price of, and interest on, such Subordinated Bond, (x) giving notices of redemption and of other matters with respect to such Subordinated Bond, (y) registering transfers with respect to such Subordinated Bond and (z) giving to JEA any notice, consent, request or demand pursuant to the Subordinated Resolution for any purpose whatsoever. The Paying Agent(s) therefor shall pay the principal or Redemption Price of, and interest on, a Book Entry Subordinated Bond only to or upon the order of the Securities Depository therefor, and all such payments shall be valid and effective to satisfy fully and discharge JEA's obligations with respect to such principal or Redemption Price, and interest, to the extent of the sum or sums so paid. Except as otherwise provided in paragraph 4 of this Section 3.09 or in any Supplemental Subordinated Resolution authorizing a Book Entry Subordinated Bond, no person other than the Securities Depository therefor shall receive a Subordinated Bond or other instrument evidencing JEA's obligation to make payments of the principal or Redemption Price thereof, and interest thereon.

3. JEA, in its sole discretion and without the consent of any other person, may, by notice to the Subordinated Bond Registrar therefor and a Securities Depository, terminate the services of such Securities Depository with respect to the Book Entry Subordinated

Bonds for which such Securities Depository serves as securities depository if JEA determines that (i) the Securities Depository is unable to discharge its responsibilities with respect to such Subordinated Bonds or (ii) a continuation of the requirement that all of the Subordinated Bonds issued as Book Entry Subordinated Bonds be registered in the registration books of JEA in the name of the Securities Depository is not in the best interests of the beneficial owners of such Subordinated Bonds or of JEA. Additional or other terms and provisions relating to the termination or resignation of a Securities Depository may be provided in the Supplemental Subordinated Resolution authorizing a Book Entry Subordinated Bond.

4. Upon the termination of the services of a Securities Depository with respect to a Book Entry Subordinated Bond pursuant to clause (ii) of paragraph 3 of this Section 3.09, such Subordinated Bond shall no longer be restricted to being registered in the registration books kept by the Subordinated Bond Registrar therefor in the name of a Securities Depository. Upon the termination of the services of a Securities Depository with respect to a Book Entry Subordinated Bond pursuant to clause (i) of paragraph 3 of this Section 3.09, JEA may within 90 days thereafter appoint a substitute securities depository which, in the opinion of JEA, is willing and able to undertake the functions of Securities Depository under the Subordinated Resolution upon reasonable and customary terms. If no such successor can be found within such period, such Book Entry Subordinated Bond shall no longer be restricted to being registered in the registration books kept by such Subordinated Bond Registrar in the name of a Securities Depository. In the event that a Book Entry Subordinated Bond shall no longer be restricted to being registered in the registration books kept by such Subordinated Bond Registrar in the name of a Securities Depository, (a) JEA shall execute and such Subordinated Bond Registrar shall authenticate and deliver, upon presentation and surrender of the Book Entry Subordinated Bond, Subordinated Bond certificates as requested by the Securities Depository so terminated of like Series, principal amount, maturity, interest rate and redemption provisions, in authorized denominations, to the identifiable beneficial owners in replacement of such beneficial owners' beneficial ownership interests in such Book Entry Subordinated Bond and (b) JEA shall notify such Subordinated Bond Registrar and the Paying Agent(s) therefor that such Subordinated Bond is no longer restricted to being registered in the registration books kept by such Subordinated Bond Registrar in the name of a Securities Depository.

5. Anything in the Subordinated Resolution to the contrary notwithstanding, payment of the Redemption Price of a Book Entry Subordinated Bond, or portion thereof, called for redemption prior to maturity may be paid to the Securities Depository by check or draft mailed to the Securities Depository or by wire transfer. Anything in the Subordinated Resolution to the contrary notwithstanding, such Redemption Price may be paid without presentation and surrender to a Paying Agent of the Book Entry Subordinated Bond, or portion thereof, called for redemption; *provided, however*, that payment of (a) the principal payable at maturity of a Book Entry Subordinated Bond and (b) the Redemption Price of a Book Entry Subordinated Bond as to which the entire principal amount thereof has been called for redemption shall be payable only upon presentation and surrender of such Book Entry Subordinated Bond to a Paying Agent; and *provided, further*, that no such Redemption Price shall be so payable without presentation and surrender unless the Securities Depository therefor shall have procedures in effect that provide for the reduction, on its records, of the aggregate amount of securities (and related positions therein) held by it upon such payment without presentation and surrender. Anything in the Subordinated Resolution to the contrary notwithstanding, upon any such payment to the Securities Depository without presentation and surrender, for all purposes of (i) the Book Entry

Subordinated Bond as to which such payment has been made and (ii) the Subordinated Resolution, the unpaid principal amount of such Book Entry Subordinated Bond Outstanding shall be reduced automatically by the principal amount so paid. In such event, such Paying Agent shall notify forthwith the Subordinated Bond Registrar therefor as to the particular Book Entry Subordinated Bond as to which such payment has been made, and the principal amount of such Subordinated Bond so paid, and such Subordinated Bond Registrar shall note such payment on the registration books of JEA maintained by it, but failure to make any such notation shall not affect the automatic reduction of the principal amount of such Book Entry Subordinated Bond Outstanding as provided in this paragraph.

6. For all purposes of the Subordinated Resolution authorizing or permitting the purchase of Subordinated Bonds, or portions thereof, by, or for the account of, JEA for cancellation, and anything in the Subordinated Resolution to the contrary notwithstanding, a portion of a Book Entry Subordinated Bond may be deemed to have been purchased and cancelled without surrender thereof upon delivery to the Subordinated Bond Registrar therefor of a certificate executed by JEA and a participant of the Securities Depository therefor to the effect that a beneficial ownership interest in such Subordinated Bond, in the principal amount stated therein, has been purchased by, or for the account of, JEA through the participant of the Securities Depository executing such certificate; *provided, however*, that any purchase for cancellation of the entire principal amount of a Book Entry Subordinated Bond shall be effective for purposes of the Subordinated Resolution only upon surrender of such Book Entry Subordinated Bond to such Subordinated Bond Registrar; and *provided, further*, that no portion of a Book Entry Subordinated Bond may be deemed to have been so purchased and cancelled without surrender thereof unless the condition set forth in the second proviso to the second sentence of paragraph 5 of this Section 3.09 shall have been satisfied. Anything in the Subordinated Resolution to the contrary notwithstanding, upon delivery of any such certificate to such Subordinated Bond Registrar, for all purposes of (i) the Book Entry Subordinated Bond to which such certificate relates and (ii) the Subordinated Resolution, the unpaid principal amount of such Book Entry Subordinated Bond Outstanding shall be reduced automatically by the principal amount so purchased. In such event, such Subordinated Bond Registrar shall note such reduction on the registration books of JEA maintained by it, but failure to make any such notation shall not affect the automatic reduction of the principal amount of such Book Entry Subordinated Bond Outstanding as provided in this paragraph.

7. Anything in the Subordinated Resolution to the contrary notwithstanding, a Securities Depository may make a notation on a Book Entry Subordinated Bond (i) redeemed in part or (ii) purchased by, or for the account of, JEA in part for cancellation, to reflect, for informational purposes only, the date of such redemption or purchase and the principal amount thereof redeemed or deemed cancelled, but failure to make any such notation shall not affect the automatic reduction of the principal amount of such Book Entry Subordinated Bond Outstanding as provided in paragraph 5 or 6 of this Section 3.09, as the case may be.

ARTICLE IV

REDEMPTION OF SUBORDINATED BONDS

SECTION 4.01. Privilege of Redemption and Redemption Price.

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

SECTION 4.02. Redemption of Subordinated Bonds.

In the case of any redemption of Subordinated Bonds, JEA shall give written notice to the Subordinated Bond Registrar(s) and the Paying Agent(s) therefor of the redemption date, of the Series, and of the principal amounts of the Subordinated Bonds of each maturity of such Series and of the Subordinated Bonds of each interest rate within a maturity to be redeemed (which Series, maturities, interest rates within a maturity and principal amounts thereof to be redeemed shall be determined by JEA in its sole discretion, subject to any limitations with respect thereto contained in the Subordinated Resolution or any Supplemental Subordinated Resolution authorizing the Series of which such Subordinated Bonds are a part). Such notice shall be filed with such Subordinated Bond Registrar(s) and Paying Agent(s) for the Subordinated Bonds to be redeemed at least 33 days prior to the redemption date (or such shorter period (a) as may be specified in the Supplemental Subordinated Resolution authorizing the Series of Subordinated Bonds to be redeemed or (b) as shall be acceptable to such Subordinated Bond Registrar(s) and Paying Agent(s)). In the event notice of redemption shall have been given as in Section 4.04 provided, and unless such notice shall have been revoked or shall cease to be in effect in accordance with the terms thereof, there shall be paid on or prior to the redemption date to the appropriate Paying Agent(s) an amount in cash which, in addition to other moneys, if any, available therefor held by such Paying Agent(s), will be sufficient to redeem on the redemption date at the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, all of the Subordinated Bonds to be redeemed.

SECTION 4.03. Selection of Subordinated Bonds to be Redeemed.

If less than all of the Subordinated Bonds of like maturity or interest rate within a maturity of any Series shall be called for prior redemption, the particular Subordinated Bonds or portions of Subordinated Bonds to be redeemed shall be selected in such manner as JEA in its discretion may deem fair and appropriate; *provided, however*, that the portion of any Subordinated Bond of a denomination of more than the minimum authorized denomination for the Subordinated Bonds of the Series to be redeemed shall be in the principal amount of such minimum authorized denomination or a multiple thereof, and that, in selecting portions of such Subordinated Bonds for redemption, each such Subordinated Bond shall be treated as representing that number of Subordinated Bonds of such minimum authorized denomination which is obtained by dividing the principal amount of such Subordinated Bond to be redeemed in part by such minimum authorized denomination.

SECTION 4.04. Notice of Redemption.

When any Subordinated Bonds shall become subject to redemption, JEA shall give notice, or provide for the giving of notice, of the

redemption of such Subordinated Bonds, which notice shall specify the Series, maturities and interest rates within maturities, if any, of the Subordinated Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Subordinated Bonds of any like Series, maturity and interest rate are to be redeemed, the letters and numbers or other distinguishing marks of such Subordinated Bonds so to be redeemed, and, in the case of Subordinated Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date, if there shall be sufficient moneys available therefor, then there shall become due and payable upon each Subordinated Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Subordinated Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be mailed by first class mail, postage prepaid, by or on behalf of JEA, not less than 30 days before the redemption date, to the Holders of any Subordinated Bonds or portions of Subordinated Bonds which are to be redeemed, at their last addresses appearing upon the registry books; *provided, however*, that if any Subordinated Bond to be redeemed shall be a Bearer Commercial Paper Note, such notice shall also be published in a financial journal published in the Borough of Manhattan, City and State of New York. Failure of the Holder of any Subordinated Bond which is to be redeemed to receive any such notice by mail shall not affect the validity of the proceedings for the redemption of Subordinated Bonds. Notwithstanding the foregoing, the Supplemental Subordinated Resolution authorizing a Series of Subordinated Bonds may specify a different method for the giving of a notice of redemption, or a different time by which such notice shall be given.

SECTION 4.05. Payment of Redeemed Subordinated Bonds. Notice having been given in the manner provided in Section 4.04 or in the manner provided in the Supplemental Subordinated Resolution authorizing the Subordinated Bonds of a Series, on the redemption date so designated, (a) unless such notice shall have been revoked or shall cease to be in effect in accordance with the terms thereof and (b) if there shall be sufficient moneys available therefor, then the Subordinated Bonds or portions thereof so called for redemption shall become due and payable on such redemption date at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, if presentation and surrender shall be required hereby, upon presentation and surrender thereof at the office specified in such notice, such Subordinated Bonds, or portions thereof, shall be paid at the Redemption Price, plus interest accrued and unpaid to the redemption date. If there shall be drawn for redemption less than all of a Subordinated Bond, if presentation and surrender are required hereby, upon surrender of such Subordinated Bond, there shall be executed by the appropriate officers of JEA, authenticated by the Subordinated Bond Registrar therefor or its agent, and delivered by a Paying Agent therefor to the Holder of such Subordinated Bond, without charge to such Holder, Subordinated Bonds of like Series, maturity, interest rate and redemption provisions in any of the authorized denominations for the unredeemed balance of the principal amount of the Subordinated Bond so surrendered. If, on the redemption date, moneys for the redemption of all the Subordinated Bonds or portions thereof of any like Series, maturity and interest rate to be redeemed, together with interest to the redemption date, shall be held by the Paying Agent(s) therefor so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date interest on the Subordinated Bonds or portions thereof of such Series, maturity and interest rate so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the redemption date, such

Subordinated Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

SECTION 4.06. Cancellation and Destruction of Subordinated Bonds.

Except as provided in Section 3.09, and except as may be otherwise provided with respect to Subordinated Bonds which are Option Subordinated Bonds in the Supplemental Subordinated Resolution providing for the issuance thereof, all Subordinated Bonds paid or redeemed, either at or before maturity, shall be delivered to the Subordinated Bond Registrar(s) therefor or their respective agents when such payment or redemption is made, and such Subordinated Bonds, together with all Subordinated Bonds purchased by JEA, shall thereupon be promptly cancelled (other than Book Entry Subordinated Bonds, to the extent provided in paragraph 6 of Section 3.09, that have been deemed to have been cancelled). Subordinated Bonds so cancelled may at any time be destroyed by such Subordinated Bond Registrar(s) or their respective agents, who shall execute a certificate of destruction in duplicate by the signature of one of its authorized officers describing the Subordinated Bonds so destroyed, and one executed certificate shall be filed with JEA and the other executed certificate shall be retained by such Subordinated Bond Registrar(s).

ARTICLE V

ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

SECTION 5.01. Payment and Security for the Subordinated Bonds.

1. There are hereby pledged for the payment of the principal or Redemption Price, if any, of, and interest on, the Subordinated Bonds in accordance with the terms and provisions of the Subordinated Resolution (i) the amounts on deposit in the Revenue Fund as may from time to time be available therefor, including the investments, if any, thereof and (ii) the amounts on deposit in the Funds established under the Subordinated Resolution, including the investments, if any, thereof, subject only to the provisions of the Electric System Resolution and the Subordinated Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Electric System Resolution and the Subordinated Resolution; *provided, however*, that such pledge (other than with respect to amounts on deposit in the Subordinated Bond Construction Fund) shall be junior and subordinate in all respects to the Electric System Bonds as to lien on and source and security for payment from the Revenues.

2. Such amounts on deposit in the Revenue Fund, and the amounts on deposit in the Funds established under the Subordinated Resolution hereby pledged shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against JEA, irrespective of whether such parties have notice thereof.

3. In accordance with the provisions of (a) prior to the effectiveness of the amendment and restatement of the Electric System Resolution as provided in the Amending Resolution, Section 15(N) of the Electric System Resolution and (b) from and after the effectiveness of such amendment and restatement of the Electric System Resolution, Section 15(K) of the Electric System Resolution, the Subordinated Bonds shall be, and shall be deemed

to be, obligations payable from and secured by a lien on the Net Revenues junior and subordinate to the lien thereon and pledge thereof in favor of the Electric System Bonds. In addition, from and after the effectiveness of such amendment and restatement of the Electric System Resolution, the Subordinated Bonds shall be and be deemed to be, and shall constitute, "Subordinated Bonds" within the meaning of such term contained in the Electric System Resolution, as so amended and restated.

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

SECTION 5.02. Establishment of Funds. 1. The following Funds, to be held by JEA, are hereby established:

- (1) Subordinated Bond Construction Fund;
- (2) Subordinated Bond Fund; and
- (3) Subordinated Bond Rate Stabilization Fund.

2. Nothing contained herein shall prevent JEA from creating such accounts or subaccounts within any Fund herein established as an Authorized Officer of JEA shall deem necessary or appropriate.

3. If and to the extent provided in a Supplemental Subordinated Resolution, JEA may establish one or more additional funds or accounts with respect to such Subordinated Bonds of one or more Series as shall be specified in such Supplemental Subordinated Resolution and, if and to the extent provided in any such Supplemental Subordinated Resolution, amounts on deposit in any such fund or account, including the investments, if any, thereof may be pledged for the payment of the principal or Redemption Price, if any, of, and interest on, any or all of such Subordinated Bonds. In such event, deposits to and withdrawals from any such fund or account shall be governed by the provisions of such Supplemental Subordinated Resolution; *provided, however*, that in the event that any such Supplemental Subordinated Resolution shall provide for the deposit of Revenues into any such fund or account, such deposit shall not be made in any month until after the deposits required pursuant to Section 5.04 hereof shall have been made for such month; and *provided, further*, that if the amount on deposit in the Revenue Fund shall not be sufficient to make all such deposits so required to be made with respect to all such funds and accounts in any month, then such amount on deposit in the Revenue Fund shall be applied ratably, in proportion to the amount necessary for deposit into each such fund and account.

4. Notwithstanding anything to the contrary contained herein, any reference to the "Subordinated Debt Service Account in the Subordinated Bond Fund" contained in any Supplemental Subordinated Resolution adopted prior to the date of adoption of this resolution

shall, from and after the effective date of this resolution, be deemed to refer to the Subordinated Bond Fund for all purposes of such Supplemental Subordinated Resolution and the Subordinated Resolution.

SECTION 5.03. Subordinated Bond Construction Fund. 1. There shall be paid into the Subordinated Bond Construction Fund the amounts required to be so paid by the provisions of any Supplemental Subordinated Resolution and there may be paid into the Subordinated Bond Construction Fund, at the option of JEA, any moneys received for or in connection with the Electric System by JEA from any other source, unless required to be otherwise applied as provided by the Subordinated Resolution or the Electric System Resolution.

2. Amounts on deposit in the Subordinated Bond Construction Fund shall be withdrawn, used and applied by JEA solely for the payment of the cost of additions, extensions and improvements to the Electric System and purposes incidental thereto or any other lawful purpose of JEA relating to the Electric System.

SECTION 5.04. Deposit of Revenues. As soon as practicable in each month following the application of Revenues as provided in (a) prior to the effectiveness of the amendment and restatement of the Electric System Resolution as provided in the Amending Resolution, Section 15(B)(1) – (4) of the Electric System Resolution and (b) from and after the effectiveness of such amendment and restatement of the Electric System Resolution, Section 13(B)(1) – (3) of the Electric System Resolution, but in any case not later than the last business day of such month, JEA shall pay out of the Revenue Fund to the extent permitted by the Electric System Resolution, and to the extent that the amount in the Revenue Fund is available therefor,

(i) for deposit into the Subordinated Bond Fund, an amount at least equal to the amount, if any, required so that the balance in said Fund shall equal the Accrued Aggregate Subordinated Debt Service as of the last day of the then current month; *provided, however,* that, (A) for the purposes of computing the amount to be deposited in said Fund, there shall be excluded from the balance in said Fund the amount, if any, set aside in said Fund from the proceeds of Electric System Debt Securities for the payment of interest on Subordinated Bonds less that amount of such proceeds to be applied in accordance with the Subordinated Resolution to the payment of interest accrued and unpaid and to accrue on Subordinated Bonds to the last day of the then current calendar month; and (B) any amount deposited into said Fund during any month that is in excess of the minimum amount required to be deposited therein during such month may, upon written determination of an Authorized Officer of JEA, be deemed to be accumulated therein with respect to (1) any Sinking Fund Installment or (2) any principal amount of Subordinated Bonds (including, in the case of any Option Subordinated Bond, the principal amount thereof tendered for payment prior to the stated maturity thereof) due (or so tendered for payment) on a certain future date for which no Sinking Fund Installments have been established or (3) some combination of (1) and (2), and interest thereon; and

(ii) for deposit into the Subordinated Bond Rate Stabilization Fund, the amount, if any, budgeted for deposit into such Fund for the then current month as set forth in the then current annual budget, or the amount otherwise determined by JEA to be deposited to such Fund for the month.

During any period in which the Subordinated Debt Service with respect to any Series of Subordinated Bonds containing Build America Bonds shall be calculated in the manner provided in the *proviso* of the first paragraph of the definition thereof contained in Section 1.01 hereof, no later than each interest payment date for such Build America Bonds then Outstanding, JEA shall withdraw from the Revenue Fund and transfer to the Subordinated Bond Fund an amount equal to the amount of the cash subsidy payment payable to JEA by the U.S. Treasury in respect of the interest payable on such Build America Bonds on such interest payment date, without regard to any reduction thereto made by the U.S. Treasury for the purpose of offsetting any amount due from the JEA to it. Any cash subsidy payment received by JEA from the U.S. Treasury in respect of the interest payable on any Build America Bonds shall be deposited by JEA upon the receipt thereof in the Revenue Fund, but no such payment shall constitute Revenues for any purpose of the Electric System Resolution or this Subordinated Resolution.

SECTION 5.05. Subordinated Bond Fund. 1. Except as may otherwise be provided in a Commercial Paper Payment Plan, a Medium-Term Note Payment Plan or the Supplemental Subordinated Resolution authorizing the Subordinated Bonds of a particular Series, JEA shall pay out of the Subordinated Bond Fund to the respective Paying Agent(s) therefor (i) on or before each interest payment date for any of the Subordinated Bonds, the amount required for the interest payable on such date; (ii) on or before each Principal Installment due date, the amount required for the Principal Installment payable on such due date; and (iii) on or before any redemption date for the Subordinated Bonds, the amount required for the payment of interest on the Subordinated Bonds then to be redeemed. Such amounts shall be applied by such Paying Agent(s) on and after the due dates thereof. JEA shall also pay out of the Subordinated Bond Fund the accrued interest included in the purchase price of Subordinated Bonds purchased for retirement.

2. Whenever the moneys on deposit in the Subordinated Bond Fund shall exceed the amount required to be on deposit therein, as determined in accordance with the provisions of clause (i) of Section 5.04 hereof, such excess may be applied by JEA to any lawful purpose of JEA relating to the Electric System.

3. Amounts accumulated in the Subordinated Bond Fund with respect to any Sinking Fund Installment (together with amounts accumulated therein with respect to interest on the Subordinated Bonds for which such Sinking Fund Installment was established) may be applied by JEA, on or prior to the 40th day preceding the due date of such Sinking Fund Installment, to (i) the purchase of Subordinated Bonds of the Series, maturity and interest rate within each maturity for which such Sinking Fund Installment was established, or (ii) the redemption at the applicable sinking fund Redemption Price of such Subordinated Bonds, if then redeemable by their terms. All purchases of any Subordinated Bonds pursuant to this paragraph 3 shall be made at prices not exceeding the applicable sinking fund Redemption Price of such Subordinated Bonds plus accrued interest, and such purchases shall be made in such manner as JEA shall determine. The applicable sinking fund Redemption Price (or principal amount of maturing Subordinated Bonds) of any Subordinated Bonds so purchased or redeemed shall be deemed to constitute part of the Subordinated Bond Fund until such Sinking Fund Installment date, for the purpose of calculating the amount of such Fund. As soon as practicable after the 40th day preceding the due date of any such Sinking Fund Installment, JEA shall proceed to call

for redemption, by giving notice as provided in Section 4.04 or the Supplemental Subordinated Resolution authorizing the Subordinated Bonds of the Series, maturity and interest rate within each maturity for which such Sinking Fund Installment was established, on such due date such Subordinated Bonds (except in the case of Subordinated Bonds maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment after making allowance for any Subordinated Bonds purchased or redeemed from any lawfully available moneys which JEA has determined to apply as a credit against such Sinking Fund Installment as provided in Section 5.08. JEA shall pay out of the Subordinated Bond Fund to the appropriate Paying Agent(s), on or before such redemption date (or maturity date), the amount required for the redemption of the Subordinated Bonds so called for redemption (or for the payment of such Subordinated Bonds then maturing), and such amount shall be applied by such Paying Agent(s) to such redemption (or payment). All expenses in connection with the purchase or redemption of Subordinated Bonds shall be paid by JEA from any lawfully available moneys.

4. Amounts accumulated in the Subordinated Bond Fund with respect to any principal amount of Subordinated Bonds (including, in the case of any Option Subordinated Bond, the principal amount thereof tendered for payment prior to the stated maturity thereof) due (or so tendered for payment) on a certain future date for which no Sinking Fund Installments have been established (together with amounts accumulated therein with respect to interest on such Subordinated Bonds) may be applied by JEA, on or prior to the due date thereof, to (i) the purchase of such Subordinated Bonds or (ii) the redemption at the principal amount of such Subordinated Bonds, if then redeemable by their terms. All purchases of any Subordinated Bonds pursuant to this paragraph 4 shall be made at prices not exceeding the principal amount of such Subordinated Bonds plus accrued interest, and such purchases shall be made in such manner as JEA shall determine. The principal amount of any Subordinated Bonds so purchased or redeemed shall be deemed to constitute part of the Subordinated Bond Fund until such due date, for the purpose of calculating the amount of such Fund. All expenses in connection with the purchase or redemption of Subordinated Bonds shall be paid by JEA from any lawfully available moneys.

5. The amount, if any, deposited in the Subordinated Bond Fund from the proceeds of each Series of Subordinated Bonds shall be set aside in such Fund and applied to the payment of interest on Subordinated Bonds in accordance with certificates of Authorized Officers of JEA filed with the records of JEA pursuant to paragraph (4) of Section 2.02 or, in the event that JEA shall modify or amend any such certificate by a subsequent certificate signed by an Authorized Officer of JEA and filed with the records of JEA, then in accordance with the most recent such certificates or amended certificates.

6. In the event of the refunding or defeasance of any Subordinated Bonds, JEA may withdraw from the Subordinated Bond Fund all or any portion of the amounts accumulated therein and deposit such amounts with the Escrow Agent for the Subordinated Bonds being refunded or defeased to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Subordinated Bonds being refunded or defeased; *provided, however*, that such withdrawal shall not be made unless (a) immediately thereafter the Subordinated Bonds being refunded or defeased shall be deemed to have been paid pursuant to paragraph 2 of Section 9.01, and (b) the amount remaining in the Subordinated Bond Fund, after giving effect to the issuance of the Electric System Debt Securities being issued to effect such

refunding and the disposition of the proceeds thereof, shall not be less than the requirement of such Fund pursuant to clause (i) of Section 5.04. In the event of such refunding or defeasance, JEA may also withdraw from the Subordinated Bond Fund all or any portion of the amounts accumulated therein and (i) deposit such amounts in any fund or account under the Electric System Resolution or the Subordinated Resolution or (ii) apply such amounts to any lawful purpose of JEA relating to the Electric System; *provided, however*, that such withdrawal shall not be made unless items (a) and (b) referred to hereinabove have been satisfied.

7. Notwithstanding anything to the contrary contained herein, whenever the amounts available therefor under the Electric System Resolution shall not be sufficient to pay the principal or redemption price of, or interest on, the Electric System Bonds then due, and such deficiency shall not have been cured by the transfer from the Subordinated Bond Rate Stabilization Fund required pursuant to paragraph 3 of Section 5.06 hereof, JEA shall withdraw from the Subordinated Bond Fund an amount equal to the remaining amount of such deficiency (or the entire amount on deposit therein, if less than the remaining amount of such deficiency), and shall deposit such amount in the Sinking Fund or, if applicable, the Bond Amortization Fund established under the Electric System Resolution, as appropriate.

SECTION 5.06. Subordinated Bond Rate Stabilization Fund. 1. Each month JEA shall transfer from the Subordinated Bond Rate Stabilization Fund to the Subordinated Bond Fund the amount budgeted for transfer into such Fund for the then current month as set forth in the then current annual budget, or the amount otherwise determined by JEA to be deposited into such Fund for the month. JEA may also from time to time withdraw amounts currently on deposit in the Subordinated Bond Rate Stabilization Fund and (i) transfer such amounts to any other Fund or account established under the Subordinated Resolution or any fund or account established under the Electric System Resolution, (ii) use such amounts to purchase or redeem Subordinated Bonds or Electric System Bonds, (iii) use such amounts to otherwise provide for the payment of Subordinated Bonds or Electric System Bonds or (iv) use such amounts for any lawful purpose of JEA relating to the Electric System. If JEA determines that amounts on deposit in the Subordinated Bond Rate Stabilization Fund are to be used to pay the principal or redemption price of, or interest on, or to otherwise provide for the payment of, Electric System Debt Securities, JEA may designate the particular Electric System Debt Securities for which such amounts are to be so used, and such amounts shall, subject only to the other provisions of this Subordinated Resolution permitting or requiring the application thereof, be used for such purpose.

2. At any time and from time to time JEA may transfer for deposit in the Subordinated Bond Rate Stabilization Fund from any source such amounts as JEA deems necessary or desirable; such amounts shall be applied for purposes of the Subordinated Bond Rate Stabilization Fund in accordance with paragraph 1 of this Section 5.06.

3. Notwithstanding anything to the contrary contained herein, whenever the amounts available therefor under the Electric System Resolution shall not be sufficient to pay the principal or redemption price of, or interest on, the Electric System Bonds then due, JEA shall withdraw from the Subordinated Bond Rate Stabilization Fund an amount equal to the amount of such deficiency (or the entire amount on deposit therein, if less than the amount of such deficiency), and shall deposit such amount in the Sinking Fund or, if applicable, the Bond Amortization Fund established under the Electric System Resolution, as appropriate.

SECTION 5.07. Investment of Funds. Moneys on deposit in the Subordinated Bond Fund, the Subordinated Bond Rate Stabilization Fund and the Subordinated Bond Construction Fund may be invested and reinvested in Investment Securities, provided such investments either mature or are redeemable at not less than par at the option of JEA not later than the dates on which such moneys will be needed for the purposes of such Funds, but in no event shall any such investment mature later than 30 years from the date of its purchase. All income on such investments shall be transferred to the Revenue Fund established under the Electric System Resolution; *provided, however*, that income on the investments held in the Subordinated Bond Construction Fund shall be retained therein; and *provided, further*, that if JEA determines that income on the investments held in any particular Fund created hereby shall either be retained therein or transferred to some other fund or account created hereby or by the Electric System Resolution, then such income shall be so applied.

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

SECTION 5.08. Credits Against Sinking Fund Installments. If at any time Subordinated Bonds of any Series, maturity and interest rate within a maturity for which Sinking Fund Installments shall have been established are (i) purchased or redeemed other than pursuant to the provisions of paragraph 3 of Section 5.05 or (ii) deemed to have been paid pursuant to paragraph 2 of Section 9.01 and, with respect to such Subordinated Bonds which have been deemed paid, irrevocable instructions have been given to the Escrow Agent therefor to redeem or purchase the same on or prior to the due date of the Sinking Fund Installment to be credited under this Section 5.08, JEA may from time to time and at any time determine the portions, if any, of such Subordinated Bonds so purchased, redeemed or deemed to have been paid and not previously applied as a credit against any Sinking Fund Installment which are to be credited against future Sinking Fund Installments. Such determination shall include the amounts of such

Subordinated Bonds to be applied as a credit against such Sinking Fund Installment or Installments and the particular Sinking Fund Installment or Installments against which such Subordinated Bonds are to be applied as a credit; *provided, however*, that none of such Subordinated Bonds may be applied as a credit against a Sinking Fund Installment to become due less than 40 days after such determination is made. Except as provided in Section 3.09 with respect to Book Entry Subordinated Bonds, all such Subordinated Bonds to be applied as a credit shall be surrendered to the Subordinated Bond Registrar(s) therefor for cancellation on or prior to the due date of the Sinking Fund Installment against which they are being applied as a credit. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

SECTION 5.09. Purchases of Subordinated Bonds. Any purchase of Subordinated Bonds (or portions thereof) by or at the direction of JEA pursuant to the Subordinated Resolution may be made with or without tenders of Subordinated Bonds and at either public or private sale, in such manner as JEA may determine.

ARTICLE VI

PARTICULAR COVENANTS OF JEA

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

SECTION 6.01. Payment of Subordinated Bonds. JEA will duly and punctually pay or cause to be paid, but solely from the funds of JEA legally available therefor, the principal and Redemption Price of and interest on each of the Subordinated Bonds at the place, at the time and in the manner provided therein according to the true intent and meaning thereof. For the purpose of providing for the payment of the principal and Redemption Price of and interest on Outstanding Subordinated Bonds on the date that the same shall become due and payable, JEA, on or prior to such date, will deposit in the Subordinated Bond Fund an amount which, together with other amounts available therefor, will be sufficient and available to make such payment on such date.

SECTION 6.02. Extension of Payment of Subordinated Bonds. JEA shall not directly or indirectly extend or assent to the extension of the maturity of any of the Subordinated Bonds or the time of payment of any claims for interest by the purchase or funding of such Subordinated Bonds or claims for interest or by any other arrangement and in case the maturity of any of the Subordinated Bonds or the time for payment of claims for interest shall be extended, such Subordinated Bonds or claims for interest shall not be entitled, in case of any default under the Subordinated Resolution, to the benefit of the Subordinated Resolution or to any payment out of the Subordinated Bond Fund or the moneys (except moneys held in trust for the payment of particular Subordinated Bonds or claims for interest pursuant to the Subordinated Resolution) held by JEA or the Fiduciaries, except subject to the prior payment of the principal of all Subordinated Bonds Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Subordinated Bonds as shall not be represented by such

extended claims for interest. Nothing herein shall be deemed to limit the right of JEA to issue Option Subordinated Bonds, or to issue Refunding Subordinated Bonds, Commercial Paper Notes or other Electric System Debt Securities to refund Subordinated Bonds, and neither such issuance nor the exercise by the Holder of any Option Subordinated Bond of any of the rights appertaining to such Option Subordinated Bond shall be deemed to constitute an extension of maturity of Subordinated Bonds.

SECTION 6.03. Offices for Servicing Subordinated Bonds. Except as may be otherwise provided in any Supplemental Subordinated Resolution with respect to any Series, JEA shall at all times maintain one or more agencies where Subordinated Bonds may be presented for payment and shall at all times maintain one or more agencies where Subordinated Bonds may be presented for registration, transfer or exchange, and where notices, demands and other documents may be served upon JEA in respect of the Subordinated Bonds or of the Subordinated Resolution. JEA hereby appoints each Subordinated Bond Registrar to maintain an agency for the registration, transfer or exchange of Subordinated Bonds, and for the service upon JEA of such notices, demands and other documents and the Subordinated Bond Registrars shall continuously maintain or make arrangements to provide such services. JEA hereby appoints each Paying Agent as its agent to maintain such agency for the payment or redemption of Subordinated Bonds in the respective city in which such Paying Agent shall be located.

SECTION 6.04. Further Assurance. At any and all times JEA shall, as far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging and confirming all and singular the rights, moneys, securities and funds hereby pledged, or intended so to be, or which JEA may become bound to pledge or assign.

SECTION 6.05. Power to Issue Subordinated Bonds and Pledge Funds. JEA is duly authorized under all applicable laws to create and issue the Subordinated Bonds, to adopt the Subordinated Resolution and to pledge the moneys, securities and funds purported to be pledged hereunder in the manner and to the extent provided herein. Except to the extent otherwise provided herein, the moneys, securities and funds so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created hereby, except for the pledge and lien securing the Electric System Bonds, and all corporate or other action on the part of JEA to that end has been and will be duly and validly taken. The Subordinated Bonds and the provisions of the Subordinated Resolution are and will be the valid and legally enforceable obligations of JEA in accordance with their respective terms. JEA shall at all times, to the extent permitted by law and subject to the pledge created by the Electric System Resolution as security for the Electric System Bonds, defend, preserve and protect the pledge of the moneys, securities and funds pledged hereby and all the rights of the Holders hereunder, against all claims and demands of all persons whomsoever.

SECTION 6.06. Rate Covenant. JEA covenants to fix, establish, revise from time to time whenever necessary, maintain and collect always such fees, rates, rentals and other charges for the use or the sale of the products, services and facilities of the Electric System which will always provide Adjusted Net Revenues in each Fiscal Year sufficient to pay the greater of (X) the sum of (i) 115% of the Debt Service Requirement on the Outstanding Electric

System Bonds in such Fiscal Year and (ii) 115% of the Aggregate Subordinated Debt Service on the Outstanding Subordinated Bonds in such Fiscal Year or (Y) without duplication, (i) 100% of the Debt Service Requirement on the Outstanding Electric System Bonds in such Fiscal Year, and any additional amount required to make all reserve or other payments required to be made in such Fiscal Year by the Electric System Resolution and (ii) 100% of Aggregate Subordinated Debt Service on the Outstanding Subordinated Bonds in such Fiscal Year, and any additional amount required to make all other payments required to be made in such Fiscal Year by the Subordinated Resolution, *provided, however*, that for purposes of this paragraph there shall be excluded from the calculation of Aggregate Subordinated Debt Service all Refundable Principal Installments. For purposes of this paragraph, Adjusted Net Revenues shall not include any amounts attributable to proceeds from the sale of assets of the Electric System or any proceeds of insurance (other than business interruption insurance). Such rates, fees, rentals or other charges shall not be reduced so as to be insufficient to provide adequate Adjusted Net Revenues for such purposes.

SECTION 6.07. Books and Records. JEA shall keep books and records of the Revenues of the Electric System and the Holders of the Subordinated Bonds shall have the right at all reasonable times to inspect all records, accounts and data of JEA relating thereto.

SECTION 6.08. Annual Audit. JEA shall, at least once a year, within 120 days after the close of its Fiscal Year, cause the books, records and accounts relating to the Electric System to be audited by a nationally recognized independent firm of certified public accountants and shall make generally available the report of such accountants to any Holder or Holders of Subordinated Bonds. Such audits shall contain a complete report of the operation of the Electric System, and a certificate by such accountants setting forth any default on the part of JEA of any covenant herein or in the Electric System Resolution. A copy of such annual audit shall regularly be furnished to the Holder or Holders of any Subordinated Bonds who shall have requested in writing that a copy of such reports be furnished to it or them.

SECTION 6.09. Sale or Mortgage of the Electric System. JEA will not sell all or substantially all of the physical properties of the Electric System, nor will it create or cause to be created any mortgage or other lien on such properties to secure the repayment of borrowed money or the payment of the deferred purchase price of property. For purposes of this Section 6.09, “substantially all of the physical properties of the Electric System” shall be deemed to mean physical properties of the Electric System having an aggregate depreciated cost of not less than 90% of the total depreciated cost of all of the physical properties of the Electric System at the time.

SECTION 6.10. No Free Service. JEA will not furnish or supply or cause to be furnished or supplied any use, output, capacity or service of the Electric System, free of charge to any person, firm or corporation, public or private, nor will any preferential rates be established for users of the same class. Whenever the City, including its departments, agencies and instrumentalities, shall avail itself of the product, facilities or services provided by the Electric System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged to the City and any such department, agency or instrumentality. Such charges shall be paid as they accrue, and the City shall transfer to JEA for deposit into the Revenue Fund sufficient sums to pay such charges. The revenues so received shall be deemed to be Revenues derived from the operation of the Electric

System, and shall be deposited and accounted for in the same manner as other Revenues derived from such operation of the Electric System.

SECTION 6.11. Corporate Reorganization. JEA shall have and hereby reserves the right to effect a reorganization of its corporate structure in any manner whatsoever permitted pursuant to the laws of the State of Florida; *provided, however*, that no such reorganization may be undertaken if the result thereof would adversely affect the security for the Subordinated Bonds provided in this Subordinated Resolution.

SECTION 6.12. Prior Lien Debt. JEA covenants that, except for additional Electric System Bonds issued in accordance with the terms of the Electric System Resolution and Contract Debts (as defined in the Electric System Resolution) incurred in accordance with the terms of the Electric System Resolution, it shall not hereafter issue or incur indebtedness which is payable from Revenues on a prior basis than payment of the Subordinated Bonds therefrom. It is understood that the foregoing covenants do not prohibit the issuance of indebtedness subordinate to the Subordinated Bonds as provided for in Section 6.13 of this Subordinated Resolution.

SECTION 6.13. Indebtedness Subordinate to Subordinated Bonds. JEA may, at any time or from time to time, issue bonds, notes or other evidences of indebtedness which are expressly made subordinate and junior in right of payment to the Subordinated Bonds, for any purpose of JEA in connection with the Electric System. Such subordinated indebtedness may be payable out of and may be secured by a pledge of such amounts in the Revenue Fund as may from time to time be available therefor, *provided, however*, that any such payment or pledge shall be, and shall be expressed to be, subordinate and junior in all respects to the pledge and lien created under the Subordinated Resolution as security for the Subordinated Bonds, and *provided, further*, that no such subordinated indebtedness may be issued unless permitted under the provisions of the Electric System Resolution.

SECTION 6.14. Payment from Revenues. 1. Until such time, if any, as the Electric System Resolution shall be discharged and no longer shall be in effect, JEA covenants that it will comply with the provisions thereof relating to the receipt, deposit and application of the Revenues.

2. In the event that the Electric System Resolution shall be discharged and no longer in effect, JEA covenants that it will make the deposits into the Subordinated Bond Fund and the Subordinated Bond Rate Stabilization Fund required to be made pursuant to Article V hereof from Revenues.

ARTICLE VII

REMEDIES ON DEFAULT

SECTION 7.01. Events of Default; Acceleration of Maturity. If one or more of the following Events of Default shall happen, that is to say:

- (i) if default shall be made in the due and punctual payment of the principal (including Sinking Fund Installments) or Redemption Price of any Subordinated Bond

when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise;

(ii) if default shall be made in the due and punctual payment of any installment of interest on any Subordinated Bond when and as such interest installment shall become due and payable and such default shall continue for a period of 30 days;

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

(iv) if an event of default shall have occurred pursuant to the provisions of the Electric System Resolution,

then, and in each and every such case, so long as such Event of Default shall not have been remedied, unless the principal of all the Subordinated Bonds shall have already become due and payable, the Holders of not less than 25% in principal amount of the Subordinated Bonds Outstanding (by notice in writing to JEA), may declare the principal of all the Subordinated Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything contained to the contrary in the Subordinated Resolution or in any of the Subordinated Bonds notwithstanding. The right of the Holders of not less than 25% in principal amount of the Subordinated Bonds to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before the Subordinated Bonds shall have matured by their terms, all overdue installments of interest upon the Subordinated Bonds, together with interest on such overdue installments of interest to the extent permitted by law and all other sums then payable by JEA under the Subordinated Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall either be paid by or for the account of JEA or provision shall be made for such payment, and all defaults under the Subordinated Bonds or under the Subordinated Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good or adequate provision shall be made therefor, then and in every such case the Holders of 25% in principal amount of the Subordinated Bonds Outstanding, by written notice to JEA, may rescind such declaration and annul such default in its entirety, but no such rescission or annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

SECTION 7.02. Accounting and Examination of Records After Default. 1.

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

2. JEA covenants that if an Event of Default shall happen and shall not have been remedied, JEA, upon request of the Holders of not less than 25% in principal amount of the Subordinated Bonds at the time Outstanding, will account, as if it were the trustee of an express

trust, for all moneys, securities and funds pledged or held under the Subordinated Resolution as security for the Subordinated Bonds for such period as shall be stated in such demand.

SECTION 7.03. Application of Moneys after Default. 1. During the continuance of an Event of Default, JEA shall apply all moneys, securities and funds held or received by JEA with respect to the Subordinated Bonds as follows and in the following order:

(a) to the extent required in the Electric System Resolution, to the payment of the principal of or redemption price of, and interest on, the Electric System Bonds; and

(b) to the payment of the interest and principal or Redemption Price then due on the Subordinated Bonds, as follows:

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

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

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

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

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

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

SECTION 7.04. Subordinated Bonds Held by JEA Not Entitled to Distribution. No Subordinated Bonds owned or held by, for the account of or for the benefit of JEA shall be deemed entitled to share in any payment or distribution provided in this Article VII, *provided, however*, that the Paying Agents shall be protected in making any such payment or distribution unless they shall have actual knowledge that the Subordinated Bonds in respect of which such payment or distribution is made are so owned or held.

SECTION 7.05. Remedies Not Exclusive. No remedy by the terms of the Subordinated Resolution conferred upon or reserved to the Holders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Subordinated Resolution or existing at law or in equity or by statute on or after the date of adoption of the Subordinated Resolution.

SECTION 7.06. Effect of Waiver and Other Circumstances. 1. No delay or omission of any Holder to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default or be an acquiescence therein; and every power and remedy given by this Article to the Holders may be exercised from time to time and as often as may be deemed expedient by the Holders.

2. Prior to the Subordinated Bonds becoming due and payable prior to maturity as provided in Section 7.01, the Holders of not less than a majority in principal amount of the Subordinated Bonds at the time Outstanding, or their attorneys-in-fact duly authorized, may on behalf of the Holders of all of the Subordinated Bonds waive any past default under the Subordinated Resolution and its consequences, except a default in the payment of interest on or principal of or premium, if any, on any of the Subordinated Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 7.07. Notice of Default. JEA shall promptly mail written notice of the occurrence of any Event of Default (i) to the registered Holders of Subordinated Bonds and (ii) to each Holder of any Bearer Commercial Paper Note who shall have filed with JEA within two years preceding such mailing an address for notices and, if Bearer Commercial Paper Notes shall be Outstanding, JEA shall also publish such notice once a week for at least two successive weeks in an Authorized Newspaper.

ARTICLE VIII

THE FIDUCIARIES

SECTION 8.01. Paying Agents. 1. JEA shall appoint one or more persons to perform the duties of a Paying Agent hereunder with respect to the Subordinated Bonds of each

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

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

3. Unless otherwise provided in the Supplemental Subordinated Resolution authorizing the Subordinated Bonds of a particular Series, the principal offices of the Paying Agents therefor are designated as the respective offices or agencies of JEA for the payment of the interest on and principal or Redemption Price of the Subordinated Bonds of such Series.

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

SECTION 8.02. Responsibilities of Fiduciaries. The recitals of fact herein and in the Subordinated Bonds contained shall be taken as the statements of JEA and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of the Subordinated Resolution or of any Subordinated Bonds issued thereunder or as to the security afforded by the Subordinated Resolution, and no Fiduciary shall incur any liability in respect thereof. Each Subordinated Bond Registrar shall, however, be responsible for its representation contained in its certificate of authentication on the Subordinated Bonds. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid by such Fiduciary in accordance with the provisions of the Subordinated Resolution to JEA or to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect thereof, or to advance any of its own moneys, unless properly indemnified. No Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence, misconduct or default.

SECTION 8.03. Evidence on Which Fiduciaries May Act. 1. Each Fiduciary, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provision of the Subordinated Resolution, shall examine such instrument to determine whether it conforms to the requirements of the Subordinated Resolution and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be counsel to JEA,

and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Subordinated Resolution in good faith and in accordance therewith.

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

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

SECTION 8.04. Certain Permitted Acts. Any Fiduciary may become the owner of any Subordinated Bonds, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depositary for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Holders or to effect or aid in any reorganization growing out of the enforcement of the Subordinated Bonds or the Subordinated Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Subordinated Bonds then Outstanding.

SECTION 8.05. Merger or Consolidation. Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided that such company shall be qualified to perform all the duties imposed upon it by the Subordinated Resolution and shall be authorized by law to perform all such duties, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. Defeasance. 1. If JEA shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Subordinated Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Subordinated Resolution, then the pledge of moneys and securities pledged under the Subordinated Resolution and all covenants, agreements and other obligations of JEA to the Holders, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Fiduciaries shall pay over or deliver to JEA all moneys or securities

held by them pursuant to the Subordinated Resolution which are not required for the payment of principal or Redemption Price, if applicable, of and interest on Subordinated Bonds.

If JEA shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of any Outstanding Subordinated Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Subordinated Resolution, such Subordinated Bonds shall cease to be entitled to any lien, benefit or security under the Subordinated Resolution, and all covenants, agreements and obligations of JEA to the Holders of such Subordinated Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

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

3. Subject to the provisions of paragraphs 4 through 8 of this Section 9.01, any Outstanding Subordinated Bonds shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in paragraph 1 of this Section 9.01 if (a) in case any of said Subordinated Bonds are to be redeemed on any date prior to their maturity, JEA shall have given to the Escrow Agent therefor instructions accepted in writing by such Escrow Agent to give as provided in Article IV notice of redemption of such Subordinated Bonds (other than Subordinated Bonds which have been purchased or otherwise acquired by JEA as hereinafter provided prior to the giving of such notice of redemption) on said date, (b) there shall have been deposited with the Escrow Agent therefor either moneys (including moneys withdrawn and deposited pursuant to paragraph 6 of Section 5.05) in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with such Escrow Agent at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Subordinated Bonds on or prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said Subordinated Bonds are not to be redeemed or paid at maturity within the next succeeding 60 days, JEA shall have given such Escrow Agent in form satisfactory to it instructions to give, as soon as practicable, by first-class mail, postage prepaid, to the Holders of such Subordinated Bonds at their last addresses appearing on the books of JEA kept at the office of the Subordinated Bond Registrar(s) therefor a notice that the deposit required by clause (b) above has been made with such Escrow Agent and that said Subordinated Bonds are deemed to have been paid in accordance with this Section 9.01 and stating such maturity or redemption date upon which moneys are expected, subject to the provisions of paragraph 8 of this Section 9.01, to be available for the payment of the principal or Redemption Price, if applicable, on said Subordinated Bonds (other than Subordinated Bonds which have been purchased or otherwise

acquired by JEA and delivered to such Escrow Agent as hereinafter provided prior to the giving of the notice of redemption referred to in clause (a) hereof). Any notice given pursuant to the preceding sentence with respect to Subordinated Bonds which constitute less than all of the Outstanding Subordinated Bonds of any maturity within a Series shall specify the letter and number or other distinguishing mark of each such Subordinated Bond. The Escrow Agent shall, as and to the extent necessary, apply moneys held by it pursuant to this Section 9.01 to the retirement of said Subordinated Bonds in amounts equal to the unsatisfied balances (determined as provided in Section 5.08) of any Sinking Fund Installments with respect to such Subordinated Bonds, all in the manner provided in the Subordinated Resolution. The Escrow Agent shall, if so directed by JEA (i) prior to the maturity date of Subordinated Bonds deemed to have been paid in accordance with this Section 9.01 which are not to be redeemed prior to their maturity date or (ii) prior to the giving of the notice of redemption referred to in clause (a) above with respect to any Subordinated Bonds deemed to have been paid in accordance with this Section 9.01 which are to be redeemed on any date prior to their maturity, apply moneys deposited with it in respect of such Subordinated Bonds and redeem or sell Defeasance Securities so deposited with the Escrow Agent and apply the proceeds thereof to the purchase of such Subordinated Bonds and, except as provided in Section 3.09 with respect to Book Entry Subordinated Bonds, the Escrow Agent shall immediately thereafter surrender all such Subordinated Bonds so purchased to the Subordinated Bond Registrar(s) therefor for cancellation; *provided, however*, that the moneys and Defeasance Securities remaining on deposit with the Escrow Agent after the purchase and cancellation of such Subordinated Bonds (or, in the case of a purchase of a portion of Book Entry Subordinated Bonds, the deemed cancellation thereof in accordance with paragraph 6 of Section 3.09) shall be sufficient to pay when due the Principal Installments or Redemption Price, if applicable, and interest due or to become due on all Subordinated Bonds, in respect of which such moneys and Defeasance Securities are being held by the Escrow Agent on or prior to the redemption date or maturity date thereof, as the case may be. If, at any time (i) prior to the maturity date of Subordinated Bonds deemed to have been paid in accordance with this Section 9.01 which are not to be redeemed prior to their maturity date or (ii) prior to the giving of the notice of redemption referred to in clause (a) with respect to any Subordinated Bonds deemed to have been paid in accordance with this Section 9.01 which are to be redeemed on any date prior to their maturity, JEA shall purchase or otherwise acquire any such Subordinated Bonds and, except as provided in Section 3.09 with respect to Book Entry Subordinated Bonds, deliver such Subordinated Bonds to the Escrow Agent prior to their maturity date or redemption date, as the case may be, the Escrow Agent shall immediately surrender all such Subordinated Bonds so delivered to the Subordinated Bond Registrar(s) therefor for cancellation; such delivery of Subordinated Bonds to the Escrow Agent (or, in the case of a purchase of Book Entry Subordinated Bonds, the deemed cancellation thereof in accordance with paragraph 6 of Section 3.09) shall be accompanied by directions from JEA to the Escrow Agent as to the manner in which such Subordinated Bonds are to be applied against the obligation of the Escrow Agent to pay or redeem Subordinated Bonds deemed paid in accordance with this Section 9.01. The directions given by JEA to the Escrow Agent referred to in the preceding sentences shall also specify the portion, if any, of such Subordinated Bonds so purchased or delivered and cancelled or deemed cancelled to be applied against the obligation of the Escrow Agent to pay Subordinated Bonds deemed paid in accordance with this Section 9.01 upon their maturity date or dates and the portion, if any, of such Subordinated Bonds so purchased or delivered and cancelled or deemed cancelled to be applied against the obligation of the Escrow Agent to redeem Subordinated Bonds deemed paid in accordance with this Section 9.01 on any date or dates prior to their maturity. In the event that on any date as a result of any purchases,

acquisitions and cancellations or deemed cancellations of Subordinated Bonds as provided in this Section 9.01 the total amount of moneys and Defeasance Securities remaining on deposit with the Escrow Agent under this Section 9.01 is in excess of the total amount which would have been required to be deposited with the Escrow Agent on such date in respect of the remaining Subordinated Bonds in order to satisfy clause (b) of this paragraph 3 of Section 9.01, the Escrow Agent shall, if requested by JEA, pay the amount of such excess to JEA free and clear of any trust, lien or pledge securing said Subordinated Bonds or otherwise existing under the Subordinated Resolution. Except as otherwise provided in this paragraph 3 of Section 9.01 and in paragraphs 4 through 8 of this Section 9.01, neither Defeasance Securities nor moneys deposited with the Escrow Agent pursuant to this Section 9.01 nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Subordinated Bonds; *provided, however*, that any cash received from such principal or interest payments on such Defeasance Securities deposited with the Escrow Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to JEA as received by the Escrow Agent, free and clear of any trust, lien or pledge securing said Subordinated Bonds or otherwise existing under the Subordinated Resolution, and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Subordinated Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to JEA as received by the Escrow Agent, free and clear of any trust, lien or pledge securing said Subordinated Bonds or otherwise existing under the Subordinated Resolution.

4. For purposes of determining whether Variable Rate Subordinated Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Defeasance Securities and moneys, if any, in accordance with the first sentence of paragraph 3 of Section 9.01, the interest to come due on such Variable Rate Subordinated Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the maximum rate permitted by the terms thereof; *provided, however*, that if on any date, as a result of such Variable Rate Subordinated Bonds having borne interest at less than such maximum rate for any period, the total amount of moneys and Defeasance Securities on deposit with the Escrow Agent for the payment of interest on such Variable Rate Subordinated Bonds is in excess of the total amount which would have been required to be deposited with the Escrow Agent on such date in respect of such Variable Rate Subordinated Bonds in order to satisfy the first sentence of paragraph 3 of Section 9.01, the Escrow Agent shall, if requested by JEA, pay the amount of such excess to JEA free and clear of any trust, lien or pledge securing the Subordinated Bonds or otherwise existing under the Subordinated Resolution.

5. Option Subordinated Bonds shall be deemed to have been paid in accordance with the first sentence of paragraph 3 of this Section 9.01 only if, in addition to satisfying the requirements of clauses (a) and (c) of such sentence, there shall have been deposited with the Escrow Agent moneys (including moneys withdrawn and deposited pursuant to paragraph 6 of Section 5.05) in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Subordinated Bonds which could become payable to the Holders of such Subordinated Bonds upon the exercise of any options provided to the

Holders of such Subordinated Bonds; *provided, however*, that if, at the time a deposit is made with the Escrow Agent pursuant to paragraph 3 of this Section, the options originally exercisable by the Holder of an Option Subordinated Bond are no longer exercisable, such Subordinated Bond shall not be considered an Option Subordinated Bond for purposes of this paragraph 5. If any portion of the moneys deposited with the Escrow Agent for the payment of the principal of and premium, if any, and interest on Option Subordinated Bonds is not required for such purpose the Escrow Agent shall, if requested by JEA, pay the amount of such excess to JEA free and clear of any trust, lien or pledge securing said Subordinated Bonds or otherwise existing under the Subordinated Resolution.

6. Defeasance Securities described in clause (vii) of the definition thereof may be included in the Defeasance Securities deposited with the Escrow Agent in order to satisfy the requirements of clause (b) of paragraph 3 of this Section 9.01 only if the determination as to whether the moneys and Defeasance Securities to be deposited with the Escrow Agent in order to satisfy the requirements of such clause (b) would be sufficient to pay when due either on the maturity date thereof or, in the case of any Subordinated Bonds to be redeemed prior to the maturity date thereof, on the redemption date or dates specified in any notice of redemption to be given by the Escrow Agent or in the instructions to give a notice of redemption provided to the Escrow Agent in accordance with paragraph 3 of this Section 9.01, the principal and Redemption Price, if applicable, and interest on the Subordinated Bonds which will be deemed to have been paid as provided in paragraph 3 of this Section 9.01 is made both (i) on the assumption that the Defeasance Securities described in such clause (vii) were not redeemed at the option of the issuer prior to the maturity date thereof and (ii) on the assumptions that such Defeasance Securities would be redeemed by the issuer thereof at its option on each date on which such option could be exercised, that as of such date or dates interest ceased to accrue on such Defeasance Securities and that the proceeds of such redemption would not be reinvested by the Escrow Agent.

7. In the event that after compliance with the provisions of paragraph 6 of this Section 9.01 the Defeasance Securities described in clause (vii) of the definition thereof are included in the Defeasance Securities deposited with the Escrow Agent in order to satisfy the requirements of clause (b) of paragraph 3 of this Section 9.01 and any such Defeasance Securities are actually redeemed by the issuer thereof prior to their maturity date, then the Escrow Agent at the direction of JEA, provided that the aggregate of the moneys and Defeasance Securities to be held by the Escrow Agent, taking into account any changes in redemption dates or instructions to publish notice of redemption given to the Escrow Agent by JEA in accordance with paragraph 8 of this Section 9.01, shall at all times be sufficient to satisfy the requirements of clause (b) of paragraph 3 of this Section 9.01, shall reinvest the proceeds of such redemption in Defeasance Securities.

8. In the event that after compliance with the provisions of paragraph 6 of this Section 9.01 the Defeasance Securities described in clause (vii) of the definition thereof are included in the Defeasance Securities deposited with the Escrow Agent in order to satisfy the requirements of clause (b) of paragraph 3 of this Section 9.01, then any notice of redemption to be given by the Escrow Agent and any set of instructions relating to a notice of redemption given to the Escrow Agent may provide, at the option of JEA, that any redemption date or dates in respect of all or any portion of the Subordinated Bonds to be redeemed on such date or dates may at the option of JEA be changed to any other permissible redemption date or dates and that redemption dates may be established for any Subordinated Bonds deemed to have been paid in accordance with this Section 9.01 upon their maturity date or dates at any time prior to the actual

giving of any applicable notice of redemption in the event that all or any portion of any Defeasance Securities described in clause (vii) of the definition thereof have been called for redemption pursuant to an irrevocable notice of redemption or have been redeemed by the issuer thereof prior to the maturity date thereof; no such change of redemption date or dates or establishment of redemption date or dates may be made unless taking into account such changed redemption date or dates or newly established redemption date or dates the moneys and Defeasance Securities on deposit with the Escrow Agent including any Defeasance Securities deposited with the Escrow Agent in connection with any reinvestment of redemption proceeds in accordance with paragraph 7 of this Section 9.01 pursuant to clause (b) of paragraph 3 of this Section 9.01 would be sufficient to pay when due the principal and Redemption Price, if applicable, and interest on all Subordinated Bonds deemed to have been paid in accordance with paragraph 3 of this Section 9.01 which have not as yet been paid.

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

SECTION 9.02. Moneys Held for Particular Subordinated Bonds. The amounts held by any Fiduciary for the payment of the interest or principal or Redemption Price, if applicable, due on any date with respect to particular Subordinated Bonds shall, on and after such date and pending such payment, be set aside on its books and held by it in trust for the Holders of the Subordinated Bonds entitled thereto.

SECTION 9.03. Preservation and Inspection of Documents. All documents received by any Fiduciary under the provisions of the Subordinated Resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of JEA, any other Fiduciary and any Holder and their agents and representatives, any of whom may make copies thereof.

SECTION 9.04. Parties Interested Herein. Nothing in the Subordinated Resolution expressed or implied is intended to or shall be construed to confer upon, or to give to, any person or corporation, other than JEA, the Fiduciaries, the Holders of the Subordinated Bonds and any Credit Enhancers, any right, remedy or claim under or by reason of the Subordinated Resolution or any covenant, condition or stipulation thereof; and all the covenants, stipulations, promises and agreements in the Subordinated Resolution contained by and on behalf of JEA shall be for the sole and exclusive benefit of JEA, the Fiduciaries, the Holders of the

Subordinated Bonds and any Credit Enhancers; *provided, however*, that the foregoing shall not be construed so as to limit or restrict JEA's right to covenant in any other instrument for the benefit of any other entity that JEA will comply with any or all of such covenants, stipulations, promises or agreements, and that JEA will not amend, modify, supplement or change the same.

SECTION 9.05. No Recourse on Subordinated Bonds. No recourse shall be had for the payment of the principal or Redemption Price of or interest on the Subordinated Bonds against any member or officer of JEA or any person executing the Subordinated Bonds.

SECTION 9.06. Publication of Notice; Suspension of Publication. 1. Any publication to be made under the provisions of the Subordinated Resolution in successive weeks or on successive dates may be made in each instance upon any business day of the week and need not be made in the same Authorized Newspaper for any or all of the successive publications but may be made in a different Authorized Newspaper.

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

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

SECTION 9.07. Evidence of Signatures of Holders and Ownership of Subordinated Bonds. 1. Any request, consent, revocation of consent or other instrument which the Subordinated Resolution may require or permit to be signed and executed by the Holders may be in one or more instruments of similar tenor, and shall be signed or executed by such Holders in person or by their attorneys appointed in writing. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the holding by any person of the Subordinated Bonds shall be sufficient for any purpose of the Subordinated Resolution (except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to JEA, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(a) The fact and date of the execution by any Holder or its attorney of such instruments may be proved by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the person signing such request or other instrument acknowledged to such person the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate or affidavit shall also constitute sufficient proof of the authority of such officer or member.

(b) The amount of Bearer Commercial Paper Notes held by any person executing any instrument as a Holder, the date of its holding such Bearer Commercial

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

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

3. Any request or consent by the Holder of any Subordinated Bonds shall bind all future Holders of such Subordinated Bonds in respect of anything done or suffered to be done by JEA or any Fiduciary in accordance therewith.

SECTION 9.08. Permitted Acts. Any action required or permitted to be taken or suffered by JEA pursuant to the terms of this Subordinated Resolution may be taken or suffered by an Authorized Officer of JEA duly authorized to take or suffer such action.

SECTION 9.09. Holidays. Except as may be otherwise provided in a Supplemental Subordinated Resolution, if the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in the Subordinated Resolution, shall be a legal holiday or a day on which banking institutions in the cities in which are located the principal offices of the Paying Agents are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in the Subordinated Resolution, and no interest shall accrue for the period after such nominal date.

ARTICLE X

SUPPLEMENTAL SUBORDINATED RESOLUTIONS

SECTION 10.01. Supplemental Subordinated Resolutions Effective Without Delivery of Opinion of Counsel as to No Material Adverse Effect. For any one or more of the following purposes and at any time or from time to time, a Supplemental Subordinated Resolution of JEA supplemental to the Subordinated Resolution may be adopted,

which, upon its adoption and compliance with the provisions of Section 10.04, shall be fully effective in accordance with its terms:

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

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

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

(4) To authorize Subordinated Bonds of a Series and, in connection therewith, specify and determine the matters and things referred to in Section 2.02, Section 2.03, Section 2.04 or Section 2.05, and also any other matters and things relative to such Subordinated Bonds which are not contrary to or inconsistent with the Subordinated Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination, or to reduce the authorized amount of the Subordinated Bonds of such Series by an amount not greater than the aggregate principal amount of the Subordinated Bonds of such Series that, at the time of such adoption, have not yet been issued;

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

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

(7) To establish one or more additional funds or accounts with respect to such Subordinated Bonds of one or more Series as shall be specified in such Supplemental Subordinated Resolution, subject to the provisions of paragraph 3 of Section 5.02, to specify the purposes to which amounts on deposit in any such fund or account may be applied and, in connection therewith, to specify and determine any matters and things relative thereto; and

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

Supplemental Subordinated Resolution and of Subordinated Bonds issued in exchange therefor or in place thereof.

SECTION 10.02. Supplemental Subordinated Resolutions Effective Upon Delivery of Opinion of Counsel as to No Material Adverse Effect. For any one or more of the following purposes and at any time or from time to time, a Supplemental Subordinated Resolution supplemental to the Subordinated Resolution may be adopted, which, upon (i) delivery of an Opinion of Counsel to the effect that the provisions of such Supplemental Subordinated Resolution will not have a material adverse effect on the interests of the Holders of Outstanding Subordinated Bonds (in rendering such opinion, such counsel may rely on such certifications of (a) any banking or financial institution serving as financial advisor to JEA, as to financial and economic matters, (b) the Consulting Engineer, as to matters within its field of expertise and (c) such other experts, as to matters within their fields of expertise as it, in its reasonable judgment, determines necessary or appropriate) and (ii) compliance with the provisions of Section 10.04, shall be fully effective in accordance with its terms:

- (1) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Subordinated Resolution;
- (2) To insert such provisions clarifying matters or questions arising under the Subordinated Resolution as are necessary or desirable and are not contrary to or inconsistent with the Subordinated Resolution as theretofore in effect; or
- (3) To make any other modification or amendment of the Subordinated Resolution which such counsel shall in its reasonable judgment determine will not have a material adverse effect on the interests of the Holders of Outstanding Subordinated Bonds.

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

SECTION 10.03. Supplemental Subordinated Resolutions Effective With Consent of Holders. At any time or from time to time, a Supplemental Subordinated Resolution supplemental to the Subordinated Resolution may be adopted subject to consent by Holders in accordance with and subject to the provisions of Article XI, which Supplemental Subordinated Resolution, upon compliance with the provisions of said Article XI, shall become fully effective in accordance with its terms as provided in said Article XI.

SECTION 10.04. General Provisions. 1. The Subordinated Resolution shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article X and Article XI. Nothing in this Article X or Article XI contained shall affect or limit the right or obligation of JEA to adopt, make, do, execute, acknowledge or deliver any resolution, act or other instrument pursuant to the provisions of Section 6.04 or the right or obligation of JEA to execute and deliver to any Fiduciary any instrument which elsewhere in the Subordinated Resolution it is provided shall be delivered to said Fiduciary.

2. Any Supplemental Subordinated Resolution referred to and permitted or authorized by Section 10.01 or 10.02 may be adopted by JEA without the consent of any of the Holders, but shall become effective only on the conditions, to the extent and at the time provided in said Sections, respectively. Prior to the effectiveness of any such Supplemental Subordinated Resolution JEA shall secure an Opinion of Counsel stating that such Supplemental Subordinated Resolution has been duly and lawfully adopted in accordance with the provisions of the Subordinated Resolution, is authorized or permitted by the Subordinated Resolution, and is valid and binding upon JEA in accordance with its terms.

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

4. Promptly following the adoption thereof, JEA shall send to each Credit Enhancer a copy of each Supplemental Subordinated Resolution adopted pursuant to Section 10.02 or Article XI of the Subordinated Resolution, together with a full transcript of all proceedings relating to the adoption thereof.

ARTICLE XI

AMENDMENTS

SECTION 11.01. Mailing and Publication. 1. Any provision in this Article for the mailing of a notice or other paper to Holders shall be fully complied with if it is mailed postage prepaid only (i) to each Holder of affected Subordinated Bonds then Outstanding at its address, if any, appearing upon the registry books of JEA and (ii) to each Holder of any Bearer Commercial Paper Note who shall have filed with JEA an address for notices.

2. Any provision in this Article for publication of a notice or other matter shall require the publication thereof only in an Authorized Newspaper.

SECTION 11.02. Powers of Amendment. Any modification or amendment of the Subordinated Resolution and of the rights and obligations of JEA and of the Holders of the Subordinated Bonds thereunder, in any particular, may be made by a Supplemental Subordinated Resolution, with the written consent given as provided in Section 11.03 (i) of the Holders of not less than a majority in principal amount of the Subordinated Bonds affected by such modification or amendment Outstanding at the time such consent is given, and (ii) in case the modification or amendment changes the terms of any Sinking Fund Installment, of the Holders of not less than a majority in principal amount of the Subordinated Bonds of the particular Series and maturity entitled to such Sinking Fund Installment and Outstanding at the time such consent is given; *provided, however*, that if such modification or amendment will, by its terms, not take effect so long as any Subordinated Bonds of any specified like Series and maturity remain Outstanding, the consent of the Holders of such Subordinated Bonds shall not be required and such Subordinated Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Subordinated Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Subordinated Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Subordinated Bond, or shall reduce the percentages or otherwise affect the

classes of Subordinated Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purposes of this Section, a Series of Subordinated Bonds shall be deemed to be affected by a modification or amendment of the Subordinated Resolution if the same adversely affects or diminishes the rights of the Holders of Subordinated Bonds of such Series. JEA may in its discretion determine whether or not in accordance with the foregoing powers of amendment Subordinated Bonds of any particular Series or maturity or any particular Commercial Paper Notes or Medium-Term Notes would be affected by any modification or amendment of the Subordinated Resolution and any such determination shall, absent manifest error, be binding and conclusive on JEA and all Holders of Subordinated Bonds. For the purpose of this Section, a change in the terms of redemption of any Outstanding Subordinated Bond shall be deemed only to affect such Subordinated Bond, and shall be deemed not to affect any other Subordinated Bond. For the purpose of this Section, the Holders of any Subordinated Bonds may include the initial Holders thereof, regardless of whether such Bonds are being held for resale.

SECTION 11.03. Consent of Holders. JEA may at any time adopt a Supplemental Subordinated Resolution making a modification or amendment permitted by the provisions of Section 11.02 to take effect when and as provided in this Section. A copy of such Supplemental Subordinated Resolution (or brief summary thereof or reference thereto), together with a request to affected Holders for their consent thereto, shall be mailed by JEA to affected Holders (but failure of any affected Holder to receive such copy and request shall not affect the validity of the Supplemental Subordinated Resolution when consented to as in this Section provided); *provided, however*, that if any affected Bearer Commercial Paper Notes shall then be Outstanding, JEA shall also publish such copy, summary or reference and such request for consent in an Authorized Newspaper at least once a week for two successive weeks. Such Supplemental Subordinated Resolution shall not be effective unless and until (i) there shall have been filed with JEA (a) the written consents of Holders of the percentages of affected Outstanding Subordinated Bonds specified in Section 11.02 and (b) an Opinion of Counsel stating that such Supplemental Subordinated Resolution has been duly and lawfully adopted and filed by JEA in accordance with the provisions of the Subordinated Resolution, is authorized or permitted by the Subordinated Resolution, and is valid and binding upon JEA and enforceable in accordance with its terms, and (ii) a notice shall have been mailed and, if so required, published as hereinafter in this Section 11.03 provided. It shall not be necessary that the consents of Holders of Subordinated Bonds approve the particular form of wording of the proposed modification or amendment or of the proposed Supplemental Subordinated Resolution effecting such modification or amendment, but it shall be sufficient if such consents approve the substance of the proposed amendment or modification. Each such consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Subordinated Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 9.07. A certificate or certificates executed by an Authorized Officer of JEA stating that such Officer has examined such proof and that such proof is sufficient in accordance with Section 9.07 shall be *prima facie* evidence that the consents have been given by the Holders of the Subordinated Bonds described in such certificate or certificates. Any such consent shall be binding upon the Holder of the affected Subordinated Bonds giving such consent and, anything in Section 9.07 to the contrary notwithstanding, upon any subsequent Holder of such affected Subordinated Bonds and of any Subordinated Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof) unless such consent is revoked in writing by

the Holder of such Subordinated Bonds giving such consent or a subsequent Holder thereof by filing with JEA, prior to the time when the written statement of JEA hereinafter in this Section 11.03 provided for is filed, such revocation and, if the affected Subordinated Bonds are Bearer Commercial Paper Notes, proof that such Subordinated Bonds are held by the signer of such revocation in the manner permitted by Section 9.07. The fact that a consent has not been revoked may likewise be proved by a certificate of an Authorized Officer of JEA filed with the records of JEA to the effect that no revocation thereof is on file with JEA. At any time after the Holders of the required percentages of affected Subordinated Bonds shall have filed their consents to the Supplemental Subordinated Resolution, an Authorized Officer of JEA shall make and file with the records of JEA a written statement that the Holders of such required percentages of affected Subordinated Bonds have filed such consents. Such written statements shall be *prima facie* evidence that such consents have been so filed. At any time thereafter, notice stating in substance that the Supplemental Subordinated Resolution (which may be referred to as a Supplemental Subordinated Resolution adopted by JEA on a stated date, a copy of which is on file with JEA) has been consented to by the Holders of the required percentages of affected Subordinated Bonds and will be effective as provided in this Section 11.03, may be given to affected Holders by JEA by mailing such notice to affected Holders (but failure of any affected Holder to receive such notice shall not prevent such Supplemental Subordinated Resolution from becoming effective and binding as in this Section 11.03 provided) not more than 90 days after the Holders of the required percentages of affected Subordinated Bonds shall have filed their consents to the Supplemental Subordinated Resolution and the written statement of an Authorized Officer of JEA hereinabove provided for is filed; *provided, however*, that if any affected Bearer Commercial Paper Notes shall then be Outstanding, JEA shall also publish such notice in an Authorized Newspaper. JEA shall file with its records proof of the mailing and, if so required, publication of such notice. A record, consisting of the certificates or statements required or permitted by this Section 11.03 to be made by JEA, shall be proof of the matters therein stated. Such Supplemental Subordinated Resolution making such amendment or modification shall be deemed conclusively binding upon JEA, the Fiduciaries and the Holders of all Subordinated Bonds at the expiration of 40 days after the filing with the records of JEA of the proof of the mailing and, if so required, publication of such last-mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Subordinated Resolution in a legal action or equitable proceeding for such purpose commenced within such 40 day period; *provided, however*, that any Fiduciary and JEA during such 40 day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Subordinated Resolution as they may deem expedient.

SECTION 11.04. Modifications or Amendments by Unanimous Consent.

The terms and provisions of the Subordinated Resolution and the rights and obligations of JEA and of the Holders of the Subordinated Bonds thereunder may be modified or amended in any respect upon the adoption by JEA of a Supplemental Subordinated Resolution and the consent of the Holders of all of the affected Subordinated Bonds then Outstanding, such consent to be given as provided in Section 11.03 except that no notice to affected Holders by mailing or, if so provided, publication shall be required; *provided, however*, that no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the records of JEA of the written assent thereto of such Fiduciary in addition to the consent of the affected Holders.

SECTION 11.05. Exclusion of Subordinated Bonds. Subordinated Bonds owned or held by or for the account of JEA shall not be deemed Outstanding for the purpose of consent or other action or any calculation of affected Outstanding Subordinated Bonds provided for in this Article XI, and JEA shall not be entitled with respect to such Subordinated Bonds to give any consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, an Authorized Officer of JEA shall file with the records of JEA a certificate as to all Subordinated Bonds so to be excluded.

SECTION 11.06. Notation on Subordinated Bonds. Subordinated Bonds authenticated and delivered after the effective date of any action taken as in Article X or this Article XI provided may, if JEA so determines, bear a notation by endorsement or otherwise in form approved by JEA as to such action, and in that case upon demand of the Holder of any Subordinated Bond Outstanding at such effective date and presentation of its Subordinated Bond for the purpose at the principal office of the Subordinated Bond Registrar therefor or upon any transfer or exchange of any Subordinated Bond Outstanding at such effective date, suitable notation shall be made on such Subordinated Bond or upon any Subordinated Bond issued upon any such transfer or exchange by such Subordinated Bond Registrar as to any such action. If JEA shall so determine, new Subordinated Bonds so modified as in the opinion of JEA to conform to such action shall be prepared, authenticated and delivered and upon demand of the Holder of any Subordinated Bond then Outstanding shall be exchanged, without cost to such Holder, for Subordinated Bonds of the same Series, principal amount, maturity, interest rate and redemption provisions then Outstanding, upon surrender of such Subordinated Bonds. Any action taken as in Article X or this Article provided shall be effective and binding upon all Holders of Subordinated Bonds notwithstanding that the notation is not endorsed on all Subordinated Bonds.

SECTION 11.07. Action by the Credit Enhancer When Action by Holders Required. Except as otherwise provided in the Supplemental Subordinated Resolution authorizing Subordinated Bonds for which Credit Enhancement is being provided, if not in default in respect of any of its obligations with respect to Credit Enhancement for the Subordinated Bonds of a Series, or a maturity within a Series, the Credit Enhancer for, and not the actual Holders of, the Subordinated Bonds of a Series, or a maturity within a Series, for which such Credit Enhancement is being provided, shall be deemed to be the Holder of Subordinated Bonds of any Series, or maturity within a Series, as to which it is the Credit Enhancer at all times for the purpose of (i) giving any approval or consent to the effectiveness of any Supplemental Subordinated Resolution or any amendment, change or modification of this Subordinated Resolution as specified in Sections 10.03, 11.02, 11.03 and 11.04 or any other provision hereof, which requires the written approval or consent of Holders; *provided, however,* that the provisions of this Section shall not apply to any change in the terms of redemption or maturity of the principal of any Outstanding Subordinated Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, or shall reduce the percentages or otherwise affect the classes of Subordinated Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto and (ii) giving any approval or consent, exercising any remedies or taking any other action in accordance with the provisions of Article VII hereof or otherwise.

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ARTICLE XII

EFFECTIVE DATE

SECTION 12.01. Effective Date. This resolution shall become effective upon the date on which all of the Subordinated Bonds Outstanding on the date of adoption of this resolution shall cease to be Outstanding.

Approved and adopted January 18, 2000.

JEA

By /s/ ROBERT L. STEIN
Chair

ATTEST:

 /s/ CHERYL A. REVELL
Staff Support Assistant

FORM APPROVED:

 /s/ CINDY A. LAQUIDARA
Office of General Counsel