

ORDINANCE NO. \_\_\_\_\_

**PROPOSED ORDINANCE NO. 17-022**

**AN ORDINANCE OF THE CITY OF LAKE LAND, FLORIDA, AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF NOT TO EXCEED \$35,000,000 CITY OF LAKE LAND, FLORIDA, CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 2017A AND CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 2017B (AMT), FOR THE PURPOSE OF FINANCING CERTAIN CAPITAL PROJECTS AND PAYING COSTS OF ISSUANCE NECESSARY AND INCIDENTAL THERETO; PROVIDING FOR THE PAYMENT OF SUCH NOTES FROM LEGALLY AVAILABLE NON-AD VALOREM REVENUES OF THE CITY WHICH ARE BUDGETED AND APPROPRIATED BY THE CITY ON AN ANNUAL BASIS AND DEPOSITED INTO A DEBT SERVICE FUND FOR SUCH NOTES AND, WITH RESPECT TO THE 2017A NOTE, FROM CERTAIN TOURIST DEVELOPMENT TAX REVENUES PAYABLE TO THE CITY BY POLK COUNTY, FLORIDA DEPOSITED INTO AN APPLICABLE ACCOUNT IN THE DEBT SERVICE FUND; PROVIDING FOR THE RIGHTS AND REMEDIES OF THE HOLDER THEREOF, AND MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; PROVIDING AN EFFECTIVE DATE; AND PROVIDING CERTAIN OTHER DETAILS.**

**BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF LAKE LAND, FLORIDA, AS FOLLOWS:**

**ARTICLE I  
AUTHORITY FOR THIS ORDINANCE**

SECTION 1.01. Authority. This Ordinance (the "Ordinance") is enacted pursuant to Chapter 166, Florida Statutes, Section 163.01 (with respect to the 2017A Note), Florida Statutes, the Charter of the City of Lakeland, Florida, and other applicable provisions of law (collectively, the "Act").

## ARTICLE II DEFINITIONS

SECTION 2.01. Definitions. As used herein, unless the context otherwise requires:

"Act" shall have the meaning ascribed thereto in Article I hereof.

"Additional Indebtedness" means obligations issued after date hereof evidencing indebtedness for borrowed money, the sole security for which is provided by a covenant of the Issuer to budget and appropriate Non-Ad Valorem Revenues for the payment of debt service on such obligations.

"Amortization Installment" means the funds to be deposited in the debt service fund or similar fund or account related to the applicable Non-Ad Valorem Revenue Obligations created for that purpose in a given Note Year for the payment at maturity or redemption of a portion of Term Obligations of a designated series, as established by resolution or ordinance of the Issuer at or before the delivery of that series of Term Obligations.

"Annual Budget" means the budget or budgets, as amended and supplemented from time to time, prepared by the Issuer for each Fiscal Year in accordance with the laws of the State of Florida.

"Authorized Depository" means any bank, trust company, national banking association, savings and loan association, savings bank or other banking association selected by the Issuer as a depository, which is authorized under Florida law to be a depository of public funds of the Issuer and which has qualified with all applicable state and federal requirements concerning the receipt of Issuer funds.

"Bond Counsel" means nationally recognized counsel experienced in matters relating to the validity of, and the exclusion from gross income for federal income tax purposes of interest on, obligations of states and their political subdivisions.

"Build America Bonds" means any bonds or obligations the Issuer has designated as "Build America Bonds" and as to which the Issuer has made an irrevocable election to have Section 54AA of the Code apply. Build America Bonds are a type of Subsidy Obligations.

"Business Day" means a day on which banking business is transacted (i) in the city in which payments to the Purchaser are to be made and (ii) in the city in which the payment office of the Paying Agent is located.

"Capital Appreciation Obligations" means Non-Ad Valorem Obligations that bear interest, compounded semiannually, that is payable only at maturity or upon redemption prior to maturity in amounts determined by reference to the Compounded Amounts.

"Clerk" means the City Clerk or any Deputy City Clerk or Acting City Clerk of the Issuer.

"Code" means the Internal Revenue Code of 1986, as amended, or any corresponding provisions of any future laws of the United States of America relating to federal income taxation, and except as otherwise provided herein or required by the context thereof, includes interpretations thereof contained or set forth in the applicable regulations of the Department of the Treasury (including applicable final regulations and temporary regulations), the applicable rulings of

the Internal Revenue Service (including published Revenue Rulings and private letter rulings) and applicable court decisions.

"Commercial Paper Obligations" means any Non-Ad Valorem Revenue Obligation or a proportionate maturity thereof with a maturity of less than 271 days designated by the Issuer in writing as a Commercial Paper Obligation.

"Compounded Amounts" means the principal amount of Capital Appreciation Obligations plus the amount of interest that has accreted on such obligations, compounded semiannually, to the date of calculation, determined by reference to accretion tables contained in each such obligation or an offering circular with respect thereto. The Compounded Amounts for such Capital Appreciation Obligations as of any date not stated in such tables shall be calculated by adding to the Compounded Amount for such obligations as of the date stated in such tables immediately preceding the date of computation a portion of the difference between the Compounded Amount for such preceding date and the Compounded Amount for such obligations as of the date shown on such tables immediately succeeding the date of calculation, apportioned on the assumption that interest accretes during any period in equal daily amounts on the basis of a year of twelve 30-day months.

"Cost of the Project" or "Cost" means, to the extent permitted under the Act, any cost of a type that is properly chargeable to a capital account (or would be so chargeable with a proper election or with the application of the definition of placed in service under §1.150-2(c) of the Code) under general Federal income tax principles and other costs permitted under the Act and the Code and may include reimbursement to the Issuer of costs previously paid or financed by the Issuer to

the extent legally permissible under the Act and the Code, and with respect to the 2017B Note, such costs must be Qualified Project Costs.

"County" means Polk County, Florida, a political subdivision of the State of Florida.

"Covenant Obligation Debt Service Requirement" means for a given Note Year the remainder, after subtracting any accrued interest or capitalized interest for that year that has been deposited into the debt service fund or similar fund or account related to the applicable Non-Ad Valorem Revenue Obligations for that purpose, from the sum of:

(1) The amount required to pay the interest coming due on Non-Ad Valorem Revenue Obligations during that Note Year, including the accreted interest component of the Compounded Amount of Capital Appreciation Obligations coming due during that Note Year,

(2) The amount required to pay the principal of Serial Obligations and the principal of Term Obligations maturing in that Note Year that are not included in the previous Amortization Installments for such Term Obligations, including the principal component of the Compounded Amounts of Capital Appreciation Obligations, maturing in that Note Year, and

(3) The Amortization Installment for all Term Obligations for that Note Year.

For purposes of determining the Covenant Obligation Debt Service Requirement for Section 9.01 hereof, the following provisions shall apply:

(a) The interest rate on Variable Rate Obligations (other than Taxable Obligations and Build America Bonds) shall be assumed to be the greater of (1) the average of the Securities Industry and Financial Markets Association<sup>TM</sup> Municipal Swap Index for the immediately preceding 52 weeks (or if not available for such 52-week period, then for the longest immediately preceding period for which available), or if such index is no longer published, a comparable 7-day index for high quality variable rate demand obligations selected by the Issuer, in either case, plus 50 basis points (0.50%), or (2) if the variable rate on such Non-Ad Valorem Revenue Obligations or other indebtedness is determined by reference to an index or a formula based on an index, the average interest rate which would have been applicable to such Variable Rate Obligations (or other variable rate indebtedness) based on such index or formula during the immediately preceding 52-week period (or if not available for such 52-week period, then for the longest immediately preceding period for which available).

(b) The interest rate on Variable Rate Obligations that are Taxable Obligations or Build America Bonds shall be assumed to be the interest rate quoted for the week preceding the date of calculation on direct United States Treasury obligations having a maturity the same (or approximately the same) as the nominal maturity of the Variable Rate Obligations, plus 50 basis points (0.50%).

(c) If the Issuer has entered into a Qualified Hedge Agreement with respect to Non-Ad Valorem Revenue Obligations, the interest coming due on Non-Ad Valorem Revenue Obligations, up to an amount equal to the

"notional" amount of the Qualified Hedge Agreement, shall be the net aggregate amount each applicable period, taking into account (i) the actual interest borne by such Non-Ad Valorem Revenue Obligations for such period (using the assumptions described above for Variable Rate Obligations, if applicable), (ii) the Qualified Hedge Receipts for such period and (iii) the Qualified Hedge Payments for such period, with the payments described in clauses (ii) and (iii) above being calculated on the applicable notional amount and using the assumptions described above for Variable Rate Obligations, if applicable.

(d) If two series of Variable Rate Obligations, or one or more maturities within a series, are issued simultaneously with inverse floating interest rates providing a composite fixed rate for such Non-Ad Valorem Revenue Obligations taken as a whole, such composite fixed rate shall be used in determining the Covenant Obligation Debt Service Requirement with respect to such Non-Ad Valorem Revenue Obligations for all purposes of this Ordinance.

(e) If a series of Variable Rate Obligations is subject to purchase by the Issuer pursuant to a mandatory or optional tender by the holders thereof, the "tender" date or dates shall be ignored and the stated maturity dates thereof shall be used for purposes of all calculations hereunder.

(f) With respect to Designated Maturity Obligations, the unamortized principal coming due on the final maturity date thereof that the Issuer reasonably anticipates refinancing, as reflected in the Annual Budget or as otherwise evidenced or determined by the Issuer, shall not be included

and in lieu thereof, there shall be included in the Covenant Obligation Debt Service Requirement for the Note Year in which such final maturity occurs only the principal amount thereof the Issuer reasonably anticipates to become due in such Note Year, taking into account any such anticipated refinancing of such Designated Maturity Obligations.

(g) With respect to Commercial Paper Obligations, only the interest obligations with respect to such Commercial Paper Obligations and the principal amount of the Commercial Paper Obligations the Issuer reasonably expects to retire and not to pay with the proceeds of roll-over Commercial Paper Obligations in such Note Year (as reflected in the Annual Budget or as otherwise determined by the Issuer) shall be included in the calculation of the Covenant Obligation Debt Service Requirement. The interest rate on the Commercial Paper Obligations shall be assumed for purposes of calculating the Covenant Obligation Debt Service Requirement, to be equal to the greater of (i) the average of the Securities Industry and Financial Markets Association<sup>TM</sup> Municipal Swap Index for the immediately preceding 52 weeks (or if not available for such 52-week period, then for the longest immediately preceding period for which available), or if such index is no longer published, a comparable 7-day index for high quality variable rate demand obligations selected by the Issuer, in either case, plus 50 basis points (0.50%), or (ii) the actual rate on such Commercial Paper Obligations.

(h) With respect to Non-Ad Valorem Revenue Obligations previously secured or payable from another source of funds, but with



respect to which the Issuer has also covenanted to budget and appropriate Non-Ad Valorem Revenues for the payment of debt service on such obligations, only the principal and interest amounts with respect to such obligations that the Issuer reasonably expects to pay from Non-Ad Valorem Revenues or as to which the Issuer has actually budgeted and appropriated Non-Ad Valorem Revenues for such payment will be included in the calculation of the Covenant Obligation Debt Service Requirement.

"Covenant Obligation Maximum Debt Service Requirement" means, as of any particular date of calculation, the largest Covenant Obligation Debt Service Requirement for any Note Year during the remaining term of the applicable Non-Ad Valorem Revenue Obligations, except that with respect to any Non-Ad Valorem Revenue Obligations for which Amortization Installments have been established, the amount of principal coming due on the final maturity date with respect to such Non-Ad Valorem Revenue Obligations shall be reduced by the aggregate principal amount or Compounded Amounts, as the case may be, of such Non-Ad Valorem Revenue Obligations that are to be redeemed or paid from Amortization Installments to be made in prior Note Years.

"Covenant Revenues" means the Non-Ad Valorem Revenues budgeted and appropriated, and deposited into the applicable accounts in the Debt Service Fund, to pay the principal of, premium, if any, and interest on the Notes.

"2017A Debt Service Account" means the "2017A Debt Service Account" created in the Debt Service Fund established pursuant to Section 7.01.

"2017B Debt Service Account" means the "2017B Debt Service Account" created in the Debt Service Fund established pursuant to Section 7.01.

"Debt Service Fund" means the "City of Lakeland Capital Improvement Note, Series 2017 Debt Service Fund" established pursuant to Section 7.01 hereof.

"Default Rate" means the lesser of (i) 6% per annum in excess of the Prime Rate as quoted in the *Wall Street Journal*, or (ii) the maximum interest rate permitted by applicable law.

"Designated Maturity Obligations" means any Non-Ad Valorem Revenue Obligation or a particular maturity thereof, with a maturity longer than 270 days, designated by the Issuer in writing, for which no mandatory sinking fund redemption requirements have been established.

"Determination of Taxability" means, with respect to a Note, the circumstance that shall be deemed to have occurred if interest paid or payable on a Note becomes includable for federal income tax purposes in the gross income of a Holder as a consequence of any action or inaction by the Issuer. A Determination of Taxability will be deemed to have occurred upon a final decree or judgment of any Federal court or a final action of the Internal Revenue Service determining that interest paid or payable on a Note is or was includable in the gross income of a Holder for Federal income tax purposes as a result of an action or inaction of the Issuer; provided, however, no such decree, judgment or action will be considered final for this purpose, however, unless the Issuer has been given written notice and if it is so desired and is legally allowed, has been afforded the opportunity to contest the same, either directly or in the name of the Holder, and until the conclusion of any appellate review, if sought.

"Direct Obligations" means non-callable direct obligations (including obligations issued or held in book entry form) of the Department of Treasury of the United States of America.

"Favorable Opinion of Bond Counsel" means, an opinion of Bond Counsel to the effect that a contemplated action will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Note to which such action applies.

"Finance Director" means the Finance Director of the Issuer or his designee.

"Fiscal Year" means the period commencing on October 1 of each year and ending on the succeeding September 30, or such other consecutive 12-month period as may be hereafter designated as the fiscal year of the Issuer pursuant to general law.

"Governing Body" means the City Commission of the Issuer.

"Holder," "holder," "Registered Owner," "registered owner" or any similar term shall mean any person who shall be the registered owner of a Note as shown on the registration books for the Notes maintained by the Registrar.

"Interlocal Agreement" means the Interlocal Agreement For Tourist Development Tax Funding of Expansion/Construction of The Lakeland Center with an effective date of April 26, 2017, between the Issuer and the County.

"Investment Obligations" means any obligation or evidence of a participation in one or more obligations, which at any time is legal for investment of funds of the Issuer pursuant to the laws of the State of Florida and meets the requirements of the investment policy of the Issuer.

"Issuer" means the City of Lakeland, Florida.

"Mayor" means the Mayor or, in his or her absence or inability to perform, the Mayor Pro Tem, of the Issuer.

"Maximum Principal Amount" means \$35,000,000.

"Maximum Rate" shall mean an interest rate per annum equal to the lesser of the maximum rate permitted by law and 12%.

"Non-Ad Valorem Revenues" means all legally available revenues of the Issuer derived from any source whatsoever, other than ad valorem taxation on real and personal property, which are legally available for the payment by the Issuer of debt service on the Non-Ad Valorem Revenue Obligations, including, without limitation, investment income and legally available non-ad valorem revenues derived from sources subject to a prior pledge thereof for the payment of other obligations of the Issuer and available after payment of principal and interest on such other obligations; provided, however, that revenues of the Issuer accounted for in an enterprise fund under governmental accounting principles, including without limitation, the Issuer's energy system and water, wastewater and stormwater systems, shall not be included as Non-Ad Valorem Revenues, except to the extent that revenues derived from any such sources are deposited into the Issuer's General Fund.

"Non-Ad Valorem Revenue Obligations" means obligations evidencing indebtedness for borrowed money, including the Notes, (i) the primary security for which is provided by a covenant of the Issuer to budget and appropriate Non-Ad Valorem Revenues of the Issuer for the payment of debt service on such obligations, or (ii) primarily secured or payable from another source of funds, but with respect to which the Issuer has also covenanted to budget and appropriate

Non-Ad Valorem Revenues of the Issuer for the payment of debt service on such obligations, provided that obligations described in this clause (ii) shall only be considered Non-Ad Valorem Revenue Obligations to the extent the Issuer has included in its budget (by amendment or otherwise) the payment of such Non-Ad Valorem Revenues pursuant to such covenant to pay debt service on such obligations. Notwithstanding the foregoing, "Non-Ad Valorem Revenue Obligations" shall not include any debt secured by a pledge of from the revenues of any enterprise fund under governmental accounting principles, including without limitation, the Issuer's energy system or water, wastewater and stormwater utility systems.

"Note" means either the 2017A Note or 2017B, as applicable.

"2017A Note" means the City of Lakeland, Florida, Capital Improvement Revenue Note, Series 2017A.

"2017B Note" means the City of Lakeland, Florida, Capital Improvement Revenue Note, Series 2017B (AMT).

"Note Service Requirement" means for a given Note Year the remainder, after subtracting any amounts that have been deposited into the Debt Service Fund (or subaccount therein) for that purpose, from the sum of:

(1) The amount required to pay the interest coming due on the Notes during that Note Year, and

(2) The amount required to pay the principal of the Notes in that Note Year.

"Note Year" means the annual period beginning on the first day of October of each year and ending on the last day of September of the immediately

succeeding year; provided that when such term is used to describe the period during which deposits are to be made to amortize the principal and interest on the Notes or Non-Ad Valorem Revenue Obligations maturing or becoming subject to redemption (including pursuant to Article VII hereof) and for purposes of Section 9.01 hereof, the principal and interest maturing or becoming subject to redemption on the first day of the month immediately succeeding any Note Year shall be deemed to mature or become subject to redemption on the last day of the preceding Note Year.

"Notes" means collectively, the 2017A Note and the 2017B Note.

"Paying Agent" means the Issuer or any Authorized Depository designated by the Issuer to serve as a Paying Agent or place of payment for the Notes that shall have agreed to arrange for the timely payment of the principal of, interest on and redemption premium, if any, with respect to the Notes to the registered owner thereof, from funds made available therefor by the Issuer, and any successors designated pursuant to a resolution or ordinance. The Issuer shall be the initial Paying Agent.

"Pledged Revenues" means the Covenant Revenues and income received from the investment of moneys deposited in the funds and accounts established hereunder.

"2017A Project" means the acquisition, construction, renovation and equipping of various capital projects more particularly described in Exhibit "A-1" attached hereto and such other projects of the Issuer designated in writing by the Mayor, or in the Mayor's absence or unavailability, the Mayor Pro Tem, in either

case upon the recommendation of the City Manager and/or Finance Director of the Issuer.

"2017B Project" means the acquisition, construction, renovation and equipping of various capital projects more particularly described in Exhibit "A-2" attached hereto and such other projects of the Issuer designated in writing by the Mayor, or in the Mayor's absence or unavailability, the Mayor Pro Tem, in either case upon the recommendation of the City Manager and/or Finance Director of the Issuer.

"2017A Project Account" means the "2017A Project Account" created in the Project Fund established pursuant to Section 7.01.

"2017B Project Account" means the "2017B Project Account" created in the Project Fund established pursuant to Section 7.01.

"Project Fund" means the "City of Lakeland Capital Improvement Note, Series 2017 Project Fund" established pursuant to Section 7.01 hereof.

"Projects" means, collectively, the 2017A Project and the 2017B Project.

"Purchaser" means TD Bank, N.A.

"Qualified Hedge Agreement" means an agreement such as an interest rate swap, collar, cap, or other functionally similar agreement, between the Issuer and a counterparty, meeting the requirements of the ordinance or resolution authorizing the applicable Non-Ad Valorem Revenue Obligations to which such agreement applies and which payments to be made by the counterparty thereunder have been budgeted by the Issuer to the payment on such Non-Ad Valorem Revenue Obligations.

"Qualified Hedge Payment" means the payment obligation of the Issuer arising under a Qualified Hedge Agreement, which is calculated on the basis of interest on a notional amount which shall correspond with the principal amount of applicable Non-Ad Valorem Revenue Obligations, based upon a fixed or a variable rate index or formula. Qualified Hedge Payments include only regularly scheduled payments under a Qualified Hedge Agreement determined by reference to interest on a notional amount and shall not include any other payments under such agreement (for example any termination fee, indemnification obligations or other fees payable to the counterparty).

"Qualified Hedge Receipts" means the payment obligations of the counterparty to the Issuer arising under a Qualified Hedge Agreement which are calculated on the basis of interest on a notional amount which shall correspond with the principal amount of Non-Ad Valorem Revenue Obligations described in the Qualified Hedge Agreement or such other certificate or ordinance or resolution of the Issuer, based upon a fixed or variable rate index or formula. Qualified Hedge Receipts include only regularly scheduled payments under a Qualified Hedge Agreement determined by reference to interest on a notional amount and shall not include any other payments under such agreement (for example, any termination fee, indemnification obligations or other fees payable to the counterparty).

"Qualified Project Costs," when used with respect to the 2017B Note, means costs paid or incurred with respect to components of the 2017B Note (a) that (i) are directly related and essential to servicing aircraft, or enabling aircraft to take off and land, or transferring passengers or cargo to or from aircraft, or (ii) are functionally related and subordinate to such operations; (b) that will or may be



charged, either with a proper election by the Issuer, or, but for a proper election by the Issuer, to the capital account of the 2017B Project for federal income tax purposes; and (c) that, if originally paid with funds other than proceeds of the 2017B Bonds, were originally paid no earlier than 60 days before adoption of 2017B Reimbursement Resolution (unless such expenditures are described by Section 1.150-2(f) of the Income Tax Regulations).

"Rebate Year" means the period selected by the Issuer pursuant to the Code.

"Rebate Amount" means the excess of the future value, as of a computation date, of all receipts on nonpurpose investments (as defined in Section 1.148-3 of the U.S. Treasury Regulations) over the future value, as of that date, of all payments on nonpurpose investments, all as provided by regulations under the Code implementing Section 148 thereof.

"2017A Reimbursement Resolution" means the resolution(s) of the Governing Body of the Issuer, to evidence the Issuer's intent to use proceeds of the 2017A Note to reimburse 2017A Project expenditures paid prior to the issuance thereof, including without limitation Resolution No. 5339 adopted by the Issuer on November 7, 2016 and Resolution No. 5361 adopted by the Issuer on April 17, 2017.

"2017B Reimbursement Resolution" means the resolution(s) of the Governing Body of the Issuer, to evidence the Issuer's intent to use proceeds of the 2017B Note to reimburse 2017B Project expenditures paid prior to the issuance thereof, including without limitation, Resolution No. 5339 adopted by the Issuer on November 7, 2016.

"Registrar" means the Issuer or any agent designated from time to time by the Issuer, by ordinance or resolution, to maintain the registration books for the Notes issued hereunder or to perform other duties with respect to registering the transfer of the Notes and any successor thereto. The Issuer shall be the initial Registrar.

"Serial Obligations" means all Non-Ad Valorem Revenue Obligations that are not Term Obligations.

"Subsidy Obligations" means any obligation (or the allocable portion thereof), issued by the Issuer pursuant to the Code, including without limitation Section 54AA of the Code, for which the Issuer elects to receive direct subsidy payments in an amount equal to a portion of the interest paid on such bond or obligation or any other similar bonds, for which the Issuer elects to receive direct subsidy payments in an amount equal to a portion of the interest paid on such bonds. Build America Bonds are a type of Subsidy Obligations.

"Taxable Obligations" means Non-Ad Valorem Revenue Obligations (other than Build America Bonds) the interest on which is not intended at the time of the issuance thereof to be excluded from the gross income of the holders thereof for federal income tax purposes.

"Taxable Rate" has the meaning set forth in Section 5.02 of this Ordinance.

"Term Obligations" means all Non-Ad Valorem Revenue Obligations of a series for which Amortization Installments are established.

"Tourist Development Tax Revenues" means all of the moneys received by the Issuer from the County under the terms of the Interlocal Agreement.

"Variable Rate Obligations" means Non-Ad Valorem Revenue Obligations issued with a variable, adjustable, convertible or other similar rate which is not fixed in percentage at the date of issue for the entire term thereof.

SECTION 2.02. Singular/Plural. Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms, corporations or other entities including governments or governmental bodies.

### ARTICLE III FINDINGS

SECTION 3.01. Findings. It is hereby ascertained, determined and declared that:

A. The Projects financed or refinanced with proceeds of the Notes will serve a paramount public purpose of the Issuer and are necessary for the health, safety and welfare of the citizens and inhabitants of the City of Lakeland, Florida.

B. The Interlocal Agreement remains in full force and effect and the Issuer has not pledged the Tourist Development Tax Revenues for any purpose other than the payment of the Notes.

C. Because of current market conditions, it is economically advantageous to, and shall facilitate the prudent debt management of the Issuer to, finance the Costs of the Projects through the issuance of the Notes.

D. The Issuer is authorized and empowered by the Act to issue the Notes and use the proceeds thereof, together with other funds of the Issuer, to finance the Costs of the Projects and to the extent provided herein, to pay costs of issuance of the Notes.

E. The principal of, premium, if any, and interest on the Notes and all other payments with respect thereto shall be payable from moneys deposited in the funds and accounts pledged by this Ordinance, which the Issuer has full authority to irrevocably pledge. The 2017A Note will be additionally secured by a pledge of the Tourist Development Tax Revenues, to the extent that such revenues may be lawfully applied to pay debt service on the 2017A Note. The Issuer shall never be required to levy ad valorem taxes on any real or personal property to pay the principal of, interest on or any premium with respect to the Notes or to make any other payments required herein, and the Notes shall not constitute a lien on any real or personal property owned by or situated within the limits of the Issuer.

F. Notice of a public hearing to be held on May 1, 2017 (the "Hearing Date") before the Issuer, inviting comments and discussions concerning the issuance of the 2017B Note by the Issuer, and to finance the 2017B Project, and finance costs of issuance of the 2017B Note was published in *The Ledger*, a newspaper of general circulation in the City of Lakeland, Florida, at least fourteen (14) days prior to the Hearing Date.

G. Following such notice, a public hearing was held by the Issuer on the Hearing Date, during which comments and discussions concerning the issuance of the 2017B Note by the Issuer for the purposes described in such notice were requested and heard.

H. The Governing Body is the elected legislative body of the Issuer, and the Issuer has jurisdiction over the entire area in which the 2017B Project is and will be, located.

I. The Issuer on April 12, 2017, issued a request for proposals (as the same has been supplemented and amended, the "RFP") in connection with the proposed financing of the Projects and the Purchaser submitted the best qualifying proposal, a copy of which is attached hereto as Exhibit "B" (the "Proposal").

J. The Purchaser has provided, or will provide prior to the issuance of the Notes, the Issuer with a disclosure statement containing the information required by Section 218.385(1)(b)(2), Florida Statutes, and a "truth-in-bonding" statement meeting the requirements of Section 218.385(3), Florida Statutes, and no additional disclosure is required.

K. Because of the characteristics of the Notes, prevailing and anticipated market conditions and additional savings to be realized from the expeditious issuance of the Notes, it is in the best interest of the Issuer to accept the Proposal of the Purchaser and to award the sale of the Notes to the Purchaser pursuant to the Proposal within the timeframe established by the RFP and the Proposal.

#### ARTICLE IV THIS INSTRUMENT TO CONSTITUTE CONTRACT

SECTION 4.01. Instrument to Constitute Contract. In consideration of the acceptance of the Notes authorized to be issued hereunder by those who shall hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Issuer and the holder(s) of the Notes. The covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the holder(s) of the Notes, and all Notes shall be of equal rank and without preference, priority or distinction over any other thereof, except as expressly provided herein.

ARTICLE V  
AUTHORIZATION OF FINANCING THE PROJECTS; DESCRIPTION, FORM  
AND TERMS OF THE NOTES

SECTION 5.01. Authority for Financing the Projects and Issuance of Notes. The acquisition and construction of the Projects is hereby approved and authorized, subject to the issuance of the Notes for such purpose in accordance with the terms of this Ordinance.

The issuance of the 2017A Note for the purpose of financing all or a portion of the cost of the 2017A Projects and paying the costs of issuance of the 2017A Note is hereby authorized. Subject and pursuant to the provisions hereof, the 2017A Note to be known as the "City of Lakeland, Florida, Capital Improvement Revenue Note, Series 2017A," is hereby authorized to be issued to the Purchaser in a principal amount that together with the 2017B Note does not exceed the Maximum Principal Amount for the aforementioned purposes.

The issuance of the 2017B Note for the purpose of financing all or a portion of the cost of the 2017B Project and paying the costs of issuance of the 2017B Note is hereby authorized. Subject and pursuant to the provisions hereof, the 2017B Note to be known as the "City of Lakeland, Florida, Capital Improvement Revenue Note, Series 2017B (AMT)," is hereby authorized to be issued to the Purchaser in a principal amount that together with the 2017A Note does not exceed the Maximum Principal Amount for the aforementioned purposes.

SECTION 5.02. Description of Notes. The 2017A Note shall be issued as one fully registered note in an authorized denomination equal to the outstanding principal amount thereof and numbered RA-1. The 2017B Note shall be issued as one fully registered note in an authorized denomination equal to the outstanding

principal amount thereof and numbered RB-1. The 2017A Note shall be dated the date of issuance thereof, shall bear interest from such date at the rate of 2.44% (subject to adjustment as provided in this Section 5.02), payable semiannually on the first day of April and the first day of October, commencing October 1, 2017 and the 2017B Note shall be dated the date of issuance thereof, shall bear interest from such date at the rate of 2.10% (subject to adjustment as provided in this Section 5.02), payable semiannually on the first day of April and the first day of October, commencing October 1, 2017; provided, however, that after the occurrence and during the continuation of an Determination of Taxability applicable to a Note, such Note shall bear interest at the Taxable Rate and after the occurrence and during the continuation of an Event of Default, such Note shall bear interest at the Default Rate.

In the event of a Determination of Taxability with respect to either of the Notes, the interest rate shall be adjusted to cause the yield on such Note to equal what the yield on such Note would have been absent such Determination of Taxability (the "Taxable Rate") effective retroactively to the effective date of such Determination of Taxability. Within thirty (30) days of a Determination of Taxability, the Issuer agrees to pay to the Registered Owner subject to such Determination of Taxability the Additional Amount (as defined herein). "Additional Amount" means (i) the difference between (a) interest on the Note for the period commencing on the date on which the interest on such Note (or portion thereof) loses its "tax-exempt" status and ending on the earlier of the date such Note ceases to be outstanding or the preceding interest payment date from the date of such calculation (the "Taxable Period") at a rate equal to the Taxable Rate and (b)

the aggregate amount of interest payable on such Note for the Taxable Period under the provisions of such Note without considering the Determination of Taxability, plus (ii) any penalties and interest paid or payable by the Registered Owner to the Internal Revenue Service by reason of such Determination of Taxability. For purposes of the preceding sentence, the Taxable Period shall not include any period of time during which the Holder, as determined by the Registered Owner, is not liable for any taxes, interest or penalties with respect to interest paid on such Note as a result of any applicable statute of limitations under the federal income tax laws.

The Registered Owner shall promptly notify the Issuer in writing of any adjustments pursuant hereto. Such adjustments shall become effective as of the effective date of the event causing such adjustment. Adjustments pursuant hereto may be retroactive. The Registered Owner shall certify to the Issuer in writing the Additional Amount, if any, due to such Registered Owner as a result of an adjustment pursuant hereto. Notwithstanding any provision hereto to the contrary, in no event shall the interest rate on this Note exceed the Maximum Rate.

Subject to the provisions of clause (iii) below, the Registered Owner shall afford Issuer the opportunity, at Issuer's sole cost and expense, to contest any challenge to the validity of the tax exemption with respect to the interest on such Note or Notes, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals); *provided* that, in no event shall the Registered Owner be required to make available its tax returns (or any other information relating to its taxes that it deems confidential) to Issuer or any other Person.



Amounts owing hereunder as a result of a Determination of Taxability shall survive payment on a Note until such time as the Federal statute of limitations under which interest on such Note could be declared taxable under the Code shall have expired.

The obligation to pay such additional interest and such other costs, expenses, penalties and reasonable attorneys' fees shall survive the payment of such Note but shall be payable solely from Pledged Revenues in the manner and to the extent described in this Ordinance. Interest on the Notes shall be calculated based upon a 360-day year consisting of twelve 30-day months.

Principal of the 2017A Note shall be payable in annual installments on the first day in April, in the amounts set forth therein.

Principal of the 2017B Note shall be payable in annual installments on the first day in April, in the amounts set forth therein.

The Notes shall be subject to prepayment, in whole or in part, on any Business Day at the option of the Issuer, at the prepayment price set forth in the Notes, plus interest accrued on the amount being prepaid to the date of prepayment, notice of any such prepayment to be given to the holder of such Note by first class mail, postage prepaid or electronically, at least thirty (30) days prior to the date of redemption, which notice may provide that such redemption is conditioned upon the occurrence or non-occurrence of such events as shall be described in the notice. Any notice mailed as provided herein shall conclusively presumed to have been duly given, whether or not received by the holder. Prepayment in part shall be applied in such order and Note as determined by the Issuer.

Interest on and principal of the Notes will be paid without presentment, by check or draft mailed (or, if requested by the holder, in writing to the Paying Agent, by wire transfer or other electronic medium acceptable to the Issuer and Paying Agent) to the holder as its address may appear on the registration books of the Issuer maintained by the Registrar at the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding an interest or principal payment date (the "Record Date"), irrespective of any transfer or exchange of such Note subsequent to such Record Date and prior to the next succeeding interest or principal payment date, unless the Issuer shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name such Note is registered at the close of business on a special record date for the payment of such defaulted interest as established by notice mailed to the holder of such Note not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the person in whose name such Note is registered at the close of business on the fifth day, whether or not a business day, preceding the date of mailing. Notwithstanding anything in the foregoing to the contrary, the final principal payment on any Note shall be made only upon presentation and surrender of such Note to the Issuer. Subject to the restrictions on transfer in the Notes and herein, the registration of a Note may be transferred upon the registration books upon delivery thereof to the office of the Registrar, accompanied by a written instrument or instruments of transfer or authorization for exchange in form and with guaranty of signature satisfactory to the Registrar duly executed by the registered owner or his attorney-in-fact or legal representative, containing

written instructions as to the details of the transfer, along with the social security number or federal employer identification number of the transferred. A Note may only be sold, assigned or otherwise transferred to a "qualified institutional buyer" within the meaning of Rule 144A promulgated under the Securities Act of 1933 or a subsidiary or affiliate on the Purchaser. In all cases of a transfer of a Note, the Registrar shall at the earliest practicable time enter the transfer of ownership in registration books maintained by the Registrar and shall deliver in the name of the transferee a new fully registered Note, for the same principal amount and of the same maturity date. So long as any Note remains outstanding, the Issuer shall, through the Registrar, maintain and keep books for the registration of such Note.

SECTION 5.03. Execution of Notes. The Notes shall be executed in the name of the Issuer by the Mayor and the seal of the Issuer shall be imprinted, reproduced or lithographed on the Notes and attested to by the Clerk or by the Finance Director as acting City Clerk of the Issuer. The signatures of the Mayor and the Clerk or the Finance Director as acting City Clerk on the Notes may be by facsimile, but one such officer shall sign his manual signature on the Notes unless the Issuer appoints an authenticating agent, Registrar, transfer agent or trustee (other than the Issuer itself) who shall be authorized and directed to cause one of its duly authorized officers to manually execute the Notes. If any officer whose signature appears on the Notes ceases to hold office before the delivery of the Notes, his or her signature shall nevertheless be valid and sufficient for all purposes. In addition, any Note may bear the signature of, or may be signed by, such persons as at the actual time of execution of such Note shall be the proper officers to sign such Note although at the date of such Note or the date of delivery

thereof such persons may not have been such officers. The Notes shall be approved as to form and correctness by the City Attorney of the Issuer, which approval shall be evidenced by either the manual or facsimile signature of the City Attorney thereon.

SECTION 5.04. Notes Mutilated, Destroyed, Stolen or Lost. If a Note is mutilated, destroyed, stolen or lost, the Issuer or its agent may, in its discretion (i) deliver a duplicate replacement Note, or (ii) pay such Note if it has finally matured or is about to finally mature. A mutilated Note shall be surrendered to and cancelled by the Registrar or its duly authorized agent. The holder of such Note must furnish the Issuer or its agent proof of ownership of any destroyed, stolen or lost Note; post satisfactory indemnity; comply with any reasonable conditions the Issuer or its agent may prescribe; and pay the Issuer's or its agent's reasonable expenses.

Any such duplicate Note shall constitute an original contractual obligation on the part of the Issuer whether or not the destroyed, stolen, or lost Note be at any time found by anyone, and such duplicate Note shall be entitled to equal and proportionate benefits and rights as to lien on, and source of and security for payment from, the funds pledged to the payment of the Note so mutilated, destroyed, stolen or lost.

SECTION 5.05. Effect of Notice of Redemption. Notice having been given in the manner and under the conditions hereinabove provided, the Notes or portions of the Notes so called for redemption shall, on the redemption date designated in such notice, become and be due and payable at the redemption price provided for redemption of the Notes or portions of the Notes on such date.

On the date so designated for redemption, notice having been provided as required herein and moneys for payment of the redemption price being held in a separate account for the holder of the Notes, interest on the Notes or portions of the Notes so called for redemption shall cease to accrue, the Notes or portions of the Notes called shall no longer be outstanding hereunder and shall cease to be entitled to any lien, benefit or security under this Ordinance, and the holder of the Notes or portions of the Notes shall have no right in respect thereof except to receive payment of the redemption price thereof and, to the extent provided in Section 5.06 of this Article, to receive a new Notes for any unredeemed portions of the Note. Except upon the redemption in whole of a Note, presentment of the Note shall not be required for payment upon redemption.

SECTION 5.06. Form of Notes. The text of the Notes and the form of assignment for such Notes, shall be in substantially in the forms attached in Exhibits "C-1" and "C-2" hereto, with such omissions, insertions and variations as may be necessary or desirable and authorized, permitted by or not inconsistent with this Ordinance or by any subsequent ordinance or resolution enacted or adopted prior to the issuance thereof or as may be approved by the Mayor. A Certificate of Authentication may be included in accordance with the provisions of the preceding paragraph.

SECTION 5.07. Application of Note Proceeds. Unless otherwise provided to the contrary by certificate of the Mayor delivered at the time of issuance of the Notes, the proceeds, received from the sale of the Notes, together with certain other available funds of the Issuer, shall be applied by the Issuer, simultaneously (or as soon as practical) with the delivery of the Notes, as described below.

Proceeds of the 2017A Note shall be applied in the following order and priority:

(1) Cost of Issuance. An amount equal to the costs of issuance of the 2017A Note to the extent permitted herein, shall be deposited with the Issuer to be used to pay costs of issuance of the 2017A Note.

(2) Deposit to 2017A Project Account. The balance, together with other legally available funds of the Issuer, if any, shall be deposited in the 2017A Project Account hereinafter created to be applied to the Costs of the Project.

Proceeds of the 2017B Note shall be applied in the following order and priority:

(1) Cost of Issuance. An amount equal to the costs of issuance of the 2017B Note to the extent permitted herein, shall be deposited with the Issuer to be used to pay costs of issuance of the 2017B Note.

(2) Deposit to 2017B Project Account. The balance, together with other legally available funds of the Issuer, if any, shall be deposited in the 2017B Project Account hereinafter created to be applied to the Costs of the Project.

ARTICLE VI  
SOURCE OF PAYMENT OF NOTES;  
SPECIAL OBLIGATIONS OF THE ISSUER

SECTION 6.01. Notes Not to be General Obligation or Indebtedness of the Issuer. The Notes shall not be deemed to constitute a general obligation or a

pledge of the faith and credit of the Issuer, the State of Florida or any political subdivision thereof within the meaning of any constitutional, legislative or charter provision or limitation, but shall be payable solely from and secured by a lien upon and a pledge of the Pledged Revenues, and with respect to the 2017A Note, the Tourist Development Tax Revenues, in the manner and to the extent herein provided. No holder of any Note shall ever have the right, directly or indirectly, to require or compel the exercise of the ad valorem taxing power of the Issuer or any other political subdivision of the State of Florida or taxation in any form on any real or personal property for any purpose, including, without limitation, for the payment of principal of and interest on the Notes, or to maintain or continue any activities of the Issuer which generate user service charges, regulatory fees or other Non-Ad Valorem Revenues (other than with respect to the 2017A Note, the Tourist Development Tax Revenues, to the extent provided herein), nor shall any holder be entitled to payment of such principal and interest from any other funds of the Issuer other than the Pledged Revenues and with respect to the 2017A Note, the Tourist Development Revenues, all in the manner and to the extent herein provided. The Notes and the indebtedness evidenced thereby shall not constitute a lien upon any real or personal property of the Issuer, or any part thereof, or any other tangible personal property of or in the Issuer, but shall constitute a lien only on the Pledged Revenues, and with respect to the 2017A Note, the Tourist Development Tax Revenues, all in the manner and the extent provided herein.

SECTION 6.02. Pledge. The payment of the principal of, premium, if any, and interest on the Notes shall be secured forthwith equally and ratably by an irrevocable lien on the Pledged Revenues, all in the manner and to the extent

provided herein, and with respect to the 2017A Note, to the extent the same may be applied to the payment of debt service on the 2017A Note, on the Tourist Development Tax Revenues. The Issuer does hereby irrevocably pledge such Pledged Revenues to the payment of the principal of, premium, if any, and interest on the Notes, and for all other payments as provided herein, in the order of priorities set forth herein. The Issuer does hereby irrevocably pledge to the extent the same may be lawfully applied therefrom, the Tourist Development Tax Revenues, to the payment of the principal of, premium, if any, and interest on the 2017A Note, and for all other payments as provided herein, in the order of priorities set forth herein.

SECTION 6.03. Covenant to Budget and Appropriate. The Issuer hereby covenants and agrees, to the extent permitted by and in accordance with applicable law and budgetary processes, to prepare, approve and appropriate in its Annual Budget for each Fiscal Year, by amendment if necessary, and to deposit to the credit of the Debt Service Fund (hereinafter created), Non-Ad Valorem Revenues of the Issuer in an aggregate amount which is equal to (i) the difference between the amount of the Tourist Development Tax Revenues received in such Fiscal Year which can be lawfully applied to pay debt service on the 2017A Note and deposited in the 2017A Debt Service Account and the Note Service Requirement with respect to the 2017A Note for the applicable Fiscal Year, (ii) the Note Service Requirement with respect to the 2017B Note for the applicable Fiscal Year, and (iii) an amount sufficient to satisfy all other payment obligations of the Issuer hereunder for the applicable Fiscal Year. Such covenant and agreement on the part of the Issuer to budget and appropriate sufficient amounts of Non-Ad



Valorem Revenues shall be cumulative, and shall continue until such Non-Ad Valorem Revenues in amounts sufficient to make all required payments hereunder as and when due, including any delinquent payments, shall have been budgeted, appropriated and actually paid into the appropriate funds and accounts hereunder; provided, however, that such covenant shall not constitute a lien, either legal or equitable, on any of the Issuer's Non-Ad Valorem Revenues or other revenues other than the Pledged Revenues and with respect to the 2017A Note, the Tourist Development Tax Revenues, to the extent that they may be lawfully applied to pay debt service on the 2017A Note, nor shall it preclude the Issuer from pledging in the future any of its Non-Ad Valorem Revenues or other revenues to other obligations so long as the provisions of this Ordinance are satisfied, nor shall it give the holder of any Note a prior claim on any Non-Ad Valorem Revenues, other than the Pledged Revenues and with respect to the 2017A Note, the Tourist Development Tax Revenues. Anything herein to the contrary notwithstanding, all obligations of the Issuer hereunder shall be secured only by the Non-Ad Valorem Revenues actually budgeted and appropriated and deposited into the funds and accounts created hereunder, as provided for herein and with respect to the 2017A Note, the Tourist Development Tax Revenues, to the extent that they may be lawfully applied to pay debt service on the 2017A Note. The Issuer is prohibited by law from expending moneys not appropriated or in excess of its current budgeted revenues and surpluses. The obligation of the Issuer to budget, appropriate and make payments hereunder from its Non-Ad Valorem Revenues is subject to the availability of Non-Ad Valorem Revenues after satisfying funding requirements for obligations having an express lien on or pledge of such revenues

and after satisfying funding requirements for essential governmental services of the Issuer. Notwithstanding the foregoing or anything in this Ordinance to the contrary, the Issuer has not covenanted to maintain any service or program now provided or maintained by the Issuer which generates Non-Ad Valorem Revenues.

## ARTICLE VII CREATION AND USE OF FUNDS; DISPOSITION OF REVENUES

SECTION 7.01. Creation of Funds and Accounts. There is hereby created and established the "City of Lakeland Capital Improvement Revenue Note, Series 2017 Debt Service Fund" (the "Debt Service Fund") and the "2017A Debt Service Account" and "2017B Debt Service Account" therein and the "City of Lakeland Capital Improvement Note, Series 2017 Project Fund" (the "Project Fund") and therein the "2017A Project Account" and the "2017B Project Account."

The Debt Service Fund and the Project Fund created hereunder and the subaccounts created therein constitute a trust funds for the purposes herein, shall be delivered to and held by the Finance Director (or an Authorized Depository designated by the Finance Director), in each case who shall act as trustee of such funds for the purposes hereof, and shall at all times be kept separate and distinct from all other funds of the Issuer and used only as herein provided. Moneys held in the 2017A Debt Service Account and the 2017A Project Account shall be subject to a lien and charge in favor of the holder and registered owner of the 2017A Note as herein provided. Moneys held in the 2017B Debt Service Account and the 2017B Project Account shall be subject to a lien and charge in favor of the holder and registered owner of the 2017B Note as herein provided.

The cash required to be accounted for in the Debt Service Fund may be deposited in a single bank or investment account or otherwise comingled with other

funds of the Issuer for investment purposes, provided that adequate accounting records are maintained to reflect and control the restricted allocation of cash on deposit therein for the various purposes of such funds as provided herein.

SECTION 7.02. Project Fund. Moneys in the 2017A Project Account and the 2017B Project Account shall be kept separate and apart from all other funds and accounts of the Issuer and shall be used to pay costs of the 2017A Project and 2017B Project, respectively, including costs of issuance of the respective Notes.

Any amounts remaining in an account of the Project Fund after funds on deposit therein are no longer needed to be expended for the purpose for which such account was created hereunder and which have not been reserved by the Issuer for the payment of costs of the respective Projects, shall be transferred at the option of the Issuer to the applicable account of the Debt Service Fund and used to redeem the applicable Note related to such account in the manner described herein, or, (i) shall be deposited in the applicable account in the Debt Service Fund and used to pay principal and interest next coming due on such Note, or (ii) shall be paid to the Issuer for to be used for any lawful purpose, provided however that such moneys shall be used for any purpose or purposes allowed pursuant to clause (i) or (ii) above only if the Issuer shall first receive a Favorable Opinion of Bond Counsel.

SECTION 7.03. Disposition of Covenant Revenues.

(1) Commencing immediately following the issuance of the Notes, and continuing thereafter so long as any Note shall be outstanding hereunder, the Issuer (i) shall deposit to the credit of the 2017A Debt Service Account all amounts

of Tourist Development Tax Revenues received by the Issuer from the County pursuant to the terms of the Interlocal Agreement to the extent lawfully permitted to be applied to pay debt service on the 2017A Note, and (ii) shall further deposit to the credit of the Debt Service Fund, on or before the twenty-fifth day of each month, from Non-Ad Valorem Revenues budgeted and appropriated for such purposes, amounts which, together with funds on deposit therein, will be sufficient to satisfy the cumulative deposit requirements described in clause (a) below.

(a) First, by deposit into the 2017A Debt Service Account and the 2017B Debt Service Account, an amount which, together with any other amounts required to be deposited therein pursuant to this Ordinance, will equal one-sixth ( $1/6^{\text{th}}$ ) of the interest due on the Notes on the next semiannual interest payment date and one-twelfth ( $1/12^{\text{th}}$ ) of all principal maturing or becoming due during the current Note Year on the Notes, until there are sufficient funds then on deposit equal to the sum of the interest and principal payments due on the Notes on the next interest and principal payment dates in such Note Year.

Deposits shall be increased or decreased to the extent required to pay principal and interest next coming due, after making allowance for any accrued and capitalized interest and taking into account deficiencies in prior months' deposits. On or before each interest payment date, the Issuer shall make up any deficiencies in such interest deposit, based on the actual interest accruing through such date.

(b) After the payments to the Debt Service Fund in each month described above, any remaining Covenant Revenues shall be available to the Issuer to be used for any lawful purpose.

(2) The Issuer shall not be required to make any further payments into an account in the Debt Service Fund when the aggregate amount of funds in such account is at least equal to the principal amount of the Note secured by such account then outstanding, plus the amount of interest then due or thereafter to become due on such Note, or if such Note has otherwise been defeased pursuant to Section 11.02 below.

SECTION 7.04. Use of Moneys in the Debt Service Fund.

(1) Moneys on deposit in an account in the Debt Service Fund shall be used solely for the payment of the principal of and interest on the Note secured thereby, including prepayments thereof, and any redemption premium related thereto.

(2) On each principal or interest payment date with respect to the Notes, the Issuer shall transfer from the Debt Service Fund to the Paying Agent for the Notes (if other than the Issuer) or, if the Issuer is the Paying Agent, directly to the Registered Owner of the Notes, sufficient moneys to pay all principal of and interest then due and payable with respect to the Notes.

ARTICLE VIII  
DEPOSITARIES OF FUNDS, SECURITY FOR  
DEPOSITS AND INVESTMENT OF MONEYS

SECTION 8.01. Deposits Constitute Trust Funds. All funds or other property which at any time may be owned or held in the possession of or deposited with the Issuer for application in accordance with the terms and provisions of this Ordinance shall be held in trust and applied only in accordance with the provisions of this Ordinance, and shall not be subject to lien or attachment by any creditor of the Issuer.

All funds or other property which at any time may be owned or held in the possession of or deposited with the Issuer pursuant to this Ordinance, and any investment income thereon, shall be continuously secured, for the benefit of the Issuer and the holder of a Note in the order and manner and for the purposes provided in this Ordinance.

All moneys deposited with an Authorized Depository shall be credited to the particular fund or account to which such moneys belong.

SECTION 8.02. Investment of Moneys. Moneys held for the credit of the funds and accounts established hereunder may be invested and reinvested by the Issuer in Investment Obligations. Such investments or reinvestments shall mature or become available not later than the respective dates, as estimated by the Issuer, that the moneys held for the credit of said funds and accounts will be needed for the purposes set forth therein.

Obligations so purchased as an investment of moneys in any such fund or account created hereunder shall be deemed at all times to be a part of such fund or account, and shall at all times, for the purposes of this Ordinance, be valued annually on September 30 at the market value thereof, exclusive of accrued interest. Except as otherwise provided herein, deficiencies in the amount on deposit in any fund or account resulting from a decline in market value shall be restored no later than the succeeding valuation date.

Except as otherwise expressly provided herein, including specifically the obligations of the Issuer with respect to paying the Rebate Amount as set forth in Section 11.03 hereof, all income and profits derived from the investment of moneys in the funds and accounts created hereby shall be retained in such respective fund

and accounts and used for the purposes specified for such respective funds and accounts. Notwithstanding the foregoing, income and profits derived from the investment of moneys in the funds and accounts created hereunder may, at the option of the Issuer, be transferred to the Issuer in order to pay the Rebate Amount.

All such investments shall be made in compliance with Section 11.03 below.

Notwithstanding anything herein to the contrary, for purposes of investing or reinvesting, the Issuer may commingle moneys in the funds and accounts created hereunder in order to achieve greater investment income, provided that the Issuer shall separately account for the amounts so commingled.

## ARTICLE IX GENERAL COVENANTS OF THE ISSUER

SECTION 9.01. Anti-Dilution Test. The Issuer may incur additional Non-Ad Valorem Revenue Obligations only if, as set forth in a certificate of the Finance Director prior to the issuance thereof, the total amount of the Issuer's Non-Ad Valorem Revenues for the prior Fiscal Year was at least 2.0 times the amount of the Covenant Obligation Maximum Debt Service Requirement of all Non-Ad Valorem Revenue Obligations then outstanding and those proposed to be issued, however, the Issuer may incur additional Non-Ad Valorem Revenue Obligations to refund or defease the Notes in whole without complying with the foregoing requirement.

If any of the Non-Ad Valorem Revenue Obligations described in the first paragraph of this Section 9.01 are Subsidy Obligations, the Covenant Obligation Maximum Debt Service Requirement on such indebtedness shall not, for purposes of this Section 9.01, be deemed to include interest to the extent that it is to be paid from a direct subsidy payment expected to be received from the United States

Treasury (or such other similar entity of the Federal government) relating to such Subsidy Obligations, or any other subsidy or similar payments made by the Federal government and the Issuer has budgeted to deposit such amounts to the payment of debt service thereon; provided however that to avoid double counting, the amount of such subsidy payments shall then not be included in the determination of the Issuer's Non-Ad Valorem Revenues for purposes of this Section 9.01.

SECTION 9.02. No Further Pledge of Tourist Development Tax Revenues.

The Issuer shall not issue or incur any other obligations or indebtedness payable in whole or in part from, or secured by a pledge of or lien on, the Tourist Development Tax Revenues unless it shall have received the consent of the holder(s) of a majority of the principal amount of the 2017A Note then outstanding.

SECTION 9.03. Annual Audit and Annual Budget. The Issuer shall require that an annual audit of its accounts and records with respect to its General Fund and the Pledged Revenues and the funds and accounts hereunder be completed as soon as reasonably practicable after the end of each Fiscal Year by an independent certified public accountant of recognized standing, and shall make available electronically a copy of such audit to the registered owner of the Notes within 210 days after the end of the Fiscal Year, unless otherwise approved by such registered owner in writing. Such audit shall be conducted in accordance with generally accepted auditing standards as applied to governmental units and may be done as part of an audit of all of the Issuer's funds and accounts. If audited financial statements are not available, unaudited financial statements shall be made available electronically such date and audited financial statements shall made available electronically promptly when they become available.



Not later than 60 days following its adoption, the Issuer shall provide the Holder of the Notes with its annual budget.

The Issuer covenants and agrees to provide to the registered owner of the Notes such financial information that the registered owner reasonably requests from the Issuer in writing.

SECTION 9.04. Tourist Development Tax Revenues. After the issuance of the 2017A Note and so long as it remains outstanding, the Issuer will not rescind, terminate, modify, amend or impair the Interlocal Agreement in any material respect or its right to receive the Tourist Development Tax Revenues from the County by ordinance, resolution, interlocal agreement or otherwise without the written consent of the registered owner of the 2017A Note.

SECTION 9.05. Most Favored Nations Provision. If after the date hereof the Issuer shall, under the terms of an ordinance or resolution or other document or instrument authorizing the issuance of Additional Indebtedness agree that (a) events of defaults in addition to those expressly set forth in Section 10.01 herein shall apply with respect to such Additional Indebtedness, then such additional events of default shall also apply with respect to the Notes and this Ordinance, and (b) upon an event of default thereunder that the holder of such Additional Indebtedness shall have the right to declare such Additional Indebtedness to be immediately due and payable, then the registered owner of the Notes shall also have such right of acceleration upon an Event of Default hereunder.

SECTION 9.06. Ratings. The Issuer shall maintain a minimum long term credit rating on any Non-Ad Valorem Revenue Obligations of the Issuer which has

a public debt rating without regard to credit enhancement of not less than Baa/BBB+/BBB+ (or the equivalent), as rated by Moody's Investors Service, Inc., S&P Global Inc. or Fitch Ratings Ltd., respectively; provided, however, notwithstanding the foregoing the Issuer shall not be required to obtain or maintain a rating on the Notes or Non-Ad Valorem Revenue Obligations.

## ARTICLE X EVENTS OF DEFAULT; REMEDIES

SECTION 10.01. Events of Default. Each of the following events is hereby declared an "event of default," that is to say if:

(a) payment of principal of or interest on any Note shall not be made when the same shall become due and payable, either at maturity or on required payment dates by proceedings for redemption or otherwise; or

(b) the Issuer shall fail to comply with any of the covenants and obligations of the Issuer hereunder (other than those referred to in paragraph (a) above) and such failure shall continue unremedied for a period of sixty (60) days after notice by the Purchaser of such occurrence, provided, however, a breach or default under Section 11.03 hereof, shall not be an Event of Default hereunder; or

(c) an order or decree shall be entered, with the consent or acquiescence of the Issuer, appointing a receiver or receivers of the Issuer, or the filing of a petition by the Issuer for relief under federal bankruptcy laws or any other similar law or statute of the United States of America or the State of Florida, which shall not be

dismissed, vacated or discharged within ninety (90) days after the filing thereof; or

(d) any proceedings shall be instituted, with the consent or acquiescence of the Issuer, for the purpose of effecting a composition between the Issuer and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statutes now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the Pledged Revenues.

Notwithstanding the foregoing, with respect to the events described in clause (b), the Issuer shall not be deemed in default hereunder if such default can be cured within a reasonable period of time and if the Issuer in good faith institutes appropriate curative action and diligently pursues such action until the default has been corrected.

SECTION 10.02. Enforcement of Remedies. Upon the happening and continuance of any event of default specified in Section 10.01 of this Article, then and in every such case the owner may proceed to protect and enforce its rights under the laws of the State of Florida, including the Act, and under this Ordinance, by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board, body or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid of execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, all as such holder shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy against the Issuer under this Ordinance the holder of a Note shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Issuer for principal, interest or otherwise under any provisions of this Ordinance or of such Note and unpaid, and, if applicable, with interest on overdue payments of principal and, to the extent permitted by law, on interest, at the rate or rates of interest specified in such Note, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Note, without prejudice to any other right or remedy of the holder of such Note, and to recover and enforce any judgment or decree against the Issuer, but solely as provided herein and in such Note, for any portion of such amounts remaining unpaid and interest, costs and expenses as above provided, and to collect (but solely from moneys in the Debt Service Fund, and any other moneys available for such purpose) in any manner provided by law, the moneys adjudged or decreed to be payable.

SECTION 10.03. Effect of Discontinuing Proceedings. In case any proceeding taken by the holder of a Note on account of any default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the holder of such Note, then and in every such case the Issuer and the holder shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the holder of such Note shall continue as though no such proceeding had been taken.

ARTICLE XI  
MISCELLANEOUS PROVISIONS

SECTION 11.01. Modification or Amendment. This Ordinance may be modified or amended by ordinance and may be supplemented for the completion of all appropriate blanks and for the addition of terms, covenants and provisions in the manner herein provided and as may further be necessary for the issuance of the Notes hereunder from time to time by supplemental ordinance or resolution adopted concurrently with or prior to the issuance of the Notes. Thereafter, no modification or amendment of this Ordinance or of any resolution or ordinance amendatory hereof or supplemental hereto not provided for herein, materially adverse to the holder of any Note may be made without the consent in writing of the holder of such Note.

SECTION 11.02. Defeasance. If, at any time after the date of issuance of the Notes, (a) a Note or any principal installment or portion of a principal installment of a Note shall have become due and payable in accordance with its terms or otherwise as provided in this Ordinance, or shall have been duly called for redemption, or the Issuer gives the Paying Agent irrevocable instructions directing the payment of the principal of, premium, if any, and interest on such Note at maturity or at any earlier redemption date scheduled by the Issuer, or any combination thereof, (b) the whole amount of the principal, premium, if any, and the interest so due and payable upon such Note or principal installment or portion of a principal installment thereof, at maturity or upon redemption, with respect thereto, shall be paid, or sufficient moneys shall be held by a Paying Agent or other Authorized Depository acting as an escrow agent in irrevocable trust for the benefit of the holder of such Note (whether or not in any accounts created hereby) which,

when invested in cash or Direct Obligations maturing not later than the maturity or redemption dates of such principal, premium, if any, and interest will, together with the income realized on such investments, be sufficient to pay all such principal, premium, if any, and interest on such Note or principal installment or portion of a principal installment thereof at the maturity thereof or the date upon which such Note or principal installment or portion of a principal installment thereof is to be called for redemption prior to maturity and (c) provision satisfactory to the Registrar and Paying Agent shall also be made for paying all fees, charges and expenses of the Registrar and Paying Agent payable hereunder by the Issuer, then and in that case the right, title and interest of such holder hereunder and the pledge of and lien on the Pledged Revenues, the covenant of the Issuer pursuant to Section 6.03 hereof, and all other pledges and liens created hereby or pursuant hereto including with respect to the 2017A Note, the Tourist Development Tax Revenues, with respect to the holder of such Note or principal installment or portion of the principal installment thereof shall thereupon cease, determine and become void, and if such conditions have been satisfied with respect to the all of the Notes issued hereunder and then outstanding, all balances remaining in any other funds or accounts created by this Ordinance other than moneys held for redemption or payment of a Note and to pay all other sums payable by the Issuer hereunder shall be distributed to the Issuer for any lawful purpose; otherwise this Ordinance shall be, continue and remain in full force and effect.

Notwithstanding any other provision of this Ordinance, including in particular this Section 11.02, the obligation to pay over the Rebate Amount to the

United States and to comply with all other requirements of Section 11.03 hereof shall survive the defeasance or payment in full of the Notes.

SECTION 11.03. Tax Covenants. It is the intention of the Issuer and all parties under its control that the interest on the Notes be and remain excluded from gross income for federal income tax purposes and to this end, the Issuer hereby represents to and covenants with the holder of the Notes that it will comply with the requirements applicable to it contained in Section 103 and Part IV of Subchapter B of Chapter 1 of Subtitle A of the Code to the extent necessary to preserve the exclusion of interest on the Notes from gross income for federal income tax purposes. Specifically, without intending to limit in any way the generality of the foregoing, the Issuer covenants and agrees with respect to the Notes:

(1) to the extent required by the Code, to make or cause to be made all necessary determinations and calculations of the Rebate Amount and required payments of the Rebate Amount;

(2) to set aside sufficient moneys from the Pledged Revenues or other legally available funds of the Issuer, to timely pay the Rebate Amount to the United States of America;

(3) to pay the Rebate Amount at the times and to the extent required under the Code, to the United States of America from Pledged Revenues or from any other legally available funds;

(4) to maintain and retain all records pertaining to the Rebate Amount with respect to the Notes and required payments of the Rebate Amount with respect to the Notes for at least six years

after the final maturity of the Notes or such other period as shall be necessary to comply with the Code;

(5) to refrain from taking any action that would cause any Note to become an arbitrage bond under Section 148 of the Code;

(6) to refrain from using proceeds of the 2017A Note in a manner that would cause such 2017A Note to be classified as a private activity bond under Section 141(a) of the Code; and

(7) to refrain from taking any action that would cause the 2017B Note not to be classified as a "qualified bond" under Section 141(e) of the Code.

In addition, the Issuer hereby covenants for the benefit and security of the holders of the 2017A Note and the 2017B Note as follows:

(8) (i) The weighted average maturity of the 2017A Note will not exceed 120 percent of the weighted average reasonably expected economic life of the assets comprising the 2017A Project, as determined under Section 147(b) of the Code; and

(ii) The weighted average maturity of the 2017B Note will not exceed 120 percent of the weighted average reasonably expected economic life of the assets comprising the 2017B Project, as determined under Section 147(b) of the Code;

(9) The costs of issuance of the 2017B Note, within the meaning of Section 147(g) of the Code, paid with proceeds of the



2017B Note shall not exceed two percent (2%) of the proceeds of the 2017B Note; and

(10) None of the 2017A Note or the 2017B Note will be used, directly or indirectly, to make or finance loans to two or more ultimate borrowers (including governmental borrowers);

(11) The Issuer shall complete and file a Form 8038-G, Information Return for Governmental Obligations with respect to the 2017A Note, within the time period required by Section 149(e) of the Code and take any other steps necessary to comply with the information reporting requirement imposed by that section of the Code;

(12) The Issuer shall complete and file a Form 8038, Information Return for Tax-Exempt Private Activity Bond Issues with respect to the 2017B Note, within the time period required by Section 149(e) of the Code and take any other steps necessary to comply with the information reporting requirement imposed by that section of the Code.

The Issuer, for the benefit and security of the holders of the 2017A Note and the 2017B Note, hereby represents and warrants as follows:

(13) Less than twenty five percent (25%) of the net proceeds of the 2017B Note (as "net proceeds" is defined in Section 150(a)(3) of the Code) will be used (either directly or indirectly) to finance or refinance the acquisition of land or any interest therein,

excluding any land acquired for noise abatement, wetland preservation, or for future use as an airport, mass commuting facility, dock, wharf, or a high-speed intercity rail facility, if there is no other significant use of such land within the meaning of Section 147(c)(3)(B) of the Code; and

(14) None of the proceeds of the 2017B Note will be used to finance or refinance the acquisition of any airplane, any skybox or other private luxury box, any health club facility, any facility primarily used for gambling, any store the principal business of which is the sale of alcoholic beverages for consumption off premises, or land (or any interest therein) to be used for farming purposes;

(15) None of the net proceeds of the 2017B Note will be used to finance or refinance the acquisition of any property or an interest therein (other than land) if the first use of such property was not pursuant to such acquisition, unless the rehabilitation exception of Section 147(d)(2) of the Code is met with respect to such property;

(16) All of the property to be financed or refinanced with the proceeds from the issuance of the 2017B Note, is or will be owned by the Issuer;

(17) At least ninety-five (95%) of the net proceeds of the 2017B Note will be expended for and used to pay or refinance Qualified Project Costs of the 2017B Project.

(18) Each component of the 2017B Project that is directly related and essential to servicing aircraft, or enabling aircraft to take

off and land, or transferring passengers or cargo to and from aircraft, is or will be located at, or in close proximity to, the take-off and landing areas and is required to be located in such areas in order to perform its function;

(19) Each component of the 2017B Project that is functionally related and subordinate to the core activities of the Airport System described in subparagraph (18) above is or will be of a character and size commensurate with the character and size of the Airport System;

(20) Not more than five percent (5%) of the proceeds of the 2017B Note will be collectively used to (a) pay costs of issuing such 2017B Note, (b) finance property described in Section 142(c)(2) of the Code (related to lodging facilities, retail facilities in excess of the size necessary to serve passengers and employees at the Airport, retail facilities located outside of the Airport terminal building, manufacturing or industrial park facilities, or separate office buildings used other than by governmental units), (c) finance any office space that is (1) not located on the premises of the component of the 2017B Project of which such office space is a part, or (2) at which more than a de minimis amount of the functions performed are not directly related to the day to day operations of such component of the 2017B Project, or (d) finance costs (other than costs of properties of the types described in (b) or (c)) that are not Qualified Project Costs;

(21) Any lease of all or any portion of the 2017B Project will be a "true lease" for federal income tax purposes and not a conditional sales contract or financing device. Any such lease shall comply with the requirements of Section 142(b)(1)(B) of the Code and, therefore, each lessee will be prohibited from claiming depreciation and investment tax credits with respect to any portion of the 2017B Project; the term of any such lease shall be limited in duration to eighty percent (80%) of the reasonably expected weighted average economic useful life of the facilities included in the 2017B Project being leased; and no such lease shall provide the lessee with an option to purchase the leased facilities other than at the fair market value (as of the time such option is exercised);

(22) (i) Not more than fifty percent (50%) of the proceeds of the 2017B Note will be invested in a guaranteed investment contract with a term of four (4) years or more, or in another form of nonpurpose investment (within the meaning of Section 148(f)(6)(A) of the Code) having a substantially guaranteed yield for four (4) years or more; and

(ii) Not more than fifty percent (50%) of the proceeds of the 2017A Note will be invested in a guaranteed investment contract with a term of four (4) years or more, or in another form of nonpurpose investment (within the meaning of Section 148(f)(6)(A) of the Code) having a substantially guaranteed yield for four (4) years or more;

(23) (i) The payment of principal or interest with respect to the Notes is not guaranteed directly or indirectly (in whole or in part) by the United States (or any agency or instrumentality thereof);

(ii) Five percent (5%) or more of the proceeds of the Notes will not be (A) used in making loans the payment of principal and interest with respect to which are to be guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof), or (B) invested (directly or indirectly) in federally insured deposits or accounts as defined in Section 149(b)(4)(B) of the Code;

The foregoing provisions of this paragraph (23) shall not apply to proceeds of the 2017A Note or 2017B Note being (I) invested for an initial temporary period until such proceeds are needed for the purpose for which such issue was issued; (II) invested as part of a bona fide debt service fund; (III) invested as a part of a reserve which meets the requirements of Section 148(d) of the Code; (IV) invested in obligations issued by the United States Treasury; (V) invested as part of a refunding escrow (i.e., a fund containing proceeds of a refunding bond issue established to provide for the payment of principal or interest on one or more prior bond issues); or (VI) invested in other investments permitted under regulations promulgated pursuant to Section 149(b)(3)(B)(v) of the Code;

(24) The entire amount of the proceeds of the 2017A Note and the 2017B Note will be needed for the governmental purposes described above.

The Issuer understands that the foregoing covenants impose continuing obligations of the Issuer that will exist as long as the requirements of Section 103 and Part IV of Subchapter B of Chapter 1 of Subtitle A of the Code are applicable to the Notes.

Notwithstanding any other provision of this Ordinance, including in particular Section 11.02 hereof, the obligation of the Issuer to pay over the Rebate Amount to the United States of America and to comply with all other requirements of this Section 11.03 shall survive the defeasance or payment in full of the Notes.

SECTION 11.04. Approval. For the purposes of Section 147(f) of the Code, the Governing Body hereby approves the issuance by the Issuer of the 2017B Note in a principal amount not exceeding \$17,000,000.

SECTION 11.05. Severability. If any one or more of the covenants, agreements or provisions of this Ordinance should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Ordinance or of a Note issued hereunder.

SECTION 11.06. No Third-Party Beneficiaries. Except as herein otherwise expressly provided, nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the parties hereto and the owner and holder of a Note issued under and secured by this Ordinance, any right, remedy or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, this Ordinance and all its provisions

being intended to be and being for the sole and exclusive benefit of the parties hereto and the owners and holders from time to time of a Note issued hereunder.

SECTION 11.07. Controlling Law; Members of Governing Body Not Liable.

All covenants, stipulations, obligations and agreements of the Issuer contained in this Ordinance shall be deemed to be covenants, stipulations, obligations and agreements of the Issuer to the full extent authorized by the Act and provided by the Constitution and laws of the State of Florida. No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, agent or employee of the Issuer in his individual capacity, and neither the members of the Governing Body nor any official executing the Notes shall be liable personally on the Notes or this Ordinance or shall be subject to any personal liability or accountability by reason of the issuance or the execution by the Issuer or such members thereof.

SECTION 11.08. Effect of Covenants. All covenants, stipulations, obligations and agreements of the Issuer contained in this Ordinance shall be deemed to be covenants, stipulations, obligations and agreements of the Issuer and of the Governing Body and of each department and agency of the Issuer to the full extent authorized or permitted by law, and all such covenants, stipulations, obligations and agreements shall bind or inure to the benefit of the successor or successors thereof from time to time and any officer, board, body or commission to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

Except as otherwise provided herein, all rights, powers and privileges conferred and duties and liabilities imposed upon the Issuer or upon the Governing Body by the provisions of this Ordinance shall be exercised or performed by the Governing Body, or by such other officers, board, body or commission as may be required by law to exercise such powers or to perform such duties.

SECTION 11.09. Repeal of Inconsistent Ordinances or Resolutions. All ordinances or resolutions or parts thereof in conflict herewith are, to the extent of such conflict, superseded and repealed.

PASSED AND CERTIFIED THIS 15TH DAY OF MAY, 2017.

CITY OF LAKE LAND, FLORIDA

ATTEST:

By: \_\_\_\_\_  
R. Howard Wiggs, Mayor

By: \_\_\_\_\_  
Kelly S. Koos, City Clerk

APPROVED AS TO FORM AND  
CORRECTNESS:

By: \_\_\_\_\_  
Timothy J. McCausland  
City Attorney



## **EXHIBIT "A-1"**

### **DESCRIPTION OF 2017A PROJECTS**

Proceeds of the 2017A Note will be used for the purpose of providing funds, together with other available funds, for the purpose of paying or refinancing the costs of acquiring, constructing, extending, improving or enlarging The Lakeland Center and financing certain airport facilities at the Lakeland Linder Regional Airport, Lakeland, Florida; including, but not limited to, constructing, extending, improving or enlarging airport facilities, roads, runways, control towers, public parking; provided, however, no proceeds will be used to finance facilities leased to the National Oceanic and Atmospheric Administration.

## **EXHIBIT "A-2"**

### **DESCRIPTION OF 2017B PROJECTS**

Proceeds of the 2017B Note will be used for the purpose of providing funds, together with other available funds, for the purpose of paying or refinancing the costs of acquiring, constructing, extending, improving or enlarging certain airport facilities at the Lakeland Linder Regional Airport Airside Center, 3450 Flightline Drive, Lakeland, Florida; including, but not limited to, constructing, extending, improving or enlarging airport facilities, roads and hangars all owned by the Issuer and to be leased in part by the National Oceanic and Atmospheric Administration.

**EXHIBIT "B"**

**PROPOSAL**



TD Bank, N.A.,  
2307 West Kennedy Boulevard  
Tampa, FL 33609  
Tel: 813-250-3069  
Fax: 813-258-5622  
Robert.Catoe@td.com

May 2, 2017

Mr. Jeffrey Stearns  
City Treasurer  
City of Lakeland  
228 South Massachusetts Avenue  
Lakeland, FL 33801

Mr. Mitchell N. Owens  
Managing Director  
RBC Capital Markets, LLC  
1650 Prudential Drive, Suite 101  
Jacksonville, FL 32207

RE: Request for Proposals for Non-Bank Qualified Tax-Exempt Bank Loan

Dear Mr. Stearns and Mr. Owens,

In response to the Request for Proposal for the City of Lakeland, Florida – Request for Proposal for the City of Lakeland, Florida Capital Improvement Revenue Note, Series 2017A and 2017B, TD Bank, N.A. (the "Bank") is pleased to submit the following proposal to the City of Lakeland, Florida (the "City").

The structure of the proposed Credit Accommodation is outlined in the attached term sheet (Exhibit A) which provides a statement of suggested terms, but under no circumstance shall such statement be construed as a complete summarization of terms necessary for consummation of the proposed Credit Accommodation. PLEASE NOTE THIS PROPOSAL IS SUBJECT TO FORMAL CREDIT REVIEW AND UNDERWRITING IN ACCORDANCE WITH THE BANK'S INTERNAL POLICY AND NOTHING HEREIN SHALL CONSTITUTE A BINDING COMMITMENT TO LEND. Further, we expressly advise you that TD Bank, N.A. has not approved the Credit Accommodation. The Bank shall not be liable to the City or any other person for any losses, damages or consequential damages which may result from the City's reliance upon this proposal letter, the proposed Credit Accommodation, the proposed term sheet or any transaction contemplated hereby.

The Bank's Loan Proposal is subject to acceptance by the City prior to 3:00 pm eastern standard time on May 5, 2017 and is contingent upon a Loan Closing with mutually acceptable documents between the City and Bank prior to 3:00 pm eastern standard time on May 23, 2017.

This letter, including the terms contained within the proposed Credit Accommodation, is delivered to you on the condition that its existence and its contents will not be disclosed without our prior written approval, except (i) as may be required to be disclosed in any legal proceeding or as may otherwise be required by law and on a confidential and "need to know" basis, to your directors, officers, employees, advisors and agents.

We appreciate this opportunity and are delighted to provide this Proposal. We look forward to working with you to successfully complete this transaction. My contact information is noted above.

Very truly yours,

TD BANK, N.A.

By:

Robert W. Catoe  
Vice President

## TD Bank, N.A.

### TERMS AND CONDITIONS OF CREDIT ACCOMMODATION DATED May 2, 2017 ("Loan")

THIS IS A STATEMENT OF TERMS AND CONDITIONS AND NOT A COMMITMENT TO LEND. ALL CREDIT ACCOMMODATIONS ARE SUBJECT TO FORMAL CREDIT UNDERWRITING AND APPROVAL.

#### 1. Loan

- a) **Borrower(s):** City of Lakeland, Florida (the "Borrower")
- b) **Facility:** **Series 2017A:** Non-Bank Qualified Tax-Exempt Bank Loan  
**Series 2017B:** Non-Bank Qualified Tax-Exempt Bank Loan
- c) **Purpose:** **Series 2017A:** Issued by the Borrower for (i) the purpose of providing funds, together with other available funds, for the purpose of paying or refinancing the costs of acquiring, constructing, extending, improving or enlarging the City's civic center and financing certain airport facilities at the Lakeland Linder Regional Airport, Lakeland, Florida; including, but not limited to, constructing, extending, improving or enlarging airport facilities, roads, runways, control towers, public parking provided, however, no proceeds will be used to finance facilities leased to the National Oceanic and Atmospheric Administration and (ii) paying the related costs of issuance.  
**Series 2017B:** Issued by the Borrower for (i) the purpose of providing funds, together with other available fund, for the purpose of paying or refinancing the costs of acquiring, constructing, extending, improving or enlarging certain airport facilities at the Lakeland Linder Regional Airport Airside Center, 3450 Flightline Drive, Lakeland, Florida; including, but not limited to, constructing, extending, improving or enlarging airport facilities, roads and hangars all owned by the City and to be leased to the National Oceanic and Atmospheric Administration and (ii) paying the related costs of issuance.
- d) **Amount:** **Series 2017A:** Not to exceed \$16,400,000.00 USD  
**Series 2017B:** Not to exceed \$15,900,000.00 USD
- e) **Collateral:** **Series 2017A:** Secured by the Tourist Development Tax Revenues and to the extent necessary, legally available non-ad valorem revenues of the Borrower which are budgeted and appropriated by the Borrower on an annual basis.  
**Series 2017B:** Secured by legally available non-ad valorem revenue of the Borrower which, are budgeted and appropriated by the Borrower on an annual basis. Please see attached proposed Note Ordinance.



- f) **Settlement**  
**Date:** On or Before May 23, 2017
- g) **Maturity:**  
**Series 2017A:** April 1, 2032  
**Series 2017B:** April 1, 2026
- h) **Repayment**  
**Terms:**  
Interest on the 2017 Notes will be paid semi-annually (October 1 and April 1), commencing on October 1, 2017 based upon a 30/360 day basis.  
  
Principal on the 2017 Notes will be paid annually (April 1), commencing on April 1, 2018, with final maturity of April 1, 2032 in accordance with the Amortization Schedule attached in Appendix A.
- j) **Interest Rate:**  
**Series 2017A:** Indicative Tax Exempt Non-Bank Qualified (NBQ) Fixed Rate: **2.44%**  
  
**Series 2017B:** Indicative Tax Exempt Non-Bank Qualified (NBQ) Fixed Rate: **2.10%**  
  
**Rate Hold Option:** TD Bank will hold the rate of interest through the expected close date of May 23, 2017, if Borrower confirms for the Bank, by May 2, 2017 of proposal submission date that the Bank will be recommended as the financial provider for the requested facility. Otherwise the final Loan Rate will be based using the below formula of which was used to quote the Indicative Tax Exempt (NBQ) Rate for this Proposal.  
  
The quoted indicative fixed rate of interest is based upon (70% of the prevailing ten (10) year Treasury Rate) plus 79 basis points as publicized by the Intercontinental Exchange (ICE) for the Swap Index.  
ICE: <https://www.theice.com/iba/historical-data>
- k) **Prepayment Provision:**  
**Option A:** At the time of any full or partial prepayment, (i) A "Yield Maintenance Fee" in an amount computed as follows shall apply:  
  
This Note may be prepaid on any Business Day in whole or in part upon thirty (30) days prior written notice to the Bank. In the event of any prepayment of this Note, whether by voluntary prepayment, acceleration or otherwise, the Borrower shall, at the option of the Bank, pay a "fixed rate prepayment charge" equal to the greater of (i) 1.00% of the principal balance being prepaid multiplied by the "Remaining Term," as hereinafter defined, in years or (ii) a "Yield Maintenance Fee" in an amount computed as follows:  
  
*The current cost of funds, specifically the bond equivalent yield for United States Treasury securities (bills on a discounted basis shall be converted to a bond equivalent yield) with a maturity date closest to the "Remaining Term", shall be subtracted from the "Stated Interest Rate". If the result is*

zero or a negative number, there shall be no Yield Maintenance Fee due and payable. If the result is a positive number, then the resulting percentage shall be multiplied by the amount being prepaid times the number of days in the "Remaining Term" and divided by 360. The resulting amount is the "fixed prepayment charge" due to the Bank upon prepayment of the principal of this Loan plus any accrued interest due as of the prepayment date and is expressed in the following calculation:

*Yield Maintenance Fee = [Amount Being Prepaid x (Stated Interest Rate - Current Cost of Funds) x Days in the Remaining Term/360 days] + any accrued interest due "Remaining Term."*

"Remaining Term" as used herein shall mean the shorter of (i) the remaining term of either 2017 Notes (not both), or (ii) the remaining term of the then current fixed interest rate period.

**Option B:** Borrower can elect to have a "No Prepayment" penalty associated with Series 2017A and/or Series 2017B by adding a premium of **23 basis points** to the quoted proposed Loan Rate.

l) **Default Rate of Interest:**

The "default rate of interest" shall be six (6) percentage points in excess of the Prime Rate as quoted in the Wall Street Journal.

m) **Late Charges:**

If any payment due the Bank is more than fifteen (15) days overdue, a late charge of six percent (6%) of the overdue payment shall be assessed.

2. **Fees and Expenses:** The Borrower shall pay to the Bank on demand any and all costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements, court costs, litigation and other expenses) incurred or paid by the Bank in connection with the loan. The City's bond counsel will provide documentation associated with this transaction. Documentation will be subject to the review and approval of the Bank and the Bank's counsel. The City agrees to pay all legal fees and expenses of the Bank associated with the review and closing of this transaction, which costs may be paid with proceeds of the Loan with a maximum time basis not to exceed \$11,000.00 if each of the loans are documented with a single set of closing documents and \$1,500 for each additional series if each Note documented is with separate closing documents. Bank's counsel shall be the following:

Kareem J. Spratling  
Bryant Miller and Olive P.A.  
201 North Franklin Street, Suite 2700  
Tampa, FL 33602  
(813) 273-6677



### 3. **Financial Reporting:**

#### a) ***Borrower(s) shall furnish the following financial reports:***

| <u>Type of Report(s)</u>                   | <u>Frequency</u> | <u>Due Date</u>                                  |
|--------------------------------------------|------------------|--------------------------------------------------|
| <b><i>Audited Financial Statements</i></b> | Annually         | Within 210 days after the end of the fiscal year |
| <b><i>Annual Budget</i></b>                | Annually         | Within 60 days after its adoption                |

The Bank reserves the right to request reasonable additional financial information to supplement or verify certain financial assumptions or verify the creditworthiness of the Borrower.

### 4. **Legal Opinion:**

Prior to closing, there shall be delivered to the Bank: (A) an opinion of Bond Counsel acceptable to the Bank covering matters customary for a transaction of this type and nature and which shall, without limitation, opine that: (1) the Borrower is duly formed; (2) all loan documents have been validly authorized and executed by and on behalf of the Borrower, if any; (3) all loan documents are valid, binding, enforceable in accordance with their terms and do not violate any legal requirements, including without limitation, organizational documents, laws and material agreements; (4) the loan and loan documents are exempt from registration and qualification under the Securities Act of 1933 and Trust Indenture Act of 1939, and (5) the interest on the 2017A Note and 2017B Note are each excludable from the gross income of the Bank, and (B) an opinion of counsel to the Borrower in form and substance satisfactory to the Bank.

### 5. **Financial Covenants:**

All standard covenants and provisions shall be applicable to the Loans, including but not limited to:

**Anti-Dilution Test:** The City may incur additional Non-Ad Valorem Revenue Obligations only if, as set forth in a certificate of the Finance Director prior to the issuance thereof, the total amount of the Borrower's Non-Ad Valorem Revenues for the prior Fiscal Year was at least 2.00 times the amount of the Covenant Obligation Maximum Debt Service Requirement of all Non-Ad Valorem Revenue Obligations then outstanding and those proposed to be issued, however, the Borrower may incur additional Non-Ad Valorem Revenue Obligations to refund or defease the Bonds in whole without complying with the foregoing requirement.

### 6. **Other Conditions:**

- Documents for the 2017A Note and 2017B Note will include determination of taxability language (including retroactive interest, penalties and other fees and costs associated therewith) allowing for a higher taxable loan rate should the IRS deem the Loan to be a taxable facility due to events associated with action or inaction of Borrower.
- Borrower shall maintain, during the life of the Loan, a minimum Public Debt Rating (PDR) of Baa1/BBB+/BBB+ on debt related to the Covenant to Budget and Appropriate by the Borrower. Failure to maintain such minimum rating shall make the Loan Facility subject the Default loan interest rate under the Loan Agreement.
- The City shall not issue or incur any other obligations or indebtedness payable in whole or in part from, or secured by a pledge of or lien on, the Tourist Development Tax Revenues pledged to the 2017A Note without the Bank's consent.
- No Material Adverse Change to the Borrower.
- If after the date hereof the Issuer shall, under the terms of an ordinance or resolution or other document or instrument authorizing the issuance of Additional Indebtedness agree that events of defaults in addition to



those expressly set forth in Section 10.01 herein shall apply with respect to such Additional Indebtedness, then such additional events of default shall also apply with respect to the Note and this Ordinance.

"Additional Indebtedness" means obligations issued after the date hereof evidencing indebtedness for borrowed money, the sole security for which is provided by a covenant of the Issuer to budget and appropriate Non-Ad Valorem Revenues for the payment of debt service on such obligations.

- f. All standard representations, warranties, rights and remedies in the event of default that are acceptable to the bank, including TD Bank shall have the right of acceleration, if any other creditor after the date of this note issue is given the right of acceleration upon an event default.
- g. The implementation of certain terms, conditions, covenants or other non-material changes to the proposed Credit Accommodation required as part of the Bank's formal credit approval shall be deemed an approval in substantially the form outlined in this proposed Credit Accommodation.
- h. All legal matters and documentation to be executed in connection with the contemplated proposed Credit Accommodation shall be satisfactory in form and substance to the Bank and counsel to the Bank.
- i. Patriot Act Notice. Lender is subject to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56) (signed into law October 26, 2001)) (the "Act") and hereby notifies the Borrower and Guarantor that pursuant to the requirements of the Act, it is required to obtain, verify and record information that identifies the Borrower and Guarantor, which information includes the name and address of the Borrower and Guarantor and other information that will allow Lender to identify the Borrower and Guarantor in accordance with the Act.

THIS PROPOSAL IS NOT AND SHOULD NOT BE CONSTRUED AS A COMMITMENT BY THE BANK OR ANY AFFILIATE TO ENTER INTO ANY CREDIT ACCOMMODATION.

## Appendix A: Amortization Schedule

|          | <u>Total</u>     | <u>Series 2017A</u> | <u>Series 2017B</u> |
|----------|------------------|---------------------|---------------------|
| 4/1/2018 | 1,778,718        | 983,237             | 795,480             |
| 4/1/2019 | 2,166,069        | 1,006,737           | 1,159,333           |
| 4/1/2020 | 2,217,838        | 1,030,798           | 1,187,041           |
| 4/1/2021 | 7,348,135        | 1,055,434           | 6,292,701           |
| 4/1/2022 | 3,010,193        | 1,080,659           | 1,929,534           |
| 4/1/2023 | 2,345,749        | 1,106,486           | 1,239,263           |
| 4/1/2024 | 2,197,035        | 1,132,932           | 1,064,104           |
| 4/1/2025 | 2,249,544        | 1,160,009           | 1,089,536           |
| 4/1/2026 | 2,310,597        | 1,187,733           | 1,122,864           |
| 4/1/2027 | 1,216,120        | 1,216,120           | -                   |
| 4/1/2028 | 1,031,583        | 1,031,583           | -                   |
| 4/1/2029 | 1,056,238        | 1,056,238           | -                   |
| 4/1/2030 | 1,081,482        | 1,081,482           | -                   |
| 4/1/2031 | 1,107,329        | 1,107,329           | -                   |
| 4/1/2032 | <u>1,133,794</u> | <u>1,133,794</u>    | <u>-</u>            |
|          | 32,250,424       | 16,370,569          | 15,879,855          |

**EXHIBIT "C-1"**

**FORM OF 2017A NOTE**

THIS NOTE IS SUBJECT TO TRANSFER RESTRICTIONS,  
MORE FULLY DESCRIBED IN THE ORDINANCE (AS  
HEREINAFTER DEFINED) REFERRED TO HEREIN.

No. RA-1

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF FLORIDA  
CITY OF LAKE LAND  
CAPITAL IMPROVEMENT REVENUE NOTE,  
SERIES 2017A

Interest  
Rate:

2.44%  
(subject to adjustment)

Maturity  
Date:

April 1, 2032

Original Dated  
Date:

\_\_\_\_\_, 2017

REGISTERED HOLDER:

PRINCIPAL AMOUNT:

DOLLARS

The City of Lakeland, Florida (hereinafter called the "Issuer"), for value received, hereby promises to pay to the Registered Holder identified above, or to registered assigns or legal representatives, but solely from the revenues hereinafter mentioned, on the Maturity Date identified above (or earlier as hereinafter provided), the Principal Amount identified above, upon presentation and surrender hereof at the office of the Issuer or its successors, in its capacity as Registrar and Paying Agent (the "Registrar"), and to pay, solely from such special revenues, interest on the principal sum from the date hereof, or from the most recent interest payment date to which interest has been paid, at the interest rate per annum identified above (except as hereinafter provided), until payment

of the principal sum, or until provision for the payment thereof has been duly provided for, such interest being payable semiannually on the first day of April and the first day of October of each year, commencing on October 1, 2017. Interest on this Note will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest will be paid by check or draft mailed (or, if requested by the Registered Holder, in writing to the Paying Agent, by wire transfer or other electronic medium acceptable to the Issuer and Paying Agent) to the Registered Holder hereof at his address as it appears on the registration books of the Issuer maintained by the Registrar at the close of business on the 15th day (whether or not a Business Day) of the month next preceding the interest payment date (the "Record Date"), irrespective of any transfer or exchange of this Note subsequent to such Record Date and prior to such interest payment date, unless the Issuer shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name this Note is registered at the close of business on a special record date for the payment of such defaulted interest as established by notice by deposit in the U.S. mails, postage prepaid, by the Issuer to the Registered Owner not less than fifteen days preceding such special record date. Such notice shall be mailed to the person in whose names such Note is registered at the close of business on the fifth (5<sup>th</sup>) day (whether or not a Business Day) preceding the date of mailing. Notwithstanding the foregoing, after the occurrence and during the continuation of an Determination of Taxability, as defined in the Ordinance, the interest rate on this Note shall be the Taxable Rate, as described herein, and after the occurrence and during the

continuation of an Event of Default under the Ordinance, the interest rate on this Note shall be the Default Rate, as defined in the Ordinance.

“Determination of Taxability” means, with respect to this Note, the circumstance that shall be deemed to have occurred if interest paid or payable on this Note becomes includable for federal income tax purposes in the gross income of a Holder as a consequence of any action or inaction by the Issuer. A Determination of Taxability will be deemed to have occurred upon a final decree or judgment of any Federal court or a final action of the Internal Revenue Service determining that interest paid or payable on this Note is or was includable in the gross income of a Holder for Federal income tax purposes as a result of an action or inaction of the Issuer; provided, however, no such decree, judgment or action will be considered final for this purpose, however, unless the Issuer has been given written notice and if it is so desired and is legally allowed, has been afforded the opportunity to contest the same, either directly or in the name of the Holder, and until the conclusion of any appellate review, if sought.

(i) In the event of a Determination of Taxability, the interest rate shall be adjusted to cause the yield on this Note to equal what the yield on this Note would have been absent such Determination of Taxability (the “Taxable Rate”) effective retroactively to the effective date of such Determination of Taxability. Within thirty (30) days of a Determination of Taxability, the Issuer agrees to pay to the Registered Owner subject to such Determination of Taxability the Additional Amount (as defined herein). “Additional Amount” means (i) the difference between (a) interest on this Note for the period commencing on the date on which the interest on this Note (or portion thereof) loses its “tax-exempt”

status and ending on the earlier of the date this Note ceases to be outstanding or such adjustment is no longer applicable to this Note (the "Taxable Period") at a rate equal to the Taxable Rate and (b) the aggregate amount of interest payable on this Note for the Taxable Period under the provisions of this Note without considering the Determination of Taxability, plus (ii) any penalties and interest paid or payable by the Registered Owner to the Internal Revenue Service by reason of such Determination of Taxability. For purposes of the preceding sentence, the Taxable Period shall not include any period of time during which the Registered Owner, as determined by the Registered Owner, is not liable for any taxes, interest or penalties with respect to interest paid on this Note as a result of any applicable statute of limitations under the federal income tax laws.

The Registered Owner shall promptly notify the Issuer in writing of any adjustments pursuant hereto. Such adjustments shall become effective as of the effective date of the event causing such adjustment. Adjustments pursuant hereto may be retroactive. The Registered Owner shall certify to the Issuer in writing the Additional Amount, if any, due to such Registered Owner as a result of an adjustment pursuant hereto.

(ii) Subject to the provisions of clause (iii) below, the Registered Owner shall afford Issuer the opportunity, at Issuer's sole cost and expense, to contest any challenge to the validity of the tax exemption with respect to the interest on this Note, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals); *provided* that, in no event shall the Registered Owner be required to make available its tax returns (or any other

information relating to its taxes that it deems confidential) to Issuer or any other Person.

Amounts owing hereunder as a result of a Determination of Taxability shall survive payment on this Note until such time as the Federal statute of limitations under which interest on this Note could be declared taxable under the Code shall have expired.

The obligation to pay such additional interest and such other costs, expenses, penalties and reasonable attorneys' fees shall survive the payment of this Note but shall be payable solely from Pledged Revenues and Tourist Development Tax Revenues in the manner and to the extent provided in the Ordinance.

Notwithstanding the foregoing, in no event shall the interest rate exceed the Maximum Rate.

If any payment due the registered owner of this Note is more than fifteen (15) days overdue, a late charge of six percent (6%) of the overdue payment shall be assessed.

This Note and the interest hereon is payable solely from and secured by a prior lien upon and pledge of the Tourist Development Tax Revenues and certain other revenues of the Issuer deposited and held in the funds and accounts created pursuant to Ordinance No. \_\_\_\_ of the Issuer enacted on May 15, 2017, as amended and supplemented from time to time (the "Ordinance"), and certain other funds and investment earnings thereon, all in the manner and to the extent provided in the Ordinance. All terms used herein in capitalized form and not otherwise defined shall have the meanings ascribed thereto in the Ordinance.

Pursuant to the Ordinance, the Issuer has covenanted and agreed, to the extent permitted by and in accordance with applicable law and budgetary processes, to prepare, approve and appropriate in its Annual Budget for each Fiscal Year, by amendment, if necessary and to deposit to the credit of the 2017A Debt Service Account established pursuant to the Ordinance, Non-Ad Valorem Revenues of the Issuer in an amount and to the extent provided in the Ordinance. Such covenant and agreement on the part of the Issuer to budget and appropriate sufficient amounts of Non-Ad Valorem Revenues shall be cumulative, and shall continue until such Non-Ad Valorem Revenues in amounts sufficient to make all required payments under the Ordinance as and when due, including any delinquent payments, shall have been budgeted, appropriated and actually paid into the appropriate funds and accounts under the Ordinance; provided, however, that such covenant shall not constitute a lien, either legal or equitable, on any of the Issuer's Non-Ad Valorem Revenues or other revenues, other than the Pledged Revenues and with respect to this Note, the Tourist Development Tax Revenues to the extent provided in the Ordinance, nor shall it preclude the Issuer from pledging in the future any of its Non-Ad Valorem Revenues or other revenues to other obligations so long as the provisions of the Ordinance are satisfied, nor shall it give the holder of this Note a prior claim on any Non-Ad Valorem Revenues, other than the Pledged Revenues, and with respect to this Note, the Tourist Development Tax Revenues, to the extent provided in the Ordinance. Anything herein or in the Ordinance to the contrary notwithstanding, all obligations of the Issuer under the Ordinance shall be secured with respect to this Note, only by the Tourist Development Tax Revenues and by Non-Ad



Valorem Revenues actually budgeted and appropriated and deposited into the funds and accounts created under the Ordinance, as provided for therein. The Issuer is prohibited by law from expending moneys not appropriated or in excess of its current budgeted revenues and surpluses. The obligation of the Issuer to budget, appropriate and make payments hereunder from its Non-Ad Valorem Revenues is subject to the availability of Non-Ad Valorem Revenues of the Issuer after satisfying funding requirements for obligations having an express lien on or pledge of such revenues and after satisfying funding requirements for essential governmental services of the Issuer. Notwithstanding the foregoing or anything in the Ordinance to the contrary, the Issuer has not covenanted to maintain any services or programs now provided or maintained by the Issuer which generate Non-Ad Valorem Revenues.

Reference is hereby made to the Ordinance for the provisions, among others, relating to the terms, lien and security of this Note, the custody and application of the proceeds of this Note, the rights and remedies of the Registered Owner of this Note and the extent of, and limitations on, the Issuer's rights, duties and obligations, to all of which provisions the Registered Owner hereof for itself and its successors in interest assents by acceptance of this Note.

This Note shall not be deemed to constitute a debt or a pledge of the faith and credit of the Issuer, the State of Florida or any political subdivision thereof within the meaning of any constitutional, legislative or charter provision or limitation. Nothing herein or in the Ordinance shall be deemed to create a pledge of or lien on the Non-Ad Valorem Revenues, the ad valorem tax revenues, or any other revenues of the Issuer (other than with respect to this Note, the Tourist

Development Tax Revenues, to the extent provided in the Ordinance), or permit or constitute a mortgage or lien upon any assets owned by the Issuer, other than the Pledged Revenues and with respect to this Note, the Tourist Development Tax Revenues, to the extent that they may be lawfully applied to pay debt service on this Note. It is expressly agreed by the Registered Owner of this Note that such Registered Owner shall never have the right, directly or indirectly, to require or compel the exercise of the ad valorem taxing power of the Issuer or any other political subdivision of the State of Florida or taxation in any form on any real or personal property for any purpose, including, without limitation, for the payment of the principal of and interest or premium on this Note or for the payment of any other amounts provided for in the Ordinance or to maintain or continue any of the activities of the Issuer which generate user service charges, regulatory fees or any other Non-Ad Valorem Revenues (except for Tourist Development Tax Revenues), nor shall this Note constitute a charge, lien or encumbrance, either legal or equitable, on any property, assets or funds of the Issuer other than the Pledged Revenues and with respect to this Note, to the extent and in the manner provided in the Ordinance, the Tourist Development Tax Revenues.

Neither the members of the City Commission of the Issuer nor any person executing this Note shall be liable personally on this Note by reason of its issuance.

This Note is issued to finance the costs of the 2017A Project pursuant to the authority of and in full compliance with the Constitution and laws of the State of Florida, including particularly the Ordinance, Chapter 166, Florida Statutes, Section 163.01, Florida Statutes, the Charter of The City of Lakeland, Florida,

and other applicable provisions of law. This Note is also subject to the terms and conditions of the Ordinance.

Principal of this Note is payable in annual installments in the amounts and on the dates set forth below:

| Payment Date<br><u>(April 1)</u> | Payment<br><u>Amount</u> |
|----------------------------------|--------------------------|
|----------------------------------|--------------------------|

This Note may be prepaid on any Business Day in whole or in part upon thirty (30) days prior written notice to the Registered Owner. In the event of any prepayment of this Note, whether by voluntary prepayment, acceleration or otherwise, the Issuer shall, at the option of the Registered Owner, pay a "fixed rate prepayment charge" equal to the greater of (i) 1.00% of the principal balance being prepaid multiplied by the "Remaining Term," as hereinafter defined, in years or (ii) a "Yield Maintenance Fee" in an amount computed as follows:

The current cost of funds, specifically the bond equivalent yield for United States Treasury securities (bills on a discounted basis shall be converted to a bond equivalent yield) with a maturity date closest to the "Remaining Term", shall be subtracted from the "Stated Interest Rate". If the result is zero or a negative number, there shall be no Yield Maintenance Fee due and payable. If the result is a positive number, then the resulting percentage shall be multiplied by the amount being prepaid times the number

of days in the "Remaining Term" and divided by 360. The resulting amount is the "fixed prepayment charge" due to the Registered Owner upon prepayment of the principal of this Note plus any accrued interest due as of the prepayment date and is expressed in the following calculation:

Yield Maintenance Fee = [Amount Being Prepaid x (Stated Interest Rate Current Cost of Funds) x Days in the Remaining Term/360 days] + any accrued interest due "Remaining Term."

"Remaining Term" as used herein shall mean the remaining term of this Note.

The registration of this Note may be transferred upon the registration books upon delivery to the principal office of the Registrar accompanied by a written instrument or instruments of transfer in form satisfactory to the Registrar, duly executed by the owner of this Note or by his attorney-in-fact or legal representative, containing written instructions as to the details of transfer of this Note, along with the social security number or federal employer identification number of such transferee. In all cases of a transfer of this Note, the Registrar shall at the earliest practical time in accordance with the provisions of the Ordinance enter the transfer of ownership in the registration books and shall deliver in the name of the new transferee or transferees a new fully registered Note, for the same aggregate principal amount and payable from the same source of funds. The Issuer and the Registrar may charge the owner of this Note for the registration of every such transfer of this Note an amount sufficient to reimburse them for any tax, fee or any other governmental charge required (other than by the Issuer) to be paid with respect to the registration of such transfer, and

may require that such amounts be paid before any such new Note shall be delivered.

If the date for payment of the principal of, premium, if any, or interest on this Note shall be other than a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in regular and due form and time as required by the laws and Constitution of the State of Florida applicable hereto, and that the issuance of this Note does not violate any constitutional or statutory limitation or provision.

THE REGISTERED HOLDER, BY ACCEPTANCE OF THIS NOTE, AND THE ISSUER KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED ON THIS NOTE OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THE ORDINANCE.

The Registered Holder, by acceptance of this Note, and the Issuer hereby consent to the exercise of jurisdiction over them in connection with any litigation based on this Note or arising out of, under or in connection with the Ordinance, by the Circuit Court of Polk County, Florida or the United States District Court for the Middle District of Florida.

IN WITNESS WHEREOF, the City of Lakeland, Florida, has issued this Note and has caused the same to be signed by its Mayor and attested to and

countersigned by its Clerk, either manually or with their facsimile signatures, and its corporate seal or a facsimile thereof to be affixed or reproduced hereon, all as of the \_\_\_\_ day of \_\_\_\_\_, 2017.

(SEAL)

CITY OF LAKE LAND, FLORIDA

By \_\_\_\_\_  
Mayor

ATTESTED AND COUNTERSIGNED:

By \_\_\_\_\_  
Clerk

Approved as to form and correctness:

\_\_\_\_\_  
City Attorney

[To be utilized if Registrar is other than the Issuer]

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned \_\_\_\_\_  
\_\_\_\_\_ (the  
"Transferor"), hereby sells, assigns and transfers unto \_\_\_\_\_  
\_\_\_\_\_ (the "Transferee")

PLEASE INSERT SOCIAL SECURITY OR  
OTHER IDENTIFYING NUMBER OF TRANSFeree

\_\_\_\_\_

the within Note and all rights thereunder, and hereby irrevocably constitutes and  
appoints \_\_\_\_\_ as attorney to  
register the transfer of the within Note on the books kept for registration and  
registration of transfer thereof, with full power of substitution in the premises.

Date: \_\_\_\_\_

Signature of Transferor:

\_\_\_\_\_  
NOTICE: No transfer will be registered  
and no new Note will be issued in the  
name of the Transferee, unless the  
signature(s) to this assignment  
correspond(s) with the name as it  
appears upon the face of the within Note  
in every particular without alteration or  
enlargement or any change whatever  
and the Social Security or Federal  
Employer Identification Number of the  
Transferee is supplied.

[END OF FORM OF 2017A NOTE]

**EXHIBIT "C-2"**

**FORM OF 2017B NOTE**

THIS NOTE IS SUBJECT TO TRANSFER RESTRICTIONS,  
MORE FULLY DESCRIBED IN THE ORDINANCE (AS  
HEREINAFTER DEFINED) REFERRED TO HEREIN.

No. RB-1

\$\_\_\_\_\_

UNITED STATES OF AMERICA

STATE OF FLORIDA

CITY OF LAKE LAND

CAPITAL IMPROVEMENT REVENUE NOTE,  
SERIES 2017B (AMT)

Interest  
Rate:

2.10%  
(subject to adjustment)

Maturity  
Date:

April 1, 2026

Original Dated  
Date:

\_\_\_\_\_, 2017

REGISTERED HOLDER:

PRINCIPAL AMOUNT:

DOLLARS

The City of Lakeland, Florida (hereinafter called the "Issuer"), for value received, hereby promises to pay to the Registered Holder identified above, or to registered assigns or legal representatives, but solely from the revenues hereinafter mentioned, on the Maturity Date identified above (or earlier as hereinafter provided), the Principal Amount identified above, upon presentation and surrender hereof at the office of the Issuer or its successors, in its capacity as Registrar and Paying Agent (the "Registrar"), and to pay, solely from such special revenues, interest on the principal sum from the date hereof, or from the most recent interest payment date to which interest has been paid, at the interest rate per annum identified above (except as hereinafter provided), until payment



of the principal sum, or until provision for the payment thereof has been duly provided for, such interest being payable semiannually on the first day of April and the first day of October of each year, commencing on October 1, 2017. Interest on this Note will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest will be paid by check or draft mailed (or, if requested by the Registered Holder, in writing to the Paying Agent, by wire transfer or other electronic medium acceptable to the Issuer and Paying Agent) to the Registered Holder hereof at his address as it appears on the registration books of the Issuer maintained by the Registrar at the close of business on the 15th day (whether or not a Business Day) of the month next preceding the interest payment date (the "Record Date"), irrespective of any transfer or exchange of this Note subsequent to such Record Date and prior to such interest payment date, unless the Issuer shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name this Note is registered at the close of business on a special record date for the payment of such defaulted interest as established by notice by deposit in the U.S. mails, postage prepaid, by the Issuer to the Registered Owner not less than fifteen days preceding such special record date. Such notice shall be mailed to the person in whose names such Note is registered at the close of business on the fifth (5<sup>th</sup>) day (whether or not a Business Day) preceding the date of mailing. Notwithstanding the foregoing, after the occurrence and during the continuation of an Determination of Taxability, as defined in the Ordinance, the interest rate on this Note shall be the Taxable Rate, as described herein, and after the occurrence and during the

continuation of an Event of Default under the Ordinance, the interest rate on this Note shall be the Default Rate, as defined in the Ordinance.

“Determination of Taxability” means, with respect to this Note, the circumstance that shall be deemed to have occurred if interest paid or payable on this Note becomes includable for federal income tax purposes in the gross income of a Holder as a consequence of any action or inaction by the Issuer. A Determination of Taxability will be deemed to have occurred upon a final decree or judgment of any Federal court or a final action of the Internal Revenue Service determining that interest paid or payable on this Note is or was includable in the gross income of a Holder for Federal income tax purposes as a result of an action or inaction of the Issuer; provided, however, no such decree, judgment or action will be considered final for this purpose, however, unless the Issuer has been given written notice and if it is so desired and is legally allowed, has been afforded the opportunity to contest the same, either directly or in the name of the Holder, and until the conclusion of any appellate review, if sought.

(i) In the event of a Determination of Taxability, the interest rate shall be adjusted to cause the yield on this Note to equal what the yield on this Note would have been absent such Determination of Taxability (the “Taxable Rate”) effective retroactively to the effective date of such Determination of Taxability. Within thirty (30) days of a Determination of Taxability, the Issuer agrees to pay to the Registered Owner subject to such Determination of Taxability the Additional Amount (as defined herein). “Additional Amount” means (i) the difference between (a) interest on this Note for the period commencing on the date on which the interest on this Note (or portion thereof) loses its “tax-exempt”

status and ending on the earlier of the date this Note ceases to be outstanding or such adjustment is no longer applicable to this Note (the "Taxable Period") at a rate equal to the Taxable Rate and (b) the aggregate amount of interest payable on this Note for the Taxable Period under the provisions of this Note without considering the Determination of Taxability, plus (ii) any penalties and interest paid or payable by the Registered Owner to the Internal Revenue Service by reason of such Determination of Taxability. For purposes of the preceding sentence, the Taxable Period shall not include any period of time during which the Registered Owner, as determined by the Registered Owner, is not liable for any taxes, interest or penalties with respect to interest paid on this Note as a result of any applicable statute of limitations under the federal income tax laws.

The Registered Owner shall promptly notify the Issuer in writing of any adjustments pursuant hereto. Such adjustments shall become effective as of the effective date of the event causing such adjustment. Adjustments pursuant hereto may be retroactive. The Registered Owner shall certify to the Issuer in writing the Additional Amount, if any, due to such Registered Owner as a result of an adjustment pursuant hereto.

(ii) Subject to the provisions of clause (iii) below, the Registered Owner shall afford Issuer the opportunity, at Issuer's sole cost and expense, to contest any challenge to the validity of the tax exemption with respect to the interest on this Note, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals); *provided* that, in no event shall the Registered Owner be required to make available its tax returns (or any other

information relating to its taxes that it deems confidential) to Issuer or any other Person.

Amounts owing hereunder as a result of a Determination of Taxability shall survive payment on this Note until such time as the Federal statute of limitations under which interest on this Note could be declared taxable under the Code shall have expired.

The obligation to pay such additional interest and such other costs, expenses, penalties and reasonable attorneys' fees shall survive the payment of this Note but shall be payable solely from Pledged Revenues in the manner and to the extent provided in the Ordinance.

Notwithstanding the foregoing, in no event shall the interest rate exceed the Maximum Rate.

If any payment due the registered owner of this Note is more than fifteen (15) days overdue, a late charge of six percent (6%) of the overdue payment shall be assessed.

This Note and the interest hereon is payable solely from and secured by a prior lien upon and pledge of certain revenues of the Issuer deposited and held in the funds and accounts created pursuant to Ordinance No. \_\_\_\_ of the Issuer enacted on May 15, 2017, as amended and supplemented from time to time (the "Ordinance"), and certain other funds and investment earnings thereon, all in the manner and to the extent provided in the Ordinance. All terms used herein in capitalized form and not otherwise defined shall have the meanings ascribed thereto in the Ordinance. Pursuant to the Ordinance, the Issuer has covenanted and agreed, to the extent permitted by and in accordance with applicable law and

budgetary processes, to prepare, approve and appropriate in its Annual Budget for each Fiscal Year, by amendment, if necessary and to deposit to the credit of the 2017B Debt Service Account established pursuant to the Ordinance, Non-Ad Valorem Revenues of the Issuer in an amount and to the extent provided in the Ordinance. Such covenant and agreement on the part of the Issuer to budget and appropriate sufficient amounts of Non-Ad Valorem Revenues shall be cumulative, and shall continue until such Non-Ad Valorem Revenues in amounts sufficient to make all required payments under the Ordinance as and when due, including any delinquent payments, shall have been budgeted, appropriated and actually paid into the appropriate funds and accounts under the Ordinance; provided, however, that such covenant shall not constitute a lien, either legal or equitable, on any of the Issuer's Non-Ad Valorem Revenues or other revenues, other than the Pledged Revenues to the extent provided in the Ordinance, nor shall it preclude the Issuer from pledging in the future any of its Non-Ad Valorem Revenues or other revenues to other obligations so long as the provisions of the Ordinance are satisfied, nor shall it give the holder of this Note a prior claim on any Non-Ad Valorem Revenues, other than the Pledged Revenues. Anything herein or in the Ordinance to the contrary notwithstanding, all obligations of the Issuer under the Ordinance shall be secured only by the Non-Ad Valorem Revenues actually budgeted and appropriated and deposited into the funds and accounts created under the Ordinance, as provided for therein. The Issuer is prohibited by law from expending moneys not appropriated or in excess of its current budgeted revenues and surpluses. The obligation of the Issuer to budget, appropriate and make payments hereunder from its Non-Ad Valorem

Revenues is subject to the availability of Non-Ad Valorem Revenues of the Issuer after satisfying funding requirements for obligations having an express lien on or pledge of such revenues and after satisfying funding requirements for essential governmental services of the Issuer. Notwithstanding the foregoing or anything in the Ordinance to the contrary, the Issuer has not covenanted to maintain any services or programs now provided or maintained by the Issuer which generate Non-Ad Valorem Revenues.

Reference is hereby made to the Ordinance for the provisions, among others, relating to the terms, lien and security of this Note, the custody and application of the proceeds of this Note, the rights and remedies of the Registered Owner of this Note and the extent of, and limitations on, the Issuer's rights, duties and obligations, to all of which provisions the Registered Owner hereof for itself and its successors in interest assents by acceptance of this Note.

This Note shall not be deemed to constitute a debt or a pledge of the faith and credit of the Issuer, the State of Florida or any political subdivision thereof within the meaning of any constitutional, legislative or charter provision or limitation. Nothing herein or in the Ordinance shall be deemed to create a pledge of or lien on the Non-Ad Valorem Revenues, the ad valorem tax revenues, or any other revenues of the Issuer, or permit or constitute a mortgage or lien upon any assets owned by the Issuer, other than the Pledged Revenues. It is expressly agreed by the Registered Owner of this Note that such Registered Owner shall never have the right, directly or indirectly, to require or compel the exercise of the ad valorem taxing power of the Issuer or any other political subdivision of the State of Florida or taxation in any form on any real or personal property for any

purpose, including, without limitation, for the payment of the principal of and interest or premium on this Note or for the payment of any other amounts provided for in the Ordinance or to maintain or continue any of the activities of the Issuer which generate user service charges, regulatory fees or any other Non-Ad Valorem Revenues, nor shall this Note constitute a charge, lien or encumbrance, either legal or equitable, on any property, assets or funds of the Issuer other than the Pledged Revenues.

Neither the members of the City Commission of the Issuer nor any person executing this Note shall be liable personally on this Note by reason of its issuance.

This Note is issued to finance the costs of the 2017B Project pursuant to the authority of and in full compliance with the Constitution and laws of the State of Florida, including particularly the Ordinance, Chapter 166, Florida Statutes, the Charter of The City of Lakeland, Florida, and other applicable provisions of law. This Note is also subject to the terms and conditions of the Ordinance.

Principal of this Note is payable in annual installments in the amounts and on the dates set forth below:

Payment Date  
(April 1)

Payment  
Amount

This Note may be prepaid on any Business Day in whole or in part upon thirty (30) days prior written notice to the Registered Owner. In the event of any prepayment of this Note, whether by voluntary prepayment, acceleration or

otherwise, the Issuer shall, at the option of the Registered Owner, pay a "fixed rate prepayment charge" equal to the greater of (i) 1.00% of the principal balance being prepaid multiplied by the "Remaining Term," as hereinafter defined, in years or (ii) a "Yield Maintenance Fee" in an amount computed as follows:

The current cost of funds, specifically the bond equivalent yield for United States Treasury securities (bills on a discounted basis shall be converted to a bond equivalent yield) with a maturity date closest to the "Remaining Term", shall be subtracted from the "Stated Interest Rate". If the result is zero or a negative number, there shall be no Yield Maintenance Fee due and payable. If the result is a positive number, then the resulting percentage shall be multiplied by the amount being prepaid times the number of days in the "Remaining Term" and divided by 360. The resulting amount is the "fixed prepayment charge" due to the Registered Owner upon prepayment of the principal of this Note plus any accrued interest due as of the prepayment date and is expressed in the following calculation:

Yield Maintenance Fee = [Amount Being Prepaid x (Stated Interest Rate Current Cost of Funds) x Days in the Remaining Term/360 days] + any accrued interest due "Remaining Term."

"Remaining Term" as used herein shall mean the remaining term of this Note.

The registration of this Note may be transferred upon the registration books upon delivery to the principal office of the Registrar accompanied by a written instrument or instruments of transfer in form satisfactory to the Registrar,



duly executed by the owner of this Note or by his attorney-in-fact or legal representative, containing written instructions as to the details of transfer of this Note, along with the social security number or federal employer identification number of such transferee. In all cases of a transfer of this Note, the Registrar shall at the earliest practical time in accordance with the provisions of the Ordinance enter the transfer of ownership in the registration books and shall deliver in the name of the new transferee or transferees a new fully registered Note, for the same aggregate principal amount and payable from the same source of funds. The Issuer and the Registrar may charge the owner of this Note for the registration of every such transfer of this Note an amount sufficient to reimburse them for any tax, fee or any other governmental charge required (other than by the Issuer) to be paid with respect to the registration of such transfer, and may require that such amounts be paid before any such new Note shall be delivered.

If the date for payment of the principal of, premium, if any, or interest on this Note shall be other than a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in regular and due form and time as required by the laws and Constitution of the State of Florida applicable hereto, and that the issuance of this Note does not violate any constitutional or statutory limitation or provision.

THE REGISTERED HOLDER, BY ACCEPTANCE OF THIS NOTE, AND THE ISSUER KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED ON THIS NOTE OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THE ORDINANCE.

The Registered Holder, by acceptance of this Note, and the Issuer hereby consent to the exercise of jurisdiction over them in connection with any litigation based on this Note or arising out of, under or in connection with the Ordinance, by the Circuit Court of Polk County, Florida or the United States District Court for the Middle District of Florida.

IN WITNESS WHEREOF, the City of Lakeland, Florida, has issued this Note and has caused the same to be signed by its Mayor and attested to and countersigned by its Clerk, either manually or with their facsimile signatures, and its corporate seal or a facsimile thereof to be affixed or reproduced hereon, all as of the \_\_\_\_ day of \_\_\_\_\_, 2017.

(SEAL)

CITY OF LAKELAND, FLORIDA

By \_\_\_\_\_  
Mayor

ATTESTED AND COUNTERSIGNED:

By \_\_\_\_\_  
Clerk

Approved as to form and correctness:

\_\_\_\_\_  
City Attorney

[To be utilized if Registrar is other than the Issuer]

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned \_\_\_\_\_  
\_\_\_\_\_ (the  
"Transferor"), hereby sells, assigns and transfers unto \_\_\_\_\_  
\_\_\_\_\_ (the "Transferee")

PLEASE INSERT SOCIAL SECURITY OR  
OTHER IDENTIFYING NUMBER OF TRANSFeree

\_\_\_\_\_

the within Note and all rights thereunder, and hereby irrevocably constitutes and  
appoints \_\_\_\_\_ as attorney to  
register the transfer of the within Note on the books kept for registration and  
registration of transfer thereof, with full power of substitution in the premises.

Date: \_\_\_\_\_

Signature of Transferor:

\_\_\_\_\_  
NOTICE: No transfer will be registered  
and no new Note will be issued in the  
name of the Transferee, unless the  
signature(s) to this assignment  
correspond(s) with the name as it  
appears upon the face of the within Note  
in every particular without alteration or  
enlargement or any change whatever  
and the Social Security or Federal  
Employer Identification Number of the  
Transferee is supplied.

[END OF FORM OF 2017B NOTE]