

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 17-048

AN ORDINANCE SUPPLEMENTING AND AMENDING ORDINANCE NO. 4034, AS PREVIOUSLY SUPPLEMENTED AND AMENDED, AUTHORIZING THE ISSUANCE OF CITY OF LAKELAND, FLORIDA VARIABLE RATE ENERGY SYSTEM REFUNDING BOND, SERIES 2017 IN A PRINCIPAL AMOUNT OF NOT TO EXCEED \$100,000,000 TO CURRENTLY REFUND ALL OF THE CITY'S OUTSTANDING VARIABLE RATE ENERGY SYSTEM REFUNDING BONDS, SERIES 2012; PROVIDING FOR CERTAIN TERMS OF THE 2017 BOND, INCLUDING DESIGNATING SUCH 2017 BOND AS A DESIGNATED MATURITY OBLIGATION; AUTHORIZING THE REDEMPTION OF THE 2012 BONDS; ESTABLISHING A FORM OF THE 2017 BOND; AWARDED THE SALE OF THE 2017 BOND TO BANK OF AMERICA, N.A., ON A NEGOTIATED BASIS; AUTHORIZING CERTAIN CITY OFFICIALS TO TAKE ACTIONS DEEMED NECESSARY OR ADVISABLE IN CONNECTION WITH ANY OF THE FOREGOING; PROVIDING FOR OTHER MATTERS RELATING THERETO; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, pursuant to Ordinance No. 4034, enacted by the City of Lakeland, Florida (the "Issuer") on April 7, 1999, as said Ordinance No. 4034 has heretofore been supplemented and amended (collectively, the "Bond Ordinance"), the Issuer has issued, among other Obligations (as defined therein), its Variable Rate Energy System Refunding Bonds, Series 2012 (the "Refunded Bonds"); and

WHEREAS, the Bond Ordinance permits the issuance of other Obligations payable on a parity from the Trust Estate (as defined therein) with the Outstanding Obligations (as defined therein), with any other Obligations issued under the Bond Ordinance and with Parity Debt (as defined in the Bond Ordinance); and

WHEREAS, the Refunded Bonds will mature on October 1, 2017 and it is in the best interest of the Issuer to current refund the Refunded Bonds; and

WHEREAS, the Issuer desires, in accordance with the requirements hereof and of the Bond Ordinance, to issue an additional Obligation pursuant to the terms of the Bond Ordinance in a principal amount of not to exceed \$100,000,000 to be designated the City of Lakeland, Florida Variable Rate Energy System Refunding Bond, Series 2017 (the "2017 Bond") to current refund the Refunded Bonds; and

WHEREAS, the Issuer on July 10, 2017, issued a request for proposals (as the same has been supplemented and amended, the "RFP") in connection with the proposed refunding of the Refunded Bonds and Bank of America, N.A. or an affiliate or subsidiary thereof, (the "Initial Purchaser") submitted the best qualifying proposal, a copy of which is attached hereto as Exhibit "A" (the "Proposal");

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF LAKELAND, FLORIDA, AS FOLLOWS:

ARTICLE I

STATUTORY AUTHORITY, DEFINITIONS AND FINDINGS

SECTION 1.01. AUTHORITY FOR THIS ORDINANCE. This Ordinance is enacted pursuant to Article VIII, Section 2 of the Constitution of the State of Florida, Section 159.11, Florida Statutes, Chapter 166, Florida Statutes, the Charter of the City of Lakeland, Florida, the Bond Ordinance and other applicable provisions of law.

SECTION 1.02. DEFINITIONS. All terms used in this Ordinance in capitalized form and not otherwise defined in this Ordinance (and the recitals or

preamble preceding this Ordinance), shall have the meanings ascribed to such terms in the Bond Ordinance. When used in this Ordinance, the following terms shall have the following meanings, unless the context clearly otherwise requires:

"Adjusted LIBOR Rate" means the sum of 67% of the LIBOR Rate plus the Applicable Spread.

"Adjustment Date" means the first LIBOR Business Day in each calendar month.

"Applicable Spread" means initially 0.52% and such rate is subject to adjustment upon any change in any Bond Rating from that in effect on the Delivery Date as provided in the table set forth below:

<u>MOODY'S BOND RATING</u>	<u>S&P BOND RATING</u>	<u>FITCH BOND RATING</u>	<u>APPLICABLE SPREAD</u>
Aa3 or above	AA or above	AA- or above	0.52
A1	A+	A+	0.57
A2	A	A	0.62
A3	A-	A-	0.67
Baa1	BBB+	BBB+	0.71
Baa2	BBB	BBB	0.87
Baa3	BBB-	BBB-	0.97

In the event of split ratings (i.e., one of the Rating Agencies' Bond Rating is at a different level than the rating of another Rating Agency) then the Applicable Spread listed in the higher row in the table above shall apply (i.e., the lower pricing shall apply). Any change in the Applicable Spread resulting from a change in a Bond Rating shall be and become effective as of and on the date of announcement of the change in such Bond Rating.

"Bond Rating" means the long-term credit rating, determined without regard to liquidity or credit enhancement, assigned to any Outstanding Obligations of the Issuer by a Rating Agency.

"Business Day," for purposes of this Ordinance and the 2017 Bond, means any day other than (i) a Saturday or Sunday or (ii) a day on which the Payment Office of the Lender is lawfully closed.

"Calculation Agent" means (i) so long as the Initial Purchaser holds all or a portion of the 2017 Bond, the Initial Purchaser, (ii) if the Initial Purchaser does not hold any portion of the 2017 Bond, the agent designated from time to time by the Issuer.

"Credit Event" means the Bond Rating shall be less than Baa3/BBB- or the equivalent thereof or that there is no Bond Rating in effect with respect to any Obligations.

"Default Rate" means 12% per annum.

"Delivery Date" means the date the 2017 Bond is delivered to the Initial Purchaser upon payment therefor.

"Initial Purchaser" means Bank of America, N.A. or an affiliate or subsidiary thereof.

"Interest Rate" means the Adjusted LIBOR Rate, subject to adjustment as provided herein and in the 2017 Bond.

"Lender" means the Initial Purchaser and its successors and assigns, as Registered Owner of the 2017 Bond.

"LIBOR Business Day" means any day other than (a) a Saturday or a Sunday, (b) a day on which banking institutions in New York, New York are

authorized or required by law or executive order to close, (c) a day on which the New York Stock Exchange is closed, (d) a day on which the Calculation Agent is closed.

"LIBOR Rate" means, as to any Adjustment Date, the rate of interest equal to the rate per annum equal to the London Interbank Offered Rate "LIBOR" (or a comparable or successor rate which is approved by the Calculation Agent), as published by Bloomberg (or other commercially available source providing quotations of such rate as selected by the Calculation Agent from time to time) as determined for each Adjustment Date at approximately 11:00 a.m. London time two (2) London Banking Days prior to the Adjustment Date for U.S. Dollar deposits (for deliver on the first day of such interest period) with a term of one month, as adjusted from time to time in the Initial Lender's reasonable discretion for reserve requirements, deposit insurance assessment rates and other regulatory costs applicable to banks in the United States. If LIBOR shall be less than zero, such rate shall be zero for purposes of this Ordinance. If, for any reason, such rate is not available, the term London Interbank Offered Rate shall mean, with respect to any LIBOR Rate Loan for the period applicable thereto such interest rate index that is substituted by Intercontinental Exchange Benchmark Administration Ltd. ("ICE," or the successor thereto if ICE is no longer making a London Interbank Offered Rate available) for LIBOR, and if no such substitute index exists, the rate of interest per annum (rounded upwards, at Lender's option, to the next 1/8th of one percent) determined by Lender to be the average rate of interest per annum at which deposits in Dollars are offered for such LIBOR Interest Period to major banks in London, England at approximately 11:00 A.M. (London time) two London

Banking Days prior to the first day of such Adjustment Date for a term comparable to such LIBOR Interest Period.

"London Banking Day" means any day on which commercial banks in London, England are open for general business and dealing in offshore dollars.

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

"Payment Office of the Lender" shall have the meaning ascribed thereto in the form of the 2017 Bond.

"Prepayment Premium" means (x) Before the Redemption Date, an amount equal to the product of: (i) the Applicable Spread in effect on the date of such redemption, (ii) the principal amount of 2017 Bond so redeemed and (iii) a fraction, the numerator of which is the number of days from and including the date of redemption to and including the Redemption Date and the denominator of which is 360, and (y) on and after the Redemption Date, zero (0).

"Redemption Date" means 365 days from and including the Delivery Date.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

SECTION 1.03. FINDINGS AND DETERMINATIONS. The Governing Body of the Issuer hereby finds, ascertains, determines and declares that:

(1) All findings or determinations set forth in the recitals or preamble preceding this Ordinance are hereby incorporated by reference as if fully set forth herein.

(2) The Issuer has heretofore enacted the Bond Ordinance pursuant to which the Refunded Bonds were issued and are Outstanding.

(3) The Issuer is authorized under the Act and the Bond Ordinance to issue Obligations for various purposes, including, without limitation, to refund Outstanding Obligations and to pay the costs of issuing Obligations, the same constituting valid and proper public purposes under the Act.

(4) The 2017 Bond shall be issued only upon satisfying the applicable requirements of Section 10.02 of the Bond Ordinance.

(5) The 2017 Bond shall constitute an additional Obligation under the Bond Ordinance, payable from the Trust Estate on a parity with the Outstanding Obligations not being refunded and all other Obligations hereafter issued or Parity Debt hereafter incurred, except to the extent otherwise provided in the form of the 2017 Bond with respect to the obligation of the Issuer to pay the Purchase Price (as such term is defined in the form of the 2017 Bond set forth in Section 3.05 hereof) or the 2017 Bond upon a Tender Event (as such term is defined in the form of the 2017 Bond set forth in Section 3.05 hereof).

(6) The issuance of the 2017 Bond to refund the Refunded Bonds shall facilitate the prudent management of debt by the Issuer.

(7) The Lender has expressed an interest in submitting an offer to purchase the 2017 Bond by negotiated sale pursuant to the terms of the Proposal in substantially the form attached hereto as Exhibit "A."

(8) Because of the characteristics of the 2017 Bond, prevailing and anticipated market conditions and the need to proceed with the issuance of the 2017 Bond in an expedited fashion, subject to the requirements hereof, it will be in

the best interest of the Issuer to accept the offer of the Lender to purchase the 2017 Bond at a private negotiated sale pursuant to the terms of the Proposal and the terms of this Ordinance.

(9) The Initial Purchaser has provided, or will provide prior to the issuance of the 2017 Bond, 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.

SECTION 1.04. CONTRACT. In consideration of the acceptance of the 2017 Bond authorized to be issued hereunder by the Owners who shall own the same from time to time, the Bond Ordinance, as previously amended and supplemented and as supplemented and amended by this Ordinance, shall be deemed to be and shall constitute a contract between the Issuer and such Owners, and the covenants and agreements therein and herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Owners of such 2017 Bond, which shall be of equal rank and without preference, priority, or distinction of any of the Obligations and Parity Debt over any other thereof, except as expressly provided in the form of the 2017 Bond with respect to the obligation of the Issuer to pay the Purchase Price (as such term is defined in the form of the 2017 Bond set forth in Section 3.05 hereof) of the 2017 Bond upon a Tender Event (as such term is defined in the form of the 2017 Bond set forth in Section 3.05 hereof). All covenants contained in the Bond Ordinance shall be fully applicable to the 2017 Bond, except as provided herein or in the form of the 2017 Bond.

ARTICLE II

AUTHORIZATION OF REFUNDING

SECTION 2.01. APPROVAL OF REFUNDING. The current refunding of the Refunded Bonds is hereby approved and authorized, subject to the issuance of the 2017 Bond for such purpose in accordance with the terms of Section 3.01 below. Costs of issuance of the 2017 Bond are hereby authorized to be paid with legally available funds of the Issuer.

The providing of a notice of redemption is hereby ratified, which notice is conditional upon the issuance of the 2017 Bond, relating to the redemption of the Refunded Bonds, which redemption shall occur on the earliest date practical in accordance with the Bond Ordinance. The City Manager and the Finance Director of the Issuer are each hereby authorized to take the necessary actions and to execute the necessary documents to provide for the giving of such notice in accordance with the terms of the Bond Ordinance and all prior actions are hereby ratified and approved.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF 2017 BOND

SECTION 3.01. AUTHORIZATION OF 2017 BOND; DELEGATION. In order to finance the current refunding of the Refunded Bonds, the Issuer hereby authorizes the issuance of the 2017 Bond to be known as the "Variable Rate Energy System Refunding Bond, Series 2017," in the principal amount of not to exceed \$100,000,000 and maturing on October 1, 2022, upon the terms set forth herein and upon compliance with the terms of Section 10.02 of the Bond

Ordinance. Because the Issuer currently intends to refinance the 2017 Bond prior to its maturity, and thereby extend the maturity of the indebtedness represented by the 2017 Bond, the 2017 Bond is hereby designated as a Designated Maturity Obligation for all purposes of the Bond Ordinance.

The Mayor, or in his absence or unavailability, the Mayor Pro Tem, the City Manager or the Finance Director is hereby designated and authorized to award the sale of the 2017 Bond to the Initial Purchaser, subject to the terms set forth in Section 3.02 hereof and provided the principal amount of the 2017 Bond does not exceed \$100,000,000, pursuant to the terms hereof.

SECTION 3.02. GENERAL TERMS OF 2017 BOND.

(1) The 2017 Bond shall be issued in a single denomination equal to the principal amount thereof, shall be dated its date of issuance, shall initially bear interest at the Adjusted LIBOR Rate, established on the date of issuance of the 2017 Bond and adjusted thereafter on each Adjustment Date (subject to additional adjustment as provided herein and in the form of the 2017 Bond), payable monthly on the first Business Day of each calendar month commencing October 1, 2017. The 2017 Bond shall only be subject to optional prepayment or redemption, in whole or in part on any Business Day with three Business Day's advance written notice to the Lender at the Payment Office of the Lender, at a Redemption Price equal to the principal amount being redeemed, plus accrued interest thereon, if any, to the redemption date thereof, together with a Prepayment Premium, if any. If the date for payment of the principal of or interest on the 2017 Bond shall be a day other than a Business Day, then the date for such payment shall be the next

succeeding Business Day, provided that interest shall continue to accrue on principal and shall be due and payable on such succeeding Business Day.

The 2017 Bond shall be subject to optional tender by the Registered Owner thereof as provided by the terms of the 2017 Bond.

The Issuer hereby designates itself as Registrar and Paying Agent for the 2017 Bond.

(2) The provisions of the 2017 Bond shall supersede Section 5.07 of the Bond Ordinance regarding the presentation of 2017 Bond for the purpose of payment thereof. Principal and interest on the 2017 Bond shall be paid in the manner set forth in the 2017 Bond.

(3) All covenants and agreements in the Bond Ordinance apply to the 2017 Bond, except as may otherwise be expressly provided herein or in the 2017 Bond.

(4) Notice of redemption of 2017 Bond shall be given in the manner and with the effect provided in Article V of the Bond Ordinance; provided, however, that notwithstanding the terms of the Bond Ordinance, notice of redemption shall be given to the Bondholder not less than three Business Days prior to the Redemption Date, such notice shall be given by electronic mail (e-mail), telefacsimile or physical delivery, such notice shall not be effective until it is received by the Lender at the Payment Office of the Lender, and the notice described by clause (a) of the fourth paragraph of Section 5.05 of the Bond Ordinance shall not be required to be given.

(5) The registration of the 2017 Bond may be transferred only as provided in Section 5.02 of the Bond Ordinance, and the Issuer will transfer the

ownership of the 2017 Bond, upon written request of the Lender to the Issuer specifying the name, address and taxpayer identification number of the transferee. The 2017 Bond may only be sold, assigned or otherwise transferred to any direct or indirect wholly owned subsidiary of Bank of America Corporation or a "qualified institutional buyer" within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended. The Person in whose name the 2017 Bond shall be registered shall be deemed and regarded the absolute owner thereof for all purposes, and payment of principal and interest on such 2017 Bond shall be made only to or upon the written order of such Person. All such payments shall be valid and effectual to satisfy and discharge the liability upon such 2017 Bond to the extent of the sum or sums so paid. The 2017 Bond may only be transferred in whole and not in part.

SECTION 3.03. DETERMINATION OF INTEREST RATE.

(1) The 2017 Bond shall bear interest at the Adjusted LIBOR Rate, subject to adjustment as herein and therein provided. The initial Adjusted LIBOR Rate applicable to the 2017 Bond upon its issuance, shall be determined by the Initial Purchaser on or prior to the date of issuance of the 2017 Bond. Thereafter the interest rate borne by the 2017 Bond shall adjust on each Adjustment Date to reflect changes in the LIBOR Rate in effect for such period as determined by the Calculation Agent and the authority to do so is hereby delegated by the Issuer to the Calculation Agent, but in no event shall the Adjusted LIBOR Rate exceed the Maximum Rate. The Calculation Agent shall notify the Issuer of the interest rate borne by the 2017 Bond by electronic mail or telefacsimile transmission at such address as provided by the Issuer to the Lender in writing (or such other manner

as acceptable to the Issuer and the Calculation Agent) and the Lender will also provide an invoice on a monthly basis of amounts due hereunder and under the 2017 Bond on or prior to each interest payment date.

(2) Interest will be computed on the basis of the actual number of days elapsed over a year consisting of 360 days.

(3) The determination of the Interest Rate by the Calculation Agent (absent manifest error) shall be conclusive and binding upon the Issuer and the Lender.

(4) Upon the occurrence of and during the continuance of a Credit Event, the Interest Rate otherwise borne by the 2017 Bond will be increased by 4.00% per annum. This adjustment will not apply during the continuance of an event of default described in Section 3.05(5) hereof.

(5) Upon the occurrence of and during the continuance of an "event of default" (as defined in the Bond Ordinance and taking into account the provisions of Sections 5.02(A) and 9.01 hereof), the interest rate borne by the 2017 Bond will be the Default Rate, provided, however, such Default Rate shall not apply as a result of an event of default solely attributable to a breach of the covenants contained in Section 12.03 of the Bond Ordinance and/or Section 7.02 of this Ordinance.

(6) The interest rate borne by the 2017 Bond will be rounded, if necessary, upward to the nearest 1/100th percent.

(7) Upon the occurrence of a Determination of Taxability (as defined in the 2017 Bond) and so long as the Default Rate shall not be in effect, the interest rate on the 2017 Bond will be adjusted as provided therein.

(8) The interest rate borne by the 2017 Bond may never exceed the Maximum Rate.

SECTION 3.04. EXECUTION OF 2017 BOND.

The 2017 Bond shall be signed in the name of the Issuer by the Mayor or the Mayor Pro Tem of the Issuer and the seal of the Issuer shall be affixed thereto or imprinted or reproduced thereon and attested by the City Clerk of the Issuer. The signatures of the Mayor or the Mayor Pro Tem and City Clerk on the 2017 Bond may be a manual or facsimile signature. In case one or more of the officers who have signed or sealed the 2017 Bond shall cease to be such officer of the Issuer before the 2017 Bond so signed and sealed shall have been actually delivered, such 2017 Bond may nevertheless be delivered as herein provided and may be issued as if the person who signed or sealed such 2017 Bond had not ceased to hold such office. The 2017 Bond may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such 2017 Bond shall hold the proper office, although at the date of such 2017 Bond such person may not have held such office or may not have been so authorized. The 2017 Bond shall be approved as to form and correctness by the City Attorney, which approval shall be evidenced by either the manual or the facsimile signature of the City Attorney.

SECTION 3.05. FORM OF 2017 BOND. The text of the 2017 Bond shall be of substantially the following tenor:

[Form of Bond]

THIS BOND IS SUBJECT TO TRANSFER RESTRICTIONS, MORE FULLY DESCRIBED IN THE SUPPLEMENTAL ORDINANCE REFERRED TO HEREIN, AND MAY NOT BE TRANSFERRED EXCEPT TO ANY DIRECT OR INDIRECT WHOLLY OWNED SUBSIDIARY OF BANK OF AMERICA CORPORATION OR A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933.

REGISTERED
NO. R-1

REGISTERED
\$_____

UNITED STATES OF AMERICA
STATE OF FLORIDA
CITY OF LAKELAND
VARIABLE RATE ENERGY SYSTEM REFUNDING BOND,
SERIES 2017

Interest <u>Rate:</u>	Maturity <u>Date:</u>	Dated <u>Date:</u>
As described herein	October 1, 2022	_____, 2017

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____

The City of Lakeland, Florida (hereinafter called the "Issuer"), for value received, hereby promises to pay to the Registered Owner identified above, or to registered assigns or legal representatives, but solely from the special revenues hereinafter mentioned, on the Maturity Date identified above (or earlier as hereinafter provided), the Principal Amount identified above, and to pay, solely from such special revenues, interest on the Principal Amount from the Dated Date, or from the most recent interest payment date to which interest has been paid, at the Adjusted LIBOR Rate as determined by the Lender pursuant to Ordinance No. _____ enacted by the Issuer on August 21, 2017 (the "Supplemental Ordinance"), subject to adjustment as provided below, until payment of the Principal Amount or

until provision for the payment thereof has been duly provided for, such interest being payable monthly on the first Business Day of each calendar month of each year, commencing on October 1, 2017 (or the next succeeding Business Day if such date is not a Business Day).

Upon the occurrence of and during the continuance of an "event of default" as defined in the Bond Ordinance (as hereinafter defined) and taking into account the provisions of Sections 5.02(A) and 9.01 of the Supplemental Ordinance, the interest rate otherwise borne hereby shall be adjusted to 12% per annum (the "Default Rate") for so long as such event of default remains uncured; provided, however, such default rate shall not apply to a breach of the covenants contained in Section 12.03 of the Bond Ordinance, and/or Section 7.02 of the Supplemental Ordinance.

Upon the occurrence of a Determination of Taxability, and so long as the Default Rate shall not be in effect, the interest rate otherwise borne by this Bond shall be adjusted to the Taxable Rate, as of and from the date such Determination of Taxability is applicable with respect to this Bond (the "Accrual Date"); and (i) the Issuer shall on the next interest payment date (or if this Bond shall have matured, within 30 days after demand by the Registered Owner) pay to the Registered Owner from the sources provided in the Bond Ordinance an amount equal to the sum of (1) the difference between (A) the total interest that would have accrued on this Bond at the Taxable Rate from the Accrual Date to such next interest payment date (or maturity date), and (B) the actual interest paid by the Issuer on this Bond from the Accrual Date to such next interest payment date (or maturity date), and (2) any interest and penalties required to be paid as a result of any additional

federal income taxes imposed upon such Registered Owner arising as a result of such Determination of Taxability; and (ii) from and after such next interest payment date, this Bond shall continue to bear interest at the Taxable Rate for the period such determination continues to be applicable with respect to this Bond.

“Determination of Taxability” means a final decree or judgment of any Federal court or a final action of the Internal Revenue Service determining that as a result of an action or inaction of the Issuer interest paid or payable on this Bond is includable in the gross income of the Registered Owner for Federal income tax purposes; provided, no Determination of Taxability shall be deemed to occur unless the Issuer has been given written notice of such occurrence and, to the extent permitted by law, an opportunity to participate in and seek, at the Issuer's own expense, a final administrative determination by the Internal Revenue Service or determination by a court of competent jurisdiction (from which no further right of appeal exists) as to the occurrence of such Determination of Taxability.

"Maximum Federal Corporate Tax Rate" shall mean the maximum rate of income taxation imposed on corporations pursuant to Section 11(b) of the Code, determined without regard to tax rate or tax benefit make-up provisions such as the last two sentences of Section 11(b)(1) of the Code, as in effect from time to time (or, if as a result of a change in the Code the rate of income taxation imposed on corporations shall not be applicable to the Noteholder, the maximum statutory rate of federal income taxation which could apply to the Noteholder).

"Taxable Rate" means an interest rate per annum equal to the interest rate otherwise borne by this Bond multiplied by the Taxable Rate Factor.

"Taxable Rate Factor" means the quotient of one (1) over the difference of one (1) minus the Maximum Federal Corporate Tax Rate, rounded, if necessary, upwards to the nearest 1/100th of a percent. ($1 / (1 - \text{Maximum Federal Corporate Tax Rate})$).

Upon the occurrence of and during the continuance of a Credit Event, the interest rate otherwise borne by this Bond will be increased by 4.00% per annum. This adjustment will not apply during the continuance of an event of default as described above.

The interest rate borne by this Bond (i) may never exceed the Maximum Rate, (ii) will be calculated on the basis of a 360 day year for the actual number of days elapsed and (iii) will be rounded, if necessary, upwards to the nearest 1/100th of a percent.

During the Tender Option Period (as defined below), upon the occurrence of a Tender Event (as defined below), the Registered Owner may elect to tender this Bond for purchase by the Issuer by delivering to the Issuer and Paying Agent a Tender Notice (as defined below) provided, however, that the obligation of the Issuer to pay the Purchase Price (as defined below) of this Bond pursuant to this paragraph shall be Subordinated Indebtedness under the Bond Ordinance and shall be payable from the Trust Estate subject and subordinate to the payments to be made with respect to all Obligations and Parity Debt and secured by a lien on and pledge of the Trust Estate junior and inferior to the lien on and pledge of the Trust Estate created by the Bond Ordinance for the benefit of Obligations and Parity Debt. If the Registered Owner elects to exercise its right to tender this Bond as a result of any such Tender Event as set forth above, the Issuer will pay or

cause the Paying Agent to pay the Purchase Price as Subordinated Indebtedness to the Registered Owner on the Purchase Date or as soon thereafter as funds are available therefor to pay the same as Subordinated Indebtedness, and until the Purchase Price of this Bond shall be paid in full, the principal amount outstanding hereunder shall continue to bear interest as provided by the terms hereby, which interest shall continue to be payable on the dates provided hereby and on such interest payment dates and upon the Maturity Date hereof, such principal amount outstanding hereunder, shall be payable from the Trust Estate on a parity with all other Outstanding Obligations and with Parity Debt. Upon payment in full of the Purchase Price to the Registered Owner, this Bond shall thereupon be considered paid in full and no longer Outstanding under the Bond Ordinance. The Registered Owner shall only have the right to tender this Bond upon a Tender Event during the Tender Option Period. If any principal is paid hereon prior to the Redemption Date as a result of such optional tender, an early payment penalty in the amount of the Prepayment Premium of such prepaid principal shall also be due from the Issuer to the Registered Owner.

"Downgrade Event" shall mean the long-term ratings, without regard to any liquidity or credit enhancement, assigned to any Obligations outstanding under the Bond Ordinance by any one of Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC Business (or the successors thereof), Moody's Investors Service, Inc. or Fitch Ratings (or the successors thereof) are below "AA," "A1" or "AA" (without regard to gradation) or the equivalent thereof or any such Rating Agency no longer publishes its ratings with respect to such Obligations; provided, however, there is no requirement that any particular series of Obligations

have a rating from any or all of such rating agencies so long as at least one Obligation is rated by each of the three aforementioned rating agencies.

"Purchase Date" means the date set forth in the Tender Notice which date is not less than ninety (90) days after the receipt by the Issuer of the Tender Notice.

"Purchase Price" means an amount equal to one hundred percent (100%) of the unpaid principal amount of this Bond, plus accrued and unpaid interest, if any.

"Tender Event" means an "event of default" described in Sections 11.01(a), (b), (d) or (e) of the Bond Ordinance has occurred and has not been cured.

"Tender Notice" means a written notice from the Registered Owner delivered to the Issuer and the Paying Agent (if other than the Issuer) pursuant to which the Registered Owner announces its election to exercise its right to tender this Bond as a result of a Tender Event.

"Tender Option Period" means the period from the date of delivery of this Bonds to but not including, the earlier of (a) August 29, 2019, if no Downgrade Event shall have occurred on or before August 29, 2019, and (b) the Maturity Date if a Downgrade Event shall have occurred on or before August 29, 2019.

Principal of and interest on this Bond shall be payable to the Registered Owner at such address as specified in writing by the Registered Owner to the Issuer and initially shall be _____ (the "Payment Office of the Lender") and shall be paid by wire transfer to an account in the United States designated in writing by such Registered Owner to the Issuer or in such other manner as agreed upon by the Issuer and the Registered Owner. The Issuer agrees to pay the principal due on this Bond without presentment or surrender,

provided that the Registered Owner by acceptance of this Bond agrees to indemnify the Issuer against all claims with respect to such principal so paid by any subsequent holder of this Bond after such payment is made. Receipt of such payment without presentment and surrender shall evidence the Registered Owner's agreement to provide such indemnity. The Registered Owner agrees to promptly return this Bond marked "Paid" to the Issuer upon the full payment hereof, and upon such presentation and delivery all obligations of the Issuer and the Registered Owner hereunder shall cease except as provided herein with respect to a Determination of Taxability.

This Bond and the interest hereon are secured by a lien upon and pledge of the Trust Estate, as that term is defined in Ordinance No. 4034 enacted by the Issuer on April 7, 1999, as supplemented and amended, including, without limitation, as supplemented and amended by the Supplemental Ordinance (collectively, the "Bond Ordinance"), in the manner and to the extent provided in the Bond Ordinance. All terms used herein in capitalized form, unless otherwise defined herein, shall have the meanings ascribed thereto in the Bond Ordinance. Reference is hereby made to the Bond Ordinance for the provisions, among others, relating to the terms, lien and security of the Obligations issued thereunder, the custody and application of the proceeds of the Obligations issued thereunder, the rights and remedies of the registered owners of the Obligations issued thereunder, the extent of and limitations on the Issuer's rights, duties and obligations, and the provisions permitting the incurrence of the Cost of Operation and Maintenance and the issuance of other Obligations and Parity Debt, to all of

which provisions the Registered Owner hereof for himself and his successors in interest assents by acceptance of this Bond.

This Bond shall not be deemed to constitute a general debt or 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, and it is expressly agreed by the Registered Owner of this Bond 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 the payment of the principal of and interest on this Bond or for the payment of any other amounts provided for in the Bond Ordinance.

It is further agreed between the Issuer and the Registered Owner of this Bond that this Bond and the indebtedness evidenced hereby shall not constitute a lien upon the System, or any part thereof, or any other tangible personal property of or in the Issuer, but shall constitute a lien only on the Trust Estate, in the manner and to the extent provided in the Bond Ordinance. Neither the members of the governing body of the Issuer nor any person executing the Bonds shall be liable personally on the Bonds by reason of their issuance.

This Bond is issued on a parity with the Issuer's Energy System Revenue and Refunding Bonds, Series 2006, the Issuer's Energy System Revenue and Refunding Bonds, Series 2010, the Issuer's Variable Rate Energy System Refunding Bond; Series 2014 and the Issuer's Energy System Revenue and Refunding Bond, Series 2016, and any other Obligations or Parity Debt hereafter issued in accordance with the terms of the Bond Ordinance, except to the extent

otherwise provided herein with respect to the obligation of the Issuer to pay the Purchase Price of this Bond upon a Tender Event. This Bond was issued pursuant to the authority of and in full compliance with the Constitution of the State of Florida, Section 159.11, Florida Statutes, Chapter 166, Florida Statutes, the Charter of the Issuer and other applicable provisions of law. This Bond is also subject to the terms and conditions of the Bond Ordinance.

The Issuer has entered into certain covenants with the holder of this Bond for the terms of which reference is made to the Bond Ordinance.

This Bond is subject to optional prepayment or redemption, in whole or in part on any Business Day with three Business Day's advance written notice to the Lender at the Payment Office of the Lender, at a Redemption Price equal to the principal amount being redeemed, plus accrued interest thereon, if any, to the redemption date thereof plus the Prepayment Premium, if any.

This Bond shall be subject to optional prepayment or redemption, in whole or in part on any Business Day with three Business Day's advance written notice to the Lender at the Payment Office of the Lender, at a Redemption Price equal to the principal amount being redeemed, plus accrued interest thereon, if any, to the redemption date thereof, and without premium.

Notice of such redemption shall be given in the manner required by the Bond Ordinance, as supplemented by the Supplemental Ordinance. No notice of redemption shall be required for mandatory sinking fund redemptions.

The Bonds are subject to mandatory sinking fund redemption in part, by lot, on October 1, 2019 and on each October 1 thereafter at a price of par, plus accrued interest to the date of redemption as follows:

<u>Date</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>
2019	\$ 1,795,000
2020	7,000,000
2022*	----- -

* Final Maturity

If the date for payment of the principal of, premium, if any, or interest on this Bond shall be a day other than a Business Day, then the date for such payment shall be the next succeeding Business Day, provided that interest shall accrue on principal and shall be payable on such next Business Day.

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 the Obligations of this Series does not violate any constitutional or statutory limitation or provision.

By acceptance hereof, the Registered Owner hereof shall be deemed to have consented to the amendments set forth in Section 10.01 of Ordinance No. 5206 enacted by the Issuer on September 20, 2010. Such amendments set forth in Ordinance No. 5206 shall only become effective upon the Issuer obtaining consent of the owners of not less than a majority of the Bond Obligation and to the extent required by the terms of any ordinances or resolutions of the Issuer or contract or agreement applicable thereto, each provider of a Credit Facility with respect to the Outstanding Obligations.

The Issuer and the Registered Owner, by acceptance of this Bond, hereby knowingly, voluntarily, intentionally, and irrevocably waive, to the fullest extent permitted by applicable law, the right either of them may have to a trial by jury in respect to any litigation, whether in contract or tort, at law or in equity, based hereon or arising out of, under or in connection with this Bond and any other document or instrument contemplated to be executed in conjunction with this Bond, or any course of conduct, course of dealing, statements (whether verbal or written) or actions of any party hereto. This provision is a material inducement for the Issuer and the Registered Owner entering into or accepting this Bond.

This Bond and the Bond Ordinance as supplemented and amended by the Supplemental Ordinance shall be governed by applicable federal law and the internal laws of the State of Florida. The Issuer agrees that certain material events and occurrences relating to this Bond bear a reasonable relationship to the laws of Florida and the validity, terms, performance and enforcement of this Bond shall be governed by the internal laws of Florida which are applicable to agreements which are negotiated, executed, delivered and performed solely in Florida. Unless applicable law provides otherwise, in the event of any legal proceeding arising out of or related to this Bond, the Issuer consents to the jurisdiction and venue of any court located or having jurisdiction over Polk County, Florida.

This Bond is and has all the qualities and incidents of a negotiable instrument under the laws of the State of Florida.

This Bond has been designated by the Issuer as a Designated Maturity Bond as provided by the Bond Ordinance.

IN WITNESS WHEREOF, the City of Lakeland, Florida, has issued this Bond and has caused the same to be signed by its Mayor [Pro Tem] and attested to and countersigned by its City Clerk, either manually or with their facsimile signatures, and its corporate seal or a facsimile thereof to be reproduced hereon, all as of the ____ day of _____, 2017.

CITY OF LAKELAND, FLORIDA

By _____
Mayor [Pro Tem]

ATTESTED:

By _____
City Clerk

APPROVED AS TO FORM AND
CORRECTNESS:

By _____
City Attorney

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

Date: _____
Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

NOTICE: No transfer will be registered and no new Bond 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 Bond 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.

ABBREVIATIONS

The following abbreviations, when used in inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws of regulations:

TEN COM - as tenants in common

TEN ENT - as tenants by entires

JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT - _____ CUSTODIAN _____
(Minor) (Custodian)
under Uniform Gifts to Minors Act _____
(State)

Additional abbreviations may also be used though not in the above list.

[End of Bond Form]

ARTICLE IV

APPLICATION OF PROCEEDS

SECTION 4.01. APPLICATION OF PROCEEDS OF 2017 BOND. Unless otherwise provided by certificate of the Mayor or the Mayor Pro Tem executed at the time of issuance of the 2017 Bond, the net proceeds of the 2017 Bond, together with other legally available funds of the Issuer, shall be irrevocably transferred to the Paying Agent or an escrow agent for the Refunded Bonds to pay the principal of and accrued interest on the Refunded Bonds upon their redemption. Any additional proceeds of the 2017 Bond may applied by the Issuer to pay costs of Issuance of the 2017 Bond, or as otherwise provided in such certificate as provided in the previous sentence.

ARTICLE V

LENDER COVENANTS

SECTION 5.01. REPORTING REQUIREMENTS. In addition to the covenants and agreements of the Issuer set forth in the Bond Ordinance, the Issuer covenants and agrees with the Lender that so long as the 2017 Bond is Outstanding, it shall send or make available electronically to the Lender:

(1) audited financial statements of the Issuer for each Fiscal Year ending on and after September 30, 2017, within 270 days after the end thereof;

(2) upon request by the Lender, a copy of its annual budget within thirty (30) days after approval thereof by the Issuer;

(3) together with the annual audited financial statements described in paragraph (1) above, a certificate of an authorized representative of the Issuer (i)

stating whether there exists on the date of such certificate any "event of default" under the Bond Ordinance and, if so, the details thereof and the action which the Issuer is taking or proposes to take with respect thereto, and (ii) setting forth in detail, with the supporting calculations, evidence of compliance with the rate covenant in Section 9.03 of the Bond Ordinance; and

(4) such other information respecting the affairs, conditions and/ or operations, financial or otherwise, of the Issuer as the Lender may from time to time request.

SECTION 5.02. MOST FAVORED NATIONS PROVISION.

(A) If the Issuer shall, under the terms of a Supplemental Ordinance or other document or instrument authorizing the issuance of Obligations, agree that events of defaults in addition to those expressly set forth in Section 11.01 of the Bond Ordinance shall apply with respect to such Obligations, then (i) the Issuer shall provide a copy of such Supplemental Ordinance to the Lender within ten Business Days after the enactment thereof, and (ii) such additional events of default shall also apply with respect to the 2074 Bond and this Supplemental Ordinance.

(B) If the Issuer shall, under the terms of a Supplemental Ordinance or other document or instrument authorizing the issuance of Obligations, agree to permit, as a remedy for an event of default with respect to such Obligations, acceleration of the payment of the principal of and interest on such Obligations or an option in the Owner of such Obligations to "put" such Obligations to the Issuer for purchase by the Issuer at a price equal to the principal amount of, plus accrued

interest on, such Obligations and such accelerated payment obligation is on a parity from the Trust Estate with the then Outstanding Obligations, then (i) the Issuer shall provide a copy of such Supplemental Ordinance to the Lender within ten Business Days after the enactment thereof and (ii) the Lender shall also have the right, upon the occurrence of an event of default, to accelerate the payment of the principal of and interest on the 2017 Bond or the right to "put" the 2017 Bond to the Issuer for purchase at a price equal to the principal amount of, and accrued interest on, the 2017 Bond payable from the Trust Estate on a parity with all other Outstanding Obligations and with Parity Debt, which right shall be in addition to the tender right granted to the Registered Owner of the 2017 Bond by the terms of the 2017 Bond.

SECTION 5.03. BOND RATINGS. The references to rating categories set forth herein are as presently determined by the Rating Agencies, and in the event of the adoption of any new or changed rating system or a "global" rating scale by any such Rating Agency, the rating categories shall be adjusted accordingly to a new rating which more closely approximates the ratings currently in effect.

ARTICLE VI

ADDITIONAL AUTHORIZATION

SECTION 6.01. ADDITIONAL AUTHORIZATION OF 2017 BOND. The Mayor, or in his absence or unavailability, the Mayor Pro Tem, and the City Clerk, the Finance Director, the City Manager, each Deputy Clerk, the City Attorney and any other official of the Issuer, be and each of them is hereby authorized and directed to execute and deliver any and all contracts, documents and instruments

and to do and cause to be done any and all acts and things necessary, advisable or proper for carrying out the transactions contemplated by this Ordinance, to the extent applicable, the execution and delivery of an escrow deposit agreement to be used in connection with refunding of the Refunded Bonds. If the City Clerk is unavailable, any Deputy Clerk shall have authority to act in place of the City Clerk.

ARTICLE VII

TAX MATTERS

SECTION 7.01. REBATE ACCOUNT. There is hereby created and established by the Issuer the "2017 Bond Rebate Account" (hereinafter referred to as the "2017 Bond Rebate Account"), to become effective upon the issuance of the 2017 Bond. Revenues shall be used for deposit into all other rebate accounts created by the Issuer with respect to Outstanding Obligations and the 2017 Bond Rebate Account on a parity basis in the amounts, if any, at the times and in the manner set forth in the applicable ordinance of the Issuer related to Outstanding Obligations.

Moneys in the 2017 Bond Rebate Account, including all income and earnings on the investment of moneys on deposit therein, shall be held by the Issuer in trust and applied as provided hereby.

SECTION 7.02. TAX COVENANT. It is the intention of the Issuer and all parties under its control that the interest on the 2017 Bond authorized hereunder be and remain excluded from gross income for federal income tax purposes and to this end the Issuer hereby represents to and covenants with each of the Owners of the 2017 Bond issued hereunder 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 2017 Bond authorized hereunder 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:

(1) to the extent required by the Internal Revenue Code of 1986, as amended (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 in the 2017 Bond Rebate Account or elsewhere from the Revenues or other legally available funds of the Issuer, to timely pay the Rebate Amount to the United States of America;

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

(4) to maintain and retain all records pertaining to the Rebate Amount with respect to the 2017 Bond authorized hereunder and required payments of the Rebate Amount with respect to the 2017 Bond for at least six years after the final maturity of the 2017 Bond, respectively, or such other period as shall be necessary to comply with the Code;

(5) to refrain from taking any action that would cause the 2017 Bond authorized hereunder to become arbitrage bonds under Section 148 of the Code; and

(6) to refrain from using proceeds of the 2017 Bond authorized hereunder in a manner that would cause the 2017 Bond authorized or any of them to be classified as private activity bonds under Sections 141(a) or 141(d) of the Code unless the Issuer shall receive an opinion from Bond Counsel that such use will not cause the interest on the 2017 Bond to be includable in gross income for federal income tax purposes.

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 2017 Bond.

Notwithstanding any other provision of the Bond Ordinance or this Ordinance to the contrary, including, without limitation, Section 12.02 thereof, so long as necessary in order to maintain the exclusion from Federal gross income of interest on the 2017 Bond, the covenants contained in this Section shall survive the payment of the 2017 Bond and the interest thereon, including any payment or discharge thereof pursuant to the Bond Ordinance and this Ordinance.

For purposes of this Section, "Rebate Amount" shall mean 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 Income Tax 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, and "Rebate Year" shall mean the one-year period beginning on the date after the expiration of the preceding Rebate Year.

ARTICLE VIII

ADDITIONAL REMEDIES

SECTION 8.01. Remedies. In addition to the remedies set forth in Section 11.02 of the Bond Ordinance and taking into account the provisions of Section 5.02(A) hereof, the 2017 Bonds shall be subject to optional tender upon the occurrence of certain events of default, to the extent and in the manner described in the 2017 Bond.

Notwithstanding anything to the contrary in Section 11.01 of the Bond Ordinance, a default of any of the covenants contained in Section 12.03 of the Bond Ordinance and/or Section 7.02 of this Ordinance shall not be an "event of default" under the Bond Ordinance and the sole remedy of the Lender shall be an adjustment of the interest rate on the 2017 Bond to the Taxable Rate to the extent and in the manner described in the 2017 Bond.

ARTICLE IX

AMENDMENT TO BOND ORDINANCE

SECTION 9.01. SPRINGING AMENDMENTS. By acceptance of a 2017 Bond, the owner thereof shall be deemed to have consented to the amendments to the Bond Ordinance set forth in Section 10.01 of Ordinance No. 5206 enacted by the Issuer on September 20, 2010, which amendments shall become effective upon the Issuer obtaining consent of the owners of not less than a majority of the

Bond Obligation and to the extent required by the terms of any ordinances or resolutions of the Issuer or contract or agreement applicable thereto, each provider of a Credit Facility with respect to the Outstanding Obligations.

ARTICLE X

MISCELLANEOUS

SECTION 10.01. FURTHER ASSURANCES. The Issuer agrees that it shall, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such documents and instruments and take such further actions as may be required to continue the perfection and priority of the lien and security interest of the Owners of Obligations in the Trust Estate to the extent provided herein.

SECTION 10.02. SEVERABILITY OF INVALID PROVISIONS. 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, and shall in no way affect the validity of any other provisions of the Bond Ordinance or this Ordinance or of the Outstanding Obligations.

PASSED AND CERTIFIED this 21st day of August, 2017.

CITY OF LAKELAND, 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"

FORM OF PROPOSAL