

## LIST OF CLOSING DOCUMENTS

\$3,730,000

City of Gainesville, Florida  
Revenue Note, Series 2011A

Date of Closing:

December 21, 2011

- 
1. Certified copy of Resolution No. 110542 (without Exhibits) adopted by the City Commission of the City of Gainesville, Florida (the "City") on December 15, 2011.
  2. Loan Agreement dated as of December 21, 2011, between the City and Compass Bank (the "Bank").
  3. Copy of Revenue Note, Series 2011A.
  4. Copy of Certificate of Public Meetings and No Conflict of Interest executed by all members of the Board of City Commissioners of the City.
  5.
    - A. Certificate of the City as to signatures, officials, seal, no litigation and other matters.
    - B. Certificate as to Compliance with Anti-Dilution Test.
  6. City's Certificate as to Tax, Arbitrage and Other Matters.
  7. Investment Letter to City.
  8. Tax Certificate of Purchaser.
  9. Letter to IRS and Form 8038-G.
  10. Certificate of City concerning Delivery and Payment and Application of Proceeds.
  11. Receipt for Note.
  12. Opinion of City Attorney.
  13. Opinion of Bond Counsel.
  14. Copy of Electronic Advance Notice of Sale to Division of Bond Finance.
  15. Copy of Electronic Filing of Forms BF 2003, BF 2004-A and BF 2004-B with the Division of Bond Finance.

16. Bank's Disclosure Letter.
17. Bank's Investment Certificate.
18. Copy of Closing Memorandum.

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DISTRIBUTION LIST

City of Gainesville, Florida (2)  
Holland & Knight LLP  
Compass Bank  
Public Financial Management  
Bryant Miller Olive

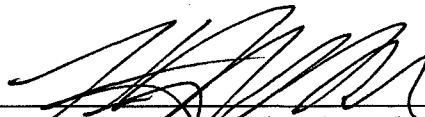
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CERTIFICATE OF CLERK

I, KURT M. LANNON, Clerk of the Commission (the "Governing Body") of the City of Gainesville, Florida (the "Issuer"), do hereby certify that attached hereto is a true and correct copy of Resolution No. 110542 (without exhibits), adopted by the Governing Body of the Issuer on December 15, 2011, at a meeting which was duly called and held and at which meeting a quorum was present and voting throughout. The Resolution remains in full force and effect as of the date hereof and has not been modified or amended as of the date hereof.

Witness my hand this 21<sup>st</sup> day of December, 2011.

  
\_\_\_\_\_  
Kurt M. Lannon, Clerk of the  
Commission

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RESOLUTION NO. 110542

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF GAINESVILLE, FLORIDA AUTHORIZING A LOAN IN THE PRINCIPAL AMOUNT OF \$3,730,000 TO FINANCE OR REFINANCE ALL OR A PORTION OF THE COSTS OF CERTAIN CAPITAL IMPROVEMENTS AND OTHER ITEMS DESCRIBED HEREIN AND TO PAY THE COSTS OF SUCH LOAN; APPROVING THE FORM OF A REVENUE NOTE, SERIES 2011A AND A LOAN AGREEMENT; PROVIDING OTHER DETAILS WITH RESPECT THERETO; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF GAINESVILLE, FLORIDA (the "Issuer") that:

**Section 1. Authority for this Resolution.** This Resolution is adopted pursuant to the Charter of the Issuer, Chapter 166, Florida Statutes, Article VIII, Section 2, Constitution of the State of Florida, and other applicable provisions of law (collectively, the "Act").

**Section 2. Definitions.** Words and phrases used herein in capitalized form and not otherwise defined herein (including, without limitation, in the preamble hereto) shall have the meanings ascribed thereto in the Loan Agreement (hereinafter defined) and, in addition, the following words and phrases shall have the following meanings:

"Authorized Signatories" means the Mayor, the Mayor-Commissioner Pro Tempore, the City Manager, the Administrative Services Director or the Finance Director of the Issuer, and the Clerk of the Commission of the Issuer or any Deputy Clerk of the Commission or Acting Clerk of the Commission.

"Loan Amount" means \$3,730,000.

**Section 3. Authorization of Transaction.** In order to obtain funds to finance or refinance the acquisition and construction of the capital improvements and other items described on Exhibit "A" attached hereto (the "Project") and to pay the costs of the Loan (hereinafter defined), the Issuer is authorized to obtain a loan (the "Loan") and to borrow an amount equal to the Loan Amount from Compass Bank (the "Bank"), the Bank having been selected through a request for proposals process.

Because of prevailing and anticipated market conditions and the nature of the Loan, and taking into account the advice of Public Financial Management, Inc., the Issuer's financial advisor (the "Financial Advisor"), it is not feasible, cost effective or advantageous to enter into the Loan through a competitive sale and it is in the best interest of the Issuer to accept the terms of the Loan from the Bank in a principal amount of the Loan Amount, at a negotiated sale upon the terms and conditions outlined herein and in the Loan Agreement (as hereinafter defined) and as determined by the Authorized Signatories executing the Loan Agreement in accordance with the terms hereof.

Prior to its execution and delivery of the Loan Documents, as hereinafter defined, the Issuer shall have received from the Bank a disclosure statement containing the information required by Section 218.385(6), Florida Statutes, and a Truth-in-Bonding Statement pursuant to

Section 218.385(3), Florida Statutes, and no further disclosure is or shall be required by the Issuer.

**Section 4. Loan Agreement, Revenue Note and Escrow Deposit Agreement.** The Issuer is authorized to execute a Loan Agreement with the Bank in substantially the form attached hereto as Exhibit "B" (the "Loan Agreement") and to make and deliver to the Bank the Revenue Note, Series 2011A (the "Note") in the form attached to the Loan Agreement. The forms and terms of the Loan Agreement and the Note (collectively, the "Loan Documents") attached hereto are hereby approved, and the Authorized Signatories are authorized to execute and deliver the same, with such changes, insertions, omissions and filling of blanks as may be approved by the Authorized Signatories, such approval to be conclusively evidenced by the execution thereof by the Authorized Signatories signing the same.

**Section 5. Loan Agreement and Revenue Note Not to be General Obligation or Indebtedness of the Issuer.** The Loan Agreement and Note and the obligations of the Issuer thereunder shall not be deemed to constitute general obligations 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 (i) the Non-Ad Valorem Revenues (as defined in the Loan Agreement) actually budgeted and appropriated and deposited into the Revenue Note, Series 2011A Debt Service Account, which is hereby created (the "Debt Service Account"), to pay debt service payments and all other amounts due and payable on or under the Loan Agreement and the Note and (ii) all funds on deposit in the Debt Service Account and the Project Account (hereinafter defined) (including any investment securities on deposit therein) and all investment earnings on any such funds (collectively, the "Pledged Funds"), in the manner and to the extent herein and in the Loan Agreement provided. No holder or owner of the 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 debt service with respect thereto, or to maintain or continue any activities of the Issuer which generate user service charges, regulatory fees or other non-ad valorem revenues, nor shall any holder or owner of the Note be entitled to payment of such principal and interest from any other funds of the Issuer other than the Pledged Funds, all in the manner and to the extent herein and in the Loan Agreement provided. The Loan Agreement and the Note 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 Funds, all in the manner and to the extent provided herein and in the Loan Agreement.

Funds in the Debt Service Account, until applied to the payment of debt service on the Note, may be invested in investments authorized by law and meeting the Issuer's written investment policy, which investments shall mature no later than the date on which moneys therein shall be needed to pay such debt service.

**Section 6. Pledge.** The payment of the principal of, premium, if any, and interest under the Note and other payments due under the Loan Agreement shall be secured forthwith equally and ratably by an irrevocable lien on the Pledged Funds, all in the manner and to the extent provided herein and in the Loan Agreement. The Issuer does hereby irrevocably pledge

such Pledged Funds to the payment of the principal of, premium, if any, and interest on the Note and other payments due under the Loan Agreement.

**Section 7. Project Account.** There is hereby created and established a Revenue Note, Series 2011A Project Account (the "Project Account") into which shall be deposited the proceeds of the Loan. Moneys in the Project Account shall be applied to pay the costs of the Project and the costs of the Loan, and, until applied to payment of the costs of the Project or the costs of the Loan, may be invested in investments authorized by law and meeting the Issuer's written investment policy, which investments shall mature no later than the date on which moneys therein shall be needed for costs of the Project or costs of the Loan. Any funds on deposit in the Project Account and determined by the Issuer not to be needed to pay the Costs of the Project or the cost of issuance of the Loan and Note shall be transferred by the Issuer to the Debt Service Account.

**Section 8. Separate Accounts.** The moneys required to be accounted for in the Debt Service Account and the Project Account may be deposited in a single bank or other account, and funds allocated to such accounts may be invested, together with other funds of the Issuer, in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted allocation of moneys on deposit therein and such investments for the various purposes of such accounts. The designation and establishment of the Debt Service Account and the Project Account shall not be construed to require the establishment of any completely independent, self-balancing funds or accounts, but rather is intended solely to constitute an earmarking of certain moneys or revenues for certain purposes.

**Section 9. Severability.** If any provision of this Resolution shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable in any context, the same shall not affect any other provision herein or render any other provision (or such provision in any other context) invalid, inoperative or unenforceable to any extent whatever.

**Section 10. Applicable Provisions of Law.** This Resolution shall be governed by and construed in accordance with the laws of the State of Florida.

**Section 11. Authorizations.** The Authorized Signatories are hereby authorized to execute and deliver on behalf of the Issuer the Loan Documents as provided hereby. All officials and employees of the Issuer, including, without limitation, the Authorized Signatories, are authorized and empowered, collectively or individually, to take all other actions and steps and to execute all instruments, documents, and contracts on behalf of the Issuer as they shall deem necessary or desirable in connection with the completion of the Loan and the carrying out of the intention of this Resolution.

**Section 12. Repealer.** All resolutions or parts thereof in conflict herewith are hereby repealed.

**Section 13. Effective Date.** This Resolution shall take effect immediately upon its adoption.

Passed and duly adopted in public session of the City Commission of the City of Gainesville, Florida on the 15<sup>th</sup> day of December, 2011.

ATTESTED:

By: Craig Lowe  
CRAIG LOWE  
MAYOR

By: [Signature]  
Clerk of the Commission

APPROVED AS TO FORM AND LEGALITY:

By: [Signature]  
City Attorney  
DEC 15 2011

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**EXHIBIT "A"**

**PROJECT DESCRIPTION**

Renovation/reconstruction of the multi-building Gainesville Police Department Headquarters and Physical Training Facility

Capital and remediation improvements at Depot Park, a multi-purpose park and stormwater facility in downtown Gainesville

Other capital improvements



## **LOAN AGREEMENT**

This LOAN AGREEMENT (the "Agreement") is made and entered into as of December 21, 2011, and is by and between the CITY OF GAINESVILLE, FLORIDA, a municipal corporation created and existing under the laws of the State of Florida, and its successors and assigns (the "Issuer"), and COMPASS BANK, and its successors and assigns, as holder(s) of the hereinafter defined Note (the "Bank").

The parties hereto, intending to be legally bound hereby and in consideration of the mutual covenants hereinafter contained, DO HEREBY AGREE as follows:

### **ARTICLE I**

#### **DEFINITION OF TERMS**

Section 1.01 Definitions. The words and terms used in capitalized form in this Agreement shall have the meanings as set forth in the recitals above and the following words and terms as used in this Agreement shall have the following meanings:

"Act" means the Charter of the Issuer, Chapter 166, Florida Statutes, Article VIII, Section 2, Constitution of the State of Florida, and other applicable provisions of law.

"Agreement" means this Loan Agreement and any and all modifications, alterations, amendments and supplements hereto made in accordance with the provisions hereof.

"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.

"Bond Counsel" means any attorney at law or firm of attorneys retained by the Issuer, of nationally recognized experience in matters pertaining to the validity of, and exclusion from gross income for federal income tax purposes of interest on, the obligations of states and their political subdivisions.

"Bond Year" means the annual period beginning on the first day of November of each year and ending on the last day of October of the same year.

"Business Day" means any day except any Saturday or Sunday or day on which the Principal Office of the Bank is lawfully closed.

"City Manager" means the City Manager of the Issuer.

"Code" means the Internal Revenue Code of 1986, as amended, and applicable 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 Treasury (including applicable final regulations, temporary regulations and

proposed regulations), the applicable rulings of the Internal Revenue Service (including published Revenue Rulings and private letter rulings), and applicable court rulings.

"Costs" means, with respect to the Project, any lawful expenditure of the Issuer which meets the further requirements of this Agreement. "Costs" shall include the refinancing of any costs related to the Project.

"Debt Service Account" means the Revenue Note, Series 2011A Debt Service Account established by the Resolution from which the Issuer shall make payments of the principal of, interest on and any redemption or prepayment premiums with respect to the Loan under the Note.

"Event of Default" means an event of default specified in Article VI of this Agreement.

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

"Loan" means the loan by the Bank to the Issuer contemplated hereby.

"Loan Amount" means \$3,730,000.

"Loan Documents" means this Agreement and the Note.

"Mayor" means the Mayor or, in his or her absence or inability to perform, the Mayor-Commissioner Pro Tempore, of the Issuer

"Non-Ad Valorem Revenues" means all legally available non-ad valorem revenues of the Issuer derived from any source whatsoever, other than ad valorem taxation on real and personal property, including, without limitation, investment income, which are legally available for the payment by the Issuer of debt service on the Note or Non-Self-Supporting Revenue Debt, including, without limitation, 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, but excluding revenues derived from the Issuer's electric system, natural gas system, water system, wastewater system, telecommunications system and stormwater management utility system, except to the extent that revenues derived from such sources are deposited into the Issuer's general fund.

"Non-Self-Supporting Revenue Debt" means obligations evidencing indebtedness for borrowed money, including the Note, (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-Self-Supporting Revenue Debt 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. "Non-Self-Supporting Revenue Debt" shall expressly not

include indebtedness payable from the revenues of a utility system which are pledged to the payment of such indebtedness.

"Note" means the Issuer's Revenue Note, Series 2011A in the form attached hereto as Exhibit "B."

"Notice Address" means,

As to the Issuer:	Office of the City Attorney 200 E. University Avenue, Suite 425 Gainesville, Florida 32601 Email address: radsonmj@cityofgainesville.org
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As to the Bank:	Compass Bank 2814 SW 34 <sup>th</sup> Street Gainesville, Florida 32608 Attn: Greg Fleming Email address: greg.fleming@bbvacompass.com
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or to such other address (or email address for electronic communications) as either party may have specified in writing to the other using the procedures specified in Section 8.06.

"Person" means an individual, corporation, partnership, joint venture, trust, limited liability company, unincorporated organization or other judicial entity.

"Pledged Funds" means (i) the Non-Ad Valorem Revenues budgeted and appropriated and deposited into the Debt Service Account to pay debt service on the Note and all other amounts due and payable and (ii) all funds on deposit in the Debt Service Account and the Project Account (including all investment securities on deposit therein) and all investment earnings on any such funds.

"Principal Office" means, with respect to the Bank, the office located at 2814 SW 34<sup>th</sup> Street, Gainesville, Florida 32608, or such other office as the Bank may designate to the Issuer in writing.

"Project" means the payment of the cost of the acquisition and construction of the capital improvements and other items described on Exhibit "A" hereto and of the costs of the Loan and the costs of issuance of the Note.

"Project Account" means the Revenue Note, Series 2011A Project Account created by the Resolution.

"Resolution" means a Resolution adopted by the City Commission of the Issuer on December 15, 2011.

"State" means the State of Florida.

Section 1.02 Titles and Headings. The titles and headings of the articles and sections of this Agreement have been inserted for convenience of reference only and are not to be considered a part hereof, shall not in any way modify or restrict any of the terms and provisions hereof, and shall not be considered or given any effect in construing this Agreement or any provision hereof or in ascertaining intent, if any question of intent should arise.

## ARTICLE II

### REPRESENTATIONS OF ISSUER

The Issuer represents and warrants to the Bank, which representations and warranties shall be deemed made on the date hereof, that:

Section 2.01 Powers of Issuer. The Issuer is a municipal corporation, duly organized and validly existing under the laws of the State. The Issuer has the power under the Act to borrow the Loan Amount provided for in this Agreement, to execute and deliver the Loan Documents, to secure this Agreement and the Note in the manner contemplated hereby and to perform and observe all the terms and conditions of the Loan Documents on its part to be performed and observed. The Issuer may lawfully borrow funds hereunder in order to provide funds to finance or refinance the costs of the Project, including paying the costs of issuance of the Loan and the Note.

Section 2.02 Authorization of Loan. The Issuer had, has, or will have on the date of the Note and at all relevant times, full legal right, power and authority to execute and deliver the Loan Documents, to issue the Note, and to carry out and consummate all other transactions contemplated hereby, and the Issuer has complied and will comply with all provisions of applicable law in all material matters relating to such transactions. The Issuer has duly authorized the borrowing of the Loan Amount provided for in this Agreement, the execution and delivery of this Agreement, and the issuance and delivery of the Note to the Bank, and to that end the Issuer warrants that it will, subject to the terms hereof and of the Note, take all action and do all things which it is authorized by law to take and to do in order to fulfill all covenants on its part to be performed and to provide for and to assure payment of the Note. The Note has been duly authorized, executed, issued and delivered to the Bank and constitutes the legal, valid and binding obligation of the Issuer enforceable in accordance with the terms thereof and the terms hereof, and is entitled to the benefits and security of this Agreement, subject to the provisions of the bankruptcy laws of the United States of America and to other applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights, heretofore or hereinafter enacted, to the extent constitutionally applicable, and provided that its enforcement may also be subject to equitable principles that may affect remedies or other equitable relief, or to the exercise of judicial discretion in appropriate cases. All approvals, consents, and orders of and filings with any governmental authority or agency which would constitute a condition precedent to the issuance of the Note or the execution and delivery of or the performance by the Issuer of its obligations under this Agreement and the Note have been obtained or made and any consents, approvals, and orders to be received or filings so made are in full force and effect. NOTWITHSTANDING THE FOREGOING, HOWEVER, OR ANYTHING ELSE HEREIN OR IN THE NOTE TO THE CONTRARY, NEITHER THIS AGREEMENT NOR THE NOTE SHALL 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 THE PLEDGED FUNDS IN THE MANNER AND TO THE EXTENT PROVIDED HEREIN AND IN THE RESOLUTION. No holder or owner of the 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 debt service with respect thereto, or to maintain or continue any activities of the Issuer which generate user service charges, regulatory fees or other non-ad valorem revenues, nor shall any holder or owner of the Note be entitled to payment of such principal and interest from any other funds of the Issuer other than the Pledged Funds, all in the manner and to the extent herein and in the Resolution provided.

Section 2.03 No Violation of Law or Contract. The Issuer is not in default in any material respect under any agreement or other instrument to which it is a party or by which it may be bound, the breach of which could result in a material and adverse impact on the financial condition of the Issuer or the ability of the Issuer to perform its obligations hereunder and under the Note. The making and performing by the Issuer of this Agreement and the Note will not violate any applicable provision of law, and will not result in a material breach of any of the terms of any agreement or instrument to which the Issuer is a party or by which the Issuer is bound, the breach of which could result in a material and adverse impact on the financial condition of the Issuer or the ability of the Issuer to perform its obligations hereunder and under the Note.

Section 2.04 Pending or Threatened Litigation. Except as has been disclosed to the Bank in writing, there are no actions or proceedings pending against the Issuer or affecting the Issuer or, to the knowledge of the Issuer, threatened, which, either in any case or in the aggregate, might result in any material adverse change in the financial condition of the Issuer, or which questions the validity of this Agreement or the Note or of any action taken or to be taken in connection with the transactions contemplated hereby or thereby.

Section 2.05 Financial Information. The financial information regarding the Issuer furnished to the Bank by the Issuer in connection with the Loan is complete and accurate, and there has been no material and adverse change in the financial condition of the Issuer from that presented in such information.

### ARTICLE III

#### COVENANTS OF THE ISSUER

Section 3.01 Affirmative Covenants. For so long as any of the principal amount of or interest or any redemption or prepayment premium on the Note is outstanding or any duty or obligation of the Issuer hereunder or under the Note remains unpaid or unperformed, the Issuer covenants to the Bank as follows:

(a) Payment. The Issuer shall pay the principal of and the interest or any redemption or prepayment premium on the Note and any other amounts due and payable under this Agreement at the time and place and in the manner provided herein and in the Note.

(b) Use of Proceeds. Proceeds from the Note will be used only to pay Costs of the Project, including the payment of closing costs of the Loan and costs of issuance of the Note, except as otherwise expressly provided hereby.

(c) Notice of Defaults. The Issuer shall within seven (7) days after it acquires knowledge thereof, notify the Bank in writing at its Notice Address upon the happening, occurrence, or existence of any Event of Default, and any event or condition which with the passage of time or giving of notice, or both, would constitute an Event of Default, and shall provide the Bank, with such written notice, a detailed statement by a responsible officer of the Issuer of all relevant facts and the action being taken or proposed to be taken by the Issuer with respect thereto.

(d) Maintenance of Existence. The Issuer will take all reasonable legal action within its control in order to maintain its existence until all amounts due and owing from the Issuer to the Bank under this Agreement and the Note have been paid in full.

(e) Records. The Issuer agrees that any and all records of the Issuer with respect to the Loan shall be open to inspection by the Bank or its representatives at all reasonable times and after receipt by the Issuer of reasonable notice from the Bank at the offices the Issuer.

(f) Financial Statements and Budget. The Issuer will cause an audit to be completed of its books and accounts and shall furnish to the Bank audited year-end financial statements of the Issuer, including a balance sheet as of the end of such Fiscal Year and related statements of revenues, expenses and changes in net assets, certified by an independent certified public accountant to the effect that such audit has been conducted in accordance with generally accepted auditing standards and stating whether such financial statements present fairly in all material respects the financial position of the Issuer and the results of its operations and cash flows for the periods covered by the audit report, all in conformity with generally accepted accounting principles applied on a consistent basis. The Issuer shall provide the Bank with the Issuer's audited financial statements for each Fiscal Year ending on or after September 30, 2011 within 210 days after the end thereof.

(g) Insurance. The Issuer shall maintain such liability, casualty and other insurance as, or shall self-insure in a manner as, is reasonable and prudent for similarly situated governmental entities of the State of Florida.

(h) Compliance with Laws. The Issuer shall comply with all applicable federal, state and local laws and regulatory requirements, the violation of which could reasonably be expected to have a material and adverse effect upon the financial condition of the Issuer or upon the ability of the Issuer to perform its obligation hereunder or under the Note.

(i) Payment of Document Taxes. In the event the Note or this Agreement should be subject to the excise tax on documents of the State, the Issuer shall promptly upon the Bank's written demand for same pay such taxes or reimburse the Bank for any such taxes paid by it.

Section 3.02 Negative Covenants. For so long as any of the principal amount of or interest on the Note is outstanding or any duty or obligation of the Issuer hereunder or under the Note remains unpaid or unperformed, the Issuer covenants to the Bank as follows:

(a) No Adverse Borrowings. The Issuer shall not issue or incur any indebtedness or obligation if such would materially and adversely affect the ability of the Issuer to timely pay debt service on the Note or any other amounts owing by the Issuer under this Agreement.

(b) Anti-Dilution. Except with respect to Non-Self Supporting Revenue Debt issued to refund existing Non-Self Supporting Revenue Debt where the aggregate debt service of the refunding Non-Self Supporting Revenue Debt will not be greater than that for the Non-Self Supporting Revenue Debt being refunded, the Issuer may incur additional Non-Self-Supporting Revenue Debt only if, as set forth in a certificate of the Mayor, City Manager or Finance Director executed and delivered to the Bank prior to the issuance thereof,

(i) after the issuance thereof, the maximum annual debt service in any Bond Year (net of any subsidies or reimbursements related to interest) resulting from the total outstanding Non-Self-Supporting Revenue Debt of the Issuer, including such additional Non-Self-Supporting Revenue Debt, does not exceed fifty percent (50%) of total Non-Ad Valorem Revenues received in the preceding Fiscal Year; and

(ii) the Non-Ad Valorem Revenues of the Issuer for the preceding Fiscal Year were at least 2.00 times average annual debt service (net of any subsidies or reimbursements related to interest) in all future Bond Years on all outstanding Non-Self-Supporting Revenue Debt and the Non-Self-Supporting Revenue Debt proposed to be issued.

Section 3.03 Registration and Exchange of Note. The Note shall initially be owned by the Bank. The ownership of the Note may only be transferred, and the Issuer will transfer the ownership of the Note, upon written request of the Bank to the Issuer specifying the name, address and taxpayer identification number of the transferee, and the Issuer will keep and maintain at all times a record setting forth the identification of the owner of the Note. The Person in whose name the Note shall be registered shall be deemed and regarded the absolute owner thereof for all purposes, and payment of principal and interest on such Note 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 Note to the extent of the sum or sums so paid.

Section 3.04 Note Mutilated, Destroyed, Stolen or Lost. In case the Note shall become mutilated, or be destroyed, stolen or lost, the Issuer shall issue and deliver a new Note, in exchange and in substitution for such mutilated Note, or in lieu of and in substitution for the Note destroyed, stolen or lost and upon the Bank furnishing the Issuer proof of ownership thereof, an affidavit of lost or stolen instrument and indemnity reasonably satisfactory to the Issuer and paying such expenses as the Issuer may reasonably incur in connection therewith.

Section 3.05 Payment of Principal and Interest; Limited Obligation. The Issuer promises that it will promptly pay the principal of and interest on and any prepayment or redemption premium or fee on the Note, at the place, on the dates and in the manner provided therein according to the true intent and meaning hereof and of the Note, provided that the Issuer may be compelled to pay the principal of and interest on and any prepayment premium or fee with respect to the Note solely from the Pledged Funds, and nothing in the Note, this Loan Agreement or the Resolution shall be construed as pledging any other funds or assets of the Issuer to such payment or as authorizing such payment to be made from any other source. The

Issuer is not and shall not be liable for the payment of the principal of and interest on the Note and any prepayment premium or fee with respect to or for the performance of any pledge, obligation or agreement for payment undertaken by the Issuer hereunder, under the Note or under the Resolution from any property other than the Pledged Funds. The Bank shall not have any right to resort to legal or equitable action to require or compel the Issuer to make any payment required by the Note or this Loan Agreement from any source other than the Pledged Funds.

Section 3.06 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 Account in a timely manner as needed to pay debt service on the Note, Non-Ad Valorem Revenues of the Issuer in an amount which is equal to the debt service with respect to the Note 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 and under the Note as and when due, including any delinquent payments, shall have been budgeted, appropriated and actually paid into the Debt Service Account; 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, 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 granting of such pledge does not have the effect of impairing the obligation of the Issuer under this Agreement and the Note by making unavailable sufficient Non-Ad Valorem Revenues required to timely make payments of principal and interest on the Note and any other payments required hereunder, nor shall it give the holder or owner of the Note a prior claim on the Non-Ad Valorem 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 Debt Service Account, as provided for herein. 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 or which are legally mandated by applicable law. Notwithstanding the foregoing or anything herein 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.

Section 3.07 Pledge. The payment of the principal of, premium, if any, and interest on the Note and all other amounts payable under this Agreement shall be secured by an irrevocable lien on the Pledged Funds, all in the manner and to the extent provided herein and in the Resolution. The Issuer does hereby pledge such Pledged Funds to the principal of, premium, if any, and interest on the Note and for all other payments provided for herein.

Section 3.08 Debt Service Account; Project Account. The Issuer shall apply all moneys on deposit in the Debt Service Account to the timely payment of the principal of, premium, if



any, and interest on the Note. The Issuer shall deposit the proceeds of the Note into the Project Account and shall apply the same, together with any investment earnings thereon, to the Costs of the Project and the costs of the Loan and costs of issuance of the Note. Funds in the Debt Service Account and the Project Account may be invested in investments permitted by law and meeting the requirements of the Issuer's written investment policy and that mature not later than the dates that such funds will be needed for the purposes of such accounts. Any funds on deposit in the Project Account and determined by the Issuer not to be needed to pay the Costs of the Project or the costs of the Loan and Note shall be transferred by the Issuer to the Debt Service Account.

Section 3.09 Officers and Employees of the Issuer Exempt from Personal Liability. No personal recourse under or upon any obligation, covenant or agreement of this Loan Agreement or the Note or for any claim based hereon or thereon or otherwise in respect thereof, shall be had against any officer, agent or employee, as such, of the Issuer, past, present or future, it being expressly understood (a) that the obligation of the Issuer under this Agreement and under the Note is solely a corporate one, limited as provided herein, (b) that no personal liability whatsoever shall attach to, or is or shall be incurred by, the officers, agents, or employees, as such, of the Issuer, or any of them, under or by reason of the obligations, covenants or agreements contained in this Agreement or implied therefrom, and (c) that any and all such personal liability of, and any and all such rights and claims against, every such officer, agent, or employee, as such, of the Issuer under or by reason of the obligations, covenants or agreements contained in this Agreement and under the Note, or implied therefrom, are waived and released as a condition of, and as a consideration for, the execution of this Agreement and the issuance of the Note on the part of the Issuer.

Section 3.10 Business Days. In any case where the due date of interest on or principal of the Note is not a Business Day, then payment of such principal or interest need not be made on such date but may be made on the next succeeding Business Day, provided that credit for payments made shall not be given until the payment is actually received by the Bank.

Section 3.11 Tax Representations, Warranties and Covenants of the Issuer. It is the intention of the Issuer that the interest on the Note be and remain excluded from gross income of the holders and owners of the Note for federal income tax purposes. The Issuer hereby covenants and represents that it has taken and caused to be taken and shall make and take and cause to be made and taken all actions that may be required of it for the interest on the Note to be and remain excluded from the gross income of the registered owner and holder thereof for federal income tax purposes to the extent set forth in the Code, and that to the best of its knowledge it has not taken or permitted to be taken on its behalf, and covenants that to the best of its ability and within its control, it shall not make or take, or permit to be made or taken on its behalf, any action which, if made or taken, would adversely affect such exclusion under the provisions of the Code.

The Issuer acknowledges that the continued exclusion of interest on the Note from gross income for federal income tax purposes depends, in part, upon compliance with the arbitrage limitations imposed by Sections 103(b)(2) and 148 of the Code. The Issuer hereby acknowledges responsibility to take all reasonable actions necessary to comply with these requirements. The Issuer hereby agrees and covenants that it shall not permit at any time or times any of the proceeds of the Note or other funds of the Issuer to be intentionally used,

directly or indirectly, to acquire or to replace funds which were used directly or indirectly to acquire any higher yielding investments (as defined in Section 148 of the Code), the acquisition of which would cause the Note to be an arbitrage bond for purposes of Sections 103(b)(2) and 148 of the Code. The Issuer further agrees and covenants that it shall do and perform all acts and things necessary in order to assure that the requirements of Section 103(b)(2) and Part IV of Subchapter B of Chapter 1 of Subtitle A of the Code are met.

Specifically, without intending to limit in any way the generality of the foregoing, the Issuer covenants and agrees:

(1) to make or cause to be made all necessary determinations and calculations of the excess of the amount earned on all non-purpose investments (as defined in Section 148(f)(6) of the Code) over the amount which would have been earned if such non-purpose investments were invested at a rate equal to the yield on the Note, plus any income attributable to such excess, but not including any amount exempted under Section 148(f) of the Code (the "Rebate Amount");

(2) to pay the Rebate Amount to the United States of America from legally available funds of the Issuer at the times and to the extent required pursuant to Section 148(f) of the Code;

(3) to maintain and retain all records pertaining to the Rebate Amount and required payments of the Rebate Amount for at least six years after the final maturity of the Note or such other period as shall be necessary to comply with the Code;

(4) to refrain from taking any action that would cause the Note to be classified as "private activity bond" under Section 141(a) of the Code; and

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

The Issuer understands that the foregoing covenants impose continuing obligations on it to comply with the requirements of Section 103 and Part IV of Subchapter B of Subpart A of Chapter 1 of the Code so long as such requirements are applicable.

#### **ARTICLE IV**

#### **CONDITIONS OF LENDING**

The obligations of the Bank to lend hereunder are subject to the following conditions precedent:

Section 4.01 Representations and Warranties. The representations and warranties of the Issuer set forth in this Agreement and the Note are true and correct on and as of the date hereof.

Section 4.02 No Default. On the date hereof, the Issuer shall be in compliance with all the terms and provisions set forth in this Agreement and the Note on its part to be observed or performed, and no Event of Default or any event that, upon notice or lapse of time or both, would constitute such an Event of Default, shall have occurred and be continuing at such time.

Section 4.03 Supporting Documents. On or prior to the date hereof, the Bank shall have received the following supporting documents, all of which shall be satisfactory in form and substance to the Bank (such satisfaction to be evidenced by the purchase of the Note by the Bank):

(a) The opinion of the attorney for the Issuer and/or bond counsel to the Issuer, regarding the due authorization, execution, delivery, validity and enforceability of the Resolution authorizing this Agreement and the Note, and such other items as the Bank shall reasonably request;

(b) The opinion of Bond Counsel to the Issuer to the effect that (i) the interest on the Note is excluded from gross income for federal income tax purposes and the Note is not an item of tax preference under Section 57 of the Code, (ii) and the Note is a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code, and (iii) such other items as the Bank shall reasonably request; and

(c) Such additional supporting documents as the Bank may reasonably request.

## ARTICLE V

### FUNDING THE LOAN

Section 5.01 The Loan. The Bank hereby agrees to lend to the Issuer the Loan Amount to provide funds for the purposes described herein upon the terms and conditions set forth in this Agreement. The Issuer agrees to repay the principal amount borrowed plus interest thereon upon the terms and conditions set forth in this Agreement and the Note.

Section 5.02 Description and Payment Terms of the Note. To evidence the obligation of the Issuer to repay the Loan, the Issuer shall issue and deliver to the Bank the Note in the form attached hereto as Exhibit "B." Prepayment of principal may be made only as provided in the Note and the rate of interest on the Note, including any adjustments thereto, shall be as provided in the Note.

## ARTICLE VI

### EVENTS OF DEFAULT

Section 6.01 General. An "Event of Default" shall be deemed to have occurred under this Agreement if:

(a) The Issuer shall fail to make any payment of the principal of, premium, if any, or interest on the Note when the same shall become due and payable, whether by maturity, by acceleration at the discretion of the Bank as provided for in Section 6.02, or otherwise; or

(b) The Issuer shall default in the performance of or compliance with any term or covenant contained in this Agreement or the Note, other than a term or covenant a default in the performance of which or noncompliance with which is elsewhere specifically dealt with in this Section 6.01, which default or non-compliance shall continue and not be cured within thirty (30) days after the earlier of (i) written notice thereof to the Issuer by the Bank, or (ii) the Bank is

notified of such noncompliance or should have been so notified pursuant to the provisions of Section 3.01(c) of this Agreement, whichever is earlier; or

(c) Any representation or warranty made in writing by or on behalf of the Issuer in this Agreement or the Note shall prove to have been false or incorrect in any material respect on the date made or reaffirmed; or

(d) The Issuer admits in writing its inability to pay its debts generally as they become due or files a petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of a receiver or trustee for itself; or

(e) The Issuer is adjudged insolvent by a court of competent jurisdiction, or it is adjudged a bankrupt on a petition in bankruptcy filed by the Issuer, or an order, judgment or decree is entered by any court of competent jurisdiction appointing, without the consent of the Issuer, a receiver or trustee of the Issuer or of the whole or any part of its property, and if the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within ninety (90) days from the date of entry thereof; or

(f) The Issuer shall file a petition or answer seeking reorganization or any arrangement under the federal bankruptcy laws or any other applicable law or statute of the United States of America or the State.

Section 6.02 Effect of Event of Default. Immediately and without notice, upon the occurrence of any Event of Default, the Bank may declare all obligations of the Issuer under this Agreement and the Note to be immediately due and payable without further action of any kind, and upon such declaration the Note and the interest accrued thereon shall become immediately due and payable. In addition, and regardless whether such declaration is or is not made, the Bank may also seek enforcement of and exercise all remedies available to it under any applicable law.

## **ARTICLE VII**

### **BANK QUALIFIED**

Section 7.01 Small Issuer Designation. The Issuer (including any subordinate entity or entities and any entity or entities issuing tax-exempt obligations on behalf of the Issuer within the meaning of Section 265(b)(3)(E) of the Code) has not issued, and does not reasonably expect to issue, tax-exempt obligations (other than obligations described in Section 265(b)(3)(C)(ii) of the Code) within calendar year 2011 which, together with the Note, will exceed \$10,000,000 in aggregate principal amount. It is the intention of the Issuer by this Section to qualify the Note, pursuant to Section 265(b)(3) of the Code, for treatment as a tax-exempt obligation acquired on August 7, 1986 for purposes of Section 265(b)(2) of the Code. Accordingly, the Issuer hereby designates the Note as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code.

## ARTICLE VIII

### MISCELLANEOUS

Section 8.01 No Waiver; Cumulative Remedies. No failure or delay on the part of the Bank in exercising any right, power, remedy hereunder or under the Note shall operate as a waiver of the Bank's rights, powers and remedies hereunder, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof, or the exercise of any other right, power or remedy hereunder or thereunder. The remedies herein and therein provided are cumulative and not exclusive of any remedies provided by law or in equity.

Section 8.02 Amendments, Changes or Modifications to the Agreement. This Agreement shall not be amended, changed or modified except in writing signed by the Bank and the Issuer. The Issuer agrees to pay all of the Bank's costs and reasonable attorneys' fees incurred in modifying and/or amending this Agreement at the Issuer's request or behest.

Section 8.03 Counterparts. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same Agreement, and, in making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

Section 8.04 Severability. If any clause, provision or section of this Agreement shall be held illegal or invalid by any court, the invalidity of such clause, provision or section shall not affect any other provisions or sections hereof, and this Agreement shall be construed and enforced to the end that the transactions contemplated hereby be effected and the obligations contemplated hereby be enforced, as if such illegal or invalid clause, provision or section had not been contained herein.

Section 8.05 Term of Agreement. Except as otherwise specified in this Agreement, this Agreement and all representations, warranties, covenants and agreements contained herein or made in writing by the Issuer in connection herewith shall be in full force and effect from the date hereof and shall continue in effect until as long as the Note is outstanding.

Section 8.06 Notices. All notices, requests, demands and other communications which are required or may be given under this Agreement shall be in writing and shall be deemed to have been duly given when received if personally delivered; when transmitted if transmitted by telecopy, electronic telephone line facsimile transmission or other similar electronic or digital transmission method (provided customary evidence of receipt is obtained); the day after it is sent, if sent by overnight common carrier service; and five days after it is sent, if mailed, certified mail, return receipt requested, postage prepaid. In each case notice shall be sent to the Notice Address.

Section 8.07 Applicable Law; Venue. This Agreement shall be construed pursuant to and governed by the substantive laws of the State. The Issuer and the Bank waive any objection either might otherwise have to venue in any judicial proceeding brought in connection herewith lying in Alachua County, Florida.

Section 8.08 Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the successors in interest and permitted assigns of the parties. The Issuer shall have no rights to assign any of its rights or obligations hereunder without the prior written consent of the Bank.

Section 8.09 No Third Party Beneficiaries. It is the intent and agreement of the parties hereto that this Agreement is solely for the benefit of the parties hereto and no person not a party hereto shall have any rights or privileges hereunder.

Section 8.10 Attorneys Fees. To the extent legally permissible, the Issuer and the Bank agree that in any suit, action or proceeding brought in connection with this Agreement or the Note (including any appeal(s)), the prevailing party shall be entitled to recover costs and reasonable attorneys' fees from the other party.

Section 8.11 Entire Agreement. Except as otherwise expressly provided, this Agreement and the Note embody the entire agreement and understanding between the parties hereto and supersede all prior agreements and understandings relating to the subject matter hereof.

Section 8.12 Further Assurances. The parties to this Agreement will execute and deliver, or cause to be executed and delivered, such additional or further documents, agreements or instruments and shall cooperate with one another in all respects for the purpose of carrying out the transactions contemplated by this Agreement.

Section 8.13 Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE NOTE AND ANY DOCUMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF EITHER PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES TO ENTER INTO THIS AGREEMENT.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective between them as of the date of first set forth above.

CITY OF GAINESVILLE, FLORIDA

By: MOS Bel  
Finance Director

ATTEST:

By: [Signature]  
Clerk of Commission

APPROVED AS TO FORM AND LEGALITY:

By: [Signature]  
City Attorney

COMPASS BANK

By: \_\_\_\_\_  
Vice President

#10729977\_v5  
16334-44

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective between them as of the date of first set forth above.

CITY OF GAINESVILLE, FLORIDA

ATTEST:

By: \_\_\_\_\_  
Finance Director

By: \_\_\_\_\_  
Clerk of Commission

APPROVED AS TO FORM AND LEGALITY:

By: \_\_\_\_\_  
City Attorney

COMPASS BANK

By: Mary Fleming  
Vice President

#10729977\_v5  
16334-44



## EXHIBIT "A"

### PROJECT DESCRIPTION

Renovation/reconstruction of the Gainesville Police Department Headquarters Building

Capital and remediation improvements at Depot Park, a multipurpose park and stormwater facility in downtown Gainesville

Other capital improvements

EXHIBIT "B"

FORM OF NOTE

**REVENUE NOTE, SERIES 2011A**

The CITY OF GAINESVILLE, FLORIDA (the "Issuer"), a municipal corporation duly created and existing under the laws of the State of Florida, for value received, promises to pay, but solely from the sources hereinafter provided, to the order of COMPASS BANK or registered assigns (together with any other registered owner of this Note, hereinafter, the "Bank"), the principal sum of Three Million Seven Hundred Thirty Thousand Dollars (\$3,730,000) or such lesser amount as shall be outstanding hereunder, together with interest on the principal balance outstanding at the Interest Rate (defined below), calculated based upon a year of 360 days consisting of twelve 30-day months, such amounts to be payable as provided herein. This Note is issued pursuant to Resolution No. 110542 of the Issuer adopted on December 15, 2011 (the "Resolution") and in conjunction with a Loan Agreement, dated of even date herewith, between the Issuer and the Bank (the "Loan Agreement") and is subject to all the terms and conditions of the Loan Agreement. All terms used herein in capitalized form and not otherwise defined herein shall have the meanings ascribed thereto, or referenced, in the Loan Agreement.

Principal of and interest on this Revenue Note, Series 2011A (this "Note") are payable in immediately available funds constituting lawful money of the United States of America at the Principal Office or such place as the Bank may designate in writing to the Issuer.

The Issuer shall pay the Bank interest on the outstanding principal balance of this Note in arrears, on April 1, 2012, and on the 1st day of each October and April thereafter, to and including the Final Maturity Date (hereinafter defined). The principal amount of this Note shall be payable in annual installments in the amounts set forth on Schedule A hereto, payable on October 1 of each year, commencing October 1, 2012, with the final installment payable October 1, 2021 (the "Final Maturity Date"). If any date for the payment of principal or interest is not a Business Day, such payment shall be due on the next succeeding Business Day.

All payments by the Issuer pursuant to this Note shall apply first to accrued interest, then to other charges due the Bank, and the balance thereof shall apply to the principal sum due.

The "Interest Rate," as used herein, shall mean two and twenty-nine one-hundredths of one percent (2.29%) per annum unless adjusted as provided herein.

In the event of a Determination of Taxability, the Interest Rate shall be adjusted to cause the yield on this Note to the Bank after such Determination of Taxability to equal what the yield would have been to the Bank in the absence of such Determination of Taxability (the "Taxable Rate"), effective retroactively to the date on which such Determination of Taxability was made. In addition, immediately upon a Determination of Taxability, the Issuer agrees to pay to the Bank the Additional Amount. "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 ceases to be excludable from gross income for federal income tax purposes and ending on the earlier of the

date this Note ceased to be outstanding or such adjustment is no longer applicable to this Note (the "Taxable Period") at a rate per annum equal to the Taxable Rate, and (b) the aggregate amount of interest paid 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 Bank to the Internal Revenue Service by reason of such Determination of Taxability. As used herein, "Determination of Taxability" means a final decree or judgment of any federal court or a final action of the Internal Revenue Service or of the United States Treasury Department determining that any interest payable on this Note is includable in the gross income of the Bank or that this Note is not a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. No such decree or action shall be considered final for the purposes of this paragraph unless the Issuer has been given written notice thereof and, if it is so desired by the Issuer and is legally permissible, the Issuer has been afforded the opportunity to contest the same, at its own expense, either directly or in the name of the Bank and until the conclusion of any appellate review, if sought.

A late charge shall be due and payable on any scheduled payment of principal of and, to the extent legally enforceable, interest on, this Note that shall not have been paid by the tenth day following the date such scheduled payment is due and payable, in an amount equal to five percent (5%) of such scheduled payment. The foregoing right to a late charge is in addition to, and not in limitation of, any other rights which the Bank may have upon the Issuer's failure to make timely payment of such principal and/or interest.

Notwithstanding the foregoing, in no event shall the Interest Rate in any year exceed the maximum rate permitted by law.

The Bank shall promptly notify the Issuer in writing of any adjustment to the Interest Rate. Such adjustments shall become effective as of the effective date of the event causing such adjustment. Adjustments may be retroactive. The Bank shall certify to the Issuer in writing the additional amount, if any, due to the Bank as a result of an adjustment in the Interest Rate pursuant hereto and shall provide to the Issuer a written calculation of any change in the Interest Rate and of any Additional Amounts claimed hereunder.

This Note may be prepaid in whole on any date, at the option of the Issuer upon ten (10) days' prior written notice by the Issuer to the Bank, such prepayment to be at a redemption price (expressed as a percentage of the principal prepaid), together with accrued interest to the redemption date as follows:

<u>Redemption Period</u>	<u>Redemption Price</u>
December __, 2011 through January 1, 2013	105%
January 2, 2013 through January 1, 2014	104%
January 2, 2014 through January 1, 2015	103%
January 2, 2015 through January 1, 2016	102%
January 2, 2016 through January 1, 2017	101%
January 2, 2017 and thereafter	100%

Upon the occurrence of an Event of Default (as defined in the Loan Agreement) then the Bank may declare the entire debt then remaining unpaid hereunder immediately due and payable;

and in any such default and acceleration, the Issuer shall also be obligated to pay (but only from the Pledged Funds) as part of the indebtedness evidenced by this Note, all costs of collection and enforcement hereof, including such fees as may be incurred on appeal or incurred in any proceeding under bankruptcy laws as they now or hereafter exist, including specifically but without limitation, claims, disputes and proceedings seeking adequate protection or relief from the automatic stay.

The Issuer to the extent permitted by law hereby waives presentment, demand, protest and notice of dishonor.

This Note is payable solely from the Pledged Funds to the extent provided in the Loan Agreement and subject to the pledge of the Pledged Funds as more specifically provided in the Resolution and the Loan Agreement. Notwithstanding any other provision of this Note, the Issuer is not and shall not be liable for the payment of the principal of and interest on this Note or otherwise monetarily liable in connection herewith from any property other than as provided in the Loan Agreement and the Resolution.

NOTWITHSTANDING ANYTHING HEREIN OR IN THE LOAN AGREEMENT OR THE RESOLUTION TO THE CONTRARY, THIS NOTE AND THE INTEREST HEREON DOES NOT AND SHALL NOT CONSTITUTE A GENERAL INDEBTEDNESS OF THE ISSUER BUT SHALL BE PAYABLE SOLELY FROM THE MONEYS AND SOURCES DESIGNATED THEREFOR PURSUANT TO THE LOAN AGREEMENT, THIS NOTE AND THE RESOLUTION. NEITHER THE FAITH AND CREDIT NOR ANY AD VALOREM TAXING POWER OF THE ISSUER IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS NOTE OR OTHER COSTS INCIDENTAL HERETO.

All terms, conditions and provisions of the Loan Agreement are by this reference thereto incorporated herein as a part of this Note.

This Note may be exchanged or transferred but only as provided in the Loan Agreement.

**The Issuer has designated this Note as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.**

It is hereby certified, recited and declared that all acts, conditions and prerequisites required to exist, happen and be performed precedent to and in connection with the execution, delivery and the issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by law, and that the issuance of this Note is in full compliance with and does not exceed or violate any constitutional or statutory limitation.

*[Remainder of page intentionally left blank]*

IN WITNESS WHEREOF, the Issuer has caused this Note to be executed in its name as of the date hereinafter set forth.

The date of this Note is December 21, 2011.

CITY OF GAINESVILLE, FLORIDA

(SEAL)

By: \_\_\_\_\_  
Finance Director

ATTESTED AND COUNTERSIGNED:

By: \_\_\_\_\_  
Clerk of the Commission

APPROVED AS TO FORM AND LEGALITY:

By: \_\_\_\_\_  
City Attorney

## SCHEDULE A

<u>Date</u> <u>(October 1)</u>	<u>Principal Amount</u>
2012	\$ 270,000
2013	350,000
2014	355,000
2015	370,000
2016	375,000
2017	385,000
2018	390,000
2019	405,000
2020	410,000
2021	<u>420,000</u>
TOTAL	\$3,730,000

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## REVENUE NOTE, SERIES 2011A

The CITY OF GAINESVILLE, FLORIDA (the "Issuer"), a municipal corporation duly created and existing under the laws of the State of Florida, for value received, promises to pay, but solely from the sources hereinafter provided, to the order of COMPASS BANK or registered assigns (together with any other registered owner of this Note, hereinafter, the "Bank"), the principal sum of Three Million Seven Hundred Thirty Thousand Dollars (\$3,730,000) or such lesser amount as shall be outstanding hereunder, together with interest on the principal balance outstanding at the Interest Rate (defined below), calculated based upon a year of 360 days consisting of twelve 30-day months, such amounts to be payable as provided herein. This Note is issued pursuant to Resolution No. 110542 of the Issuer adopted on December 15, 2011 (the "Resolution") and in conjunction with a Loan Agreement, dated of even date herewith, between the Issuer and the Bank (the "Loan Agreement") and is subject to all the terms and conditions of the Loan Agreement. All terms used herein in capitalized form and not otherwise defined herein shall have the meanings ascribed thereto, or referenced, in the Loan Agreement.

Principal of and interest on this Revenue Note, Series 2011A (this "Note") are payable in immediately available funds constituting lawful money of the United States of America at the Principal Office or such place as the Bank may designate in writing to the Issuer.

The Issuer shall pay the Bank interest on the outstanding principal balance of this Note in arrears, on April 1, 2012, and on the 1st day of each October and April thereafter, to and including the Final Maturity Date (hereinafter defined). The principal amount of this Note shall be payable in annual installments in the amounts set forth on Schedule A hereto, payable on October 1 of each year, commencing October 1, 2012, with the final installment payable October 1, 2021 (the "Final Maturity Date"). If any date for the payment of principal or interest is not a Business Day, such payment shall be due on the next succeeding Business Day.

All payments by the Issuer pursuant to this Note shall apply first to accrued interest, then to other charges due the Bank, and the balance thereof shall apply to the principal sum due.

The "Interest Rate," as used herein, shall mean two and twenty-nine one-hundredths of one percent (2.29%) per annum unless adjusted as provided herein.

In the event of a Determination of Taxability, the Interest Rate shall be adjusted to cause the yield on this Note to the Bank after such Determination of Taxability to equal what the yield would have been to the Bank in the absence of such Determination of Taxability (the "Taxable Rate"), effective retroactively to the date on which such Determination of Taxability was made. In addition, immediately upon a Determination of Taxability, the Issuer agrees to pay to the Bank the Additional Amount. "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 ceases to be excludable from gross income for federal income tax purposes and ending on the earlier of the date this Note ceased to be outstanding or such adjustment is no longer applicable to this Note (the "Taxable Period") at a rate per annum equal to the Taxable Rate, and (b) the aggregate amount of interest paid 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 Bank to the Internal Revenue Service by reason of such Determination of



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Taxability. As used herein, "Determination of Taxability" means a final decree or judgment of any federal court or a final action of the Internal Revenue Service or of the United States Treasury Department determining that any interest payable on this Note is includable in the gross income of the Bank or that this Note is not a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. No such decree or action shall be considered final for the purposes of this paragraph unless the Issuer has been given written notice thereof and, if it is so desired by the Issuer and is legally permissible, the Issuer has been afforded the opportunity to contest the same, at its own expense, either directly or in the name of the Bank and until the conclusion of any appellate review, if sought.

A late charge shall be due and payable on any scheduled payment of principal of and, to the extent legally enforceable, interest on, this Note that shall not have been paid by the tenth day following the date such scheduled payment is due and payable, in an amount equal to five percent (5%) of such scheduled payment. The foregoing right to a late charge is in addition to, and not in limitation of, any other rights which the Bank may have upon the Issuer's failure to make timely payment of such principal and/or interest.

Notwithstanding the foregoing, in no event shall the Interest Rate in any year exceed the maximum rate permitted by law.

The Bank shall promptly notify the Issuer in writing of any adjustment to the Interest Rate. Such adjustments shall become effective as of the effective date of the event causing such adjustment. Adjustments may be retroactive. The Bank shall certify to the Issuer in writing the additional amount, if any, due to the Bank as a result of an adjustment in the Interest Rate pursuant hereto and shall provide to the Issuer a written calculation of any change in the Interest Rate and of any Additional Amounts claimed hereunder.

This Note may be prepaid in whole on any date, at the option of the Issuer upon ten (10) days' prior written notice by the Issuer to the Bank, such prepayment to be at a redemption price (expressed as a percentage of the principal prepaid), together with accrued interest to the redemption date as follows:

<u>Redemption Period</u>	<u>Redemption Price</u>
December 21, 2011 through January 1, 2013	105%
January 2, 2013 through January 1, 2014	104%
January 2, 2014 through January 1, 2015	103%
January 2, 2015 through January 1, 2016	102%
January 2, 2016 through January 1, 2017	101%
January 2, 2017 and thereafter	100%

Upon the occurrence of an Event of Default (as defined in the Loan Agreement) then the Bank may declare the entire debt then remaining unpaid hereunder immediately due and payable, and in any such default and acceleration, the Issuer shall also be obligated to pay (but only from the Pledged Funds) as part of the indebtedness evidenced by this Note, all costs of collection and enforcement hereof, including such fees as may be incurred on appeal or incurred in any proceeding under bankruptcy laws as they now or hereafter exist, including specifically but



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without limitation, claims, disputes and proceedings seeking adequate protection or relief from the automatic stay.

The Issuer to the extent permitted by law hereby waives presentment, demand, protest and notice of dishonor.

This Note is payable solely from the Pledged Funds to the extent provided in the Loan Agreement and subject to the pledge of the Pledged Funds as more specifically provided in the Resolution and the Loan Agreement. Notwithstanding any other provision of this Note, the Issuer is not and shall not be liable for the payment of the principal of and interest on this Note or otherwise monetarily liable in connection herewith from any property other than as provided in the Loan Agreement and the Resolution.

NOTWITHSTANDING ANYTHING HEREIN OR IN THE LOAN AGREEMENT OR THE RESOLUTION TO THE CONTRARY, THIS NOTE AND THE INTEREST HEREON DOES NOT AND SHALL NOT CONSTITUTE A GENERAL INDEBTEDNESS OF THE ISSUER BUT SHALL BE PAYABLE SOLELY FROM THE MONEYS AND SOURCES DESIGNATED THEREFOR PURSUANT TO THE LOAN AGREEMENT, THIS NOTE AND THE RESOLUTION. NEITHER THE FAITH AND CREDIT NOR ANY AD VALOREM TAXING POWER OF THE ISSUER IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS NOTE OR OTHER COSTS INCIDENTAL HERETO.

All terms, conditions and provisions of the Loan Agreement are by this reference thereto incorporated herein as a part of this Note.

This Note may be exchanged or transferred but only as provided in the Loan Agreement.

The Issuer has designated this Note as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

It is hereby certified, recited and declared that all acts, conditions and prerequisites required to exist, happen and be performed precedent to and in connection with the execution, delivery and the issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by law, and that the issuance of this Note is in full compliance with and does not exceed or violate any constitutional or statutory limitation.

*[Remainder of page intentionally left blank]*

**COPY**

IN WITNESS WHEREOF, the Issuer has caused this Note to be executed in its name as  
of the date hereinafter set forth.

The date of this Note is December 21, 2011

CITY OF GAINESVILLE, FLORIDA

(SEAL)

By: M. M. B. O.  
Finance Director

ATTESTED AND COUNTERSIGNED:

By: [Signature]  
Clerk of the Commission

APPROVED AND FOR THE FORM AND LEGALITY:

By: [Signature]  
City Attorney

#10783054 v1  
16334-44

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## SCHEDULE A

<u>Date</u> <u>(October 1)</u>	<u>Principal Amount</u>
2012	\$ 270,000
2013	350,000
2014	355,000
2015	370,000
2016	375,000
2017	385,000
2018	390,000
2019	405,000
2020	410,000
2021	<u>420,000</u>
<b>TOTAL</b>	<b>\$3,730,000</b>

CERTIFICATE AS TO PUBLIC MEETINGS  
AND NO CONFLICT OF INTEREST

COUNTY OF ALACHUA

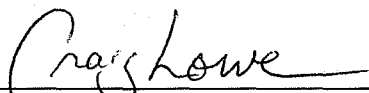
STATE OF FLORIDA

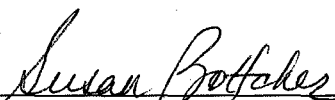
Each of the undersigned members of the City Commission (the "Governing Body") of the City of Gainesville, Florida (the "Issuer"), recognizing that Compass Bank (the "Bank") will have purchased the Issuer's Revenue Note, Series 2011A (the "Note") issued under a Loan Agreement between the Issuer and the Bank in reliance upon this certificate, HEREBY CERTIFIES that:

(1) He or she has not, meeting together with any other member or members of the Governing Body other than at public meetings of the Governing Body, reached any conclusion as to the actions taken by the Governing Body with regard to the Note, the security therefor or the application of the proceeds therefrom, or any other material matters in regard to the Note;

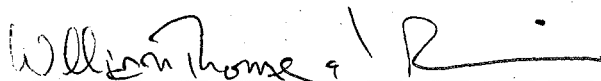
(2) He or she does not have or hold any employment with or any contractual relationship with the Bank that would constitute a prohibited conflict of interest under Part III, Chapter 112, Florida Statutes.

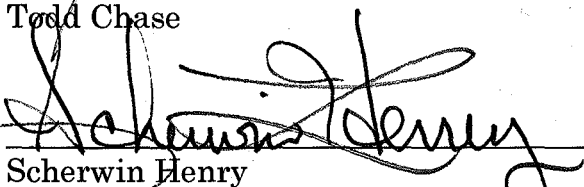
IN WITNESS WHEREOF, we have hereunto affixed our official signatures as of the 21<sup>st</sup> day of December, 2011.

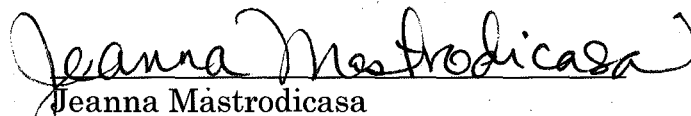
  
\_\_\_\_\_  
Craig Lowe, Mayor

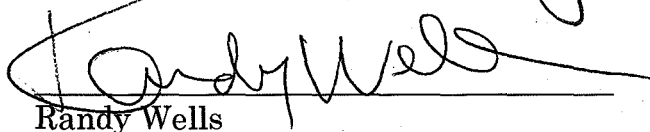
  
\_\_\_\_\_  
Susan Bottcher

  
\_\_\_\_\_  
Todd Chase

  
\_\_\_\_\_  
Thomas Hawkins

  
\_\_\_\_\_  
Scherwin Henry

  
\_\_\_\_\_  
Jeanna Mastrodicasa

  
\_\_\_\_\_  
Randy Wells



**CERTIFICATE AS TO SIGNATURES, OFFICIALS,  
SEAL, NO DEFAULT AND OTHER MATTERS**

We, the undersigned Finance Director (the "Finance Director") and Clerk of the Commission (the "Clerk") of the City of Gainesville, Florida (the "City"), DO HEREBY CERTIFY as follows:

1. We are the qualified and acting Finance Director and Clerk, respectively, of the City.

2. The following is a correct listing of the names of the members of the City Commission (the "Governing Body") of the City and the date of expiration of their respective terms of office:

<u>Name</u>	<u>Expiration of Term</u>
Craig Lowe, Mayor	May, 2013
Susan Bottcher	May, 2014
Todd Chase	May, 2014
William Thomas Hawkins	May, 2014
Scherwin Henry	May, 2012
Jeanna Mastrodicasa	May, 2012
Randy Wells	May, 2013

3. All of the above members of the Governing Body have duly filed their oaths of office, and such of them as are required by law to file bonds or undertakings have duly filed such bonds or undertakings in the amount and manner required by law.

4. Marion J. Radson, Esquire, is the duly appointed City Attorney for the City and accordingly is entitled to sign opinions and other documents pertaining to the Board, the City, the Loan Agreement dated as of December 21, 2011 (the "Loan Agreement"), between the City and Compass Bank (the "Bank") and the Revenue Note, Series 2011A dated December 21, 2011 (the "Note") from the City to the Bank. The law firm of Holland & Knight LLP, Lakeland, Florida, is bond counsel for the City, and accordingly is entitled to sign as bond counsel. All terms used herein in capitalized form and not otherwise defined herein shall have the meanings ascribed thereto in the Loan Agreement.

5. The Finance Director has signed the Loan Agreement and Note by his manual signature, and the signature appearing on said Note and the manual signature at the end of this Certificate are each the true and lawful signature of the Finance Director.

6. The seal of the City was duly impressed upon the Note, and such seal and the signature of the Finance Director were attested by the manual signature of the Clerk. Such manual seal and signature of the Clerk appearing on the Note and the manual signature of the Clerk at the end of this certificate constitute the true and lawful seal of the City and the signature of the Clerk, respectively.

7. Resolution No. 110542 duly adopted by the Governing Body on December 15, 2011 (the "Resolution"), as certified by the Clerk as of the date hereof, has not been modified, amended, revoked or repealed in any way after its date of adoption, and is now in full force and effect.

8. The Note and the Loan Agreement, as executed and delivered, are in substantially the respective forms approved by the Governing Body in the Resolution.

9. The City has authorized by all necessary action the adoption and due performance of the Resolution and the execution, delivery and performance by the City of the Loan Agreement and Note, and all authorizations, consents, approvals and reviews of governmental bodies or regulatory authorities now required for the City's execution, delivery and due performance of the Note and the Loan Agreement, and any and all such other agreements and documents as may be required to be executed, delivered and received by the City to carry out, give effect to and consummate the transactions contemplated by the Resolution have been obtained or effected.

10. The execution, delivery, receipt and due performance of the Note and the Loan Agreement and the other agreements contemplated by the Resolution under the circumstances contemplated thereby, and the City's compliance with the provisions thereof, will not conflict with or constitute on the City's part a breach of or a default under any existing constitutional provision, law, court or administrative regulation, decree or order or any agreement, indenture, bond, note, lease or other instrument to which the City is subject or by which the City may be bound, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under the Loan Agreement or any such instrument, nor will such execution, delivery, adoption, or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the City or under the terms of such law, regulation or

instrument, except as provided by the Note, the Loan Agreement and the Resolution.

11. The City has not, since December 31, 1975, been in default in the payment of principal of, premium, if any, or interest on, or otherwise been in default with respect to, any bonds, notes or other obligations which it has issued, assumed or guaranteed as to payment of principal, premium, if any, or interest, which would be considered material by a reasonable investor.

12. For the purposes of Section 215.84 of Florida Statutes, the City acknowledges that the Note is not rated by a nationally recognized rating service and that The Bond Buyer "20 Bond Index" published immediately preceding the first day of the calendar month in which the City issued the Bond was at 4.07%. The average net interest cost rate on the Note, 2.290%, is less than a rate 300 basis points in excess of such "20 Bond Index" rate.

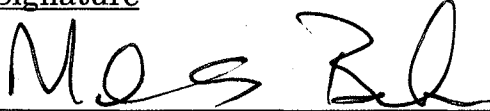
13. When issued and delivered to, and paid for by, the Bank, the Note, and when executed and delivered, the Loan Agreement, will have been duly and validly authorized, executed, issued and delivered and will constitute the legal, valid and binding obligations of the City enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency or other laws affecting the creditors' rights and remedies and to general principles of equity.

14. To the best of our knowledge there is no action, suit, inquiry or proceeding pending, or to the best of our knowledge, threatened, or any investigation in any court, public board or administrative body seeking to restrain or enjoin the sale, issuance, execution, delivery or performance of the Note or the execution, delivery or performance of the Loan Agreement; in any way contesting or affecting any authority for the issuance of the Note or the validity, or enforceability of the Note, the Loan Agreement or the Resolution or the transactions contemplated by the Resolution, the Note, the Loan Agreement or agreements or documents contemplated by the Resolution; in any way contesting the existence or powers of the City; seeking to limit, restrain, enjoin or otherwise restrict the collection of Pledged Funds (as defined in the Loan Agreement), to pay the principal of, premium, if any, and interest, on the Note; or which may result in any material adverse change in the operations or the condition, financial or otherwise, of the City or the matters contemplated in the Resolution, the Loan Agreement or the Note.

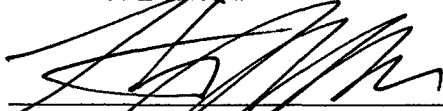
15. The City has never been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.

IN WITNESS WHEREOF, we have hereunto set our hands and the official seal of the City, and have indicated our respective official titles, all as of the 21<sup>st</sup> day of December, 2011.

Signature



Mark S. Benton



Kurt M. Lannon

Official Title

Finance Director

Clerk of the Commission

(Official Seal)

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16334-44



CERTIFICATE AS TO COMPLIANCE WITH ANTI-DILUTION TEST

We, the undersigned City Manager and Finance Director of the City of Gainesville, Florida (the "City"), DO HEREBY CERTIFY that:

1. All terms used herein in capitalized form and not otherwise defined herein shall have the meanings ascribed thereto in the Loan Agreement dated as of December 21, 2011 between the City and Compass Bank.

2. After the issuance of the Revenue Note, Series 2011A dated December 21, 2011 (the "Note"), the maximum annual debt service in any Bond Year (net of any subsidies or reimbursements related to interest) resulting from the total outstanding Non-Self-Supporting Revenue Debt of the City, including the Note, does not exceed fifty percent (50%) of total Non-Ad Valorem Revenues received by the City in the preceding Fiscal Year and the Non-Ad Valorem Revenues of the City for the preceding Fiscal Year were at least 2.00 times average annual debt service (net of any subsidies or reimbursements related to interest) in all future Bond Years on all outstanding Non-Self-Supporting Revenue Debt and the Note.

IN WITNESS WHEREOF, we have hereunto set our hands as of the 21<sup>st</sup> day of December, 2011.

By:   
Russ Blackburn, City Manager

By:   
Mark S. Benton, Finance Director

CERTIFICATE RELATING TO TAX, ARBITRAGE  
AND OTHER MATTERS OF  
CITY OF GAINESVILLE, FLORIDA  
CONCERNING ITS  
\$3,730,000  
REVENUE NOTE, SERIES 2011A

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The undersigned, Finance Director of the City of Gainesville, Florida (the "City"), who has been charged with the responsibility of issuing the Note described below, DOES HEREBY CERTIFY on behalf of the City as follows:

1. THE NOTE.

1.1. The City is issuing and delivering, simultaneously with the execution of this Certificate, its \$3,730,000 Revenue Note, Series 2011A (the "Note"). The Note is being issued under and pursuant to the Constitution and laws of the State of Florida, including Article VIII, Section 1 of the Constitution of the State of Florida; Chapter 125, Florida Statutes; and the Charter of the City; and other applicable provisions of law (collectively, the "Act"), and pursuant to Resolution No. 110542 adopted by the City Commission of the City (the "Commission") on December 15, 2011 (the "Resolution"). All terms used herein in capitalized form and not otherwise defined herein shall have the meanings ascribed thereto in the Loan Agreement dated as of December 21, 2011 (the "Loan Agreement").

1.2. The Note and the interest thereon are payable from (i) the Non-Ad Valorem Revenues budgeted and appropriated and deposited into the Debt Service Account established by the Resolution to pay debt service on the Note, and (ii) all funds on deposit in the Debt Service Account and the Project Account created by the Resolution (including all investment securities on deposit therein), and all investment earnings on any of such funds.

2. THE GOVERNMENT PURPOSE OF THE ISSUE.

2.1. The Note is being issued to (i) finance or refinance the acquisition and construction of certain capital improvements, and (ii) pay certain costs and expenses incurred in connection with the issuance of the Note (the "Project").

2.2. Other than the funds described below, there are no other uncommitted or unallocated funds reasonably available to finance the Project, and the Note does not replace or free up funds that were committed, or were uncommitted but would have been used, to finance the Project, but for the issuance

of the Note. Funds accumulated in general and specific improvement accounts and other accounts of the City are required as working capital reserves of the City pursuant to standard municipal fiscal practices and procedures or have been earmarked, designated and/or committed for other projects.

2.3 Except as provided in this paragraph, all of the Proceeds of the Note allocable to the Project shall be applied to original expenditures paid after the issue date of the Note. Certain expenditures qualifying as "preliminary expenditures" including costs for architectural, engineering, surveying, soil testing or similar costs incurred with respect to the Project may have been incurred by the Issuer prior to the date hereof and may be reimbursed from proceeds of the Note.

### 3. YIELD.

3.1. For purposes of this Certificate, yield means the discount rate that, as of the date of issue of the Note, produces a present value of all the unconditionally payable payments of principal and interest on the Note and fees for qualified guarantees which is equal to the issue price of the Note. The issue price of the Note is determined in the manner provided by Sections 1273 and 1274 of the Internal Revenue Code of 1986, as amended (the "Code") and Treasury Regulation § 1.148-1(b). The yield on the Note is determined without taking into account issuance costs.

3.2. The purchase price of the Note is \$3,730,000 which is the initial offering price to the public (excluding bond houses, brokers and other intermediaries) at which price the Note was sold.

For purposes hereof, yield is, and shall be, calculated on the basis of a 360-day year consisting of twelve 30 day months and with interest compounded semiannually. The yield on the Note is not less than 2.290313%.

### 4. SOURCE OF FUNDS

4.1. The cost of the Project will be financed by the proceeds received from the issuance of the Note and investment earnings on such proceeds in the amount of \$22,050.00.

4.2. The City does not expect to receive any federal, state or local government assistance for funding or reimbursement in connection with the facilities for which Bond proceeds are to be used to finance.

### 5. USE OF FUNDS.

5.1. The proceeds received from the sale of the Note are expected to be needed and fully expended as follows:

<u>Use of Sources</u>	<u>Amount</u>
Deposit to Project Account to finance the Project	\$3,700,000.00
Deposit to Project Account for Costs of Issuance*	<u>30,000.00</u>
TOTAL Uses of Funds	\$3,730,000.00

\* \$5,000.00 was withheld by the purchaser of the Note and applied by it to pay the fees of its counsel.

5.2. No portion of the proceeds of the Note is being issued solely for the purpose of investing such portion at a materially higher yield than the yield on the Note.

5.3. Amounts referred to above under the caption "Deposit to Project Account for Costs of Issuance" will be used to pay the costs of issuance of the Note. All such funds are expected to be expended within six months after the date of issuance of the Note.

5.4. It is reasonably expected that the remaining proceeds from the sale of the Note shall be transferred to the Project Account and, together with earnings thereon of approximately \$22,050.00, will be used to pay for costs of the Project. The City reasonably expects that: (a) at least 85% of the moneys in the Project Account will be allocated to capital expenditures with respect to the Project by the date that is three years from the date of this Certificate; (b) within six (6) months from the date of this Certificate the City will have a substantial binding obligation to a third party to expend at least 5% of such moneys in the Project Account; and (c) the completion of construction of the Project will proceed with due diligence.

5.5. The estimated costs of constructing the Project is at least \$3,722,050.00 (Project Account deposit of \$3,700,000.00 plus investment earnings of \$22,050.00). Any contingency included in the cost of construction of the Project for inflation, escalation or cost overruns is, in the opinion of the City, reasonable. The proceeds of the Note of \$3,700,000.00 deposited to the Project Account and estimated investment earnings of \$22,050.00 are reasonably expected to be allocated to expenditures as indicated on Schedule A attached hereto. Not more than 50% of the proceeds of the Note will be invested in nonpurpose investments having a substantially guaranteed yield for 4 years or more.

## 6. DEBT SERVICE ACCOUNT.

6.1. (a) The City shall deposit into the Debt Service Account Non-Ad Valorem Revenues actually budgeted and appropriated to pay debt service on the Note.

Amounts deposited into the Debt Service Account will be used to pay the principal of and interest on the Note. It is expected that the amounts deposited in the Debt Service Account will be used primarily to achieve a proper matching of revenues with debt service requirements within each Bond Year for the Note. It is expected that the amounts deposited in the Debt Service Account will be adequate to make all required payments of principal and interest on the Note. At least once each year, the amounts in the Debt Service Account will be used to pay debt service on the Note and will be fully depleted except for reasonable carry-over amounts which will not exceed the greater of one-twelfth of the debt service on the Note for the immediately preceding Bond Year, or earnings on such accounts for the immediately preceding Bond Year.

6.2. The City has elected to treat the receipt and disbursement of funds pursuant to the Resolution on a first-in and first-out method of accounting.

6.3. The City expects that all of the funds described above will be invested in the manner described and set forth in the Investment Letter from Holland & Knight LLP to the City, dated as of the date hereof and included as part of the closing transcript for the Note (the "Investment Letter").

6.4. The City reasonably expects to comply with the instructions set forth in the Investment Letter and to take such other actions as may be necessary to comply with the arbitrage limitations applicable to the Note.

## 7. MISCELLANEOUS.

7.1. The City does not expect to receive proceeds from the sale or disposition of the facilities financed by the Note in amounts which, together with any accumulated proceeds or earnings thereon or other amounts derived from issuance of the Note, will be sufficient to enable the City to retire the Note at a date which is significantly earlier than the last maturity of principal of the Note.

7.2. The City has not, in this transaction, sold more principal amount of the Note than otherwise would have been sold, sold more in principal amount of the Note than otherwise would have been necessary, or sold the Note sooner or allowed it to remain outstanding longer than otherwise would have been necessary, in order to exploit the difference between a tax-exempt and taxable interest rate, to gain a material financial advantage.

7.3. The City has not created, nor does the City expect to create, any debt service fund or redemption fund, reserve fund or replacement fund or similar fund or account for the payment of principal or interest on the Note, other than the Debt Service Account.

7.4. The City has not experienced revenue flows that would enable it to reasonably expect to redeem or purchase the Note prior to its maturity.

7.5. There are no other obligations of the City which (i) are being sold at substantially the same time as the Note (i.e., within 15 days), (ii) are sold pursuant to the same plan of financing together with the Note, and (iii) will be paid out of substantially the same source of funds (or will have substantially the same claim to be paid out of the same source) as the Note.

7.6. (a) (i) The City represents that the Note will not meet the private business use test of Section 141 of the Code and Section 1.141-3 of the Income Tax Regulations promulgated by the Department of the Treasury (the "Income Tax Regulations"). Except as provided in paragraph 7.6(a)(iv) or paragraph 7.6(b) below, the private business use test is met if more than 10 percent of the property financed or refinanced with Proceeds of the Note is used in the trade or business of a private person (i.e., an entity other than a governmental unit). Any activity carried on by a person other than a natural person is treated as a trade or business. Thus, a lease, sub-lease or other contractual arrangement with a private person with respect to a project could result in the private business test being met.

(ii) In determining whether the Note meets the private business use test, it is necessary to look to both the indirect and direct uses of Proceeds. For example, a facility is treated as being used for a private business use if it is leased to a governmental unit and then subleased to a private person, provided that the private person's use is in a trade or business. In addition, Proceeds are treated as used in the trade or business of a private person if a private person, as a result of a single transaction or series of related transactions, uses property acquired with the Proceeds of the Note.

(iii) A private person is treated as a private business user of the project as a result of ownership; actual or beneficial use of property pursuant to a lease or a management or incentive pay contract; or certain other arrangements such as take or pay or other output-type contract.

(iv) Pursuant to Section 141 of the Code, if the use of any portion of a facility financed with Proceeds of a bond issue is not related or is disproportionate to the governmental use financed by the issue, 5 percent would be substituted for the 10 percent amount in paragraph 7.6(a)(i) above.

(b) Any contract with a private person to manage or operate any property financed or refinanced by the Note, or any facility comprising a part of such property, will comply with Rev. Proc. 97-13.

7.7. It is not reasonably expected that the payment of more than 10% of the debt service on the Note under the terms of the Resolution or Loan Agreement or pursuant to any underlying arrangement will be secured or paid by any interest in property used or to be used for a private business, or by any interest in payments in respect of property used or to be used for a private business, or be

derived from payments in respect of property or borrowed money used or to be used for a private business.

7.8. It is not reasonably expected that the payment of more than 5% of the debt service on the Note under the terms of the Resolution or Loan Agreement or pursuant to any underlying arrangement will be secured or paid by any interest in property used or to be used for a private business use, or by any interest in payment in respect of property used or to be used for a private business use, or will be derived from payments in respect of property or borrowed money used, or to be used for a private business use.

7.9. No portion of the proceeds from the sale of the Note will be used directly or indirectly to make or finance loans.

7.10. (i) The payment of principal or interest with respect to the Note is not guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof); (ii) 5% or more of the proceeds of the Note 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; and (iii) the payment of principal or interest on the Note is not otherwise indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof).

The foregoing provisions of this Section 7.10 shall not apply to (a) proceeds of the Note being invested for an initial temporary period until such proceeds are needed for the purpose for which such issue was issued; (b) investments of a bona fide debt service fund; (c) investments of a reserve which meet the requirements of Section 148(d) of the Code with respect to reasonably required reserve or replacement funds; (d) investments in obligations issued by the United States Treasury; or (e) investments that are held in 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 (f) other investments permitted under regulations promulgated pursuant to Section 149(b)(3)(B) of the Code.

7.11. The weighted average maturity of the Note (5.5579 years) does not exceed one hundred and twenty percent (120%) of the weighted average reasonably expected remaining economic life of the Project (39.189 years), with the average reasonably expected economic life of each component of the Project being measured from the later of (a) the date hereof, or (b) the date each component is placed in service.

7.12. The City represents that the City (including any subordinate entity or entities and any entity or entities issuing tax-exempt

obligations on behalf of the City within the meaning of Section 265(b)(3)(E) of the Code) has not issued, and does not reasonably expect to issue, tax-exempt obligations (other than obligations described in Section 265(b)(3)(C)(ii) of the Code) within calendar year 2011 which, together with the Note, will exceed \$10,000,000 in aggregate principal amount. (The only other tax-exempt obligation issued by the City in calendar year 2011 was the \$6,230,000 Refunding Revenue Note, Series 2011.) Accordingly, the City has designated in the Loan Agreement, and hereby designates, the Note as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code

7.13. The City has not entered, and will not enter into, a "hedge" with respect to the Note that it will identify as such on its books and records. A "hedge" is defined as a contract that is entered into to modify the issuer's risk with respect to interest rate changes.

7.14. The City has covenanted to rebate, and will comply with the covenants it has made regarding rebating, certain sums to the United States as provided in accordance with Section 148(f) of the Code and the regulations promulgated thereunder.

7.15. This Certificate is being executed and delivered pursuant to Sections 1.148-1 through 1.148-11 of the Income Tax Regulations to establish the reasonable expectations of the City with regard to the Note.

7.16. To the best of the knowledge, information and belief of the undersigned, on the basis of the facts, estimates and circumstances in existence on the date hereof, the expectations of the City described herein are reasonable, and there are no other facts, estimates or circumstances that would materially change any of the foregoing expectations.



IN WITNESS WHEREOF, we have hereto set our hands this 21<sup>st</sup> day  
of December, 2011.

CITY OF GAINESVILLE, FLORIDA

By: M. O. S. B. A.  
Finance Director

#10741885\_v2  
16334-44

## SCHEDULE A

### Disbursement of Note Proceeds

<u>Quarter of Expenditure</u>	<u>Amount Expended</u>
1 <sup>st</sup> Quarter 2012	\$1,700,000
2 <sup>nd</sup> Quarter 2012	500,000
3 <sup>rd</sup> Quarter 2012	500,000
4 <sup>th</sup> Quarter 2012	500,000
1 <sup>st</sup> Quarter 2013	<u>522,050</u>
TOTAL:	\$3,722,050

# Holland & Knight

2115 Harden Boulevard | Lakeland, FL 33803 | T 863.682.1161 | F 863.688.1186  
Holland & Knight LLP | [www.hklaw.com](http://www.hklaw.com)

December 21, 2011

City of Gainesville, Florida  
200 E. University Avenue  
Gainesville, Florida 32601

Re: \$3,730,000 City of Gainesville, Florida Revenue Note, Series 2011A

Ladies and Gentlemen:

This letter implements the Certificate Relating to Tax, Arbitrage and Other Matters (the "Tax Certificate") executed by you on the date of issuance of the above-referenced note (the "Note") which is incorporated herein by reference. The Note is being issued under and pursuant to the Constitution and laws of the State of Florida, including Article VIII, Section 1 of the Constitution of the State of Florida; Chapter 125, Florida Statutes; and the Charter of the City; and other applicable provisions of law (collectively, the "Act"), and pursuant to Resolution No. 110542 adopted by the City Commission of the City of Gainesville (the "City") on December 15, 2011 (the "Resolution"). All terms used herein in capitalized form and not otherwise defined herein shall have the meanings ascribed thereto in the Loan Agreement dated as of December 21, 2011 (the "Loan Agreement"). The instructions herein are based in part upon your statements in the Tax Certificate as to your reasonable expectations, so that investment of funds allocable to the Note will comply with the arbitrage and other limitations under Sections 103(b)(2), 148 and 149 of the Internal Revenue Code of 1986, as amended (the "Code"). All capitalized terms used herein, and not otherwise defined herein, shall have the same meaning as provided in the Loan Agreement or the Tax Certificate.

The federal income tax law contains "arbitrage bond" provisions designed to regulate the issuance of tax-exempt bonds motivated by the possibility of obtaining an arbitrage profit through investment of bond proceeds in taxable securities generating a higher yield than the borrowing cost of the tax-exempt bonds. These provisions and the accompanying implementing regulations are quite complex, partly because they attempt to deal with a wide variety of sophisticated financial devices for exploiting the interest rate differential between tax-exempt and taxable securities.

Money is, of course, fungible, and a tax-exempt borrowing could be used indirectly to facilitate investment at an arbitrage profit even though the proceeds of the tax-exempt borrowing might themselves be expended, if that borrowing and that expenditure permitted the retention or accumulation of other uncommitted funds that were invested in taxable securities. Accordingly, the arbitrage bond provisions reach not only the direct investment of bond proceeds, but also situations in which either bond proceeds are indirectly invested at an arbitrage profit or replace

other funds that are invested at an arbitrage profit. Thus, it is necessary that reasonable inferences be drawn by you from the discussion and applicable rules set forth herein.

The Loan Agreement establishes the following accounts: the Project Account and the Debt Service Account.

1. Project Account. Moneys deposited in the Project Account, whether from the sale proceeds of the Note or from investment earnings thereon, to be used to construct the Project generally may be invested at an unlimited yield until (i) the Project has been completed, or (ii) December 21, 2014 (three (3) years from the date of delivery of the Note), whichever shall first occur.

Further, except to the extent provided in Section 5, Section 6 or Section 7 below, if the portions of the Project to be financed with proceeds of the Note have not been completed by December 21, 2014, funds remaining in the Project Account that represent sale proceeds of the Note must be invested at a yield that does not exceed the yield on the Note by more than 1/8 of 1 percent. Investment income which has been deposited or retained in the Project Account may continue to be invested at an unlimited yield after such date for a period not to exceed one (1) year from the date of receipt of said income. Thereafter, it, too, must be invested at a yield not to exceed the yield on the Note plus 1/8 of 1 percent.

2. The Debt Service Account. You have certified in the Tax Certificate that the principal and interest on the Note will be payable solely and only from the Debt Service Account and that at least once a year the moneys deposited in the Debt Service Account will be fully depleted (assuming a first-in, first-out method of accounting), except for a reasonable carry-over amount which will not exceed the greater of one twelfth (1/12th) of the debt service on the Note for the immediately preceding Bond Year or the earnings on such funds for the immediately preceding Bond Year.

Any additional funds deposited into the Debt Service Account that are expected, at the time of deposit, to be used to purchase or redeem Note but are also expected, at that time, to remain in the Debt Service Account for a collective period exceeding thirteen months, may be invested for 30 days from the date of deposit at an unlimited yield and thereafter may not be invested at a yield exceeding the yield on the Note as provided in paragraph 3 below and except as otherwise provided in paragraphs 5, 6, and 7 below.

Moneys held in the Debt Service Account allocable to bonds other than the Note may be invested without regard to the yield on the Note. The yield on the investment of such moneys may be restricted, however, to a yield not materially higher than the yield of the series of bonds to which the moneys are allocable (as described in the Non-Arbitrage Certificate and accompanying investment instructions relating to such series of bonds).

3. Yield. The yield of the Note is the discount rate that, as of their date of issue, produces a present value of all the unconditionally payable payments of principal and interest

and the fees for qualified guarantees, if any, paid and to be paid with respect to the Note equal to the issue price of the Note. The issue price of the Note is determined in the manner provided by Sections 1273 and 1274 of the Code and Section 1.148-1(b) of the Income Tax Regulations (the "Regulations").

In computing yield on nonpurpose obligations (such as investments acquired with moneys on deposit in the accounts created by the Loan Agreement) acquired with Gross Proceeds (as defined in paragraph 9 hereof) of the Note, yield is to be calculated by means of an actuarial method of yield computation whereby "yield" means the yield which, when used in computing the present worth of all payments of principal and interest to be paid on the obligation, produces an amount equal to the purchase price. In addition, yield is to be computed using as the purchase price for a nonpurpose obligation its fair market value at the time it was acquired (or when it becomes allocated to the Note, if later).

Both the yield on the Note and the yield on investments should be computed by the use of semiannual interest compounding and a 360-day year, consisting of twelve 30-day months.

4. Market Price and Prohibited Investments. For purposes of determining yield on an investment, the purchase price of the investment used in determining its yield must be determined by use of one of the following valuation methods on the valuation date:

- a. a plain par investment (as defined in Section 1.148-1(b) of the Regulations) may be valued at its outstanding stated principal amount, plus any accrued interest on that date;
- b. a fixed rate investment, which is any investment whose yield is fixed and determinable on its issue date, may be valued at its present value; and
- c. any investment, other than a yield-restricted investment, may be valued at its fair market value.

Yield restricted investments must be valued at present value. The present value of an investment is computed under the economic accrual method, using the same compounding interval and financial conventions used to compute the yield on the issue. The present value of an investment on a valuation date is equal to the present value of all unconditionally payable receipts to be received from and payments to be paid for the investment after that date, using the yield on the investment as the discount rate. In determining the yield on an investment actually acquired with bond proceeds, the purchase price of the investment may not exceed the fair market value of the investment.

The value of a Nonpurpose Investment (as defined in paragraph 5 below) that is not acquired directly with the proceeds of a bond issue but is subsequently allocated to the

proceeds of a bond issue other than by operation of the transferred proceeds rules (such as an existing investment that is deposited into the Debt Service Account) must be valued on the date it is first allocated to the bond issue at its fair market value.

In general, the fair market value of an investment is the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's-length transaction. Fair market value generally is determined on the date on which a contract to purchase or sell the investment becomes binding (i.e., the trade date rather than the settlement date). The fair market value of a U.S. Treasury obligation that is purchased directly from the United States Treasury is its purchase price. Subject to certain "safe harbor" exceptions for certificates of deposit and guaranteed investment contracts, if an investment is not of a type traded on an established market, it is rebuttably presumed that the acquisition or disposition price of the investment is not equal to its fair market value.

For yield-restricted investments, you should consider, if needed, the acquisition of United States Treasury Certificates of Indebtedness, Notes and Note—State and Local Government Series ("SLGS"), which yield does not materially exceed the yield on the Note. These United States Treasury Obligations are available at the Federal Reserve Bank. The Bureau of Public Debt of the Department of Treasury offers for sale three categories of SLGS: (i) Time Deposit securities, (ii) Demand Deposit securities, and (iii) Special Zero Interest securities.

Attached to this letter is a description of the procedures that should be followed if "certificates of deposit" or "guaranteed investment contracts" are to be purchased with Gross Proceeds of the Note (as defined in Section 9).

5. Nonpurpose Investments and Tax-Exempt Investments. For purposes of this letter, the term "Nonpurpose Investment" means any "investment property" as defined in Section 148(b)(2) of the Code (which definition generally excludes any "tax exempt bond"), in which the Gross Proceeds of the Note are invested and which is not acquired to carry out the governmental purpose of the Note. Notwithstanding any other provisions of this letter, investments allocable to the Note (whether made from proceeds of the Note, earnings, revenues or funds held to pay debt service on, or as security for, the Note), may be invested in obligations, the interest on which is excluded from gross income for federal income tax purposes by Section 103(a) of the Code, without regard to the yield of such obligations, or the Rebate Requirement described in paragraph 8 hereof so long as such obligations are not specified private activity bonds as defined in Section 57(a)(5)(C) of the Code. Specified private activity bonds are those tax-exempt obligations, the interest on which is includable in a bondholder's alternative minimum taxable income. You should note that for purposes of the Rebate Requirement and for yield restriction purposes, that investments in (i) a regulated investment company (to the extent that at least 95% of the income to the holder of the interest is interest that is excludable from gross income under Section 103 of the Code) or (ii) Demand Deposit SLGS, may, in effect, be made without regard

to the yield of such investments (assuming such investments will not be investments in "specified private activity bonds").

6. Investment of Minor Portion. Moneys allocable to the Note that are otherwise subject to yield restriction as described in the previous paragraphs may nevertheless be invested at an unlimited yield to the extent that the aggregate sum of funds invested at an unlimited yield which are allocable to the Note (exclusive of amounts that, pursuant to other paragraphs of this letter, may be invested at an unlimited yield), does not exceed \$100,000.

7. Yield Reduction Payments. Under Section 1.148-5(c) of the Regulations, in determining the yield on certain investments, an issuer may pay an amount to the United States which is applied to reduce the yield on that investment. In the event that an investment of funds has a yield in excess of the permitted yield described above, you may, under certain circumstances, make a yield reduction payment in the time and manner described in the Regulations in order to meet the yield limitation.

8. Universal Cap. Nonpurpose Investments (as defined in paragraph 5 above) of the Gross Proceeds (as defined in paragraph 9 below) of the Note are allocated and remain allocated to the Note only to the extent that their value does not exceed the value of the outstanding Note. The value of the outstanding Note is referred to as the Universal Cap. Not taken into account for purposes of the Universal Cap are amounts held in a bona fide debt service fund (typically, a fund or account like the portion of the Debt Service Account from which the City will pay debt service on the Note). The value of the Universal Cap and the value of the Nonpurpose Investments are to be computed as of the second anniversary of the date of issuance of the Note, and as of the first day of each subsequent Bond Year.

Between required dates of computation of the Universal Cap, if some proceeds cease to be allocated to the Note (because, for instance, they are expended), other proceeds that would have been allocated to the Note but for the Universal Cap (for instance, amounts held in the portion of the Debt Service Account from which the City will pay debt service on the Note not expected to be expended within one year of receipt) would then become allocated to the Note. These allocations must be done not less frequently than annually, commencing as of the second anniversary of the date of issuance of the Note.

If Nonpurpose Investment allocated to proceeds of the Note had a value in excess of the Universal Cap, an amount of those investments necessary to eliminate the excess would cease to be allocated to the Note. First, Nonpurpose Investments allocable to replacement proceeds of the Note (that is, revenues deposited in the portion of the Debt Service Account from which the City will pay debt service on the Note) would cease to be allocated to the Note; then Nonpurpose Investments allocated to transferred proceeds of the Note (if any) would cease to be allocated to the Note; and lastly, Nonpurpose Investments acquired with sale or investment proceeds of the Note would cease to be allocated to the Note. However, the Nonpurpose

Investments that cease to be allocated to the Note because of the Universal Cap are eligible for allocation to another issue.

9. Rebate Requirement. In addition to the requirements set forth above regarding investment limitations, the Code imposes the Rebate Requirement. Pursuant to the Rebate Requirement, and except as otherwise provided in the Regulations, an amount equal to the sum of (i) the excess of the aggregate amount earned on all Nonpurpose Investments in which Gross Proceeds (defined below) are invested over the amount that would have been earned if such investments had a yield equal to the yield on the Note, plus (ii) any income attributable to the excess described in (i) (the "Rebate Amount"), must be paid to the United States. You have covenanted in the Loan Agreement to comply with the Rebate Requirement. The Code and Regulations provide three exceptions from the Rebate Requirement that could apply if all of the proceeds of an issue of bonds (including investment earnings thereon) were to be expended within certain time periods. The spending exceptions may be met if (i) the Gross Proceeds of the issue (other than Gross Proceeds in a debt service fund or reserve fund) are expended within 6 months of the date of issue (the "6-month exception"); or (ii) the Gross Proceeds of the issue allocated to expenditures for a particular governmental purpose are expended as follows: at least 15% within 6 months, at least 60% within 12 months and 100% within 18 months (the "18-month exception"); or (iii) the available construction proceeds of a construction issue are expended as follows: at least 10% within 6 months, at least 45 percent with one year, at least 75% within 18 months and 100% within 2 years (the "Two Year Construction Exception").

"Gross Proceeds" of the Note include all proceeds received by you from the sale of the Note and earnings thereon, any amounts to be used to pay debt service on the Note (including amounts deposited in the Debt Service Account) to the extent expected to be used to pay debt service on the Note, and such other funds or investments of which you may be advised from time to time, and amounts received as a result of investing any of the foregoing.

A "Bond Year" is a one-year period (or shorter period from the date of issue) that ends at the close of business on the day in the calendar year selected by you as the last day of a Bond Year. With respect to the Note, such last day of each Bond Year shall be November 1.

To determine the Rebate Amount as of the end of each Bond Year, the procedures described below should be followed:

(1) With respect to all proceeds from investment of the Note and any other amounts allocable to the Note and such other investments of which you may be advised by Bond Counsel, you shall record the following information: (i) the purchase date of each investment, (ii) the purchase price thereof, (iii) any accrued interest paid, (iv) the face amount of each investment, (v) the coupon rate, (vi) the periodicity of interest payments, (vii) the disposition price, (viii) any accrued interest received, and (ix) the disposition date. To the extent any investment is allocated to the Note, it shall be treated as if it were acquired at its fair market value at that time.



(2) No later than 60 days following (i) the last day of the fifth Bond Year and (ii) the date on which the Note have been discharged (each such date in (i) and (ii) referred to herein as a "determination date" and the last determination date being referred to herein as the "final determination date"), you shall determine the Rebate Amount as of such determination date.

(3) For purposes of computing the Rebate Amount on the Note, receipts on Nonpurpose Investments include amounts actually received with respect to a Nonpurpose Investment; amounts constructively received with respect to a Nonpurpose Investment; for a Nonpurpose Investment that ceases to be allocated to the Note before its disposition or redemption date or that ceases to be subject to the Rebate Requirement on a date earlier than its disposition or redemption date, the fair market value of that Nonpurpose Investment on such date; and the fair market value of an investment allocated to the Note on the final computation date.

(4) For purposes of computing the Rebate Amount on the Note, the term "payments" means any amounts actually or constructively paid to acquire a Nonpurpose Investment; for a Nonpurpose Investment that is first allocated to the Note on a date after it is actually acquired or that becomes subject to the Rebate Requirement on a date after it is actually acquired, the value of that Nonpurpose Investment on that date; for a Nonpurpose Investment that was allocated to an issue at the end of the preceding computation period, the value of that Nonpurpose Investment at the beginning of the computation period; on the last day of each Bond Year during which there are amounts allocated to Gross Proceeds of the Note that are subject to the Rebate Requirement, and on the final maturity date, a computation credit of \$1,000; and any yield reduction payments under Treas. Reg. section 1.148-5(c).

(5) For purposes of computing the Rebate Amount, the City shall be allowed a Computation Credit on the last day of each Bond Year during which there are amounts allocable to Gross Proceeds of the Note that are subject to the Rebate Requirement, and on the final determination date. The Computation Credit shall be treated as a payment on each such date. The amount of the Computation Credit is \$1,000.

(6) For purposes of computing the Rebate Amount on the Note, the future value of a nonpurpose receipt or payment shall be determined in accordance with Section 1.148-3(c) of the Regulations. Accordingly, the pertinent future value of each receipt received and payment paid on or before the last day of the fifth Bond Year is the future value as of that date of such receipt or payment. The pertinent future value of each receipt received and payment paid during each succeeding five-year period is the future value as of the last day of that succeeding five-year period.

For this purpose, the future value of a nonpurpose receipt or payment is determined by using the yield on the Note as the compounding rate. Under some

circumstances, the yield on the Note must be recomputed as of a determination date or installment computation date.

(7) The sum of amounts earned in a bona fide debt service fund for the Note to the extent entitled to be invested without regard to yield restriction, and amounts earned on such amounts, if allocated to such funds, shall not be taken into account for purposes of determining the Rebate Amount.

The Rebate Amount shall be paid to the United States in installments. The first payment shall be made not later than sixty (60) days after the end of the fifth Bond Year; each subsequent payment must be made not later than sixty (60) days after the next succeeding fifth Bond Year. Each payment must be in an amount not less than ninety percent (90%) of the Rebate Amount as of the close of the last Bond Year prior to payment. The full Rebate Amount must be paid to the United States within sixty (60) days after the final determination date. All payments shall be made to the Internal Revenue Service Center, Ogden, Utah, 84201, and must be accompanied by Form 8038-T.

As mentioned above, there are certain rules that may permit all or a portion of the Gross Proceeds of the Note to be excluded from the Rebate Requirement. The Two-Year Construction Exception, the 18-month exception, and the 6-month exception, described below, may apply to the Note.

If the spending requirements for the portion, if any, of the Note that constitute a Construction Issue (as hereinafter defined) are met, then the Available Construction Proceeds of such Construction Issue are not treated as Gross Proceeds subject to the Rebate Requirement described above (the "Two-Year Construction Exception"). The term "Available Construction Proceeds" means the issue price of the Note, plus earnings on the issue price, less the portion of the issue price deposited in the Reserve Account and the portion used to pay costs of issuance of the Note.

A tax-exempt bond issue will constitute a Construction Issue if at least 75 percent of the Available Construction Proceeds of the bonds are to be used for "construction" expenditures with respect to property owned by a governmental unit or by an organization exempt from tax pursuant to Section 501(c)(3) of the Code. The term "construction" includes reconstruction and rehabilitation. As a general rule, "construction expenditure" is defined in Section 1.148-7(g) of the Regulations, to be those that are properly chargeable to, or may be capitalized as part of, the basis of real property or constructed personal property, except expenditures for the acquisition of real property.

The Note may be eligible for the 18-month or 6-month exception to rebate. With respect to the 18-month exception, the proceeds derived from the sale of the Note together with earnings thereon for 18 months, but exclusive of amounts in the Composite Reserve Account, must be allocated to expenditures as follows: (i) at least 15% within 6 months from the date

hereof; (ii) at least 60% within 12 months from the date hereof; and (iii) 100% within 18 months except for a reasonable retainage which must be allocated to expenditures within 30 months from the date hereof. In the case of the 6-month exception, the proceeds derived from the sale of the Note together with earnings thereon for 6 months, must be allocated to expenditures within 6 months.

10. Subsequent Hedges. After the date of this letter, the City may decide to enter into an interest rate swap, an interest rate cap or some other contract (collectively, a "Hedge") to modify its risk of interest rate changes with respect to the Note. Under certain circumstances, the net payments paid or received with respect to a Hedge will affect the Yield on bonds such as the Note.

The Regulations set forth a comprehensive and complicated set of rules and procedures that must be met before the net payments paid or received pursuant to a Hedge may be taken into account in determining the Yield on bonds such as the Note. The Regulations also provide that the Commissioner of the Internal Revenue Service, in certain circumstances, may treat a Hedge as a "Qualified Hedge," which would affect the Yield on bonds such as the Note, or as a "Non-qualified Hedge," which would not affect the Yield on bonds such as the Note. Accordingly, the City should contact Holland & Knight LLP should it decide to enter into a Hedge with respect to the Note.

We have attempted to describe in this letter only the basic arbitrage limitations that you are likely to encounter in managing funds under the Loan Agreement. Holland & Knight should be consulted if circumstances not expressly addressed in this letter arise. You should also consult Holland & Knight before acquiring SLGS or in making Yield Reduction Payments so that the circumstances requiring yield restriction can be verified and that the exact yield can be determined. Please note that the information contained herein has been compiled as of the date hereof and is subject to change with changes in law.

Sincerely yours,

HOLLAND & KNIGHT LLP

*Holland & Knight LLP*

## ATTACHMENT

### PROCEDURES TO BE FOLLOWED ON PURCHASE OR SALE OF NON-PURPOSE INVESTMENTS

#### A. In General

Section 1.148-5(d)(6) of the Regulations provides the general rule that fair market value of a Non-purpose Investment is the price at which a willing buyer would purchase the investment from a willing seller in a bona fide arm's-length transaction. Fair market value is determined on the date on which a contract to purchase or sell the Non-purpose Investment becomes binding. Except as otherwise provided, a Non-purpose Investment that is not of a type traded on an established securities market, within the meaning of Section 1273 of the Code, is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value. The fair market value of a United States Treasury obligation that is purchased directly from the United States Treasury is its purchase price.

This section of the Regulations provides safe harbors (i) for establishing the fair market value of Certificates of Deposits, and (ii) for establishing the fair market value of Guaranteed Investment Contracts.

#### B. Certificate of Deposits

Section 1.148-5(d)(6) of the Regulations applies to a Certificate of Deposit that has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal. The purchase price of such a Certificate of Deposit is treated as its fair market value on the purchase date if the yield on the Certificate of Deposit is not less than:

(i) the yield on reasonably comparable direct obligations of the United States; and

(ii) the highest yield that is published or posted by the provider to be currently available from the provider on reasonably comparable Certificates of Deposit offered to the public.

#### C. Guaranteed Investment Contracts

The purchase price of a Guaranteed Investment Contract will be treated as the fair market value of the Non-purpose Investment on the purchase date if all of the following requirements are satisfied:

(i) The borrower makes a bona fide solicitation for the purchase of the Guaranteed Investment Contract. A bona fide solicitation is a solicitation that satisfies all of the following requirements:

(a) The bid specifications are in writing and are timely forwarded to potential providers.

(b) The bid specifications include all material terms of the bid. A term is material if it may directly or indirectly affect the yield or the cost of the Guaranteed Investment Contract.

(c) The bid specifications include a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the borrower or any other person (whether or not in connection with the bond issue), and that the bid is not being submitted solely as a courtesy to the borrower or any other person for purposes of satisfying the requirements of Section 1.148-5(d)(6) of the Regulations.

(d) The terms of the bid specifications are commercially reasonable. A term is commercially reasonable if there is a legitimate business purpose for the term other than to increase the purchase price or reduce the yield of the investment.

(e) The terms of the solicitation take into account the borrower's reasonably expected deposit and drawdown schedule for the amounts to be invested.

(f) All potential providers have an equal opportunity to bid. For example, no potential provider is given the opportunity to review other bids (*i.e.*, a last look) before providing a bid.

(g) At least three (3) reasonably competitive providers are solicited for bids. A reasonably competitive provider is a provider that has an established industry reputation as a competitive provider of the type of investments being purchased.

(ii) The bids received by the borrower meet all of the following requirements:

(a) The borrower receives at least three (3) bids from providers that the borrower solicited under a bona fide solicitation meeting the requirements of Section 1.148-5(d)(6) of the Regulations and that do not have a material financial interest in the issue. A lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until fifteen (15) days after the issue date of the issue. In addition, any entity acting as a financial advisor with respect to the purchase of the investment at the time the bid specifications are forwarded to potential providers has a material financial interest in the issue. A provider that is a related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue.

(b) At least one (1) of the three (3) bids is from a reasonably competitive provider as described above.

(c) If the borrower uses an agent to conduct the bidding process, the agent did not bid to provide the Guaranteed Investment Contract.

(iii) The winning bid is the highest yielding bona fide bid (determined net of any broker's fees).-

(iv) The obligor on the Guaranteed Investment Contract certifies the administrative costs that it pays (or expects to pay) if any to third parties in connection with supplying the Guaranteed Investment Contract.

(v) The borrower retains the following records with the bond documents until three (3) years after the last outstanding bond is redeemed:

(a) A copy of the contract.

(b) The receipt or other record of the amount actually paid by the borrower for the Guaranteed Investment Contract, including a record of any administrative costs paid by the borrower, and the certification described above.

(c) For each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results.

(d) The bid solicitation form and, if the terms of the Guaranteed Investment Contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

#### **D. Qualified Administrative Costs**

Qualified administrative costs may be taken into account with respect to investments of Gross Proceeds. Thus, qualified administrative costs increase the payments for, or decrease the payments from, nonpurpose investments, such as Guaranteed Investment Contracts. "Qualified administrative costs" are reasonable, direct administrative costs, other than carrying costs, such as separately stated brokerage or selling commissions, but not legal and accounting fees, recordkeeping, custody, and similar costs. General overhead costs and similar indirect costs of the issuer such as employee salaries and office expenses and costs associated with computing the rebate amount are not qualified administrative costs. In general, administrative costs are not reasonable unless they are comparable to administrative costs that would be charged for the same investment or a reasonably comparable investment if acquired with a source of funds other than Gross Proceeds of tax-exempt bonds. For an investment contract or for a Yield restricted defeasance escrow, a broker's commission or similar fee paid by or on behalf of either an issuer or the provider is treated as a qualified administrative cost to the extent that (i) the fee does not exceed the lesser of \$30,000 and 0.2 percent of the "computational base" (but not less than \$3,000) where "computational base" means (A) for a guaranteed investment contract, the Gross Proceeds that the issuer reasonably expects as of the date the contract is acquired, to be deposited in the guaranteed investment contract over the term of the contract and (B) for Yield restricted defeasance escrows, the amount of Gross Proceeds initially invested in those investments; and (ii) for any issue, the fees paid in connection with the investment of Gross Proceeds of the Note with respect to brokers' commissions or similar fees, do not exceed \$85,000 in the aggregate. In the case of a calendar year after 2004, each of the dollar amounts set forth above shall be increased by an amount equal to such dollar amount multiplied by the cost of living adjustment for such calendar year as set forth in Section 1.148-5(e)(2)(iii)(B)(3)-(6) of the Income Tax Regulations. A broker's commission or similar fee in excess of the amounts described in the preceding two sentences may be treated as a qualified administrative cost based upon the advice

of Bond Counsel. In the case of publicly offered regulated investment companies and a commingled fund in which the issuer and related parties do not own more than 10 percent of the beneficial interest, all reasonable administrative costs including indirect costs are taken into account. This 10 percent requirement for commingled funds is satisfied if (i) based on average amounts on deposit, the requirement was satisfied for the prior semiannual period, and (ii) the fund does not accept deposits that would cause it to fail to meet the 10 percent requirement.

**E. Certificates**

Attached are certificates that should be used if Certificates of Deposit or Guaranteed Investment Contracts are purchased.

## EXHIBIT 1

### FORM OF PROVIDER CERTIFICATION FOR A CERTIFICATE OF DEPOSIT

I, [Name], [Position], of [Entity Providing the Certificate of Deposit] (the "Provider") HEREBY CERTIFY that the yield on the Certificate of Deposit entered into on [DATE] for the [PARTY] is not less than the highest yield that the Provider publishes or posts for comparable Certificates of Deposit offered to the public and that the yield on the Certificate of Deposit is not less than the yield available on reasonably-comparable direct obligations offered by the United States Treasury.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_ day of

\_\_\_\_\_.

By \_\_\_\_\_  
Title: \_\_\_\_\_



## EXHIBIT 2

### FORM OF PROVIDER CERTIFICATION FOR A GUARANTEED INVESTMENT CONTRACT

I, [Name], [Position], of [Entity Providing Investment Contract] (the "Provider")  
HEREBY CERTIFY in connection with the Guaranteed Investment Contract between [PARTY]  
and the Provider dated as of \_\_\_\_\_, \_\_\_\_\_ (the "Agreement") that:

(a) the yield on the Agreement is at least equal to the yield offered by the  
Provider on the date the Provider offered to enter into the Agreement on reasonably comparable  
investment contracts offered to other persons, if any, funded from a source of funds other than  
gross proceeds of an issue of tax-exempt bonds;

(b) neither the Provider nor any related party has a material interest in the tax-  
exempt bonds being issued by the [ ] (the "Issuer") in connection with  
the purchase of the Agreement other than as provider of the Agreement;

(c) the Provider has not been afforded the opportunity to review bids to the  
Issuer from other providers before making its bid to the Issuer;

(d) the Provider did not consult with any other potential provider about its bid;

(e) the Provider's bid was determined without regard to any other formal or  
informal agreement, other than the Request to Provide an Investment Agreement, that the  
Provider has with the Issuer or any other person (whether or not in connection with the bonds  
being issued by the Issuer);

(f) the Provider's bid was not submitted solely as a courtesy to the Issuer or to  
any other person for purposes of satisfying the bidding requirements of Section 1.148-  
5(d)(6)(iii)(B)(1) or (2) of the U.S. Treasury Regulations relating to the yield and valuation of  
investments in connection with tax-exempt bonds;

(g) apart from the Request to Provide an Investment Agreement, we did not  
receive any information from [ ] that induced us to bid a lower yield than we would otherwise  
have bid;

(h) the Provider has established an industry reputation as a competitive  
provider of agreements such as the Agreement;

(i) the amount of administrative costs that are reasonably expected to be paid  
by the Provider to third parties in connection with the Agreement is \$[ ] plus the normal and

customary fees of counsel to the Company. For purposes of this certification, administrative costs include all brokerage or selling commissions paid by the Provider to third parties in connection with the Agreement, legal or accounting fees, investment advisory fees, recordkeeping, safekeeping, custody and other similar costs or expenses; and

(j) in the Provider's experience, the relationship between the broker's fee to be paid to [ ] and the amount to be invested under the Agreement is comparable to the relationship between the broker's fee the Provider has paid in other similar transactions and the amount invested in each of those transactions.

We understand that this Certificate will be relied upon in reaching the conclusion that the yield on the Note can be computed on the basis of the price paid for the Agreement, and that the Note is not an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_ day of \_\_\_\_\_.

By \_\_\_\_\_  
Title: \_\_\_\_\_

### EXHIBIT 3

#### FORM OF BORROWER CERTIFICATION FOR A GUARANTEED INVESTMENT CONTRACT INVOLVING THREE BIDS

I, [Name], [Position] of [PARTY] (the "Borrower"), HEREBY CERTIFY in connection with the Guaranteed Investment Contract between the borrower and [Entity Providing Investment Contract] (the "Provider") dated as of \_\_\_\_\_, \_\_\_\_ (the "Guaranteed Investment Contract") that (i) at least three bids on the Guaranteed Investment Contract were received from persons other than those with a material financial advantage in the [name of bond issue], (ii) the yield on the Guaranteed Investment Contract purchased is at least equal to the yield offered under the highest bid received from an uninterested party, (iii) the price of the Guaranteed Investment Contract takes into account as a significant factor the borrowers expected drawdown for the funds to be invested (other than float funds or reasonably required reserve or replacement funds), and (iv) all of the requirements of Section 1.148-5(d)(6) of the Regulations have been satisfied.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_ day of \_\_\_\_\_.

[PARTY]

By \_\_\_\_\_  
Title: \_\_\_\_\_

#10741972\_v1  
16334-40

# Holland & Knight

Tel 202 955 3000  
Fax 202 955 5564

Holland & Knight LLP  
2099 Pennsylvania Avenue NW  
Suite 100  
Washington, DC 20006  
[www.hklaw.com](http://www.hklaw.com)

John E. Theberge  
202 862 5968  
[john.theberge@hklaw.com](mailto:john.theberge@hklaw.com)

December 21, 2011

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Internal Revenue Service Center  
Ogden, Utah 84201

Re: Form 8038-G for the City of Gainesville, Florida Revenue Note,  
Series 2011A

Ladies and Gentlemen:

Enclosed herewith for filing with you is an original copy of Form 8038-G pertaining to the above-referenced issue. The City of Gainesville, Florida is filing the enclosed Form 8038-G in accordance with the provisions of Section 149(e) of the Internal Revenue Code of 1986, as amended. If you have any questions, please contact the undersigned.

Sincerely,

HOLLAND & KNIGHT LLP



John E. Theberge

JET/lcm  
#10742091\_v1  
16334-44

# Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)

► See separate instructions.

Caution: If the issue price is under \$100,000, use Form 8038-GC.

OMB No. 1545-0720

## Part I Reporting Authority

If Amended Return, check here ☐

1 Issuer's name <b>City of Gainesville, Florida</b>		2 Issuer's employer identification number (EIN) <b>59 6000325</b>	
3 Number and street (or P.O. box if mail is not delivered to street address) <b>200 East University Avenue</b>		4 Report number (For IRS Use Only) <b>3</b>	
5 City, town, or post office, state, and ZIP code <b>Gainesville, Florida 32601</b>		6 Date of issue <b>12/21/2011</b>	
7 Name of issue <b>City of Gainesville, Florida Revenue Note, Series 2011A</b>		8 CUSIP number <b>N/A</b>	
9 Name and title of officer of the issuer or other person whom the IRS may call for more information <b>Mark S. Benton, Finance Director</b>		10 Telephone number of officer or other person <b>( 352 ) 393-8767</b>	

## Part II Type of Issue (enter the issue price) See instructions and attach schedule

11	Education	11		
12	Health and hospital	12		
13	Transportation	13		
14	Public safety	14		
15	Environment (including sewage bonds)	15		
16	Housing	16		
17	Utilities	17		
18	Other. Describe ► <b>capital improvements</b>	18	<b>3,730,000</b>	<b>00</b>
19	If obligations are TANs or RANs, check only box 19a <input type="checkbox"/>			
	If obligations are BANs, check only box 19b <input type="checkbox"/>			
20	If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>			

## Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	<b>10/1/2021</b>	<b>\$ 3,730,000</b>	<b>\$ 3,730,000</b>	<b>5.5579 years</b>	<b>2.2903 %</b>

## Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

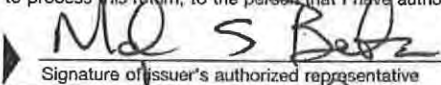
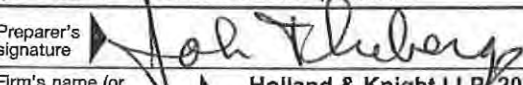
22	Proceeds used for accrued interest	22	<b>0</b>	<b>00</b>
23	Issue price of entire issue (enter amount from line 21, column (b))	23	<b>3,730,000</b>	<b>00</b>
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	<b>30,000</b>	<b>00</b>
25	Proceeds used for credit enhancement	25	<b>0</b>	<b>00</b>
26	Proceeds allocated to reasonably required reserve or replacement fund	26	<b>0</b>	<b>00</b>
27	Proceeds used to currently refund prior issues	27	<b>0</b>	<b>00</b>
28	Proceeds used to advance refund prior issues	28	<b>0</b>	<b>00</b>
29	Total (add lines 24 through 28)	29	<b>30,000</b>	<b>00</b>
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	<b>3,700,000</b>	<b>00</b>

## Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31	Enter the remaining weighted average maturity of the bonds to be currently refunded	<b>N/A</b>	<b>years</b>
32	Enter the remaining weighted average maturity of the bonds to be advance refunded	<b>N/A</b>	<b>years</b>
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	<b>N/A</b>	
34	Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)	<b>N/A</b>	

**Part VI Miscellaneous**

- |     |     |
|-----|-----|
| 35  | N/A |
| 36a | N/A |
| 37a | N/A |
- 35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5) . . .
- 36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions) . . .
- b Enter the final maturity date of the GIC ▶ \_\_\_\_\_
- 37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units . . .
- b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ☐ and enter the name of the issuer ▶ \_\_\_\_\_ and the date of the issue ▶ \_\_\_\_\_
- 38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box . . . ☒
- 39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box . . . ☐
- 40 If the issuer has identified a hedge, check box . . . ☐

<b>Signature and Consent</b>	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.			
	 Signature of issuer's authorized representative	12/21/2011 Date	<b>Mark S. Benton, Finance Director</b> Type or print name and title	
<b>Paid Preparer's Use Only</b>	Preparer's signature 	Date 12/21/2011	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN <b>P01324864</b>
	Firm's name (or yours if self-employed), address, and ZIP code <b>Holland &amp; Knight LLP, 2099 Pennsylvania Ave NW          Washington, DC 20006</b>	EIN <b>59</b> : <b>0663819</b> Phone no. ( <b>202</b> ) <b>862-5968</b>		

TAX CERTIFICATE OF PURCHASER

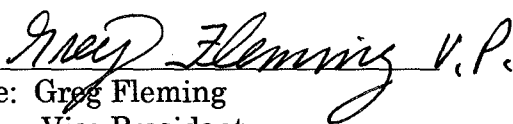
The undersigned (the "Holder") hereby certifies that it has acted as lender in connection with that certain Revenue Note, Series 2011A dated December 21, 2011, issued by the City of Gainesville, Florida (the "City") in a principal amount of \$3,730,000 (the "Note") for the purpose of financing or refinancing the acquisition and construction of certain capital improvements. The undersigned represents as follows:

1. The undersigned individual is duly authorized to act on behalf of the Holder to provide this Certificate, and the Holder is experienced in the placement and funding of loans such as the loan evidenced by the Note.

2. The Note is being acquired directly by the Holder from the City, without any intermediary. The Note is being acquired by the Holder as an investment and not with a current view toward resale. The interest rate on the Note was negotiated pursuant to an arms-length transaction. In the opinion of the undersigned, the fair market value of the Note is at least equal to the stated principal amount of the Note. The full principal amount of the Note will be advanced by the Holder on this date to the City.

Dated: December 21, 2011

COMPASS BANK

By:   
Name: Greg Fleming  
Title: Vice President

CERTIFICATE OF DELIVERY AND PAYMENT  
AND APPLICATION OF FUNDS

We, the undersigned, Finance Director and Clerk of the Commission of the City of Gainesville, Florida (the "City"), DO HEREBY CERTIFY as follows:

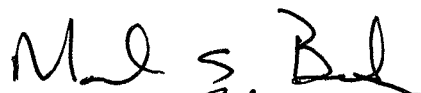
1. All terms used herein in capitalized form and not otherwise herein defined shall have the same meanings as ascribed to those terms in the Loan Agreement dated as of December 21, 2011 (the "Loan Agreement") between the City and Compass Bank (the "Bank").

2. On the date hereof, there was delivered to the Bank the City's Revenue Note, Series 2011A dated December 21, 2011, in a principal amount of \$3,730,000 (the "Note"). The Note bears interest and matures as described therein.

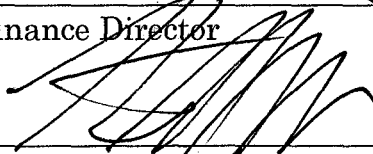
3. On the date hereof there was received from the Bank full payment for the Note in the amount of \$3,725,000.00 (\$3,730,000.00 representing the purchase price of the Note, less \$5,000.00 withheld by the Bank to pay the fees of its counsel).

4. Proceeds from the sale of the Note in the amount of \$3,725,000.00 were deposited in the Project Account, with \$25,000.00 of such amount to be applied on or about the date hereof to pay costs of issuance of the Note and the remainder to be held in the Project Account to be applied to pay costs of the Project. (\$5,000.00 was withheld by the Bank to pay the fees of its counsel, which constitute a portion of the costs of issuance. Total costs of issuance are \$30,000.00).

IN WITNESS WHEREOF, we have hereunto set our hands this 21<sup>st</sup> day of December, 2011.



Finance Director



Clerk of the Commission



RECEIPT FOR NOTE

Compass Bank (the "Bank") DOES HEREBY ACKNOWLEDGE receipt from the City of Gainesville, Florida (the "City") of the City's Revenue Note, Series 2011A, dated December 21, 2011 in a principal amount of \$3,730,000 and with a final maturity date of October 1, 2021, which Note is being issued by the City under that certain Loan Agreement dated as of December 21, 2011, between the City and the Bank.

DATED this 21<sup>st</sup> day of December, 2011.

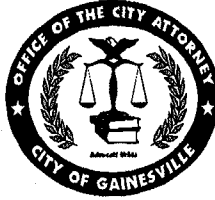
COMPASS BANK

By: Greg Fleming V.P.  
Name: Greg Fleming  
Title: Vice President

#10742432\_v2  
16334-44

# City of Gainesville Office of the City Attorney

Marion J. Radson ♦  
City Attorney



Ronald D. Combs  
Shayla L. McNeill\*  
Stephanie M. Marchman  
Daniel M. Nee ♦  
Nicole M. Shalley  
Elizabeth A. Waratuke ♦

♦ Board Certified City, County  
& Local Government Law

December 21, 2011

Holland & Knight LLP  
Lakeland, Florida

Compass Bank  
Gainesville, Florida

Re: City of Gainesville, Florida Revenue Note, Series 2011A

Ladies and Gentlemen:

The undersigned, as City Attorney for the City of Gainesville, Florida (the "City"), has served as counsel to the City in connection with the issuance by the City of its Revenue Note, Series 2011A dated December 21, 2011 (the "Note"), in a principal amount of \$3,730,000 under the terms of the Loan Agreement dated as of December 21, 2011 (the "Loan Agreement") between the City and Compass Bank (the "Bank"), and as authorized by Resolution No. 110542 adopted by the City on December 15, 2011 (the "Resolution"). All terms used herein in capitalized form and not otherwise defined herein shall have the same meaning as ascribed to them, or as referenced, in the Loan Agreement and the Note.

I am the duly appointed City Attorney for the City. In that capacity, I have examined all proceedings of the City in connection with the Loan Agreement and the Note. I have also made such investigation and have examined such ordinances, resolutions, certificates, documents, public records and proceedings, in each case, as I have deemed relevant and necessary in connection with the opinions expressed below. I am of the opinion that:

1. The City is a municipal corporation of the State of Florida, duly created and organized and validly existing under the laws of the State of Florida, and has full legal right, power and authority to adopt and perform its obligations under the Resolution and to authorize, execute, deliver, and to perform its obligations under, the Loan Agreement and the Note.

P.O. Box 490, Sta 46  
Gainesville, Florida 32627  
200 East University Ave., Rm 425  
Gainesville, Florida 32601

PHONE (352) 334-5011  
FAX (352) 334-2229  
City Hall and the City Attorney's Office  
are closed on Fridays  
Hours: M-Th, 7-6

\*Utilities Legal Services  
P.O. Box 147117, Sta. A-138  
Gainesville, Florida 32614  
PHONE: (352) 393-1010  
FAX: (352) 334-2277  
Hours: M-F, 8-5

2. The Resolution has been duly and lawfully adopted by the City at a meeting duly noticed, called and held and at which a quorum was present and voting throughout, and the Resolution has not been modified after its date of adoption. The Resolution remains in full force and effect as of the date hereof and no event has occurred that constitutes or would, with the passage of time and for the giving of notice, give rise to a breach of the covenants contained therein or a default or inability of the City to perform thereunder.

3. The Note has been duly and validly issued and delivered in accordance with all requirements of Florida law, and the City has full power and authority to issue, execute and deliver the Note and to execute and deliver the Loan Agreement and each agreement or document provided for or contemplated by the Note, the Loan Agreement or the Resolution. The Note and the Loan Agreement have been duly authorized, executed and delivered by the City, are in full force and effect, and the Resolution, the Note and the Loan Agreement (assuming the due execution and delivery of the Loan Agreement by, and the enforceability against, the other party thereto) constitute valid and legally binding obligations of the City, enforceable in accordance with their respective terms, provided, however, that the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and to general principals of equity.

4. The City has lawful authority to pledge the Pledged Funds in the manner provided in the Loan Agreement as security for the Note and such pledge constitutes a valid and binding pledge of the Pledged Funds for the payment of the Note. The Note is a limited obligation of the City payable from and secured by a pledge of and lien on the Pledged Funds identified in the Loan Agreement and in accordance with the terms of the Loan Agreement. Neither the general credit nor the taxing power of the City, the State of Florida or any subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the Note.

5. To the best of my knowledge, all authorizations, approvals, consents and orders of governmental bodies or regulatory authorities that are required in connection with authorization, adoption, execution, performance or delivery by the City of the Note, the Resolution, the Loan Agreement and all other agreements or documents provided for or contemplated by the Resolution for the execution and delivery of the Loan Agreement and for the execution, issuance, sale and delivery of the Note have been obtained or effected and are in full force and effect.

Notwithstanding the foregoing, the City Attorney does not pass upon the applicability of any approvals, consents and orders as may be required under the Blue Sky or securities laws or legal investment laws of any state in connection with the offering and sale of the Note or in connection with the registration of the Note under the federal securities laws.

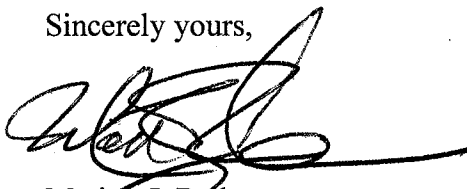
6. To the best of my knowledge, after reasonable inquiry, the adoption of the Resolution and the authorization, execution, delivery and performance of the Note and the Loan Agreement, do not violate any applicable judgment or order of any court and do not conflict with

or result in a material breach of or default under any constitutional provision or law, or any administrative regulation, judgment or decree to which the City has actual notice, or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or to which the City or any of its property or assets is otherwise subject, nor do such actions result in any violation of the provisions of any ordinance, resolution or indenture of the City or any order, rule or regulation applicable to the City of any Court or of any Federal, State or other regulatory authority or governmental body having jurisdiction over the City or any Federal statute, order, rule or regulation applicable to the City, nor will such actions result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the City or under the terms of any such law, regulation or instrument, except as expressly provided by the Note and the Loan Agreement.

7. There is no action, suit, inquiry, investigation or proceeding pending or, to the best of my knowledge, after reasonable inquiry, threatened, at law or in equity, in any court, or before or by any government agency, public board or body against or affecting the City, nor is there any basis for any such action, suit, inquiry, investigation or proceeding, in which an unfavorable decision, ruling or finding would restrain or enjoin the issuance or delivery of the Note or the Loan Agreement or the validity of the Resolution, or which would materially adversely affect the transactions contemplated by the Resolution, the Loan Agreement, the Note or any other agreements or documents provided for or contemplated by the Note or the Loan Agreement or contesting the exclusion from gross income of interest on the Note, and no such litigation is pending, or to the knowledge of the undersigned threatened against the City involving any of the property or assets under the control of the City which involve the possibility of any judgment or liability not fully covered by insurance or adequate, established reserves and which may result in any material adverse change in the properties, assets or in the condition, financial or otherwise, of the City or its ability to pay the Note, other than routine litigation of the type normally accompanying operations of the City and which will not have a materially adverse effect upon the condition of the City or the matters provided for or contemplated by the Resolution.

The City Attorney is furnishing this opinion to you solely for your benefit and no other person is entitled to rely hereon. This opinion is not to be used, circulated, quoted or otherwise referred to for any other purpose.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Marion J. Radson", with a long horizontal flourish extending to the right.

Marion J. Radson  
City Attorney

December 21, 2011

City of Gainesville, Florida  
Gainesville, Florida

Compass Bank  
Gainesville, Florida

Re: \$3,730,000 City of Gainesville, Florida Revenue Note, Series 2011A

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance and sale by the City of Gainesville, Florida (the "City") of its Revenue Note, Series 2011A dated December 21, 2011 (the "Note"), pursuant to the terms of the Loan Agreement dated as of December 21, 2011 (the "Loan Agreement"), between the City and Compass Bank (the "Bank"). All terms used herein in capitalized form and not otherwise defined herein shall have the same meanings as ascribed to them or referenced in the Loan Agreement and the Note.

The description of the Note and other statements concerning the terms and conditions of the issuance of the Note in this opinion do not purport to set forth all of the terms and conditions of the Note or any other document relating to the issuance thereof, but are intended only to identify the Note and to describe briefly certain features thereof. This opinion shall not be deemed or treated as an offering circular, prospectus or official statement, and is not intended in any way to be a disclosure document used in connection with the sale or delivery of the Note.

The Note has been issued in fully registered form and bears interest payable semiannually on April 1 and October 1, commencing April 1, 2012, at the rate as provided in the Note. The Note shall finally mature on October 1, 2021.

The Note is being issued for the purpose of financing a portion of the cost of the acquisition and construction of certain capital improvements and the payment of the costs of issuance of the Note.

Pursuant to the Loan Agreement, the principal of, premium, if any, and interest on the Note shall be payable from and secured by a lien upon and pledge of the Pledged Funds as provided in the Loan Agreement. "Pledged Funds," as used in the Loan Agreement, means the Non-Ad Valorem Revenues budgeted and appropriated and deposited into the Debt Service Account under the Loan Agreement to pay debt service on the Note and all other amounts due and payable and all funds on deposit in the Debt Service Account and the Project Account

(including all investment securities on deposit therein) and all investment earnings on any such funds.

In no event shall the Note or any interest or premium thereon be payable from the ad valorem tax revenues of the City. The Note and the obligations evidenced thereby do not constitute a general liability or obligation of the City or the State of Florida or any political subdivision or agency thereof, or a pledge of the faith and credit or taxing power of the City, the State of Florida or any political subdivision thereof. In no event shall the Note or the interest or premium thereon be payable out of any funds or property other than those of the City and then only to the extent of the Pledged Funds in the manner expressly provided in the Loan Agreement.

In rendering the opinions set forth below, we have examined a certified copy of Resolution No. 110542 adopted by the City Commission of the City on December 15, 2011, and an executed original of the Loan Agreement and the Note and are relying on the covenants and agreements of the City contained therein, including, without limitation, the covenant of the City to comply with the applicable requirements contained in Section 103 and Part IV of Subchapter B of Chapter 1 of Subtitle A of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable regulations thereunder, to the extent necessary to preserve the exclusion of interest on the Note from gross income for federal income tax purposes.

We have also examined certified copies of the proceedings of the City, and other proofs submitted to us relative to the issuance and sale by the City of the Note. In addition, we have examined and relied upon the opinion of even date herewith of Marion J. Radson, Esq., City Attorney to the City, and such other agreements, documents and opinions, including certificates and representations of public officials, and officers and representatives of various other parties participating in this transaction, as we have deemed relevant and necessary in connection with the opinions set forth below. We have not undertaken an independent audit, examination, investigation or inspection of the matters described or contained in such agreements, documents, certificates, representations and opinions, and have relied solely on the facts, estimates and circumstances described and set forth therein.

In our examination of the foregoing, we have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as

copies. The opinions set forth below are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the federal income tax laws of the United States of America.

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

(1) The Loan Agreement constitutes a valid and binding obligation of the City, enforceable in accordance with its terms.

(2) The Note is a valid and legally binding special obligation of the City, payable solely from and secured by a lien on and pledge of the Pledged Funds, in the manner and to the extent provided in the Loan Agreement.

(3) Interest on the Note is excluded from gross income for federal income tax purposes and will not be treated as an item of tax preference for purposes of the federal alternative minimum tax imposed by the Code; however, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest will be taken into account in determining the adjusted current earnings for purposes of computing the alternative minimum tax imposed on such corporations.

The opinions expressed in the preceding sentence do not relate to any late payment fees or other penalties paid under the Note and are conditioned upon compliance by the City with its covenants relating to certain arbitrage rebate and other tax requirements contained in Section 103 and Part IV of Subchapter B of Chapter 1 of Subtitle A of the Code (including, without limitation, its covenants not to use any proceeds of the Note in a manner that would cause the Note to be classified as a private activity bond under Section 141(a) of the Code and the requirements contained in Section 148 of the Code), to the extent necessary to preserve the exclusion of interest on the Note from gross income for federal income tax purposes. Failure of the City to comply with such requirements could cause the interest on the Note to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Note. Other provisions of the Code may give rise to adverse federal income tax consequences to particular noteholders. The scope of this opinion is limited to matters addressed above and no opinion is expressed hereby regarding other federal tax consequences that may arise due to ownership of the Note, except as noted in paragraph (4) below.

(4) The City has designated the Note as a "qualified tax-exempt obligation" for purposes of the Code in accordance with Section 265(b)(3)(B) thereof. Based on such designation and the findings and facts set forth in the certifications of the City delivered at the closing with respect to the Note and relating to such designation, the Note is a "qualified tax-exempt obligation" for purposes of Section 265(b)(3)(B) of the Code. Any change in the findings and facts set forth in the certifications of the City delivered at the closing with respect to the Note and relating to such designation could adversely impact the status of the Note as a "qualified tax-exempt obligation."

(5) The Note is not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolution is exempt from qualification under the Trust Indenture Act of 1939, as amended.

Our opinions expressed herein are predicated upon current facts and present laws and interpretations thereof and we assume no affirmative obligation to update the opinions expressed herein if such facts or circumstances, or laws or interpretations thereof, change after the date hereof, even if such changes come to our attention.

All opinions as to legal obligations of the City set forth above are subject to and limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws, in each case relating to or affecting the enforcement of creditors' rights, (b) applicable laws or equitable principles that may affect remedies or injunctive or other equitable relief, and (c) judicial discretion which may be exercised in applicable cases to adversely affect the enforcement of certain rights or remedies.

The scope of our engagement in relation to the issuance of the Note has been limited solely to the examination of facts and law incident to rendering the opinions expressed herein. We have not been engaged nor have we undertaken to confirm or verify and therefore express no opinion as to the accuracy, completeness, fairness or sufficiency of any offering material relating to the Note. In addition, other than as expressly set forth herein, we have not been engaged to and therefore express no opinion regarding the perfection or priority of the lien upon the Pledged Funds created by the Resolution and the Loan Agreement as to the compliance by the City or the Bank with any federal or state statute, regulation or ruling with respect to the sale or distribution of the Note.



City of Gainesville, Florida  
Compass Bank  
December 21, 2011  
Page 5

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Our opinion is limited solely to the matters stated herein, and no opinion is to be implied or is intended beyond the opinions expressly stated herein.

Sincerely yours,

HOLLAND & KNIGHT LLP

*Holland & Knight LLP*

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16334-44

**STATE OF FLORIDA - DIVISION OF BOND FINANCE LOCAL BOND MONITORING**

[Home](#)

[Account](#)

[Logout](#)

**Notice of Sale Status**

Notice of Sale submission successful.

Submit Date: 12/1/2011

Bond Issue Name: City of Gainesville, Florida Revenue Note, Series 2011A

Sale Date: 12/15/2011

Closing Date: 12/21/2011

[Print this page](#)

## NAME OF GOVERNMENTAL UNIT

City of Gainesville, Florida

## MAILING ADDRESS OF GOVERNMENTAL UNIT OR ITS MANAGER

Address(1) 200 E. University Avenue

Address(2)

City Gainesville

State FL

Zip 32601

## COUNT(IES) IN WHICH GOVERNMENTAL UNIT HAS JURISDICTION

Alachua

## TYPE OF ISSUER

City

IS THE ISSUER A COMMUNITY DEVELOPMENT DISTRICT? ☐

ISSUE NAME	AMOUNT	INTEREST CALCULATION	YIELD
City of Gainesville, Florida Revenue Note, Series 2011A	\$3,730,000.00	TICR	2.290313

## AMOUNT AUTHORIZED

\$3,730,000.00

## DATED DATE (MM/DD/YYYY)

12/21/2011

## SALE DATE (MM/DD/YYYY)

12/15/2011

## DELIVERY DATE (MM/DD/YYYY)

12/21/2011

## LEGAL AUTHORITY FOR ISSUANCE

Ch. 166, F.S.

## TYPE OF ISSUE

Bank Loan/Line of Credit

IS THIS A PRIVATE ACTIVITY BOND (PAB)? ☐Did This Issue Receive a PAB Allocation? ☐

Amount of Allocation

\$0.00

## SPECIFIC REVENUES(S) PLEDGED

Primary

Other

Secondary

Other

## PURPOSE(S) OF THE ISSUE

Primary

Other

Secondary

Other

IS THIS A REFUNDING ISSUE? ☐

REFUNDED DEBT HAS BEEN

-

DID THE REFUNDING ISSUE CONTAIN NEW MONEY? ☐

APPROXIMATELY WHAT PERCENTAGE OF PROCEEDS IS NEW MONEY?

TYPE OF SALE

Negotiated Private Placement

INSURANCE/ENHANCEMENTS

No Credit Enhancement

RATING(S)

Moody's

NR

S & P

NR

Fitch

NR

Other

DEBT SERVICE SCHEDULE PROVIDED BY

E-mail

OPTIONAL REDEMPTION PROVISIONS PROVIDED BY

E-mail

PROVIDE THE NAME AND ADDRESS OF THE SENIOR MANAGING UNDERWRITER OR SOLE PURCHASER

Underwriter Compass Bank

Address(1) 2814 SW 34th Street

Address(2)

City Gainesville

State FL

Zip 32608

CO-Underwriter None

Address(1)

Address(2)

City

State -

Zip

PROVIDE THE NAME(S) AND ADDRESS(ES) OF ANY ATTORNEY OR FINANCIAL CONSULTANT WHO ADVISED THE UNIT OF LOCAL GOVERNMENT WITH RESPECT TO THE BOND ISSUE.

Bond Counsel Holland & Knight LLP

Address(1) 2115 Harden Boulevard  
 Address(2)  
 City Lakeland  
 State FL  
 Zip 33803

**CO-Bond Counsel** None

Address(1)  
 Address(2)  
 City  
 State -  
 Zip

**Financial Advisor/Consultant** Public Financial Management, Inc.

Address(1) 300 S. Orange Avenue  
 Address(2) Suite 1170  
 City Orlando  
 State FL  
 Zip 32801

**CO-Financial Advisor/Consultant** None

Address(1)  
 Address(2)  
 City  
 State -  
 Zip

**Other Professionals**

Address(1)  
 Address(2)  
 City  
 State -  
 Zip

**PAYING AGENT**

N/A

**REGISTRAR**

N/A

**BF2004-A AND BF2004-B**

NOTE: The following items are required to be completed in full for all bond issues except those sold pursuant to Section 154 Part III, Sections 159 Parts II, III, or V; or Section 243 Part I, Florida Statutes.

**HAS ANY FEE, BONUS, OR GRATUITY BEEN PAID BY ANY UNDERWRITER OR FINANCIAL CONSULTANT, IN CONNECTION WITH THE BOND ISSUE, TO ANY PERSON NOT REGULARLY EMPLOYED OR ENGAGED BY SUCH UNDERWRITER OR CONSULTANT? IF YES, PLEASE PROVIDE THE FOLLOWING INFORMATION WITH RESPECT TO EACH SUCH UNDERWRITER OR CONSULTANT.**

**HAVE ANY OTHER FEES BEEN PAID BY THE UNIT OF LOCAL GOVERNMENT WITH RESPECT TO THE BOND ISSUE, INCLUDING ANY FEE PAID TO ATTORNEYS OF FINANCIAL CONSULTANTS? IF YES, PLEASE PROVIDE THE TOTAL FEES PAID TO APPLICABLE PARTICIPANTS.**

Total Bond Counsel Fees Paid

\$12,500.00

Total Financial Advisor Fees Paid

\$10,000.00

Other Fees Paid

SERVICE PROVIDED OR

COMPANY NAME	FEE PAID	FUNCTION SERVED
Bryant Miller Olive, P.A.	\$5,000.00	Bank Counsel Fee

**FILING OF THIS FORM HAS BEEN AUTHORIZED BY THE OFFICIAL OF THE ISSUER IDENTIFIED BELOW**

Name

Mark S. Benton, Finance Director

Title

Governmental Officer primarily responsible for coordinating  
issuance of the bonds**FEES CHARGED BY UNDERWRITER**

Management Fee (Per Thousand Par Value)

0

Private Placement Fee

\$0.00

**UNDERWRITER'S EXPECTED GROSS SPREAD (PER THOUSAND PAR VALUE)**

0

**FOR ADDITIONAL INFORMATION, THE DIVISION OF BOND FINANCE SHOULD CONTACT:**

Name Marion J. Radson  
Title City Attorney  
Phone 3523345011  
Company City of Gainesville, Florida  
Address(1) 200 E. University Avenue  
Address(2)  
City Gainesville  
State FL  
Zip 32601

**INFORMATION RELATING TO PARTY COMPLETING THIS FORM (IF DIFFERENT FROM ABOVE)**

Name Edward W. Vogel III  
Title Bond Counsel  
Phone 8634995356  
Company Holland & Knight LLP  
Address(1) 2115 Harden Boulevard  
Address(2)  
City Lakeland  
State FL  
Zip 33803

In order to better serve local governments, the Division of Bond Finance will remind issuers as their deadlines approach for filing continuing disclosure information required by SEC Rule 15c2-12, based on the following information:

**IF THE ISSUER IS REQUIRED TO PROVIDE CONTINUING DISCLOSURE INFORMATION IN ACCORDANCE WITH SEC RULE 15C2-12, DO YOU WANT THE DIVISION OF BOND FINANCE TO REMIND YOU OF YOUR FILING**

DEADLINE? ☐**ON WHAT DATE IS THE CONTINUING DISCLOSURE INFORMATION REQUIRED TO BE FILED? (MM/DD)**

**PROVIDE THE FOLLOWING INFORMATION REGARDING THE PERSON(S) RESPONSIBLE FOR FILING CONTINUING DISCLOSURE INFORMATION REQUIRED BY SEC RULE 15C2-12 AND THE CONTINUING DISCLOSURE**

**AGREEMENT (INCLUDING OTHER OBLIGATED PARTIES, IF APPROPRIATE).**

Name

Title

Phone

Company

Address(1)

Address(2)

City

State -

Zip

Fax

Email

CITY OF GAINESVILLE, FLORIDA  
REVENUE NOTE,  
SERIES 2011A

Attachment to BF Form

Debt Service Schedule. The Note will bear interest at 2.29%. The City shall pay the Bank interest on the outstanding principal balance of the Note in arrears, on April 1, 2012, and on the 1st day of each October and April thereafter, to and including the final maturity date. The principal amount of the Note shall be payable in annual installments in the amounts set forth below, payable on October 1 of each year, commencing October 1, 2012, with the final installment payable October 1, 2021:

<u>Date</u> <u>(October 1)</u>	<u>Principal Amount</u>
2012	\$ 270,000
2013	350,000
2014	355,000
2015	370,000
2016	375,000
2017	385,000
2018	390,000
2019	405,000
2020	410,000
2021*	<u>420,000</u>
TOTAL	\$3,730,000

\* Final maturity

Optional Redemption Provisions. The Note may be prepaid in whole on any date, at the option of the City upon ten (10) days' prior written notice by the City to the Bank, such prepayment to be at a redemption price (expressed as a percentage of the principal prepaid), together with accrued interest to the redemption date as follows:

<u>Redemption Period</u>	<u>Redemption Price</u>
December 21, 2011 through January 1, 2013	105%
January 2, 2013 through January 1, 2014	104%
January 2, 2014 through January 1, 2015	103%
January 2, 2015 through January 1, 2016	102%
January 2, 2016 through January 1, 2017	101%
January 2, 2017 and thereafter	100%



**BANK'S DISCLOSURE LETTER**

City of Gainesville, Florida  
Gainesville, Florida

Re: City of Gainesville, Florida Revenue Note, Series 2011A

Ladies and Gentlemen:

Compass Bank (the "Bank") has agreed to purchase the Revenue Note, Series 2011A dated December 21, 2011, in a principal amount of \$3,730,000 (the "Note") being issued by the City of Gainesville, Florida (the "City") under the terms of a Loan Agreement dated as of December 21, 2011, between the City and the Bank (the "Loan Agreement"). All terms used herein in capitalized form and not otherwise defined herein shall have the same meanings as ascribed to them in the Loan Agreement.

The purpose of this letter is to furnish pursuant to the provisions of Sections 218.385(2) and (6), Florida Statutes, as amended, certain information in respect to the arrangement contemplated for the placement and sale of the Note as follows:

(a) An itemized list setting forth the nature and estimated amounts of expenses to be incurred by the Bank in connection with the issuance of the Note is set forth below:

Counsel's fees and expenses: \$5,000.00

None of such fees and expenses are being charged to the City as part of the underwriting spread, if any, set forth in paragraph (c) below, but instead are being paid directly by the City.

(b) No "finder" as that term is defined in Section 218.386, Florida Statutes, as amended, has entered into an understanding with the Bank, or to the knowledge of the Bank, with the City, for any paid or promised compensation or valuable consideration, directly or indirectly, expressly or implied, to act solely as an intermediary between the City and the Bank or to exercise or attempt to exercise any influence to effect any transaction in the purchase of the Note.

(c) The underwriting spread to be paid by the City will be:

\$0.00

(d) No other fee, bonus or other compensation is estimated to be paid by the Bank in connection with the issuance of the Note to any person not regularly employed or retained by the Bank (including any "finder," as defined in Section

218.386(l)(a), Florida Statutes, as amended), except as specifically enumerated as expenses to be incurred and paid by the Bank as set forth in paragraph (a) above.

(e) Truth-in-Bonding Statement — The City is proposing to issue the Note for the purpose of paying a portion of the cost of the construction of certain road and other transportation-related improvements and the costs issuance of the Note. The total interest paid over the life of the Note is estimated to be \$474,742.44.

The source of repayment or security for the Note is limited solely to the Pledged Funds as such item is defined in Resolution No. 110542 adopted by the City Commission of the City on December 15, 2011. The authorization of this debt or obligation will result in as much as \$433,281.50 of Pledged Funds not being available to the City to finance other projects of the City each year for an approximately 9.77-year period.

(f) The name and address of the Bank is set forth below:

Compass Bank  
2814 SW 34<sup>th</sup> Street  
Gainesville, Florida 32608

We understand that the City does not require any further disclosure from the Bank, pursuant to Section 218.385(6), Florida Statutes, as amended.

DATED this 21<sup>st</sup> day of December, 2011.

Yours very truly,

COMPASS BANK

By: Greg Fleming V.P.  
Greg Fleming, Vice President

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16334-44

## BANK'S INVESTMENT CERTIFICATE

City of Gainesville, Florida  
Gainesville, Florida

Public Financial Management, Inc.  
Orlando , Florida

Holland & Knight LLP  
Lakeland, Florida

Re: City of Gainesville, Florida Revenue Note, Series 2011A (the  
"Note")

Ladies and Gentlemen:

This letter is being provided in connection with the purchase of the above-referenced Note which was delivered to us by the City of Gainesville, Florida (the "City") on the date hereof.

1. We are engaged in the business of investing in securities similar to the Note or in the business of entering into loan transactions evidenced by securities similar to the Note.

2. We are purchasing the Note from the City for our own account (or those of our banking affiliates) for investment purposes and not with a current view toward resale; provided, however, that we reserve the right to transfer the Note or any part thereof or interest therein at any time in our sole discretion.

3. We are an Alabama state banking corporation and we have sufficient knowledge and experience in financial and business matters, including the purchase and ownership of taxable and tax-exempt obligations, to be capable of evaluating the merits and risks of our investment in the Note.

4. We are able to bear the economic risk of our investment in the Note.

5. We acknowledge that the Note does not represent a general obligation of the City, the State of Florida or any political subdivision thereof and is not payable from taxes or any moneys provided by or to the City, other than those described in the Note and the Loan Agreement dated as of December 21, 2011, between the City and us, pursuant to which the Note is being issued, and we further acknowledge that no covenant, stipulation, obligation or agreement contained in any documents related to the issuance of the Note is or shall be

deemed to be a covenant, agreement or obligation of any present or future board member, officer or employee of the City in his or her individual capacity.

6. We understand, acknowledge and agree that the Note has not been and will not be registered under the Securities Act of 1933, as amended, or the securities or Blue Sky laws of any state and is not listed on any stock or securities exchange.

7. We understand that no offering, statement, prospectus, offering circular, official statement or other disclosure document containing material information with respect to the City and the Note is being or has been prepared, and that, with due diligence, we have made our own inquiry and analysis with respect to the City, the Note and the security therefore.

8. We have received all financial and other information regarding the City that we have requested and which we consider relevant or necessary to make an informed decision to invest in the Note. We have made our own inquiry into the creditworthiness of the City, we have received all the information that we have requested from the City or any agents or representatives thereof, and we have been afforded a reasonable opportunity to ask questions about the terms and conditions of the offering of the Note and the security therefor and the City, and have received, to the best of our knowledge, complete and satisfactory answers to all such questions.

DATED this 21<sup>st</sup> day of December, 2011.

Very truly yours,

COMPASS BANK, as Purchaser

By: Greg Fleming V.P.  
Name: Greg Fleming  
Title: Vice President

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16334-44



**The PFM Group**

Public Financial Management, Inc.  
PFM Asset Management LLC  
PFM Advisors

Lincoln Plaza  
Suite 1170  
300 S. Orange Avenue  
Orlando, FL  
32801-3470

407 648-2208  
407-648-1323 fax  
www.pfm.com

**MEMORANDUM**

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**TO:** Working Group

**FROM:** Jay Glover, Public Financial Management

**DATE:** December 21, 2011

**RE:** City of Gainesville, Florida  
Revenue Note, Series 2011A  
Closing Wiring Instructions

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The delivery/closing of the City of Gainesville (the "City") Revenue Note, Series 2011A (the "Note") will occur on Wednesday, December 21, 2011. The following wire will occur during the closing of the Note.

BBVA Compass will wire \$3,725,000 to the City per the following wiring instructions:

SunTrust Bank  
Jacksonville, Florida  
City of Gainesville Master Treasury Account  
ABA 061000104  
Account Number 6050050005274

The Bank will retain \$5,000 for bank counsel fees.

The net proceeds of \$3,730,000 will be used as follows:

1. \$3,700,000 will be used to pay the cost of the projects
2. \$30,000 will be used to pay costs of issuance (includes \$5,000 retained by Bank)

If you have any questions or require any additional information, please do not hesitate to contact me at (407) 648-2208.