

## **LOAN AGREEMENT (2016B)**

This LOAN AGREEMENT (the "Agreement") is made and entered into as of \_\_\_\_\_, 2016 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 TD BANK, NATIONAL ASSOCIATION, a national banking association, 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 issuance of the Note, any lawful expenditure of the Issuer which meets the further requirements of this Agreement.

"Debt" means as of any date and without duplication, all of the following to the extent that they are payable in whole or in part from any Non-Ad Valorem Revenues: (i) all obligations of the Issuer for borrowed money or evidenced by bonds, debentures, notes or other similar instruments; (ii) all obligations of the Issuer to pay the deferred purchase price of property or services, except trade accounts payable under normal trade terms and which arise in the ordinary course of business; (iii) all obligations of the Issuer as lessee under capitalized leases; and (iv) all indebtedness of other persons to the extent guaranteed by, or secured by Non-Ad Valorem Revenues of, the Issuer.

"Debt Service Account" means the Revenue Note, Series 2016B 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 \$\_\_\_\_\_.

"Loan Documents" means this Agreement and the Note.

"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, after provision has been made by the Issuer for the payment of services and programs which are for essential governmental services of the Issuer or which are legally mandated by applicable law; notwithstanding the foregoing, "Non-Ad Valorem Revenues" shall not include 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 have been 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, or any other enterprise fund of the Issuer, which are pledged to the payment of such indebtedness.

"Note" means the Issuer's Revenue Note, Series 2016B 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  
Attn: Nicolle Shalley, City Attorney  
Email address: shalleynm@cityofgainesville.org

As to the Bank:                      TD Bank, National Association  
9715 Gate Parkway North  
Jacksonville, Florida 32246  
Attn: Coley Jones  
Email address: coley.jones@td.com

or to such other address as either party may have specified in writing to the other using the procedures specified in Section 7.06.

"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 (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 9715 Gate Parkway North, Jacksonville, Florida 32246, or such other office as the Bank may designate to the Issuer in writing.

"Project" means 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 2016B Project Account created by the Resolution.

"Resolution" means Resolution No. \_\_\_\_\_ adopted by the City Commission of the Issuer on April 7, 2016.

"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.

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 make 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 making 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 Resolution. The Resolution has been duly adopted by the Issuer, is in full force and effect and has not been amended, altered, repealed or revoked in any way.

Section 2.05 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 2.06 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 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) 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.

(d) 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.

(e) Financial Statements, Budget and Compliance Certificate. The Issuer will cause an audit to be completed of its books and accounts and shall make available electronically 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 make available electronically to the Bank the audited financial statements for each Fiscal Year ending on or after September 30, 2016, within 210 days after the end thereof and shall make available electronically to the Bank an annual budget within 60 days after the same shall have been approved by the City Commission of the Issuer. The Issuer shall also provide to the Bank, together with the annual audited financial statements referred to in this paragraph, a certificate of an officer of the Issuer to the effect that the Issuer is not in breach of any of the covenants set forth in this Article III. The Issuer shall also provide to the Bank upon request such additional financial information to supplement or verify certain financial assumptions or the creditworthiness of the Issuer.

(f) 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.

(g) Credit Rating. If the Issuer maintains a long-term credit rating on Non-Self Supporting Revenue Debt, without regard to credit enhancement, it shall not be less than BBB+ (or the equivalent), as rated by Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Ratings Services, a business of Standard & Poor's Financial Services LLC ("S&P"), Fitch Ratings ("Fitch") or Kroll Bond Rating Agency, Inc., ("Kroll") or withdrawn for credit related reasons, provided, however, notwithstanding the foregoing the Issuer shall not be required to obtain or maintain a rating on the Note or on any other outstanding indebtedness of the Issuer.

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:

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,

(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.

For purposes of calculating the foregoing, if any Non-Self-Supporting Revenue Debt bears a rate of interest that is not fixed for the entire term of the Non-Self-Supporting Revenue Debt (excluding any provisions that adjust the interest rate upon a change in tax law or in the tax treatment of interest on the debt or upon a default), then the interest rate on such Non-Self-Supporting Revenue Debt shall be assumed to be the highest of (x) the average rate of actual interest borne by such Non-Self-Supporting Revenue Debt during the most recent complete month prior to the date of calculation, (y) for tax-exempt Non-Self-Supporting Revenue Debt, The Bond Buyer Revenue Bond Index last published in the month preceding the date of calculation plus one percent, or (z) for taxable Non-Self-Supporting Revenue Debt, the yield on a U.S. Treasury obligation with a maturity closest to but not before the maturity date of such Non-Self-Supporting Revenue Debt, as reported in Statistical Release H.15 of the Federal Reserve on the last day of the month preceding the date of issuance of such proposed Non-Self-Supporting Revenue Debt, plus three percent; provided that if the Issuer shall have entered into an interest rate swap or interest rate cap or shall have taken any other action which has the effect of fixing or capping the interest rate on such Non-Self-Supporting Revenue Debt for the entire term thereof, then such fixed or capped rate shall be used as the applicable rate for the period of such swap or cap; and provided further that if The Bond Buyer Revenue Bond Index or Statistical Release H.15 of the Federal Reserve is no longer available or no longer contains the necessary

data, such other comparable source of comparable data as selected by the Issuer shall be utilized in the foregoing calculations. For the purpose of calculating the foregoing, "Balloon Indebtedness" (as defined in the immediately succeeding sentence) shall be assumed to amortize over 20 years in substantially equal annual payments at its fixed interest rate and, if the interest rate is not fixed, at the rate calculated pursuant to the immediately preceding sentence. "Balloon Indebtedness" is any Non-Self-Supporting Revenue Debt, twenty-five percent (25%) or more of the principal amount of which comes due in any single Fiscal Year.

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, in whole 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 Note can only be transferred to an "accredited investor", as defined in Rule 501(A)(1),(2) or (3) under Regulation D of the Securities Act of 1933, as amended, or a "qualified institutional buyer" within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended.

The Person in whose name the 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 or breaching a covenant 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. 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. Funds held 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 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 terms "debt service," "gross proceeds," "net proceeds," "proceeds," and "yield" have the meanings assigned to them for purposes of 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.

Section 3.12 Separate Accounts. The moneys required to be accounted for the foregoing funds established herein may be deposited in a single bank account, and funds allocable to any fund or account established herein may be invested in a common investment pool; provided that adequate accounting records are maintained to reflect and control the restricted allocation of the moneys on deposit therein and such investments for the various purposes of such funds and accounts as herein provided.

The designation and establishment of any funds or accounts and by this Agreement shall not be construed to require the establishment of any completely independent, self-balancing funds as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenues for certain purposes and to establish certain priorities for application of such revenues as herein provided.

## ARTICLE IV

### CONDITIONS OF LENDING

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

Section 4.01 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 4.02 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 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 and 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 make 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 Loan 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 written notice thereof to the Issuer by the Bank; or

(c) 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

(d) The Issuer is adjudged insolvent by a court of competent jurisdiction, or it is adjudged 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

(e) 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.

Notwithstanding the provisions of clause (b) above or anything to the contrary in Section 6.02 below, a default of any of the covenants contained in Section 3.11 hereof shall not be an "Event of Default" hereunder and the sole remedy of the Bank shall be an adjustment of the interest rate on the Note to the Taxable Rate (as defined in the Note) and the payment of the Additional Amount (as defined in the Note) to the extent and in the manner described in the Note.

Section 6.02 Effect of Event of Default. Immediately and without notice, upon the occurrence of any Event of Default under Section 6.01(a) hereof, 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. All payments made on the Note, after an Event of Default, shall be first applied to accrued interest then to any reasonable costs or expenses, including reasonable legal fees and expenses, that the Bank may have incurred in protecting or exercising its rights under the Loan Documents and the balance thereof shall apply to the principal sum due.

## **ARTICLE VII**

### **MISCELLANEOUS**

Section 7.01 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 7.02 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 7.03 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 7.04 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 7.05 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 7.06 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 7.07 Ratings. References herein to ratings are to rating categories as presently determined by Moody's, S&P, Fitch, and Kroll (each the "Rating Agency") and in the event of the adoption of any new or changed ratings system or a "global" rating scale by any such Rating Agency, the ratings categories shall be adjusted accordingly to new ratings which most closely approximate the ratings currently in effect.

Section 7.08 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 the Alachua County, Florida.

Section 7.09 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 7.10 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 7.11 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 7.12 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 7.13 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: \_\_\_\_\_  
Finance Director

ATTEST:

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

APPROVED AS TO FORM AND LEGALITY:

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

TD BANK, NATIONAL ASSOCIATION

By: \_\_\_\_\_  
Banking Officer

#39057459\_v6  
16334-48



## EXHIBIT "A"

PROJECT DESCRIPTION

The Project includes reconstruction of SE 4<sup>th</sup> Street along with other paving and repaving projects and other transportation or road improvement projects within the City.

## EXHIBIT "B"

FORM OF NOTE**REVENUE NOTE, SERIES 2016B**

The CITY OF GAINESVILLE, FLORIDA (the "City"), 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 TD BANK, NATIONAL ASSOCIATION or registered assigns (together with any other registered owner of this Note, hereinafter, the "Bank"), the principal sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) 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. \_\_\_\_ adopted by the Issuer on April 7, 2016 (the "Resolution") and in conjunction with a Loan Agreement, dated \_\_\_\_\_ 1, 2016, 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 2016B (the "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 November 1, 2016, and on the 1st day of each May and November 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 November 1 of each year, commencing November 1, 2017, with the final installment payable November 1, 2031 (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. If any payment of principal or interest due hereunder is not paid within fifteen (15) days after the date due hereunder, the Issuer shall pay the Bank upon demand a late payment fee equal to six percent (6%) of the amount not paid when due.

The "Interest Rate," as used herein, shall mean \_\_\_\_% per annum unless adjusted as provided herein.

In the event of a Determination of Taxability, the Interest Rate shall be adjusted to cause the after-tax 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 effective. 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 ceases 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 as a result of an action or inaction of the Issuer, any interest payable on this Note is includable in the gross income of the Bank for federal income tax purposes. 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.

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. 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 claimed hereunder.

The Note shall be prepayable at any time, in whole or in part, upon three (3) Business Days' prior written notice of the Issuer to the Bank, such prepayment to be at the greater of either (i) 101% of the principal amount to be prepaid plus accrued interest thereon to the date of prepayment and (ii) a Yield Maintenance Fee (as defined immediately below).

"Yield Maintenance Fee" means the current cost of funds, specifically the "bond equivalent yield" for United States Treasury securities (bills on a discounted basis shall be converted to a "bond equivalent yield") with a maturity date closest to the "Remaining Term" (as defined below), shall be subtracted from the Interest Rate or Default Rate, if applicable. If the result is zero or a negative number, there shall be no Yield Maintenance Fee due and payable. If the result is a positive number, then the resulting percentage shall be multiplied by the scheduled outstanding principal balance for each remaining monthly period of the "Remaining Term." Each resulting amount shall be divided by 360 and multiplied by the number of days in the monthly period. Said amounts shall be reduced to present values calculated by using the above-referenced current costs of funds divided by twelve (12). The resulting sum of present values shall be the Yield Maintenance Fee.

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

Upon the occurrence of an Event of Default under Section 6.01(a) of the Loan Agreement, 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 right of acceleration shall not be available as a remedy for any Event of Default except under Section 6.01(i) of the Loan Agreement. Upon the occurrence of an Event of Default the Interest Rate shall be adjusted to the Default Rate. Default Rate shall mean the lesser of (i) the sum of the Wall Street Journal Prime Rate (defined immediately below) at the time of the event of default, plus 8% per annum and (ii) the maximum rate permitted by applicable law.

"Wall Street Journal Prime Rate" means, the Prime Rate published in the Market Data section of the *Wall Street Journal* (or other similar section) from time to time.

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 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.

It is hereby certified, recited and declared that all acts, conditions and prerequisites required to exist, happen and be performed precedent to and in 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 \_\_\_\_\_, 2016.

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

Date  
(November 1)

Principal Amount

TOTAL