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Item #140524
GM Regular 12/4/14
Exhibit A

December 4, 2014

Mr. David Richardson
Interim Chief Financial Officer
Gainesville Regional Utilities
Utilities Administration Building
Post Office Box 147117
Gainesville, Florida, 32614-7117

On behalf of Public Financial Management ("PFM"), I am pleased to submit this letter as required by section 3(l) of Resolution No. 140524 in connection with the proposed City of Gainesville (the "City") Utilities System Revenue Bonds, 2014 Series A and B (the "Bonds"). The city anticipates issuing the Bonds in the following two tax-exempt series:

- 1) The 2014 Series A Bonds will be issued (a) to pay costs of acquisition and construction of certain improvements to the System and (b) to pay costs of issuance of the 2014 Series A Bonds.
- 2) The 2014 Series B Bonds will be issued to (a) advance refund certain of the City's outstanding Utilities System Revenue Bonds (2005 Series A) on or about October 1, 2015, (b) current refund certain of the City's outstanding Utilities System Revenue Bonds (2008 Series A) on or about December 19, 2014 and (c) pay costs of issuance of the 2014 Series B Bonds.

The proposed issuance of the 2014 Bonds is a multi-faceted and complex transaction. There are, in PFM's opinion, several benefits to Gainesville Regional Utilities ("GRU") of a negotiated compared to a competitive sale.

- A negotiated sale allows for more a more comprehensive investor outreach and marketing effort. This outreach and education process is particularly helpful for municipal utility credits such as GRU. Roughly 90% of electric utility and combined utility transactions are sold via negotiated sale and the negotiated marketing process enables utilities to explain their unique credit circumstances to investors. Given that GRU has not had a bond transaction since 2012, a negotiated sale provides the best means available to communicate GRU's unique opportunities and challenges to investors that arise in an ever-changing utility business.
- The 2014 transaction includes a series of bonds, the 2014 Series B Bonds, for a tax-exempt refunding. The final amount of this refunding is sensitive to market fluctuations and conditions. The negotiated sale process provides issuers such as GRU the flexibility to react to market developments and revise the size and structure of the transaction up to the date of sale. The competitive sale process, on the other hand, would require the City to select the final debt structure several days in advance of the sale with limited ability to flexibly respond to investor inquiries or demand during pricing. The necessary flexibility associated with a negotiated transaction is part of the reason

the vast majority of municipal utility refunding transactions are executed via a negotiated process.

While it would be possible to conduct the sale of the 2014 Bonds on a competitive basis, PFM believes that the negotiated sale will generate superior results. Therefore, we recommend that the City utilize the negotiated sale process.

Interest rates and other terms of the Bonds will be established via a negotiated process during pricing and PFM will provide an opinion that states, among other things, that the terms of the Bonds are fair, reasonable and reflect fair-market values. PFM will base this opinion on its review of new issue pricing levels for both negotiated and competitive offerings and secondary market pricing levels for comparable utility bonds in and around the pricing date of the City's Bonds. PFM will provide a Post-Pricing Marketing Report that will provide this justification for the recommended method of sale.

PFM hopes that this information is helpful in the decision making process. If further information is required please contact me at (757) 651-4913 or via email at LoverC@pfm.com.

Sincerely

Chris Lover
Director

CITY OF GAINESVILLE, FLORIDA

**Not to Exceed
\$46,000,000
Utilities System Revenue Bonds,
2014 Series A**

and

**Not to Exceed
\$37,000,000
Utilities System Revenue Bonds,
2014 Series B**

**TWENTY-SIXTH SUPPLEMENTAL UTILITIES SYSTEM
REVENUE BOND RESOLUTION**

Adopted December 4, 2014

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**TWENTY-SIXTH SUPPLEMENTAL UTILITIES SYSTEM
REVENUE BOND RESOLUTION**

BE IT RESOLVED by the City Commission of The City of Gainesville, Florida (the "City") that:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

1.01. Supplemental Resolution. This Twenty-Sixth Supplemental Utilities System Revenue Bond Resolution is supplemental to the Utilities System Revenue Bond Resolution (the "Bond Resolution") adopted by the City on June 6, 1983, as heretofore amended, restated and supplemented. The Bond Resolution as so amended, restated and supplemented is hereinafter referred to as the "Resolution".

1.02. Definitions. 1. Except as provided by this Twenty-Sixth Supplemental Utilities System Revenue Bond Resolution, all terms which are defined in Section 101 of the Resolution shall have the same meanings, respectively, in this Twenty-Sixth Supplemental Utilities System Revenue Bond Resolution as such terms are given in said Section 101 of the Resolution.

2. In this Twenty-Sixth Supplemental Utilities System Revenue Bond Resolution:

Additional Refunded Bonds shall mean such Bonds, if any, as the General Manager for Utilities, or her designee, shall determine are to be refunded through the issuance of the 2014 Series B Bonds, such determination to be set forth in the certificate referred to in Section 3.03 hereof, but only if the refunding of such Bonds shall produce net present value savings, on an aggregate basis, at least equal to 3.00 percent of the principal amount of the 2014 Series B Bonds to be issued to refund such Bonds.

Code shall mean the Internal Revenue Code of 1986.

Contract of Purchase shall mean the Contract of Purchase to be entered into between the City and the Underwriters in connection with the sale of the 2014 Series A and B Bonds.

Delivery Date shall mean the date of the initial issuance and delivery of the 2014 Series A and B Bonds.

DTC shall mean The Depository Trust Company, New York, New York.

Refunded Bonds shall mean, collectively, (a) the Refunded 2005 Bonds and (b) either (i) the Refunded 2008 Bonds or (ii) the Additional Refunded Bonds.

Refunded 2005 Bonds shall mean the 2005 Series A Bonds of the maturities and in the respective principal amounts listed in the following table, or such lesser amount of any such maturity as the General Manager for Utilities of the City, or her designee, shall

determine as permitted by clause (e) of Section 3.03 hereof, such determination to be set forth in the certificate referred to in Section 3.03 hereof:

<u>Maturity (October 1)</u>	<u>Interest Rate</u>	<u>Amount</u>
2029	4.750%	\$12,435,000
2030	4.750	350,000
2036	4.750	345,000

Refunded 2008 Bonds shall mean such of the 2008 Refunding Candidates, if any, as the General Manager for Utilities of the City, or her designee, shall determine are to be refunded through the issuance of the 2014 Series B Bonds, such determination to be set forth in the certificate referred to in Section 3.03 hereof.

Twenty-Sixth Supplemental Resolution shall mean this Twenty-Sixth Supplemental Utilities System Revenue Bond Resolution.

Underwriters shall mean the underwriters referred to in the Contract of Purchase.

2005 Series A Bonds shall mean the City's Utilities System Revenue Bonds, 2005 Series A, heretofore issued and Outstanding pursuant to the Resolution.

2008 Refunding Candidates shall mean the 2008 Series A Bonds of the maturities and in the respective principal amounts listed in the following table:

<u>Maturity (October 1)</u>	<u>Interest Rate</u>	<u>Amount</u>
2015	4.820%	\$ 2,120,000
2016	4.920	2,160,000
2017	5.020	2,160,000
2020	5.270	13,475,000

2008 Series A Bonds shall mean the City's Utilities System Revenue Bonds, 2008 Series A (Federally Taxable), heretofore issued and Outstanding pursuant to the Resolution.

2014 Series A and B Bonds shall mean the 2014 Series A Bonds and the 2014 Series B Bonds, collectively.

2014 Series A Bonds shall mean the City's Utilities System Revenue Bonds, 2014 Series A, authorized by Article II of this Twenty-Sixth Supplemental Resolution.

2014 Series B Bonds shall mean the City's Utilities System Revenue Bonds, 2014 Series B, authorized by Article III of this Twenty-Sixth Supplemental Resolution.

1.03. Authority for this Twenty-Sixth Supplemental Resolution. This Twenty-Sixth Supplemental Resolution is adopted (i) pursuant to the provisions of the Act and (ii) in accordance with Article II and Article X of the Resolution.

ARTICLE II

AUTHORIZATION OF 2014 SERIES A BONDS

2.01. Principal Amount and Designation of Series. Pursuant to the provisions of the Resolution, a Series of Bonds is hereby authorized in an aggregate principal amount not to exceed \$46,000,000. Such Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, "Utilities System Revenue Bonds, 2014 Series A". The actual aggregate principal amount of the 2014 Series A Bonds to be issued shall be determined by the General Manager for Utilities of the City, or her designee, on or prior to the date of original issuance of the 2014 Series A Bonds as the amount necessary to accomplish the purposes for which the 2014 Series A Bonds are being issued set forth in Section 2.02 hereof, such determination to be set forth in the certificate referred to in Section 2.03 hereof.

2.02. Purpose. The 2014 Series A Bonds are being issued for the purposes of (1) providing for the payment of a portion of the Cost of Acquisition and Construction of the System and (2) providing for the payment of the costs of issuance related to the 2014 Series A Bonds.

2.03. Maturities and Interest; Certain Determinations with Respect to the 2014 Series A Bonds. The 2014 Series A Bonds shall mature on such dates and in such respective principal amounts, and shall bear interest at such respective rate or rates per annum, payable semi-annually on each April 1 and October 1 commencing April 1, 2015 as shall be determined by the General Manager for Utilities of the City, or her designee, in the manner hereinafter set forth.

On or prior to the Delivery Date, the General Manager for Utilities of the City, or her designee, shall execute and deliver to the Trustee a certificate setting forth the following determinations with respect to the 2014 Series A Bonds:

(a) the aggregate principal amount of the 2014 Series A Bonds, which amount shall not exceed \$46,000,000;

(b) the respective dates on which the 2014 Series A Bonds shall mature, the respective principal amounts of the 2014 Series A Bonds maturing on each such date and the respective rate or rates of interest to be borne by the 2014 Series A Bonds maturing on each such date; *provided, however*, that (i) the latest maturity date for the 2014 Series A Bonds shall be not later than October 1, 2044 and (ii) the maximum rate of interest to be borne by the 2014 Series A Bonds maturing on any date shall not exceed 5.50% per annum;

(c) if the 2014 Series A Bonds maturing on a particular date and bearing interest at a particular rate are to be subject to redemption prior to maturity as provided in Article IV of the Resolution by operation of the Debt Service Fund from mandatory Sinking Fund Installments, the due dates and amounts of such Sinking Fund Installments; *provided, however*, that each Sinking Fund Installment due date shall fall upon an interest payment date for the 2014 Series A Bonds;

(d) the terms upon which the 2014 Series A Bonds shall be subject to redemption at the election of the City; *provided, however*, that (i) the earliest date on which the 2014 Series A Bonds may be so redeemed shall be not later than October 1, 2034 and (ii) the highest Redemption Price at which the 2014 Series A Bonds may be so redeemed shall be not greater than 100% of the principal amount thereof, plus accrued interest to the date of redemption; and

(e) the purchase price for the 2014 Series A Bonds to be paid by the Underwriters pursuant to the Contract of Purchase; *provided, however*, that the true interest cost for the 2014 Series A Bonds shall not exceed 5.25%.

Fully registered 2014 Series A Bonds shall bear interest from the Delivery Date, or, if one or more payments of interest on the 2014 Series A Bonds has or have theretofore been made or duly provided for, from the most recent interest payment date to which such interest has been paid or duly provided for.

2.04. Redemption Provisions for 2014 Series A Bonds. 1. If the General Manager for Utilities of the City, or her designee, determines that the 2014 Series A Bonds maturing on a particular date and bearing interest at a particular rate shall be subject to redemption prior to maturity as provided in Article IV of the Resolution by operation of the Debt Service Fund from mandatory Sinking Fund Installments, such determination to be set forth in the certificate referred to in Section 2.03 hereof, then the 2014 Series A Bonds maturing on such date and bearing interest at such rate shall be subject to redemption prior to maturity as provided in Article IV of the Resolution, on the respective dates and in the respective amounts set forth in such certificate, in each such case, at a Redemption Price equal to 100% of the principal amount thereof, together with accrued interest to the redemption date.

2. The 2014 Series A Bonds also shall be subject to redemption prior to maturity at the election of the City on and after the initial date on which the 2014 Series A Bonds may be so redeemed set forth in the certificate referred to in Section 2.03 hereof, as a whole or in part at any time, at the respective Redemption Prices set forth in such certificate, in each case together with accrued interest to the redemption date.

2.05. Application of Proceeds of 2014 Series A Bonds. In accordance with subsection (7) of paragraph 1 of Section 202 and paragraph 2 of Section 203 of the Resolution, the proceeds of the 2014 Series A Bonds shall be deposited in the Construction Fund simultaneously with the delivery of the 2014 Series A Bonds.

ARTICLE III

AUTHORIZATION OF 2014 SERIES B BONDS

3.01. Principal Amount and Designation of Series. Pursuant to the provisions of the Resolution, a Series of Refunding Bonds is hereby authorized in an aggregate principal amount not to exceed \$37,000,000. Such Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, "Utilities System Revenue Bonds, 2014 Series B". The actual aggregate principal amount of the 2014 Series B Bonds to be issued shall be determined by the General Manager for Utilities of the City, or her designee, on or prior to the date of

original issuance of the 2014 Series B Bonds as the amount necessary to accomplish the purposes for which the 2014 Series B Bonds are being issued set forth in Section 3.02 hereof, such determination to be set forth in the certificate referred to in Section 3.03 hereof.

3.02. Purpose. The 2014 Series B Bonds are being issued for the purposes of (1) providing a portion of the moneys required to refund the Refunded Bonds and (2) providing for the payment of the costs of issuance related to the 2014 Series B Bonds.

3.03. Maturities and Interest; Certain Determinations with Respect to the 2014 Series B Bonds. The 2014 Series B Bonds shall mature on such dates and in such respective principal amounts, and shall bear interest at such respective rate or rates per annum, payable semi-annually on each April 1 and October 1 commencing April 1, 2015 as shall be determined by the General Manager for Utilities of the City, or her designee, in the manner hereinafter set forth.

On or prior to the Delivery Date, the General Manager for Utilities of the City, or her designee, shall execute and deliver to the Trustee a certificate setting forth the following determinations with respect to the 2014 Series B Bonds:

(a) the aggregate principal amount of the 2014 Series B Bonds, which amount shall not exceed \$37,000,000;

(b) the respective dates on which the 2014 Series B Bonds shall mature, the respective principal amounts of the 2014 Series B Bonds maturing on each such date and the respective rate or rates of interest to be borne by the 2014 Series B Bonds maturing on each such date; *provided, however*, that (i) the latest maturity date for the 2014 Series B Bonds shall be not later than October 1, 2044 and (ii) the maximum rate of interest to be borne by the 2014 Series B Bonds maturing on any date shall not exceed 5.50% per annum;

(c) if the 2014 Series B Bonds maturing on a particular date and bearing interest at a particular rate are to be subject to redemption prior to maturity as provided in Article IV of the Resolution by operation of the Debt Service Fund from mandatory Sinking Fund Installments, the due dates and amounts of such Sinking Fund Installments; *provided, however*, that each Sinking Fund Installment due date shall fall upon an interest payment date for the 2014 Series B Bonds;

(d) the terms upon which the 2014 Series B Bonds shall be subject to redemption at the election of the City; *provided, however*, that (i) the earliest date on which the 2014 Series B Bonds may be so redeemed shall be not later than October 1, 2034 and (ii) the highest Redemption Price at which the 2014 Series B Bonds may be so redeemed shall be not greater than 100% of the principal amount thereof, plus accrued interest to the date of redemption;

(e) if and to the extent that the General Manager for Utilities of the City, or such designee, shall determine that, under applicable federal income tax laws and regulations, all or any portion of the Refunded 2005 Bonds maturing on any date cannot be refunded on a tax-exempt basis, the portion of the Refunded 2005 Bonds of each such maturity not to be so refunded;

(f) if and to the extent that the General Manager for Utilities of the City, or such designee, shall determine that it shall be necessary, in order for the refunding of the Refunded 2008 Bonds to produce net present value savings, on an aggregate basis, at least equal to 3.00 percent of the principal amount of the 2014 Series B Bonds to be issued to refund the Refunded 2008 Bonds, that all or a portion of the 2008 Series A Bonds specified in the table set forth in the definition of the term “2008 Refunding Candidates” contained in Section 1.02 hereof of one or more maturities not constitute a portion of the Refunded 2008 Bonds, the 2008 Series A Bonds of such maturities (or such portion(s) thereof) so determined;

(g) the Additional Refunded Bonds (if any), and the respective redemption dates therefor, which shall be such date(s) as the General Manager for Utilities of the City, or such designee, determines to be the earliest date(s) on which such Additional Refunded Bonds may be redeemed in light of the circumstances then existing; and

(h) the purchase price for the 2014 Series B Bonds to be paid by the Underwriters pursuant to the Contract of Purchase; *provided, however,* that the true interest cost for the 2014 Series B Bonds shall not exceed 5.25%.

Fully registered 2014 Series B Bonds shall bear interest from the Delivery Date, or, if one or more payments of interest on the 2014 Series B Bonds has or have theretofore been made or duly provided for, from the most recent interest payment date to which such interest has been paid or duly provided for.

3.04. Redemption Provisions for 2014 Series B Bonds. 1. If the General Manager for Utilities of the City, or her designee, determines that the 2014 Series B Bonds maturing on a particular date and bearing interest at a particular rate shall be subject to redemption prior to maturity as provided in Article IV of the Resolution by operation of the Debt Service Fund from mandatory Sinking Fund Installments, such determination to be set forth in the certificate referred to in Section 3.03 hereof, then the 2014 Series B Bonds maturing on such date and bearing interest at such rate shall be subject to redemption prior to maturity as provided in Article IV of the Resolution, on the respective dates and in the respective amounts set forth in such certificate, in each such case, at a Redemption Price equal to 100% of the principal amount thereof, together with accrued interest to the redemption date.

2. The 2014 Series B Bonds also shall be subject to redemption prior to maturity at the election of the City on and after the initial date on which the 2014 Series B Bonds may be so redeemed set forth in the certificate referred to in Section 3.03 hereof, as a whole or in part at any time, at the respective Redemption Prices set forth in such certificate, in each case together with accrued interest to the redemption date.

3.05. Application of Proceeds of 2014 Series B Bonds. In accordance with subsection (7) of paragraph 1 of Section 202 and paragraph 3 of Section 204 of the Resolution, the proceeds of the 2014 Series B Bonds shall be applied simultaneously with the delivery of the 2014 Series B Bonds, as follows:

(1) There shall be delivered to the Trustee, for deposit in the Escrow Account (the “Escrow Account”) to be created under the Escrow Deposit Agreement Relating to

2014 Series B Bonds, dated as of December 1, 2014, to be entered into between the Trustee and the City, an amount equal to the amount necessary to purchase Defeasance Securities as provided in paragraph 3 of Section 1201 of the Resolution the principal of and interest on which when due, when combined with the moneys transferred to the Escrow Account as provided in Section 3.06 hereof or the principal of and interest on such Defeasance Securities purchased with such moneys and with any uninvested moneys on deposit in the Escrow Account, will provide moneys which will be sufficient to pay when due the respective Redemption Prices of the Refunded 2005 Bonds and the Additional Refunded Bonds, if any, on the respective dates such Bonds are to be called for redemption, and the interest to become due on such Bonds on and prior to such respective redemption dates; and

(2) The remaining balance of the proceeds of the 2014 Series B Bonds shall be deposited in the Construction Fund; of such amount (a) such portion thereof as shall be necessary to pay the respective Redemption Prices of the Refunded 2008 Bonds on the redemption date therefor (which shall be the Delivery Date) shall, on such redemption date, be transferred to the Paying Agent for the Refunded 2008 Bonds for application to the payment of such respective Redemption Prices and (b) the remaining balance thereof shall be applied to the payment of costs of issuance of the 2014 Series B Bonds.

3.06. Transfer of Certain Amounts. In accordance with paragraph 4 of Section 507 of the Resolution, simultaneously with the delivery of the 2014 Series B Bonds, it is hereby directed by the City that there shall be transferred from the Debt Service Account in the Debt Service Fund to the Escrow Account, cash in an amount determined by an Authorized Officer of the City as being not greater than the amount accumulated therein with respect to Debt Service on the Refunded 2005 Bonds and the Additional Refunded Bonds, if any. Such withdrawal shall, however, not be made if and to the extent that the effect thereof would cause the amounts on deposit in the Debt Service Account to be less than the requirement of such Account pursuant to subclause (i)(a) of clause (3) of paragraph 1 of Section 505 of the Resolution, calculated immediately after the issuance of the 2014 Series B Bonds.

3.07. Election for Redemption of the Refunded Bonds; Notices of Redemption and Defeasance. 1. The City hereby elects and directs the Trustee to redeem, from moneys and the proceeds of Defeasance Securities on deposit in the Escrow Account (a) the Refunded 2005 Bonds on October 1, 2015 and (b) the Additional Refunded Bonds, if any, on the redemption date(s) therefor determined pursuant to clause (g) of Section 3.03 hereof.

In order to effectuate this election, the City hereby covenants that, upon the authentication and delivery of the 2014 Series B Bonds, an Authorized Officer of the City shall give the Trustee instructions required by Section 1201 of the Resolution, in the form of a written request of the City, to send by first-class mail, postage prepaid, not less than 30 nor more than 60 days prior to the respective redemption dates therefor, to all registered owners of the Refunded 2005 Bonds and the Additional Refunded Bonds, if any, at their last addresses as they last appear on the registration books kept by the Trustee, as Bond Registrar, a notice of redemption in substantially the form to be specified by such Authorized Officer at the time of the giving of such instructions.

2. In order to comply with Section 1201 of the Resolution, the City covenants that, upon the authentication and delivery of the 2014 Series B Bonds, an Authorized Officer of the City shall give the Trustee instructions, in the form of a written request of the City, to send by first-class mail, postage prepaid, in the name of the City, as soon as practicable, a notice of defeasance to the holders of the Refunded 2005 Bonds and the Additional Refunded Bonds, if any, in substantially the form to be specified by such Authorized Officer at the time of the giving of such instructions; *provided, however*, that, as permitted by clause (c) of the first sentence of paragraph 3 of Section 1201 of the Resolution, no such notice shall be required with respect to the Additional Refunded Bonds, if any, if the Additional Refunded Bonds are to be redeemed within 60 days following the Delivery Date.

3. The City hereby elects and directs the Trustee to redeem, on the Delivery Date, the Refunded 2008 Bonds, if any, at the applicable Redemption Prices therefor. Such election for redemption shall be and become irrevocable upon the authentication and delivery of the 2014 Series B Bonds. In furtherance of the foregoing, all actions heretofore taken to call the Refunded 2008 Bonds for redemption as aforesaid are hereby ratified, confirmed and approved.

ARTICLE IV

ADDITIONAL PROVISIONS RELATING TO THE 2014 SERIES A AND B BONDS

4.01. Minimum Denominations, Dates, Numbers and Letters. The 2014 Series A and B Bonds shall be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof. Each 2014 Series A and B Bond shall be dated the date of its authentication except that all 2014 Series A and B Bonds issued prior to April 1, 2015 shall be dated the Delivery Date.

Unless an Authorized Officer of the City shall otherwise direct, the 2014 Series A and B Bonds of each Series shall be numbered separately from 1001 upward preceded by the letter "R" prefixed to the number.

4.02. Designation of the 2014 Series A and B Bonds as Book Entry Bonds; Appointment of Securities Depository for the 2014 Series A and B Bonds. 1. Except as provided in paragraph 4 below, the 2014 Series A and B Bonds are hereby authorized to be and shall be issued as Book Entry Bonds within the meaning of and subject to Section 309 of the Resolution.

2. DTC is hereby appointed as the initial Securities Depository for the 2014 Series A and B Bonds.

3. The 2014 Series A and B Bonds of each Series initially shall be issued in the form of a separate single, fully registered Bond in the amount of each separate stated maturity (and, if applicable, each interest rate within a maturity) of the 2014 Series A or B Bonds, as applicable, registered in the name of Cede & Co. ("Cede"), as nominee of DTC. So long thereafter as DTC serves as Securities Depository for the 2014 Series A and B Bonds, the registered holder of all 2014 Series A and B Bonds shall be, and each of the 2014 Series A and B Bonds shall be registered in the name of, Cede, as nominee of DTC. Upon delivery by DTC to

the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the transfer provisions of the Resolution, the word "Cede" in this Twenty-Sixth Supplemental Resolution shall refer to such new nominee of DTC. So long as any of the 2014 Series A or B Bonds is registered in the name of Cede, as nominee of DTC in its capacity as Securities Depository for the 2014 Series A and B Bonds, all payments with respect to the principal or Redemption Price of, and interest on, such 2014 Series A or B Bond and all notices with respect to such 2014 Series A or B Bond shall be made or given to DTC as provided in the procedures of DTC as in effect from time to time.

4. (a) DTC may determine to discontinue providing its services as Securities Depository for the 2014 Series A and B Bonds at any time by giving reasonable notice thereof to the City or the Trustee. Upon the discontinuance of the services of DTC as Securities Depository for the 2014 Series A and B Bonds pursuant to the preceding sentence, the City may within 90 days thereafter appoint a substitute securities depository which, in the opinion of the City, is willing and able to undertake the functions of Securities Depository under the Resolution upon reasonable and customary terms. If no such successor can be found within such period, the 2014 Series A and B Bonds no longer shall be restricted to being registered in the registration books kept by the Bond Registrar in the name of a Securities Depository.

(b) In the event that the 2014 Series A and B Bonds no longer shall be restricted to being registered in the registration books kept by the Bond Registrar in the name of a Securities Depository as provided in subparagraph (a) of this paragraph 4, (i) the City shall execute and the Bond Registrar shall authenticate and deliver, upon presentation and surrender of the 2014 Series A and B Bonds, Bond certificates as requested by the Securities Depository therefor of like Series, aggregate principal amount, maturity and interest rate, in authorized denominations, to the identifiable beneficial owners in replacement of such beneficial owners' beneficial ownership interests in such 2014 Series A and B Bonds and (ii) the Bond Registrar shall notify the Paying Agents that the 2014 Series A and B Bonds no longer are restricted to being registered in the registration books kept by the Bond Registrar in the name of a Securities Depository.

4.03. Place of Payment and Paying Agents. Except as provided in subsection 5 of Section 309 of the Resolution and paragraph 3 of Section 4.02 hereof, the principal and Redemption Price of the 2014 Series A and B Bonds shall be payable at the designated corporate trust office of U.S. Bank National Association, and such institution is hereby appointed Paying Agent for the 2014 Series A and B Bonds. Except as provided in subsection 5 of Section 309 of the Resolution and paragraph 3 of Section 4.02 hereof, the principal and Redemption Price of the 2014 Series A and B Bonds also shall be payable at any other place which may be provided for such payment by the appointment of any other Paying Agent or Paying Agents as permitted by the Resolution. Except as provided in paragraph 3 of Section 4.02 hereof, interest on the 2014 Series A and B Bonds shall be payable by check or draft of the Trustee, as Paying Agent, mailed to the persons entitled thereto at the addresses of such persons shown on the registration books of the City kept for that purpose at the designated corporate trust office of the Trustee, as Bond Registrar.

4.04. Tax Covenants Relating to the 2014 Series A and B Bonds. 1. The City covenants that it shall not take any action or inaction, or fail to take any action, or permit any action to be taken on its behalf or cause or permit any circumstance within its control to arise or

continue, if any such action or inaction would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the 2014 Series A and B Bonds under Section 103 of the Code and the applicable Treasury Regulations promulgated thereunder. Without limiting the generality of the foregoing, the City covenants that it will comply with the instructions and requirements of the Tax Certificate to be executed and delivered on the date of issuance of the 2014 Series A and B Bonds concerning certain matters pertaining to the use of proceeds of the 2014 Series A and B Bonds, including any and all exhibits attached thereto (the "Tax Certificate"). This covenant shall survive payment in full or defeasance of the 2014 Series A and B Bonds.

2. In the event that at any time the City is of the opinion that for purposes of this Section it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee under the Resolution, the City shall so instruct the Trustee in writing as to the specific actions to be taken, and the Trustee shall take such actions as specified in such instructions.

3. Notwithstanding any provisions of this Section, if the City shall provide to the Trustee an Opinion of Counsel of an attorney or firm of attorneys of nationally recognized standing in matters pertaining to the federal income tax treatment of interest on bonds issued by states and their political subdivisions to the effect that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from gross income for federal income tax purposes of interest on the 2014 Series A and B Bonds, the City and the Trustee may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

4. Notwithstanding any other provision of the Resolution to the contrary, (a) upon the City's failure to observe or refusal to comply with the above covenants, the Holders of the 2014 Series A and B Bonds, or the Trustee acting on their behalf, shall be entitled to the rights and remedies provided to Bondholders under the Resolution, other than the right (which is hereby abrogated solely in regard to the City's failure to observe or refusal to comply with the covenants of this Section) to declare the principal of all 2014 Series A and B Bonds then outstanding, and the interest accrued thereon, to be due and payable and (b) neither the Holders of the Bonds of any Series other than the 2014 Series A and B Bonds, nor the Trustee acting on their behalf, shall be entitled to exercise any right or remedy provided to Bondholders under the Resolution based upon the City's failure to observe, or refusal to comply with, the above covenants.

ARTICLE V

FORM OF 2014 SERIES A AND B BONDS

5.01. Form of 2014 Series A and B Bonds; Trustee's Certificate of Authentication.

Subject to the provisions of the Resolution, the form of the 2014 Series A and B Bonds and the Trustee's certificate of authentication shall be of substantially the following tenor:

[At such times as the 2014 Series A and B Bonds are restricted to being registered in the registration books kept by the Bond Registrar in the name of a Securities Depository, each 2014 Series A and B Bond shall contain or have endorsed thereon the following legend:

AS PROVIDED IN THE RESOLUTION REFERRED TO HEREIN, UNTIL THE TERMINATION OF THE SYSTEM OF BOOK-ENTRY-ONLY TRANSFERS THROUGH THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK (TOGETHER WITH ANY SUCCESSOR SECURITIES DEPOSITORY APPOINTED PURSUANT TO THE RESOLUTION, "DTC"), AND NOTWITHSTANDING ANY OTHER PROVISION OF THE RESOLUTION TO THE CONTRARY, (A) THIS BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO A NOMINEE OF DTC, OR BY A NOMINEE OF DTC TO DTC OR A NOMINEE OF DTC, OR BY DTC OR A NOMINEE OF DTC TO ANY SUCCESSOR SECURITIES DEPOSITORY OR ANY NOMINEE THEREOF AND (B) A PORTION OF THE PRINCIPAL AMOUNT OF THIS BOND MAY BE PAID OR REDEEMED WITHOUT SURRENDER HEREOF TO THE PAYING AGENT. DTC OR A NOMINEE, TRANSFEREE OR ASSIGNEE OF DTC OF THIS BOND MAY NOT RELY UPON THE PRINCIPAL AMOUNT INDICATED HEREON AS THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID. THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID SHALL FOR ALL PURPOSES BE THE AMOUNT DETERMINED IN THE MANNER PROVIDED IN THE RESOLUTION.

In addition, so long as DTC shall serve as Securities Depository for the 2014 Series A and B Bonds, each 2014 Series A and B Bond shall contain or have endorsed thereon the following legend, which legend the City hereby determines to be necessary or desirable:

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED OFFICER OF DTC (A) TO THE BOND REGISTRAR FOR REGISTRATION OF TRANSFER OR EXCHANGE OR (B) TO THE PAYING AGENT FOR PAYMENT OF PRINCIPAL OR REDEMPTION PRICE, AND ANY BOND ISSUED IN REPLACEMENT HEREOF OR SUBSTITUTION HEREFOR IS REGISTERED IN THE NAME OF DTC OR ITS NOMINEE OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC AND ANY PAYMENT IS MADE TO DTC OR ITS NOMINEE, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL BECAUSE ONLY THE REGISTERED OWNER HEREOF, CEDE & CO., AS NOMINEE OF DTC, HAS AN INTEREST HEREIN.]

No. R-__

\$ _____

**UNITED STATES OF AMERICA
STATE OF FLORIDA
CITY OF GAINESVILLE
UTILITIES SYSTEM REVENUE BOND,
2014 SERIES [A/B]**

INTEREST RATE MATURITY DATE ORIGINAL ISSUE DATE CUSIP

Registered Owner:

Principal Amount: DOLLARS

THE CITY OF GAINESVILLE, FLORIDA (herein called the “City”), a municipal corporation organized and existing under and by virtue of the laws of the State of Florida, acknowledges itself indebted to, and for value received, hereby promises to pay to the Registered Owner (named above) or registered assigns, on the Maturity Date (stated above), but solely from the funds pledged therefor, upon presentation and surrender of this bond at the office of U.S. Bank National Association (such bank and any successor thereto being referred to herein as the “Paying Agent”), the Principal Amount (stated above) in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay, but solely from the funds pledged therefor, interest on such Principal Amount in like coin or currency from the Original Issue Date (stated above), or, if one or more payments of interest has or have theretofore been made or duly provided for, from the most recent interest payment date to which interest has been paid or duly provided for, payable on April 1 and October 1 in each year commencing April 1, 2015, or, if the date of this bond is after April 1, 2015, commencing with the first April 1 or October 1 after the date of this bond, at a rate per annum equal to the Interest Rate (stated above), until the City’s obligation with respect to the payment of such Principal Amount shall be discharged. The interest so payable, and punctually paid or duly provided for, on any interest payment date will, as provided in the Resolution hereinafter referred to, be paid to the person in whose name this bond is registered at the close of business on the Regular Record Date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date, such payment to be made by check or draft of the Trustee hereinafter referred to, as Paying Agent, mailed to such person at the address shown on the registration books of the City kept for that purpose at the principal offices of the Trustee, as Bond Registrar. However, so long as this bond shall be restricted to being registered in the registration books of the City in the name of the Securities Depository (as defined in the Resolution) for this bond, the provisions of the Resolution governing Book Entry Bonds (as defined in the Resolution) shall govern the manner of payment of the principal or redemption price of, and interest on, this bond. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the person in whose name this bond is registered on the Regular Record Date, and shall be paid, in the manner described above, to the person in whose name this bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice

whereof shall be given to holders of bonds of the series of which this bond is one not less than 10 days prior to such Special Record Date.

This bond is one of a duly authorized series of bonds of the City designated as its "Utilities System Revenue Bonds, 2014 Series [A/B]" (herein sometimes called the "2014 Series [A/B] Bonds"), in the aggregate principal amount of \$ _____ issued pursuant to Chapter 90-394, Laws of Florida, 1990, as amended, and other applicable provisions of law (herein called the "Act") and under and pursuant to a resolution of the City, adopted June 6, 1983, entitled "Utilities System Revenue Bond Resolution", as amended, restated and supplemented, including as supplemented by a resolution supplemental thereto authorizing, among others, the 2014 Series [A/B] Bonds (said Utilities System Revenue Bond Resolution as so amended, restated and supplemented being herein called the "Resolution"). As provided in the Resolution, bonds, notes or other evidences of indebtedness of the City may be issued from time to time pursuant to supplemental resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Resolution provided. The aggregate principal amount of bonds, notes or other evidences of indebtedness which may be issued under the Resolution is not limited except as provided in the Resolution, and all bonds, notes or other evidences of indebtedness issued and to be issued under the Resolution are and will be equally secured by the Trust Estate (as hereinafter defined) and covenants made therein, except as otherwise expressly provided or permitted in the Resolution. All such bonds, notes or other evidences of indebtedness issued under and pursuant to the Resolution, as the same may be amended and supplemented from time to time, are hereinafter called the "Bonds".

As provided in the Resolution, the Bonds are direct and special obligations of the City payable solely from and secured as to payment of the principal or redemption price thereof, and interest thereon, in accordance with their terms and the provisions of the Resolution solely by (i) the proceeds of the sale of the Bonds, (ii) the Revenues (as defined in the Resolution) and (iii) all Funds established by the Resolution (other than the Debt Service Reserve Account in the Debt Service Fund and any fund which may be established pursuant to paragraph 2 of Section 502 of the Resolution), including the investments and income, if any, thereof (collectively, the "Trust Estate"), subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution. Copies of the Resolution are on file at the office of the City and at the Corporate Trust Office of U.S. Bank National Association, as Trustee under the Resolution, or its successor as Trustee (herein called the "Trustee") and reference is made to the Resolution and any and all supplements thereto and modifications and amendments thereof and to the Act for a description of the security interest, pledge and assignment and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the holders of the Bonds with respect thereto, the terms and conditions upon which the Bonds are issued and may be issued thereunder, and for the other terms and provisions thereof.

To the extent and in the manner permitted by the terms of the Resolution, the provisions of the Resolution, or any resolution amendatory thereof or supplemental thereto, may be modified or amended by the City, with the written consent of the holders of not less than a majority in principal amount of such Bonds then outstanding under the Resolution as is provided in the Resolution, and, in case such modification or amendment would change the terms of any sinking fund installment, with such consent of the holders of not less than a majority in principal

amount of the Bonds of the particular series and maturity entitled to such sinking fund installment then outstanding; *provided, however*, that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain outstanding under the Resolution, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be outstanding for the purpose of the calculation of outstanding Bonds. As provided in the Resolution (and unless otherwise provided in a supplemental resolution), if Credit Enhancement (as defined in the Resolution) is provided with respect to the Bonds of any series, or a maturity within a series (or, if applicable, an interest rate within a maturity), if not in default in respect of any of its obligations with respect to such Credit Enhancement, the provider of such Credit Enhancement for, and not the actual holders of, such Bonds shall be deemed to be the holder of such Bonds at all times for the purpose of giving such consent. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or redemption price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary (as defined in the Resolution) without its written assent thereto. Pursuant to the provisions of the Resolution, the holders of any Bonds may include the initial holders thereof, regardless of whether such Bonds are being held for resale.

This bond is transferable, as provided in the Resolution, only upon the books of the City kept for that purpose at the above-mentioned office of the Trustee, as Bond Registrar, by the registered owner hereof in person, or by such owner's duly authorized attorney, upon surrender of this bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or such owner's duly authorized attorney, and thereupon a new fully registered bond or bonds, without coupons, and in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Resolution, and upon payment of the charges therein prescribed. The City, the Trustee, the Bond Registrar and the Paying Agent may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

The 2014 Series [A/B] Bonds are issuable in the form of fully registered bonds in the denominations of \$5,000 or any multiple of \$5,000.

[sinking fund redemption provisions to be inserted here, if applicable]

[The 2014 Series [A/B] Bonds [maturing on and after October 1, 20__] [also] are subject to redemption prior to maturity at the election of the City, on and after _____ 1, 20__, as a whole or in part at any time, at a redemption price of 100% of the principal amount thereof, plus accrued interest to the date of redemption.

If less than all of the 2014 Series [A/B] Bonds of like maturity [(or, if applicable, any interest rate within a maturity)] are to be redeemed, the particular 2014 Series [A/B] Bonds or portions of such Bonds of such maturity [(and, if applicable, such interest rate within such maturity)] shall be selected by the Trustee.]

The 2014 Series [A/B] Bonds are payable upon redemption at the above-mentioned office of the Paying Agent. Notice of redemption, setting forth the place of payment, shall be given by first-class mail, postage prepaid, to the registered owners of the 2014 Series [A/B] Bonds not less than 30 days nor more than 60 days before the redemption date, but the failure to give notice by mail, or any defect in such notice, to the registered owner of any 2014 Series [A/B] Bond will not affect the validity of the proceedings for the redemption of any other 2014 Series [A/B] Bonds. If notice of redemption shall have been given as aforesaid and shall not have been rescinded or ceased to be in effect, the 2014 Series [A/B] Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, moneys for the redemption of all the 2014 Series [A/B] Bonds and portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such 2014 Series [A/B] Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

This bond does not constitute a general indebtedness or a pledge of the full faith and credit of the City within the meaning of any constitutional or statutory provision or limitation of indebtedness. It is expressly agreed by the holders of this bond that (a) no holder shall ever have the right, directly or indirectly, to require or compel the exercise of the ad valorem taxing power of the City for the payment of the principal of or interest on this bond or the making of any payments provided for in the Resolution, and (b) this bond and the obligation evidenced thereby shall not constitute a lien upon any property of or in the City, but shall constitute a lien only on the Trust Estate in the manner provided in the Resolution.

It is hereby certified and recited that all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed and that the issue of Bonds of which this is one, together with all other indebtedness of the City, complies in all respects with the applicable laws of the State of Florida including, particularly, the Act.

This bond shall not be entitled to any benefit under the Resolution or be valid or become obligatory for any purpose until this bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate of Authentication hereon.

IN WITNESS WHEREOF, THE CITY OF GAINESVILLE, FLORIDA has caused this bond to be signed in its name and on its behalf by the manual or facsimile signature of its Mayor, and its corporate seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved or otherwise reproduced and attested by the manual or facsimile signature of its Clerk of the Commission.

THE CITY OF GAINESVILLE, FLORIDA

Mayor

Dated:

Attested:

Clerk of the Commission

Approved as to Form and Legality:

City Attorney

**[FORM OF CERTIFICATE OF AUTHENTICATION
ON 2014 SERIES A AND B BONDS]**

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned Resolution.

U.S. BANK NATIONAL ASSOCIATION,
Trustee

By _____
Authorized Officer

ARTICLE VI

EFFECTIVE DATE

6.01. Effective Date. This Twenty-Sixth Supplemental Resolution shall take effect immediately after its adoption by the City Commission of the City and the filing of a copy thereof certified by an Authorized Officer of the City with the Trustee.

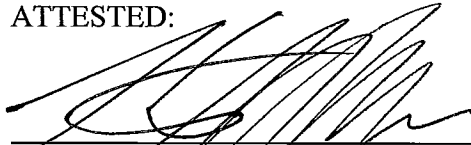
Twenty-Sixth Supplemental Utilities System Revenue Bond Resolution approved and adopted December 4, 2014.

CITY OF GAINESVILLE, FLORIDA



Mayor

ATTESTED:



Clerk of the Commission

Approved as to Form and Legality:



City Attorney

EXHIBIT A

ACCEPTANCE OF OFFICE OF PAYING AGENT

_____, 2014

Dear Sirs:

The undersigned hereby accepts the duties and obligations of Paying Agent for the Utilities System Revenue Bonds, 2014 Series A and the Utilities System Revenue Bonds, 2014 Series B of the City of Gainesville, Florida (the "City") imposed upon the undersigned by the Utilities System Revenue Bond Resolution of the City adopted June 6, 1983, as amended, restated and supplemented.

U.S. BANK NATIONAL ASSOCIATION

By: _____
Title:

\$ _____

CITY OF GAINESVILLE, FLORIDA

UTILITIES SYSTEM REVENUE BONDS

\$ _____
2014 Series A

\$ _____
2014 Series B

CONTRACT OF PURCHASE

December __, 2014

The Honorable Mayor and Commissioners
City of Gainesville, Florida
City Hall
200 East University Avenue
Gainesville, Florida 32601

Honorable Mayor and Commissioners:

The undersigned, J.P. Morgan Securities LLC, acting for and on behalf of ourselves and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Goldman, Sachs & Co. and BMO Capital Markets GKST Inc. (herein collectively, including the Representative (defined below), called the "Underwriters"), offer to enter into this Contract of Purchase (the "Purchase Contract") with you (the "City") which, upon acceptance, will be binding upon the City and upon the Underwriters. J.P. Morgan Securities LLC has been duly authorized by the other Underwriters to execute this Purchase Contract as their representative (the "Representative"). This offer is made subject to the City's acceptance on or before 6:00 p.m., New York City time, on the date hereof or on such other date as shall be agreed to by the City and the Representative, and if not so accepted, will be subject to withdrawal by the Underwriters upon notice delivered to the City at any time prior to the acceptance hereof by the City.

1. Purchase, Sale and Delivery of the 2014 Series Bonds.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriters, jointly and severally, hereby agree to purchase from the City, and the City hereby agrees to sell to the Underwriters, all (but not less than all) of its (a) \$ _____ Utilities System Revenue Bonds, 2014 Series A (the "2014 Series A Bonds") and (b) \$ _____ Utilities System Revenue Bonds, 2014 Series B (the "2014 Series B Bonds" and together with the 2014 Series A Bonds, the "2014 Series Bonds"). The 2014 Series Bonds will be dated, bear interest at the rates per annum and mature on the dates and in the amounts and will be subject to redemption as set forth in Exhibit A attached hereto. The purchase price for the 2014 Series A Bonds, representing a par amount of \$ _____, [plus/minus] [net] original issue [premium/discount] of \$ _____, less the underwriters' discount of \$ _____, shall be \$ _____. The purchase price for the 2014 Series B Bonds, representing a par amount of \$ _____, [plus/minus] [net] original issue [premium/discount] of \$ _____, less the underwriters' discount of \$ _____, shall be \$ _____.

(b) The 2014 Series Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable as provided in, the Utilities System Revenue Bond Resolution adopted by the City on June 6, 1983 (the "Original Resolution"), as heretofore amended, supplemented and restated, including as supplemented by a resolution entitled "Twenty-Sixth Supplemental Utilities System Revenue Bond Resolution" (the "Twenty-Sixth Supplemental Resolution") authorizing the 2014 Series Bonds duly adopted by the City on December 4, 2014 (the Original Resolution as so supplemented and amended through and including the date hereof being herein called the "Resolution"). The 2014 Series Bonds are authorized to be issued pursuant to Chapter 166, Part II, Florida Statutes (the "Act"), the Resolution, and the Charter of the City (the "Charter"). The 2014 Series Bonds will be direct and special obligations of the City payable solely from the Trust Estate (as defined in the Resolution) pledged therefor under the Resolution subject to the priorities described in the Resolution.

(c) The 2014 Series A Bonds will be issued to (a) pay costs of acquisition and construction of certain improvements to the electric system, natural gas system, water system, wastewater system and telecommunications system owned by the City and operated as single combined public utility and (b) pay costs of issuance of the 2014 Series A Bonds. The 2014 Series B Bonds will be issued to (a) provide a portion of the funds required to advance refund all or a portion of the City's Utilities System Revenue Bonds, 2005 Series A and currently refund either (i) a portion of the City's Utilities System Revenue Bonds, 2008 Series A or (ii) such Bonds, if any, as the General Manager for Utilities shall determine are to be refunded and (b) pay costs of issuance of the 2014 Series B Bonds.

(d) The Preliminary Official Statement of the City, dated December __, 2014 (including all appendices thereto) relating to the 2014 Series Bonds is herein called the "Preliminary Official Statement". The City represents that it has deemed the Preliminary Official Statement "final as of its date" within the meaning of paragraph (b)(1) of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for the omission of not more than the following information: offering price(s), interest rates(s),

selling compensation, aggregate principal amount, principal amount per maturity, delivery date(s) and other terms of the 2014 Series Bonds depending on such matters.

(e) The City shall prepare and deliver to the Underwriters, as promptly as practicable, but in any event not later than seven business days from the date hereof, a final official statement relating to the 2014 Series Bonds in substantially the form of the Preliminary Official Statement, with such changes and amendments as may be agreed to by the City and the Representative, in such quantities as the Representative may reasonably request in order to allow the Underwriters to comply with paragraph (b)(4) of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board (the "MSRB") (such official statement, including the cover page and Appendices thereto, as the same may be supplemented or amended pursuant to clause (l) below, is herein referred to as the "Final Official Statement"). In addition, the City will provide, subject to customary disclaimers regarding the transmission of electronic copies, an electronic copy of the Final Official Statement to the Underwriters in the currently required designated electronic format stated in MSRB Rule G-32 and the EMMA Dataport Manual (as defined below). The parties agree that the format in which the Preliminary Official Statement was delivered meets such electronic format requirements.

(f) Within one (1) business day after receipt of the Final Official Statement from the City, but by no later than the Closing Date (as defined below), the Representative shall, at its own expense, submit the Final Official Statement to EMMA (as defined below). The Representative will comply with the provisions of MSRB Rule G-32, including without limitation the submission of Form G-32 and the Final Official Statement and notify the City of the date on which the Final Official Statement has been filed with EMMA.

"EMMA" means the MSRB's Electronic Municipal Market Access system, or any other electronic municipal securities information access system designated by the MSRB for collecting and disseminating primary offering documents and information.

"EMMA Dataport Manual" means the document(s) designated as such published by the MSRB from time to time setting forth the processes and procedures with respect to submissions to be made to the primary market disclosure service of EMMA by underwriters under Rule G-32(b).

(g) The City hereby authorizes the Underwriters to use and distribute the Preliminary Official Statement, the Final Official Statement, the Resolution and this Purchase Contract and all information contained in each thereof, and all other documents, certificates and statements furnished by the City to the Underwriters in connection with the transactions contemplated by this Purchase Contract, in connection with the offer and sale of the 2014 Series Bonds.

(h) The City acknowledges and agrees that (i) the purchase and sale of the 2014 Series Bonds pursuant to this Purchase Contract is an arm's-length commercial transaction between the City and the Underwriters, (ii) in connection with such transaction, each Underwriter is acting solely as a principal and not as an advisor (including, without limitation, a Municipal Advisor (as such term is defined in Section 975(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act)), an agent or a fiduciary of the City, (iii) the Underwriters have not assumed (individually or collectively) a fiduciary responsibility in favor of the City

with respect to the offering of the 2014 Series Bonds or the process leading thereto (whether or not any Underwriter, or any affiliate of an Underwriter, has advised or is currently advising the City on other matters) or any other contractual obligation to the City except the obligations expressly set forth in this Purchase Contract, (iv) the Underwriters have financial and other interests that differ from those of the City and (v) the City has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the 2014 Series Bonds.

(i) The Underwriters intend to make a bona fide initial public offering of all the 2014 Series Bonds at prices no higher than, or yields not lower than, those shown in the Final Official Statement. The Underwriters reserve the right to lower such initial offering prices as they deem necessary in connection with the marketing of the 2014 Series Bonds. The Underwriters may offer and sell the 2014 Series Bonds to certain dealers (including dealers depositing the 2014 Series Bonds into investment trusts) and others at prices lower than the initial public offering price or prices set forth in the Final Official Statement. The Underwriters also reserve the right to: (i) over-allot or effect transactions which stabilize or maintain the market price of the 2014 Series Bonds at levels above those that might otherwise prevail in the open market and (ii) discontinue such stabilizing, if commenced, at any time without prior notice.

(j) The Representative has wire transferred to the City at or prior to the execution hereof by the City \$ _____ (the "Good Faith Deposit") as security for the performance by the Underwriters of their obligations to accept delivery of and pay for the 2014 Series Bonds at the Closing Date in accordance with the provisions of this Purchase Contract. The Good Faith Deposit will be applied (exclusive of any interest earned on the Good Faith Deposit) as a credit towards the purchase price for the 2014 Series Bonds. In the event the City does not accept this offer, or upon the City's failure to deliver the 2014 Series Bonds at the Closing Date, or if the conditions to the obligations of the Underwriters contained in this Purchase Contract shall be unsatisfied (unless waived by the Underwriters), or if such obligations shall be terminated for any reason permitted by this Purchase Contract, such Good Faith Deposit plus interest earned thereon by the City shall be immediately returned to the Representative. In the event that the Underwriters fail (other than for a reason permitted under this Purchase Contract) to accept delivery of and pay for the 2014 Series Bonds at the Closing hereinafter referred to, such sum shall constitute full liquidated damages for such failure and for any and all defaults hereunder on the part of the Underwriters, and shall constitute a full release and discharge of all claims and rights hereunder of the City against the Underwriters. Except as set forth in Section 4 hereof, no party hereto shall have any further rights against any other hereunder. It is understood by both the City and the Underwriters that actual damages in the circumstances as described in the preceding sentence may be difficult or impossible to compute; therefore, the funds represented by the Good Faith Deposit are a reasonable estimate of the liquidated damages in this type of situation. Accordingly, the Underwriters hereby waive any right to claim that the City's actual damages are less than such amount, and the City's acceptance of this offer shall constitute a waiver of any right the City may have to additional damages from the Underwriters.

(k) [Reserved].

(l) The City further agrees that if on or prior to the 25th day after the “end of the underwriting period,” as such expression is used in Rule 15c2-12 promulgated by the United States Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 (“Rule 15c2-12”), the City becomes aware of any fact or event which might or would cause the Final Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, the City will notify the Representative thereof and, if in the opinion of the City or the Representative such event, or the event or events described in any such notice, requires a supplement or amendment to the Final Official Statement, the City will supplement or amend the Final Official Statement in a manner approved by the City and the Representative (such approvals not to be unreasonably delayed or withheld) and will thereafter until the end of such 25-day period provide the Representative with copies of the Final Official Statement, as so amended or supplemented, in sufficient quantities to allow the Underwriters to comply with the requirements referred to in paragraph (e) of this Section 1, subject to Section 4 hereof as to the payment of the expenses therefor. Unless otherwise provided in writing by the Representative to the City on the date of Closing Date that the Underwriters retain directly, or as a member of an underwriting syndicate, an unsold balance of the 2014 Series Bonds, the end of the underwriting period shall be the Closing Date, but in no event later than 90 days after the Closing Date.

(m) At 10:00 a.m., New York City time, on December 19, 2014 or at such earlier or later time or date as shall be agreed upon by the Representative and the City (such time and date being herein referred to as the “Closing Date”), the City will deliver or cause to be delivered to or on behalf of The Depository Trust Company (“DTC”), on behalf of the Underwriters, the 2014 Series Bonds in definitive form (all 2014 Series Bonds bearing CUSIP numbers), duly executed by the City, and authenticated by U.S. Bank National Association, as trustee (the “Trustee”), and the City will deliver to the Representative at such location as shall be agreed upon by the City and the Representative, the other documents herein mentioned; the Underwriters will accept such delivery and pay the purchase price of the 2014 Series Bonds as set forth in paragraph (a) of this Section 1 by wire transfer of federal funds for the purchase of the 2014 Series Bonds, in an amount equal to the difference between said purchase price and the amount of the Good Faith Deposit (such delivery and payment being hereinafter referred to as the “Closing”).

The 2014 Series Bonds shall be made available to the Representative not later than one business day before the Closing Date for the purpose of inspection. The 2014 Series Bonds of each Series shall be issued initially in the form of a separate, fully registered bond in the amount of each separate stated maturity and series thereof, registered in the name of Cede & Co., as nominee of DTC.

2. Representations, Warranties and Agreements of the City. The City hereby represents and warrants to and agrees with the Underwriters that:

(a) The City is duly organized and validly existing as a municipal corporation under the Constitution and laws of the State of Florida, including the Charter, and has, and at the Closing Date will have, full legal right, power and authority (i) to enter into this Purchase Contract, the Escrow Deposit Agreement Relating to 2014 Series B Bonds, to be dated

as of December 1, 2014, between the City and the Trustee (the "Escrow Agreement") and a Continuing Disclosure Certificate, dated the Closing Date, relating to the 2014 Series Bonds (the "Continuing Disclosure Certificate" and, together with this Purchase Contract and the Escrow Agreement, the "City Documents") in substantially the form attached to the Final Official Statement, (ii) to adopt the Resolution, (iii) to pledge the Trust Estate as set forth in the Resolution, (iv) to issue, sell and deliver the 2014 Series Bonds to the Underwriters pursuant to the Resolution, as provided herein, (v) to operate the System (as defined in the Resolution) and conduct the business thereof as set forth in and contemplated by the Final Official Statement, and (vi) to carry out, give effect to and consummate the transactions contemplated by this Purchase Contract, the Escrow Agreement, the Resolution, the Preliminary Official Statement, the Final Official Statement and the Continuing Disclosure Certificate;

(b) The City has complied, and will at the Closing Date be in compliance, in all material respects with the Charter, the Act, the Constitution of the State of Florida and the Resolution as directly or indirectly affects the issuance of the 2014 Series Bonds or the validity thereof, the validity or adoption of the Resolution, or the execution and delivery of the 2014 Series Bonds, this Purchase Contract, the Escrow Agreement, the Final Official Statement and the Continuing Disclosure Certificate or other instruments contemplated by any of such documents to which the City is a party, and compliance with the provisions of each thereof;

(c) The City has duly and validly adopted the Resolution, has duly authorized and approved the execution and delivery of the 2014 Series Bonds, this Purchase Contract, the Escrow Agreement, the Final Official Statement and the Continuing Disclosure Certificate and has duly authorized and approved the performance by the City of its obligations contained in, and the taking of any and all action as may be necessary to carry out, give effect to and consummate the transactions contemplated by, each of said documents, and at the Closing Date the 2014 Series Bonds, the Resolution, this Purchase Contract, the Escrow Agreement and the Continuing Disclosure Certificate will constitute the valid, legal and binding obligations of the City enforceable in accordance with their respective terms, subject to the effect of, and restrictions and limitations imposed by or resulting from, bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights and judicial discretion and the valid exercise of the sovereign police powers of the State of Florida and the constitutional power of the United States of America, and the Resolution will be in full force and effect;

(d) The City is not in breach of or in default under any constitutional provision, applicable law or administrative rule or regulation of the State of Florida, the United States, or of any department, division, agency or instrumentality of either thereof or any applicable court or administrative decree or order, or any loan agreement, note, ordinance, resolution, indenture, contract, agreement or other instrument to which the City is a party or by which the City or any of the property or assets of the System is otherwise subject or bound which in any material way, directly or indirectly, affects the issuance of the 2014 Series Bonds, or the validity thereof, the validity or adoption of the Resolution, or the execution and delivery of the 2014 Series Bonds, this Purchase Contract, the Final Official Statement, the Escrow Agreement or the Continuing Disclosure Certificate or other instruments contemplated by any such documents to which the City is a party, and compliance with the provisions of each thereof will not conflict with or constitute a breach of or default under any constitutional provision,

applicable law or administrative rule or regulation of the State of Florida, the United States, or of any department, division, agency or instrumentality of either thereof, or any applicable court or administrative decree or order, or any loan agreement, note, ordinance, resolution, indenture, contract, agreement or other instrument to which the City is a party or by which the City or any of the property or assets of the System is otherwise subject or bound;

(e) All approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, legislative body, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the due performance by the City of its obligations under the Resolution, the 2014 Series Bonds, this Purchase Contract, the Escrow Agreement and the Continuing Disclosure Certificate have been obtained and are in full force and effect, except for such approvals, consents and orders as may be required under the "Blue Sky" or securities laws of any state in connection with the offering and sale of the 2014 Series Bonds;

(f) The 2014 Series Bonds, the Resolution, the Escrow Agreement and the Continuing Disclosure Certificate conform to the descriptions thereof contained in the Preliminary Official Statement and to be contained in the Final Official Statement, and the 2014 Series Bonds, when delivered in accordance with the Resolution and paid for by the Underwriters on the Closing Date as provided herein, will be validly issued and outstanding direct and special obligations of the City entitled to all the benefits and security of the Resolution;

(g) The Final Official Statement will be, as of the date of its delivery to the Underwriters and (as supplemented with the written approval of the Representative, if the Final Official Statement shall have been supplemented) as of the Closing Date, true, correct and complete in all material respects and the Final Official Statement will not, as of the date of its delivery to the Underwriters and (as supplemented with the written approval of the Representative, if the Final Official Statement shall have been supplemented) as of the Closing Date, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading;

(h) The Resolution creates a legally valid and binding pledge of the Trust Estate, subject only to the provisions of the Resolution permitting the application thereof on the terms and conditions set forth in the Resolution;

(i) Except as described in the Preliminary Official Statement and as may be described in the Final Official Statement, no action, suit or proceeding, at law or in equity, and to the knowledge of the City, no inquiry or investigation before or by any court, public board or body, is pending or, to the knowledge of the City, threatened or notice received of any investigation by a regulatory agency, in any way affecting the existence of the City or the titles of its officers to their respective offices, or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the 2014 Series Bonds or the application of the proceeds of the 2014 Series Bonds or the collection or application of the Revenues (as defined in the Resolution) of the System as described in the Preliminary Official Statement and as will be described in the Final Official Statement, or the pledge of the Trust Estate pursuant to the Resolution, or in any

way contesting or affecting the validity or enforceability of the 2014 Series Bonds, the Resolution, this Purchase Contract, the Escrow Agreement or the Continuing Disclosure Certificate or any action of the City contemplated by any of said documents, or in any way contesting the completeness or accuracy of the Preliminary Official Statement or the Final Official Statement or the powers of the City or its authority with respect to the 2014 Series Bonds, the adoption of the Resolution or the execution and delivery of this Purchase Contract, the Escrow Agreement or the Continuing Disclosure Certificate or any action of the City contemplated by any of said documents, or which would adversely affect the exclusion of interest paid on the 2014 Series Bonds from gross income for federal income tax purposes, nor, to knowledge the City, is there any basis therefor;

(j) The City will furnish such information, execute such instruments and take such other action in cooperation with the Representative as the Representative may reasonably request to qualify the 2014 Series Bonds for offer and sale under the “Blue Sky” or other securities laws and regulations of such states and other jurisdictions of the United States as the Representative may designate; provided that in connection therewith the City shall not be required to file a general consent to service of process or qualify to do business in any jurisdiction;

(k) The audited financial statements of the System for the periods ended September 30, 2013 and September 30, 2012 heretofore delivered to the Underwriters and contained in the Preliminary Official Statement as Appendix B thereto and to be contained in the Final Official Statement as Appendix B thereto, in each case, fairly present the financial position of the System as of the dates indicated and the results of its operations for the periods specified, and such financial statements have been prepared in conformity with generally accepted accounting principles consistently applied during the periods involved, except as otherwise expressly stated in the notes thereto;

(l) The City has the legal authority to apply the proceeds of the 2014 Series Bonds for the purposes contemplated by the Resolution and the City Documents, including for the payment or reimbursement of incidental expenses in connection with the marketing, issuance and delivery of the 2014 Series Bonds to the extent required;

(m) Except as disclosed in the Preliminary Official Statement and the Final Official Statement, the City is not in default, and at no time during the past fifteen years has been in default, in the payment of principal of, premium, if any, or interest on, any bonds, notes or other obligations which it has issued, assumed or guaranteed as to payment of principal, premium, if any, or interest; and

(n) Any certificate signed by the General Manager for Utilities, or other authorized official or individual of the City, shall be deemed a representation and warranty by the City to the Underwriters as to the statements made therein.

3. Conditions to the Obligations of the Underwriters and the City. The obligations of the Underwriters to accept delivery of and pay for the 2014 Series Bonds on the Closing Date shall be subject, at the option of the Underwriters, to the accuracy in all material respects of the representations and warranties on the part of the City contained herein as of the

date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the City made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by the City of its obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) At the Closing Date, the Resolution shall have been duly adopted, and shall be in full force and effect and shall not have been repealed, amended, modified or supplemented, except as may have been agreed to in writing by the Representative, and there shall have been taken in connection therewith, with the issuance of the 2014 Series Bonds, and with the transactions contemplated thereby, and by this Purchase Contract, all such actions, as, in the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), shall be necessary and appropriate;

(b) At the Closing Date, the Final Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Representative;

(c) Between the date hereof and the Closing Date, the market price or marketability of the 2014 Series Bonds, at the initial offering yields set forth in Exhibit A hereto, shall not have been materially adversely affected, in the judgment of the Representative (evidenced by a written notice to the City terminating the obligation of the Underwriters to accept delivery of and pay for the 2014 Series Bonds), by reason of any of the following:

(1) legislation enacted by or introduced in or favorably reported to either the House of Representatives or the Senate of the United States, or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation or official statement (final, temporary or proposed) issued or made (i) by or on behalf of the Treasury Department of the United States or the Internal Revenue Service, with the purpose or effect, directly or indirectly, of imposing Federal income taxation upon the Revenues or upon such interest as would be received by the holders of the 2014 Series Bonds, or (ii) by or on behalf of the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the 2014 Series Bonds are not exempt from registration under, or other requirements of, the Securities Act of 1933, as amended, or that the Resolution is not exempt from qualification under, or other requirements of, the Trust Indenture Act of 1939, as amended, or that the offering or sale of the 2014 Series Bonds, or obligations of the general character of the 2014 Series Bonds, including any or all underlying arrangements as contemplated hereby or by the Final Official Statement, otherwise is or would be in violation of the Federal securities laws as amended and then in effect;

(2) the declaration of war or engagement in major hostilities (or the escalation of any hostilities existing on the date hereof) by the United States or the occurrence of any other national or international emergency or calamity relating to the effective operation of the government of or the financial community of the United States;

(3) the declaration of a general banking moratorium by Federal, New York or Florida authorities or a material disruption in commercial banking or securities settlement or clearance services shall have occurred, or the general suspension of trading on any national securities exchange shall have occurred;

(4) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restriction not now in force with respect to the 2014 Series Bonds or obligations of the general character of the 2014 Series Bonds or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or to the net capital requirements of, underwriters;

(5) the withdrawal or downgrading by a national rating agency of any rating of any Bonds (as defined in the Resolution);

(6) the adoption of any amendment to the Federal or Florida Constitution, decision by any Federal or Florida court, or enactment by any Federal or Florida legislative body materially adversely affecting the validity or enforceability of this Purchase Contract, the 2014 Series Bonds, the Resolution or the Escrow Agreement; or

(7) any event occurring, or information becoming known, which makes untrue in any material respect any statement or information contained in the Final Official Statement, or has the effect that the Final Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(d) At or prior to the Closing Date, the Representative shall have received two counterpart originals of the following documents, in each case satisfactory in form and substance to the Representative:

(1) The Final Official Statement, executed on behalf of the City by the General Manager for Utilities;

(2) The Resolution, certified by the Clerk of the Commission that it is a true, correct and complete copy of the one duly adopted or authorized by the City and that it has not been amended, modified or rescinded and is in full force and effect as of the Closing Date;

(3) The unqualified approving opinion of Bond Counsel, dated the Closing Date and addressed to the City, in substantially the form attached as Appendix F to the Final Official Statement (the "Bond Opinion");

(4) An opinion of Bond Counsel, dated the Closing Date and addressed to the Representative, (a) permitting the Underwriters to rely on the Bond Opinion and (b) to the effect that (i) the City is duly organized and validly existing as a municipal corporation of the State of Florida under the Constitution and laws of the State of Florida, including the Charter, with full legal right, power and authority to perform all of its obligations under this Purchase Contract, and this Purchase Contract is in full force and effect, (ii) compliance by the City with the provisions of the Resolution, this Purchase Contract or the other instruments contemplated by

any of such documents to which the City is a party will not conflict with or constitute a breach of any constitutional provision or applicable law of the State of Florida, the United States, or any department, division, agency or instrumentality of the United States, (iii) each of the Escrow Agreement and the Continuing Disclosure Certificate constitutes a valid, legal and binding obligation of the City enforceable in accordance with its terms, (iv) the 2014 Series Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended, and (v) the Resolution, the 2014 Series Bonds, the Escrow Agreement and the Continuing Disclosure Certificate conform to the descriptions thereof contained in the Final Official Statement, and the statements contained in the Final Official Statement under the captions "SECURITY FOR THE BONDS," "THE 2014 SERIES A/B BONDS" and "TAX MATTERS" and in Appendix D to the Final Official Statement, insofar as such statements expressly summarize certain provisions of the Resolution, the 2014 Series Bonds and the form and content of the Bond Opinion, are accurate in all material respects, and that no responsibility is undertaken or view expressed with respect to any other disclosure document, materials or activity;

(5) An opinion of Holland & Knight LLP, in its role as disclosure counsel ("Disclosure Counsel"), dated the Closing Date and addressed to the Representative, in form and substance satisfactory to the Representative;

(6) An opinion, dated the Closing Date and addressed to the Representative, of Nixon Peabody LLP, counsel for the Underwriters, in form and substance satisfactory to the Representative;

(7) An opinion, dated the Closing Date and addressed to the City, Bond Counsel and the Representative, of the office of the City Attorney, which may state that except as otherwise stated, it is limited to the laws of the State of Florida, to the effect that (i) the City is a municipal corporation of the State of Florida duly organized and validly existing under the Constitution and laws of the State of Florida, including the Charter, and has full legal right, power and authority (a) to enter into this Purchase Contract, the Escrow Agreement and the Continuing Disclosure Certificate and to adopt the Resolution, (b) to issue, sell and deliver the 2014 Series Bonds to the Underwriters as provided in this Purchase Contract, (c) to pledge the Trust Estate as set forth in the Resolution, (d) to operate the System, and to levy, collect, receive, hold and apply rates and charges for the services provided from the System, as provided in the Resolution, and (e) to carry out, give effect to and consummate the transactions contemplated by this Purchase Contract, the Resolution, the Escrow Agreement and the Continuing Disclosure Certificate; (ii) by official action of the City, the City has duly adopted the Resolution, has duly authorized and approved the execution and delivery of the 2014 Series Bonds, this Purchase Contract, the Escrow Agreement, the Continuing Disclosure Certificate and the Final Official Statement and the consummation by it of all other transactions contemplated by this Purchase Contract, and the 2014 Series Bonds, the Resolution, the Escrow Agreement, the Continuing Disclosure Certificate and this Purchase Contract constitute legal, valid and binding obligations of the City enforceable in accordance with the terms thereof; (iii) except as described in the Final Official Statement, there is no action, suit or proceeding, at law or in equity, and, to the best of such counsel's knowledge, after due inquiry, there is no inquiry or investigation, before or by any court, public board or body, or investigation by any regulatory agency for which we have

received notice, pending or, to the best of such counsel's knowledge, after due inquiry, threatened in any way affecting the existence of the City or the titles of its officers to their respective offices, or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the 2014 Series Bonds or the collection or application of the Revenues of the System or the pledge of the Trust Estate pursuant to the Resolution, or in any way contesting or affecting the validity or enforceability of the 2014 Series Bonds, the Resolution, this Purchase Contract, the Escrow Agreement or the Continuing Disclosure Certificate or any action of the City contemplated by any of said documents, or contesting in any way the completeness or accuracy of the Final Official Statement or any supplement or amendment thereto, or contesting the powers of the City or its authority with respect to the 2014 Series Bonds, the adoption of the Resolution, or the execution and delivery of this Purchase Contract, the Escrow Agreement or the Continuing Disclosure Certificate or any action of the City contemplated by any of said documents, nor to such counsel's knowledge is there any basis therefor; and (iv) during the course of serving as counsel to the City in connection with the issuance of the 2014 Series Bonds, and without having undertaken to determine independently or assuming any responsibility for the accuracy, completeness or fairness of the statements contained in the Final Official Statement, no facts came to the attention of the attorneys in the office of the City Attorney rendering legal services in connection with the issuance of the 2014 Series Bonds which caused the office of the City Attorney to believe that the Final Official Statement as of its date and as of the Closing Date (except for any CUSIP numbers, financial, accounting, statistical or economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any management discussion and analysis or any information about book-entry, DTC, ratings, rating agencies, and the information contained in Appendices A, B, D, E, F and G to the Final Official Statement, included or referred to therein, which the office of the City Attorney may expressly exclude from the scope of this paragraph and as to which no opinion or view need be expressed) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (the opinions set forth in clauses (i) and (ii) above being subject to the effect of, and restrictions and limitations imposed by or resulting from, bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights and judicial discretion and the valid exercise of the sovereign police powers of the State of Florida and of the constitutional power of the United States of America);

(8) A certificate or certificates, dated the Closing Date and signed by the General Manager for Utilities, to the effect that (i) the representations and warranties of the City contained herein are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (ii) no event has occurred since the date of the Final Official Statement which should be disclosed in the Final Official Statement so that it does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements and information therein, in the light of the circumstances under which they were made, not misleading; (iii) except as disclosed in the Final Official Statement, nothing has occurred since September 30, 2013 which would have a material effect on the financial condition of the System; and (iv) the City has complied with all agreements and satisfied all the conditions on its part to be performed or satisfied under this Purchase Contract or otherwise at or prior to the Closing Date;

(9) An executed copy of the Continuing Disclosure Certificate, in substantially the form attached as Appendix G to the Final Official Statement;

(10) An executed copy of the procedures letter, dated the date hereof, from Purvis, Gray and Company LLP, independent certified public accountants, addressed to the City and the Underwriters, and in form and substance acceptable to the Representative, relating to the financial statements of the City appearing in the Final Official Statement and related matters;

(11) A report of GNP Services, CPA, PA verifying the accuracy of the mathematical computations of the adequacy of the maturing principal of and interest earned on the Government Obligations (as defined in the Official Statement), together with other escrowed monies, held by the Trustee to provide for the payment of the redemption price of and interest on the Refunded Bonds, other than the Refunded 2008 Bonds, when due;

(12) A Tax Certificate relating to the 2014 Series Bonds in substance and form satisfactory to Bond Counsel;

(13) A copy of the Blanket Letter of Representations to DTC;

(14) Letters from Moody's Investors Service Inc., Standard & Poor's Rating Services, a Standard & Poor's Financial Services LLC business and Fitch Ratings evidencing ratings of "___," "___" and "___", respectively, for the 2014 Series Bonds;

(15) An executed copy of the Escrow Agreement; and

(16) Such additional legal opinions, certificates, instruments and other documents as the Representative may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the City's representations and warranties contained herein and of the statements and information contained in the Final Official Statement, and the due performance or satisfaction by the City at or prior to the Closing Date of all agreements then to be performed and all conditions then to be satisfied by the City in connection with the transactions contemplated hereby and by the Resolution and the Final Official Statement;

(e) The City shall perform or have performed at or prior to the Closing Date all of its obligations required under or specified in this Purchase Contract, the Final Official Statement and the Resolution to be performed by the City at or prior to the Closing Date; and

(f) Subsequent to the respective dates as of which information is given in the Final Official Statement, except as contemplated in the Final Official Statement, there shall not have been any material decrease in assets or any other material change in the Revenues of the System or the Funds (as defined in the Resolution) or accounts established in the Resolution.

If any of the conditions to the obligations of the Underwriters contained in this Section or elsewhere in this Purchase Contract shall not have been satisfied when and as required herein, all obligations of the Underwriters hereunder may be terminated by the Representative at, or at any time prior to, the Closing Date by written notice to the City.

4. **Expenses.**

(a) The Underwriters shall be under no obligation to pay, and the City shall pay or cause to be paid (out of the proceeds of the 2014 Series Bonds or any other legally available funds of the System) all expenses incident to the performance of the City's obligations hereunder including, but not limited to, the cost of printing, executing and delivering the 2014 Series Bonds to or on behalf of DTC; the cost of preparation, printing (and/or word processing and reproduction), distribution and delivery of the Resolution, the Preliminary Official Statement, up to 500 copies of the Final Official Statement and all other agreements and documents contemplated hereby or used in connection with the marketing and sale of the 2014 Series Bonds and any drafts thereof in reasonable quantities as requested by the Representative; the fees and disbursements of Bond Counsel, Disclosure Counsel, engineers, accountants, financial advisors, verification agents and any other experts or consultants retained in connection with the issuance of the 2014 Series Bonds; fees charged by the rating agencies for rating the 2014 Series Bonds; and any other expenses not specifically enumerated in paragraph (b) of this Section incurred in connection with issuance of the 2014 Series Bonds.

(b) The City shall be under no obligation to pay, and the Underwriters shall pay, the cost of preparation, printing (and/or word processing and reproduction), distribution and delivery of the agreement among underwriters, the selling group agreement, the "Blue Sky" memoranda and this Purchase Contract; expenses to qualify the 2014 Series Bonds for sale under any "Blue Sky" laws; and all other expenses incurred by the Underwriters in connection with their public offering and distribution of the 2014 Series Bonds not specifically enumerated in paragraph (a) of this Section, including the fees and disbursements of their counsel.

5. **Notices.** Any notice or other communication to be given to the City under this Purchase Contract may be given by delivering the same in writing to the City in care of the Utilities System, 301 S.E. Fourth Avenue, P.O. Box 147117, Gainesville, Florida, 32614-7117, Attention: General Manager for Utilities; and any notice or other communication to be given to the Underwriters under this Purchase Contract may be given by delivering the same in writing to J.P. Morgan Securities LLC, 383 Madison Avenue, 8th Floor, New York, NY 10179, Attention: Matthew E. Levin, Executive Director.

6. **Immunity of Officers and Employees.** No recourse may be had for the payment of the principal, premium, if any, or interest on the 2014 Series Bonds or for any claim based thereon or upon any representation, obligation, covenant or agreement in this Purchase Contract against any present or future officer, member, employee, director or agent of the City, under any rule of law or equity, statute or constitution, or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, members, employees, directors or agents as such, is hereby expressly waived and released as a condition of and consideration for the execution of this Purchase Contract.

7. **Parties in Interest.** This Purchase Contract is made solely for the benefit of the City and the Underwriters (including successors or assigns of any Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. The term "successors or assigns" as used in this Section and Section 11 shall not include any purchaser, as such purchaser, from any of the several Underwriters of the 2014 Series Bonds.

8. **Survival of Representations and Warranties.** The representations and warranties of the City, set forth in or made pursuant to this Purchase Contract, shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing or termination of this Purchase Contract and regardless of any investigations or statements as to the results thereof made by or on behalf of the Underwriters and regardless of delivery of and payment for the 2014 Series Bonds.

9. **Counterparts.** This Purchase Contract may be executed in several counterparts, which together shall constitute one and the same instrument.

10. **Florida Law Governs.** The validity, interpretation and performance of this Purchase Contract shall be governed by the laws of the State of Florida.

11. **Entire Agreement.** This Purchase Contract when accepted by you in writing as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the City and the Underwriters (including the successors or assigns of any Underwriter). No other person shall acquire or have any right hereunder or by virtue hereof.

12. **Effectiveness.** This Purchase Contract shall become effective and binding upon the respective parties hereto upon the execution of the acceptance by the City and shall be valid and enforceable as of the time of such acceptance.

13. **Truth-In-Bonding Statement.** The City of Gainesville, Florida is proposing to issue \$ _____ of debt for the purposes of providing funds to finance capital improvements to the System, to refund certain debt of the City heretofore issued and for the purpose of providing funds to finance or refinance capital improvements to the System and to pay certain costs of issuance. This debt is expected to be repaid over a period of approximately _____ years. At the interest rates set forth in Exhibit A hereto, total interest paid over the life of the debt will be \$ _____.

The source of repayment or security for this debt is the net revenues of the System. Authorizing this debt or obligation will result in an average of approximately \$ _____ per year of the revenues of the System not being available to finance the other services of the System each year for approximately _____ years.

Very truly yours,

J.P. MORGAN SECURITIES LLC
MERRILL LYNCH, PIERCE, FENNER &
SMITH INCORPORATED
GOLDMAN, SACHS & CO.
BMO CAPITAL MARKETS GKST INC

By: J.P. MORGAN SECURITIES LLC

By: _____
Matthew E. Levin
Executive Director

Accepted December __, 2014

CITY OF GAINESVILLE, FLORIDA

By: _____
Interim Chief Financial Officer, Utilities

APPROVED AS TO FORM AND LEGALITY:

By: _____
Utilities Attorney

[Signature Page of Contract of Purchase]

EXHIBIT A

MATURITIES, AMOUNTS, INTEREST RATES AND YIELDS

2014 Series A Bonds

<u>Maturity</u> <u>October 1,</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
	\$	%	%

2014 Series B Bonds

<u>Maturity</u> <u>October 1,</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
	\$	%	%

Optional Redemption

Mandatory Redemption

EXHIBIT B

REFUNDED BONDS

<u>Series</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount Refunded</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
		%	\$		%