

RESOLUTION NO. _____

A RESOLUTION OF THE CITY OF GAINESVILLE, FLORIDA, SUPPLEMENTING A RESOLUTION OF THE CITY ADOPTED ON THE DAY HEREOF AND PROVIDING FOR AND AUTHORIZING THE ISSUANCE OF THE CITY'S SPECIAL OBLIGATION REVENUE BONDS, SERIES 2020 (FEDERALLY TAXABLE), IN AN ORIGINAL AGGREGATE PRINCIPAL AMOUNT NOT EXCEEDING \$210,000,000 FOR THE PURPOSE OF FUNDING A PORTION OF THE UNFUNDED LIABILITY OF THE CITY'S PENSION PLANS AND PAYING OTHER COSTS NECESSARY OR INCIDENTAL THERETO; DELEGATING AUTHORITY TO AWARD THE SALE OF SUCH BONDS ON A NEGOTIATED BASIS WITHIN CERTAIN PARAMETERS SET FORTH HEREIN; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT; APPOINTING A PAYING AGENT AND REGISTRAR WITH RESPECT TO SUCH BONDS; APPROVING THE FORM AND AUTHORIZING THE CIRCULATION OF A PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FINAL OFFICIAL STATEMENT; AUTHORIZING THE MAYOR OR ANY OTHER AUTHORIZED SIGNATORIES TO DEEM FINAL THE PRELIMINARY OFFICIAL STATEMENT; APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF A CONTINUING DISCLOSURE CERTIFICATE; AUTHORIZING CERTAIN OFFICIALS OF THE CITY TO EXECUTE ANY DOCUMENTS AND TAKE ANY ACTIONS REQUIRED IN CONNECTION WITH THE ISSUANCE OF SAID BONDS; AUTHORIZING THE MAYOR OR ANY OTHER AUTHORIZED SIGNATORIES TO DETERMINE WHETHER TO OBTAIN A MUNICIPAL BOND INSURANCE POLICY FOR THE BONDS; PROVIDING AN EFFECTIVE DATE FOR THIS RESOLUTION; AND PROVIDING CERTAIN OTHER DETAILS WITH RESPECT THERETO.

WHEREAS, on the date hereof, City of Gainesville, Florida (the "Issuer") adopted a Resolution (the "Bond Resolution" and as supplemented hereby the "Resolution") authorizing the issuance of its Special Obligation Revenue Bonds, Series 2020 (Federally Taxable) (the "Bonds") for the purpose of financing a portion of the unfunded liability of the City's Pension Plans (as defined in the Bond Resolution) (the "Pension Obligations"), and paying other costs necessary or incidental thereto; and

WHEREAS, the Bond Resolution provides that certain details of the Bonds to be issued, including the interest rate or rates, among other things, shall be determined by subsequent proceedings of the Issuer; and

WHEREAS, BofA Securities, Inc. and Citigroup Global Markets Inc. (the "Underwriters") have agreed to purchase the Bonds by a negotiated sale pursuant to the terms of a Purchase Contract between the Issuer and the Underwriters, substantially in the form attached hereto as Exhibit "A" (the "Bond Purchase Agreement"); and

WHEREAS, the Issuer desires to approve the form of an official statement (the "Final Official Statement") in substantially the form of a draft of the Preliminary Official Statement (the "Preliminary Official Statement") attached hereto as Exhibit "B" in connection with the issuance and sale of the Bonds, and to approve the form and authorize the execution of a final Official Statement in substantially the form of the Preliminary Official Statement; and

WHEREAS, the Issuer desires to authorize the Mayor, the Mayor-Commissioner Pro Tempore, the City Manager or the Finance Director (the "Authorized Signatories") to deem the Preliminary Official Statement final on behalf of the Issuer for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 (the "Rule"); and

WHEREAS, because of the characteristics of the Bonds, prevailing and anticipated market conditions and the need to proceed with the issuance of the Bonds in an expedited fashion, subject to the requirements hereof, it will be in the best interest of the Issuer to accept the offer of the Underwriters to purchase the Bonds at a negotiated sale pursuant to the terms of the Bond Purchase Agreement and the terms of this Resolution; and

WHEREAS, the Issuer wishes to take other actions in connection therewith;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF GAINESVILLE, FLORIDA, that:

SECTION 1. Authority. This Resolution is adopted pursuant to Chapter 166, Florida Statutes, Chapter 159, Part VII, Florida Statutes, the Charter of the Issuer and other applicable provisions of law (collectively, the "Act") and the Bond Resolution.

SECTION 2. Definitions. All terms used herein in capitalized form, unless otherwise defined herein, shall have the same meanings as ascribed to them in the Bond Resolution, unless the context otherwise requires. All terms used herein in capitalized form and defined in the preamble hereto shall have the meanings ascribed thereto in such preamble.

SECTION 3. Findings.

A. The issuance of the Bonds for the purposes described in the Bond Resolution will serve a public purpose and is in the best interest of the Issuer.

B. The Issuer is authorized and empowered by the Act to issue the Bonds and use the proceeds thereof, together with other funds of the Issuer, if any, for the purposes described herein and in the Bond Resolution.

C. The Issuer has determined it has an unfunded liability with respect to the Pension Plans.

D. It is estimated that the Pledged Revenues will be sufficient to pay all the principal of, premium, if any, and interest on the Bonds herein authorized, as the same become due and to make all deposits into the funds and accounts and other payments in connection therewith as required by the Bond Resolution and this Resolution.

E. It is hereby ascertained, determined and declared that it is in the best interest of the Issuer to issue the Bonds under the Bond Resolution to finance the Pension Obligations and to pay the costs of issuance of the Bonds and to provide for the sale of the Bonds by negotiated sale, having a dated date, maturing, bearing interest and subject to optional redemption (including a make-whole optional redemption) and mandatory redemption, as set forth in the Bond Purchase Agreement and the Preliminary Official Statement.

F. The Underwriters will, prior to acceptance by the Issuer of the offer of the Underwriters to purchase the Bonds, provide the Issuer with (i) a disclosure statement regarding the Bonds containing the information required by Section 218.385(6) (which disclosure statement may be contained in the Bond Purchase Agreement), Florida Statutes, and (ii) a Truth-In-Bonding Statement pursuant to Section 218.385(3), Florida Statutes (which Truth-In-Bonding Statement may be contained in the Bond Purchase Agreement or the disclosure statement), and no further disclosure is or shall be required by the Issuer.

G. Because of the characteristics of the Bonds, prevailing and anticipated market conditions and savings to be realized from the expeditious sale of the Bonds, and taking into account the advice of the Financial Advisor, it is in the best interest of the Issuer to accept the offer of the Underwriters to purchase the Bonds in an aggregate original principal amount not exceeding the principal amount authorized herein at a negotiated sale upon the terms and conditions outlined herein and in the Bond Purchase Agreement.

H. The expenditure of proceeds of the Bonds for the purpose of funding the Pension Obligations is hereby deemed to be made for a public purpose and constitutes a "Project" under the Bond Resolution and a "project" within the meaning and contemplation of Section 166.101(8), Florida Statutes.

SECTION 4. Authorization of Bonds; Delegation; Terms and Form of Bonds.

A. Subject and pursuant to the provisions hereof, the Bonds to be known as the "City of Gainesville, Florida Special Obligation Revenue Bonds, Series 2020

(Federally Taxable)" are hereby authorized to be issued for the purposes described in the Bond Resolution, in one or more series. The specific principal amounts of the Bonds shall be determined as hereinafter provided.

B. The Mayor or any other Authorized Signatory is hereby authorized (by executing and delivering to the Underwriters the Bond Purchase Agreement) in consultation with the Financial Advisor to award the sale to such Underwriters of the Bonds in accordance with the parameters set forth herein.

C. The Bonds shall be dated such date, shall bear interest from such date, payable semi-annually on the first day of April and the first day of October of each year, at such rates, and shall mature on October 1 of such year or years as shall be established by the Bond Purchase Agreement and approved as herein provided, execution of the Bond Purchase Agreement by any Authorized Signatory to constitute conclusive evidence of approval of the terms set forth therein. The Reserve Requirement for the Bonds shall equal zero (0) dollars.

D. The Bonds shall be numbered consecutively from one upward preceded by the letter "R" prefixed to the number or such other designation to distinguish separate series of Bonds. Principal of and premium, if any, on the Bonds shall be payable upon presentation and surrender of the Bonds at the designated corporate trust office of the Paying Agent.

E. The Bonds may be subject to optional (including make-whole optional redemption) and/or mandatory redemption prior to their maturity as shall be provided by the Bond Purchase Agreement and as herein provided.

F. Whenever any Bond shall be delivered to the Registrar for cancellation, upon payment of the principal amount thereof, or for replacement, transfer or exchange, such Bond shall, after cancellation, either be retained by the Registrar for a period of time specified in writing by the Issuer, or at the option of the Issuer, shall be destroyed or cancelled by the Registrar and counterparts of a certificate of destruction or cancellation evidencing such destruction or cancellation shall be furnished to the Issuer.

G. The Bonds shall be and have all the qualities and incidents of negotiable instruments under the laws of the State of Florida, and each successive Holder, in accepting any of the Bonds, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the laws of the State of Florida.

H. The text of the Bonds shall be substantially in the form set forth in the Bond Resolution with such omissions, insertions and variations (including, without limitation, changes to reflect the name of the Bonds) as may be necessary or desirable and authorized by this Resolution, or as may be approved by the Mayor or Mayor-Commissioner Pro Tempore (execution thereof manually or by facsimile to be

conclusive evidence of such approval), including, without limitation, such changes as may be required for execution of the Bonds by an authenticating agent.

SECTION 5. Approval of Bond Purchase Agreement.

A. The form of the Bond Purchase Agreement attached hereto as Exhibit "A" is hereby approved, subject to such changes, insertions and omissions and filling of blanks therein as may be approved and made in such Bond Purchase Agreement by the person executing the same, in a manner consistent with the provisions of this Resolution, such execution to be conclusive evidence of such approval.

B. Any Authorized Signatory is hereby authorized to execute the Bond Purchase Agreement for and on behalf of the Issuer pursuant to the terms hereof and of the Bond Purchase Agreement, subject to such changes, insertions, omissions and filling of blanks as such Authorized Signatory shall approve, execution thereof to be conclusive evidence of such approval. The City Attorney is hereby authorized to approve the form and legality of the Bond Purchase Agreement, and the Authorized Signatory is hereby authorized, to deliver the Bond Purchase Agreement to the Underwriters upon its execution.

SECTION 6. Delegation.

A. Each Authorized Signatory, in reliance upon advice of the Financial Advisor, is hereby directed and authorized to award the sale of the Bonds to the Underwriters, and to approve the terms of the Bonds, including, without limitation, the date thereof, the principal amount thereof, the Amortization Installments, if any, the interest rate or rates with respect thereto, the aggregate principal amount of the Bonds, all such terms to be set forth in the Bond Purchase Agreement; provided, however, that in no event shall (i) the aggregate principal amount of the Bonds exceed \$210,000,000; (ii) the purchase price of the Bonds be less than 99.5% of the original principal amount thereof (excluding original issue discount and original issue premium), (iii) the true interest cost on the Bonds exceed 3.75%, (iv) the final maturity of the Bonds be later than October 1, 2045 or (v) the first optional redemption date of the Bonds be later than October 1, 2030 or at a redemption price greater than par. The Bonds may be subject to a make-whole optional redemption as set forth in the form of the Bonds included in the Bond Resolution with a spread over the Treasury Rate (as defined in the Bonds) as shall be determined by the Issuer in consultation with the Issuer's Financial Advisor. The Bonds may be issued in one or more series so long as the conditions set forth herein shall be satisfied.

B. Receipt by the Authorized Signatory of a Truth in Bonding statement of the Underwriters complying with Section 218.385, Florida Statutes.

The Authorized Signatory may rely upon the Issuer's Financial Advisor to determine compliance with the conditions provided in this Section.

Upon satisfaction of all the requirements set forth in this Section, the Authorized Signatory is authorized to execute the Bond Purchase Agreement.

SECTION 7. Appointment of Paying Agent and Registrar and Authorization to Enter into Registrar and Paying Agent Agreement. Wilmington Trust, National Association is hereby designated as Registrar and as Paying Agent for the Bonds. Each Authorized Signatory is hereby authorized to execute a registrar and paying agent agreement (the "Registrar and Paying Agent Agreement") for and on behalf of the Issuer in such form approved by the officers of the Issuer executing the same, such execution and delivery to be conclusive evidence of such approval. The City Attorney is hereby authorized to approve the form and legality of the Registrar and Paying Agent Agreement.

SECTION 8. Delegation to Deem Preliminary Official Statement Final; Approval of Official Statement; Approval of Continuing Disclosure Certificate.

A. Any Authorized Signatory of the Issuer is hereby authorized to approve the form of a Preliminary Official Statement related to the Bonds (the "Preliminary Official Statement"), substantially in the form attached hereto as Exhibit "B," and, on behalf of the Issuer, to deem the same final for purposes of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). The Authorized Signatories are each hereby authorized to approve and execute, on behalf of the Issuer, a final Official Statement relating to the Bonds, with such changes, insertions, omissions and filling of blanks from the Preliminary Official Statement as they may approve, such execution to be conclusive evidence of such approval, including, without limitation, to include references to the negotiated sale of the Bonds to the Underwriters. The Underwriters are hereby authorized to distribute the Preliminary Official Statement in connection with its marketing efforts related to the Bonds after the same has been deemed final by the Issuer in accordance with the requirement of the Rule.

B. In order to provide continuing disclosure to the Holders of the Bonds, the Issuer shall enter into a Continuing Disclosure Certificate substantially in the form attached hereto as Exhibit "C" (the "Disclosure Agreement"). The Mayor or any other Authorized Signatory is hereby authorized to execute the Disclosure Agreement for and on behalf of the Issuer subject to such changes, insertions, omissions and filling of blanks therein as the Mayor or such other Authorized Signatory shall approve, execution thereof to be conclusive evidence of such approval. Any Authorized Signatory, is hereby authorized to deliver the Disclosure Agreement upon its execution.

Notwithstanding any other provision of the Bond Resolution, failure of the Issuer to comply with such Disclosure Agreement shall not be considered an event of default under the Bond Resolution, hereunder, or under the Bonds, and to the extent permitted by law, the sole and exclusive remedy of any Bondholder for the enforcement of the provisions of the Disclosure Agreement shall be an action for

mandamus or specific performance, as applicable, by court order, to cause the Issuer to comply with its obligations under this Section 8.B and the Disclosure Agreement. For purposes of this Section 8.B, "Bondholder" shall mean any person who (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (ii) is treated as the owner of any Bond for federal income tax purposes.

SECTION 9. Contract. In consideration of the acceptance of the Bonds authorized to be issued hereunder by the Holders who shall own the same from time to time, the Bond Resolution, as supplemented by this Resolution, shall be deemed to be and shall constitute a contract between the Issuer and such Holders, and the covenants and agreements therein and herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Holders of any and all of such Bonds, all of which shall be of equal rank and without preference, priority, or distinction of any of Bonds over any other thereof, except as expressly provided therein and herein. All covenants contained in the Bond Resolution shall be fully applicable to the Bonds.

SECTION 10. Application of Bond Proceeds; Reserve Requirement Designation. To the extent not otherwise provided by the Issuer by certificate of the Mayor, or in his absence or unavailability, the Mayor-Commissioner Pro Tempore, delivered at or prior to the issuance and delivery of the Bonds, the proceeds from the sale of the Bonds, including accrued interest, if any, shall be disposed of as follows:

(1) Accrued interest, if any, shall be deposited in the Sinking Fund Account in the Debt Service Fund created pursuant to the Bond Resolution and applied against interest next coming due on the Bonds.

(2) An amount equal to the Pension Obligations for the Consolidated Plan (as defined in the Bond Resolution) shall be deposited into such plan as an employer contribution and an amount equal to the Pension Obligations for the Employees' Plan (as defined in the Bond Resolution) shall be deposited into such plan as an employer contribution.

(3) The balance of the proceeds of the Bonds shall be deposited into the Cost of Issuance Account and used to pay, when due, the costs of issuance of the Bonds, including without limitation the cost of a municipal bond insurance policy, if any, from the Bond Insurer.

The Reserve Requirement for the Bonds shall be \$0 and the Bonds shall not be secured by any subaccount in the Reserve Account in the Debt Service Fund.

SECTION 11. Municipal Bond Insurance Option. The Mayor or any other Authorized Signatory is authorized to make application with a Bond Insurer, as

advised by the Financial Advisor, for the issuance of a municipal bond insurance policy insuring the payment, when due, of the principal of and interest on the Bonds. If the Mayor or any other Authorized Signatory determines, with advice from the Financial Advisor, that the Issuer will achieve an interest rate savings by acquiring a municipal bond insurance policy related to all or a portion of the Bonds, the Mayor or any other Authorized Signatory is authorized to (i) execute a commitment with a Bond Insurer, and (ii) execute and deliver such agreements, instruments or certificates for and on behalf of the Issuer as may be required as a condition to the issuance of such municipal bond insurance policy with such terms, covenants, provisions and agreements, including providing indemnity to such Bond Insurer. The execution of such agreements or instruments for and on behalf of the Issuer shall be conclusive evidence of the Issuer's approval of such agreements or instruments. Nothing contained herein shall require such insurance to be obtained if, in such officer's sole judgment, it is not economically advantageous to the Issuer to enter into such agreement.

SECTION 12. Additional Authorizations. The Mayor or any other Authorized Signatory, the City Attorney and any other official of the Issuer, are and each of them is hereby authorized and directed to execute and deliver any and all contracts, documents and instruments and to do and cause to be done any and all acts and things necessary, advisable or proper for carrying out the transactions contemplated by this Resolution.

SECTION 13. Repeal of Inconsistent Resolutions. Except as supplemented and amended hereby, all provisions of the Bond Resolution remain in full force and effect. All other resolutions or parts of other resolutions in conflict herewith are hereby repealed.

SECTION 14. Severability. If any one or more of the covenants, agreements or provisions of this Resolution should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions, and shall in no way affect the validity of any other provisions of the Bond Resolution or this Resolution.

SECTION 15. Effective Date. This Resolution shall take effect immediately upon its adoption in the manner provided by law.

[Signature Page Follows]

PASSED AND ADOPTED IN PUBLIC SESSION OF THE CITY
COMMISSION OF THE CITY OF GAINESVILLE, FLORIDA, THIS 20th DAY OF
AUGUST, 2020.

CITY COMMISSION OF THE CITY
OF GAINESVILLE, FLORIDA

By: _____
Mayor

ATTESTED:

By: _____
Clerk of the Commission

APPROVED AS TO FORM AND
LEGALITY:

By: _____
City Attorney

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LIST OF EXHIBITS

- A FORM OF BOND PURCHASE AGREEMENT
- B FORM OF PRELIMINARY OFFICIAL STATEMENT
- C FORM OF CONTINUING DISCLOSURE CERTIFICATE

EXHIBIT A TO RESOLUTION
FORM OF BOND PURCHASE AGREEMENT

\$ _____
CITY OF GAINESVILLE, FLORIDA
Special Obligation Revenue Bonds, Series 2020
(Federally Taxable)

PURCHASE CONTRACT

_____, 2020

Mayor and City Council
of the City of Gainesville, Florida
Gainesville, Florida

Ladies and Gentlemen:

The undersigned, BofA Securities, Inc. (the "Representative"), in its capacity as agent, acting on behalf of itself and Citigroup Global Markets Inc. (collectively, the "Underwriters"), offers to enter into this Purchase Contract with the City of Gainesville, Florida (the "City"), subject to written acceptance hereof by the City at or before 11:59 [a.m.], New York time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Representative upon notice delivered to the City at any time prior to the acceptance hereof by the City.

1. Purchase and Sale. Upon the terms and conditions and in reliance on the representations, warranties, covenants and agreements set forth herein, the Underwriters, jointly and severally, hereby agree to purchase from the City, and the City hereby agrees to sell and deliver to the Underwriters, all (but not less than all) of the \$_____ aggregate principal amount of the City of Gainesville, Florida Special Obligation Revenue Bonds, Series 2020 (Federally Taxable) (the "Series 2020 Bonds"). The Series 2020 Bonds shall be dated as of the date of their delivery and shall be payable in the years and principal amounts, bear such rates of interest and be subject to redemption, all as set forth in Exhibit A attached hereto. Interest on the Series 2020 Bonds is payable semi-annually on April 1 and October 1 each year, commencing _____ 1, 20___. The purchase price for the Series 2020 Bonds shall be \$_____ (representing the par amount of the Series 2020 Bonds of \$_____.00 and less an Underwriters' discount on the Series 2020 Bonds of \$_____).

The disclosure statement required by Section 218.385, Florida Statutes, is attached hereto as Exhibit B.

The payment of the principal of, premium, if any, and interest on the Series 2020 Bonds shall be secured equally and ratably by an irrevocable lien on the Pledged Revenues

(as defined in the hereinafter described Bond Resolution), in the manner and to the extent provided in the Bond Resolution. The Series 2020 Bonds are being issued pursuant to the authority of and in full compliance with the Constitution and laws of the State of Florida, including particularly Chapter 166, Florida Statutes, Chapter 159, Part VII, Florida Statutes, the municipal charter of the City (the "City Charter") and other applicable provisions of law (the "Act") and pursuant to Resolution No. _____ adopted by the City Commission of the City (the "Commission") on August 20, 2020, as supplemented by Resolution No. _____ adopted by the Commission on August 20, 2020 (collectively, the "Bond Resolution"). All terms used herein in capitalized form and not otherwise defined shall have the meanings ascribed thereto in the Bond Resolution.

The Series 2020 Bonds are being issued for the purpose of funding a portion of the unfunded liability of the City's Pension Plans, and paying other costs necessary or incidental thereto.

The Series 2020 Bonds shall not be deemed to constitute general obligations or a pledge of the faith and credit of the City, State of Florida or any political subdivision thereof within the meaning of any constitutional, legislative or charter provision or limitation, but shall be payable solely from and secured by a lien upon and a pledge of the Pledged Revenues, in the manner and to the extent provided in the Bonds Resolution.

The City acknowledges and agrees that: (i) the Underwriters are not acting as a municipal advisors within the meaning of Section 15B of the Securities Exchange Act, as amended, (ii) the primary role of the Underwriters, as underwriters, is to purchase securities, for resale to investors, in an arm's length commercial transaction between the City and the Underwriters and the Underwriters have financial and other interests that differ from those of the City; (iii) the Underwriters are acting solely as principals and are not acting as municipal advisors, financial advisors or fiduciaries to the City and have not assumed any advisory or fiduciary responsibility to the City with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the City on other matters); (iv) the only obligations the Underwriters have to the City with respect to the transaction contemplated hereby expressly are set forth in this Purchase Contract; and (v) the City has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it has deemed appropriate.

2. Delivery of Official Statement and Other Documents.

(a) Prior to the date hereof, the City has provided to the Underwriters for their review the Preliminary Official Statement dated _____, 2020 that the City deemed "final" as required by Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12" or the "Rule") as of its date (the "Preliminary Official Statement"), except for certain permitted omissions (the "Permitted Omissions"), as

contemplated by the Rule in connection with the pricing of the Series 2020 Bonds. The Underwriters have reviewed the Preliminary Official Statement prior to the execution of this Purchase Contract in accordance with and as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but do not guaranty the accuracy of such information. The City hereby confirms that the Preliminary Official Statement was deemed "final" as of its date, except for the Permitted Omissions.

(b) Within seven (7) business days from the date hereof, and in any event not later than two (2) business days before the date of Closing, the City shall deliver to the Underwriters a final Official Statement relating to the Series 2020 Bonds dated the date hereof (such Official Statement, including the cover page, and all appendices attached thereto, together with all information previously permitted to have been omitted by Rule 15c2-12 and any amendments or supplements and statements incorporated by reference therein or attached thereto, as have been approved by the City, Bond Counsel, Disclosure Counsel and the Representative, is referred to herein as the "Official Statement") and such additional conformed copies thereof as the Representative may reasonably request in sufficient quantities to comply with Rule 15c2-12, rules of the MSRB and to meet potential customer requests for copies of the Official Statement. The Underwriters agree to file a copy of the Official Statement, including any amendments or supplements thereto prepared by the City, with the MSRB on its Electronic Municipal Markets Access ("EMMA") system. The Official Statement shall be executed by and on behalf of the City by an authorized officer of the City. The Official Statement shall be in substantially the same form as the Preliminary Official Statement and, other than information previously permitted to have been omitted by Rule 15c2-12, the City shall only make such other additions, deletions and revisions in the Official Statement which are reasonably approved by the Representative. The City hereby agrees to deliver to the Underwriters an electronic copy of the Official Statement in a form that permits the Underwriters to satisfy their obligations under the rules and regulations of the MSRB and the U.S. Securities and Exchange Commission ("SEC") including in a word-searchable pdf format including any amendments thereto.

(c) From the date hereof until the earlier of (i) ninety days from the "end of the underwriting period" (as defined in the Rule), or (ii) the time when the Official Statement is available to any person from the MSRB (but in no case less than 25 days following the end of the underwriting period), if any event occurs which may make it necessary to amend or supplement the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, the City shall notify the Representative and if, in the reasonable opinion of the City or the reasonable opinion of the Representative, such event requires the preparation and publication of an amendment or supplement to

the Official Statement, the City, at its expense (unless such event was caused by the Underwriters), promptly will prepare an appropriate amendment or supplement thereto (and file, or cause to be filed, the same with the MSRB on EMMA, and mail such amendment or supplement to each record owner of Series 2020 Bonds) so that the statements in the Official Statement as so amended or supplemented will not, in light of the circumstances under which they were made, be misleading, in a form and in a manner reasonably approved by the Representative. The City will promptly notify the Representative of the occurrence of any event of which it has knowledge, which, may or could reasonably be an event described in the preceding sentence. Upon such notification, the City and the Representative each shall determine whether such event is an event described in the second preceding sentence. The amendments or supplements that may be authorized for use with respect to the Series 2020 Bonds are hereinafter included within the term "Official Statement." Unless otherwise provided in writing by the Representative to the City on the date of Closing that the Underwriters retain directly, or as a member of an underwriting syndicate, an unsold balance of the Series 2020 Bonds, the end of the underwriting period shall be the date of Closing, but in no event later than 90 days after the Closing.

3. Authority of the Representative; Representative Representations and Warranties. The Representative has been duly authorized to execute this Purchase Contract and has been duly authorized to act hereunder by and on behalf of the other Underwriter and neither the Underwriters nor any "persons" of "affiliate" thereof have been on the "convicted vendor list" during the past 36 months as all such terms are defined in Section 287.133, Florida Statutes.

4. Public Offering. The Underwriters agree to make a bona fide offering to the public (excluding underwriters or related parties thereto) of all of the Series 2020 Bonds at not in excess of the initial public offering price or prices (or not below the yields) set forth on Exhibit A attached hereto. If such public offering does not result in the sale of all the Series 2020 Bonds, the Series 2020 Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2020 Bonds into investment trusts) at prices lower than (or yields higher than) such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

The Representative does hereby certify that at the time of the execution of this Purchase Contract, based upon prevailing market conditions, it does not have any reason to believe that any of the Series 2020 Bonds will be initially sold to the public (excluding such underwriters or related parties thereto) at prices in excess of the prices, or yields below the yields, set forth on Exhibit A attached hereto.

The City hereby authorizes the Underwriters to use the forms or copies of the Bond Resolution and the Official Statement and the information contained therein and all other agreements and instruments contemplated therein and herein in connection with the public

offering and sale of the Series 2020 Bonds and ratifies and confirms its authorization of the distribution and use by the Underwriters prior to the date hereof of the Preliminary Official Statement in connection with such public offering and sale.

5. Security Deposit. The Representative, on behalf of the Underwriters, has delivered herewith to the City a good faith deposit in the amount of \$_____ (representing 1.00% of the preliminary par amount of the Series 2020 Bonds as set forth on the cover page of the Preliminary Official Statement) by wire transfer (the "Good Faith Deposit"). The Good Faith Deposit will be deposited by the City and any investment earnings on the Good Faith Deposit through the Closing Date may be retained by the City. In the event that the City does not accept this offer, such Good Faith Deposit shall be immediately returned to the Representative. If the offer made hereby is accepted, the City agrees to hold this Good Faith Deposit until the Closing as security for the performance by the Representative of its obligation to accept and pay for the Series 2020 Bonds at the Closing, and, in the event of its compliance with such obligation, such Good Faith Deposit shall be credited against the purchase price for the Series 2020 Bonds set out in Section 1 hereof. In the event of the City's failure to deliver the Series 2020 Bonds at the Closing, or if the City shall be unable to satisfy the conditions of Closing contained herein, or if the obligations of the Underwriters shall be terminated for any reason permitted by this Purchase Contract, such Good Faith Deposit shall be immediately returned to the Representative, and such return shall constitute a full release and discharge of all claims by the Underwriters arising out of the transactions contemplated hereby. In the event that the Underwriters fail (other than for a reason permitted hereunder) to accept and pay for the Series 2020 Bonds at the Closing, such Good Faith Deposit shall be retained by the City as and for full liquidated damages for such failure and for any defaults hereunder on the part of the Underwriters, and such retention shall constitute a full release and discharge of all claims by the City against the Underwriters arising out of the transactions contemplated hereby, it is being understood and agreed by the City and the Underwriters that the actual damages in such circumstances may be difficult or impossible to compute.

6. City Representations, Warranties, Covenants and Agreements. The City represents and warrants to and covenants and agrees with each of the Underwriters that, as of the date hereof and as of the date of the Closing:

(a) The City is a duly created and validly existing municipal corporation of the State of Florida (the "State"), under the Constitution and laws of the State, including the City Charter, and is authorized and empowered by law to issue, sell and deliver the Series 2020 Bonds to the Underwriters as described herein; to adopt the Bond Resolution; to accept this Purchase Contract; to execute the Continuing Disclosure Certificate dated as of the date of Closing, or such other date as determined by the City (the "Continuing Disclosure Certificate"), and the Official Statement; and to carry out and consummate all other transactions contemplated by

the Official Statement and by each of the aforesaid documents, agreements, resolutions and ordinances.

(b) By official action of the City taken prior to or concurrently with the acceptance hereof, the City has duly adopted the Bond Resolution; the Bond Resolution is in full force and has not been amended, modified or rescinded; the City has duly authorized and approved the execution and delivery of, and the performance by the City of its obligations contained in the Series 2020 Bonds, the Continuing Disclosure Certificate, and this Purchase Contract; the City has duly authorized and approved the performance by the City of its obligations contained in the Bond Resolution, the Continuing Disclosure Certificate, and this Purchase Contract and the consummation by it of all other transactions contemplated by the Bond Resolution, the Official Statement and this Purchase Contract to have been performed or consummated at or prior to the date of Closing, and the City is in compliance with the provisions of the Bond Resolution; when executed and delivered by the applicable parties thereto pursuant to this Purchase Contract, or adopted, as the case may be, the Bond Resolution and the Continuing Disclosure Certificate will each constitute legal, valid and binding limited obligations of the City enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency or other laws affecting creditors' rights and remedies generally and to general principles of equity.

(c) When delivered to and paid by the Underwriters in accordance with the terms of this Purchase Contract, the Series 2020 Bonds will have been duly and validly authorized, executed, issued and delivered and will constitute legal, valid and binding limited obligations of the City enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency or other laws affecting creditors' rights and remedies generally and to general principles of equity, and will be entitled to the benefits of the Bond Resolution.

(d) The City is not in breach of or default under any applicable constitutional provision, law or administrative regulation of the State of Florida or the United States, or any agency or department of either, or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or to which the City or any of its properties or other assets is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument, in any such case to the extent that the same would have a material and adverse effect upon the business or properties or financial condition of the City including the imposition, collection or application of Non-Ad Valorem Revenues in the amounts contemplated by the Official Statement; and the execution and delivery of the Series 2020 Bonds, the Continuing Disclosure Certificate and this Purchase Contract and

the adoption of the Bond Resolution, and compliance with the provisions on the City's part contained in each, will not conflict with or constitute a breach of or default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or to which the City or any of its properties or other assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or the assets of the City under the terms of any such law, regulation or instrument, except as provided or permitted by the Series 2020 Bonds and the Bond Resolution.

(e) Except as disclosed in the Preliminary Official Statement and the Official Statement, as required by rule of the Office of Financial Regulation within the Florida Financial Services Commission, the City is not and has not been in default on any bond, note or other obligations which it has issued, assumed or guaranteed as to payment of principal, premium, if any, or interest since December 31, 1975 that would be considered material by a reasonable investor; provided, however, the City has not undertaken an independent review or investigation of securities for which it has served as conduit issuer, and the City does not believe that any information about any default on such securities is appropriate and would be considered material by a reasonable investor in the Series 2020 Bonds because the City is not obligated to pay the debt service on any such securities except from payments made to it by the private companies on whose behalf such securities were issued and no funds of the City have been pledged or used to pay such securities or the interest thereon.

(f) All approvals, consents and orders of 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 financial condition of the City or the due performance by the City of its obligations under this Purchase Contract, the Bond Resolution, the Continuing Disclosure Certificate and the Series 2020 Bonds have been, or prior to the Closing will have been, duly obtained, 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 Series 2020 Bonds or approvals, consents and orders (i) described in the Official Statement as not having been obtained, or (ii) not customarily granted in due course after application therefor and expected to be obtained without material difficulty or delay.

(g) The Series 2020 Bonds, when issued, authenticated and delivered in accordance with the Bond Resolution and sold to the Underwriters as provided herein and in accordance with the provisions of the Bond Resolution, will be legal,

valid and binding obligations of the City, enforceable in accordance with their terms and the terms of the Bond Resolution (subject to and limited by bankruptcy, insolvency, reorganization, moratorium, and similar laws in each case relating to or affecting the enforcement of creditor's rights generally, and other general principles of equity), and the Bond Resolution will provide, for the benefit of the holders from time to time of the Series 2020 Bonds, a legally valid lien on the Pledged Revenues, subject to the provisions of the Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein and a legally valid covenant of the City to budget and appropriate sufficient amounts of Non-Ad Valorem Revenues to pay debt service on the Series 2020 Bonds (the "Covenant to Budget and Appropriate").

(h) The City has reviewed the information in the Preliminary Official Statement. Except for the information provided by the Underwriters and The Depository Trust Company ("DTC"), as to which no view is expressed by the City, the Preliminary Official Statement was, except for Permitted Omissions, as of the date thereof, and the Official Statement, is and at all times subsequent hereto up to and including the date of the Closing will be, true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact which is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) The Series 2020 Bonds, the Bond Resolution, and the Continuing Disclosure Certificate conform in all material respects to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement.

(j) Except as contemplated by the Preliminary Official Statement and/or the Official Statement or with respect to an enterprise fund of the City, since September 30, 2019, the City will not have incurred any material liabilities, direct or contingent, or entered into any transaction which is material to potential holders of the Series 2020 Bonds, in each case other than in the ordinary course of its business, and there shall not have been any material adverse change in the condition, financial or otherwise, of the City or its properties or other assets.

(k) Except as disclosed in the Preliminary Official Statement and/or the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court, government agency or public board or body, pending or, to the best knowledge of the City, threatened, against or affecting the City or the titles of its officers to their respective offices, or which may affect or which seeks to prohibit, restrain or enjoin the sale, issuance or delivery of the Series 2020 Bonds or the collection or application of the Pledged Revenues pledged to pay the principal of and interest on the Series 2020 Bonds, or the City's Covenant to Budget and Appropriate or which in any way contests or affects the validity or enforceability of the Series 2020 Bonds, the Bond Resolution, this Purchase

Contract, the Continuing Disclosure Certificate, or any of them, or which may result in any material adverse change in the business, properties, other assets or financial condition of the City, or which contests in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or which contests the power of the City or any authority or proceedings for the issuance, sale or delivery of the Series 2020 Bonds or this Purchase Contract, nor, to the best knowledge of the City, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Series 2020 Bonds, the Bond Resolution, the Continuing Disclosure Certificate or this Purchase Contract.

(l) The City will furnish such information, execute such instruments and take such other action not inconsistent with law in cooperation with the Underwriters as the Underwriters may reasonably request in order (i) to qualify the Series 2020 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 Underwriters may designate, and/or (ii) to determine the eligibility of the Series 2020 Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Series 2020 Bonds; provided that the City shall not be obligated to take any action that would subject it to the general service of process in any state where it is not now so subject or require it to qualify to do business and any expense related to the foregoing shall be borne by the Underwriters.

(m) The City will advise the Underwriters promptly of any proposal to amend or supplement the Official Statement and will not effect any such amendment or supplement without the reasonable consent of the Underwriters. The City will advise the Underwriters promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Preliminary Official Statement or the Official Statement in connection with the offering, sale or distribution of the Series 2020 Bonds.

(n) Other than as disclosed in the Official Statement and the Preliminary Official Statement, the City has not, in the past five (5) years, failed to comply in any material respect with any agreement to provide continuing disclosure information pursuant to the Rule.

(o) Relating to outstanding debt of the City, there is not an unfunded materially significant arbitrage rebate liability of the City owing the Internal Revenue Service.

(p) The City has the authority to apply the proceeds of the Series 2020 Bonds for the purposes contemplated by the Bond Resolution.

(q) Any certificates executed by any officer of the City and delivered to the Underwriters pursuant hereto or in connection herewith shall be deemed a representation and warranty of the City as to the accuracy of the statements therein made.

(r) Between the date hereof and the time of the Closing, other than with respect to any enterprise fund of the City, the City shall not, without the prior written consent of the Representative, offer or issue in any material amount of any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, except in the course of normal business operations of the City or except for such borrowings as may be described in or contemplated by the Official Statement.

7. The Closing. At 11:00 a.m., New York time, on the date of Closing, or at such other time or date to which the City and the Underwriters may mutually agree, the City will, subject to the terms and conditions hereof, deliver the Series 2020 Bonds in book-entry form to the account of the Underwriters, through the Fast Automated Securities Transfer (FAST) system of DTC, duly executed, together with the other documents hereinafter mentioned, and, subject to the terms and conditions hereof, the Underwriters will accept such delivery and pay the aggregate purchase price of the Series 2020 Bonds as set forth in Section 1 hereof in Federal Funds to the City (such delivery of and payment for the Series 2020 Bonds is herein called the "Closing"). The City shall cause CUSIP identification numbers to be printed on the Series 2020 Bonds, but neither the failure to print such number on any Series 2020 Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriters to accept delivery of and pay for the Series 2020 Bonds in accordance with the terms of this Purchase Contract. The Closing shall occur at the offices of the City in Gainesville, Florida, or such other place to which the City and the Underwriters shall have mutually agreed. The Series 2020 Bonds shall be made available to the Underwriters no less than 24 hours before the Closing for purposes of inspecting and packaging. The Series 2020 Bonds shall be prepared and delivered as fully registered Series 2020 Bonds registered in the name of Cede & Co.

8. Closing Conditions. The Underwriters have entered into this Purchase Contract in reliance upon the representations, warranties, covenants and agreements of the City contained herein and in reliance upon the representations, warranties, covenants and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the City of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters' obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the Series 2020 Bonds shall be conditioned upon the performance by the City of its obligations to be performed hereunder, and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions:

(a) The representations, warranties, covenants and agreements of the City contained herein shall be true, complete and correct in all material respects on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) At the time of Closing, the Bond Resolution and the Continuing Disclosure Certificate shall be in full force and effect and shall not have been amended, modified or supplemented since the date hereof, and the Official Statement as delivered to the Underwriters on the date of Closing shall not have been supplemented or amended, except in any such case as may have been reasonably approved by the Underwriters;

(c) At the time of the Closing, all official action of the City relating to this Purchase Contract, the Series 2020 Bonds, the Bond Resolution and the Continuing Disclosure Certificate taken shall be in full force and effect as of the date of Closing and shall not have been amended, modified or supplemented, except for amendments, modifications or supplements which have been approved by the Underwriters prior to the Closing;

(d) At the time of the Closing, except as contemplated by the Official Statement, there shall have been no material adverse change in the financial condition of the City since September 30, 2019;

(e) At or prior to the Closing, the Underwriters shall have received copies of each of the following documents:

(1) Opinion of Holland & Knight LLP, Lakeland, Florida, Bond Counsel ("Bond Counsel"), dated the date of the Closing and addressed to the City, in substantially the form attached as Appendix D to the Official Statement and a reliance letter pertaining thereto addressed to the Underwriters;

(2) An opinion of Bond Counsel, dated the date of the Closing and addressed to the Underwriters, in such form as is mutually and reasonably acceptable to the City, the Underwriters and Bond Counsel, (i) to the effect that the statements contained in the Official Statement under the captions "DESCRIPTION OF THE SERIES 2020 BONDS" (excluding the information under of the subsection "Book-Entry Only System") and "SECURITY FOR THE SERIES 2020 BONDS," insofar as such statements purport to summarize portions of the Bond Resolution and the Series 2020 Bonds, constitute a fair summary of those portions purported to be summarized therein, and the information under the caption "TAX MATTERS" is accurate (all such opinions referred to in this clause (i) exclude financial, statistical and demographic information contained in

Official Statement and information related to DTC), (ii) to the effect that the Series 2020 Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended and (iii) to the effect that the Bond Resolution is not required to be qualified under the Trust Indenture Act of 1939, as amended;

(3) An opinion, dated the date of the Closing and addressed to the City, the Underwriters, and Bond Counsel of Nicolle M. Shalley, Esq., City Attorney, in substantially the form attached hereto as Exhibit C;

(4) A standard disclosure counsel opinion, dated the date of the Closing and addressed to the City, of Bryant Miller Olive P.A., Tampa, Florida, Disclosure Counsel, in form and substance satisfactory to the City and the Representative, and a reliance letter pertaining thereto addressed to the Underwriters which includes an opinion that the Continuing Disclosure Certificate satisfies the requirements of Section (b)(5)(i) of the Rule for an undertaking to provide certain annual financial information and event notices to various information repositories as required by the Rule;

(5) An opinion, dated the date of the Closing and addressed to the Underwriters, of Nabors, Giblin & Nickerson, Tampa, Florida, counsel for the Underwriters, in a form reasonably acceptable to the Representative.

(6) A certificate dated the date of Closing and signed by the Mayor or Mayor-Commissioner Pro Tempore and City Manager, or such other official satisfactory to the Underwriters, and in form and substance satisfactory to the Underwriters, to the effect that (A) the representations, warranties covenants and agreements of the City contained herein are true and correct to the best of their knowledge and belief in all material respects and are complied with as of the date of Closing, the Series 2020 Bonds, as executed and delivered, are in substantially the form approved by the Commission in the Bond Resolution; (B) such officials have no knowledge or reason to believe that the Preliminary Official Statement as of its date or the Official Statement as of its date, and with respect to the Official Statement as of the date of Closing (other than the information provided by DTC and the Underwriters) contains any untrue statement of a material fact which should be included therein for purposes for which the Preliminary Official Statement as of its date and the Official Statement is to be used, or which is necessary in order to make the statements contained therein, in light of the circumstances in which they were made, not misleading; (C) the City has authorized by all necessary action the adoption or enactment and due performance of the Bond Resolution and all authorizations, consents, approvals and reviews of governmental bodies or regulatory authorities then required for the City's execution, delivery and due performance of the Series

2020 Bonds, the Continuing Disclosure Certificate, the Purchase Contract and any and all such other agreements and documents as may be required to be executed, delivered and received by the City to carry out, give effect to and consummate the transactions contemplated by the Official Statement, have been obtained or effected; (D) (i) since September 30, 2019, no material and adverse change has occurred in the financial position or results of operations of the City except as set forth in or contemplated by the Official Statement, (ii) except with respect to enterprise funds of the City, the City has not, since September 30, 2019, incurred any material liabilities other than in the ordinary course of business or as set forth in or contemplated by the Official Statement, and (iii) since September 30, 2019, no material adverse change has occurred in the collection of the Non-Ad Valorem Revenues of the City, except as disclosed in or contemplated by the Official Statement; (E) except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before any court, government agency, public board or body, pending or to the undersigned's knowledge, threatened against the City, (i) to restrain or enjoin the issuance, sale or delivery of the Series 2020 Bonds, or in any way contesting or affecting the validity of, or any authority for the issuance of the Series 2020 Bonds, the adoption, as the case may be, or validity, of the Bond Resolution or the execution and delivery, or validity, of this Purchase Contract or the Continuing Disclosure Certificate or the sale of the Series 2020 Bonds; (ii) questioning, contesting or affecting the corporate existence or powers of the City or the Commission or the entitlement to office of the officers thereof; (iii) to restrain or enjoin the collection of any Non-Ad Valorem Revenues; (iv) which may result in any material adverse change in the business, properties, assets or the financial condition of the City; (v) which involves the possibility that a judgment or liability, not fully covered by insurance or adequate established reserves, may be entered or imposed against the City; or (vi) which asserts that the Preliminary Official Statement or the Official Statement contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (F) except as disclosed in the Official Statement, the City is not and has not been in default on any bond issued since December 31, 1975 that would be considered material by a reasonable investor; provided however, the City has not undertaken an independent review or investigation of securities for which it has served as conduit issuer, and the City does not believe that any information about any default on such securities is appropriate and would be considered material by a reasonable investor in the Series 2020 Bonds because the City is not obligated to pay the debt service on any such securities except from payments made to it by the private companies on whose behalf such securities were issued and no funds of the City have been pledged or

used to pay such securities or the interest thereon; (G) no default under the Bond Resolution has occurred and is continuing, the City is not in breach of the covenants and obligations assumed under the Bond Resolution, and all payments required to be made in the funds and accounts provided under the Bond Resolution, if any, have been made to the full extent required; (H) all provisions regarding any amounts to be rebated to the United States government have been complied with and provisions have been made for the payment of the rebate amount which will become due relating to outstanding debt of the City, there is not an unfunded materially significant arbitrage rebate liability of the City owing the Internal Revenue Service; (I) except as disclosed in the Official Statement, the City has not, in the past five (5) years, failed to comply in any material respect with any prior agreement to provide continuing disclosure pursuant to the Rule; (J) no event affecting the City has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purposes for which it is to be used or which is necessary to be disclosed therein in order to make the statements and information therein not misleading in any material respect; and (K) the financial statements and the other historical financial and statistical data relating to the City included in the Official Statement are true and correct as of the date of such information included in the Official Statement;

(7) Certified copy of the Bond Resolution;

(8) Executed copies of the Continuing Disclosure Certificate, a registrar and paying agent agreement and this Purchase Contract;

(9) Evidence of published ratings by [Moody's Investor's Service, and Fitch Ratings, Inc.] of "___" and "___" (_____ outlook), respectively, for the Series 2020 Bonds;

(10) Evidence that the City has deemed the Preliminary Official Statement "final" as of its date for purpose of the Rule, except for "permitted omissions."

(11) Such additional legal opinions, certificates, instruments and other documents as the Representative may reasonably request.

All of the evidence, opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are in the form specified herein or are otherwise in form and substance reasonably satisfactory to the Underwriters with such exceptions and modifications as shall be approved by the Representative and as shall not in the reasonable opinion of the Representative materially impair the investment quality of the Series 2020 Bonds.

If the City shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Series 2020 Bonds contained in this Purchase Contract, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Series 2020 Bonds shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriters nor the City shall be under any further obligation hereunder, except that the City shall return the Good Faith Deposit referred to in Section 5 to the Representative and the respective obligations of the City and the Underwriters set forth in Section 10 hereof shall continue in full force and effect.

9. Termination. The Underwriters may terminate this Purchase Contract, without liability therefor, by notification to the City, if at any time subsequent to the date of this Purchase Contract at or prior to the Closing:

(a) Any legislation, rule or regulation shall be introduced in, or be enacted by any department or agency in the State, or a decision by any court of competent jurisdiction within the State shall be rendered which, in the reasonable judgment of the Representative, materially adversely affects the market for the Series 2020 Bonds or the sale, at the contemplated offering prices, by the Underwriters of the Series 2020 Bonds to be purchased by them.

(b) Any amendment to the Official Statement is proposed by the City or deemed necessary by Bond Counsel or Disclosure Counsel or the Representative, in any of their reasonable opinions, pursuant to Section 2(c) hereof which materially adversely affects the market for the Series 2020 Bonds or the sale, at the contemplated offering prices, by the Underwriters, in the reasonable opinion of the Representative, of the Series 2020 Bonds to be purchased by them.

(c) Any fact shall exist or any event shall have occurred which makes the Official Statement, in the form as printed, in the reasonable opinion of the Representative, contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, and the City does not agree to amend the Official Statement pursuant to Section 2(c) hereof.

(d) There shall have occurred any outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war or any other national or international calamity or crisis, financial, political, economic or otherwise, including a general suspension of trading on any national securities exchange which (i) materially adversely affects the market for the Series 2020 Bonds or the sale of the Series 2020 Bonds, at the contemplated offering prices, by the Underwriters, in the reasonable opinion of the Representative, or (ii) causes a material disruption in the municipal bond market and as, in the reasonable opinion of the Representative, would make it impracticable

for them to market the Series 2020 Bonds or to enforce contracts for the sale of the Series 2020 Bonds (it being agreed to by the parties hereto that no such hostilities, calamity or crisis is occurring as of the date hereof which falls within either (i) or (ii) above).

(e) Legislation shall be enacted or any action shall be taken by, or on behalf of, the Securities and Exchange Commission which has the effect of requiring the contemplated distribution of the Series 2020 Bonds to be registered under the Securities Act of 1933, or any laws analogous thereto relating to governmental bodies, and compliance therewith cannot be accomplished prior to the Closing.

(f) A general banking moratorium shall have been declared by the United States, New York or Florida authorities which, in the reasonable judgment of the Representative, materially adversely affects the market for the Series 2020 Bonds or the sale, at the contemplated offering prices, by the Underwriters of the Series 2020 Bonds to be purchased by them.

(g) Any rating of the Series 2020 Bonds shall have been downgraded or withdrawn by a national rating service, or any notice shall have been given by a national rating agency of any intended review, downgrading, suspension, withdrawal or negative change in credit watch of their ratings which in the reasonable opinion of the Representative materially adversely affects the market for the Series 2020 Bonds or the sale, at the contemplated offering prices, by the Underwriters of the Series 2020 Bonds to be purchased by them; or any proceeding shall be pending or threatened by the Securities and Exchange Commission against the City.

10. Expenses. The Underwriters shall be under no obligation to pay, and the City shall pay, any expenses incident to the performance of the obligations of the City hereunder including, but not limited to: (a) the cost of preparation, printing or other reproduction of the Bond Resolution; (b) the cost of preparation and printing of the Series 2020 Bonds; (c) the fees and disbursements of Bond Counsel and Disclosure Counsel; (d) the fees and disbursements of the financial advisor to the City; (e) the fees and disbursements of any experts, consultants or advisors retained by the City, including fees of the paying agent and registrar; (f) fees for bond ratings; (g) the costs of preparing, printing and delivering a reasonable number of copies of the Preliminary Official Statement and the Official Statement and any supplements or amendments to either of them; (h) the cost of preparing, printing and delivery of this Purchase Contract; and (i) any expenses incurred by the Underwriters on behalf of the City's employees and representatives which are in connection with this Purchase Contract, including, but not limited to, meals, transportation and lodging, and other related expenses of those employees and representatives; the City's obligations in regard to these expenses survive if the underlying transaction fails to close or consummate due to one of the conditions set forth in Section 8 above.

The Underwriters shall pay: (a) all advertising expenses; (b) the cost of preparing, printing and delivery of any agreements among the Underwriters; (c) the cost of all "blue sky" memoranda and related filing fees; and (d) all other expenses incurred by them or any of them in connection with the public offering of the Series 2020 Bonds, including the fees and disbursements of counsel retained by them, but not including the costs identified in the immediately preceding paragraph. In the event that either party shall have paid obligations of the other as set forth in this Section 10, adjustment shall be made at the time of the Closing.

11. 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 at its address set forth above to the attention of the City Attorney, and any notice or other communication to be given to the Underwriters may be given by delivering the same in writing to BofA Securities, Inc., 101 E. Kennedy Boulevard, Suite 200, Tampa, Florida 33602, Attention: Douglas W. Draper, Director.

12. Parties in Interest. This Purchase Contract is made solely for the benefit of the City and the Underwriters and no other party or person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties, covenants and agreements in this Purchase Contract shall remain operative and in full force and effect, regardless of: (i) any investigations made by or on behalf of any of the Underwriters; (ii) the delivery of the Series 2020 Bonds pursuant to this Purchase Contract; or (iii) any termination of this Purchase Contract but only to the extent provided by the last part of Section 10 hereof.

13. Waiver. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the City hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriters may be waived by the Representative, in its sole discretion, and the approval of the Representative when required hereunder or the determination of their satisfaction as to any document referred to herein shall be in writing, signed by appropriate officer or officers of the Representative and delivered to the City.

14. Waiver of Jury Trial. Each of the parties to this Purchase Contract hereby knowingly waives any right to trial by jury related to any case or claim arising out of any dispute or controversy hereunder.

15. Entire Agreement. This Purchase Contract contains the entire agreement between the parties relating to the subject matter hereof and supersedes all oral statements, prior writings and representations with respect thereto.

16. Effectiveness. This Purchase Contract shall become effective and binding upon the respective parties hereto upon the execution of the acceptance by the City.

17. Counterparts. This Purchase Contract may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

18. Headings. The headings of the sections of this Purchase Contract are inserted for convenience only and shall not be deemed to be a part hereof.

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

Very truly yours,

BofA SECURITIES, INC.

By: _____
Name: Douglas W. Draper
Title: Director

Accepted by:

CITY OF GAINESVILLE, FLORIDA

By: _____
Name:
Title:

Approved as to Form and Legality:

By: _____
Name: Nicolle M. Shalley, Esq.
Title: City Attorney

EXHIBIT A

MATURITIES, AMOUNTS, INTEREST RATES, PRICES AND YIELDS

\$ _____
CITY OF GAINESVILLE, FLORIDA
Special Obligation Revenue Bonds, Series 2020
(Federally Taxable)

\$ _____ **Serial Series 2020 Bonds**

<u>Maturity</u> <u>(October 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Yield</u>
---------------------------------------	---------------	----------------------	--------------	--------------

\$ _____ % Term Series 2020 Bonds due _____, 2-__ -- Price _____ --
Yield ____%

REDEMPTION PROVISIONS

Optional Redemption for Series 2020 Bonds

[Prior to _____, 2020 the Series 2020 Bonds are redeemable at the option of the City, in whole or in part at any time, from any moneys that may be provided for such purpose, at a redemption price equal to the greater of: (i) 100% of the principal amount of the Series 2020 Bonds to be redeemed; and (ii) an amount calculated by a Designated Banking Institution (as defined below) equal to the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2020 Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2020 Bonds are to be redeemed, discounted to the redemption date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as defined below), plus __ basis points; plus, in each case, accrued and unpaid interest on the Series 2020 Bonds to be redeemed to the date fixed for redemption.

"Designated Banking Institution" means an investment banking institution of national standing which is a primary United States government securities dealer in the City of New York designated by the City (which may be one of the underwriters of the Series 2020 Bonds).

"Treasury Rate" means, as of any redemption date of the Series 2020 Bonds, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519)) that has become publicly available seven Business Days prior to the date fixed for redemption (excluding inflation-indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data as selected by a Designated Banking Institution) most nearly equal to the period from the redemption date to the maturity date of the Series 2020 Bonds to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.]

[The Series 2020 Bonds maturing on and after _____ 1, 20__ will be subject to redemption prior to maturity at the option 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.]

Mandatory Redemption for Series 2020 Bonds

The Series 2020 Bonds maturing on October 1, _____ are subject to mandatory redemption prior to their maturities in part by lot, at a redemption price of par plus accrued interest to the respective dates of redemption, but without premium, on the following dates and in the following amounts, from Amortization Installments required to be paid on such dates and in such amounts:

Series Term Bonds Due October 1, _____

<u> Date </u>	<u> Amortization Installment </u>
---	---

(*Final maturity)

EXHIBIT B

\$ _____
CITY OF GAINESVILLE, FLORIDA
Special Obligation Revenue Bonds, Series 2020
(Federally Taxable)

DISCLOSURE STATEMENT

_____, 2020

Mayor and City Council
of the City of Gainesville, Florida
Gainesville, Florida

Ladies and Gentlemen:

In connection with the proposed issuance by the City of Gainesville, Florida (the "City") of the City of Gainesville, Florida Special Obligation Revenue Bonds, Series 2020 (Federally Taxable) (the "Bonds"), BofA Securities, Inc. (the "Representative"), on behalf of itself and Citigroup Global Markets Inc. (collectively, the "Underwriters"), have agreed to underwrite a public offering of the Bonds. Arrangements for underwriting the Bonds will include a Purchase Contract between the City and the Underwriters (the "Purchase Contract").

The purpose of this letter is to furnish, pursuant to the provisions of Sections 218.385(2), (3) and (6), Florida Statutes, certain information in respect to the arrangement contemplated for the underwriting of the Bonds as follows:

(a) The nature and estimated amount of expenses to be incurred by the Underwriters in connection with the issuance of the Bonds are set forth on Schedule I attached hereto.

(b) There are no "finders," as that term is defined in Section 218.386, Florida Statutes, connected with the issuance of the Bonds.

(c) The amount of underwriting spread, including the management fee, expected to be realized is as follows:

	<u>Per \$1,000 Bond</u>	<u>Dollar Amount</u>
Average Takedown		
Underwriters' Expenses	_____	_____
Total Underwriting Spread	=====	=====

(d) No other fee, bonus or other compensation is estimated to be paid by the Underwriters in connection with the issuance of the Bonds to any person not regularly employed or retained by the Underwriters, except as described in Schedule I attached hereto.

(e) The name and address of the Underwriters are set forth below:

BofA Securities, Inc.
101 E. Kennedy Boulevard, Suite 200
Tampa, Florida 33602

Citigroup Global Markets Inc.
3800 Citigroup Center Drive
Tampa, Florida 33610

(f) The City is proposing to issue \$_____ aggregate principal amount of the Bonds, primarily for the purpose of funding a portion of the unfunded liability of the City's Pension Plans (as defined in the Bond Resolution, which in turn is defined in the Purchase Contract), and paying other costs necessary or incidental thereto.

The Bonds are expected to be repaid over a period of approximately ____ years (from the date of closing). At an all-inclusive true interest cost rate of _____%, total interest paid over the life of the Bonds will be \$_____.

The source of security for the Bonds is certain Non-Ad Valorem Revenues (as defined in the Bond Resolution) budgeted and appropriated by the City, all in the manner and to the extent provided in the Bond Resolution. Authorizing the Bonds will result in an annual average of \$_____ of such Non-Ad Valorem Revenues not being available to finance the other services of the City each year for approximately ____ years.

We understand that the City does not require any further disclosure from the Underwriters, pursuant to Sections 218.385(2), (3) and (6), Florida Statutes.

Very truly yours,

BofA SECURITIES, INC.

By: _____

Name: Douglas W. Draper

Title: Director

SCHEDULE I

ESTIMATED EXPENSES TO BE INCURRED BY UNDERWRITERS

	<u>Per \$1,000</u>	<u>Dollar Amount</u>
	<u>Bond</u>	
i-Deal Bookrunning		
i-Deal Wire Charges		
i-Deal Order Monitor		
CUSIP Charge and Disclosure Fee		
DTC Service Fees		
Out of Pocket Expenses		
Underwriters' Counsel		
TOTAL		

EXHIBIT C
FORM OF OPINION OF CITY ATTORNEY

_____, 2020

City Commission of the
City of Gainesville, Florida
Gainesville, Florida

Holland & Knight LLP
Lakeland, Florida

BofA Securities, Inc.
Tampa, Florida

Bryant Miller Olive P.A.
Tampa, Florida

Citigroup Global Markets Inc.
Orlando, Florida

Re: City of Gainesville, Florida Special Obligation Revenue Bonds, Series 2020
(Federally Taxable)

Ladies and Gentlemen:

This opinion is being furnished to you in connection with the issuance and sale by the City of Gainesville, Florida (the "City"), of its City of Gainesville, Florida Special Obligation Revenue Bonds, Series 2020 (Federally Taxable) (the "Series 2020 Bonds"). The Series 2020 Bonds are being issued pursuant to Resolution No. _____ adopted by the City Commission of the City (the "Commission") on August 20, 2020, as supplemented by Resolution No. _____ adopted by the Commission on August 20, 2020 (collectively, the "Bond Resolution"). The Series 2020 Bonds are being issued for the purpose of funding a portion of the unfunded liability of the City's Pension Plans (as defined in the Bond Resolution), and paying other costs necessary or incidental thereto. All terms used herein in capitalized form and not otherwise defined herein shall have the same meanings as ascribed to them under the Bond Resolution.

I am the duly appointed City Attorney for the City. In that capacity, I have examined all proceedings of the City in connection with the authorization, issuance and sale of the Series 2020 Bonds, including the Bond Resolution which was adopted pursuant to and under the Constitution and Laws of the State of Florida, including Chapter 166, Florida Statutes, Chapter 159, Part VII, Florida Statutes, the Charter of the City, and other applicable provisions of law (the "Act"). I have also reviewed the Preliminary Official Statement dated _____, 2020 related to the Series 2020 Bonds (the "Preliminary Official Statement"),

the final Official Statement dated _____, 2020 related to the Series 2020 Bonds (the "Official Statement"), the Purchase Contract between the City and BofA Securities, Inc. as representative of itself and Citigroup Global Markets Inc. (collectively, the "Underwriters") dated _____, 2020 related to the Series 2020 Bonds (the "Purchase Contract") and the Continuing Disclosure Certificate dated as of _____, 2020 related to the Series 2020 Bonds (the "Continuing Disclosure Certificate"). I have also made such investigation and have examined such other ordinances, resolutions, certificates, documents, public records and proceedings as I have deemed relevant and necessary in rendering the opinions expressed below. I am of the opinion that as of the date hereof:

(1) 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 Act, and has full legal right, power and authority (a) to enter into the Purchase Contract and the Continuing Disclosure Certificate and to adopt the Bond Resolution, (b) to issue, sell and deliver the Series 2020 Bonds to the Underwriters as provided in the Purchase Contract, (c) to pledge the Pledged Revenues as set forth in the Bond Resolution, (d) to covenant and agree to budget and appropriate sufficient Non-Ad Valorem Revenues to pay debt service on the Series 2020 Bonds, and (e) to carry out, give effect to and consummate the transactions contemplated by the Purchase Contract, the Bond Resolution and the Continuing Disclosure Certificate.

(2) By official action of the City, the City has duly adopted the Bond Resolution, has duly authorized and approved the execution and delivery of the Series 2020 Bonds, the Purchase Contract, the Continuing Disclosure Certificate and the Official Statement and the consummation by it of all other transactions contemplated by the Purchase Contract, and the Bond Resolution, the Continuing Disclosure Certificate and the Purchase Contract constitute legal, valid and binding obligations of the City enforceable in accordance with the terms thereof.

(3) The Series 2020 Bonds are valid and binding obligations of the City as provided in the Bond Resolution and entitled to the benefits of the Bond Resolution and of the Act, as amended through the date hereof.

(4) Except as described in the Official Statement, there is no action, suit or proceeding, at law or in equity, and, to the best of my knowledge, after searching court records for cases naming the City and filed in the Circuit Court of the Eighth Judicial Circuit and the Court for the Northern District of Florida, there is no inquiry or investigation, before or by any court, public board or body, or investigation by any regulatory agency for which I have received notice, pending or, to the best of my knowledge, after searching court records for cases naming the City and filed in the Circuit Court of the Eighth Judicial Circuit and the Court for the Northern District of Florida, threatened in writing 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 Series 2020 Bonds or the City's ability to covenant to budget and appropriate sufficient Non-Ad Valorem Revenues to pay

scheduled debt service on the Series 2020 Bonds or the City's ability to collect and apply Non-Ad Valorem Revenues in the amounts contemplated by the Official Statement or the pledge by the City of the Pledged Revenues as provided under the Bond Resolution, or in any way contesting or affecting the validity or enforceability of the Series 2020 Bonds, the Bond Resolution, the Purchase Contract 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 Official Statement or any supplement or amendment thereto, or contesting the powers of the City or its authority with respect to the Series 2020 Bonds, the adoption of the Bond Resolution, or the execution and delivery of the Purchase Contract or the Continuing Disclosure Certificate or any action of the City contemplated by any of said documents, nor to my knowledge is there any basis therefor.

(5) Compliance by the City with the provisions of the Bond Resolution, the Purchase Contract or the other instruments contemplated by any of such documents to which the City is a party will not violate any applicable federal or Florida Law.

(6) During the course of serving as counsel to the City in connection with the issuance of the Series 2020 Bonds, and without having undertaken to determine independently or assuming any responsibility for the accuracy, completeness or fairness of the statements contained in the 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 Series 2020 Bonds which caused any of such attorneys in the office of the City Attorney to believe that the Official Statement as of its date and as of the date hereof (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, provider of a reserve surety policy, if any, and the information contained under the caption "UNDERWRITING" and in Appendices B, C, D and E to the Official Statement, included or referred to therein, as to which no opinion or view is 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.

(7) The City is lawfully empowered to pledge and grant a lien on, and has pledged and granted a lien on the Pledged Revenues for payment of the principal of, redemption premium, if any, and interest on the Series 2020 Bonds. The principal of, redemption premium, if any, and interest on the Series 2020 Bonds are payable from Non-Ad Valorem Revenues budgeted and appropriated in the manner and to the extent provided in the Bond Resolution and are secured by a lien upon and pledge of the Pledged Revenues. Neither the general credit nor the taxing power of the City, the State of Florida or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the Series 2020 Bonds.

(8) To the best of my knowledge, all approvals, consents, authorizations and orders of any governmental authority or agency having jurisdiction in any matter which would constitute a condition precedent to the performance by the City of its obligations under the Continuing Disclosure Certificate, the Purchase Contract, the Series 2020 Bonds and the Bond Resolution have been obtained and are in full force and effect, or are customarily granted in due course after application thereof and expected to be obtained without delay beyond due course.

The foregoing opinions are subject to the effect of, and restrictions and limitations imposed by or resulting from, bankruptcy, insolvency, debt adjustment, moratorium, reorganization, receivership 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. By use of the word "enforceable" in this opinion, we are not rendering any opinion as to the availability of the remedy of specific performance or other equitable relief.

Except as provided in paragraph (5) hereof, all opinions expressed are limited solely to Florida law.

Our opinion is limited in all respects to the laws existing on the date hereof. By providing this opinion to you, we do not undertake to advise you of any changes in the law which may occur after the date hereof or to revise, update or modify this opinion subsequent to the date hereof.

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

Notwithstanding the foregoing, I do not pass upon the applicability of any approvals, consents and orders as may be required under the Blue Sky or securities laws or legal investment laws of any state in connection with the offering and sale of the Series 2020 Bonds or in connection with the registration of the Series 2020 Bonds under the federal securities laws.

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

Yours truly,

OFFICE OF THE CITY ATTORNEY

By: _____

Name: Nicolle M. Shalley, Esq.

Title: City Attorney

EXHIBIT B TO RESOLUTION
FORM OF PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE – BOOK ENTRY ONLY

SEE "RATINGS" herein

In the opinion of Holland & Knight LLP, Bond Counsel, interest on the Series 2020 Bonds is not excludable from gross income for federal income tax purposes. Holders of the Series 2020 Bonds could be subject to the consequences of other provisions of the Internal Revenue Code of 1986, as amended, as further described herein. See "TAX MATTERS" herein.

\$ _____ *

**CITY OF GAINESVILLE, FLORIDA
Special Obligation Revenue Bonds, Series 2020
(Federally Taxable)**

Dated: Date of Delivery

Due: October 1 in each year
as shown on the inside cover

The City of Gainesville, Florida (the "City") is issuing its Special Obligation Revenue Bonds, Series 2020 (Federally Taxable) (the "Series 2020 Bonds") as fully registered bonds, which initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Individual purchases will be made in book entry form only in denominations as described herein. Purchasers of the Series 2020 Bonds (the "Beneficial Owners") will not receive physical delivery of the Series 2020 Bonds. Transfer of ownership in the Series 2020 Bonds will be effected by DTC's book-entry system as described herein. As long as Cede & Co. is the registered owner as nominee of DTC, principal and interest payments will be made directly to such registered owner which will in turn remit such payments to the Participants (as defined herein) for subsequent disbursement to the Beneficial Owners. Interest on the Series 2020 Bonds is payable on _____ 1, 20__, and semi-annually thereafter on each April 1 and October 1. Principal of the Series 2020 Bonds is payable, when due, to the registered owners upon presentation and surrender at the designated corporate office of Wilmington Trust, National Association, Buffalo, New York, as Registrar and Paying Agent. All payments of principal of, redemption premium, if applicable, and interest on the Series 2020 Bonds shall be payable in lawful money of the United States of America.

Certain of the Series 2020 Bonds are subject to redemption prior to their stated dates of maturity as provided herein. See "DESCRIPTION OF THE SERIES 2020 BONDS – Redemption Provisions" herein.

The Series 2020 Bonds are being issued pursuant to the authority of and in full compliance with the Constitution and laws of the State of Florida, including particularly Chapter 166, Florida Statutes, Chapter 159, Part VII, Florida Statutes, the municipal charter of the City (the "City Charter") and other applicable provisions of law (the "Act") and pursuant to Resolution No. ____ adopted by the City Commission of the City (the "Commission") on August 20, 2020, as supplemented by Resolution No. ____ adopted by the Commission on August 20, 2020 (collectively, the "Bond Resolution"). All terms used herein in capitalized form and not otherwise defined shall have the meanings ascribed thereto in the Bond Resolution.

Pursuant to the Bond Resolution, the City has covenanted and agreed, to the extent permitted by and in accordance with applicable law and budgetary processes, to prepare, approve and appropriate in its Annual Budget for each Fiscal Year, by amendment if necessary, and to deposit to the credit of the Debt Service Fund, in a timely manner as needed to pay debt service on the Bonds and any other amounts payable under the Series 2020 Bonds or the Bond Resolution, Non-Ad Valorem Revenues of the City in an amount which is equal to the Bond Service Requirement with respect to the Series 2020 Bonds for the applicable Fiscal Year, plus an amount sufficient to satisfy all other payment obligations of the City under the Bonds or the Bond Resolution for the applicable Fiscal Year. The covenant and obligation of the City to budget and appropriate such amounts as described above is subject to certain caveats more fully described herein and in the Bond Resolution. The Series 2020 Bonds are not secured by any amounts on deposit in the Reserve Account. See "SECURITY FOR THE SERIES 2020 BONDS" herein.

The Series 2020 Bonds are being issued to provide funds to (i) finance all or a portion of the currently estimated Pension Obligations (as defined herein) of the City with respect to the contributory defined benefit retirement plans known as the Pension Plans (as defined herein) sponsored and administered by the City, and (ii) pay a portion of the costs associated with the issuance of the Series 2020 Bonds.

THE SERIES 2020 BONDS SHALL NOT BE DEEMED TO CONSTITUTE GENERAL OBLIGATIONS OR A PLEDGE OF THE FAITH AND CREDIT OF THE CITY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL, LEGISLATIVE OR CHARTER PROVISION OR LIMITATION, BUT SHALL BE PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND A PLEDGE OF THE PLEDGED REVENUES, IN THE MANNER AND TO THE EXTENT PROVIDED IN THE BOND RESOLUTION. NO SERIES 2020 BONDHOLDER SHALL EVER HAVE THE RIGHT, DIRECTLY OR INDIRECTLY, TO REQUIRE OR COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE CITY OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF FLORIDA OR TAXATION IN ANY FORM ON ANY REAL OR PERSONAL PROPERTY FOR ANY PURPOSE, INCLUDING, WITHOUT LIMITATION, FOR THE PAYMENT OF PRINCIPAL OF AND INTEREST ON SUCH SERIES 2020 BONDS, OR TO MAINTAIN OR CONTINUE ANY ACTIVITIES OF THE CITY WHICH GENERATE USER SERVICE CHARGES, REGULATORY FEES OR OTHER NON-AD VALOREM REVENUES, NOR SHALL ANY SERIES 2020 BONDHOLDER BE ENTITLED TO PAYMENT OF SUCH PRINCIPAL AND INTEREST FROM ANY OTHER FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES, ALL IN THE MANNER AND TO THE EXTENT PROVIDED IN THE BOND RESOLUTION. THE SERIES 2020 BONDS AND THE INDEBTEDNESS EVIDENCED THEREBY SHALL NOT CONSTITUTE A LIEN UPON ANY REAL OR PERSONAL PROPERTY OF THE CITY, OR ANY PART THEREOF, OR ANY OTHER TANGIBLE PERSONAL PROPERTY OF OR IN THE CITY, BUT SHALL CONSTITUTE A LIEN ONLY ON THE PLEDGED REVENUES, ALL IN THE MANNER AND THE EXTENT PROVIDED IN THE BOND RESOLUTION.

This cover page contains certain information for quick reference only. It is not, and is not intended to be, a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Series 2020 Bonds are offered when, as, and if issued and received by the Underwriters, subject to the opinion on certain legal matters relating to their issuance by Holland & Knight LLP, Lakeland, Florida, Bond Counsel. Certain legal matters will be passed upon for the City by Nicole M. Shalley, Esq., Gainesville, Florida, City Attorney and Bryant Miller Olive P.A., Tampa, Florida, Disclosure Counsel to the City. PFM Financial Advisors LLC, Orlando, Florida is Financial Advisor to the City in regard to the issuance of the Series 2020 Bonds. Nabors, Giblin & Nickerson, P.A., Tampa, Florida is serving as Counsel to the Underwriters. It is expected that the Series 2020 Bonds in definitive form will be available for delivery to the Underwriters in New York, New York at the facilities of DTC on or about _____, 2020.

BofA Securities

Citigroup

Dated: _____, 2020

*Preliminary, subject to change.

\$ _____ *

CITY OF GAINESVILLE, FLORIDA
Special Obligation Revenue Bonds, Series 2020
(Federally Taxable)

**MATURITIES, AMOUNTS, INTEREST RATES,
PRICES, YIELDS AND INITIAL CUSIP NUMBERS**

\$ _____ * Series 2020 Serial Bonds

<u>Maturity</u> <u>(October 1)*</u>	<u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>Yield</u>	<u>Initial</u> <u>CUSIP</u> <u>Number**</u>
--	----------------	--------------------------------	--------------	--------------	---

* Preliminary, subject to change.

** The City is not responsible for the use of the CUSIP Numbers referenced herein nor is any representation made by the City as to their correctness. The CUSIP Numbers provided herein are included solely for the convenience of the readers of this Official Statement.

RED HERRING LANGUAGE:

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2020 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of such jurisdiction. The City has deemed this Preliminary Official Statement "final," except for certain permitted omissions, within the contemplation of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

CITY OF GAINESVILLE, FLORIDA

200 East University Avenue
Gainesville, Florida 32601

MEMBERS OF THE CITY COMMISSION

Lauren Poe, Mayor
David Arreola, Mayor-Commissioner Pro-Tem
Adrian Hayes-Santos, Commissioner
Gail Johnson, Commissioner
Reina Saco, Commissioner
Gigi Simmons, Commissioner
Harvey Ward, Commissioner

CITY OFFICIALS

Lee R. Feldman, ICMA-CM, City Manager
Virginia Bigbie, CPA, CFE, City Auditor
Cintya G. Ramos, Finance Director
Nicolle M. Shalley, Esq., City Attorney
Omichele D. Gainey, Clerk of the Commission
Edward J. Bielarski, Jr., General Manager of Utilities
Teneeshia Marshall, Equal Opportunity Director

FINANCIAL ADVISOR

PFM Financial Advisors LLC
Orlando, Florida

BOND COUNSEL

Holland & Knight LLP
Lakeland, Florida

DISCLOSURE COUNSEL

Bryant Miller Olive P.A.
Tampa, Florida

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations in connection with the Series 2020 Bonds other than as contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2020 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City, DTC and other sources which are believed to be reliable, but which is not guaranteed as to accuracy by, and is not to be construed as a representation by the City, with respect to any information provided by others. The information and expressions of opinion stated herein are subject to change, and neither the delivery of this Official Statement nor any sale made hereunder shall create, under any circumstances, any implication that there has been no change in the matters described herein since the date hereof. The Underwriters have reviewed the information in this Official Statement in accordance with and as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. This Official Statement is submitted in connection with the sale of the Series 2020 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

All summaries set forth or incorporated herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Series 2020 Bonds are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements.

The City maintains a website. However, the information presented therein is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Series 2020 Bonds. The reference to internet websites in this Official Statement are shown for reference and convenience only. Unless explicitly stated to the contrary, the information contained within the websites is not incorporated herein by reference and does not constitute part of this Official Statement.

NO REGISTRATION STATEMENT RELATING TO THE SERIES 2020 BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR WITH ANY STATE SECURITIES COMMISSION. IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE CITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2020 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS OFFICIAL STATEMENT CONSTITUTE FORWARD LOOKING STATEMENTS. SUCH STATEMENTS GENERALLY ARE IDENTIFIABLE BY THE TERMINOLOGY USED, SUCH AS "PLAN," "EXPECT," "ESTIMATE," "BUDGET" OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE

ANY UPDATES OR REVISIONS TO THOSE FORWARD LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, SUBJECT TO ANY CONTRACTUAL OR LEGAL RESPONSIBILITIES TO THE CONTRARY.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE A CONTRACT BETWEEN THE CITY AND ANY ONE OR MORE OF THE OWNERS OF THE SERIES 2020 BONDS.

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APPENDICES

- APPENDIX A: General Information Concerning the City of Gainesville
- APPENDIX B: Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2019
- APPENDIX C: Form of the Bond Resolution
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- APPENDIX E: Form of Continuing Disclosure Certificate

OFFICIAL STATEMENT
relating to

\$ _____*
CITY OF GAINESVILLE, FLORIDA
Special Obligation Revenue Bonds, Series 2020
(Federally Taxable)

INTRODUCTION

General

This Official Statement, including the cover page and the appendices hereto, is furnished with respect to the sale of \$ _____* aggregate principal amount of Special Obligation Revenue Bonds, Series 2020 (Federally Taxable) (the "Series 2020 Bonds") issued by the City of Gainesville, Florida (the "City").

This introduction is not, and is not intended to be, a summary of this Official Statement. It is only a brief description of, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Series 2020 Bonds is made only by means of this Official Statement and is subject in all respects to the information contained herein.

The City

The City, home of the University of Florida, is located in North Central Florida midway between Florida's Gulf and the Atlantic coast. The City is approximately 125 miles north of Tampa, approximately 110 miles northwest of Orlando and approximately 75 miles southwest of Jacksonville. The Bureau of Economic and Business Research at the University of Florida estimated a 2019 population of 267,306 in Alachua County, Florida (the "County") with an estimated 133,068 persons residing within the City limits as of April 2019. The economic base of the City consists primarily of light industrial, commercial, health care and educational activities. The University of Florida is the oldest university in the State of Florida (the "State") and, with approximately 56,000 students, is one of the largest universities in the nation.

For additional information with respect to the City and the County, see APPENDIX A attached hereto.

Authority for and Purpose of Issuance

The Series 2020 Bonds are being issued pursuant to the authority of and in full compliance with the Constitution and laws of the State of Florida, including particularly Chapter 166, Florida Statutes, Chapter 159, Part VII, Florida Statutes, the municipal charter of the City (the "City Charter") and other applicable provisions of law (the "Act") and pursuant to Resolution No. ____ adopted by the Commission on August 20, 2020, as supplemented by Resolution No. ____ adopted by the Commission on August 20, 2020 (collectively, the "Bond Resolution"). All terms used herein in capitalized form and

*Preliminary, subject to change.

not otherwise defined shall have the meanings ascribed thereto in the Bond Resolution. For a complete description of the terms and conditions of the Series 2020 Bonds, reference is made to "APPENDIX C – Form of the Bond Resolution" attached hereto.

The Series 2020 Bonds are being issued to provide funds to (i) finance all or a portion of the currently estimated Pension Obligations (as hereinafter defined) of the City with respect to the contributory defined benefit retirement plans known as the Pension Plans (as hereinafter defined) sponsored and administered by the City, and (ii) pay a portion of the costs associated with the issuance of the Series 2020 Bonds.

"Pension Plans" means, collectively, the Consolidated Plan and the Employees' Plan.

"Consolidated Plan" means the contributory defined benefit retirement plan known as the Consolidated Police Officer's and Firefighters' Retirement Plan of the City.

"Employees' Plan" means the contributory defined retirement plan known as the Employees' Pension Plan of the City.

"Pension Obligations" means the amount necessary to fund the currently estimated unfunded liability of the Pension Plans.

See "LIABILITIES OF THE CITY – Defined Benefit Pension Plans" herein and see "APPENDIX C – Form of the Bond Resolution" attached hereto for more information regarding the Pension Obligations of the City with respect to the Employees' Plan and the Consolidated Plan.

Security for the Series 2020 Bonds

Pursuant to the Bond Resolution, the City has covenanted and agreed, to the extent permitted by and in accordance with applicable law and budgetary processes, to prepare, approve and appropriate in its Annual Budget for each Fiscal Year, by amendment if necessary, and to deposit to the credit of the Debt Service Fund, in a timely manner as needed to pay debt service on the Bonds and any other amounts payable under the Series 2020 Bonds or the Bond Resolution, Non-Ad Valorem Revenues of the City in an amount which is equal to the Bond Service Requirement with respect to the Series 2020 Bonds and any other amounts payable under the Series 2020 Bonds or under the Bond Resolution for the applicable Fiscal Year. The covenant and obligation of the City to budget and appropriate such amounts as described above is subject to certain caveats more fully described herein and in the Bond Resolution. See "SECURITY FOR THE SERIES 2020 BONDS" herein.

THE SERIES 2020 BONDS SHALL NOT BE DEEMED TO CONSTITUTE GENERAL OBLIGATIONS OR A PLEDGE OF THE FAITH AND CREDIT OF THE CITY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL, LEGISLATIVE OR CHARTER PROVISION OR LIMITATION, BUT SHALL BE PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND A PLEDGE OF THE PLEDGED REVENUES, IN THE MANNER AND TO THE EXTENT PROVIDED IN THE BOND RESOLUTION. NO SERIES 2020 BONDHOLDER SHALL EVER HAVE THE RIGHT, DIRECTLY OR INDIRECTLY, TO REQUIRE OR COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE CITY OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF FLORIDA OR TAXATION IN ANY FORM ON ANY REAL OR PERSONAL PROPERTY FOR ANY PURPOSE, INCLUDING,

WITHOUT LIMITATION, FOR THE PAYMENT OF PRINCIPAL OF AND INTEREST ON SUCH SERIES 2020 BONDS, OR TO MAINTAIN OR CONTINUE ANY ACTIVITIES OF THE CITY WHICH GENERATE USER SERVICE CHARGES, REGULATORY FEES OR OTHER NON-AD VALOREM REVENUES, NOR SHALL ANY SERIES 2020 BONDHOLDER BE ENTITLED TO PAYMENT OF SUCH PRINCIPAL AND INTEREST FROM ANY OTHER FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES, ALL IN THE MANNER AND TO THE EXTENT PROVIDED IN THE BOND RESOLUTION. THE SERIES 2020 BONDS AND THE INDEBTEDNESS EVIDENCED THEREBY SHALL NOT CONSTITUTE A LIEN UPON ANY REAL OR PERSONAL PROPERTY OF THE CITY, OR ANY PART THEREOF, OR ANY OTHER TANGIBLE PERSONAL PROPERTY OF OR IN THE CITY, BUT SHALL CONSTITUTE A LIEN ONLY ON THE PLEDGED REVENUES, ALL IN THE MANNER AND THE EXTENT PROVIDED IN THE BOND RESOLUTION.

Tax Matters

In the opinion of Holland & Knight LLP, Bond Counsel, interest on the Series 2020 Bonds is not excludable from gross income for federal income tax purposes. Holders of the Series 2020 Bonds could be subject to the consequences of other provisions of the Internal Revenue Code of 1986, as amended, as further described herein. See "TAX MATTERS" herein.

Continuing Disclosure

The City has agreed and undertaken, for the benefit of Series 2020 Bondholders, to provide certain financial information and operating data relating to the City, the Pledged Revenues and the Series 2020 Bonds pursuant to Rule 15c2-12 of the Securities and Exchange Commission.

Other Obligations Payable from Non-Ad Valorem Revenues

The City has other debt issues outstanding which are secured by and payable from specific non-ad valorem revenues, and debt obligations outstanding which are secured by a covenant to budget and appropriate legally available non-ad valorem revenues, which is the same source of security as for the Series 2020 Bonds. See the table entitled "CITY OF GAINESVILLE, FLORIDA DEBT SERVICE SCHEDULE FOR NON-SELF-SUPPORTING REVENUE DEBT" in "GENERAL INFORMATION REGARDING NON-AD VALOREM REVENUES" herein and see "GENERAL INFORMATION REGARDING NON-AD VALOREM REVENUES – General" herein.

Issuance of Bonds or Other Obligations Payable from Non-Ad Valorem Revenues

The City may issue additional obligations in the future secured by and/or payable from the Non-Ad Valorem Revenues of the City subject to certain covenants restricting such ability set forth in the Bond Resolution. See "SECURITY FOR THE SERIES 2020 BONDS –Anti-Dilution Test" herein and "APPENDIX C – Form of the Bond Resolution" attached hereto.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Copies of the Bond Resolution and other documents and information are available, upon request and upon payment to the City of a charge for copying, mailing and handling, from the Clerk of the Commission, Omichele D. Gainey, 200 East University Avenue, Room 107, Gainesville, Florida 32602-0490, telephone (352) 334-5015.

For a complete description of the terms and conditions of the Series 2020 Bonds, reference is made to the Bond Resolution, the form of which is included in "APPENDIX C -- Form of the Bond Resolution" attached hereto. The description of the Bond Resolution, the Series 2020 Bonds and information from reports contained herein do not purport to be comprehensive or definitive.

DESCRIPTION OF THE SERIES 2020 BONDS

General

The Series 2020 Bonds are issuable in fully registered form in the denomination of \$5,000 each or any integral multiple thereof. The Series 2020 Bonds will be dated the date of their delivery, will bear interest payable _____ 1, 20__ and semiannually thereafter on each April 1 and October 1 (each an "Interest Payment Date"), and will mature on the dates and in the principal amounts as set forth on the inside cover page of this Official Statement. Interest on the Series 2020 Bonds will be paid to the Holders of the Series 2020 Bonds by check or draft as their addresses may appear on the registration books of the City maintained by Wilmington Trust, National Association, Buffalo, New York, in its capacity as Registrar and Paying Agent ("Registrar" or "Paying Agent"), at the close of business on the 15th day (whether or not a Business Day) of the month next preceding the Interest Payment Date (the "Record Date"), irrespective of any transfer or exchange of a Series 2020 Bond subsequent to such Record Date and prior to the next succeeding Interest Payment Date, unless the City shall be in default in payment of interest due on such Interest Payment Date. In the event of any such default, such defaulted interest shall be payable to the person in whose names the Series 2020 Bonds are registered at the close of business on a special record date as established by notice by deposit in the U.S. mail, postage prepaid, by the City to the Holders of the Series 2020 Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names the Series 2020 Bonds are registered at the close of business on the fifth day, whether or not a Business Day, preceding the date of mailing. At the request and expense of the registered owner of \$1,000,000 or more in principal amount of Series 2020 Bonds, interest shall be paid by wire transfer on an Interest Payment Date to a bank account located in the continental United States and designated in writing to the Registrar at least five days prior to the applicable Interest Payment Date. Principal of the Series 2020 Bonds shall be payable at maturity or earlier redemption thereof upon presentation and surrender of such Series 2020 Bonds at the designated office of the Registrar by check or draft.

If any date for payment of the principal of, premium or interest on any Series 2020 Bond is not a Business Day, then, the date for such payment shall be the next succeeding Business Day, and payment on such day shall have the same force and effect as if made on the nominal date of payment. Interest on the Series 2020 Bonds shall be calculated based on a 360-day year consisting of twelve 30-day months.

Book-Entry Only System

THE FOLLOWING INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY ("DTC") AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT

THE CITY BELIEVES TO BE RELIABLE. THE CITY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2020 BONDS, AS NOMINEE OF DTC, CERTAIN REFERENCES IN THIS OFFICIAL STATEMENT TO THE SERIES 2020 BONDHOLDERS OR REGISTERED OWNERS OF THE SERIES 2020 BONDS SHALL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2020 BONDS. THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORD KEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2020 BONDS, PAYMENT OF INTEREST AND PRINCIPAL ON THE SERIES 2020 BONDS TO DIRECT PARTICIPANTS (AS HEREINAFTER DEFINED) OR BENEFICIAL OWNERS OF THE SERIES 2020 BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2020 BONDS, AND OTHER RELATED TRANSACTIONS BY AND BETWEEN DTC, THE DIRECT PARTICIPANTS AND BENEFICIAL OWNERS OF THE SERIES 2020 BONDS IS BASED SOLELY ON INFORMATION FURNISHED BY DTC. ACCORDINGLY, THE CITY NEITHER MAKES NOR CAN MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

DTC will act as securities depository for the Series 2020 Bonds. The Series 2020 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2020 Bond certificate will be issued for each maturity of each series of the Series 2020 Bonds in the aggregate principal amount thereof, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Direct Participants and the Indirect Participants are collectively referred to herein as the "DTC Participants." DTC has an S&P Global Ratings ("S&P") rating of AA+. The DTC Rules applicable to its DTC Participants are on file with the Securities and Exchange Commission (the "SEC"). More information about DTC can be found at www.dtcc.com.

Purchases of Series 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2020 Bonds on DTC's records. The ownership

interest of each actual purchaser of each Series 2020 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2020 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2020 Bonds, except in the event that use of the book-entry system for the Series 2020 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2020 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2020 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2020 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2020 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2020 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2020 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2020 Bonds may wish to ascertain that the nominee holding the Series 2020 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2020 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2020 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal and interest on the Series 2020 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such DTC Participant and not of DTC or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City, disbursement of such payments to

Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2020 Bonds at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor depository is not obtained, the Series 2020 Bonds are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2020 Bonds certificates will be printed and delivered to DTC.

Redemption Provisions

Optional Redemption. The Series 2020 Bonds maturing on or before October 1, __ are not subject to redemption prior to their maturity. The Series 2020 Bonds maturing after October 1, __, shall be subject to redemption prior to their stated dates of maturity at the option of the City in whole or in part, from such maturities selected by the City (and by lot within a maturity if less than a full maturity) on October 1, __, or any date thereafter, at a redemption price equal to 100% of the principal amount thereof to be redeemed together with accrued interest to the date fixed for redemption and without premium.

Make Whole Optional Redemption. The Series 2020 Bonds are redeemable at the option of the City, in whole or in part at any time, from any moneys that may be provided for such purpose, at a redemption price equal to the greater of: (i) 100% of the principal amount of the Series 2020 Bonds to be redeemed; and (ii) an amount calculated by a Designated Banking Institution (as defined below) equal to the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2020 Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2020 Bonds are to be redeemed, discounted to the redemption date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as defined below), plus __ basis points; plus, in each case, accrued and unpaid interest on the Series 2020 Bonds to be redeemed to the date fixed for redemption.

"Designated Banking Institution" means an investment banking institution of national standing which is a primary United States government securities dealer in the City of New York designated by the City (which may be one of the underwriters of the Series 2020 Bonds).

"Treasury Rate" means, as of any redemption date of the Series 2020 Bonds, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519)) that has become publicly available seven Business Days prior to the date fixed for redemption (excluding inflation-indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data as selected by a Designated Banking Institution) most nearly equal to the period from the redemption date to the maturity date of the Series 2020 Bonds to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

Mandatory Redemption. The Series 2020 Bonds maturing on October 1, ____ are subject to mandatory redemption prior to their maturities in part by lot, at a redemption price of par plus accrued

interest to the respective dates of redemption, but without premium, on the following dates and in the following amounts, from Amortization Installments required to be paid on such dates and in such amounts:

Series Term Bonds Due October 1, _____

<u>Date</u>	<u>Amortization Installment</u>
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\$

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(*Final maturity)

Notice of Redemption; Purchase In Lieu of Redemption. Notice of redemption shall be given by the deposit in the U.S. Mail of a copy of the redemption notice, postage prepaid, at least twenty (20) and not more than sixty (60) days before the redemption date to the registered owner of each Series 2020 Bond or portion of Series 2020 Bonds to be redeemed at its address as it appears on the registration books to be maintained in accordance with provisions of the Bond Resolution. Failure to give such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of any Series 2020 Bond or portion thereof with respect to which no failure or defect has occurred. Notice of redemption may be given electronically for Series 2020 Bonds held in book-entry system of registration.

Each notice shall set forth the date fixed for redemption for each Series 2020 Bond being redeemed, the rate of interest borne by each Series 2020 Bond being redeemed, the redemption price to be paid, the name and address of the Registrar, and, if less than all of the Series 2020 Bonds then outstanding shall be called for redemption, the distinctive numbers and letters, including CUSIP numbers, if any, of such Series 2020 Bonds to be redeemed and, in the case of Series 2020 Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. If any Series 2020 Bond is to be redeemed in part only, the notice of redemption which relates to such Series 2020 Bond shall also state that on or after the redemption date, upon surrender of such Series 2020 Bond, a new Series 2020 Bond or Series 2020 Bonds in a principal amount equal to the unredeemed portion of such Series 2020 Bond will be issued.

Any notice mailed as provided in the Bond Resolution shall be conclusively presumed to have been duly given, whether or not the owner of such Series 2020 Bond receives such notice.

Any notice of optional redemption may contain a statement that the redemption of Series 2020 Bonds on the date set for redemption is conditioned upon the occurrence of certain events to occur after the mailing of such notice but on or prior to the date set for redemption including, without limitation, the issuance of refunding obligations and may also be subject to recession by the City if expressly set forth in such notice..

The City shall have the option to cause the Series 2020 Bonds to be purchased in lieu of redemption on the applicable redemption date at a price equal to the then applicable redemption price, plus accrued interest thereon to, but not including, the date of such purchase. Such option may be exercised by delivery to the Paying Agent (if the Registrar is not the Paying Agent for such Series 2020 Bonds) on or prior to the Business Day preceding the redemption date of a written notice of the City specifying that the Series 2020 Bonds shall not be redeemed, but instead shall be subject to purchase

pursuant to the Bond Resolution with the moneys provided or to be provided by the City or on behalf of the City. Upon delivery of such notice, the Series 2020 Bonds shall not be redeemed but shall instead be subject to mandatory tender at the redemption price on the date that would have been the redemption date.

Effect of Notice of Redemption. Notice having been given in the manner and under the conditions provided in the Bond Resolution, the Series 2020 Bonds or portions of Series 2020 Bonds so called for redemption shall, on the redemption date designated in such notice, become and be due and payable at the redemption price provided for redemption of such Series 2020 Bonds or portions of Series 2020 Bonds on such date. On the date so designated for redemption, notice having been published and/or mailed as required in the Bond Resolution and moneys for payment of the redemption price being held in separate accounts by the Paying Agents in trust for the Holders of the Series 2020 Bonds or portions thereof to be redeemed, all as provided in the Bond Resolution, interest on the Series 2020 Bonds or portions of Series 2020 Bonds so called for redemption shall cease to accrue, such Series 2020 Bonds and portions of Series 2020 Bonds shall cease to be entitled to any lien, benefit or security under the Bond Resolution, and the Holders of such Series 2020 Bonds or portions of Series 2020 Bonds shall have no right in respect thereof except to receive payment of the redemption price thereof and, to the extent provided in the Bond Resolution, to receive Series 2020 Bonds for any unredeemed portions of the Series 2020 Bonds.

Redemption of a Portion of Registered Series 2020 Bonds. In case part but not all of an Outstanding fully registered Series 2020 Bond shall be selected for redemption, the Holder thereof shall present and surrender such Series 2020 Bond to the City or its designated Paying Agent for payment of the principal amount thereof so called for redemption, and the City shall execute and deliver to or upon the order of such Holder, without charge therefor, for the unredeemed balance of the principal amount of the Series 2020 Bond so surrendered, a Series 2020 Bond or Series 2020 Bonds fully registered as to principal and interest.

Series 2020 Bonds Called for Redemption Not Deemed Outstanding. The Series 2020 Bonds or portions of the Series 2020 Bonds that have been duly called for redemption as provided in the Bond Resolution, and with respect to which amounts sufficient to pay the principal of, premium, if any, and interest to the date fixed for redemption shall be delivered to and held in separate accounts by any Authorized Depository or any Paying Agent in irrevocable trust for the Holders thereof, as provided in the Bond Resolution, shall not be deemed to be Outstanding under the provisions of the Bond Resolution, and shall cease to be entitled to any lien, benefit or security under the Bond Resolution, except to receive the payment of the redemption price on or after the designated date of redemption from moneys deposited with or held by the Authorized Depository or Paying Agent, as the case may be, for such redemption of the Series 2020 Bonds and, to the extent provided in the Bond Resolution, to receive the Series 2020 Bonds for any unredeemed portions of the Series 2020 Bonds.

Registration

So long as the Series 2020 Bonds are registered in the name of DTC or its nominee, the following paragraph relating to registration, transfer and exchange of Series 2020 Bonds does not apply to the Series 2020 Bonds.

The registration of the Series 2020 Bonds may be transferred upon the registration books therefor upon delivery to the Registrar, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Registrar, duly executed by the registered owner of

such Series 2020 Bonds or by his attorney-in-fact or legal representative, containing written instructions as to the details of transfer of such Series 2020 Bonds, along with the social security number or federal employer identification number of such transferee. In all cases of a transfer of the Series 2020 Bonds, the Registrar shall at the earliest practical time in accordance with the provisions of the Bond Resolution enter the transfer of ownership in the registration books for the Series 2020 Bonds and (unless uncertificated registration shall be requested and the City has a registration system that will accommodate uncertificated registration) shall deliver in the name of the new transferee or transferees a new fully registered Series 2020 Bond or Series 2020 Bonds of the same maturity and of authorized denomination or denominations for the same aggregate principal amount and payable from the same sources of funds. Neither the City nor the Registrar shall be required to register the transfer of any Series 2020 Bond during the fifteen (15) days next preceding an interest payment date on the Series 2020 Bonds, or, in the case of any proposed redemption of Series 2020 Bonds, after such Series 2020 Bonds or any portion thereof have been selected for redemption. The Registrar or the City may charge the registered owners of such Series 2020 Bonds for the registration of every such transfer of such Series 2020 Bonds an amount sufficient to reimburse it for any tax, fee or any other governmental charge required to be paid, except for any such governmental charge imposed by the City, with respect to the registration of such transfer, and may require that such amounts be paid before any such new Series 2020 Bonds shall be delivered.

Series 2020 Bonds Mutilated, Destroyed, Stolen or Lost

If any Series 2020 Bond is mutilated, destroyed, stolen or lost, the City or its agent may, in its discretion (i) deliver a duplicate replacement Series 2020 Bond, or (ii) pay a Series 2020 Bond that has matured or is about to mature. A mutilated Series 2020 Bond shall be surrendered to and cancelled by the Registrar or its duly authorized agent. The Bondholder must furnish the City or its agent proof of ownership of any destroyed, stolen or lost Series 2020 Bond; post satisfactory indemnity; comply with any reasonable conditions the City or its agent may prescribe; and pay the City's or its agent's reasonable expenses.

Any such duplicate Series 2020 Bond shall constitute an original contractual obligation on the part of the City whether or not the destroyed, stolen, or lost Series 2020 Bond be at any time found by anyone, and such duplicate Series 2020 Bond shall be entitled to equal and proportionate benefits and rights as to lien on, and source of and security for payment from, the funds pledged to the payment of the Series 2020 Bond so mutilated, destroyed, stolen or lost.

SECURITY FOR THE SERIES 2020 BONDS

General

The City covenanted and agreed in the Bond Resolution, to the extent permitted by and in accordance with applicable law and budgetary processes, to prepare, approve and appropriate in its Annual Budget for each Fiscal Year, by amendment if necessary, and to deposit to the credit of the Debt Service Fund in a timely manner as needed to pay debt service on the Series 2020 Bonds and any other amounts payable under the Series 2020 Bonds or under the Bond Resolution, Non-Ad Valorem Revenues of the City in an amount which is equal to the Bond Service Requirement with respect to the Series 2020 Bonds and any other amounts payable under the Series 2020 Bonds or the Bond Resolution for the

applicable Fiscal Year. Such covenant and agreement on the part of the City to budget and appropriate sufficient amounts of Non-Ad Valorem Revenues shall be cumulative, and shall continue until such Non-Ad Valorem Revenues in amounts sufficient to make all required payments under the Bond Resolution and under the Series 2020 Bonds as and when due, including any delinquent payments, shall have been budgeted, appropriated and actually paid into the Debt Service Fund; provided, however, that such covenant shall not constitute a lien, either legal or equitable, on any of the City's Non-Ad Valorem Revenues or other revenues, nor shall it preclude the City from pledging in the future any of its Non-Ad Valorem Revenues or other revenues to other obligations, nor shall it give the holder or owner of the Series 2020 Bonds a prior claim on any Non-Ad Valorem Revenues. Anything in the Bond Resolution to the contrary notwithstanding, all obligations of the City under the Bond Resolution shall be secured only by the Non-Ad Valorem Revenues actually budgeted and appropriated and deposited into the Debt Service Fund, as provided in the Bond Resolution. The City is prohibited by law from expending moneys not appropriated or in excess of its current budgeted revenues and surpluses. The obligation of the City to budget, appropriate and make payments under the Bond Resolution from its Non-Ad Valorem Revenues is subject to the availability of Non-Ad Valorem Revenues after satisfying funding requirements for obligations having an express lien on or pledge of such revenues and after satisfying funding requirements for essential governmental services of the City and subject in all respects to the restrictions of Section 166.241(2), Florida Statutes, which generally provides that the governing body of each city may only make appropriations for each Fiscal Year which, in any one year, shall not exceed the amount to be received from taxation or other revenue sources. Notwithstanding the foregoing or anything in the Bond Resolution to the contrary, the City has not covenanted to maintain any service or program now provided or maintained by the City which generates Non-Ad Valorem Revenues.

THE SERIES 2020 BONDS SHALL NOT BE DEEMED TO CONSTITUTE GENERAL OBLIGATIONS OR A PLEDGE OF THE FAITH AND CREDIT OF THE CITY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL, LEGISLATIVE OR CHARTER PROVISION OR LIMITATION, BUT SHALL BE PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND A PLEDGE OF THE PLEDGED REVENUES, IN THE MANNER AND TO THE EXTENT PROVIDED IN THE BOND RESOLUTION. NO SERIES 2020 BONDHOLDER SHALL EVER HAVE THE RIGHT, DIRECTLY OR INDIRECTLY, TO REQUIRE OR COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE CITY OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF FLORIDA OR TAXATION IN ANY FORM ON ANY REAL OR PERSONAL PROPERTY FOR ANY PURPOSE, INCLUDING, WITHOUT LIMITATION, FOR THE PAYMENT OF PRINCIPAL OF AND INTEREST ON SUCH SERIES 2020 BONDS, OR TO MAINTAIN OR CONTINUE ANY ACTIVITIES OF THE CITY WHICH GENERATE USER SERVICE CHARGES, REGULATORY FEES OR OTHER NON-AD VALOREM REVENUES, NOR SHALL ANY SERIES 2020 BONDHOLDER BE ENTITLED TO PAYMENT OF SUCH PRINCIPAL AND INTEREST FROM ANY OTHER FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES, ALL IN THE MANNER AND TO THE EXTENT PROVIDED IN THE BOND RESOLUTION. ~~THE~~ THE SERIES 2020 BONDS AND THE INDEBTEDNESS EVIDENCED THEREBY SHALL NOT CONSTITUTE A LIEN UPON ANY REAL OR PERSONAL PROPERTY OF THE CITY, OR ANY PART THEREOF, OR ANY OTHER TANGIBLE PERSONAL PROPERTY OF OR IN THE CITY, BUT SHALL CONSTITUTE A LIEN ONLY ON THE PLEDGED REVENUES, ALL IN THE MANNER AND THE EXTENT PROVIDED IN THE BOND RESOLUTION.

"Pledged Revenues" is defined in the Bond Resolution to mean the (i) Covenant Revenues and (ii) all funds on deposit in the Sinking Fund Account, Project Fund and Reserve Account (including all

investment securities on deposit therein) and income received from the investment of moneys deposited in the funds and accounts established under the Bond Resolution.

"Covenant Revenues" is defined in the Bond Resolution to mean the Non-Ad Valorem Revenues budgeted and appropriated, and deposited into the Debt Service Fund, to pay the principal of, premium, if any, and interest on the Series 2020 Bonds.

"Non-Ad Valorem Revenues" is defined in the Bond Resolution to mean all legally available non-ad valorem revenues of the City derived from any source whatsoever, other than ad valorem taxation on real and personal property, including, without limitation, investment income, which are legally available for the payment by the City of debt service on the Series 2020 Bonds or Non-Self Supporting Revenue Debt, including, without limitation, legally available non-ad valorem revenues derived from sources subject to a prior pledge thereof for the payment of other obligations of the City and available after payment of principal and interest on such other obligations; notwithstanding the foregoing, "Non-Ad Valorem Revenues" shall not include revenues derived from the City's electric system, natural gas system, water system, wastewater system, telecommunications system and stormwater management utility system, or any other enterprise fund of the City, except to the extent that revenues derived from such sources have been deposited into the City's General Fund.

Funds and Accounts

The City covenanted and agreed in the Bond Resolution to establish the following funds to be known as the "Debt Service Fund" and two accounts within the Debt Service Fund, the "Sinking Fund Account" and the "Reserve Account."

No Reserve for the Series 2020 Bonds

Pursuant to the Bond Resolution, the City has determined that the applicable Reserve Requirement for the Reserve Account shall equal \$0, which means that the Series 2020 Bonds are not secured by any amounts on deposit in the Reserve Account.

Disposition of Covenant Revenues

(A) Commencing immediately following the issuance of the Series 2020 Bonds, and continuing thereafter so long as any Series 2020 Bonds shall be Outstanding under the Bond Resolution, the City shall deposit to the credit of the funds and accounts listed below on or before the twenty-fifth (25th) day of each month, from Non-Ad Valorem Revenues budgeted and appropriated for such purposes and deposited into the Debt Service Fund, amounts which, together with funds on deposit therein, will be sufficient to satisfy the cumulative deposit requirements described in clauses (1) and (2) below. Covenant Revenues received by the City shall be deposited in the following order and priority:

(1) First, by deposit into the Debt Service Fund an amount which, together with any other amounts required to be deposited therein pursuant to the Bond Resolution, will equal one-sixth (1/6th) of the interest maturing on the Series 2020 Bonds on the next semiannual interest payment date, with respect to Series 2020 Bonds that bear interest payable semiannually, one-twelfth (1/12th) of all principal maturing or becoming due during the current Bond Year on Series 2020 Bonds that are Serial Obligations that mature annually and one-twelfth (1/12th) of the Amortization Installments and unamortized principal balances of Series 2020 Bonds that are Term

Obligations coming due during the current Bond Year with respect to the Series 2020 Bonds, until there are sufficient funds then on deposit equal to the sum of the interest, principal and redemption payments due on the Series 2020 Bonds on the next interest, principal and redemption dates in such Bond Year.

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

(2) Second, by deposit into the Reserve Account, the amounts, if any, which, together with funds on deposit therein, will be sufficient to make the funds on deposit therein, except as otherwise hereinafter provided, equal to the Reserve Requirement.

(3) Thereafter any remaining Covenant Revenues shall be available to the City to be used for any lawful purpose.

(B) The City shall not be required to make any further payments into the Sinking Fund when the aggregate amount of funds in the Sinking Fund are at least equal to the aggregate principal amount of Series 2020 Bonds issued pursuant to the Bond Resolution and then Outstanding, plus the amount of interest then due or thereafter to become due on said Series 2020 Bonds then Outstanding, or if all Series 2020 Bonds then Outstanding have otherwise been defeased pursuant to the Bond Resolution.

For more information about the flow of funds, see "APPENDIX C—Form of the Bond Resolution" attached hereto.

Anti-Dilution Test

The City may incur additional Non-Self Supporting Revenue Debt only if:

(i) after the issuance thereof, the Covenant Obligation Maximum Debt Service Requirement in any Bond Year, including such additional Non-Self Supporting Revenue Debt proposed to be issued, does not exceed fifty percent (50%) of total Non-Ad Valorem Revenues received in the preceding Fiscal Year; and

(ii) the Non-Ad Valorem Revenues for the preceding Fiscal Year were at least 2.00 times average annual Covenant Obligation Debt Service Requirement in all future Bond Years on all outstanding Non-Self Supporting Revenue Debt and the Non-Self Supporting Revenue Debt proposed to be issued.

The City may elect to have Non-Self Supporting Revenue Debt issued based on a determination of the Covenant Obligation Debt Service Requirement for Non-Self Supporting Revenue Debt as having been determined under one provision of the definition of the Covenant Obligation Debt Service Requirement and to demonstrate compliance with this section for future issues of Non-Self Supporting Revenue Debt with respect to such Non-Self Supporting Revenue Debt under a different provision of the definition of the Covenant Obligation Debt Service Requirement.

Capitalized undefined terms used in this subsection and elsewhere in this Official Statement shall have the meanings ascribed thereto in "APPENDIX C—Form of the Bond Resolution" attached hereto.

Annual Audit

The City covenanted in the Bond Resolution that it shall require that an annual audit of its accounts and records with respect to its General Fund and the Pledged Revenues and the funds and accounts under the Bond Resolution be completed as soon as reasonably practicable after the end of each Fiscal Year by an independent certified public accountant of recognized standing. Such audit shall be conducted in accordance with generally accepted auditing standards as applied to governmental units.

THE CITY

Background

The City is the most populous city in Alachua County, serves as the county seat, and also serves as the cultural, educational and commercial center for the north central Florida region. The City is located midway between the Gulf of Mexico and the Atlantic Ocean and halfway between Miami and Pensacola. There are approximately 61.3 square miles of land included within the corporate boundaries of the City. As of April 2019, the most recent official population estimate was 133,068, according to the Bureau of Economic and Business Research at the University of Florida. For additional information concerning the City, see "APPENDIX A – General Information Concerning the City of Gainesville" attached hereto.

City Government

The City is governed by the City Commission, which currently consists of seven members. Four are elected from single member districts and three, including the Mayor, are elected Citywide.

The following are the current members of the City Commission:

	<u>Term Expires</u>
Mayor Lauren Poe, At Large	November, 2022
Mayor-Commissioner Pro-Tem David Arreola, District 3	November 2022
Commissioner Adrian Hayes-Santos, District 4	November 2022
Commissioner Gail Johnson, At Large.....	May 2021
Commissioner Reina Saco, At-Large.....	November 2024
Commissioner Gigi Simmons, District 1	May 2021
Commissioner Harvey Ward, District 2.....	November 2022

The Commission appoints the City Manager, General Manager for Utilities, City Auditor, City Attorney, Clerk of the Commission, and Equal Opportunity Director. As chief executive officers, the City Manager and General Manager for Utilities are charged with the enforcement of all ordinances and resolutions passed by the Commission. They accomplish this task through the selection and supervision of Assistant City Managers, and Assistant General Managers for Utilities and department heads.

The City Manager, Lee R. Feldman, ICMA-CM, is a full-time employee and the chief executive officer of the City. The City Manager is responsible for directing the administrative and operational aspects of the City in compliance with the policies established by the Commission. Mr. Feldman has been City Manager in Gainesville since November 4, 2019.

Prior to his current position he served as City Manager for the City of Fort Lauderdale (June 2011 – December 2018), served as City Manager from October 2002 to June 2011 for the City of Palm Bay, Florida prior to accepting the position of City Manager for the City of Fort Lauderdale. Prior to his appointment as the Palm Bay City Manager, Mr. Feldman was employed by the City of North Miami, Florida, where he served as the City Manager from May 1996 to October 2002 and as the Deputy City Manager beginning in 1989. Mr. Feldman also served as an Assistant to the City Manager and as Assistant City Manager for the City of North Miami Beach. He is a graduate of Washington and Lee University, where he received a Bachelor of Arts in Liberal Arts. He earned a Master's Degree in Governmental Administration from the Fels Center of Government at the University of Pennsylvania, where he has also been appointed as a Distinguished Alumni Fellow. Additionally, he is a graduate of the Senior Executive in State and Local Government Program at Harvard University's Kennedy School of Government.

Mr. Feldman's numerous professional affiliations include serving as a President (2016-2017) of the International City/County Management Association (ICMA), and serves as a member of the Board of Directors of ICMA-RC, as a member of the Board of the National Civic League, and as a member of the National League of Cities Steering Committee on Public Safety and Crime Prevention and Advocacy. Mr. Feldman previously served as a Vice President (Southeast Region) of ICMA, as President of the Florida City and County Management Association, and as a member of the United States Federal Emergency Management Agency National Advisory Council. He is a past recipient of the Florida League of Cities' "City Manager of the Year" Award. Additionally, he has served as the past chair of the National League of Cities' City Futures Panel on Public Finance, the past chair of the ICMA Governmental Affairs and Policy Committee, the past chair of the ICMA Sustainable Communities Advisory Committee, and as a member of the ICMA Task Force on Community Tools for Ending Racism.

Mr. Feldman teaches newly elected municipal officials the principles of finance and taxation in Florida and is frequently called upon to speak to professional groups on a variety of municipal issues.

The City provides a wide variety of public services: building inspections, code enforcement, community development, cultural affairs, economic development, electrical power, golf course, mass transit, natural gas distribution, parks and recreation, police and fire protection, refuse collection, small business development, stormwater management, street maintenance, traffic engineering and parking, water and wastewater and telecommunications and data transfer.

Internal support services include the following: accounting, accounts payable, billing and collections, computer systems support, debt management, equal opportunity, affirmative action, fleet maintenance, facilities maintenance, human resources, information systems, investment management, labor relations, mail services, payroll, property control, purchasing and risk management.

Charter Review Commission

Pursuant to a City Referendum approved March 19, 2019, the City created a City Charter Review Commission ("CCRC") to be convened every 10 years to consider recommending amendments to the

City's Charter. In May 2019, the City Commission appointed members to the CCRC and they began a series of meetings in which they have developed proposed Charter Amendments that have been delivered to the City Commission. As set forth in the Charter, the City Commission could then veto the proposed amendments by a two-thirds vote of the City Commission and if not vetoed, the City Commission shall adopt an ordinance placing this Charter Amendments referendum questions on the November 2020 ballot. On May 11, 2020, the City Commission approved the following Charter amendments to appear on the November 2020 ballot: (a) renaming the Clerk of the Commission to City Clerk, (b) eliminating the restriction on use of public and private funds for construction of paved surfaces in designated areas, (c) creating a charter preamble and (d) limiting the City Commission's authority to dispose of certain utilities systems. If approved by the voters, the amendments will become effective 90 days after the vote, unless otherwise provided in the proposed amendments. The citizens would then vote on whether to approve any such proposed changes included on the ballot. There is no guaranty any changes to the City's charter will occur.

State Audit of the City

By letter dated October 24, 2019, State Senator Keith Perry and State Representative Chuck Clemons requested "that the Joint Legislative Auditing Committee direct the Auditor General to conduct a comprehensive and in-depth audit of the operational practices and managerial oversight of the City." At its meeting on November 14, 2019, the Joint Legislative Auditing Committee approved that request as reflected in the official meeting summary: "Representative Caruso moved that the Committee direct the Auditor General to perform an operational audit of the City. The Auditor General, pursuant to the authority provided in Section 11.45(3), Florida Statutes, shall finalize the scope of the audit during the course of the audit, providing that the audit-related concerns of Senator Perry and Representative Clemons, as included in their request letter and the staff analysis, are considered. Motion passed unanimously." The objectives of the audit are to obtain an understanding and evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste or abuse and in administering assigned responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements and other guidance.

GENERAL INFORMATION REGARDING NON-AD VALOREM REVENUES

General

The City generally receives two primary sources of revenue: ad valorem taxes and non-ad valorem revenues. Ad valorem taxes may not be pledged for the payment of debt obligations of the City maturing more than twelve months from the date of issuance thereof without approval of the electorate of the City. **The ad valorem tax revenues of the City are not pledged as security for the payment of the Series 2020 Bonds and the City is not obligated to budget and appropriate ad valorem tax revenues for the payment of the Series 2020 Bonds.**

Non-ad valorem revenues of the City may be pledged, subject to certain limitations disclosed herein, for the payment of debt obligations of the City. Such non-ad valorem revenues include a broad category of revenues, including, but not limited to, revenues received from the State, investment income and income produced from certain services and facilities of the City, as described below.

The receipt by the City of certain non-ad valorem revenue sources, including but not limited to, half-cent sales tax revenues and/or certain revenue sharing revenues has been negatively impacted by the

effects of COVID-19 due to travel restrictions, shelter in place orders and community spread which has resulted in, and will likely continue to result in, decreased tourism, travel and consumer spending, as more particularly described below under "RISK FACTORS."

As more fully described herein under "SECURITY FOR THE SERIES 2020 BONDS," the City has covenanted and agreed in the Bond Resolution, subject to certain restrictions and limitations, to appropriate sufficient Non-Ad Valorem Revenues in each year to pay debt service on the Series 2020 Bonds. The holders of the Series 2020 Bonds do not have a lien on any specific Non-Ad Valorem Revenues of the City and the City has certain other outstanding debt obligations payable in the same manner as the Series 2020 Bonds and also has outstanding certain other debt obligations payable from a prior lien upon and pledge of certain of the Non-Ad Valorem Revenues of the City.

A large percentage of the revenues of the City, including ad valorem taxes and non-ad valorem revenues, are deposited in the General Fund. See "CERTAIN FINANCIAL MATTERS - General Fund" herein. Furthermore, as described herein under "SECURITY FOR THE SERIES 2020 BONDS," the obligation of the City to budget and appropriate Non-Ad Valorem Revenues is subject to a variety of factors, including the payment of essential governmental services of the City and the obligation of the City to have a balanced budget.

The City is permitted by the Florida Constitution to levy ad valorem taxes at a rate of up to \$10 per \$1,000 of assessed valuation for general governmental expenditures. The General Fund ad valorem tax millage rate for the fiscal year ending September 30, 2020 is \$5.2974 per \$1,000. The City is also permitted by the Florida Constitution to levy ad valorem taxes, above the \$10 per \$1,000 cap to pay debt service on general obligation long-term debt if approved by a voter referendum but does not currently do so. The City's ad valorem tax millage rate is comparable to that of other municipalities in Florida with a population greater than 100,000. On the other hand, on a percentage basis, the City has one of the highest ratios of exempt property to taxable property in the State, largely due to the presence of the University of Florida and the preservation of environmentally sensitive lands.

The term "Non-Ad Valorem Revenues" does not include all non-ad valorem revenues of the City, but instead includes only those which are legally available to pay debt service on the Series 2020 Bonds or Non-Self Supporting Revenue Debt. For example, Non-Ad Valorem Revenues do not include gas taxes, as those are restricted revenue source which are not legally available to finance the Pension Obligations. See "SECURITY FOR THE SERIES 2020 BONDS – General" herein and "APPENDIX C – Form of Bond Resolution" attached hereto for the full definition of "Non-Ad Valorem Revenues".

The Florida Department of Financial Services has developed, as part of the Uniform Accounting System Manual's Chart of Accounts, six major categories of local government revenues: taxes, intergovernmental revenues, permits, fees and special assessments, charges for services, fines and forfeitures, and miscellaneous revenues. Using that organization, the following describes the sources of the City's Non-Ad Valorem Revenues:

Taxes

Public Service Tax

The "Public Service Tax" (also, commonly referred to as the "Utilities Services Tax" or "Public Services Tax") is imposed by the City pursuant to the Constitution of the State and Section 166.231,

Florida Statutes and other applicable provisions of law. Florida law authorizes any municipality in the State to levy a public service tax on the purchase within such municipality of electricity, metered natural gas, liquefied petroleum gas either metered or bottled, manufactured gas either metered or bottled, and water service. Services competitive with those enumerated in the previous sentence, as defined by ordinance, shall be taxed on a comparable base at the same rates. However, fuel oil shall be taxed at a rate not to exceed 4 cents per gallon.

Pursuant to Ordinance No. 970352 enacted by the City Commission on October 27, 1997, as amended by Ordinance No. 001358 enacted by the City Commission on June 25, 2001 (the "Public Service Tax Ordinance") the City levies (i) a public service tax on the purchase of electricity, metered or bottled gas (natural, liquefied petroleum gas, or manufactured), and water service at a rate of ten percent (10%) of the charge made by the seller of such service or commodity, and (ii) a public service tax on the purchase of fuel oil within the City at a rate of \$0.04 cents per gallon. These taxes shall in each case be paid by the purchaser thereof for the use of the City to the seller of such electricity, metered or bottled gas (natural, liquefied petroleum gas, or manufactured), water service, and fuel oil at the time of paying the charge therefor, but not less than monthly.

Florida law provides that a municipality may exempt from the public service tax the first 500 kilowatts of electricity per month purchased for residential use, metered on bottled gas or fuel oil for agricultural purposes, purchases of electricity, natural gas, liquefied petroleum gas or manufactured gas by industrial customers for use in industrial manufacturing or processing facilities in the City and electrical energy used in a facility located in a designated enterprise zone. The City has not adopted any such exemptions but it does exempt purchases by the United States Government, the State, Alachua County, the City, their agencies, boards, commissions and authorities and school districts, from the levy of such tax, as well as purchases by all other governmental entities and all religious entities. In addition, purchases of natural gas or fuel oil by a utility either for resale or for use as fuel in the generation of electricity are exempt, as is the purchase of fuel oil or kerosene for use as an aircraft engine fuel or propellant or for use in internal combustion engines. The foregoing exemptions are required by Florida Statutes.

Any business located within an enterprise zone established pursuant to Resolution No. R-95-6 is eligible to receive an exemption equal to fifty percent (50%) of the Public Service Tax imposed by the City on the purchase of electrical energy if such business is a "qualified business" under the provisions of Section 212.08, Florida Statutes, and is determined to be eligible for the exemption by the Florida Department of Revenue (the "FDOR"). A qualified business may receive the exemption for five (5) years from the billing period beginning no more than thirty (30) days following notification to Gainesville Regional Utilities by the FDOR that the exemption has been authorized. The benefits described above expired on December 31, 2015. However, any qualified business which has been granted an exemption under Section 212.08(15), Florida Statutes, shall be entitled to the full benefit of that exemption as if expiration had not occurred on that date. Notwithstanding the expiration referenced above, if a subsequent audit conducted by the FDOR determines that the business did not meet the criteria mandated in Section 212.08(15), Florida Statutes, the amount of taxes exempted are immediately due and payable to the City by the business, together with the appropriate interest and penalty, computed from the due date of each bill for the electrical energy purchased.

The Public Service Tax is not applied against any fuel adjustment charge. The term "fuel adjustment charge" means all increases in the cost of utility services to the ultimate consumer resulting from an increase in the cost of fuel to the utility subsequent to October 1, 1973.

Prior to October 1, 2001, a municipality also had the option to levy a tax on the purchase of telecommunications services of either (a) not to exceed 10% of the monthly recurring customer service charges upon the purchases within such municipality of local telephone service or (b) not to exceed 7% of the monthly recurring customer service charges upon purchases within the municipality of telecommunications service which originates and terminates in the State based on the total amount charged for any telecommunications provided cannot be determined, the total amount billed for such telecommunications service to a telephone or telephone number, a telecommunications number of device, a service address or a customer's billing address located within the municipality, excluding variable usage charges on telecommunication service. The tax on telecommunication services was eliminated and replaced effective October 1, 2001. See the subheading "*--Local Communications Services Tax*" below for a discussion of the taxation of telecommunication services under the Communications Services Tax Simplification Act after October 1, 2001.

The Public Service Tax must be collected by the seller from purchasers at the time of sale and remitted to the City on a monthly basis. Taxes on most utility services are separately itemized on the bill rendered to customers, but separate disclosure is not required. A failure by a consumer to pay that portion of the bill attributable to the Public Service Tax may result in a suspension of the service involved in the same fashion as the failure to pay that portion of the bill attributable to the particular utility service.

The amount of Public Service Tax collected by the City may fluctuate as the price of fuel, gas, electricity and the other services subject to the Public Service Tax fluctuates and a sustained increase in the price thereof may have an adverse effect on the amount of Public Service Tax collected.

Local Communications Services Tax

The Communications Services Tax Simplification Act, enacted by Chapter 2000-260, Laws of Florida, as amended by Chapter 2001-140, Laws of Florida, and now codified in part as Chapter 202, Florida Statutes (the "CSTA") established, effective October 1, 2001, a local communications services tax on the sale of communications services as defined in Section 202.11, Florida Statutes, and as of the same date repealed Section 166.231(9), Florida Statutes, which previously granted municipalities the authority to levy a utility services tax on the purchase of telecommunications services. See "DESCRIPTION OF NON-AD VALOREM REVENUES -- Taxes -- *Public Service Tax*" above. Pursuant to Ordinance No. 020154 enacted by the City Commission on August 26, 2002, as amended by Ordinance No. 070023 enacted by the City Commission on June 25, 2007, effective September 1, 2008, the Local Communications Services Tax rate is 5.57%.

The proceeds of the local communications services tax, less FDOR's cost of administration which may not exceed 1% of the total tax generated, are deposited in the Local Communications Services Tax Clearing Trust Fund (the "CST Trust Fund") and distributed monthly to the appropriate jurisdiction. The local communications services tax revenues received by the City are deposited into the City's General Fund and may be used for any public purpose. The revenues that are received by the City from such communications services tax which derive from the CST Trust Fund created with the FDOR pursuant to Section 202.193, Florida Statutes, may be pledged for the repayment of current or future bonded indebtedness.

One effect of the CSTA was to replace the former utilities tax on telecommunications, including pre-paid calling arrangements, as well as any revenues from franchise fees on cable and

telecommunications service providers and permit fees relating to placing or maintaining facilities in rights-of-way collected from providers of certain telecommunications services, with the local communications services tax. This change in law was intended to be revenue neutral to the counties and municipalities. The communications services tax applies to a broader base of communications services than the former utilities tax on telecommunications.

The local communications services tax applies to the purchase of "communications services" which originated or terminated within the City, with certain exemptions described below. "Communication services" under the CSTA are defined as the transmission, conveyance, or routing of voice, data, audio, video, or any other information or signals, including cable services, to a point, or between or among points, by or through any electronic, radio, satellite, cable, optical, microwave, or other medium or method now in existence or hereafter devised, regardless of the protocol used for such transmission or conveyance. The term does not include:

- (a) Information services.
- (b) Installation or maintenance of wiring or equipment on a customer's premises.
- (c) The sale or rental of tangible personal property.
- (d) The sale of advertising, including, but not limited to, directory advertising.
- (e) Bad check charges.
- (f) Late payment charges.
- (g) Billing and collection services.
- (h) Internet access service, electronic mail service, electronic bulletin board service, or similar on-line services.

While, such services have historically been taxed if the charges for such services are not stated separately from the charges for communications services, on a customer's bill, providers now have the ability to exclude such services from the tax if they can be reasonably identified from the selling dealer's books and records kept in the regular course of business. The dealer may support the allocation of charges with books and records kept in the regular course of business covering the dealer's entire service area, including territories outside of Florida.

The sale of communications services to (i) the federal government, or any instrumentality or agency thereof, or any entity that is exempt from state taxes under federal law, (ii) the State or any county, municipality or political subdivision of the State when payment is made directly to the dealer by the governmental entity, and (iii) any home for the aged or educational institution (which includes state tax-supported and nonprofit private schools, colleges and universities and nonprofit libraries, art galleries and museums, among others) or religious institutions (which include, but are not limited to, organizations having an established physical place for worship at which nonprofit religious services and activities are regularly conducted) that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), are exempt from the local communications services tax.

The CSTA provides that, to the extent that a provider of communications services is required to pay to a local taxing jurisdiction a tax, charge, or other fee under any franchise agreement or ordinance with respect to the services or revenues that are also subject to the local communications services tax, such provider is entitled to a credit against the amount of such local communications services tax payable to the State in the amount of such tax, charge, or fee with respect to such service or revenues. The amount of such credit is deducted from the amount that such local taxing jurisdiction is entitled to

receive under Section 202.18(3), Florida Statutes. However, the City does not impose any such fees or charges on communications services providers.

Under the CSTA, local governments must work with the FDOR to properly identify service addresses to each municipality and county. If a jurisdiction fails to provide the FDOR with accurate service address information, the local government risks losing tax proceeds that it should properly receive. The City believes it has provided the FDOR with all information that the FDOR has requested as of the date hereof and that such information is accurate.

Providers of communications services collect the local communications services tax and may deduct 0.75% as a collection fee (or 0.25% in the case of providers who do not employ an enhanced zip code database or a data base that is either supplied or certified by the FDOR). The communications services providers remit the remaining proceeds to the FDOR for deposit into the CST Trust Fund. The FDOR then makes monthly contributions from the CST Trust Fund to the appropriate local governments after deducting up to 1% of the total revenues generated as an administrative fee.

The amount of local communications services tax revenues received by the City is subject to increase or decrease due to (i) increases or decreases in the dollar volume of taxable sales within the City, (ii) legislative changes, and/or (iii) technological advances which could affect consumer preferences. The amount of the local communications services tax revenues collected within the City may be adversely affected by de-annexation. Such de-annexation would decrease the number of addresses contained within the City. At this time there are no de-annexations anticipated within the City.

Business Tax

The "Business Tax" (formerly called the "Occupational License Tax") includes the business taxes levied and collected by the City pursuant to Chapter 205, Florida Statutes, and Ordinance 070022 enacted by the Commission on June 25, 2007, as amended. Section 205.042, Florida Statutes, authorizes the City to levy "a business tax for the privilege of engaging in or managing any business, profession, or occupation within its jurisdiction." The Business Tax may be levied on:

- (1) Any person who maintains a permanent business location or branch office within the municipality, for the privilege of engaging in or managing any business within its jurisdiction.
- (2) Any person who maintains a permanent business location or branch office within the municipality, for the privilege of engaging in or managing any profession or occupation within its jurisdiction.
- (3) Any person who does not qualify under subsection (1) or subsection (2) and who transacts any business or engages in any occupation or profession in interstate commerce, if the Business Tax is not prohibited by the United States Constitution.

All Business Tax receipts are issued for payment by the City beginning August 1 of each year and such taxes are due and payable on or before September 30 of each year. Each Business Tax receipt expires on September 30 of the succeeding year. Business Tax receipts that are not renewed when due and payable are delinquent and subject to a delinquency penalty of 10 percent for the month of October, plus an additional 5 percent penalty for each subsequent month of delinquency until paid. However, the total delinquency penalty may not exceed 25 percent of the Business Tax for the delinquent establishment.

Any person who engages in or manages any business, occupation, or profession without first paying the required Business Tax, is subject to a penalty of 25 percent of the tax due, in addition to any other penalty provided by law or ordinance. Any person who engages in any business, occupation, or profession covered by Chapter 205, Florida Statutes, who does not pay the required Business Tax within 150 days after the initial notice of tax due, and who does not obtain the required Business Tax receipt, is subject to civil actions and penalties, including court costs, reasonable attorneys' fees, additional administrative costs incurred as a result of collection efforts, and a penalty of up to \$250.

Chapter 205, Florida Statutes, provides that the City may only increase by ordinance the rates of Business Taxes every other year by up to 5 percent. The increase, however, may be enacted only by a majority plus one vote of the Commission. The City last increased its Business Tax rates in Fiscal Year ____ by ____ percent (____%), the maximum allowed by Chapter 205, Florida Statutes.

In past sessions of the Florida Legislature, legislation has been introduced that, had it been enacted, could have reduced the amount of Business Taxes to be collected by the City. Such proposed legislation was not passed. No assurance can be given that similar legislation will not be re-introduced in the future.

Intergovernmental Revenues

All revenues received by a local unit from federal, state, and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes would be included in the intergovernmental revenues category. The category is further classified into eight subcategories: federal grants, federal payments in lieu of taxes ("PILOT"), state grants, state shared revenues, state PILOT, local grants, local shared revenues, and local PILOT. If a particular grant is funded from separate intergovernmental sources, then the revenue is recorded proportionately. The largest component is the Local Government Half-Cent Sales Tax.

Local Government Half-Cent Sales Tax

Chapter 212, Florida Statutes, authorizes the levy and collection by the State of a sales tax upon, among other things, the sales price of each item or article of tangible personal property sold at retail in the State, subject to certain exceptions and dealer allowances. In 1982, the Florida Legislature created the Local Government Half-Cent Sales Tax Program (the "Half-Cent Sales Tax Program") which distributes a portion of the sales tax revenue and money from the State's General Revenue Fund to counties and municipalities that meet strict eligibility requirements. In 1982, when the Half-Cent Sales Tax Program was created, the general rate of sales tax in the State was increased from 4% to 5%, and one-half of the fifth cent was devoted to the Half-Cent Sales Tax Program, thus giving rise to the name "Half-Cent Sales Tax." Although the amount of sales tax revenue deposited into the Half-Cent Sales Tax Program is no longer one-half of the fifth cent of every dollar of the sales price of an item subject to sales tax, the name "Half-Cent Sales Tax" has continued to be utilized. As of October 1, 2001, the Local Government Half-Cent Sales Tax Clearing Trust Fund (the "Half-Cent Sales Tax Trust Fund") began receiving a portion of certain taxes imposed by the State on communications services pursuant to Chapter 202, Florida Statutes. Accordingly, moneys distributed from the Half-Cent Sales Tax Trust Fund now consist of funds derived from both general sales tax proceeds and certain taxes imposed on the sales of communications services required to be deposited into the Half-Cent Sales Tax Trust Fund.

The Half-Cent Sales Tax is collected on behalf of the State by businesses at the time of sale at retail, use, consumption, or storage for use or consumption, of taxable property and remitted to the State on a monthly basis. Chapter 218, Part VI, Florida Statutes, (the "Sales Tax Act") provides for penalties and fines, including criminal prosecution, for non-compliance with the provisions thereof.

The general rate of sales tax in the State is currently 6%. Section 212.20, Florida Statutes, provides for the distribution of 8.9744% of sales tax revenues to the Half-Cent Sales Tax Trust Fund, after providing for certain transfers to the State's General Fund and the Public Employees Relations Commission Trust Fund. Such amount deposited in the Half-Cent Sales Tax Trust Fund is earmarked for distribution to the governing body of such county and each eligible municipality within that county pursuant to the following distribution formula:

$$\begin{aligned} &\text{County Share} \\ &(\text{percentage of total Half-Cent Sales Tax receipts}) = \frac{\text{unincorporated area population}}{\text{total county population}} + \frac{2/3 \text{ incorporated area population}}{2/3 \text{ incorporated area population}} \\ \\ &\text{Municipality Share} \\ &(\text{percentage of total Half-Cent Sales Tax receipts}) = \frac{\text{municipality population}}{\text{total county population}} + \frac{2/3 \text{ incorporated area population}}{2/3 \text{ incorporated area population}} \end{aligned}$$

For purposes of the foregoing formula, "population" is based upon the latest official State estimate of population certified prior to the beginning of the local government fiscal year. Should the City annex any area or should any area of the City de-annex from the City, the share of the Half-Cent Sales Tax received by the City would be respectively increased or decreased according to the foregoing formula.

The Half-Cent Sales Taxes are distributed from the Half-Cent Sales Tax Trust Fund on a monthly basis to participating units of local government in accordance with the Sales Tax Act. The Sales Tax Act permits the City to pledge its share of the Half-Cent Sales Tax for the payment of principal of and interest on any capital project.

To be eligible to participate in the Half-Cent Sales Tax Program, each municipality and county is required to have satisfied these Eligibility Requirements (defined below). The City must have:

- (i) reported its finances for its most recently completed fiscal year to the Florida Department of Banking and Finance as required by Florida law;
- (ii) made provisions for annual post audits of financial accounts in accordance with provisions of law;
- (iii) levied, as shown on its most recent financial report, ad valorem taxes, exclusive of taxes levied for debt service or other special mileages authorized by the voters, to produce the revenue equivalent to a millage rate of 3 mills on the dollar based upon 1973 taxable values or, in order to produce revenue equivalent to that which would otherwise be produced by such 3 mill ad valorem tax, to have received certain revenues from a

- county (in the case of a municipality), collected an occupational license tax, utility tax, or ad valorem tax, or any combination of those three sources;
- (iv) certified that persons in its employ as law enforcement officers meet certain qualifications for employment, and receive certain compensation;
 - (v) certified that persons in its employ as firefighters meet certain employment qualifications and are eligible for certain compensation;
 - (vi) certified that each dependent special district that is budgeted separately from the general budget of such county or municipality has met the provisions for annual post audit of its financial accounts in accordance with law; and
 - (vii) certified to FDOR that it has complied with certain procedures regarding the establishment of the ad valorem tax millage of a county or municipality as required by law.

The requirements described in (i) through (vii) are referred to herein as the "Eligibility Requirements". If the City does not comply with the Eligibility Requirements, the City would lose its Half-Cent Sales Tax Trust Fund distributions for twelve (12) months following a "determination of noncompliance" by FDOR. The City has continuously maintained eligibility to receive the Half-Cent Sales Tax.

Although the Sales Tax Act does not impose any limitation on the number of years during which the City can receive distribution of the Half-Cent Sales Tax Revenues from the Half-Cent Sales Tax Trust Fund, there may be amendments to the Sales Tax Act in subsequent years imposing additional requirements of eligibility for counties and municipalities participating in the Half-Cent Sales Tax Program, and it is not unusual for the distribution formulas in Sections 212.20(6)(d) or 218.62, Florida Statutes, to be revised from time to time.

The amount of Half-Cent Sales Tax Revenues received by the City is subject to increase or decrease due to (i) increases or decreases in the dollar volume of taxable sales within the State, (ii) legislative changes relating to the overall sales tax, which may include changes in the scope of taxable sales, changes in the tax rate and changes in the amount of sales tax revenue deposited into the Half-Cent Sales Tax Trust Fund, (iii) changes in the relative population of the City to the County, which affect the percentage of Local Government Half-Cent Sales Tax received by the City, and (iv) other factors which may be beyond the control of the City, including but not limited to the potential for increased use of electronic commerce and other internet-related sales activity that could have a material adverse impact upon the amount of sales tax collected by the State and then distributed to the City.

In July, 2020, the City received a distribution of half-cent sales tax revenues from the State relating to June, 2020 collections within the City. The amount of half-cent sales tax revenues received by the City for the nine month period ending June, 2020 was \$5,736,238 (unaudited), which when compared to the same nine month period for the fiscal year ended September 30, 2019 (\$6,174,357) reflects an approximate 7.1% decrease in collections. The table below reflects month by month collections and percentage increase/decrease for that comparison period.

<u>Month</u>	<u>Monthly Half-Cent Sales Tax Collections</u>	<u>Month</u>	<u>Monthly Half-Cent Sales Tax Collections (unaudited)</u>	<u>Percent Increase/Decrease</u>
October 2018	\$663,959	October 2019	\$667,551	0.5%
November 2018	668,521	November 2019	646,498	-3.3%
December 2018	672,320	December 2019	672,331	0.0%
January 2019	668,442	January 2020	671,626	0.5%
February 2019	746,587	February 2020	721,390	-3.4%
March 2019	690,242	March 2020	641,100	-7.1%
April 2019	649,705	April 2020	635,275	-2.2%
May 2019	723,529	May 2020	586,311	-19.0%
June 2019	691,052	June 2020	494,156	-28.5%

Source: Finance Department, City of Gainesville, Florida

The City expects it will also see a decrease in half-cent sales tax revenue collections as a result of declines in retail sales in July 2020 as a result of COVID-19. See "RISK FACTORS" herein for more information about the impacts of COVID-19 on the City.

The Florida Legislature passed CS/HB 7087 during its 2018 session that went into effect on July 1, 2018. Among other things, CS/HB 7087 implemented new, extended, or expanded sales tax exemptions for: sales tax credits for contributions to the Gardiner Scholarship and Florida Tax Credit Scholarship programs; certain generators for nursing homes and assisted living facilities; certain purchases of agriculture related fencing materials and building materials for repair of storm damage from Hurricane Irma. The Florida Legislature passed CS/HB 7097 during its 2020 session that goes into effect on July 1, 2020. Among other things, CS/HB 7097 added sales tax holidays including a three day "back to school" holiday for clothing, footwear, school supplies and computers and a seven day "disaster preparedness" holiday for sales of specified items related to disaster preparedness. The City does not expect CS/HB 7087 and CS/HB 7097 will have an adverse impact on its ability to pay debt service on the Series 2020 Bonds.

State Revenue Sharing

A portion of certain taxes levied and collected by the State is shared with local governments under provisions of Chapter 218.215, Florida Statutes. The amount deposited by the FDOR into the State Revenue Sharing Trust Fund for Municipalities is 1.3409% of available sales and use tax collections after certain required distributions and the net collections from the one-cent municipal fuel tax.

To be eligible for State Revenue Sharing funds beyond the minimum entitlement (defined as the amount necessary to meet obligations to which the City has pledged amounts received from the State Revenue Sharing Trust Fund for Municipalities), a local government must have:

- (i) reported its finances for its most recently completed fiscal year to the FDFS as required by Florida law;
- (ii) made provisions for annual post audits of financial accounts in accordance with provisions of law;

- (iii) levied, as shown on its most recent financial report, ad valorem taxes, exclusive of taxes levied for debt service or other special millages authorized by the voters, to produce the revenue equivalent to a millage rate of three (3) mills on the dollar based upon 1973 taxable values or, in order to produce revenue equivalent to that which would otherwise be produced by such three (3) mill ad valorem tax, to have received a remittance from the county pursuant to a municipal services benefit unit, collected an occupational license tax, utility tax, or ad valorem tax, or have received revenue from any combination of those four sources;
- (iv) certified that persons in its employ as law enforcement officers meet certain qualifications for employment, and receive certain compensation;
- (v) certified that persons in its employ as firefighters meet certain employment qualifications and are eligible for certain compensation;
- (vi) certified that each dependent special district that is budgeted separately from the general budget of such county or municipality has met the provisions for annual post audit of its financial accounts in accordance with law; and
- (vii) certified to the FDOR that it has complied with certain procedures regarding the establishment of the ad valorem tax millage of the county or municipality as required by law.

If the City fails to comply with such requirements, the FDOR may utilize the best information available to it, if such information is available, or take any necessary action including disqualification, either partial or entire, and the City shall further waive any right to challenge the determination of the FDOR as to its distribution, if any. Eligibility is retained if the local government has met eligibility requirements for the previous three years, even if the local government reduces its millage or utilities taxes because of the receipt of State Revenue Sharing funds.

The amount of the State Revenue Sharing Trust Fund for Municipalities distributed to any one municipality is the average of three factors: an adjusted population factor; a sales tax collection factor, which is the proportion of the local City's ordinary sales tax distribution the municipality would receive if the distribution were strictly population-based; and a relative revenue-raising ability factor, which measures the municipality's ability to raise revenue relative to other qualifying municipalities in the State.

The distribution to an eligible municipality is determined by the following procedure. First, a municipal government's entitlement is computed on the basis of the apportionment factor applied to all State Revenue Sharing Trust Fund receipts available for distribution. Second, the revenue to be shared via the formula in any fiscal year is adjusted so that no municipality receives fewer funds than its guaranteed entitlement, which is equal to the aggregate amount received from the state in fiscal year 1971-72 under then-existing statutory provisions. Third, the revenue to be shared via the formula in any fiscal year is adjusted so that all municipalities receive at least their minimum entitlement, which means the amount of revenue necessary for a municipality to meet its obligations as the result of pledges, assignments, or trusts entered into that obligated State Revenue Sharing Trust Fund monies. Finally, after making these adjustments, any remaining State Revenue Sharing Trust Fund monies are distributed

on the basis of the additional money of each qualified municipality in proportion to the total additional money for all qualified municipalities.

The following are sources of revenues that are deposited into the State Revenue Sharing Trust Fund for Municipalities.

Sales Tax Revenues. Prior to July 1, 2000, a state tax was levied on cigarette packages at varying rates, depending upon the length and number of cigarettes in a package and, pursuant to Section 210.20(2)(a), Florida Statutes, certain amounts derived from such cigarette taxes were deposited to the Revenue Sharing Trust Fund for Municipalities after deducting therefrom certain charges for administration and collection. Effective July 1, 2000, the cigarette tax revenues were eliminated from distribution to the Revenue Sharing Trust Fund for Municipalities and replaced with sales and use tax proceeds. Currently, 1.3409% of the available proceeds of the sales and use tax imposed pursuant to Chapter 212, Florida Statutes, is transferred monthly to the Revenue Sharing Trust Fund for Municipalities after certain other transfers have been made and certain charges for administration and collection have been deducted therefrom. See "—Half Cent Sales Tax Revenues" above for a description of HB 7007.

Municipal Fuel Tax. The proceeds of the municipal fuel tax imposed pursuant to Section 206.41(1)(c), Florida Statutes, after deducting certain service charges and administrative costs is transferred into the Revenue Sharing Trust Fund for Municipalities. Funds derived from the municipal fuel tax on motor fuel may only be used to pay debt service allocable to transportation facilities. None of the debt service on the Series 2020 Bonds is allocable to transportation facilities.

The sales and use tax provides the majority of the receipts for the guaranteed entitlement from the Revenue Sharing Trust Fund for Municipalities. For the State's 2019 fiscal year, approximately 77% of the deposits of the Revenue Sharing Trust Fund for Municipalities were from sales and use tax and approximately 23% were from the municipal fuel tax.

[Insert information regarding State admin process and City's pension assumptions, which could impact State Revenue Sharing received by the City.]

Permits, Fees and Special Assessments

These are revenues derived from the issuance of landlord licenses (which is currently being considered for sunset and replacement with another fee, however no decision has been made as of the date hereof) plus other miscellaneous licenses and permit fees. Such fees currently are a minor portion of the City's Non-Ad Valorem Revenues, with the exception of the Fire Services Special Assessments.

Charges for Services

All revenues resulting from a local unit's charges for services are reflected in this category and include those charges received from private individuals or other governmental units. The following functional areas include such charges:

- General government – document reproduction fees, sales of maps & publications
- Public safety – fees for police and fire protection services
- Physical environment – charges including cemetery fees

- Planning and zoning – fees for zoning changes and planning reviews
- Indirect services – fees associated with services provided to City Proprietary Funds
- Transportation and parking – including parking fees and decals
- Recreation and culture – fees for special events, and parks and recreation activities such as athletics programs and swimming pool usage
- Other – fees for services not specifically mentioned above

Fines and Forfeitures

Fines and forfeitures reflect those penalties and fines imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations, and for neglect of official duty. Forfeitures include revenues resulting from parking and court fines as well as proceeds from the sale of contraband property seized by law enforcement agencies.

Miscellaneous Revenues

This category includes a variety of revenues and transfers from other funds, including:

- Interest earnings
- Gains (or losses) on sale of investments
- Rents and royalties
- Disposition of fixed assets
- Sales of surplus lands, materials and scrap
- Contributions from private sources

Interfund Transfers

Transfers from the Utilities System to the General Fund

The City Commission established a General Fund Transfer formula for the Utility System to provide funding to General Government operations for fiscal year 2015 through and including Fiscal Year 2019 pursuant to Resolution Number 140166, adopted on July 23, 2014. The General Fund Transfer formula established the base amount of the fiscal year 2015 transfer, less the amount of ad valorem revenue received each year by the City from the DHR Biomass Plant. The 2015 through 2019 fiscal years' base transfer amounts each increased by 1.5%. The Utility and General Government agreed to continue the formula for fiscal year 2020 and to keep the transfer flat for fiscal year 2021. Management and the City Commission have agreed to hire a third party consultant to assist in developing the appropriate formula to put in place beginning in fiscal year 2022.

Transfers from Other Funds

Less than 25% of interfund transfers which are legally available to pay debt service are generated from transfers from the funds of the City other than from the Utility System.

The following table represents the City's determination of Non-Ad Valorem Revenues for the City's fiscal years ended September 30, 2015 through and including September 30, 2019 (excludes non-ad valorem revenues of the City which are not legally available to pay debt service on the Series 2020 Bonds):

CITY OF GAINESVILLE, FLORIDA
LEGALLY AVAILABLE NON-AD VALOREM REVENUES

**[THIS TABLE WILL BE EDITED IN NEXT DRAFT TO INCLUDE LINE ITEMS FOR PAYMENTS
MADE FROM ENTERPRISE FUNDS ALLOCABLE TO DEBT SERVICE]**

	Audited				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues:					
Taxes:					
Public Service Tax	\$10,172,216	\$10,515,151	\$10,537,025	\$11,950,808	\$14,874,482
Local Communications Services Taxes ⁽¹⁾	4,199,316	3,894,908	3,807,842	3,886,744	3,858,011
Business Tax	1,839,913	922,628	906,880	917,679	897,459
Other ⁽²⁾	994,422	973,894	1,070,816	953,175	1,221,549
Permits, Fees and Assessments					
Fire Assessment ⁽³⁾	0	0	5,152,411	6,699,501	6,765,703
Other ⁽⁴⁾	43,558	56,626	748,618	671,039	871,780
Intergovernmental:					
Half Cent Sales Tax	6,988,460	7,260,930	7,760,684	7,834,602	8,166,475
State Revenue Sharing ⁽⁵⁾	3,173,629	3,277,105	3,693,650	3,746,716	4,007,431
Other ⁽⁶⁾	2,628,882	2,993,937	1,482,573	3,954,147	1,509,783
Charges for Services:					
Indirect Services	5,519,915	5,866,013	7,112,052	7,281,311	7,900,822
Public Safety ⁽⁷⁾	7,146,631	7,168,682	1,739,401	1,731,266	2,750,334
Transportation and Parking	810,970	882,393	773,308	715,233	1,036,172
Recreation and Culture	1,185,828	1,554,013	427,692	972,119	729,488
Other ⁽⁸⁾	435,405	466,686	500,142	225,859	616,254
Fines and Forfeitures	1,653,150	1,265,452	1,032,912	1,000,182	888,015
Interest Income	1,267,840	990,639	90,249	345,274	905,026
Other ⁽⁹⁾	1,445,844	922,415	972,310	1,114,031	820,342
Transfers from the Utility System ⁽¹⁰⁾	34,892,425	34,994,591	35,814,010	36,379,080	38,285,001
Other Transfers ⁽¹¹⁾	5,489,985	1,711,151	891,707	774,625	1,307,250
Total Sources of Legally Available Non-Ad Valorem Revenues ⁽¹²⁾	\$88,893,967	\$84,743,320	\$83,607,402	\$91,153,391	\$97,411,377

[Footnotes on next page]

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- (1) The steady decline is due to market changes and tax exemptions on specific devices and service plans.
- (2) Includes Hazardous Materials Tax paid by a single business in the City and a portion of the Six-Cent Local Option Fuel Tax which is available only for transportation purposes. Fuel taxes are not available to pay debt service on the Series 2020 Bonds. 15% of the debt service on the City's outstanding Capital Improvement Revenue Bonds, Series 2014 (the "Series 2014 Bonds") is allocable to transportation related projects.
- (3) Fire Assessments are not available to pay debt service on the Series 2020 Bonds. They are available to pay a portion of debt service on the Series 2014 Bonds allocable to fire improvements.
- (4) Miscellaneous permits. The Fire Assessment revenues were included in the Public Safety revenues under Charges for Services in 2015 and 2016. They were recorded in a separate line under Permits, Fees and Assessments beginning in 2017.
- (5) These figures are net of the funds deducted to pay the debt service on the City's outstanding Guaranteed Entitlement Revenue and Refunding Bonds, Series 1994 which are secured by a first lien upon and pledge of the guaranteed entitlement portion of the State Revenue Sharing funds. Approximately 23% of the State Revenue Sharing funds received for the State fiscal year ended June 30, 2019 were from the municipal fuel tax and may only be used for transportation purposes. See "GENERAL INFORMATION REGARDING NON-AD VALOREM REVENUES - Intergovernmental Revenues – State Revenue Sharing – Municipal Fuel Tax" herein.
- (6) Mobile home licenses, beverage licenses, firefighters supplemental compensation, and airport flight service station rental.
- (7) The Fire Assessment revenues were included in the Public Safety revenues under Charges for Services in 2015 and 2016. They were recorded in a separate line under Permits, Fees and Assessments beginning in 2017.
- (8) Zoning fees, document reproduction fees, cemetery fees, etc.
- (9) Property rental, loan repayments and the Utility System's share of environmental clean-up costs.
- (10) The transfers from the Utility System are expected to remain flat beyond 2019 until a new formula is put into place. The City will be engaging a consultant to help with developing the formula for the General Fund Transfer after fiscal year 2021. See "GENERAL INFORMATION REGARDING NON-AD VALOREM REVENUES – Interfund Transfers" herein for more information.
- (11) **[Insert what this includes.]**
- (12) The obligation of the City to make payments from its Non-Ad Valorem Revenues is subject in all respects to the payment of obligations secured by a pledge of such Non-Ad Valorem Revenues heretofore or hereafter entered into (including the payment of debt service on bonds and other debt instruments) and funding requirements for the payment of services and programs which are for essential governmental services of the City or which are legally mandated by applicable law. See "SECURITY FOR THE SERIES 2020 BONDS – General" herein for more information.

Source: Finance Department, City of Gainesville, Florida

The following table represents the City's determination of Non-Ad Valorem Revenues for the first nine months of the fiscal year ending September 30, 2020 compared to the same nine month period for the fiscal year ended September 30, 2019 (excludes non-ad valorem revenues of the City which are not legally available to pay debt service on the Series 2020 Bonds):

[TABLE TO COME]

The following table represents current debt service on Non-Ad Valorem Revenue Obligations of the City:

**CITY OF GAINESVILLE, FLORIDA
DEBT SERVICE SCHEDULE
FOR NON-AD VALOREM REVENUE OBLIGATIONS⁽¹⁾**

Bond Year	Taxable Pension Obligation	Taxable Pension Obligation	Capital Improvement Revenue Bonds	Refunding Revenue Note	Capital Improvement Revenue Note	Refunding Revenue Note	Capital Improvement Revenue Bonds	Refunding Revenue Note	Revenue Note Series	Revenue Note	Revenue Note	Total Principal and Interest
<u>Ending</u>	<u>Bonds</u>	<u>Bonds</u>	<u>Bonds</u>	<u>Revenue Note</u>	<u>Revenue Note</u>	<u>Note</u>	<u>Bonds</u>	<u>Note</u>	<u>Series</u>	<u>Note</u>	<u>Note</u>	<u>Interest</u>
<u>October 1</u>	<u>Series 2003A</u>	<u>Series 2003B</u>	<u>Series 2010</u>	<u>Series 2011</u>	<u>Series 2011A</u>	<u>Series 2014</u>	<u>Series 2014</u>	<u>Series 2016A</u>	<u>2016B</u>	<u>Series 2017</u>	<u>Series 2019</u>	
2020	\$3,845,775	\$3,269,963	\$316,441	\$691,728	\$429,007	\$1,637,560	\$1,033,999	\$1,362,765	\$526,320	\$684,688	\$643,469	\$14,441,714
2021	4,115,775	3,445,896	314,266	691,506	429,618	1,643,480	1,035,399	1,356,775	526,840	683,138	663,684	14,906,376
2022	4,400,775	3,629,276	316,654	690,930		1,638,440	1,034,649	1,355,268	527,120	686,313	663,735	14,943,159
2023	4,700,775	3,819,059	318,294			1,642,680	1,037,399	1,358,128	527,160	689,075	663,590	14,756,158
2024	5,015,775	4,014,197	314,094			1,635,960	1,038,399	1,365,240	526,960	686,425	663,247	15,260,297
2025	5,340,775	4,224,266	314,694			1,643,520	1,037,649	1,351,778	526,520	683,500	662,708	15,785,409
2026	5,690,775	4,436,178	314,649				1,035,149	1,362,683	525,840	685,300	661,971	14,712,544
2027	6,050,775	4,658,849	314,194				1,036,599	977,268	524,920	686,688	666,038	14,915,329
2028	6,430,775	4,890,653	317,931				1,037,299	980,705	523,760	682,663	664,809	15,528,594
2029	4,370,775	5,129,964	316,031				1,037,249	869,886	527,300	683,363	663,383	13,597,954
2030	4,662,999	5,380,156	318,344				1,036,449		525,540	688,650	666,760	13,278,897
2031	6,879,749	3,424,332					1,033,793		523,540	683,388	664,841	13,209,642
2032	7,300,335	3,605,648					1,035,355		526,240	682,850	662,726	13,813,154
2033		1,133,265					1,035,275			686,900	665,413	3,520,853
2034							1,033,750			685,400	662,805	2,381,955
2035										683,488		683,488
2036										686,163		686,163
2037										683,288		683,288
TOTAL ⁽²⁾	\$68,805,833	\$55,061,702	\$3,475,591	\$2,074,164	\$858,625	\$9,841,640	\$15,538,409	\$12,340,494	\$6,838,060	\$12,331,275	\$9,939,175	\$197,104,971

(1) This table does not include the debt service on the City's outstanding Guaranteed Entitlement Revenue and Refunding Bonds, Series 1994. These bonds are secured by a first lien upon and pledge of the guaranteed entitlement portion of the state revenue sharing funds. See "GENERAL INFORMATION REGARDING NON-AD VALOREM REVENUES – State Revenue Sharing" herein.

(2) Column totals may not add due to rounding.

Source: Finance Department, City of Gainesville, Florida

The following table sets forth the City's historical Non-Ad Valorem Revenues for the fiscal years ending September 30, 2015 through and including September 30, 2019, as well as historical debt service in order to show the City's historical Anti-Dilution Test calculation:

**CITY OF GAINESVILLE, FLORIDA
HISTORICAL ANTI-DILUTION TEST CALCULATION⁽¹⁾**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Non-Ad Valorem Revenues					
Available to Pay Debt Service					
50% of Non-ad valorem Revenues					
Covenant Obligation Debt Service Requirement ⁽²⁾	11,385,715	11,865,160	12,036,866	12,407,866	12,857,582
2.00 Times Maximum Annual Debt Service ⁽³⁾	22,771,430	23,730,319	24,073,731	30,238,328	30,411,870
Actual Coverage Ratio ⁽⁴⁾					

⁽¹⁾ The City has covenanted in the Bond Resolution that it may incur additional Non-Ad Valorem Revenue Obligations only if, it complies with certain requirements as described in "SECURITY FOR THE SERIES 2020 BONDS – Anti-Dilution Test" herein and "APPENDIX C – Form of the Bond Resolution" attached hereto. The data in the row labeled "50% of Non-Ad Valorem Revenues" can be used to evaluate part (i) of the Anti-Dilution Test. The data in the row labeled "2.00 Times Maximum Annual Debt Service" reflects a conservative presentation and can be used to evaluate part (ii) of the Anti-Dilution Test, based on the historical maximum annual debt service (when part (ii) actually calls for the calculation to be based on average annual debt service). The Bond Resolution does not contain any requirement regarding a debt service coverage ratio (rather, it contains the two-part Anti-Dilution Test as described above). Such debt service coverage figures are provided only as additional information.

⁽²⁾ Does not include debt service on the Guaranteed Entitlement Revenue and Refunding Bonds, Series 1994.

⁽³⁾ Historical Covenant Obligation Maximum Debt Service Requirement on Non-Ad Valorem Revenue Obligations prior to issuance of the Series 2020 Bonds.

⁽⁴⁾ The pro forma coverage ratio for the fiscal year ended September 30, 2019 is expected to be ____x, calculated based on Non-Ad Valorem Revenues for that period divided by Covenant Obligation Maximum Debt Service Requirement following the issuance of the Series 2020 Bonds, assuming a final maturity of _____, 20__ and a true interest cost of ____% on the Series 2020 Bonds.

Source: Finance Department, City of Gainesville, Florida.

CERTAIN FINANCIAL MATTERS

Investment Policy

The City has adopted a detailed written investment policy which meets Florida statutory requirements. This policy covers all cash and investments held by the City with the exception of the City's defined benefit pension plans, deferred compensation plan, and 401(a) defined contribution plan, OPEB funds, certain special use funds, or funds related to the issuance of debt where there are other existing policies or indentures in effect for such funds. Funds held by trustees or fiscal agents are excluded from these rules; however, all funds are subject to regulations established by the State of Florida. Except for excluded funds, and restricted and special funds, the city commingles its funds for investment purposes to maximize investment earnings and to increase efficiencies with regard to

investment pricing, safekeeping and administration. Investment income is allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles. The objectives of the investment policy are (1) preservation of capital, (2) maintenance of appropriate liquidity, and (3) maximizing yield within defined risk parameters. To accomplish these objectives, the investment portfolio is sufficiently diversified to provide protection during performance downturns while ensuring that investment goals are met over the long term.

City investment policies and state statutes authorize the City to invest in the following instruments:

(1) Any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies set forth in subsection (3) below to the extent unconditionally guaranteed by the United States of America and any certificates or any other evidences of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in this subsection;

(2) Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which at the time of their purchase are rated investment grade by a nationally recognized rating agency;

(3) Bonds, debentures or other evidences of indebtedness issued or guaranteed by any agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America including securities issued by Federal Agencies and Government Sponsored Enterprises (GSEs) such as: Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), Federal Farm Credit Banks (FFCB), Federal Home Loan Banks (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), Small Business Administration (SBA), and Tennessee Valley Authority (TVA);

(4) Mortgage Backed Securities (MBS), Commercial Mortgage Backed Securities (CMBS), Collateralized Mortgage Obligations (CMO), and Asset Backed Securities (ABS) issued by a federal agency or instrumentality, or by a private corporation, which at the time of their purchase are rated investment grade by a nationally recognized rating agency;

(5) Interest-bearing time deposits or savings accounts in qualified public depositories, including certificates of deposit, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of any state of the United States or any national banking association which is a member of the Federal Deposit Insurance Corporation, savings and loan associations which are members of the Federal Savings and Loan Insurance Corporation and credit unions which are members of the National Credit Union Administration Insurance Fund, provided that the aggregate principal amount of all certificates of deposit issued by any such bank, trust company, national banking association, savings and loan association or credit union which are purchased with moneys of the city are fully insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation or the National Credit Union Administration Insurance Fund; or secured to the extent not insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation or the National Credit Union Administration Insurance Fund by such securities as are described in subsections (1) through (3), inclusive, having a market value (exclusive of accrued interest, other than accrued interest paid in connection with the purchase of such securities) at least equal to the

principal amount of such certificates of deposit (or portion thereof not insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation or the National Credit Union Administration Insurance Fund) which shall be lodged with the city, or a depository, as custodian, by such bank, trust company, national banking association, savings and loan association or credit union, and such bank, trust company, national banking association, savings and loan association or credit union shall furnish the city or the depository, if any, with an undertaking satisfactory to it that the aggregate market value of all such obligations securing such certificates of deposit will at all times be an amount which meets the requirements of this subsection and the city or the depository, if any, shall be entitled to rely on each such undertaking;

(6) Bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by any corporation which are, at the time of purchase, rated investment grade by a nationally recognized rating agency;

(7) Any repurchase agreement with any bank or trust company organized under the laws of any state of the United States or any national banking association or government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by any one or more of the securities described in subsections (1), (2), or (3);

(8) Bankers Acceptances which are issued by institutions whose senior obligations are, at the time of purchase, rated investment grade by a nationally recognized rating agency;

(9) Commercial Paper rated at the time of purchase at least A-1 by Standard and Poor's, P-1 by Moody's, or F1 by Fitch;

(10) Local Governmental Investment Pools and Funds authorized pursuant to the Florida Interlocal Cooperation Act of 1969, including but not limited to the SBA Local Government Surplus Funds Trust Fund (Florida Prime), the Florida Education Investment Trust Fund (FEITF), the Florida Cooperative Liquid Assets Securities System (FLCLASS), the Florida Surplus Asset Fund Trust (FLSAFE), the Florida Local Government Investment Trust Day to Day Fund (FL Trust), and the Florida Treasury Investment Pool;

(11) SEC registered money market funds in good standing with the Securities and Exchange Commission which are rated investment grade by a nationally recognized rating agency, provided that such money market fund assets are limited to investments authorized by this section; and

(12) Securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

As of September 30, 2019, the City's operating portfolio assets were invested as follows:

Local Government Investment Pools	100.00%
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The City Commission is provided quarterly investment reports and reviews the investment policy of the City on an annual basis.

Financial and Operating Plan (Budget) and Capital Improvement Planning Policy

The City adopted a biennial budget process in 1999 and has consistently received the Government Finance Officers Association of the United States and Canada ("GFOA") Certificate of Achievement for its budget presentations. The two-year budgetary cycle allows more time in the second year for in-depth discussion of broader policy issues. The City primarily uses incremental budgeting with input from all City departments. The budget process begins in January of each year and the final budget for the upcoming fiscal year beginning October 1 is usually approved by the City Commission in September of each year.

The City prepares a five-year financial forecast on a biennial basis which serves to identify the long term impact of revenue and expenditure trends and financial decisions. This five-year forecast is used as the starting point for the two-year budgetary process.

The City Commission has adopted a capital improvement planning policy, which requires periodic asset reviews to include maintenance and replacement costs. The five-year capital plans which are part of the policy coordinate capital needs and the impact of those capital needs on operating budgets.

Financial Reporting

The GFOA has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Gainesville for its comprehensive annual financial report ("CAFR") in each year since the program's inception in 1951.

The City has received GFOA's Award for Distinguished Budget presentation for its budget document each year since October 1, 1984.

In 1990, the City was one of the first cities to receive recognition by the GFOA for its Popular Report. The City has received the Award for Outstanding Achievement in Popular Annual Reporting from the GFOA since 1992.

General Fund

The General Fund is the general operating fund of the City. It accounts for all financial resources except for those required to be accounted for in another fund. The largest source of revenue in this fund, other than transfers from the Utility System, is ad valorem taxation (ad valorem taxes are not legally available to pay debt service on the Series 2020 Bonds). Revenues deposited in the General Fund do not directly correspond to the Non-Ad Valorem Revenues from which debt service on the Series 2020 Bonds is payable as some General Fund revenues are not legally available to pay debt service on the Series 2020 Bonds and some Non-Ad Valorem Revenues are not deposited into the General Fund. Operations are removed from the General Fund only when they are deemed to be true enterprise operations.

Although the Series 2020 Bonds are not payable from ad valorem taxation, approximately 22% of General Fund revenues which are collected by the City come from ad valorem taxes. To the extent that the future collection of ad valorem tax revenues or non-ad valorem revenues is adversely affected, a

larger portion of non-ad valorem revenues would be required to balance the budget and provide for the payment of services and programs which are for essential public purposes affecting the health, safety and welfare of the inhabitants of the City or which are mandated by applicable law.

The following chart shows information regarding the General Fund for the City's fiscal years ending September 30, 2015 through and including September 30, 2019:

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**CITY OF GAINESVILLE, FLORIDA
GENERAL FUND REVENUES AND EXPENSES**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
REVENUES					
Taxes	\$40,683,940	\$41,402,447	\$42,453,001	\$47,591,321	\$51,720,772
Licenses and Permits ⁽¹⁾	965,536	943,444	5,901,029	7,370,540	7,385,069
Intergovernmental	12,460,007	13,023,993	14,195,190	15,535,465	13,764,737
Charges for Services ⁽²⁾	14,460,437	15,081,655	10,552,595	10,925,785	12,948,317
Fines and Forfeitures	1,602,357	1,228,781	1,032,912	1,000,182	888,015
Miscellaneous	1,718,406	1,580,219	1,062,559	1,459,305	1,197,125
TOTAL REVENUES	\$71,890,683	\$73,260,539	\$75,197,286	\$83,882,598	\$87,904,035
EXPENDITURES					
Current:					
General Government	\$15,040,492	\$16,044,498	\$17,447,884	\$18,254,048	\$18,865,811
Public Safety	54,028,475	55,699,775	58,005,467	59,956,795	57,051,255
Physical Environment	190,834	187,153	185,498	165,030	213,065
Transportation	10,713,872	11,174,274	11,389,719	11,510,784	11,594,781
Economic Environment	432,146	414,883	391,759	405,297	343,444
Human Services	137,404	99,320	0	0	0
Culture and Recreation	7,086,048	7,723,176	8,584,733	8,473,164	8,767,845
TOTAL EXPENDITURES	\$87,629,271	\$91,343,079	\$96,005,060	\$98,765,118	\$96,836,201
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(15,738,588)	(18,082,540)	(20,807,774)	(14,882,520)	(8,932,166)
OTHER FINANCING SOURCES (USES)					
Operating transfers from Gainesville Regional Utilities ⁽³⁾	\$34,892,425	\$34,994,591	\$35,814,010	\$36,379,080	\$38,285,001
Operating transfers in ⁽⁴⁾	772,170	621,136	891,708	774,625	1,537,546
Operating transfers out ⁽⁵⁾	(16,744,009)	(16,642,736)	(18,972,140)	(23,366,123)	(22,843,337)
TOTAL OTHER FINANCING SOURCES (USES)	\$18,920,586	\$18,972,991	\$17,733,578	\$13,787,582	\$16,979,210
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	3,181,998	890,451	(3,074,196)	(1,094,938)	8,047,044
BEGINNING FUND BALANCE	18,767,991	21,949,989	22,840,440	19,766,244	18,671,306
ENDING FUND BALANCE	\$21,949,989	\$22,840,440	\$19,766,244	\$18,671,306	\$26,718,350
Nonspendable Portion	2,487,568	2,238,498	1,959,310	1,647,816	1,359,332
Assigned Portion	1,985,914	3,551,786	1,607,428	0	432,146
Unassigned Portion	17,476,507	17,050,156	16,199,506	17,023,490	24,926,872

[Footnotes on next page]

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- (1) The Fire Assessment revenues were included in the Public Safety revenues under Charges for Services in 2015 and 2016. They were recorded in a separate line under Permits, Fees and Assessments beginning in 2017.
 - (2) The Fire Assessment revenues were included in the Public Safety revenues under Charges for Services in 2015 and 2016. They were recorded in a separate line under Permits, Fees and Assessments beginning in 2017.
 - (3) The transfers from the Utility System are expected to remain flat beyond 2019 until a new formula is put into place. The City will be engaging a consultant to help with developing the formula for the General Fund Transfer after fiscal year 2021. See "GENERAL INFORMATION REGARDING NON-AD VALOREM REVENUES – Interfund Transfers" herein for more information.
 - (4) Transfers from funds of the City other than the Utility System.
 - (5) Transfers to other funds of the City.

Source: Finance Department, City of Gainesville, Florida

The table above is only an indication of the relative amounts of legally available non-ad valorem revenues of the City which may be available for the payment of principal of and interest on the Series 2020 Bonds and other general governmental expenditures. The ability of the City to appropriate Non-Ad Valorem Revenues in sufficient amounts to pay the principal of and the interest on the Series 2020 Bonds is subject to a variety of factors, including the City's satisfaction of funding requirements for obligations having an express lien on or pledge of such revenues and after satisfaction of funding requirements for essential governmental services of the City. No representation is being made by the City that any particular non-ad valorem revenue source will be available in future years, or if available, will be budgeted to pay debt service on the Series 2020 Bonds.

Continued consistent receipt of non-ad valorem revenues is dependent upon a variety of factors, including aggressive de-annexation policies by the City or greater growth in the unincorporated areas of Alachua County as compared to the City which could have an adverse effect on non-ad valorem revenues. The amounts and availability of any of the non-ad valorem revenues to the City are also subject to change, including reduction or elimination by change of State law or changes in the facts or circumstances according to which certain of the non-ad valorem revenues are allocated. In addition, the amount of certain of the non-ad valorem revenues collected by the City is directly related to the general economy of the City. Accordingly, adverse economic conditions could have a material adverse effect on the amount of non-ad valorem revenues collected by the City. The City may also specifically pledge certain of the non-ad valorem revenues or covenant to budget and appropriate legally available non-ad valorem revenues of the City to future obligations that it issues. In the case of a specific pledge, such non-ad valorem revenues would be required to be applied to such obligations prior to paying the principal of and interest on the Series 2020 Bonds.

Classification of Local Government Expenditures

The City of Gainesville classifies its expenditures in accordance with the Uniform Accounting System devised by the Florida Department of Financial Services.

General government expenditures arise from operations of legislative and administrative activities of the local government. These costs are related to operations of the City Commission, the City

Manager's office, pension benefits, comprehensive planning, financial operations, legal expenses and other general government services.

Public safety expenditures reflect all costs associated with the City's police and fire department operations, as well as emergency disaster relief services and protective inspections.

Physical environment expenditures relate to the City's utilities and garbage/solid waste operations.

Transportation expenditures generally reflect the costs of roads and streets, parking facilities, and the City's Regional Transit System.

Economic environment expenditures include the costs of providing economic development activities, housing opportunities and related programs, and other activities intended to raise the economic status of the citizenry.

Human services expenditures reflect the City's activities related to public assistance and handicapped and similar services.

Culture and recreation expenditures include the City's costs of operating parks and recreation facilities and of offering special events, cultural services and programs and similar services.

Debt service expenditures reflect outlays for local government debt.

LIABILITIES OF THE CITY

Insurance Considerations Affecting the City

General

The City is exposed to various risks of loss related to theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City accounts for its uninsured risk of loss depending on the source of the estimated loss. For estimated losses attributable to activities of the Utility System, the estimates are accounted for in the Utility System enterprise funds. For estimated losses attributable to all operations of general government, the City maintains a General Insurance Fund (an internal service fund) to account for some of its uninsured risk of loss.

Workers' Compensation, Auto, and General Liability Insurance

Section 768.28, Florida Statutes, provides limits on the liability of the State and its subdivisions of \$200,000 to any one person, or \$300,000 for any single incident or occurrence. See "LIABILITIES OF THE CITY – Ability to be Sued, Judgments Enforceable" below. Under the protection of this limit and Chapter 440, Florida Statutes, covering Workmen's Compensation, the City currently is self-insured for workers' compensation, auto, and general liability. Third-party coverage is currently maintained for workers' compensation claims in excess of \$350,000. Settlements have not exceeded insurance coverage for each of the last three years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs), and are shown at current dollar value.

All funds other than the Utility Fund participate in the general insurance program. Risk management/insurance related activities of the Utility Fund are accounted for within the Utility Fund. An actuarially computed liability of \$3,337,000 is recorded in the Utility Fund as a deferred credit. The present value calculation assumes a rate of return of 4.5% with a confidence level of 75%. Changes in the Utility Fund's claims liability for fiscal years 2017 and 2018 were as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Incurred</u>	<u>Payments</u>	<u>End of Fiscal Year Liability</u>
2017-2018	\$3,337,000	\$1,729,406	\$1,729,406	\$3,337,000
2016-2017	3,337,000	2,253,000	2,253,000	3,337,000

There is a claims liability of \$6,854,000 included in the General Insurance Fund as the result of actuarial estimates. Changes in the General Insurance Fund's claims liability for fiscal years ended September 30, 2017 and 2018 were as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Incurred</u>	<u>Payments</u>	<u>End of Fiscal Year Liability</u>
2017-2018	\$6,854,000	\$3,861,445	\$3,861,445	\$6,854,000
2016-2017	6,854,000	2,466,244	2,466,244	6,854,000

Health Insurance

The City also currently is self-insured for its Employee Health and Accident Benefit Plan (the "Plan"). The Plan is accounted for in an internal service fund and is externally administered, for an annually contracted amount which is based upon the volume of claims processed. Contributions for City employees and their dependents are shared by the City and the employee. Administrative fees are paid primarily out of this fund. Stop-loss insurance is maintained for this program at \$300,000 per individual. No claims have exceeded insurance coverage in the last three years. Changes in claims liability for fiscal years 2017 and 2018 were as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Incurred</u>	<u>Payments</u>	<u>End of Fiscal Year Liability</u>
2017-2018	\$1,310,671	\$23,412,606	\$23,412,606	\$1,310,671
2016-2017	1,310,671	21,883,325	21,883,325	1,301,671

Ability to be Sued, Judgments Enforceable

Notwithstanding the liability limits described below, the laws of the State provide that each city has waived sovereign immunity for liability in tort to the extent provided in Section 768.28, Florida Statutes. Therefore, the City is liable for tort claims in the same manner and, subject to limits stated below, to the same extent as a private individual under like circumstances, except that the City is not liable for punitive damages or interest for the period prior to judgment. Such legislation also limits the liability of a city to pay a judgment in excess of \$200,000 to any one person or in excess of \$300,000 because of any single incident or occurrence. Judgments in excess of \$200,000 and \$300,000 may be

rendered, but may be paid from City funds only pursuant to further action of the Florida Legislature in the form of a "claims bill." See "LIABILITIES OF THE CITY –Insurance Considerations Affecting the City" herein. Notwithstanding the foregoing, the City may agree, within the limits of insurance coverage provided, to settle a claim made or a judgment rendered against it without further action by the Florida Legislature, but the City shall not be deemed to have waived any defense or sovereign immunity or to have increased the limits of its liability as a result of its obtaining insurance coverage for tortuous acts in excess of the \$200,000 or \$300,000 waiver provided by Florida Statutes. See "LITIGATION" herein.

Debt Issuance and Management

The City utilizes a financing team when assessing the utilization of debt as a funding source for City capital projects. This team consists of the Assistant City Manager, Assistant Finance Director, Finance Director, and the following external professionals: bond counsel, disclosure counsel, financial advisor, and underwriters. The City has multi-year contractual arrangements with bond counsel, disclosure counsel, and financial advisor.

Direct Debt

The City has met certain of its financial needs through debt financing. The table which follows is a schedule of the outstanding debt of the City General Government as of October 1, 2019. This table is exclusive of the City's discretely reported component unit debt and all enterprise fund debt, including the debt of the System.

	Principal <u>Amount Issued</u>	Principal Amount Outstanding <u>as of October 1, 2019</u>
Revenue Bonds: ⁽¹⁾		
Guaranteed Entitlement Revenue and Refunding Bonds, Series 1994	\$15,892,220	\$1,006,809
Taxable Pension Obligation Bonds, Series 2003A (Employees' Plan)	40,042,953	29,615,477
Taxable Pension Obligation Bonds, Series 2003B (Consolidated Plan)	49,851,806	37,955,000
Capital Improvement Revenue Bonds, Series 2010	3,036,907	2,740,000
Capital Improvement Revenue Bonds, Series 2014	<u>12,535,000</u>	<u>10,257,753</u>
Total Revenue Bonds	\$123,358,886	\$81,575,039
Loans:		
Refunding Revenue Note, Series 2011	6,230,000	1,980,000
Capital Improvement Revenue Note, Series 2011A	3,730,000	830,000
Refunding Revenue Note, Series 2014	12,435,000	10,257,753
Revenue Refunding Note, Series 2016A	3,963,933	3,655,724
Capital Improvement Revenue Note, Series 2016B	6,630,000	5,875,000
Capital Improvement Revenue Note Series 2017	<u>10,365,000</u>	<u>9,625,000</u>
Total Loans	\$43,353,933	\$32,223,477
Total Debt	<u>\$166,712,819</u>	<u>\$113,798,516</u>

⁽¹⁾ The City's outstanding Guaranteed Entitlement Revenue and Refunding Bonds, Series 1994 are secured by a first lien upon and pledge of the guaranteed entitlement portion of the State Revenue Sharing funds. All other bonds listed below are secured by a covenant to budget and

appropriate funds sufficient to pay the debt service on the loan from legally available non-ad valorem revenues of the City.

- (2) All loans listed below are secured by a covenant to budget and appropriate funds sufficient to pay the debt service on the loan from legally available non-ad valorem revenues of the City.
- (3) Capital Improvement Revenue Note 2019 was issued on October 11, 2019 in the amount of \$8,535,00 and it not reflected in the above table, as the issuance fell after the October 1, 2019 date.

Defined Benefit Pension Plans

The City sponsors and administers two single-employer retirement plans, which are accounted for in separate pension trust funds in the fiduciary category.

- The Employees' Plan
- The Consolidated Plan

Employees' Plan

The Employees' Plan is a contributory defined benefit pension plan that covers all permanent employees of the City, except certain personnel who elected to participate in the Defined Contribution Plan (which is described below) and who were grandfathered into that plan, and police officers and firefighters who participate in the Consolidated Plan. The Employees' Plan provides retirement, disability and death benefits to plan members and beneficiaries. Prior to 2015, disability benefits were provided through a separate plan which was subsequently merged with the Employees' Plan. The costs of administering the plan, like other plan costs, are captured within the plan itself and financed through contribution and investment income, as appropriate. This plan and any amendments were enacted through an ordinance of the City Commission. In October 2002, the Board of Trustees approved allowing participants to buy back City years of service at its actuarial valuation. The contribution requirements of plan members and the City are established and may be amended by an ordinance enacted by the City Commission. Employees' Plan members are required to contribute 5.0% of their annual covered salary. The City is required to contribute at an actuarially determined rate which equaled 18.58% of covered payroll for the fiscal year ending September 30, 2019.

The Employees' Plan provides retirement, disability and death benefits. Prior to April 2015, disability benefits were provided through a separate plan which was subsequently terminated. Existing and future pension assets and pension liabilities were transferred to the Employees' Plan at that time.

Retirement benefits for employees are calculated as a fixed percent (often referred to as "the multiplier") of the employee's final average earnings (FAE) times the employee's years of service. The fixed percentage and final average earnings vary depending on the date of hire as follows:

<u>Date of Hire</u>	<u>Fixed percent of FAE (multiplier)</u>	<u>Final Average Earnings</u>
On or before 10/01/2007	2.0%	Highest 36 consecutive months
10/02/2007 – 10/01/2012	2.0%	Highest 48 consecutive months
On or after 10/02/2012	1.8%	Highest 60 consecutive months

For service earned prior to 10/01/2012, the lesser number of unused sick leave or personal critical leave bank credits earned on or before 09/30/2012 or the unused sick leave or personal critical leave bank

credits available at the time of retirement may be credited towards the employee's years of service for that calculation. For service earned on or after 10/01/2012, no additional months of service will be credited for unused sick leave or personal critical leave bank credits.

Retirement eligibility is also tiered based on date of hire as follows:

Employees are eligible for normal retirement:

- If the date of hire occurred on or before 10/02/2007, after accruing 20 years of pension service credit, regardless of age or after accruing 10 years of pension service credit and reaching age 65 while still employed.
- If the date of hire was between 10/02/2007 and 10/01/2012, after accruing 25 years of pension service credit, regardless of age or after accruing 10 years of pension service credit and reaching age 65 while still employed.
- If the date of hire was on or after 10/02/2012, after accruing 30 years of pension service credit, regardless of age or after accruing 10 years of pension service credit and reaching age 65 while still employed.

Employees are eligible for early retirement:

- If the date of hire occurred on or before 10/01/2012, after accruing 15 years of pension service credit and reaching age 55 while still employed.
- If the date of hire was on or after 10/02/2012, after accruing 20 years of pension service credit and reaching age 60 while still employed.
- Under the early retirement option, the benefit is reduced by 5/12th of one percent for each month (5% for each year) by which the retirement date is less than the date the employee would reach age 65.

Employees receive a deferred vested benefit if they are terminated after accruing five years of pension service credit but prior to eligibility for regular retirement. Those employees will be eligible to receive a benefit starting at age 65.

A 2% cost of living adjustment (COLA) is applied to retirements benefits each October 1st if the retiree has reached eligibility for COLA prior to that date. Eligibility for COLA is determined as follows:

- If the retiree had at least 20 years of credited service prior to 10/01/2012 and had at least 20 years but less than 25 years of credited service upon retirement, COLA begins after reaching age 62.
- If the retiree had at least 20 years of credited service prior to 10/01/2012 and had at least 25 years of credited service upon retirement, COLA begins after reaching age 60.
- If the retiree was hired on or before 10/01/2012 and had less than 20 years of credited service on or before 10/01/2012 and 25 years or more of credited service upon retirement, COLA begins after reaching age 65.
- If the retiree was hired after 10/01/2012 and had 30 years or more of credited service upon retirement, COLA begins after age 65.

Employees hired on or before 10/01/2012 are eligible to participate in the deferred retirement option plan ("DROP") when they have completed 27 years of credited service and are still employed by the City. Such employees retire from the Employees' Plan but continue to work for the City. The retirement benefit is calculated as if the employee had terminated employment and is paid to a DROP account held within the pension plan until the employee actually leaves the employment of the City. While in DROP, these payments earn a guaranteed rate of annual interest, compounded monthly. For employees who entered DROP on or before 10/01/2012, DROP balances earn 6% annual interest. For employees who entered DROP on or after 10/02/2012, DROP balances earn 2.25% annual interest. Employees may continue in the DROP for a maximum of 5 years or until reaching 35 years of service, whichever occurs earlier. Upon actual separation from employment, the monthly retirement benefits begin being paid directly to the retiree and the retiree must take their DROP balance plus interest as a lump-sum cash disbursement, roll into a retirement account or choose a combination of the two options.

Death benefits are paid as follows:

- If an active member retires after reaching normal retirement eligibility and had selected a tentative benefit option, benefit payments will be made to the beneficiary in accordance with the option selected.
- If an active member who is married dies after reaching normal retirement eligibility and did not previously select a tentative benefit option, the plan assumes the employee retired the day prior to death and elected the Joint & Survivor option naming their spouse as their beneficiary.
- If an active member who is not married dies after reaching normal retirement eligibility and did not previously select a tentative benefit option, or if an active member dies prior to reaching normal retirement eligibility, or if a non-active member with a deferred vested benefit dies before age 65, the death benefit is a refund of the member's contributions without interest to the beneficiary on record.
- Continuation of retirement benefits after the death of a retiree receiving benefits is contingent on the payment option selected upon retirement. If the retiree has chosen a life annuity and dies prior to receiving benefits greater than the retiree's contributions to the plan, a lump sum equal to the difference is paid to the beneficiary on record.

Disability benefits are paid to eligible regular employees of the City who become totally and permanently unable to perform substantial work for pay within a 50-mile radius of the home or city hall, whichever is greater, and who is wholly and continuously unable to perform any and every essential duty of employment, with or without a reasonable accommodation, or of a position to which the employee may be assigned. The basic disability benefit is equal to the greater of the employee's years of service credit times 2% with a minimum 42% for in line of duty disability and a minimum 25% for other than in line of duty disability, times the employee's final average earnings as would be otherwise calculated under the plan. The benefit is reduced by any disability benefit percent up to a maximum of 50% multiplied by the monthly Social Security primary insurance amount to which the employee would be initially entitled to as a disabled worker, regardless of application status. The disability benefit is limited to the lesser of \$3,750 per month or an amount equal to the maximum benefit percent, less reductions above and the initially determined wage replacement benefit made under workers' compensation laws.

At September 30, 2019, the following employees were covered by the benefit terms:

Active employees	1,553
Inactive employees:	
Retirees and beneficiaries currently receiving benefits	1,352
Terminated Members and survivors of deceased members entitled to benefits but not yet receiving benefits	<u>428</u>
Total	3,333

The City's annual pension cost and net pension obligation with respect to the Employees' Plan for fiscal years 2019, 2018 and 2017 were as follows:

Fiscal Year	Actuarial Determined <u>Ended</u> <u>Contribution</u>	Amount <u>Contributed</u>	Percent <u>Contributed</u>	Covered <u>Payroll</u>	Annual Contribution as a % of <u>Covered Payroll</u>
9/30/19	\$16,936,832	\$16,939,286	100.0%	\$95,709,008	17.70%
9/30/18	\$16,372,679	\$16,372,689	100.0%	\$88,540,570	18.49%
9/30/17	\$14,625,236	\$14,654,934	100.2%	\$86,102,369	17.02%

The funding status of the Employees' Plan for fiscal years 2019, 2018 and 2017 was as follows:

	<u>A</u>	<u>B</u>	<u>B-A</u> Unfunded Actuarial Accrued Liability (UAAL)	<u>A/B</u> Funded Ratio	<u>C</u> Annual Covered Payroll	<u>(B-A)/C</u> UAAL as % of Covered Payroll
Actuarial Valuation <u>Date</u>	Actuarial Value of <u>Assets</u>	Actuarial Accrued Liability (AAL) <u>Entry Age</u>	Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Covered Payroll
10/01/19	\$418,180,262	\$585,183,622	\$167,003,360	71.5%	\$95,709,008	174.5%
10/01/18	\$399,538,409	\$568,502,722	\$168,964,313	70.3%	\$88,540,570	190.8%
10/01/17	\$372,844,666	\$538,735,246	\$165,890,680	69.2%	\$86,102,369	192.7%

The contribution requirements of plan members and the City are established and may be amended by City Ordinance approved by the City Commission. The City is required to contribute at an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City contributes the difference between the actuarially determined rate and the contribution rate of employees. Plan members are required to contribute 5% of their annual covered salary. The rate for fiscal year 2019 was 18.41% of covered payroll. This rate was influenced by the issuance of the Taxable Pension Obligation Bonds, Series 2003A. The proceeds from this issue were utilized to retire the unfunded actuarial accrued liability at that time in the Employees' Plan. Differences between the required contribution and actual contribution are due to actual payroll experiences varying from the estimated total payroll used in the generation of the actuarially required contribution rate. Administrative costs are financed through investment earnings.

The net pension liability related to the Employee's Plan was measured as of September 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2018.

The components of the net pension liability at September 30, 2019 were as follows:

Components of Net Pension Liability

Total pension liability	\$585,350,537
Plan fiduciary net position	<u>(415,287,016)</u>
City's net pension liability	<u>\$170,063,521</u>
 Plan fiduciary net position as a percentage of the total pension liability	 70.95%

See "RISK FACTORS" below for a discussion of COVID-19 and its possible impacts on the City. It is possible that in the future net pension liability could increase as a result of the downward trend in stock market performance as a result of COVID-19.

Significant Actuarial Assumptions. The total pension liability as of September 30, 2019 was determined based on a roll-forward of entry age normal liabilities from the October 1, 2018 actuarial valuation to the pension plan's fiscal year end of September 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial Assumptions

Inflation	2.5%
Salary Increases	Service Based
Investment Rate of Return	7.90%
Discount Rate	7.90%

Mortality Rate:

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table projected generationally with Mortality Improvement Scale BB.

Long-term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. For 2019, the inflation rate assumption of the investment advisor was 2.50%. These estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

Development of Long Term Discount Rate for General Employees' Pension Plan

	Policy <u>Allocation</u>	Policy <u>Return</u>
Domestic Equity	47.00%	7.50%
International Equity	28.00	8.50
Domestic Bonds	0.00	0.00
International Bonds	0.00	0.00
Broad Market Fixed Income	8.00	2.50
Real Estate	12.00	4.50
Alternatives	5.00	7.00
US Treasuries	0.00	0.00
Cash	<u>0.00</u>	0.00
Total	<u>100.00%</u>	

Discount Rate:

The discount rates used to measure the total pension liability were 7.90% as of September 30, 2019. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rates less the member contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension</u> <u>Liability</u>	<u>Plan Fiduciary</u> <u>Net Position</u>	<u>Net Pension</u> <u>Liability</u>
Balances at 10/01/2018	\$556,402,274	\$432,508,135	\$123,894,139
Changes for the year:			
Service cost	7,692,015	-	7,692,015
Interest	43,726,387	-	43,726,387
Differences between expected and actual experience	6,644,543	-	6,664,543
Changes to assumptions	6,062,725	-	6,062,725
Contributions – Buy Back	121,500	121,500	-
Benefit payments, including refunds and DROP payouts	(35,568,906)	(35,568,906)	-
Contributions – Employer	-	16,939,286	(16,939,286)
Contributions – employee	-	4,602,400	(4,602,400)
Net investment income	-	(2,713,366)	2,7331,366
Administrative expense	-	(5,84,033)	584,033
Net changes	<u>28,948,264</u>	<u>(17,221,119)</u>	<u>46,169,383</u>
Balances at 09/30/2019	<u>\$585,350,538</u>	<u>\$415,287,016</u>	<u>\$170,063,522</u>

See "RISK FACTORS" below for a discussion of COVID-19 and its possible impacts on the City. It is possible that in the future net pension liability could increase as a result of the downward trend in stock market performance as a result of COVID-19.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following presents the net pension liability, calculated using the discount rate of 7.90%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.90%) or 1 percentage-point higher (8.90%) than the current rate:

	1% Decrease (6.90%)	Current Discount Rate (7.90%)	1% Increase (8.90%)
Net pension liability	\$236,933,522	\$170,063,521	\$114,028,644

Detailed information about the pension plan's fiduciary net position is available in the separately issued Employees' Plan financial report.

For the year ended September 30, 2019, the City recognized pension expense for the Employees' Plan of \$28,003,352. At September 30, 2019, the City reported deferred outflows of resources related to the Employees' Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$8,793,725	\$2,968,345
Changes to assumptions	19,803,879	-
Changes between projected and actual investment	<u>4,349,873</u>	<u>-</u>
Total	<u>\$32,947,477</u>	<u>\$2,968,345</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Employees' Plan will be recognized in pension expense as follows:

Fiscal Year	Net Deferred Outflows/(Inflows) of Resources
2020	7,876,922
2021	5,742,079
2022	6,468,192
2023	9,891,939
2024	-
Thereafter	-

Consolidated Plan

The Consolidated Police Officer's and Firefighters' Pension Plan is a contributory defined benefit pension plan that covers City sworn police officers and firefighters. The Consolidated Plan provides retirement and death benefits to plan members and beneficiaries. This plan and any amendments were enacted through an ordinance by the City Commission. The contribution requirements of plan members

and the City are established and may be amended by an ordinance enacted by the City Commission. Consolidated Plan members are required to contribute 7.50% of their annual covered salary for police and 9.00% of their annual covered salary for fire. The City is required to contribute at an actuarially determined rate for the fiscal year ended September 30, 2019 which equals 18.86% of covered payroll for police and 22.41% of covered payroll for fire. In addition, State contributions, totaling \$1,077,794 for the fiscal year ended September 30, 2019, are expected to be made to the plan on behalf of the City.

The City's annual pension cost and net pension obligation with respect to the Consolidated Police Officers' and Firefighters' Pension Plan for fiscal years 2019, 2018 and 2017 were as follows:

Fiscal Year <u>Ended</u>	Actuarial Determined <u>Contribution</u>	Amount <u>Contributed</u>	Percent <u>Contributed</u>	Covered <u>Payroll</u>	Annual Contribution as a % of <u>Covered Payroll</u>
9/30/19	\$6,036,606	\$4,958,811	82.1%	\$24,710,307	20.07%
9/30/18	\$5,640,025	\$5,640,025	100.0%	\$25,009,614	22.55%
9/30/17	\$5,433,592	\$5,372,106	98.9%	\$25,263,376	21.26%

The funding status of the Consolidated Police Officers' and Firefighters' Pension Plan for fiscal years 2019, 2018 and 2017 was as follows:

	<u>A</u>	<u>B</u>	<u>B-A</u> Unfunded Actuarial Accrued Liability (UAAL)	<u>A/B</u> Funded Ratio	<u>C</u> Annual Covered Payroll	<u>(B-A)/C</u> UAAL as % of Covered Payroll
Actuarial Valuation <u>Date</u>	Actuarial Value of <u>Assets</u>	Actuarial Accrued Liability (AAL) <u>Entry Age</u>	Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Covered Payroll
10/01/19	\$246,314,873	\$294,971,028	\$48,656,155	83.5%	\$24,710,307	196.9%
10/01/18	\$240,646,321	\$287,969,775	\$47,323,454	83.6%	\$25,009,614	189.2%
10/01/17	\$230,456,038	\$278,266,916	\$47,810,878	82.8%	\$25,263,376	189.5%

Benefits Provided for Police Officers. The Consolidated Plan provides retirement, disability and death benefits. Retirement benefits for employees are calculated as a fixed percent (often referred to as "the multiplier") of the employee's final average earnings (FAE) times the employee's years of service. For Police Officers, the final average monthly earnings (FAME) is the average of pensionable earnings during the 36 to 48 month period (depending on date of hire) that produces the highest earnings. For Police Officers, the benefit multiplier is 2.5% for credited service before 10/01/2005, 2.625% for credited service from 10/01/2005 to 07/01/2013 and 2.5% for credited service on and after 07/01/2013.

Retirement eligibility for Police Officers is tiered based on date of hire as follows:

Employees are eligible for normal retirement:

- If the date of hire occurred prior to 07/01/2013, after accruing 20 years of pension service credit, regardless of age or after accruing 10 years of pension service credit and reaching age 55 while still employed, or attaining a combination of credited service and age that equals seventy (Rule of Seventy).

- If the date of hire was on or after 07/01/2013, after accruing 25 years of pension service credit, regardless of age or after accruing 10 years of pension service credit and reaching age 55 while still employed, or attaining a combination of credited service and age that equals seventy.

Employees are eligible for early retirement:

- After accruing 10 years of pension service credit and reaching age 50 while still employed.
- Under the early retirement option, the benefit is reduced 3% for each year by which the retirement date is less than the date the employee would reach age 55.

Employees may choose to receive a refund on contributions to the plan or to receive a deferred vested benefit if they are terminated after accruing 10 years of pension service credit but prior to eligibility for regular retirement. Those employees will be eligible to receive a benefit starting at age 55 with no reduction or at age 50 with the early retirement penalty above.

A 1-2% cost of living adjustment (COLA) is applied to retirement benefits each October 1st if the retiree has reached eligibility for COLA prior to that date. Eligibility for COLA is determined as follows:

- If the retiree was eligible for retirement on or before 07/01/2013 and had at least 25 years of credited service upon retirement, 2% COLA begins after reaching age 55.
- If the retiree was eligible for retirement on or before 07/01/2013 had 20 years of credited service upon retirement, 2% COLA begins after reaching age 62.
- If the retiree was eligible for retirement after 07/01/2013 and had 25 years of credited service upon retirement 1% COLA begins after reaching age 55 and the COLA increases to 2% after reaching age 62.
- If the retiree retired under the Rule of Seventy with less than 20 years of credited service upon retirement, COLA begins after age 62. Effective July 1, 2013, Police Officers retiring under the Rule of Seventy are ineligible for COLA.

Benefits Provided for Firefighters. The Consolidated Plan provides retirement, disability and death benefits. Retirement benefits for employees are calculated as a fixed percent (often referred to as "the multiplier") of the employee's final average earnings (FAE) times the employee's years of service. For Firefighters, the final average monthly earnings (FAME) is the average of pensionable earnings during the 36 month period that produces the highest earnings. For Firefighters, the benefit multiplier is 2.5% for credited service before 10/01/2005, 2.625% for credited service from 10/01/2005 to 12/31/2013 and 2.5% for credited service on and after 01/01/2014.

For service earned prior to 01/01/2014, the lesser number of unused sick leave credits earned on or before 12/31/2013 or the unused sick leave bank credits available at the time of retirement may be credited towards the employee's years of service for that calculation. For service earned on or after 01/01/2014, no additional months of service will be credited for unused sick leave credits.

Retirement eligibility for Firefighters is as follows:

Employees are eligible for normal retirement:

- If the date of hire occurred prior to 01/01/2014, after accruing 20 years of pension service credit, regardless of age or after accruing 10 years of pension service credit and reaching age 55 while still employed, or attaining a combination of credited service and age that equals seventy (Rule of Seventy).
- If the date of hire was on or after 01/01/2014, after accruing 25 years of pension service credit, regardless of age or after accruing 10 years of pension service credit and reaching age 55 while still employed, or attaining a combination of credited service and age that equals seventy.

Employees are eligible for early retirement:

- After accruing 10 years of pension service credit and reaching age 50 while still employed.
- Under the early retirement option, the benefit is reduced 3% for each year by which the retirement date is less than the date the employee would reach age 55.

Employees may choose to receive a refund on contributions to the plan or to receive a deferred vested benefit if they are terminated after accruing 10 years of pension service credit but prior to eligibility for regular retirement. Those employees will be eligible to receive a benefit starting at age 55 with no reduction or at age 50 with the early retirement penalty above.

A 2% cost of living adjustment (COLA) is applied to retirement benefits each October 1st if the retiree has reached eligibility for COLA prior to that date. Eligibility for COLA is determined as follows:

- If the retiree had at least 25 years of credited service upon retirement, COLA begins after reaching age 55.
- If the retiree had 20 years of credited service upon retirement, COLA begins after reaching age 62.
- If the retiree retired under the Rule of Seventy with less than 20 years of credited service upon retirement, COLA begins after age 62.

Benefits Provided to Both Police Officers and Firefighters. Employees are eligible to participate in the deferred retirement option plan (DROP) when they have completed 25 years of credited service and are still employed by the City (or meet the Rule of Seventy). Such employees retire from the Consolidated Plan but continue to work for the City. The retirement benefit is calculated as if the employee had terminated employment and is paid to a DROP account held within the pension plan until the employee actually leaves the employment of the City. While in DROP, these payments earn a guaranteed rate of annual interest, (5.5% for Firefighters and 4.5% for Police Officers) compounded monthly. Employees may continue in the DROP for a maximum of 5 years or until reaching 35 years of service, whichever occurs earlier. Upon actual separation from employment, the monthly retirement benefits begin being paid directly to the retiree and the retiree must take their DROP balance plus interest as a lump-sum cash disbursement, roll into a retirement account or choose a combination of the two options. The Consolidated Plan also provides for a reverse DROP option.

Death benefits are paid as follows:

- If an active member retires after reaching normal retirement eligibility and had selected a tentative benefit option, benefit payments will be made to the beneficiary in accordance with the option selected.
- If an active member with less than ten years of service dies before reaching normal retirement eligibility, the death benefit is a refund to the beneficiary of 100% of the member contributions without interest.
- If an active member with at least ten years of service dies before reaching normal retirement eligibility, the beneficiary is entitled to the benefits otherwise payable to the employee at early or normal retirement age, based on the accrued benefit at the time of death.
- Continuation of retirement benefits after the death of a retiree receiving benefits is contingent on the payment option selected upon retirement. If the retiree has chosen a life annuity and dies prior to receiving benefits greater than the retiree's contributions to the plan, a lump sum equal to the difference is paid to the beneficiary on record.

Disability Benefits – The monthly benefit for a service-incurred disability is the greater of the employee's accrued benefit as of the date of disability or 42% of the FAME. The monthly benefit for a non-service-incurred disability is the greater of the accrued benefit as of the date of disability or 25% of the FAME. Payments continue until the death of the member or until the 120th payment, payable to the designated beneficiary if no option is elected. There is no minimum eligibility requirement if the injury or disease is service-incurred. If the injury or disease is not service-incurred, the employee must have at least five years of service to be eligible for disability benefits.

Employees covered by benefit terms. At September 30, 2019, the following employees were covered by the benefit terms:

Active employees	393
Inactive employees:	
Retirees and beneficiaries currently receiving benefits	465
Vested terminated members entitled to future benefits	<u>35</u>
Total	893

Contribution Requirements. The contribution requirements of plan members and the City are established and may be amended by City Ordinance approved by the City Commission in accordance with Part VII, Chapter 112, Florida Statutes.

The City is required to contribute at an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Firefighters contribute 9.0% of gross pay and Police Officers contribute 7.5% of gross pay. The City's contribution rate for fiscal year 2019 was 18.86% of covered payroll for police personnel and 22.41% for fire personnel. This rate was influenced by the issuance of the Taxable Pension Obligation Bonds, Series 2003B. In addition, State contributions, which totaled \$1,366,304, are also made to the plan on behalf of the City under Chapters 175/185, Florida Statutes. These State contributions are recorded as revenue and personnel expenditures in the City's General Fund before they are recorded as contributions in the Consolidated Pension Fund. Differences

between the required contribution and actual contribution are due to actual payroll experiences varying from the estimated total payroll used in the generation of the actuarially required contribution rate. Administrative costs are financed through investment earnings.

Net Pension Liability. The net pension liability related to the Consolidated Plan was measured as of September 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation on a prior year valuation date.

The components of the net pension liability at September 30, 2019 were as follows:

Components of Net Pension Liability

Total pension liability	\$294,514,116
Plan fiduciary net position	<u>(243,431,612)</u>
City's net pension liability	<u>\$51,082,504</u>

Plan fiduciary net position as a percentage of the total pension liability	82.66%
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See "BONDHOLDER RISKS AND CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION" in the body of this Reoffering Memorandum for a discussion of COVID-19 and its possible impacts on the City. It is possible that in the future net pension liability could increase as a result of the downward trend in stock market performance as a result of COVID-19.

Significant Actuarial Assumptions. The total pension liability as of September 30, 2018 was determined based on a roll-forward of entry age normal liabilities from the October 1, 2018 actuarial valuation, using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial Assumptions

Inflation	2.50%
Salary Increases	Service Based
Investment Rate of Return	7.90%
Discount Rate	7.90%

Mortality Rate:

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with Blue Collar adjustment based on Mortality Improvement Scale AA. 50% of deaths among active members are assumed to be service incurred, and 50% are assumed to be non-service incurred. Disabled mortality is based on the RP-2000 Disability Retiree Mortality Table.

Other Assumptions:

The actuarial assumptions used as of September 30, 2018 were based on the assumptions approved by the Board in conjunction with an experience study covering the 5 year period ending on September 30, 2010. Due to plan changes first valued in the October 1, 2012 actuarial valuation, changes to the assumed retirement rates and the valuation methodology for the assumed increase in benefit service for accumulated sick leave and accumulated vacation paid upon termination were made. Payroll

growth assumptions were updated in 2018 and investments were reviewed by the Board in 2020 and the current investment policy was revised.

Long-Term Expected Rate of Return:

The long-term expected rate of return on pension plan investments can be determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. For 2019 the inflation rate assumption of the investment advisor was 2.20%. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2019 are summarized in the following table:

Development of Long Term Discount Rate for the Consolidated Plan

	Policy <u>Allocation</u>	Long-Term Expected Rate <u>of Return*</u>
Large Cap Equity	35.00%	4.40%
Small Cap Equity	15.00	4.40
International Equity	20.0	4.90
Alternative Credit	15.00	3.30
Real Estate	<u>10.00</u>	4.10
Total	<u>100.00%</u>	

*Based on 10 year Returns.

Discount Rate:

The discount rate used to measure the total pension liability was 7.9%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rates less the member and State contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 10/01/2018	\$285,979,686	\$253,221,825	\$32,757,861
Changes for the year:			
Service cost	3,757,740	-	3,757,740
Interest	22,397,470	-	22,397,470
Differences between expected and actual experience	(1,185,483)	-	(1,185,483)
Changes to assumptions	3,102,805	-	3,102,805
Benefit payments, including refunds and DROP payouts	(19,538,102)	(19,538,102)	-
Contributions – employer	-	4,958,811	(4,958,811)
Contributions – employee	-	1,946,523	(1,946,523)
Other	-	91,875	(91,875)
Net investment income	-	3,521,972	(3,521,972)
Administrative expense	-	(771,292)	771,292
Net changes	<u>8,534,430</u>	<u>(9,720,213)</u>	<u>18,324,643</u>
Balances at 09/30/2019	<u>\$294,514,116</u>	<u>\$243,431,612</u>	<u>\$51,082,504</u>

See "RISK FACTORS" below for a discussion of COVID-19 and its possible impacts on the City. It is possible that in the future net pension liability could increase as a result of the downward trend in stock market performance as a result of COVID-19.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following presents the net pension liability, calculated using the discount rate of 7.90%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.90%) or 1 percentage-point higher (8.90%) than the current rate:

	1% Decrease (6.90%)	Current Discount Rate (7.90%)	1% Increase (8.90%)
Net pension liability	\$85,602,092	\$51,802,504	\$22,476,805

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Consolidated Plan financial report.

Pension expense and deferred outflows of resources and deferred inflows of resources. For the year ended September 30, 2019, the City recognized pension expense for the Consolidated Plan of \$8,386,974. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the Consolidated Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$1,003,186	\$3,920,861
Changes in assumptions	7,036,787	-
Difference between projected and actual investment earnings	3,085,045	-
Total	<u>\$11,125,018</u>	<u>\$3,920,861</u>

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in pension expense as follows:

Fiscal Year

2020	\$(676,663)
2021	825,285
2022	3,317,748
2023	3,700,193
2024	37,594
Thereafter	-

See the notes portion of "APPENDIX B – Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2019" for further discussion of the City's defined benefit pension plans.

Defined Contribution Pension Plan

Plan Description-The Defined Contribution Pension Plan is open to certain existing City professional and managerial employees. The plan is only available to newly hired at-will professional and managerial employees. The Commission of the City of Gainesville adopted this plan and related amendments through a City Ordinance.

The plan is qualified under the provisions of Section 401A of the Internal Revenue Code. Assets of the Defined Contribution Plan are self-directed, and investment results are reported to employees quarterly. The City does not have fiduciary accountability for the Defined Contribution Pension Plan and, accordingly, the plan is not reported in the accompanying financial statements.

Funding Policy-The contribution requirements of plan members and the City are established and may be amended by City Ordinance approved by the City Commission in accordance with applicable State Statute. Plan members are required to contribute 5% of their annual covered salary. The City is required to contribute 10% of covered payroll. During fiscal year 2019, plan members contributed \$199,717 and the City contributed \$327,258.

RISK FACTORS

The future financial condition of the City could be affected adversely by, among other things, public health emergencies, legislation, economic conditions, demographic changes, hurricanes and litigation. In addition to and/or provide further information with respect to those items listed in the

preceding sentence, some of the possible changes in the future may include, but not be limited to, the following:

1. The City's financial results could be harmed by a national or localized outbreak of a highly contagious, epidemic or pandemic disease. Specifically, there can be no assurances that the spread of the novel strain of coronavirus called COVID-19, or other highly contagious or epidemic or pandemic diseases, will not adversely impact any of the City's finances and/or its financial position, including pension funding and property tax valuations. The impact of COVID-19 is expected to have a negative financial impact on local, state and national economies, the severity of which is unknown at this time, in a manner that could adversely affect the amount of certain Non-Ad Valorem Revenue sources received by the City (such as half-cent sales tax revenues, fuel taxes and/or certain revenue sharing revenues) as well as the amount of property taxes received by the City. **Specifically as it relates to certain Non-Ad Valorem Revenue sources, due to the time lag between local economic collection activity and the availability of state and local collections data and the continued spread of the virus, the City cannot yet predict the decrease it will see in such revenue sources as a result of COVID-19.**

The outbreak of COVID-19, a respiratory virus which was first reported in China, has since spread to other countries, including the United States, and is considered a Public Health Emergency of International Concern by the World Health Organization. The United States State Department and the Center for Disease Control, as well as other governmental authorities, nations and airlines have issued travel restrictions and warnings for a number of countries in Asia and Europe. The spread of COVID-19 has led to quarantine and other "social distancing" measures throughout the United States. These measures have included recommendations and warnings to limit non-essential travel and promote telecommuting. The State and local governments within the State, including the City, are heavily reliant upon tourism, which may be negatively impacted by travel restrictions and the spread of COVID-19. As a result of the spread of COVID-19, the Governor of Florida declared a state of emergency on March 9, 2020. On March 27, 2020, the Governor issued an executive order suspending vacation rentals operations and such vacation rentals are prohibited from making new reservations or accepting new guests for check-in for the duration of the order. On April 1, 2020, the Governor issued a mandatory "safer at home" order for the entire State which was effective from April 3, 2020 through April 30, 2020. On April 29, 2020, the Governor announced the first phase of reopening businesses which begins on May 4, 2020 and allowed for certain businesses to open at 25% capacity, which includes, but is not limited to restaurants, retail stores, museums and libraries. On May 8, 2020, the Governor extended the state of emergency within the State for 60 days and stated barber shops and salons may reopen in counties operating under a Phase 1 reopening plan. Alachua County has issued a number of Emergency Orders that supplement and are, in some cases, more restrictive than the Governor's Orders. The County's Emergency Orders apply and are enforced County-wide. The City is subject to and enforces the County's orders. On May 15, 2020, the Governor announced an expanded phase 1 opening which allowed for gyms, fitness centers and studios to open and allowed restaurants and retail businesses to increase seating/occupancy capacity from 25% to 50%. On May 22, 2020, the Governor announced that youth activities, including summer camps and organized sports, were allowed to reopen. On June 3, 2020, the Governor announced most of the State would enter phase 2 of reopening effective June 5, 2020 which allowed bars and pubs to operate at a seated capacity of 50% inside and full seated capacity outside, movie theaters, bowling alleys and concert halls may open at 50% capacity, pari-mutual facilities will reopen with strict health and safety guidelines, and restaurants, retail and gyms continue to operate at 50% capacity; provided, however, restaurants are be able to serve at bars with chairs properly socially distanced. On June 26, 2020, as a result of spikes in COVID-19 cases, the Department of Business and Professional Regulation ordered all businesses that derive more than 50% of their revenue from alcohol sales must stop selling alcohol to

customers on their premises. Although, bars can still sell alcohol in to-go containers and restaurants that do not rely on alcohol sales for a majority of their revenue can continue to serve seated customers on site. On July 17, 2020, Alachua County executed an Executive Order requiring the use of facial coverings where social distancing is not possible, requiring services where facial coverings are required to post signage and limiting the size of social gatherings to 50 people or less when social the venue does not allow for appropriate social distancing.

Additionally, the University of Florida ("UF") officially released its reopening plan on July 10, 2020. The start date of classes was pushed to August 31, 2020. Fall classes at UF will be facilitated through a variety of methods, including in-person classes, hybrid, as well as asynchronous and synchronous online classes. Around 35% of all undergraduate, graduate and professional courses at UF will be delivered either in person or as a hybrid course.

The City has received funds from (1) the Department of Justice in the amount of approximately \$213,000, (2) the Federal Transit Administration funds in the amount of approximately \$13 million and (3) through the Coronavirus Aid, Relief, and Economic Security Act from the State through the County in the amount of approximately \$2.4 million. Additionally, the City has submitted to FEMA for reimbursement of expenses associated with its COVID-19 response which are estimated to be approximately \$_____.

While the effects of COVID-19 may be temporary, it has altered the behavior of businesses and people in a manner resulting in negative impacts on global and local economies. The continued spread of COVID-19, and measures taken to prevent or reduce it, are have and are anticipated to continue to have adverse impacts on state, national and global economic activities and, accordingly, adverse impacts on the financial condition and performance of the State and the City, and the extent of that impact could be material. Recently, stock markets in the U.S. and globally have seen significant declines that have been attributed, at least in part, to the COVID-19 concerns. While the long-term impact on the City is uncertain at this time, the City is monitoring the impact of COVID-19 and will address such impacts, as necessary. Due to the unprecedented nature of the spread of COVID-19, the duration and extent of the impact of COVID-19 on the City's revenues, expenses and cash flow or ratings are uncertain and cannot be quantified at this time. See "GENERAL INFORMATION REGARDING NON-AD VALOREM REVENUES" and "RATINGS" above and "APPENDIX B - General Purpose Audited Financial Statements of the City" attached hereto.

2. In certain cases, the amount of the Non-Ad Valorem Revenues being received by the City may weaken as non-essential expenditures by the public are curtailed. A retrenchment in consumer and business spending and confidence may be caused by economic conditions, including without limitation diminishing wealth effect from real estate price depreciation, a credit crisis, increased unemployment, a decline in exports, stagnant growth in population, and a decrease tourism. If estimated or actual revenues of the City are less than needed, then the City would address such reduction in revenues through expenditure reductions and/or use of reserves. Conversely, if the revenues of the City are more than needed, the City would apply any such excess revenues to increase its reserves.

3. The direct or indirect effect on the City's business resulting from terrorist incidents and the threat of terrorist incidents, including cyber intrusion. The City, like many other governmental entities, relies on a technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurance that any security and operational control measures implemented by the City will be completely successful to guard against

and prevent cyber threats and attacks. The result of any such attack could impact operations and/or digital networks and the costs of remedying any such damage could be significant.

4. Many factors influence the amount of the City's Pension Obligations, including, without limitation, inflationary factors, changes in statutory provisions of applicable retirement system laws, changes in the levels of benefits provided or in the contribution rates of the City, increases or decreases in the number of covered employees, changes in actuarial assumptions or methods, and differences between actual and anticipated investment experience. Any of these factors could give rise to additional liability of the City to its Pension Plans as a result of which the City would be obligated to make additional payments to its Pension Plans over the amortization schedule for full funding of its obligation to its Pension Plans. As discussed, financial markets have suffered severe dislocations and losses as a result of the COVID-19 Pandemic. Such losses likely will impact funding status and contribution rates of the City's Pension Plans.

5. The State is naturally susceptible to the effects of extreme weather events and natural disasters including floods, droughts, and hurricanes, which could result in negative economic impacts on coastal communities such as the City. Such effects can be exacerbated by change in climate. The occurrence of such extreme weather events could damage the local infrastructure that provides essential services to the City. The economic impacts resulting from such extreme weather events could include a loss of property values, a decline in revenue base, and escalated recovery costs. No assurance can be given as to whether future extreme weather events will occur that could materially impair the financial condition of the City. However, to mitigate against such impacts, the City, has implemented the following:

[Insert policies here]

[Remainder of page intentionally left blank]

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds to be received from the sale of the Series 2020 Bonds are expected to be applied as follows:

SOURCES OF FUNDS

Principal Amount	\$
Plus/Less Net Original Issue Premium/Discount	

TOTAL SOURCES	\$
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USES OF FUNDS

Pension Obligation to be deposited in the Employees' Plan	\$
Pension Obligation to be deposited in the Consolidated Plan	
Costs of Issuance ⁽¹⁾	

TOTAL USES	\$
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⁽¹⁾ Includes legal and financial advisory fees, Underwriters' discount, printing costs, rating agency fees and other costs of issuance of the Series 2020 Bonds.

[Remainder of page intentionally left blank]

DEBT SERVICE SCHEDULE

Bond Year Ended			
<u>October 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
TOTALS			

LEGAL MATTERS

Certain legal matters incident to the validity of the Series 2020 Bonds are subject to the approval of Holland & Knight LLP, Bond Counsel, Lakeland, Florida whose approving opinion in the form attached hereto as "APPENDIX D – FORM OF BOND COUNSEL OPINION" will be furnished without charge to the purchasers of the Series 2020 Bonds at the time of their delivery. The actual legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of the Official Statement or otherwise shall create no implication that subsequent to the date of the opinion Bond Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion. Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances, including changes in law, that may thereafter occur or become effective. Holland & Knight LLP has not undertaken independently to verify and therefore expresses no opinion as to the completeness, fairness, or sufficiency of any of the information or statements contained in this Official Statement or any exhibits, schedules or attachments hereto except as to the accuracy of the information in the portions hereof captioned "DESCRIPTION OF THE SERIES 2020 BONDS" (except for the information under the heading "Book-Entry Only System") and "SECURITY FOR THE SERIES 2020 BONDS" to the extent such portions purport to summarize certain provisions of the Resolution and the Series 2020 Bonds, and except as to the accuracy of the information under the caption "TAX MATTERS" herein.

Certain legal matters will be passed upon for the City by Nicolle M. Shalley, Esq., City Attorney and by Bryant Miller Olive P.A., Tampa, Florida, Disclosure Counsel to the City. Nabors, Giblin & Nickerson, P.A., Tampa, Florida, is serving as counsel to the Underwriters.

The legal opinions to be delivered concurrently with the delivery of the Series 2020 Bonds express the professional judgment of the attorneys rendering the opinions regarding the legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment of the transaction on which the opinion is rendered or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

LITIGATION

There is no pending or, to the knowledge of the City, any threatened litigation against the City of any nature whatsoever which in any way questions or affects the validity of the 2020 Bonds, or any proceedings or transactions relating to their issuance, sale, execution, or delivery, or the adoption of the Bond Resolution, or the collection of Pledged Revenues. Neither the creation, organization or existence, nor the title of the present members of the City Commission, or other officers of the City is being contested.

The City is also party to various federal, state and local claims, proceedings and lawsuits for damages claimed to result from the operation of the City. Except for the litigation disclosed below, the City Attorney does not believe that, individually or in the aggregate, the proceedings associated with these cases will materially adversely affect the Pledged Revenues or materially adversely impair the

business, operations, or financial condition of the City or the City's ability to pay debt service on the Series 2020 Bonds.

Jacob Rodgers v. William Stormant and City of Gainesville, d/b/a Gainesville Regional Utilities; Case No. 2016-CA-659 in the Circuit Court of the Eighth Judicial Circuit in and for Alachua County, Florida.

On October 7, 2015, a City-owned vehicle driven by a City employee collided with a vehicle carrying Plaintiff Rodgers as an unrestrained back-seat passenger. The City vehicle was assigned to the City employee as a take-home vehicle. Prior to the accident, the City employee was heading home after using the gym located on the campus of his City office. The employee made a slight detour from a direct route home to check if an electrical substation was properly secured. After visually checking the gate, the employee made a u-turn and proceeded back toward home. The employee then failed to stop at a stop sign and collided with the pickup truck carrying the Plaintiff. The pickup truck rolled over and ejected two passengers, including the Plaintiff. The Plaintiff suffered catastrophic injuries, including paralysis of his lower extremities.

In February 2016, the Plaintiff filed suit against the City employee, personally, and added the City as a defendant in June 2017. From the outset of the claim, and the ensuing litigation, the City has taken the position that it is shielded from liability by the operation of sovereign immunity. In short, the City asserted that its employee-driver was operating outside the course and scope of employment. To the extent that any liability could attach to the City, the City has relied on the damages cap on liability (\$200,000 per person/\$300,000 per incident) set forth in the limited waiver of sovereign immunity contained in Section 768.28, Florida Statutes. Consequently, the City proceeded with discovery focused primarily on liability issues and filed a Motion for Summary Judgment asserting the protections of sovereign immunity. The trial court entered an Order Denying City of Gainesville's Motion for Summary Judgment dated October 24, 2018. The City then filed a Notice of Appeal with the 1st DCA and Oral Argument was held on May 9, 2019. On May 22, 2019, the 1st DCA issued a per curiam decision affirming the denial of the City's Motion for Final Summary Judgment without opinion. After the case came back to the trial court, the City attempted to settle the matter within the \$200,000 sovereign immunity cap. The Plaintiff, through counsel, is adamant that the Plaintiff will proceed to trial and seek a claims bill from the Florida Legislature. Trial is set for August 2020. In the event a jury awards the Plaintiff damages in excess of \$200,000, the Plaintiff must file a claims bill in order to collect any excess from the City. Any claims bill must be heard and approved by both houses of the Florida Legislature.

The City's in-house litigation counsel have continued to litigate the matter, and the City has retained Holland & Knight LLP as outside counsel to assist with the litigation and with the legislative claims bill process, if that becomes necessary.

In the event a claims bill is approved directing the City to appropriate and pay Plaintiff a sum in excess of \$200,000, the City plans to cover such liability (between \$200,000 to \$20 million) with currently available utility operating funds or through a utility borrowing.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Pursuant to Section 517.051, Florida Statutes, as amended, no person may directly or indirectly offer or sell securities of the City except by an offering circular containing full and fair disclosure of all

defaults as to principal or interest on its obligations since December 31, 1975, as provided by rule of the Office of Financial Regulation within the Florida Financial Services Commission (the "FFSC"). Pursuant to administrative rulemaking, the FFSC has required the disclosure of the amounts and types of defaults including whether such default related to principal and/or interest payments, dates of any defaults, the current status of any defaults, any legal proceedings resulting from such defaults, whether a trustee or receiver has been appointed over the assets of the City, and certain additional financial information, unless the City believes in good faith that such information would not be considered material by a reasonable investor. Except as described below, the City is not and has not been in default on any bond issued since December 31, 1975 that would be considered material by a reasonable investor.

The City had a payment obligation on a non-callable capital appreciation bond from its Guaranteed Entitlement Revenue Bonds, Series 1994, that was due on August 1, 2018 in the amount of \$1,095,000.00 (the "1994 CAB"). No interest payments were ever due on the 1994 CAB since it was a zero-coupon bond, and through a refinancing/redemption, the City has had no other semi-annual payment obligations with respect to any other of its Guaranteed Entitlement Revenue Bonds, Series 1994, since February 1, 2004. During the intervening 14 year period, the original Paying Agent which was Wachovia Bank, National Association sold its corporate trust business to U.S. Bank National Association ("U.S. Bank"), and for unexplained reasons, U.S. Bank states that the 1994 CAB was transferred to U.S. Bank, and thus U.S. Bank did not provide the City with the typical tickler reminder that an upcoming payment was due. The remainder of Wachovia was acquired by Wells Fargo Bank, National Association during the great recession. DTC notified the City on August 7, 2018 of the defaulted payment and the City immediately started researching who the successor paying agent was since Wachovia, who was the entity listed in the 1994 official statement and who was operative paying agent on the last regularly scheduled payment made by the City on the issue on February 1, 2004 was no longer operating under that name. In the meantime, the City made the defaulted payment on August 14, 2018 directly through The Depository Trust Company. Since then, on November 1, 2018, U.S. Bank and the City entered into a Paying Agent/Bond Registrar Agreement relating to the 1994 CAB. The payment default described above was not an indication of any financial difficulties of the City; rather, it resulted from an inadvertent oversight and corporate transition, and as required to be stated by rule of the FFSC within this disclosure, there was no ensuing legal proceedings resulting from such default and a trustee or receiver was not been appointed over the assets of the City. FFSC also requires the disclosure of audited financial statements for the last two (2) fiscal years. The City has attached the audited financial statements for the fiscal year ended September 30, 2019 hereto as APPENDIX B. Such financial statements include comparisons to the prior fiscal year in certain instances. Since it is not customary, the City has not attached as an appendix the audited financial statements for the prior fiscal year. However, such audited financial statements, which are incorporated herein by reference, can be accessed through this link: <https://emma.msrb.org/ES1066371-ES832546-ES1233607.pdf>.

The City has not undertaken an independent review or investigation of securities for which it has served as conduit issuer. The City does not believe that any information about any default on such securities is appropriate and would be considered material by a reasonable investor in the Series 2020 Bonds because the City would not have been obligated to pay the debt service on any such securities except from payments made to it by the private companies on whose behalf such securities were issued and no funds of the City would have been pledged or used to pay such securities or the interest thereon.

TAX MATTERS

General. The following discussion is a brief summary of the principal United States federal income tax consequences of the acquisition, ownership and disposition of the Series 2020 Bonds by original purchasers of the Series 2020 Bonds who are "U.S. Holders" (hereinafter defined). This summary (a) is based on certain relevant provisions of the Code under existing law and are subject to change at any time, possibly with retroactive effect; (b) assumes that the Series 2020 Bonds will be held as "capital assets;" and (c) does not discuss all of the United States federal income tax consequences that may be relevant to an owner of the Series 2020 Bonds in light of its particular circumstances, such as the Medicare tax under Section 1411 of the Code, or to owners of the Series 2020 Bonds subject to special rules, such as insurance companies, certain plans subject to Section 4975 of the Code, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons or entities holding the Series 2020 Bonds as a position in a "hedge" or "straddle," or owners whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, or owners who acquire Series 2020 Bonds in the secondary market.

Certain taxpayers that are required to prepare certified financial statements with certain regulatory or governmental agencies may be required to recognize income, gain or loss with respect to the Series 2020 Bonds at the time such income, gain or loss is taken into account on such financial statements instead of under the rules described below.

Owners of the Series 2020 Bonds should consult with their own tax advisors concerning the United States federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Series 2020 Bonds, as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

The term "U.S. Holder" means a beneficial owner of a Series 2020 Bond that is (a) a citizen or resident of the United States, (b) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (c) an estate the income of which is subject to United States federal income taxation regardless of its source or (d) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

Opinion of Bond Counsel. In the opinion of Bond Counsel, interest on the Series 2020 Bonds is not excludable from gross income for purposes of federal income taxation imposed by the Code. Further, Bond Counsel has expressed no opinion regarding the state tax consequences that may arise with respect to the Series 2020 Bonds.

Original Issue Discount. In general, if original issue discount ("OID") on a Series 2020 Bond is greater than a statutorily defined de minimis amount (a "Taxable Discount Bond"), a holder of a Taxable Discount Bond must include in federal gross income (for each day of the taxable year, or portion of the taxable year, in which such holder holds such Taxable Discount Bond) the daily portion of OID, as it accrues (generally on a constant yield method) and regardless of the holder's method of accounting. "OID" is the excess of (i) the "stated redemption price at maturity" over (ii) the "issue price." For purposes of the foregoing solely as it relates to the discussion in this paragraph: "issue price" means the first price at which a substantial amount of the a Taxable Discount Bond is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers); "stated redemption price at maturity" means the sum of all payments, other than

"qualified stated interest," provided by such Taxable Discount Bond; "qualified stated interest" is stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate; and "de minimis amount" is an amount equal to 0.25 percent of the Taxable Discount Bond's stated redemption price at maturity multiplied by the number of complete years to its maturity. A holder may irrevocably elect to include in gross income all interest that accrues on a Taxable Discount Bond using the constant-yield method, subject to certain modifications.

Bond Premium. In general, if a Series 2020 Bond is originally issued for an issue price (excluding accrued interest) that reflects a premium over the sum of all amounts payable on the Series 2020 Bond other than "qualified stated interest" (a "Taxable Premium Bond"), that Taxable Premium Bond will be subject to Section 171 of the Code, relating to bond premium. In general, if the holder of a Taxable Premium Bond elects to amortize the premium as "amortizable bond premium" over the remaining term of the Taxable Premium Bond, determined based on constant yield principles (in certain cases involving a Taxable Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the highest yield on such bond), the amortizable premium is treated as an offset to interest income; the holder will make a corresponding adjustment to the holder's basis in the Taxable Premium Bond. Any such election is generally irrevocable and applies to all debt instruments of the holder (other than tax-exempt bonds) held at the beginning of the first taxable year to which the election applies and to all such debt instruments thereafter acquired. Under certain circumstances, the holder of a Taxable Premium Bond may realize a taxable gain upon disposition of the Taxable Premium Bond even though it is sold or redeemed for an amount less than or equal to the holder's original acquisition cost.

Disposition and Defeasance. Generally, upon the sale, exchange, redemption or other disposition (which would include a legal defeasance) of a Series 2020 Bond, an owner of such Series 2020 Bond generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such owner's adjusted tax basis in the Series 2020 Bond. Such gain or loss generally will be capital gain or loss, and will be long-term capital gain or loss if such Series 2020 Bond has been held for more than one year at the time of sale, exchange, redemption or other disposition. An owner's adjusted tax basis in a Series 2020 Bond generally will equal the cost of such Series 2020 Bond to the owner, increased by any original issue discount included in income and decreased by the amount of any payments other than "qualified stated interest payments" received and amortized bond premium taken with respect to such Series 2020 Bond.

The City may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Series 2020 Bonds to be deemed to be no longer outstanding under the resolution authorizing the Series 2020 Bonds (a "defeasance"). For federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Series 2020 Bonds subsequent to any such defeasance could also be affected.

Information Reporting and Backup Withholding. In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal, payments of interest, and the accrual of original issue discount, on a Series 2020 Bond and the proceeds of the sale of a Series 2020 Bond before maturity within the United States. Such payments will be subject to backup withholding, except in the case of certain "exempt payees" as defined in the Code, if the owner of a Series 2020 Bond (a) fails to furnish to the City such owner's social security number or other taxpayer identification number ("TIN"),

(b) furnished the City an incorrect TIN, (c) fails to report properly interest, dividends or other "reportable payments" as defined in the Code or (d) under certain circumstances, fails to provide the City with a certified statement, signed under penalty of perjury, that the TIN provided to the City is correct and that such owner is not subject to backup withholding. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the required information is furnished to the Internal Revenue Service.

Future Law Changes. No assurance can be given that future legislation or changes to law, including amendments to the Code, or interpretations thereof if enacted into law, will not contain provisions or produce results which could, directly or indirectly, affect federal or state tax treatment of interest on the Series 2020 Bonds.

Reference is made to the proposed form of the opinion of Bond Counsel attached hereto as "APPENDIX D – Form of Opinion of Bond Counsel" for the complete text thereof. See also "LEGAL MATTERS" herein.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and Fitch Ratings, Inc. ("Fitch") have assigned ratings of "___" (_____ outlook) and "___" (_____ outlook), respectively, to the Series 2020 Bonds. The ratings reflect only the views of said rating agencies and an explanation of the ratings may be obtained only from said rating agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be lowered or withdrawn entirely by the rating agencies, or any of them, if in their judgment, circumstances so warrant. A downward change in or withdrawal of any of such ratings may have an adverse effect on the market price of the Series 2020 Bonds. An explanation of the significance of the ratings can be received from the rating agencies, at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007 and Fitch Ratings, Inc., One State Street Plaza, New York, New York 10004.

FINANCIAL ADVISOR

The City has retained PFM Financial Advisors LLC as Financial Advisor. The Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

AUDITED FINANCIAL STATEMENTS

The audited financial statements of the City as of September 30, 2019 and for the year then ended, included in APPENDIX B attached to this Official Statement as a matter of public record and the consent of Purvis, Gray & Company LLP, independent auditors (the "Auditor") to include such documents was not requested. The Auditor was not requested to perform and has not performed any services in connection with the preparation of this Official Statement or the issuance of the Series 2020 Bonds.

The Series 2020 Bonds are secured by a covenant to budget and appropriate Non-Ad Valorem Revenues as described herein and in the Bond Resolution and the Series 2020 Bonds are not otherwise secured by, or payable from, the ad valorem taxes of the City. The audited financial statements are presented for general information purposes only.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Series 2020 Bonds upon an event of default under the Bond Resolution are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the federal bankruptcy code, the remedies specified by the Bond Resolution and the Series 2020 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2020 Bonds, including Bond Counsel's approving opinion, will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery. See "APPENDIX C – Form of the Bond Resolution" attached hereto for a description of events of default and remedies.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the Series 2020 Bondholders to provide certain financial information and operating data relating to the City and the Series 2020 Bonds in each year, and to provide notices of the occurrence of certain enumerated material events. The City has agreed to file annual financial information and operating data and the audited financial statements with each entity authorized and approved by the SEC to act as a repository (each a "Repository") for purposes of complying with the Rule either itself or through its dissemination agent. Effective July 1, 2009, the sole Repository is the Municipal Securities Rulemaking Board. The City has agreed to file notices of certain enumerated events, when and if they occur, with the Repository either itself or through its dissemination agent.

The specific nature of the financial information, operating data, and of the type of events which trigger a disclosure obligation, and other details of the undertaking are described in "APPENDIX E - Form of Continuing Disclosure Certificate" attached hereto. The Continuing Disclosure Certificate shall be executed by the City upon the issuance of the Series 2020 Bonds. These covenants have been made in order to assist the Underwriters in complying with the continuing disclosure requirements of the Rule.

With respect to the Series 2020 Bonds, no party other than the City is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the Rule. The City: (i) did not timely file its audited financial statements and notices of failure to file related thereto for Fiscal Years 2015 and 2016 with respect to its then outstanding loan from the proceeds of the then outstanding First Florida Governmental Financing Commission Revenue Bonds; (ii) did not timely file its audited financial statements and operating data and notices of failure to file related thereto for Fiscal Year 2015 with respect to certain of its Outstanding Utilities System Revenue Bonds; (iii) failed to file certain operating data and notice of failure to file related thereto for Fiscal Years 2015 and 2016 with respect to certain of its Outstanding Utilities System Revenue Bonds; (iv) failed to file certain notices of defeasance and bond calls which occurred in Fiscal Years 2015 and 2016 with respect to certain of its Utilities System Revenue

Bonds and its then outstanding loan from the proceeds of the then outstanding First Florida Governmental Financing Commission Revenue Bonds and (v) did not timely file its audited financial statements and operating data for the Fiscal Year 2019 (the City timely filed a notice of such failure). In the past five years, except as described above, the City has never failed in any material respect to comply with any prior agreements to provide continuing disclosure information pursuant to the Rule. However, the City (i) filed certain operating data in a different format than required, failed to file certain operating data for Fiscal Years 2015 and 2016 and a failure to file notice related thereto with respect to certain of its outstanding Utilities System Revenue Bonds and (ii) did not timely file its audited financial statements for Fiscal Year 2017. All such required information has been filed as of this date. While the City does not believe that such failures constitute material failures to comply with any prior agreements to provide continuing disclosure information pursuant to the Rule, in order to demonstrate its continued commitment to continuing disclosure best practices, the City has included notice of this non-material instance of non-compliance in the interest of being fully transparent. The City fully anticipates satisfying all future disclosure obligations required pursuant to the Rule. The City has entered into a contract with Digital Assurance Certification, LLC to provide continuing disclosure dissemination agent services for all of its outstanding bond issues.

UNDERWRITING

The Series 2020 Bonds are being purchased by BofA Securities, Inc., on behalf of itself and Citigroup Global Markets Inc., (collectively, the "Underwriters") at an aggregate purchase price of \$_____ (which includes Underwriters' discount of \$_____). The Underwriters' obligations are subject to certain conditions precedent described in a contract of purchase with the City, and they will be obligated to purchase all of the Series 2020 Bonds if any Series 2020 Bonds are purchased. The Series 2020 Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2020 Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the City and to persons and entities with relationships with the City, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

BofA Securities, Inc., an underwriter of the Series 2020 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2020 Bonds.

Citigroup Global Markets Inc. ("Citigroup"), an underwriter of the Series 2020 Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citigroup may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup will compensate Fidelity for its selling efforts with respect to the Series 2020 Bonds.

CONTINGENT FEES

The City has retained Bond Counsel, Disclosure Counsel and the Financial Advisor with respect to the authorization, sale, execution and delivery of the Series 2020 Bonds. Payment of the fees of such professionals and an underwriting discount to the Underwriters (including the fees of their counsel) are each contingent upon the issuance of the Series 2020 Bonds.

ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT

The references, excerpts, and summaries of all documents, statutes, and information concerning the City and certain reports and statistical data referred to herein do not purport to be complete, comprehensive and definitive and each such summary and reference is qualified in its entirety by reference to each such document for full and complete statements of all matters of fact relating to the Series 2020 Bonds, the security for the payment of the Series 2020 Bonds and the rights and obligations of the owners thereof and to each such statute, report or instrument.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Series 2020 Bonds.

The appendices attached hereto are integral parts of this Official Statement and must be read in their entirety together with all foregoing statements.

AUTHORIZATION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement has been duly authorized and approved by the City. At the time of delivery of the Series 2020 Bonds, the City will furnish a certificate to the effect that nothing has come to its attention which would lead it to believe that the Official Statement (other than information herein related to DTC and its book-entry only system of registration, information provided by the Underwriters under the caption "UNDERWRITING" and the information contained under the caption "TAX MATTERS" as to which no view shall be expressed), as of its date and as of the date of delivery of the Series 2020 Bonds, contains an untrue statement of a material fact or omits to state a material fact which should be included therein for the purposes for which the Official Statement is intended to be used, or which is necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

CITY OF GAINESVILLE, FLORIDA

By: _____
City Manager

By: _____
Finance Director

APPENDIX A

**GENERAL INFORMATION CONCERNING
THE CITY OF GAINESVILLE**

APPENDIX A

GENERAL INFORMATION CONCERNING THE CITY OF GAINESVILLE

General

The City of Gainesville (the "City"), home of the University of Florida, is located in North Central Florida midway between Florida's Gulf and the Atlantic coast. The City is approximately 125 miles north of Tampa, approximately 110 miles northwest of Orlando and approximately 75 miles southwest of Jacksonville. The Bureau of Economic and Business Research at the University of Florida estimated a 2019 population of 267,306 in Alachua County (the "County") with an estimated 133,068 persons residing within the City limits. The economic base of Gainesville consists primarily of light industrial, commercial, health care and educational activities. The University of Florida is the State's oldest university and, with approximately 50,500 students, is one of the largest universities in the nation.

Organization and Administration

The City was established in 1854, incorporated in 1869 and has operated under a Commission-Manager form of government since 1927. The City Commission consists of seven elected officials (a Mayor and six Commissioners) who are responsible for enacting the ordinances and adopting the resolutions which govern the City. The elected officials each serve for four-year terms. The Mayor presides over public meetings and ceremonial events.

The following are the current members of the City Commission:

	<u>Term Expires</u>
Mayor Lauren Poe, At Large	November, 2022
Mayor-Commissioner Pro-Tem David Arreola, District 3	November 2022
Commissioner Adrian Hayes-Santos, District 4	November 2022
Commissioner Gail Johnson, At Large.....	May 2021
Commissioner Reina Saco, At-Large	November 2024
Commissioner Gigi Simmons, District 1.....	May 2021
Commissioner Harvey Ward, District 2.....	November 2022

The City Commission appoints the City Manager, General Manager for Utilities, City Auditor, City Attorney, Clerk of the City Commission and Equal Opportunity Director. As chief executive officers, the City Manager and General Manager for Utilities are charged with the enforcement of all ordinances and resolutions passed by the City Commission. They accomplish this task through the selection and supervision of three Assistant City Managers, Utilities Executive Team, and numerous department heads.

The City provides its constituents with a wide variety of public services: building inspections, code enforcement, community development, cultural affairs, economic development, electrical power, golf course, mass transit, natural gas distribution, parks and recreation, homeless services, police and fire protection, refuse collection, small business development, stormwater management, street maintenance, traffic engineering and parking, water and wastewater and telecommunications and data transfer.

Internal support services include the following: accounting and reporting, accounts payable and payroll, billing and collections, budgeting and budget monitoring, cash management, City-wide management, computer systems support, debt management, equal opportunity, fleet maintenance, facilities maintenance, human resources, information systems, investment management, labor relations, mail services, pension administration, property control, purchasing, risk management and strategic planning.

The Community Redevelopment Agency was dissolved September 30, 2019 and was turned into a City department, the Gainesville Community Reinvestment Area.

Population

The following table depicts historical and projected population growth of the City, the County and the State of Florida:

POPULATION GROWTH

	City of Gainesville	Percentage	Alachua County	Percentage	State of Florida	Percentage
<u>Year</u>	<u>Population</u>	<u>Increase</u>	<u>Population</u>	<u>Increase</u>	<u>Population</u>	<u>Increase</u>
2019	133,068	--	267,306	--	21,477,737	--
2020	n/a ⁽¹⁾	n/a	267,727	4.1%	21,372,207	6.1%
2030	n/a ⁽¹⁾	n/a	289,502	8.1	24,070,978	12.6
2040	n/a ⁽¹⁾	n/a	309,385	6.9	26,252,141	9.1

⁽¹⁾ Information is no longer available through the U.S. Bureau of Census and University of Florida, Bureau of Business and Economic Research Florida Statistical Abstracts for the City.

Source: U.S. Bureau of Census and University of Florida, Bureau of Business and Economic Research Florida Statistical Abstracts.

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Employment

The following table sets forth the unemployment rate for the City over the past ten years.

EMPLOYMENT

<u>Year</u>	<u>Unemployment Rate⁽¹⁾</u>
2010	8.30%
2011	8.10
2012	6.90
2013	5.30
2014	4.90
2015	4.50
2016	4.20
2017	3.50
2018	2.70
2019	2.50

- ⁽¹⁾ At this time the long-term impacts of COVID-19 on the City and employment is not known, however it is expected unemployment rates will increase significantly from the figures stated above included in this Appendix below. On May 8, 2020, June 5, 2020, July 2, 2020 and August 7, 2020, the Bureau of Labor Statistics released its unemployment reports for April, 2020, May, 2020, June, 2020 and July, 2020, respectively, which indicate that unemployment within the United States has increased to approximately 14.7% for April, 2020 and declined to approximately 13.3% for May, 2020, 11.1% for June, 2020 and 10.2% for July, 2020. The increases in unemployment rates is reflective of the negative impacts of COVID-19 on employment. While the City does not have updated unemployment statistics as of the date hereof, the April, 2020, May, 2020, June 2020 and July, 2020 reports from the Bureau of Labor Statistics are likely indicative of the kind of increase the City may see in its unemployment rate as a result of the negative impacts of COVID-19. See "RISK FACTORS" in the body of this Official Statement.

Source: Source: Finance Department, City of Gainesville, Florida.

TEN LARGEST EMPLOYERS (SEPTEMBER 30, 2019)

<u>Firm</u>	<u>Product/Business</u>	<u>Employees</u>
University of Florida	Education	31,514
UF Health	Health Care	12,959
Veterans Affairs Medical Center	Health Care	6,127
Alachua County School Board	Education	3,936
City of Gainesville	Municipal Government	1,514
North Florida Regional Medical Center	Health Care	1,935
Gator Dining Services	Food Services	1,200
Nationwide Insurance Company	Insurance	1,320
Alachua County	Government	959
Publix Supermarkets	Grocer	900

Source: Finance Department, City of Gainesville, Florida.

Property Tax Data

The following data is provided for information and analytical purposes only. The 2005C/2006A/2012B Variable Rate Bonds are not secured by ad valorem tax revenues of the City.

ASSESSED VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS⁽¹⁾

Fiscal Year Ended	Tax <u>Year</u>	Real <u>Property</u>	Personal <u>Property</u>	Centrally Assessed <u>Property</u>	Less: Tax- Exempt <u>Property</u>	Total Taxable Assessed <u>Value</u> ⁽²⁾	Total Direct Tax <u>Rate</u>	Estimated Actual Taxable <u>Value</u>	Taxable Assessed Value as a Percentage of Actual Taxable <u>Value</u>
2010	2009	\$10,599,500,250	\$1,732,004,529	\$1,149,322	\$6,666,317,022	\$5,666,337,079	4.3963	\$12,332,654,101	45.95%
2011	2010	10,001,618,912	2,241,373,073	987,726	6,635,759,183	5,608,220,528	4.2544	12,243,979,711	45.80
2012	2011	10,365,540,710	2,305,791,865	1,095,688	7,270,189,966	5,402,238,297	4.2544	12,672,428,263	42.63
2013	2012	10,167,342,922	2,384,662,208	1,073,991	7,389,420,410	5,163,658,711	4.4946	12,553,079,121	41.13
2014	2013	10,137,347,950	2,585,758,997	2,138,554	7,550,586,266	5,174,659,235	4.5780	12,725,245,501	40.66
2015	2014	10,267,624,130	2,940,131,808	2,210,823	7,566,649,601	5,643,317,160	4.5079	13,209,966,761	42.72
2016	2015	10,470,875,230	2,874,527,289	2,251,700	7,578,125,546	5,769,528,673	4.5079	13,347,654,219	43.23
2017	2016	10,703,714,054	3,131,399,275	2,303,808	7,818,781,757	6,018,635,380	4.5079	13,837,417,137	43.50
2018	2017	11,228,542,921	3,015,426,727	2,335,112	7,743,555,435	6,502,749,325	4.7474	14,246,304,760	45.65
2019	2018	11,896,134,467	3,047,796,037	2,424,391	8,245,149,844	6,701,205,051	4.7474	14,946,354,895	44.84

⁽¹⁾ There could be material adverse impacts on the assessed values as a result of COVID-19. See "RISK FACTORS" in the body of this Official Statement for information regarding COVID-19 and its impacts on the City.

⁽²⁾ Total assessed values less exemptions.

Source: Finance Department, City of Gainesville, Florida and Alachua County Property Appraiser Final Ad Valorem Assessment Rolls.

HISTORY OF LOCAL AD VALOREM TAX RATES AND TAX LEVIES

Tax Roll Year ⁽¹⁾	City Fiscal Year ⁽²⁾	Net Taxable Value for Local Levies ⁽³⁾	Local Property Tax Rates (Mills) General Government ⁽⁴⁾	Local Property Tax Levies (\$) General Government	Total Taxes Levied
2010	2010-11	5,608,220,528	4.2544	23,859,613	23,859,613
2011	2011-12	5,402,238,297	4.2544	22,983,283	22,983,283
2012	2012-13	5,163,658,711	4.4946	23,208,580	23,208,580
2013	2013-14	5,174,659,235	4.5780	23,689,590	23,689,590
2014	2014-15	5,643,317,160	4.5079	25,439,509	25,439,509
2015	2015-16	5,769,528,673	4.5079	26,008,458	26,008,458
2016	2016-17	6,025,643,439	4.5079	26,153,549	26,153,549
2017	2017-18	6,109,547,544	4.5079	26,996,390	26,996,390
2018	2018-19	6,701,205,051	4.7474	29,830,538	29,830,358
2019					

(1) Tax roll year as of January 1.

(2) Fiscal year beginning October 1 and ending the next September 30.

(3) Sum of real and personal property value.

(4) (a) Tax rates are set by the City Commission effective October 1.

(b) Chapter 200.181, Florida Statutes, allows unrestricted ad valorem tax rate levies for debt service for general obligation bonds approved by citizen referendum and imposes a 10 mill limitation on ad valorem tax rates levied for general government operations.

Source: Finance Department, City of Gainesville, Florida and Alachua County Property Appraiser Final Ad Valorem Assessment Rolls.

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$25,782,262	\$24,912,341	96.6%	\$86,362	\$24,998,703	97.0%
2011	23,802,971	23,007,885	96.7	34,674	23,042,559	96.8
2012	22,865,258	22,085,295	96.6	65,772	22,151,067	96.9
2013	23,067,467	22,259,404	96.5	101,709	22,361,113	96.9
2014	23,448,285	22,573,803	96.3	141,706	22,715,509	96.9
2015	25,246,211	24,342,225	96.4	78,800	24,421,025	96.7
2016	25,841,246	24,924,172	96.5	57,299	24,981,471	96.7
2017	26,983,821	26,030,596	96.5	34,581	26,065,177	96.6
2018	30,871,988	29,766,402	96.4	32,023	29,798,425	96.5
2019	31,835,258	30,675,142	96.4	N/A	30,675,142	96.4

Source: Finance Department, City of Gainesville, Florida.

**PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(rate per \$1,000 assessed value)**

Fiscal <u>Year</u>	Tax <u>Year</u>	City of Gainesville Direct <u>Rate</u>	Alachua County <u>County</u>	Overlapping Rates		Alachua County Library <u>District</u>	Total Direct & Overlapping <u>Rates</u>
				Alachua School <u>District</u>	St. Johns Water Management <u>District</u>		
2009	2008	4.2544	7.8968	8.3950	0.4158	1.3560	22.3180
2010	2009	4.3963	8.2995	9.4080	0.4158	1.3771	23.8967
2011	2010	4.2544	8.6263	9.1070	0.4158	1.4736	23.8771
2012	2011	4.2544	8.5956	9.0920	0.3313	1.4790	23.7523
2013	2012	4.4946	8.5956	8.5490	0.3313	1.4768	23.4473
2014	2013	4.5780	8.7990	8.4020	0.3283	1.4588	23.5661
2015	2014	4.5079	8.7990	8.4100	0.3164	1.4588	23.4921
2016	2015	4.5079	8.7950	8.3240	0.3023	1.4538	23.3830
2017	2016	4.7474	8.4648	7.6250	0.2724	1.2655	22.3751
2018	2017	4.7474	8.2829	7.2640	0.2562	1.2303	21.7808
2019	2018	5.2974	8.2729	7.1440	0.2414	1.1825	22.1382

Source: Finance Department, City of Gainesville, Florida.

The following table sets forth certain information regarding direct and overlapping debt for the City, as of September 30, 2019.

OVERLAPPING GENERAL OBLIGATION DEBT⁽¹⁾

<u>Taxing Authority</u>	<u>Taxable Property Value⁽²⁾</u>	<u>General Obligation Bonded Debt⁽³⁾</u>	<u>Percent of Debt Applicable to City⁽⁴⁾</u>	<u>City's Share of General Obligation Debt⁽⁵⁾</u>
City of Gainesville	\$7,201,765,633	\$0	100.00%	\$0
Alachua County	0	0	n/a	0
Alachua County School Board	0	0	0	0
Alachua County Library District	0	0	0	0

⁽¹⁾ The above information on bonded debt does not include self supporting and non-self supporting revenue bonds, certificates, and notes (reserves and/or sinking fund balances have not been deducted).

⁽²⁾ Homestead property of certain qualified residents is eligible for up to \$50,000 value exemption.

⁽³⁾ Reserves and sinking fund balances have not been deducted.

⁽⁴⁾ Percentages were recalculated by the Finance Department, City of Gainesville, Florida.

⁽⁵⁾ Chapter 200.181, Florida Statutes, allows unrestricted ad valorem tax rate levies for debt service for general obligation bonds approved by voter referendum.

Source: Finance Department, City of Gainesville, Florida.

**OVERLAPPING SELF SUPPORTING AND
NON-SELF SUPPORTING DEBT
As of September 30, 2018**

<u>Taxing Authority</u>	<u>Self Supporting</u>	<u>Non-Self Supporting</u>	<u>Totals</u>
Alachua County ⁽¹⁾		\$24,372,956	\$24,372,956
Alachua County Schools		21,563,066	21,563,066
Alachua County Library District ⁽¹⁾		0	0
City of Gainesville:			
Utilities	1,627,340,000	0	1,627,340,000
Other than Utilities	6,434,400	125,524,025	131,958,425

Source: Finance Department, City of Gainesville, Florida.

**DEBT SUMMARY⁽¹⁾
AS OF SEPTEMBER 30, 2019**

	<u>Gross</u>	<u>Net</u>
General Obligation Debt	\$0	\$0
Debt Payable from Non-Ad Valorem Revenues ⁽²⁾	113,789,516	113,789,516
General Obligation Overlapping Debt ⁽³⁾	<u>0</u>	<u>0</u>
Total	\$113,789,516	113,789,516

Maximum Annual Debt Service on Debt Payable from Non-Ad Valorem Revenues after 10/01/2016	\$15,005,625
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- (1) This includes only City of Gainesville general government debt. The City of Gainesville d/b/a Gainesville Regional Utilities and other self-liquidating debt are not included.
- (2) Includes all debt to which a pledge and/or lien on a specific non-ad valorem revenue source has been provided by the City.
- (3) Includes general obligation debt of Alachua County School District.
- Source: Finance Department, City of Gainesville, Florida.

PRINCIPAL TAXPAYERS⁽¹⁾

Tax Roll Year 2019

<u>Owner/Taxpayer</u>	Total <u>Assessed</u>	Percentage of Total Taxable <u>Assessed</u>
LM Gainesville, LLC	\$109,551,000	0.79%
Oaks Mall Gainesville LTD	92,600,000	0.67
HCA Health Services of Florida, Inc.	82,655,351	0.60
Stanley Robert E	68,907,539	0.50
Wal-Mart Stores East LP	56,635,446	0.41
Oak Hammock at the University of Florida, Inc.	52,360,942	0.38
Duke Energy Florida Inc	52,134,288	0.38
Shands Teaching Hospital & Clinic	49,643,728	0.36
CL Gainesville Borrower LLC	47,272,900	0.34
TOTAL PRINCIPAL TAXPAYERS	\$611,761,194	4.94%

⁽¹⁾ There could be material adverse impacts on the assessed values as a result of COVID-19. See "RISK FACTORS" in the body of this Official Statement for information regarding COVID-19 and its impacts on the City.

Source: Finance Department, City of Gainesville, Florida.

Other Post-Employment Benefit & Retiree Health Care Plan

Plan Description.

By ordinance enacted by the City Commission, the City has established the Retiree Health Care Plan (RHCP), providing for the payment of a portion of the health care insurance premiums for eligible retired employees. The RHCP is a single-employer defined benefit healthcare plan administered by the City which provides medical insurance benefits to eligible retirees and their beneficiaries.

The City of Gainesville issues a publicly available financial report that includes financial statements and required supplementary information for the RHCP. That report may be obtained by writing to City of Gainesville, Finance Department, P.O. Box 490, Gainesville, Florida 32627 or by calling (352) 334-5054.

Benefits Provided-Prior to September 1, 2008, normal or early retirees are subsidized \$10.00 times the number of years of credited service plus one of the following:

- a. Plus \$5.00 times the numbers of years of age and portion thereof over 65, on the date that retiree first enters the retiree health insurance program or January 1, 2009, whichever is later; or
- b. Minus \$5.00 times the number of years of age and portion thereof under 65, on the date that retiree first enters the retiree health insurance program or January 1, 2009, whichever is later.

DROP participants who have entered a regular DROP before September 1, 2008, or who have declared their intention to reverse DROP before September 1, 2008, shall have the period of employment while in the regular DROP, or the period of employment after the effective date of commencement of participation in the (reverse) DROP, added to credited service for purposes of the calculation described above.

For disabled retirees, the amount that the City will contribute towards the required premium, for persons who become retirees based upon application for disability retirement submitted before September 1, 2008, will be an amount equal to:

- a. 80% of the individual premiums of the least costly city group health plan option being offered at that time.
- b. The City will contribute towards any other tier of coverage an amount equal to 150% of the individual premium of the least costly City group plan option being offered at that time.

For current retirees age 65 or older on January 1, 2009, the amount the City will contribute towards the required premium will be the greater of the amount contributed for the month of August 2008 or the amount determined under the provisions of the RHCP.

After August 31, 2008, normal or early retirees are subsidized \$10.00 times the number of years of credited service plus one of the following:

- a. Plus \$5.00 times the numbers of years of age and portion thereof over 65, on the date that retiree first enters the retiree health insurance program; or
- b. Minus \$5.00 times the number of years of age and portion thereof under 65, on the date that retiree first enters the retiree health insurance program.

DROP participants who have entered a regular DROP after August 31, 2008, or who have declared their intention to reverse DROP after August 31, 2008, shall not have the period of employment while in regular DROP, or the period of employment after the effective date of commencement of participation in the (reverse) DROP, count as credited service for purposes of the calculation described above.

For disabled retirees, the amount that the City will contribute towards the required premium, for persons who become retirees based upon application for disability retirement submitted after August 31, 2008, will be:

- a. For approved "in-line-of-duty" disabilities under the Consolidated Plan or the City's Employees' Disability Plan, the City will contribute towards an individual premium an amount equal to:
 - i. 80% of the individual premiums of the least costly city group health plan option being offered at the time the disability retirement is approved.
 - ii. The City will contribute towards any other tier of coverage an amount equal to 150% of the individual premium of the least costly City group plan option being offered at the time the disability retirement is approved.
- b. For approved disabilities other than "in-line-of-duty", the City will contribute 50% of the amount described above.

Those who do not meet the age and service requirements above are eligible for coverage only. Retirees must pay 100% of the active premium rates up to age 65, the 100% of the Medicare supplement premium rate.

Employees Covered by Benefit Terms-At September 30, 2019, the following employees were covered by the benefit terms:

Active Employees	2,068
Inactive Employees:	
Retirees and Beneficiaries Currently Receiving Benefits	869
Vested Terminated Members Entitled to Future Benefits	<u>1,131</u>
Total	<u>4,068</u>

Contributions-The contribution policy of the City is established and may be amended by the City at any time. The annual contribution consists of the normal cost amount developed annually plus, given there is any unfunded actuarial accrued liability (UAAL), an amount to amortize said UAAL over 10 years from inception. For the 2019 fiscal year, the City contributed a total of \$2,348,167 to pre-fund benefits.

In July 2005, the City issued \$35,210,000 Taxable Other Post-Employment Benefit (OPEB) bonds to retire the unfunded actuarial accrued liability then existing in the RHCP Trust Fund. This allowed the City to reduce its contribution rate.

Investment Policy-The City Commission has the responsibility to develop a policy for the investment of the assets of the RHCP. The investment of the assets must be consistent with the written investment policy adopted by the City Commission (Section 2-438 of the Gainesville City Code). The policies are structured to maximize the financial return to the RHCP consistent with the risks incumbent in each investment and are structured to establish and maintain an appropriate diversification of the RHCP's assets. The City Commission periodically undertakes studies to evaluate the potential consequence of alternative investment strategies on the long term well-being of the RHCP.

Net OPEB Liability-The City implemented GASB Statement No. 75 in 2018. The net OPEB liability related to the RHCP was measured as of September 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of October 1, 2018, rolled forward to September 30, 2019.

The components of the net OPEB liability at September 30, 2019, were as follows:

Components of Net OPEB Liability

Total OPEB Liability	\$77,815,468
Plan Fiduciary Net Position	<u>(63,674,314)</u>
City's Net OPEB Liability	<u>\$14,141,154</u>

Plan fiduciary net position as a percentage of the total OPEB liability 81.83%

Significant Actuarial Assumptions—The total OPEB liability was determined by an actuarial valuation as of October 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	3.00%
Investment Return Rate	7.90%
Salary Increase	Service Based
Discount Rate	7.90%
Healthcare Cost Trend Rate	8.30% to 4.50%

See "RISK FACTORS" in the body of this Official Statement for a discussion of COVID-19 and its possible impacts on the City. It is possible that in the future net OPEB liability could increase as a result of the downward trend in stock market performance as a result of COVID-19.

Mortality Rate—All mortality rates were based on the RP-2000 mortality tables. All mortality rates are those outlined in Milliman's July 1, 2016, Florida Retirement System (FRS) valuation report.

Long-Term Expected Rate of Return—The long-term expected rate of return on RHCP investments can be determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of RHCP investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2019 are summarized in the following table:

	Target <u>Allocation</u>	Long-Term Expected Rate <u>of Return</u>
Equities	80.00%	9.00%
Real Estate	10.00	6.00
Alternative Investments	5.00	8.00
Fixed Income	<u>5.00</u>	4.00
Total	<u>100.00%</u>	

Discount Rate—The discount rate used to measure the total OPEB liability was 7.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rates less the member contributions. Based on those assumptions, the RHCP's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	Increase (Decrease)		
	Plan		
	Total OPEB <u>Liability</u>	Fiduciary Net <u>Position</u>	Net OPEB <u>Liability</u>
Balance at October 1, 2018	<u>\$74,213,753</u>	<u>\$67,399,291</u>	<u>\$6,814,462</u>
Changes for the year:			
Service cost	1,591,950	-	1,591,950
Interest	5,887,782	-	5,887,782
Differences between expected and actual experience	0	-	0
Changes in assumptions	625,481	-	625,481
Contributions – employer	-	2,348,167	(2,348,481)
Net investment income	-	(1,055,570)	1,550,570
Benefit payments	(4,503,496)	(4,503,496)	-
Administrative expense	-	(19,078)	19,078
Net changes	<u>3,601,717</u>	<u>(3,724,977)</u>	<u>7,326,694</u>
Balance at September 30, 2018	<u>\$77,815,470</u>	<u>\$63,674,314</u>	<u>\$14,141,156</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate-The following presents the net OPEB liability, calculated using the discount rate of 7.90%, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.90%) or 1 percentage-point higher (8.90%) than the current rate:

	1% Decrease <u>(6.90%)</u>	Current Discount Rate <u>(7.90%)</u>	1% Increase <u>(8.90%)</u>
Net OPEB Liability (Asset)	<u>\$21,484,923</u>	<u>\$14,141,154</u>	<u>\$7,834,677</u>

Sensitivity of the Net OPEB Liability to Changes in the Health Care Trend Rate-The following presents the net OPEB liability, calculated using the health care cost trend rate of 8.30%, as well as what the RHCP net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	1% Decrease <u></u>	Current Discount Rate <u></u>	1% Increase <u></u>
Net Pension Liability (Asset)	<u>\$5,938,864</u>	<u>\$14,141,154</u>	<u>\$23,836,457</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources-For the year ended September 30, 2019, the City will recognize OPEB expense of \$3,961,542. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$2,255,982	\$-
Changes of Assumptions	1,018,566	-
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	<u>4,763,093</u>	=
Total	<u>\$8,037,641</u>	<u>\$-</u>

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB will be recognized in OPEB Expense as follows:

Fiscal Year <u>Ending</u>	Net Deferred Outflows/(Inflows) <u>of Resources</u>
2020	1,767,699
2021	1,767,699
2022	1,767,700
2023	2,008,147
2024	637,039
Thereafter	89,537

APPENDIX B

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2019**

APPENDIX C
FORM OF THE BOND RESOLUTION

APPENDIX D

FORM OF BOND COUNSEL OPINION

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

EXHIBIT C TO RESOLUTION
FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the City of Gainesville, Florida (the "Issuer") in connection with the issuance of its \$_____ Special Obligation Revenue Bonds, 2020 (Federally Taxable) (the "Bonds"). The Bonds are being issued pursuant to Resolution No. ____ adopted by the City Commission of the City (the "Commission") on August 20, 2020, as amended and supplemented from time to time, and as particularly supplemented by Resolution No. _____ adopted by the Commission on August 20, 2020 (collectively, the "Resolution").

SECTION 1. PURPOSE OF THE DISCLOSURE CERTIFICATE. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and Beneficial Owners (defined below) of the Bonds and in order to assist the Participating Underwriter in complying with the continuing disclosure requirements of the Rule (defined below).

SECTION 2. DEFINITIONS. In addition to the definitions set forth in the Resolution which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean initially Digital Assurance Certification, LLC, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access web portal of the MSRB, located at <http://www.emma.msrb.org>.

"Event of Bankruptcy" shall be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include municipal

securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Obligated Person" shall mean any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity or credit facilities).

"Participating Underwriter" shall mean the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each entity authorized and approved by the Securities and Exchange Commission from time to time to act as a repository for purposes of complying with the Rule. As of the date hereof, the Repository recognized by the Securities and Exchange Commission for such purpose is the MSRB, which currently accepts continuing disclosure submissions through EMMA.

"Rule" shall mean the continuing disclosure requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of Florida.

SECTION 3. PROVISION OF ANNUAL REPORTS.

(a) The Issuer shall, or shall cause the Dissemination Agent to, by not later than April 30th following the end of the prior fiscal year, beginning with the fiscal year ending September 30, 2019 with respect to the report for the 2018-2019 fiscal year, provide to any Repository in electronic format as prescribed by such Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date provided, further, in such event unaudited financial statements are required to be delivered as part of the Annual Report in accordance with Section 4(a) below. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5.

(b) If on the fifteenth (15th) day prior to the annual filing date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 3(a). Upon such reminder, the Issuer shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Report no later than two (2) business days prior to the annual filing date, or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Agreement, state the date by which

the Annual Report for such year will be provided and instruct the Dissemination Agent that a failure to file has occurred and to immediately send a notice to the Repository in substantially the form attached as Exhibit A, accompanied by a cover sheet completed by the Dissemination Agent in the form set forth in Exhibit B.

- (c) The Dissemination Agent shall:
 - (i) determine each year prior to the date for providing the Annual Report the name and address of any Repository;
 - (ii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing any Repository to which it was provided; and
 - (iii) if the Dissemination Agent has not received an Annual Report by 6:00 p.m. Eastern time on the annual filing date (or, if such annual filing date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a failure to file shall have occurred and the Issuer irrevocably directs the Dissemination Agent to immediately send a notice to the Repository in substantially the form attached as Exhibit A without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Dissemination Agent in the form set forth in Exhibit B.

SECTION 4. CONTENT OF ANNUAL REPORTS. The Annual Report shall contain or include by reference the following:

(a) the audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement dated _____, 2020 (the "Official Statement"), and the audited financial statements shall be filed in the same manner as the Annual Report when they become available; and

(b) updates to the financial information and operating data contained in the Official Statement under the captions entitled:

- (i) City of Gainesville, Florida Legally Available Non-Ad Valorem Revenues;
- (ii) City of Gainesville, Florida Debt Service Schedule for Non-Ad Valorem Revenue Obligations;
- (iii) City of Gainesville, Florida Historical Anti-Dilution Test Calculation; and
- (iv) City of Gainesville, Florida General Fund Revenues and Expenses.

The information provided under Section 4(b) may be included by specific reference to documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the Repository's Internet Web site or filed with the Securities and Exchange Commission.

The Issuer reserves the right to modify from time to time the specific types of information provided in its Annual Report or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Issuer; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule.

SECTION 5. REPORTING OF SIGNIFICANT EVENTS.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds. Such notice shall be given in a timely manner not in excess of ten (10) business days after the occurrence of the event, with the exception of the event described in number 17 below, which notice shall be given in a timely manner:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. modifications to rights of the holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Bonds, if material;
11. ratings changes;
12. an Event of Bankruptcy or similar event of an Obligated Person;
13. the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the

Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Issuer or Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or Obligated Person, any of which affect security holders, if material;
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the Issuer or Obligated Person, any of which reflect financial difficulties; and
17. notice of any failure on the part of the Issuer to meet the requirements of Section 3 hereof.

(b) The notice required to be given in paragraph 5(a) above shall be filed with any Repository, in electronic format as prescribed by such Repository.

SECTION 6. IDENTIFYING INFORMATION. In accordance with the Rule, all disclosure filings submitted pursuant to this Disclosure Certificate to any Repository must be accompanied by identifying information as prescribed by the Repository. Such information may include, but not be limited to:

- (a) the category of information being provided;
- (b) the period covered by any annual financial information, financial statement or other financial information or operation data;
- (c) the issues or specific securities to which such documents are related (including CUSIPs, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate);
- (d) the name of any Obligated Person other than the Issuer;
- (e) the name and date of the document being submitted; and
- (f) contact information for the submitter.

SECTION 7. TERMINATION OF REPORTING OBLIGATION. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, so long as there is no remaining liability of the Issuer, or if the Rule is repealed or no longer in effect. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 8. DISSEMINATION AGENT. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report

prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Digital Assurance Certification, LLC.

SECTION 9. AMENDMENT. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate provided that the following conditions are satisfied:

(a) The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer, or the type of business conducted;

(b) The undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of the holders, as determined either by parties unaffiliated with the Issuer (such as the trustee or bond counsel), or by approving vote of bondholders pursuant to the terms of the governing instrument at the time of the amendment.

In the event of any amendment of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. ADDITIONAL INFORMATION. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. DEFAULT. The continuing disclosure obligations of the Issuer set forth herein constitute a contract with the holders of the Bonds. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate; provided, however, the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with the provisions of this Disclosure Certificate shall be an action to compel performance. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution.

SECTION 12. DUTIES, IMMUNITIES AND LIABILITIES OF DISSEMINATION AGENT. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party.

SECTION 13. BENEFICIARIES. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated as of _____, 2020

CITY OF GAINESVILLE, FLORIDA

By: _____
Mayor

Approved as to Form and Legality:

By: _____
City Attorney

ACKNOWLEDGED BY:

DIGITAL ASSURANCE CERTIFICATION L.L.C.,
as Dissemination Agent

By: _____
Name: _____
Title: _____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Gainesville, Florida

Name of Bond Issue: Special Obligation Revenue Bonds, 2020 (Federally Taxable)

Date of Issuance: _____, 2020

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate between the Issuer and Digital Assurance Certification, L.L.C., as Dissemination Agent. The Issuer has notified the Dissemination Agent that it anticipates that the Annual Report will be filed by_____.

Dated:_____

Digital Assurance Certification, L.L.C., as Dissemination
Agent, on behalf of the Issuer

By:_____

Name:_____

Title:_____

Date: _____

EXHIBIT B
EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

Number of pages attached: _____

____ Description of Notice Events (Check One):

1. _____ "Principal and interest payment delinquencies;"
2. _____ "Non-Payment related defaults, if material;"
3. _____ "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. _____ "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. _____ "Substitution of credit or liquidity providers, or their failure to perform;"
6. _____ "Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;"
7. _____ "Modifications to rights of securities holders, if material;"
8. _____ "Bond calls, if material, and tender offers;"
9. _____ "Defeasances;"
10. _____ "Release, substitution, or sale of property securing repayment of the Bonds, if material;"
11. _____ "Rating changes;"
12. _____ "An Event of Bankruptcy or similar event of an Obligated Person;"
13. _____ "The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;"
14. _____ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material."
15. _____ "Incurrence of a Financial Obligation of the Issuer or Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or Obligated Person, any of which affect security holders, if material;" and

____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____

Title: _____

Digital Assurance Certification, L.L.C.

390 N. Orange Avenue

Suite 1750

Orlando, FL 32801

407-515-1100

Date: _____