

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%
-----------------------------------	---------

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:

[Remainder of page intentionally left blank]

**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]

-
- (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 Amount Issued	Principal Amount Outstanding as of October 1, 2019
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>	<u>A/B</u>	<u>C</u>	<u>(B-A)/C</u>
			Unfunded			
Actuarial	Actuarial	Actuarial	Actuarial		Annual	UAAL as %
Valuation	Value of	Liability (AAL)	Liability	Funded	Covered	of Covered
<u>Date</u>	<u>Assets</u>	<u>Entry Age</u>	<u>(UAAL)</u>	<u>Ratio</u>	<u>Payroll</u>	<u>Payroll</u>
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

	<u>Policy Allocation</u>	<u>Policy 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 Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension 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)	2,733,366
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 Ended	Actuarial Determined Contribution	Amount Contributed	Percent Contributed	Covered Payroll	Annual Contribution as a % of Covered Payroll
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>	<u>A/B</u>	<u>C</u>	<u>(B-A)/C</u>
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded 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%
--	--------

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 <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability</u>
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	-	22,397,740
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 <u>(6.90%)</u>	Current Discount Rate <u>(7.90%)</u>	1% Increase <u>(8.90%)</u>
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:

<u>Fiscal Year</u>	
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	\$
---------------	----

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	\$
------------	----

⁽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:

	Term <u>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

<u>Year</u>	<u>City of Gainesville Population</u>	<u>Percentage Increase</u>	<u>Alachua County Population</u>	<u>Percentage Increase</u>	<u>State of Florida Population</u>	<u>Percentage 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.

[Remainder of page intentionally left blank]

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 Year	Real Property	Personal Property	Centrally Assessed Property	Less: Tax-Exempt Property	Total Taxable Assessed Value ⁽²⁾	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
09/30	Year	Property	Property	Property	Property	Value ⁽²⁾	Rate	Value	Value
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 Year	Tax Year	City of Gainesville Direct Rate	Alachua County School District	Overlapping Rates		Alachua County Library District	Total Direct & Overlapping Rates
				Alachua County Water Management District	St. Johns Water Management District		
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⁾

Taxing Authority	Taxable Property Value ⁽²⁾	General Obligation Bonded Debt ⁽³⁾	Percent of Debt Applicable to City ⁽⁴⁾	City's Share of General Obligation Debt ⁽⁵⁾
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⁾	0	0
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
--	--------------

⁽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>	<u>Total Assessed</u>	<u>Percentage of Total Taxable 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	Fiduciary	Net
	OPEB	Net	OPEB
	Liability	Position	Liability
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%	Current	1%
	Decrease	Discount	Increase
	(6.90%)	(7.90%)	(8.90%)
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%	Current	1%
	Decrease	Discount	Increase
	(8.30%)	(8.30%)	(8.30%)
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: _____