

RESOLUTION 2014-04

A RESOLUTION OF THE CITY OF LAKE WALES, FLORIDA (THE "ISSUER") AUTHORIZING THE ISSUANCE OF THE ISSUER'S INDUSTRIAL DEVELOPMENT REVENUE BONDS (EDWARD W. BOK ACADEMY PROJECT), SERIES 2014 (THE "SERIES 2014 BOND") IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$4,141,000 FOR THE PURPOSE OF PROVIDING FUNDS TO MAKE A LOAN TO LAKE WALES CHARTER SCHOOLS, INC. (THE "BORROWER") TO REFINANCE THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS TO EDWARD W. BOK ACADEMY; APPROVING THE FORMS OF AND AUTHORIZING THE EXECUTION OF A FINANCING AGREEMENT, INCLUDING AN ASSIGNMENT THEREOF, AN INDEMNIFICATION AND HOLD HARMLESS AGREEMENT AND SERIES 2014 BONDS; AWARDING THE SALE OF THE SERIES 2014 BONDS BY A NEGOTIATED SALE TO CITIZENS BANK & TRUST; AUTHORIZING THE OFFICIALS OF THE ISSUER TO TAKE CERTAIN ACTION IN CONNECTION WITH THE ISSUANCE OF THE SERIES 2014 BONDS; MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE ISSUANCE OF THE SERIES 2014 BONDS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Issuer is a municipal corporation, and has powers pursuant to Chapter 166, Florida Statutes, Chapter 159, Part II, Florida Statutes, the municipal charter of the Issuer, and other applicable provisions of law (herein referred to as the "Act"), and pursuant to the Act may provide for the issuance of and sell its revenue bonds for the purpose of paying all or any part of the cost of any "project" as defined in Chapter 159, Part II, Florida Statutes; and

WHEREAS, the Issuer has been requested by Lake Wales Charter Schools, Inc., a nonprofit corporation organized and existing under the laws of the State of Florida (the "Borrower") which has been determined by the Internal Revenue Service to be an exempt organization pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, to assist the Borrower by making a loan for the purpose of: (i) refinancing the outstanding portion of a mortgage loan dated June 24, 2008, by and between the Borrower and Bank of the Ozarks, the proceeds of which were used for the acquisition, renovation, addition and equipping of the Edward W. Bok Academy, consisting of improvements of approximately 10 acres of land together with four existing buildings totaling approximately 40,910 square feet and containing 23 classrooms, a cafeteria, a kitchen, an auditorium, a library/media center, administrative offices, and athletic facilities located at 13901 Highway 27, Lake Wales, Florida 33859, and such

other improvements, acquisitions, additions and renovations at the school (the "Project") (which Project is outside the municipal boundaries of the Issuer); and (ii) paying a portion of the costs associated with the Series 2014 Bonds; and

WHEREAS, following public notice published on February 3, 2014 in the *News Chief*, on February 18, 2014 the Issuer held a public hearing regarding the issuance of its Industrial Development Revenue Bonds (Edward W. Bok Academy Project), Series 2014 (the "Series 2014 Bonds"), adopted Resolution No. 2014-03 (the "Inducement Resolution") and entered into a Memorandum of Agreement with the Borrower; and

WHEREAS, the Issuer has been advised by the Borrower that the Borrower has received a Commitment Letter from Citizens Bank & Trust (together with its successors and assigns, as the lender of the Series 2014 Bonds, the "Lender") dated October 10, 2013 (the "Commitment") to purchase the Series 2014 Bonds; and

WHEREAS, it is necessary and desirable to approve the form of and authorize the execution of a Financing Agreement, including the assignment thereof to the Lender as security for the Series 2014 Bonds, the Series 2014 Bonds (as hereinafter set forth and defined) and other related documents as provided herein; and

WHEREAS, on March 4, 2014, the Board of County Commissioners (the "County Board") of Polk County, Florida (the "County") approved the issuance of the Series 2014 Bonds by the Issuer;

BE IT RESOLVED by the members of the City Commission of the City of Lake Wales, Florida, that:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This Resolution (together with the Inducement Resolution, the "Bond Resolution"), is adopted pursuant to the Act.

SECTION 2. DEFINITIONS. Unless the context otherwise requires, the terms used in this Resolution in capitalized form and not otherwise defined herein shall have the meanings specified in the Financing Agreement substantially in the form attached hereto as **Exhibit A** (the "Financing Agreement"). The Bond Resolution, the Financing Agreement and the Indemnity Agreement (hereinafter defined) are collectively referred to herein as the "Bond Documents." Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

SECTION 3. INTERPRETATION. Whenever in this Resolution any governmental unit or body, including the Issuer, or any officer, director, board, department, commission, or agency of a governmental unit or body is defined or referred to, such definition or reference shall be deemed to include the governmental unit or body or officer, director, board, department, commission or agency succeeding to or in whom or which is vested, the functions, rights,

powers, duties and obligations of such governmental unit or body or officer, director, board, department, commission or agency, as the case may be, encompassed by this Resolution.

Unless the context shall clearly indicate otherwise in this Resolution: (i) references to sections and other subdivisions, whether by number or letter or otherwise, are to the respective or corresponding sections and subdivisions of this Resolution; (ii) the terms "herein," "hereunder," "hereby," "hereto," "hereof," and any similar terms, refer to this Resolution only and to this Resolution as a whole and not to any particular section or subdivision hereof; and (iii) the term "heretofore" means before the date of adoption of this Resolution; the word "now" means at the time of enactment of this Resolution; and the term "hereafter" means after the date of adoption of this Resolution.

SECTION 4. FINDINGS. The Issuer hereby finds, determines and declares as follows:

A. Pursuant to the Inducement Resolution, the Issuer authorized the issuance of the Series 2014 Bonds upon various conditions named therein, in order to loan funds to the Borrower to refinance the Project.

B. The Borrower has now arranged for the refinancing of the Project through a loan to be made to the Borrower by Citizens Bank & Trust (the "Lender") through the purchase of the Series 2014 Bonds. The Borrower has requested that the Issuer issue the Series 2014 Bonds in the maximum aggregate principal amount of not to exceed \$4,141,000.

C. The Project is an "educational facility" and a "project" within the meaning of the Act, and the Issuer is authorized under the Act to issue the Series 2014 Bonds for the purpose of refinancing the Project as herein contemplated and to fully perform the obligations of the Issuer in connection therewith in order to make a significant contribution to the economic growth within the municipal boundaries of the Issuer and promote the economy of the County, increase and preserve opportunities for gainful employment and purchasing power, increase educational opportunities, improve the prosperity and welfare of the State of Florida and its inhabitants, and otherwise contribute to the prosperity, health and welfare of the County, and the inhabitants thereof.

D. The Issuer, as required by the Act, has initially determined that the interest on the Series 2014 Bonds will be excluded from gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder (the "Code"), based in part on a certificate to be obtained from the Borrower; and the Series 2014 Bonds will not be issued unless the Issuer has received a satisfactory opinion of bond counsel regarding the fact that the interest on such Series 2014 Bonds will be excluded from gross income at the time of the delivery of the Series 2014 Bond.

E. The County or the Issuer, as applicable, will be able to cope satisfactorily with the impact of the Project and has provided, or shall cause to be provided when needed, the

public facilities, including utilities and public services, that will be necessary for the continued operation, repair and maintenance of the Project and on account of any increases in population or other circumstances resulting therefrom.

F. The availability of financing by means of industrial development revenue bonds was and is an important inducement to the Borrower to proceed with the financing and refinancing of the Project.

G. Adequate provision has been made in the documents attached hereto for a loan by the Issuer to the Borrower for the refinancing of the Project and thereafter for the operation, repair and maintenance of the Project at the expense of the Borrower and for the repayment by the Borrower of the loan in installments sufficient to pay the principal of and the interest on the Series 2014 Bonds and all costs and expenses relating thereto in the amounts and at the times required.

H. The Issuer is not obligated to pay the Series 2014 Bonds except from the proceeds derived from the repayment of the loan by the Borrower, or from the other security pledged therefor, and neither the faith and credit of the Issuer, the County or the State of Florida or any political subdivision thereof, nor the taxing power of the State of Florida or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or the interest on the Series 2014 Bonds.

I. The Issuer, the Borrower and the Lender will, concurrently with the issuance of the Series 2014 Bonds execute the documentation required for the refinancing of the Project as contemplated hereby.

J. A negotiated sale of the Series 2014 Bonds is required and necessary and is in the best interest of the Issuer for the following reasons: (i) the Series 2014 Bonds will be special and limited obligations of the Issuer payable solely out of moneys derived by the Issuer from the Borrower's operation of the Project as a charter school or as otherwise provided herein and will be secured by funds of the Borrower and by the Mortgage, Security Agreement, Financing Statement and Assignment of Rents from the Borrower to the Issuer and the Lender (the "Mortgage"); (ii) the Borrower will be required to pay all costs of the Issuer in connection with the financing; (iii) the cost of issuance of the Series 2014 Bonds, which must be borne directly or indirectly by the Borrower would most likely be greater if the Series 2014 Bonds were sold at public sale by competitive bids than if the Series 2014 Bonds are sold at negotiated sale, and there is no basis, considering prevailing market conditions, for any expectation that the terms and conditions of a sale of the Series 2014 Bonds at public sale by competitive bids would be any more favorable than at negotiated sale; (iv) because prevailing market conditions are uncertain, it is desirable to sell the Series 2014 Bonds at a predetermined price; and (v) industrial development revenue bonds having the characteristics of the Series 2014 Bonds are typically sold at negotiated sale under prevailing market conditions.

K. The costs of refinancing the Project will be paid from the proceeds of the Series 2014 Bonds in accordance with the terms of the Financing Agreement and these costs constitute costs of a "project" within the meaning of the Act.

L. The Borrower desires to accept the Commitment of the Lender to purchase the Series 2014 Bonds.

M. Issuance of the Series 2014 Bonds was approved by the County Board by its adoption of a Resolution on March 4, 2014. The County Board is the elected legislative body of Polk County and has jurisdiction over the entire area in which the Project is located.

N. All conditions precedent to the refinancing of the Project set forth in the Inducement Resolution have been satisfied, or will be satisfied prior to the delivery of the Series 2014 Bonds, and the issuance of the Series 2014 Bonds will otherwise comply with all of the provisions of the Act.

SECTION 5. RATIFICATION OF THE INDUCEMENT RESOLUTION. All actions taken by the Issuer in connection with its February 18, 2014 meeting pertaining to the adoption of the Inducement Resolution are hereby ratified and confirmed in all respects.

SECTION 6. AUTHORIZATION OF THE PROJECT. The refinancing of the Project is hereby authorized.

SECTION 7. AUTHORIZATION OF THE SERIES 2014 BONDS. For the purpose of making a loan to the Borrower to refinance the Project and pay the costs of issuance of the Series 2014 Bonds, there is hereby approved and authorized to be issued under this Resolution the Issuer's "Industrial Development Revenue Bonds (Edward W. Bok Academy Project), Series 2014," in an aggregate principal amount of not to exceed \$4,141,000. The Series 2014 Bonds shall be issued as fully registered bonds, shall be dated as of the date of issuance, shall mature no later than March 6, 2034, shall bear interest at an initial fixed rate not to exceed 2.95% and shall have such other terms and conditions as provided in, and shall be in the form of, the Series 2014 Bonds attached to the Financing Agreement as Exhibit A, the form of the Series 2014 Bonds attached to the Financing Agreement as Exhibit A is hereby approved with such changes, alterations and corrections as may be approved by the Mayor, such approval to be conclusively presumed by the execution thereof by the Mayor. The Series 2014 Bonds shall be executed by the Mayor and attested and sealed by the City Clerk who shall deliver the same to the Lender, upon payment of the purchase price thereof equal to the principal amount thereof. The Series 2014 Bonds shall be issued on such date as shall be mutually agreed upon by the Lender, the Borrower and the Issuer. Notwithstanding any other provision hereof, the Series 2014 Bonds shall not be issued nor shall any instrument referred to herein be executed by the Issuer until the Series 2014 Bonds is approved as to form by its Bond Counsel, Bryant Miller Olive P.A.

SECTION 8. BANK QUALIFIED. The Issuer hereby designates the Series 2014 Bonds as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code. The Issuer and any subordinate entities of the Issuer and any issuer of "tax-exempt" debt that issues "on behalf of" the Issuer do not reasonably expect during the calendar year 2014 to issue more than \$10,000,000 of "tax-exempt" obligations, exclusive of any private activity bonds as defined in Section 141(a) of the Code (other than qualified 501(c)(3) bonds as defined in Section 145 of the Code).

SECTION 9. SALE OF THE SERIES 2014 BONDS TO THE LENDER. Because of the characteristics of the Series 2014 Bonds, prevailing market conditions, and additional savings to be realized from an expeditious sale of the Series 2014 Bond, and based on the requested recommendation of the Borrower, the Issuer finds that it is in the best interest of the Issuer to sell the Series 2014 Bonds at a private negotiated sale to the Lender subject to satisfaction of the provisions of Sections 7 and 20 hereof. Prior to the issuance of the Series 2014 Bonds, the Issuer shall receive from the Lender a Lender's Certificate, in substantially the form attached to the Financing Agreement as Exhibit C and a Disclosure Letter containing the information required by Section 218.385, Florida Statutes, in substantially the form attached hereto as **Exhibit B**.

SECTION 10. MUTILATED, LOST, STOLEN OR DESTROYED SERIES 2014 BONDS. In case the Series 2014 Bonds shall become mutilated or be lost, stolen or destroyed, upon the payment of any costs by the Owner thereof, the Issuer shall cause to be executed and furnished to the owner a new Series 2014 Bonds in exchange and substitution for, and upon the cancellation of, the mutilated Series 2014 Bonds or in lieu of and substitution for such lost, stolen or destroyed Series 2014 Bond.

In every case the applicant shall furnish evidence satisfactory to the Issuer of the destruction, theft or loss of such Series 2014 Bonds and indemnity satisfactory to the Issuer, and the Issuer shall charge the applicant for the issuance of such new Series 2014 Bonds an amount sufficient to reimburse it for any expense incurred by it in the issuance thereof.

SECTION 11. PAYMENT OF PRINCIPAL AND INTEREST. The Issuer shall cause to be paid solely from funds provided by the Borrower, when due, the principal of and the interest on the Series 2014 Bonds at the place, on the date and in the manner provided in the Financing Agreement and in the Series 2014 Bonds according to the true intent and meaning thereof; provided that the Issuer is not obligated to pay the Series 2014 Bonds or the premium, if any, and the interest thereon except from the loan payments made by the Borrower pursuant to the Financing Agreement.

SECTION 12. COVENANT TO PERFORM. The Issuer shall faithfully perform at all times all of its covenants, undertakings and agreements contained in this Resolution, in the Series 2014 Bonds or in any proceedings of the Issuer pertaining thereto. The Issuer represents that it is duly authorized under the Constitution and laws of the State of Florida, particularly the Act, to issue the Series 2014 Bonds and to adopt this Resolution, to execute the Financing

Agreement and pledge the revenues, receipts, proceeds and funds derived in respect thereof, in the manner and to the extent herein set forth as security for the Series 2014 Bonds; that all action on its part for the issuance of the Series 2014 Bonds and the adoption of this Resolution has been duly and effectively taken; and that the Series 2014 Bonds are valid and enforceable limited obligations of the Issuer according to their terms.

SECTION 13. LIMITED LIABILITY OF ISSUER. Anything in the Series 2014 Bonds or the Bond Documents to the contrary notwithstanding, the performance by the Issuer of all duties and obligations imposed upon it hereby, the exercise by it of all powers granted to it hereunder, the carrying out of all covenants, agreements and promises made by it hereunder, and the liability of the Issuer for all warranties and other covenants hereunder, shall be limited solely to the revenues and receipts derived from the Financing Agreement or the security therefor, and the Issuer shall not be required to effectuate any of its duties, obligations, powers or covenants hereunder except to the extent of such revenues and receipts.

None of the State of Florida, the County or the Issuer shall in any event be liable for the payment of the principal of or interest on the Series 2014 Bonds or any other charges with respect thereto, except that the Issuer has provided for the payment of the Series 2014 Bonds from the special and limited sources as in the Bond Documents established and provided. The Series 2014 Bonds issued hereunder shall never constitute an indebtedness of the State of Florida or of any political subdivision of the State of Florida (including the Issuer) within the meaning of any state constitutional provisions or statutory limitation and shall never constitute or give rise to the pecuniary liability of the State of Florida or any political subdivision thereof or of the Issuer or a charge against their general credit. The holder of the Series 2014 Bonds shall not have the right to compel any exercise of the ad valorem taxing power of the State of Florida, County, or of any other political subdivision of said State to pay the Series 2014 Bonds or the interest thereon or any other charges with respect thereto.

SECTION 14. NO PERSONAL LIABILITY. No recourse under or upon any obligation, covenant or agreement contained in, the Series 2014 Bonds, the Bond Documents or under any judgment obtained against the Issuer, or by the enforcement of any assessment or by legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of this Resolution, shall be had against any member of the Issuer, agent, employee or officer, as such, past, present or future, of the Issuer, either directly or through the Issuer, or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the holder of the Series 2014 Bonds or otherwise of any sum that may be due and unpaid by the Issuer upon the Series 2014 Bonds. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any member or officer, as such, to respond by reason of any act or omission on his part or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the holder of the Series 2014 Bonds or otherwise, of any sum that may remain due and unpaid upon the Series 2014 Bonds is hereby expressly waived and released as a condition of and in consideration for the execution of the Bond Documents and the issuance of the Series 2014 Bonds.

The approval given herein shall not be construed as: (i) an endorsement of the creditworthiness of the Borrower or the financial viability of the Project, (ii) a recommendation to the Lender or any other prospective purchaser of the Series 2014 Bonds, (iii) an evaluation of the likelihood of the repayment of the debt service on the Series 2014 Bonds, or (iv) any necessary governmental approval relating to the Project, and the Issuer shall not be construed by reason of its adoption of this Resolution to have made any such endorsement, finding or recommendation or to have waived any of the Issuer's rights or estopped the Issuer from asserting any rights or responsibilities it may have in that regard.

SECTION 15. THE BOND DOCUMENTS. The Financing Agreement (which includes as Exhibits thereto, a form of the Series 2014 Bonds, the form of the Promissory Note and the form of Assignment) and the Indemnification and Hold Harmless Agreement from the Borrower to the Issuer, dated March 6, 2014, a form of which is attached hereto as **Exhibit C** (the "Indemnity Agreement") are hereby approved by the Issuer with such changes, alterations and corrections as may be approved by the Mayor, such approval to be conclusively presumed by the execution thereof by the Mayor (or, in the case of any documents to which the Issuer is not a party, the acceptance thereof), and the Issuer hereby authorizes and directs the Mayor to execute the Financing Agreement, the Indemnity Agreement, the Assignment and the Series 2014 Bonds, with an attestation by the City Clerk, simultaneous with the issuance of the Series 2014 Bonds, and to deliver such documents to the Borrower all of the provisions of which, when executed and delivered by the Issuer as authorized herein, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

SECTION 16. GENERAL AUTHORITY. The Mayor, the City Clerk and the other officers and employees of the Issuer are hereby authorized to execute and deliver such documents, the tax return and tax certificates, instruments and certificates as deemed necessary or appropriate to carry out the intent of this Resolution and do all acts and things required of them by this Resolution and the other Bond Documents or desirable or consistent with the requirements hereof or thereof, for the full punctual and complete performance of all terms, covenants and agreements contained in the Series 2014 Bonds and this Resolution.

SECTION 17. PREREQUISITES PERFORMED. All acts, conditions and prerequisites relating to the passage of this Resolution and required by the Constitution or laws of the State of Florida to happen, exist and be performed precedent to and in the passage hereof have happened, exist and have been performed as so required.

SECTION 18. RESOLUTION CONSTITUTES A CONTRACT. The Issuer covenants and agrees that this Resolution shall constitute a contract between the Issuer and the holders from time to time of the Series 2014 Bonds and that all covenants and agreements set forth herein and in the Bond Documents and to be performed by the Issuer shall be for the benefit and security of the holder of the Series 2014 Bond.

SECTION 19. COVENANT REGARDING TAX STATUS OF SERIES 2014A BONDS.

The Issuer covenants that it will not knowingly take any action, or knowingly fail to take any action, and will not fail to take any action reasonably requested by the Lender or the Borrower, and will not take any action which the Lender or the Borrower reasonably requests it not to take, if any such action or failure to take action would adversely affect the exclusion from gross income of interest on the Series 2014A Bonds for federal income tax purposes.

SECTION 20. CONDITIONS PRECEDENT.

A. All commitments of the Issuer are subject to the conditions that: (i) all regulatory or other governmental approvals requisite to the execution of the documents contemplated hereby shall have been obtained, (ii) the Issuer shall have received certificates and opinions of counsel, addressed to it, in form and substance reasonably satisfactory to the Issuer, (iii) provision shall be made to the satisfaction of the Issuer for the reimbursements of the Issuer at the closing of all costs and expenses incurred in connection with the approval and execution of the Bond Documents, (iv) the Issuer shall have received a Lender's Certificate from the Lender substantially in form and substance attached to the Financing Agreement as Exhibit C, and (v) the Issuer, its counsel and bond counsel shall have received and/or reviewed such other documents, instruments, studies, opinions, sureties and other matters as it shall in its sole discretion deem necessary or appropriate.

B. All Bond Documents and the Series 2014 Bonds shall contain an express provision that the Series 2014 Bonds, or the Issuer's obligations under the Bond Documents, as the case may be, shall be payable solely from loan repayments and Collateral provided under the Financing Agreement and the Promissory Note, and that neither the taxing power nor the faith or credit of the County, the Issuer, the State or of any political subdivision thereof are or ever shall be pledged to payment of the indebtedness or such obligations.

C. The Issuer's execution of the documents contemplated hereby is conditioned upon the Borrower's agreement to indemnify the Issuer for all reasonable expenses, costs, obligations, losses and liabilities of any nature whatsoever incurred by the Issuer, including fees and expenses of the Issuer's counsel, incurred in connection with, or arising out of, the Issuer's participation in the transactions contemplated by the Bond Documents, to the end that the Issuer will not suffer any out-of-pocket costs, losses or expenses as a result of the carrying out of any of its undertakings contained herein or therein. In furtherance of the foregoing, the Borrower shall agree to pay all such costs, expenses and fees incurred by the Issuer as of the closing date at or before closing and such payment shall constitute a condition precedent to closing, and shall pay any post closing costs or expenses incurred by the Issuer relating to the Series 2014 Bonds. By execution of the Financing Agreement, the Borrower shall be deemed to have expressly agreed to such indemnity and to the payments of such costs and expenses.

D. Any pecuniary liability or obligation of the Issuer in connection herewith shall be limited solely to the loan repayments derived by the Issuer from the Promissory Note and the

Financing Agreement (excluding the Issuer's rights to indemnification payments hereunder or thereunder), and nothing contained in this Resolution shall ever be construed to constitute a personal or pecuniary liability or charge against any member, officer or employee of the Issuer, and in the event of a breach of any undertaking on the part of the Issuer, no personal or pecuniary liability or charge payable directly or indirectly from any funds of the Issuer shall arise therefrom.

SECTION 21. LAWS GOVERNING. This Resolution shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Florida.

SECTION 22. NO THIRD PARTY BENEFICIARIES. Except as herein or in the documents herein mentioned otherwise expressly provided, nothing in this Resolution or in such documents, express or implied, is intended or shall be construed to confer upon any Person other than the Issuer, the Lender and the Borrower any right, remedy or claim, legal or equitable, under and by reason of this Resolution or any provision hereof or of such documents; this Resolution and such documents being intended to be and being for the sole and exclusive benefit of such parties.

SECTION 23. SEVERABILITY. If any one or more of the covenants, agreements, or provisions contained herein or in the Series 2014 Bonds shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements, or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements, or provisions hereof and thereof and shall in no way affect the validity of any of the other provisions of this Resolution or of the Series 2014 Bond.

SECTION 24. NOTICES. Any notice, request, complaint, demand, communication or other paper given under or with respect to any Bond Document shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail to the Notice Address of the Issuer provided in the Financing Agreement.

SECTION 25. REPEALER. All resolutions or ordinances or parts thereof of the Issuer in conflict with the provisions herein contained are, to the extent of any such conflict, hereby superseded and repealed.

SECTION 26. TEFRA APPROVAL. Pursuant to and in accordance with the requirements of Section 147(f) of the Code, the Issuer hereby approves the issuance of the Bonds in an aggregate face amount not to exceed \$4,141,000.

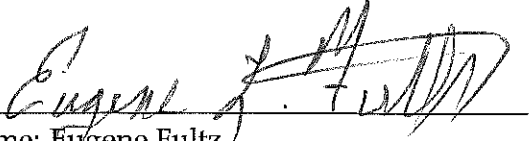
SECTION 27. EFFECTIVE DATE. This Resolution shall take effect immediately upon its passage and adoption.

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APPROVED AND ADOPTED by the City of Lakes Wales, Florida this 4th day of March, 2014.

(SEAL)

CITY OF LAKE WALES, FLORIDA

By: 
Name: Eugene Fultz
Title: Mayor

ATTEST:

By: 
Name: Clara VanBlargan
Title: City Clerk

APPROVED AS TO FORM:

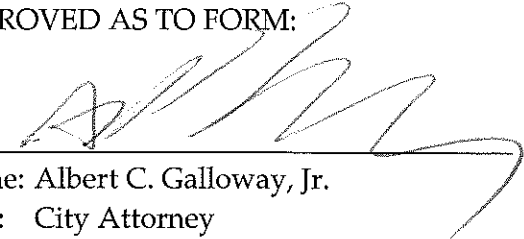
By: 
Name: Albert C. Galloway, Jr.
Title: City Attorney

EXHIBIT A
FORM OF FINANCING AGREEMENT

EXHIBIT B

FORM OF DISCLOSURE LETTER

The undersigned, as purchaser (the "Purchaser"), proposes to purchase from the City of Lake Wales, Florida (the "Issuer") its \$4,141,000 Industrial Development Revenue Bonds, Series 2014 (the "Bonds"). Prior to the award of the Bonds, the following information is hereby furnished to the Issuer:

1. Set forth is an itemized list of the nature and estimated amounts of expenses to be incurred for services rendered to us in connection with the issuance of the Bond(such fees and expenses to be paid by the Lake Wales Charter Schools, Inc. (the "Borrower")):

\$ _____

Clark, Campbell & Lancaster, P.A.
Purchaser's Counsel Legal Fees

\$ _____

Holland & Knight LLP
Purchaser's Counsel Legal Fees

2. (a) No other fee, bonus or other compensation is estimated to be paid by the Purchaser in connection with the issuance of the Bonds to any person not regularly employed or retained by the Purchaser (including any "finder" as defined in Section 218.386(1)(a), Florida Statutes), except as specifically enumerated as expenses to be incurred by the Purchaser, as set forth in paragraph (1) above.

(b) No person has entered into an understanding with the Purchaser, or to the knowledge of the Purchaser, with the Issuer or Borrower, for any paid or promised compensation or valuable consideration, directly or indirectly, expressly or implied, to act solely as an intermediary between the Issuer or Borrower and the Purchaser or to exercise or attempt to exercise any influence to effect any transaction in the purchase of the Bonds.

3. The amount of the underwriting spread expected to be realized by the Purchaser is \$0.

4. The management fee to be charged by the Purchaser is \$0.

5. Truth-in-Bonding Statement:

The Bonds are being issued primarily to refinance a portion of the cost of the outstanding portion of a mortgage loan dated June 24, 2008, by and between the Borrower and Bank of the Ozarks, the proceeds of which were used for the acquisition, renovation, addition and equipping of improvements of approximately 10 acres of land together with four existing buildings totaling approximately 40,910 square feet and containing 23 classrooms, a cafeteria, a

kitchen, an auditorium, a library/media center, administrative offices, and athletic facilities located at 13901 Highway 27, Lake Wales, Florida 33859, and such other improvements, acquisitions, additions and renovations to the Edward W. Bok Academy.

Unless earlier prepaid, the Bonds are expected to be repaid by March 6, 2034; at an initial interest rate of _____%, as adjusted total interest paid over the life of the Bonds is estimated to be \$_____.

The Bonds are payable solely from amounts paid by the Borrower, in the manner and to the extent described in Resolution Nos. 2014-03 and 2014-04 of the Issuer adopted on February 18, 2014 and March 4, 2014, respectively (collectively, the "Resolution"). Issuance of the Bonds is estimated to result in an annual maximum of approximately \$0 of revenues of the Issuer not being available to finance the services of the Issuer during the life of the Bonds. This paragraph is provided pursuant to Section 218.385, Florida Statutes.

6. The name and address of the Purchaser is as follows:

Citizens Bank & Trust
P.O. Box 3400
Lake Wales, FL 33859

IN WITNESS WHEREOF, the undersigned has executed this Disclosure Letter on behalf of the Bank this 6th day of March, 2014.

CITIZENS BANK & TRUST

By: _____
Name: _____
Title: _____

EXHIBIT C
FORM OF INDEMNITY AGREEMENT