

## RESOLUTION 2015-14

A RESOLUTION OF THE CITY OF LAKE WALES, FLORIDA, AUTHORIZING THE ISSUANCE OF THE NOT TO EXCEED \$2,000,000 CITY OF LAKE WALES, FLORIDA SUBORDINATE LIEN CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 2015, TO FINANCE IMPROVEMENTS TO THE CITY'S UTILITY SYSTEM AND TO PARKS AND RECREATION, ADMINISTRATIVE, AIRPORT AND TRANSPORTATION FACILITIES AND TO PAY ASSOCIATED COSTS OF ISSUANCE; PLEDGING CERTAIN FRANCHISE FEES, PUBLIC SERVICE TAX REVENUES AND COMMUNICATION SERVICE TAX REVENUES ON A SUBORDINATE BASIS TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH NOTE; DESIGNATING THE NOTE AS BANK QUALIFIED FOR PURPOSES OF SECTION 265 OF THE INTERNAL REVENUE CODE OF 1986; AUTHORIZING THE NEGOTIATED SALE OF THE NOTE TO WHITNEY BANK D/B/A HANCOCK BANK; PROVIDING FOR THE RIGHTS OF HOLDERS OF SUCH NOTE; MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; AND PROVIDING FOR AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF LAKE WALES, FLORIDA, that:

**SECTION 1. Definitions.** Unless the context otherwise requires, terms used in this Resolution shall have the meanings specified in this section.

"Act" means the Constitution of the State of Florida, Chapter 166, Florida Statutes, the Charter of the Issuer, and other applicable provisions of law.

"Additional Obligations" shall mean additional obligations issued or incurred in compliance with the terms, conditions and limitations contained herein and which (i) shall have a lien on and be payable from the Pledged Revenues equal to that of the Series 2015 Note, and (ii) shall rank equally in all other respects with the Series 2015 Note.

"Business Day" means any day except any Saturday or Sunday or day on which the Principal Office of the Original Purchaser is lawfully closed.

"City Attorney" shall mean the City Attorney of the Issuer.

"City Commission" shall mean the City Commission of the City of Lake Wales, Florida.

"City Manager" shall mean the City Manager or assistant City Manager of the Issuer.

"Clerk" shall mean the City Clerk or assistant or deputy City Clerk of the Issuer, or such other person as may be duly authorized by the City Commission to act on his or her behalf.

"Code" means the Internal Revenue Code of 1986, as amended, and any Treasury Regulations, whether temporary, proposed or final, promulgated thereunder or applicable thereto.

"Communications Services Tax Revenues" means 87% of the revenues and taxes received by the Issuer pursuant to Chapter 202, Florida Statutes, and Section 13, Chapter 2000-140, Laws of Florida, except the tax levied pursuant to Section 202.12, Florida Statutes.

"Debt Service Fund" means the Debt Service Fund created pursuant to Section 10 hereof.

"Default Rate" shall mean, with respect to the Series 2015 Note, a rate of interest per annum equal to the lesser of six percent (6.00%) or the maximum rate allowed by law.

"Franchise Fees" shall mean the fees levied and collected by the Issuer from Florida Power Corporation pursuant to Ordinance No. 92-21 duly enacted by the Issuer on November 17, 1992, as amended, and as particularly amended by Ordinance No. 96-05 duly enacted by the Issuer on April 16, 1996, with a term of thirty (30) years from the date thereof, by reason of having granted to said company the right to supply electricity to the Issuer and its inhabitants.

"Interest Payment Date" shall mean a date on which interest on the Series 2015 Note is due, as set forth in Section 9 of this Resolution.

"Issuer" means the City of Lake Wales, Florida, a municipal corporation of the State of Florida.

"Maturity Date" means July 1, 2017.

"Mayor" means the Mayor of the Issuer, or in his or her absence or inability to act, the Vice Mayor of the Issuer or such other person as may be duly authorized by the City Commission to act on his or her behalf.

"Notes" shall mean the Series 2015 Note and any Additional Obligations issued hereunder.

"Original Purchaser" means Whitney Bank d/b/a Hancock Bank, a Mississippi state banking corporation, and its successors and assigns.

"Owner" means the Original Purchaser or other Permitted Lender in whose name the Series 2015 Note shall be registered on the books of the Issuer kept for that purpose in accordance with provisions of this Resolution.

"Parity Contract Obligation" has the meaning ascribed thereto in the Series 2003 Resolution.

"Paying Agent" and/or "Registrar" as it relates to the Series 2015 Note shall mean the City Manager.

"Permitted Lender" means any affiliate of the Original Purchaser or any bank, trust company, savings institution, insurance company or qualified institutional buyer under Rule 144A promulgated under the Securities Act of 1933 that is engaged as a regular part of its business in purchasing notes of obligations similar to the Series 2015 Note.

"Pledged Revenues" means the Public Service Tax Revenues and the Communications Services Tax Revenues.

"Principal Office" means with respect to the Original Purchaser, the office located at Hancock Bank, 113 Designer Circle, Dothan, Alabama, 36303, Attn: Steven E. Cole, or such other office as the Original Purchaser may designate to the Issuer in writing.

"Principal Payment Date" shall mean a date on which principal on the Series 2015 Note is due, as reflected in the form of Series 2015 Note attached hereto as Exhibit D.

"Project" means the acquisition, construction and/or equipping of all or a portion of certain improvements to the Issuer's utility system and certain improvements to its parks and recreation, administrative, airport and transportation facilities and certain other capital projects, as described in Exhibit A hereto.

"Project Fund" shall mean the Project Fund established with respect to the Series 2015 Note pursuant to Section 13 hereof.

"Public Service Tax Ordinance" means Ordinance No. 96-20 enacted by the City Commission of the Issuer on November 5, 1996, as amended from time to time, and as particularly amended by Ordinance No. 2001-19 enacted by the City Commission of the Issuer on November 20, 2001.

"Public Service Tax Revenues" means the revenues which derive from taxes levied and collected by the Issuer under the authority of Section 166.231, Florida Statutes and the Public Service Tax Ordinance on purchases of electricity, water, and metered or bottled gas (natural liquefied petroleum gas or manufactured) within the Issuer.

"Resolution" means this Resolution, pursuant to which the Series 2015 Note is authorized to be issued, including any supplemental resolutions.

"Revenue Fund" means the Revenue Fund created pursuant to Section 10 hereof.

"Senior Lien Debt" means, collectively, the Series 2003 Note and any Parity Contract Obligation related thereto, the Series 2013 Note, any Series 2003 Note Additional Obligations and any Series 2013 Note Additional Obligations.

"Senior Lien Resolutions" means, collectively, the Series 2003 Resolution and the Series 2013 Resolution.

"Series 2003 Note" means the Issuer's Capital Improvement Refunding Revenue Note, Series 2003.

"Series 2003 Note Additional Obligations" means any additional obligations hereafter issued on a parity with the Series 2003 Note in accordance with the Series 2003 Resolution.

"Series 2003 Resolution" means Resolution No. 2003-35 adopted by the Issuer on December 2, 2003.

"Series 2013 Note" means the Issuer's Ascending Lien Capital Improvement Revenue Note, Series 2013.

"Series 2013 Note Additional Obligations" means any additional obligations hereafter issued on a parity with the Series 2013 Note in accordance with the Series 2013 Resolution.

"Series 2013 Resolution" means Resolution No. 13-08 adopted by the Issuer on September 17, 2013.

"Series 2015 Note" means the City of Lake Wales, Florida Subordinate Lien Capital Improvement Revenue Note, Series 2015 authorized herein.

"State" means the State of Florida.

**SECTION 2.** Authority for this Resolution. This Resolution is adopted pursuant to the provisions of the Act.

**SECTION 3.** Findings. It is hereby ascertained, determined and declared that:

(A) For the benefit of its inhabitants, the Issuer finds, determines and declares that it is necessary for the continued preservation of the health, welfare, convenience and safety of the Issuer and its inhabitants to acquire and construct, or reimburse the Issuer for funds expended

to acquire and construct, the Project. The issuance of the Series 2015 Note to finance the Project satisfies a paramount public purpose.

(B) On April 21, 2015, the Issuer adopted Resolution Nos. 2015-05 and 2015-06 expressing its intent to reimburse itself for costs of the Project from proceeds of tax-exempt financing.

(C) The principal of and interest and redemption premium on the Series 2015 Note and all other payments shall be payable solely from the Pledged Revenues, junior and subordinate in all respects to the Senior Lien Debt, and the Franchise Fees, junior and subordinate in all respects to the Series 2013 Note. The Issuer shall never be required to levy ad valorem taxes on any real or personal property therein to: (1) pay the principal of and interest on the Series 2015 Note herein authorized; or (2) make any other payments provided for herein. The Series 2015 Note shall not constitute a lien upon any properties owned by or located within the boundaries of the Issuer or upon any property other than a lien on the Pledged Revenues junior and subordinate in all respect to the Senior Lien Debt and the Franchise Fees, junior and subordinate in all respect to the Series 2013 Note.

(D) The Pledged Revenues are currently pledged to secure the repayment of the Issuer's Series 2003 Note issued pursuant to the Series 2003 Resolution and the Parity Contract Obligation related thereto, and are also pledged, with a lien junior to the lien of the Series 2003 Note, to secure the repayment of the Issuer's Series 2013 Note issued pursuant to the Series 2013 Resolution. The Franchise Fees are currently pledged to secure the repayment of the Series 2013 Note. The Pledged Revenues and Franchise Fees are not otherwise pledged to any other debt contract obligations.

(E) The costs associated with the issuance of the Series 2015 Note shall be deemed to include legal fees and expenses, expenses for estimates of costs and of revenues, accounting expenses, attorney fees of the Original Purchaser, and such other fees and expenses as may be necessary or incidental for the financing herein authorized.

(F) The Issuer desires to designate the Series 2015 Note as bank qualified for purposes of Section 265(b) of the Code.

(G) Because of the characteristics of the Series 2015 Note and prevailing market conditions, it is in the best interest of the Issuer to accept the offer of the Original Purchaser to purchase the Series 2015 Note at a private negotiated sale in accordance with the terms set forth herein. Prior to the issuance of the Series 2015 Note, the Issuer shall receive from the Original Purchaser a Purchaser's Certificate, the form which is attached hereto as Exhibit B and a Disclosure Letter containing the information required by Section 218.385, Florida Statutes, the form of which is attached hereto as Exhibit C.

(H) In consideration of the purchase and acceptance of the Series 2015 Note authorized to be issued hereunder by the Owner thereof from time to time, this Resolution shall constitute a contract between the Issuer and the Owner.

**SECTION 4.** Authorization of Project. There is hereby authorized the acquisition, construction and/or equipping of the Project.

**SECTION 5.** Authorization of the Series 2015 Note. Subject and pursuant to the provisions hereof, an obligation of the Issuer to be known as the "City of Lake Wales, Florida Subordinate Lien Capital Improvement Revenue Note, Series 2015" in the principal amount of not to exceed \$2,000,000 is authorized to be issued for the purpose of financing the Project or reimbursing the Issuer for funds expended for the Project and to pay costs of issuance of the Series 2015 Note.

**SECTION 6.** Description of the Series 2015 Note. The Series 2015 Note shall be issued in a single denomination equal to the principal amount thereof and shall be dated the date of its execution and delivery, which shall be a date agreed upon by the Issuer and the Original Purchaser. The Series 2015 Note is to be in substantially the form set forth in Exhibit D hereto, together with such changes as shall be approved by the Mayor, such approval to be conclusively evidenced by the execution thereof by the Mayor.

The Series 2015 Note shall be executed on behalf of the Issuer with the manual signature of the Mayor and shall be attested with the manual signature of the City Clerk. In case any one or more of the officers who shall have signed or sealed the Series 2015 Note shall cease to be such officer of the Issuer before the Series 2015 Note so signed and sealed has been actually sold and delivered, such Series 2015 Note may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Series 2015 Note had not ceased to hold such office. The Series 2015 Note may be signed and sealed on behalf of the Issuer by such person who at the actual time of the execution of the Series 2015 Note shall hold the proper office of the Issuer, although, at the date of the Series 2015 Note, such person may not have held such office or may not have been so authorized.

**SECTION 7.** Registration and Exchange of the Series 2015 Note. The Series 2015 Note will initially be registered to the Original Purchaser. So long as the Series 2015 Note shall remain unpaid, the Registrar will keep books for the registration and transfer of the Series 2015 Note. The Series 2015 Note shall be transferable only upon such registration books. Registration of ownership of the Series 2015 Note may only be transferred in whole and only to a Permitted Lender.

The Person in whose name a Series 2015 Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of principal and interest on such Series 2015 Note shall be made only to or upon the written order of the Owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2015 Note to the extent of the sum or sums so paid.

**SECTION 8.** Payment of Principal and Interest; Limited Obligation. The Issuer promises that it will promptly pay the principal of and interest on the Series 2015 Note at the place, on the dates and in the manner provided therein. The Series 2015 Note shall not be or constitute a general obligation or indebtedness of the Issuer as "bonds" within the meaning of Article VII, Section 12 of the Constitution of Florida, but shall be payable solely from the Pledged Revenues and Franchise Fees in accordance with the terms of this Resolution. No holder of the Series 2015 Note shall ever have the right to compel the exercise of any ad valorem taxing power to pay such Series 2015 Note, or be entitled to payment of such Series 2015 Note from any funds of the Issuer except from the Pledged Revenues, junior and subordinate in all respects to the Senior Lien Debt and from the Franchise Fees, junior and subordinate in all respects to the Series 2013 Note.

**SECTION 9.** Terms of the Series 2015 Note.

(A) The Series 2015 Note shall bear interest from its date at an annual rate of 1.17%, payable semi-annually each year on January 1 and July 1, commencing on January 1, 2016, calculated on the basis of twelve 30-day months and a 360-day year. During the continuation of an Event of Default, the Series 2015 Note shall bear interest at the Default Rate.

(B) Payments of principal on the Series 2015 Note will be as specified in the Series 2015 Note attached hereto as Exhibit D.

(C) The Series 2015 Note may be prepaid in whole on any date and in part on any Principal Payment Date upon ten (10) days' prior written notice to the Owner at a prepayment price of 100% of the principal amount being prepaid without any prepayment penalty or fee plus accrued interest to the date of prepayment. The Series 2015 Note may be prepaid in part in denominations of \$1,000 and in any integral multiple thereof. Prepayments in part shall be applied in inverse order of the principal installments then due unless the holder consents in writing to a different application of such principal prepayment at the time the same is paid to the holder.

(D) All payments by the Issuer pursuant to the Series 2015 Note shall apply first to accrued interest and the balance thereof shall apply to principal.

**SECTION 10.** Covenants of the Issuer.

(A) The Issuer shall provide the Owner (without cost to the Owner) (i) within 180 days following the end of each fiscal year (or on such other earlier date that such statements become available), annual audited financial statements, and (ii) any other financial information, including but not limited to the Issuer's annual budget, which the Owner may reasonably request in writing.

(B) The Issuer will timely make all payments due on the Senior Lien Debt.

(C) The Issuer will take all action legally available to it to diligently collect, enforce and ensure the receipt of Pledged Revenues and Franchise Fees sufficient to make all payments of principal of and interest on the Notes, as and when the same become due, and all other payments required herein, and will take no action which will impair or adversely affect its receipt of the Pledged Revenues or Franchise Fees including reducing or replacing any of the current Pledged Revenues or Franchise Fees.

(D) The Issuer will maintain compliance with all federal, state and local regulations regarding the purpose for which the Series 2015 Note is being issued.

(E) Pledged Revenues and Franchise Fees received in each month by the Issuer, after setting aside (i) an amount of Pledged Revenues equal to the pro rata monthly portion of the interest and principal payments due on the Senior Lien Debt on the next succeeding interest and principal payment dates applicable thereto and after payment of amounts due under the Senior Lien Debt and (ii) an amount of Franchise Fees which, together with amounts set forth for the Series 2013 Note pursuant to (i) above, is equal to the pro rata monthly portion of the interest and principal payments due on the Series 2013 Note on the next succeeding interest and principal payment dates applicable thereto and after payment of amounts due under the Senior Lien Debt (collectively, the "Available Revenues"), shall be deposited into a separate fund of the Issuer which is hereby created and designated the "Subordinate Lien Capital Improvement Revenue Note, Series 2015 Revenue Fund" (the "Revenue Fund").

Available Revenues in the Revenue Fund shall be disposed of on or before the fifteenth (15th) day of each month, commencing in the month immediately following the delivery of the Series 2015 Note in the following manner and in the following order of priority:

(1) From Available Revenues, the Issuer shall deposit into a separate fund which is hereby created and designated the "Subordinate Lien Capital Improvement Revenue Note, Series 2015, Debt Service Fund" (the "Debt Service Fund"), such sums as will be sufficient to pay one-sixth (1/6) of all interest becoming due on the Series 2015 Note on the next Interest Payment Date. Such monthly payments shall be increased or decreased proportionately to the extent required to pay interest becoming due on each succeeding Interest Payment Date, after making allowances for moneys, if any, then held in the Debt Service Fund for payment of interest on the Series 2015 Note; and

(2) On parity with (1) above, from Available Revenues, the Issuer shall next deposit into the Debt Service Fund, such sums as will be sufficient to pay one-sixth (1/6) of all principal becoming due on the Series 2015 Note on the next semiannual Principal Payment Date. Such monthly payments shall be increased or decreased proportionately to the extent required to pay principal becoming due on each Principal Payment Date,



after making allowances for moneys, if any, then held in the Debt Service Fund for payment of principal on the Series 2015 Note.

Upon the issuance of any Additional Obligations under the terms, limitations and conditions as herein provided, the payments into the Debt Service Fund shall be increased in such amounts as are necessary to make the payments required above for the principal of and interest on the Notes on the same basis as hereinabove provided with respect to the outstanding Notes.

The amounts required to be deposited into the Debt Service Fund in any month shall be adjusted to reflect any amounts on deposit in excess of current requirements (including deficiencies in prior requirements) and available for the payment of debt service for the current fiscal year.

The moneys in the Revenue Fund and Debt Service Fund shall be held in trust by the Issuer for the benefit of, and as security for, the Series 2015 Note, and shall be continuously secured in the same manner as State and municipal deposits are authorized to be secured by the laws of the State of Florida. The designation and establishment of the funds created in and by this Resolution shall not be construed to require the establishment of any completely independent, self-balancing funds as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenues for certain purposes and to establish certain priorities for application of such revenues as herein provided.

After making the deposits into the Debt Service Fund provided for herein, all remaining funds in the Revenue Fund may be used by the Issuer for any lawful purpose.

#### **SECTION 11. Issuance of Additional Obligations.**

(A) So long as the Series 2015 Note is outstanding, no further debt payable from the Pledged Revenues shall be issued except upon the conditions and in the manner herein provided:

- (i) The Issuer may issue one or more series of Additional Obligations on a parity with the lien of the Series 2015 Note on the Pledged Revenues upon compliance with the following conditions: The Issuer's Finance Director shall deliver a certificate to the Owner (1) stating that the books and records of the Issuer relating to the Pledged Revenues have been examined by him or her, (2) setting forth the amount of the Pledged Revenues which have been received by the Issuer during the two most recently audited fiscal years, and (3) stating that the average amount of the Pledged Revenues for such two fiscal years equals at least 1.20 times the maximum annual debt service, and contractual obligations, if any,

on the Senior Lien Debt, the Notes then outstanding and on the Additional Obligations proposed to be issued;

- (ii) The Issuer may issue one or more series of Series 2003 Additional Obligations on a parity with the lien of the Series 2003 Note on the Pledged Revenues upon compliance with the following conditions: The Issuer's Finance Director shall deliver a certificate to the Owner (1) stating that the books and records of the Issuer relating to the Pledged Revenues have been examined by him or her, (2) setting forth the amount of the Pledged Revenues which have been received by the Issuer during the two most recently audited fiscal years, and (3) stating that the average amount of the Pledged Revenues for such two fiscal years equals at least 1.50 times the maximum annual debt service, and contractual obligations, if any, on the Senior Lien Debt, the Notes then outstanding and the Series 2003 Additional Obligations proposed to be issued.
- (iii) The Issuer may issue one or more series of Series 2013 Additional Obligations on a parity with the lien of the Series 2013 Note on the Pledged Revenues upon compliance with the following conditions: The Issuer's Finance Director shall deliver a certificate to the Owner of the outstanding Series 2015 Note (1) stating that the books and records of the Issuer relating to the Pledged Revenues have been examined by him or her, (2) setting forth the amount of the Pledged Revenues which have been received by the Issuer during the two most recently audited fiscal years, and (3) stating that the average amount of the Pledged Revenues for such two fiscal years equals at least 1.50 times the maximum annual debt service, and contractual obligations, if any, on the Senior Lien Debt, the Notes then outstanding and the Series 2013 Additional Obligations proposed to be issued.

(B) Other than as provided in Paragraph (A) above, the Issuer may, at any time or from time to time, issue other obligations secured by a pledge of the Pledged Revenues; provided, however, that such pledge shall be, and shall be expressed to be, subordinated in all respects to the pledge of the Pledged Revenues to the payment of the Series 2015 Note, all as more fully described herein. The Issuer hereby agrees to pay promptly any such subordinated indebtedness as the same shall become due.

(C) The Issuer may issue other obligations after the date hereof secured by a pledge of the Franchise Fees only if such pledge of and lien on the Franchise Fees is subordinated in all respects to the pledge of the Franchise Fees to the payment of the Series 2015 Note.

(D) Any supplemental resolution authorizing the issuance of Additional Obligations shall recite that all of the covenants contained herein will be applicable to such Additional Obligations.

**SECTION 12. *Events of Default; Remedies of Noteholder; Notice of Default.*** The following shall constitute Events of Default: (i) if the Issuer fails to timely pay any payment of principal of or interest on the Series 2015 Note; (ii) if the Issuer defaults in the performance or observance of any covenant or agreement contained in this Resolution or the Series 2015 Note (other than set forth in (i) above) and fails to cure the same within thirty (30) days following written notice; (iii) an event of default occurs with respect to any debt secured by the Pledged Revenues or Franchise Fees; or (iv) filing of a petition by or against the Issuer relating to bankruptcy, reorganization, arrangement or readjustment of debt of the Issuer or for any other relief relating to the Issuer under the United States Bankruptcy Code, as amended, or any other insolvency act or law now or hereafter existing, or the involuntary appointment of a receiver or trustee for the Issuer, and the continuance of any such event for 90 days undismissed or undischarged.

Upon the occurrence and during the continuation of any Event of Default, the Owner of the Series 2015 Note may, either at law or in equity, by suit, action, mandamus or other proceeding (including specific performance) in any court of competent jurisdiction, protect and enforce any and all rights under the laws of the State, or granted or contained in this Resolution, and may enforce and compel the performance of all duties required by this Resolution, or by any applicable statutes to be performed by the Issuer or by any officer thereof.

The Issuer shall reimburse the Owners (and their agents) for all reasonable legal and collection costs incurred in the exercise of remedies hereunder, to collect payments due under the Series 2015 Note or to enforce the provisions of this Resolution.

In the event that any debt of the Issuer secured by the Pledged Revenues or Franchise Fees is accelerated, the Owner of the Series 2015 Note may, in addition to any other remedies set forth in this Resolution or the Series 2015 Note, by written notice to the Issuer declare the principal of the Series 2015 Note to be due and payable immediately, and upon such declaration the same shall become and be due and payable from the Pledged Revenues and the Franchise Fees, on a junior and subordinate basis to the Senior Lien Debt, notwithstanding any other terms hereof or of the Series 2015 Note.

The Issuer shall within five (5) business days after it acquires knowledge thereof, notify the Owner of the Series 2015 Note in writing at its notice address included in the registration books related to the Series 2015 Note (a) upon the happening, occurrence, or existence of any Event of Default, and (b) any event or condition which with the passage of time or giving of notice, or both, would constitute an Event of Default, and shall provide the Owner, with such written notice, a detailed statement by a responsible officer of the Issuer of all relevant facts and the action being taken or proposed to be taken by the Issuer with respect thereto. Regardless of the date of receipt of such notice by the Owner, such date shall not in any way modify the date of occurrence of the actual Event of Default.

The Owner may exercise remedies with respect to the Series 2015 Note independently and without the consent or approval of the holders of the Senior Lien Debt or Additional Obligations.

**SECTION 13.** Application of the Series 2015 Note Proceeds. The proceeds from the sale of the Series 2015 Note shall be used to pay all or a portion of the costs of, or reimburse the Issuer for the costs of, the Project and to pay associated costs of issuance (including but not limited to legal fees and expenses) in accordance with the provisions in this Section.

The Issuer hereby covenants that it will establish with a depository in the State of Florida, which is a member of the Federal Deposit Insurance Corporation and which is eligible under the laws of the State of Florida to receive municipal funds, a fund to be known as the "City of Lake Wales, Florida, Subordinate Lien Capital Improvement Revenue Note, Series 2015 Project Fund".

Proceeds from the sale of the Series 2015 Note herein authorized shall be deposited into the Project Fund and shall be used as described above. When the acquisition of the Project has been completed and all acquisition-related costs and other costs of issuance have been paid in full, all funds remaining in the Project Fund shall be used to redeem the outstanding balance of the Series 2015 Note and the Project Fund shall be closed. All moneys deposited in said Project Fund shall be and constitute a trust fund created for the purposes herein stated, and there is hereby created a lien upon the Project Fund in favor of the Owner of the Series 2015 Note until the moneys thereof shall have been applied in accordance with this Resolution.

The Project Fund shall constitute a trust fund and shall be continuously secured in the same manner as municipal deposits of funds are required to be secured by the laws of the State of Florida. Moneys on deposit in the Project Fund may be invested pursuant to applicable law and the Issuer's investment policy and shall mature not later than the dates on which such moneys shall be needed to make payments in the manner herein provided. The securities so purchased as an investment of the Project Fund shall be deemed at all times to be a part of the Project Fund, and the interest accruing thereon and any profit realized therefrom shall be credited to such Project Fund and any loss resulting from such investment shall likewise be charged thereto.

**SECTION 14.** Designation of the Series 2015 Note. The Issuer hereby designates the Series 2015 Note 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 2015 to issue more than \$10,000,000 of "tax-exempt" obligations including the Series 2015 Note, 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 15.** Adjustments to Interest Rate on the Series 2015 Note. The interest rate on the Series 2015 Note is subject to adjustment in accordance with the adjustment provisions attached to the Series 2015 Note as Schedule I thereto.

**SECTION 16.** General Authority. The members of the City Commission of the Issuer and the Issuer's officers, attorneys and other agents and employees are hereby authorized to perform all acts and things required of them by this Resolution or desirable or consistent with the requirements hereof for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Series 2015 Note and this Resolution, and they are hereby authorized to execute and deliver all documents which shall be required by Bryant Miller Olive P.A., as Note Counsel or the Original Purchaser to effectuate the sale of the Series 2015 Note to said Original Purchaser.

**SECTION 17.** Paying Agent and Registrar. The City Manager is hereby appointed as Paying Agent and Registrar with respect to the Series 2015 Note.

**SECTION 18.** Tax Covenant. The Issuer covenants with the Owner of the Series 2015 Note that the Issuer will not make any use of the proceeds of the Series 2015 Note at any time during the term of the Series 2015 Note which, if such use had been reasonably expected on the date the Series 2015 Note were issued, would have caused such Series 2015 Note to be "arbitrage bonds" within the meaning of the Code. The Issuer will comply with the requirements of the Code and any valid and applicable rules and regulations promulgated thereunder necessary to ensure the exclusion of interest on the Series 2015 Note from the gross income of the Owner thereof for purposes of federal income taxation.

**SECTION 19.** Series 2015 Note Mutilated, Destroyed, Stolen or Lost. In case the Series 2015 Note shall become mutilated, or be destroyed, stolen or lost, the Issuer shall issue and deliver a new note of like tenor as the note so mutilated, destroyed, stolen or lost, in exchange and in substitution for such mutilated note, or in lieu of and in substitution for the note destroyed, stolen or lost and upon the Owner furnishing the Issuer proof of ownership thereof and indemnity reasonably satisfactory to the Issuer and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur. The Series 2015 Note so surrendered shall be canceled.

**SECTION 20.** Impairment of Contract. The Issuer covenants with the Owner of the Series 2015 Note that it will not, without the written consent of the Owner of the Series 2015 Note, enact any ordinance or adopt any resolution which repeals, impairs or amends in any manner adverse to the Owner the rights granted to the Owner of the Series 2015 Note hereunder.

**SECTION 21.** Waiver of Jury Trial. The Issuer knowingly, voluntarily, and intentionally waives any right it may have to a trial by jury, with respect to any litigation or legal proceedings based on or arising out of this Resolution or the Series 2015 Note, including any course of

conduct, course of dealings, verbal or written statement or actions or omissions of any party which in any way relates to the Series 2015 Note or this Resolution.

**SECTION 22. Applicable Law and Venue.** The Series 2015 Note shall be governed by applicable federal law and the internal laws of the state of Florida. The Issuer agrees that certain material events and occurrences relating to the Series 2015 Note bear a reasonable relationship to the laws of Florida and the validity, terms, performance and enforcement of this Resolution and of the Series 2015 Note shall be governed by the internal laws of Florida which are applicable to agreements which are negotiated, executed, delivered and performed solely in Florida. Unless applicable law provides otherwise, in the event of any legal proceeding arising out of or related to the Series 2015 Note, the Issuer consents to the jurisdiction and venue of any court located in the Polk County in the State of Florida.

**SECTION 23. Personal Liability Exemption.** No recourse under or upon any obligation, covenant or agreement of this Resolution or the Series 2015 Note or for any claim based thereon, shall be had against any City Commissioners, the Mayor, the City Manager, the Clerk or the City Attorney, of the Issuer, past, present or future, either directly or through the Issuer, it being expressly understood (a) that no personal liability whatsoever shall attach to, or is or shall be incurred by, the City Commissioners, the Mayor, the City Manager, the Clerk and the City Attorney, of the Issuer, under or by reason of the obligations, covenants or agreements contained in this Resolution or implied therefrom, and (b) that any and all such personal liability, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such City Commissioners, the Mayor, the City Manager, the Clerk or the City Attorney, as such, are waived and released as a condition of, and as a consideration for, the execution of this Resolution and the issuance of the Series 2015 Note, on the part of the Issuer.

**SECTION 24. Severability.** If any provision of this Resolution shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable in any context, the same shall not affect any other provision herein or render any other provision (or such provision in any other context) invalid, inoperative or unenforceable to any extent whatever.

**SECTION 25. Rules of Interpretation.** Unless expressly indicated otherwise, references to sections or articles are to be construed as references to sections or articles of this instrument as originally executed. Use of the words "herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter" and other equivalent words refer to this Resolution and not solely to the particular portion in which any such word is used.

**SECTION 26. Captions.** The captions and headings in this Resolution are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Resolution.

**SECTION 27.** No Third Party Beneficiaries. Except such other persons as may be expressly described in this Resolution or in the Series 2015 Note, nothing in this Resolution or in the Series 2015 Note, expressed or implied, is intended or shall be construed to confer upon any person, other than the Issuer and the Owner, any right, remedy or claim, legal or equitable, under and by reason of this Resolution, or any provision thereof, or of the Series 2015 Note, all provisions thereof being intended to be and being for the sole and exclusive benefit of the Issuer and the persons who shall from time to time be the holders.

**SECTION 28.** Applicable Provisions of Law. This Resolution shall be governed by and construed in accordance with the laws of the State of Florida.

**SECTION 29.** Repealer. All resolutions or parts thereof in conflict herewith are hereby repealed.

**SECTION 30.** Effective Date. This Resolution shall be effective immediately upon its adoption.

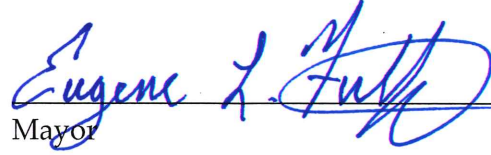
[Signature Page to Follow]

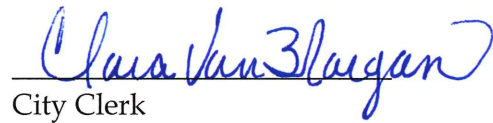
DULY RESOLVED this 16<sup>th</sup> day of June, 2015.

CITY COMMISSION OF THE CITY OF  
LAKE WALES, FLORIDA

(SEAL)

ATTEST:

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
City Clerk



**EXHIBIT A**

**PROJECT DESCRIPTION**

	<u>Estimated Costs</u>
Pole Barn	\$26,500
C Street – Phase I	133,500
Fence – Market Street	25,000
Ground Storage Tank	35,000
Market Street Upgrade	600,000
Lift Station Rehab	250,000
Lift Station Pump Replacement	100,000
Water/Sewer Lines - Vanguard	330,000
New Cemetery	190,673
Website Redesign	25,000
Audio/Video – Austin Center	30,000
Security System Hardware	20,000
Mausoleum Roof	3,215
Hardman Complex – Kirkland Gym	85,000
Airport Improvements	<u>146,112</u>
	<u><u>\$2,000,000</u></u>

## EXHIBIT B

### FORM OF PURCHASER'S CERTIFICATE

This is to certify that Whitney Bank d/b/a Hancock Bank (the "Purchaser") has not required the City of Lake Wales, Florida (the "Issuer") to deliver any offering document and has conducted its own investigation, to the extent it deems satisfactory or sufficient, into matters relating to business affairs or conditions (either financial or otherwise) of the Issuer in connection with the issuance of the \$2,000,000 City of Lake Wales, Florida Subordinate Lien Capital Improvement Revenue Note, Series 2015 (the "Note"), and no inference should be drawn that the Purchaser, in the acceptance of said Note, is relying on Bryant Miller Olive P.A. ("Note Counsel") or Albert C. Galloway, Jr., P.A. ("City Attorney") as to any such matters other than the legal opinions rendered by Note Counsel and by the City Attorney. Any capitalized undefined terms used herein not otherwise defined shall have the meaning set forth in Resolution No. 15-\_\_ adopted by the City Commission of the Issuer on June 16, 2015 (the "Resolution").

We are aware that investment in the Note involves various risks, that the Note is not a general obligation of the Issuer or payable from ad valorem tax revenues, and that the payment of the Note is secured solely from the sources described in the Resolution (the "Note Security").

We have made such independent investigation of the Note Security as we, in the exercise of sound business judgment, consider to be appropriate under the circumstances.

We have knowledge and experience in financial and business matters and are capable of evaluating the merits and risks of our investment in the Note and can bear the economic risk of our investment in the Note.

We acknowledge and understand that the Issuer has determined that the Resolution is not required to be qualified under the Trust Indenture Act of 1939, as amended (the "1939 Act"), and that the Note is not required to be registered in reliance upon the exemption from registration under Section 3(a)(2) of the Securities Act of 1933, Section 517.051(1), Florida Statutes, and/or Section 517.061(7), Florida Statutes, and that the Issuer has further determined that neither the Issuer, Note Counsel nor the City Attorney shall have any obligation to effect any such registration or qualification.

We are not acting as a broker or other intermediary, and the Note evidences a loan made for our own account and not with a present view to a resale or other distribution to the public. We understand that the Note may be transferred only in whole and only to a Permitted Lender (as defined in this Resolution).

We are a bank, trust company, savings institution, insurance company, dealer, investment company, pension or profit-sharing trust, or qualified institutional buyer as

contemplated by Section 517.061(7), Florida Statutes. We are not purchasing the Note for the direct or indirect promotion of any scheme or enterprise with the intent of violating or evading any provision of Chapter 517, Florida Statutes.

We are a "qualified institutional buyer" under Rule 144A promulgated under the Securities Act of 1933 that is engaged as a regular part of its business in making loans and purchasing notes similar to the Series 2015 Note.

DATED this 25<sup>th</sup> day of June, 2015.

WHITNEY BANK D/B/A HANCOCK BANK

By:\_\_\_\_\_

Name: Steven E. Cole

Title: Senior Vice President

## EXHIBIT C

### FORM OF DISCLOSURE LETTER

The undersigned, as purchaser, proposes to negotiate with the City of Lake Wales, Florida (the "Issuer") for the private purchase of the \$2,000,000 City of Lake Wales, Florida Subordinate Lien Capital Improvement Revenue Note, Series 2015 (the "Note"), as authorized by Resolution No. 15-\_\_ adopted by the City Commission of the Issuer on June 16, 2015 (the "Resolution"). Prior to the award of the Note, 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 (the "Bank") in connection with the issuance of the Note (such fees and expenses to be paid by the Issuer):

Akerman LLP  
Bank Counsel Fees -- \$3,500

2. (a) No fee, bonus or other compensation is estimated to be paid by the Bank in connection with the issuance of the Note to any person not regularly employed or retained by the Bank (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 Bank, or to the knowledge of the Bank, with the Issuer, for any paid or promised compensation or valuable consideration, directly or indirectly, expressly or implied, to act solely as an intermediary between the Issuer and the Bank or to exercise or attempt to exercise any influence to effect any transaction in the purchase of the Note.

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

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

5. Truth-in-Bonding Statement:

The Issuer is proposing to issue \$2,000,000 of debt or obligation for the primary purpose of financing the acquisition, construction and/or equipping of certain improvements to the Issuer's utility system and certain improvements to the Issuer's parks and recreation, administrative, airport and transportation facilities. The Note is expected to be repaid over a period of approximately 2 years. At a fixed interest rate of 1.17% per annum, total interest paid over the life of the Note will be approximately \$31,055.70

The source of repayment or security for this proposal is the Public Service Tax Revenues, the Communications Services Tax Revenues and the Franchise Fees of the Issuer. Issuance of the Note is estimated to result in an annual average of approximately \$1,007,135.06 of revenues of the Issuer not being available to finance the services of the Issuer during the life of the Note. This paragraph is provided pursuant to Section 218.385, Florida Statutes.

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

Whitney Bank d/b/a Hancock Bank  
113 Designer Circle  
Dothan, Alabama 36303  
Attn: Steven E. Cole

DATED this 25<sup>th</sup> day of June, 2015.

WHITNEY BANK D/B/A HANCOCK BANK

By: \_\_\_\_\_

Name: Steven E. Cole

Title: Senior Vice President

**EXHIBIT D**

**FORM OF NOTE**

THIS SERIES 2015 NOTE MAY ONLY BE TRANSFERRED TO AN AFFILIATE OF WHITNEY BANK D/B/A HANCOCK BANK OR ANY BANK, TRUST COMPANY, SAVINGS INSTITUTION, INSURANCE COMPANY OR QUALIFIED INSTITUTIONAL BUYER UNDER RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933 THAT IS ENGAGED AS A REGULAR PART OF ITS BUSINESS IN PURCHASING NOTES OR OBLIGATIONS SIMILAR TO THE NOTE.

Dated Date: June 25, 2015

\$2,000,000

CITY OF LAKE WALES, FLORIDA  
SUBORDINATE LIEN CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 2015

Maturity Date: July 1, 2017

KNOW ALL MEN BY THESE PRESENTS that the City of Lake Wales, Florida (the "Issuer"), for value received, promises to pay from the sources hereinafter provided, to the order of Whitney Bank d/b/a Hancock Bank, or registered assigns (hereinafter, the "Owner"), the principal sum of \$2,000,000 in the amount and on the date described below, together with interest on the principal balance at a rate of 1.17% per annum, as may be adjusted as described in Schedule I hereto (the "Note Interest Rate"), such interest to be paid semi-annually on January 1 and July 1, commencing January 1, 2016. Interest shall be calculated on the basis of twelve 30-day months and a 360-day year. The interest rate hereon shall be subject to adjustment and this Note shall be subject to certain other terms as provided in Schedule I hereto.

Upon the occurrence of an Event of Default, this Note shall bear interest at a rate equal to the higher of the Note Interest Rate or the Default Rate.

Principal on this Note is payable semi-annually in lawful money of the United States of America at such place as the Owner may designate to the Issuer in writing pursuant to the following schedule:

<u>Payment Date</u>	<u>Principal Amount</u>
1/1/2016	\$440,000
7/1/2016	439,000
1/1/2017	560,000

7/1/2017

561,000

This Note may be prepaid in whole on any date and in part on any Principal Payment Date upon ten (10) days' prior written notice to the Owner at a prepayment price of 100% of the principal amount being prepaid without any prepayment penalty or fee plus accrued interest to the date of prepayment. This Note may be prepaid in part in denominations of \$1,000 and in any integral multiple thereof. Prepayments in part shall be applied in inverse order of the principal installments then due unless the Owner consents in writing to a different application of such principal prepayment at the time the same is paid to the Owner.

If any date for the payment of principal and interest hereon or the taking of any action hereunder shall fall on a day which is not a Business Day, the payment due or action to be taken on such date shall be due on the next succeeding day which is a Business Day, but the Issuer shall not receive credit for the payment until it is actually received by the Owner.

All payments by the Issuer pursuant to this Note shall apply first to accrued interest, then to other charges due the Owner, and the balance thereof shall apply to principal.

This Note is issued to finance capital improvements pursuant to the Constitution of the State of Florida, Chapter 166, Florida Statutes, and other applicable provisions of law (the "Act"), the Charter of the Issuer, as amended, Resolution No. 2015-\_\_ adopted by the City Commission of the Issuer on June 16, 2015, (the "Resolution"), and is subject to all the terms and conditions of the Act and the Resolution. All terms, conditions and provisions of the Resolution are by this reference thereto incorporated herein as a part of this Note. Terms used herein in capitalized form and not otherwise defined herein shall have the meanings ascribed thereto in the Resolution.

THIS NOTE SHALL NOT BE OR CONSTITUTE A GENERAL OBLIGATION OR INDEBTEDNESS OF THE ISSUER AS "BONDS" WITHIN THE MEANING OF ARTICLE VII, SECTION 12 OF THE CONSTITUTION OF FLORIDA, BUT SHALL BE PAYABLE SOLELY FROM THE PLEDGED REVENUES AND FRANCHISE FEES IN ACCORDANCE WITH THE TERMS OF THE RESOLUTION. NO HOLDER OF THE NOTE ISSUED HEREUNDER SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER TO PAY SUCH NOTE, OR BE ENTITLED TO PAYMENT OF SUCH NOTE FROM ANY FUNDS OF THE ISSUER EXCEPT FROM THE PLEDGED REVENUES AND FRANCHISE FEES AS DESCRIBED IN THE RESOLUTION.

This Note is payable solely from and secured by a pledge of the Pledged Revenues and the Franchise Fees received by the Issuer, junior and subordinate in all respects to the Senior Lien Debt (as herein defined), in the manner provided in the Resolution. The Pledged Revenues are currently pledged on a senior lien basis to secure the repayment of the Issuer's Capital Improvement Refunding Revenue Note, Series 2003 (the "Series 2003 Note"), the Parity Contract Obligations related to the Series 2003 Note and the Ascending Lien Capital Improvement

Revenue Note, Series 2013 (the "Series 2013 Note"), and the Franchise Fees are currently pledged on a senior lien basis to secure the repayment of the Series 2013 Note (collectively, the "Senior Lien Debt").

This Note may be exchanged or transferred by the Owner hereof only in whole upon the registration books maintained by the Issuer and in the manner provided in the Resolution.

This Note does not constitute a general indebtedness of the Issuer within the meaning of any constitutional, statutory or charter provision or limitation, and it is expressly agreed by the Holder of this Note that such Holder shall never have the right to require or compel the exercise of the ad valorem taxing power of the Issuer or taxation of any real or personal property therein for the payment of the principal of and interest on this Note or the making of any debt service fund, reserve or other payments provided for in the Resolution.

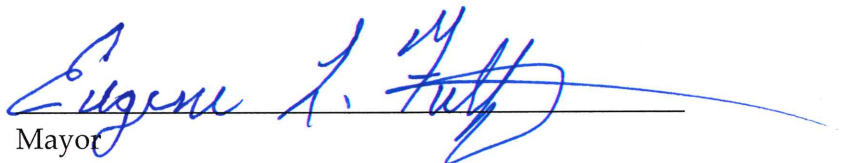
The Issuer has entered into certain further covenants with the Holders of this Note for the terms of which reference is made to the Resolution and Schedule I hereto.

It is certified that this Note is authorized by and is issued in conformity with the requirements of the Act.

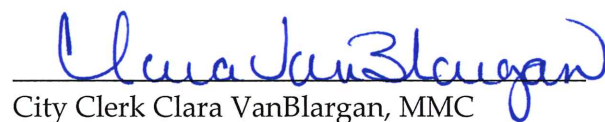
IN WITNESS WHEREOF, the City of Lake Wales, Florida, has issued this Note and has caused the same to be signed by the Mayor and countersigned and attested to by the City Clerk and its seal to be affixed, impressed, imprinted, lithographed or reproduced hereon, all as of the 25<sup>th</sup> day of June, 2015.

(SEAL)

CITY OF LAKE WALES, FLORIDA

  
Mayor

ATTESTED AND COUNTERSIGNED:

  
City Clerk Clara VanBlargan, MMC



**SCHEDULE "I"**  
**Adjustments to Rate of Interest**

The Note Interest Rate shall be subject to adjustment by the Registered Owner as hereinafter described and as provided in the Resolution. In the event of a Determination of Taxability (as herein defined), the Note Interest Rate shall be adjusted to cause the yield on the Note to equal what the yield on the Note would have been absent such Determination of Taxability (the "Taxable Rate") effective retroactively to the date on which such Determination of Taxability is effective. Immediately upon a Determination of Taxability, the Issuer agrees to pay to the Registered Owner subject to such Determination of Taxability the Additional Amount (as herein defined).

"Additional Amount" means (i) the difference between (a) interest on the Note for the period commencing on the date on which the interest on the Note (or portion thereof) loses its "tax-exempt" status and ending on the earlier of the date such Note ceased to be outstanding or such adjustment is no longer applicable to the Note (the "Taxable Period") at a rate equal to the Taxable Rate and (b) the aggregate amount of interest payable on the Note for the Taxable Period under the provisions of the Note without considering the Determination of Taxability, plus (ii) any penalties and interest paid or payable by such Registered Owner to the Internal Revenue Service by reason of such Determination of Taxability.

"Determination of Taxability" shall mean, with respect to the Note, any determination, decision or decree by the Commissioner or any District Director of the Internal Revenue Service, as such officers are identified by the Code (as defined in the Resolution), or any court of competent jurisdiction, or delivery of an opinion of Bond Counsel, that the interest payable under the Note is includable in the gross income (as defined in Section 61 of the Code) of the Registered Owner as a consequence of any act or omission of the Issuer.

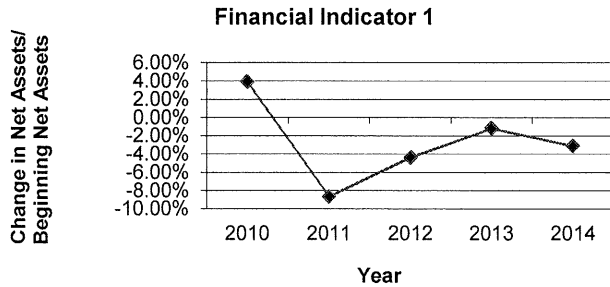
The Registered Owner shall promptly notify the Issuer in writing of any adjustments pursuant hereto. Such adjustments shall become effective as of the effective date of the event causing such adjustment. Adjustments pursuant hereto may be retroactive. The Registered Owner shall certify to the Issuer in writing the additional amount, if any, due to the Registered Owner as a result of an adjustment pursuant hereto. Notwithstanding any provision hereto to the contrary, in no event shall the interest rate on the Note exceed the maximum rate permitted by law.

## FINANCIAL INDICATORS

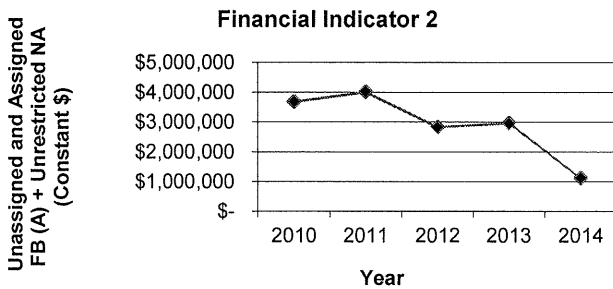
OVERALL RATING:  

ENTITY: M19800 - Lake Wales, City of

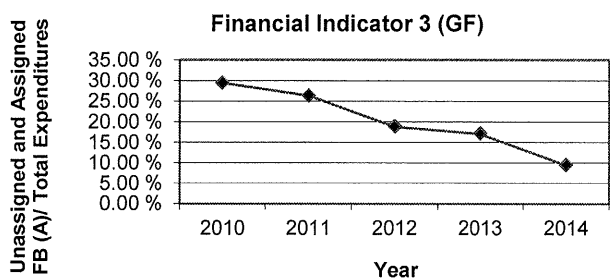
Benchmark Group:



Unfavorable = ▼		Favorable = ▲	
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	-179%	Y5 Entity	-3.10%
Y2 to Y5 Diff	64%	Y5 Bench	0.00%
Y3 to Y5 Diff	29%	Y5 Entity to Bench Diff	
Trend:		Benchmark Comparison:	
Overall Rating:			



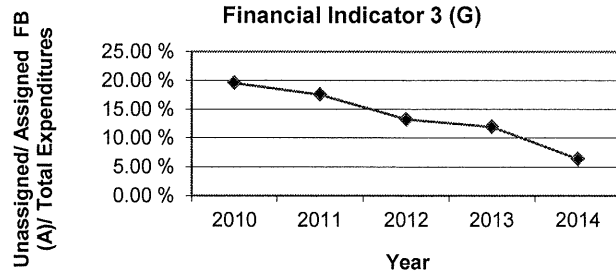
Unfavorable = ▼		Favorable = ▲	
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	-69%	Y5 Entity	\$ 1,124,045
Y2 to Y5 Diff	-72%	Y5 Bench	\$ -
Y3 to Y5 Diff	-60%	Y5 Entity to Bench Diff	
Trend:		Benchmark Comparison:	
Overall Rating:			



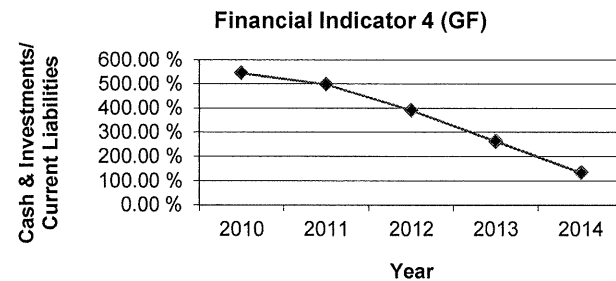
Unfavorable = ▼		Favorable = ▲	
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	-68%	Y5 Entity	9.44%
Y2 to Y5 Diff	-64%	Y5 Bench	0.00%
Y3 to Y5 Diff	-50%	Y5 Entity to Bench Diff	
Trend:		Benchmark Comparison:	
Overall Rating:			

**ENTITY: M19800 - Lake Wales, City of**

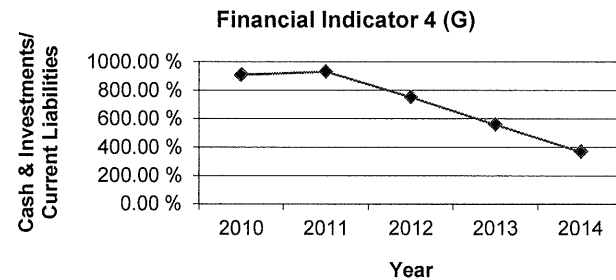
**Benchmark Group:**



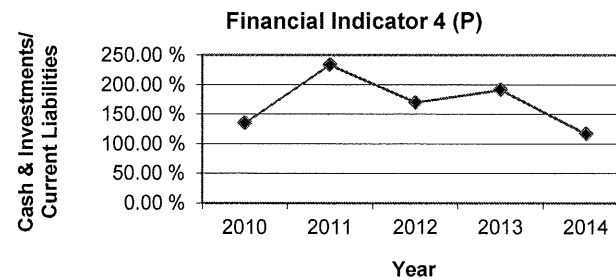
Unfavorable = ▼		Favorable = ▲	
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	-67%	Y5 Entity	6.40%
Y2 to Y5 Diff	-64%	Y5 Bench	0.00%
Y3 to Y5 Diff	-52%	Y5 Entity to Bench Diff	
Trend:		Benchmark Comparison:	
Overall Rating:			



Unfavorable = ▼		Favorable = ▲	
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	-75%	Y5 Entity	133.94%
Y2 to Y5 Diff	-73%	Y5 Bench	0.00%
Y3 to Y5 Diff	-66%	Y5 Entity to Bench Diff	
Trend:		Benchmark Comparison:	
Overall Rating:			



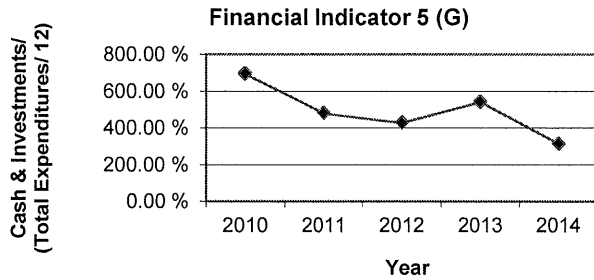
Unfavorable = ▼		Favorable = ▲	
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	-59%	Y5 Entity	369.31%
Y2 to Y5 Diff	-60%	Y5 Bench	0.00%
Y3 to Y5 Diff	-51%	Y5 Entity to Bench Diff	
Trend:		Benchmark Comparison:	
Overall Rating:			



Unfavorable = ▼		Favorable = ▲	
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	-14%	Y5 Entity	116.50%
Y2 to Y5 Diff	-50%	Y5 Bench	0.00%
Y3 to Y5 Diff	-31%	Y5 Entity to Bench Diff	
Trend:		Benchmark Comparison:	
Overall Rating:			

**ENTITY: M19800 - Lake Wales, City of**

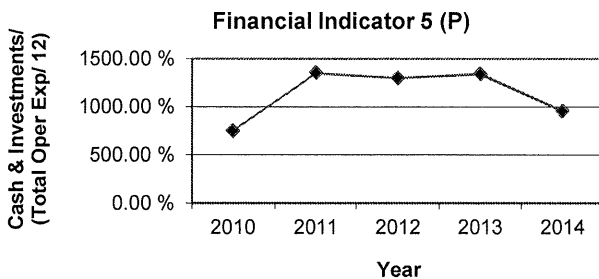
**Benchmark Group:**



Unfavorable = ▼

Favorable = ▲

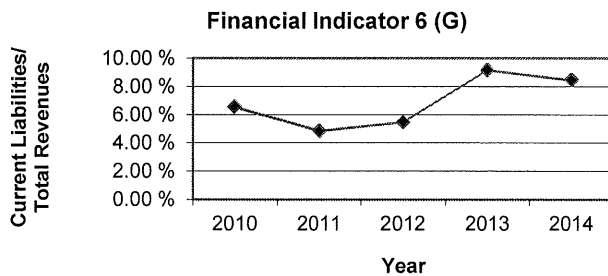
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	-55%	Y5 Entity	314.88%
Y2 to Y5 Diff	-34%	Y5 Bench	0.00%
Y3 to Y5 Diff	-26%	Y5 Entity to Bench Diff	
Trend:		Benchmark Comparison:	
Overall Rating:			



Unfavorable = ▼

Favorable = ▲

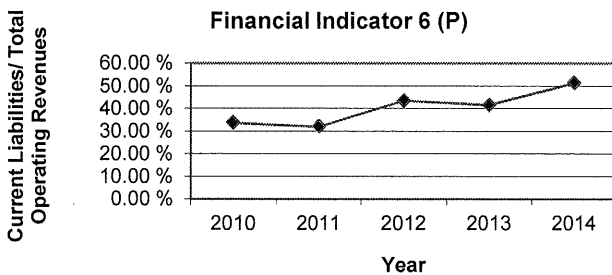
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	27%	Y5 Entity	956.50%
Y2 to Y5 Diff	-29%	Y5 Bench	0.00%
Y3 to Y5 Diff	-27%	Y5 Entity to Bench Diff	
Trend:		Benchmark Comparison:	
Overall Rating:			



Unfavorable = ▲

Favorable = ▼

Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	29%	Y5 Entity	8.47%
Y2 to Y5 Diff	74%	Y5 Bench	0.00%
Y3 to Y5 Diff	55%	Y5 Entity to Bench Diff	
Trend:		Benchmark Comparison:	
Overall Rating:			



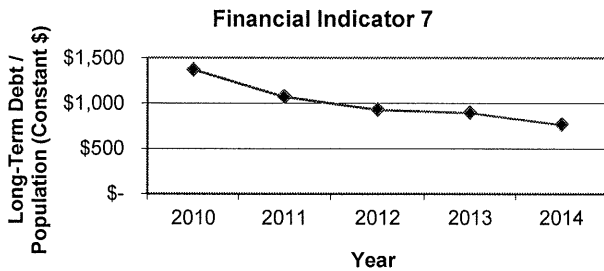
Unfavorable = ▲

Favorable = ▼

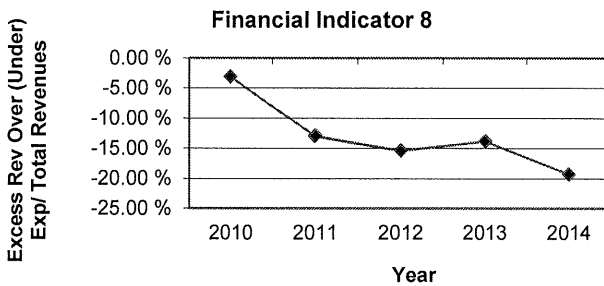
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	52%	Y5 Entity	51.37%
Y2 to Y5 Diff	61%	Y5 Bench	0.00%
Y3 to Y5 Diff	18%	Y5 Entity to Bench Diff	
Trend:		Benchmark Comparison:	
Overall Rating:			

**ENTITY: M19800 - Lake Wales, City of**

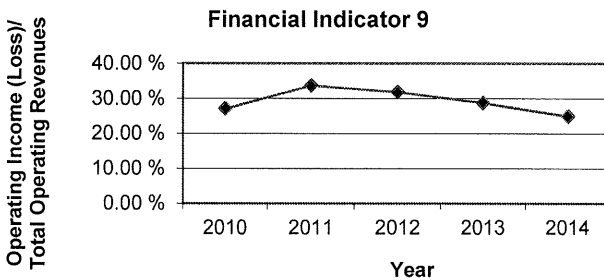
**Benchmark Group:**





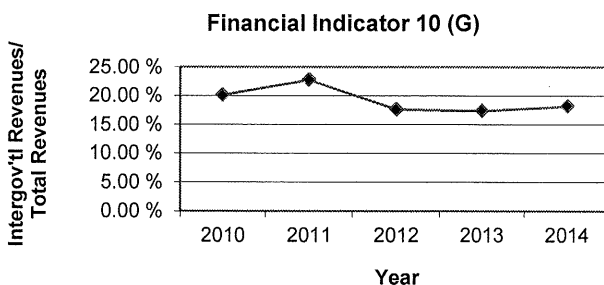
Unfavorable = ▲		Favorable = ▼	
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	-44%	Y5 Entity	\$ 765
Y2 to Y5 Diff	-29%	Y5 Bench	\$ -
Y3 to Y5 Diff	-18%	Y5 Entity to Bench Diff	
Trend:		Benchmark Comparison:	
Overall Rating:			



Unfavorable = ▼		Favorable = ▲	
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	-526%	Y5 Entity	-19.26%
Y2 to Y5 Diff	-49%	Y5 Bench	0.00%
Y3 to Y5 Diff	-25%	Y5 Entity to Bench Diff	
Trend:		Benchmark Comparison:	
Overall Rating:			



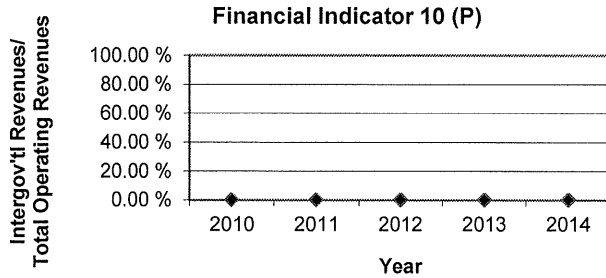
Unfavorable = 		Favorable = 	
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	-8%	Y5 Entity	24.93%
Y2 to Y5 Diff	-26%	Y5 Bench	0.00%
Y3 to Y5 Diff	-22%	Y5 Entity to Bench Diff	
Trend:		Benchmark Comparison:	
Overall Rating:			



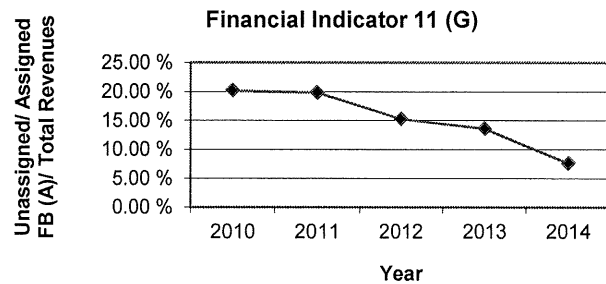
Unfavorable = ▲		Favorable = ▼	
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	-10%	Y5 Entity	18.20%
Y2 to Y5 Diff	-20%	Y5 Bench	0.00%
Y3 to Y5 Diff	3%	Y5 Entity to Bench Diff	
Trend:		Benchmark Comparison:	
Overall Rating:			

**ENTITY: M19800 - Lake Wales, City of**

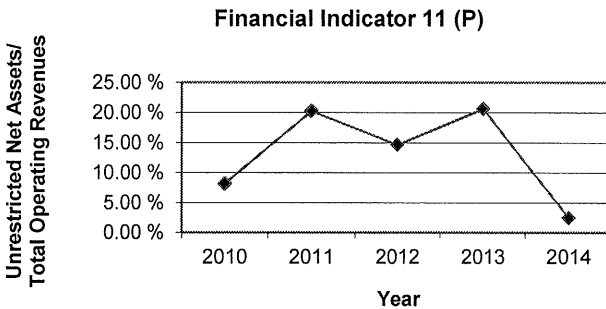
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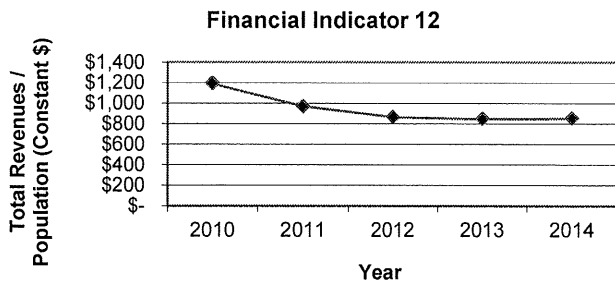
Unfavorable = ▲		Favorable = ▼	
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff		Y5 Entity	0.00%
Y2 to Y5 Diff		Y5 Bench	0.00%
Y3 to Y5 Diff		Y5 Entity to Bench Diff	
Trend:		Benchmark Comparison:	
Overall Rating:			



Unfavorable = ▼		Favorable = ▲	
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	-62%	Y5 Entity	7.63%
Y2 to Y5 Diff	-62%	Y5 Bench	0.00%
Y3 to Y5 Diff	-50%	Y5 Entity to Bench Diff	
Trend:		Benchmark Comparison:	
Overall Rating:			



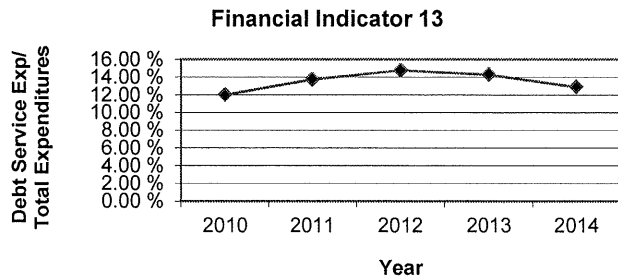
Unfavorable = 		Favorable = 	
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	-70%	Y5 Entity	2.47%
Y2 to Y5 Diff	-88%	Y5 Bench	0.00%
Y3 to Y5 Diff	-83%	Y5 Entity to Bench Diff	
Trend:		Benchmark Comparison:	
Overall Rating:			



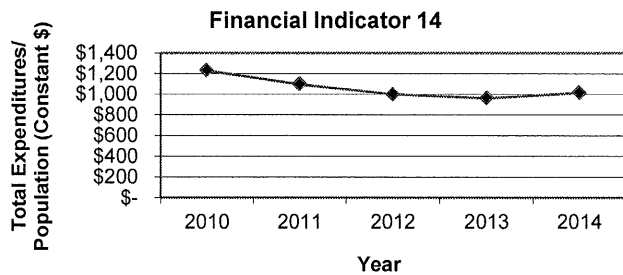
Unfavorable = ▼		Favorable = ▲	
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	-29%	Y5 Entity	\$ 853
Y2 to Y5 Diff	-12%	Y5 Bench	\$ -
Y3 to Y5 Diff	-2%	Y5 Entity to Bench Diff	
Trend:		Benchmark Comparison:	
Overall Rating:			

**ENTITY: M19800 - Lake Wales, City of**

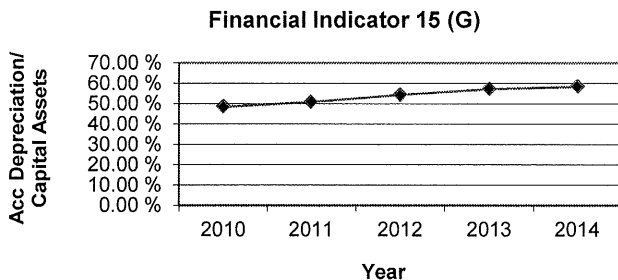
**Benchmark Group:**



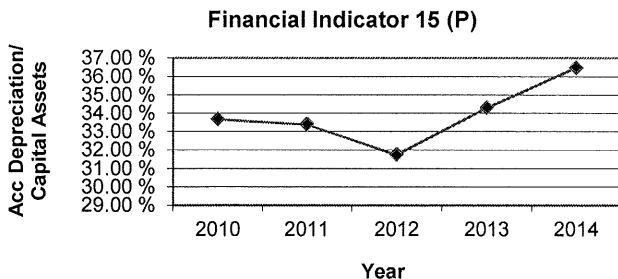
Unfavorable = ▲		Favorable = ▼	
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	7%	Y5 Entity	12.91%
Y2 to Y5 Diff	-6%	Y5 Bench	0.00%
Y3 to Y5 Diff	-13%	Y5 Entity to Bench Diff	
Trend:		Benchmark Comparison:	
Overall Rating:			



Unfavorable = ▲		Favorable = ▼	
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	-17%	Y5 Entity	\$ 1,018
Y2 to Y5 Diff	-7%	Y5 Bench	\$ -
Y3 to Y5 Diff	2%	Y5 Entity to Bench Diff	
Trend:		Benchmark Comparison:	
Overall Rating:			



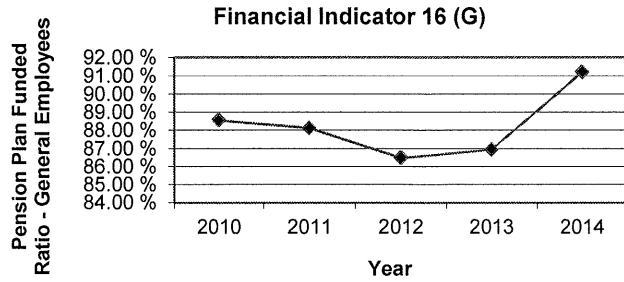
Unfavorable = ▲		Favorable = ▼	
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	20%	Y5 Entity	58.55%
Y2 to Y5 Diff	15%	Y5 Bench	0.00%
Y3 to Y5 Diff	8%	Y5 Entity to Bench Diff	
Trend:		Benchmark Comparison:	
Overall Rating:			



Unfavorable = ▲		Favorable = ▼	
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	8%	Y5 Entity	36.49%
Y2 to Y5 Diff	9%	Y5 Bench	0.00%
Y3 to Y5 Diff	15%	Y5 Entity to Bench Diff	
Trend:		Benchmark Comparison:	
Overall Rating:			

**ENTITY: M19800 - Lake Wales, City of**

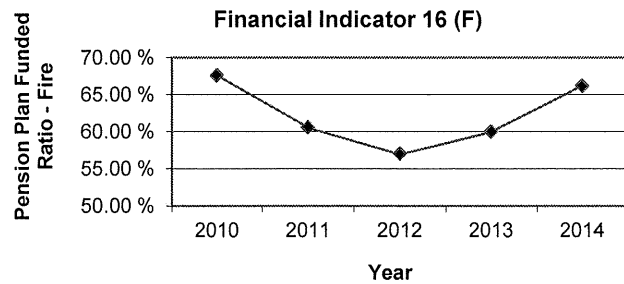
**Benchmark Group:**



Unfavorable = ▼

Favorable = ▲

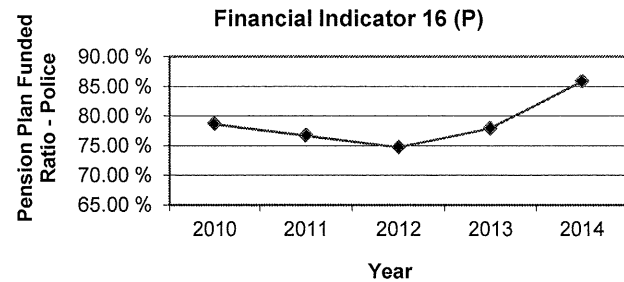
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	3%	Y5 Entity	91.20%
Y2 to Y5 Diff	3%	Y5 Bench	0.00%
Y3 to Y5 Diff	5%	Y5 Entity to Bench Diff	
Trend:		Benchmark Comparison:	
Overall Rating:			



Unfavorable = ▼

Favorable = ▲

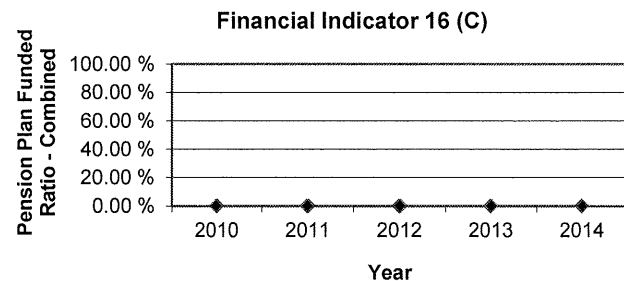
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	-2%	Y5 Entity	66.18%
Y2 to Y5 Diff	9%	Y5 Bench	0.00%
Y3 to Y5 Diff	16%	Y5 Entity to Bench Diff	
Trend:		Benchmark Comparison:	
Overall Rating:			



Unfavorable = ▼

Favorable = ▲

Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	9%	Y5 Entity	85.84%
Y2 to Y5 Diff	12%	Y5 Bench	0.00%
Y3 to Y5 Diff	15%	Y5 Entity to Bench Diff	
Trend:		Benchmark Comparison:	
Overall Rating:			



Unfavorable = ▼

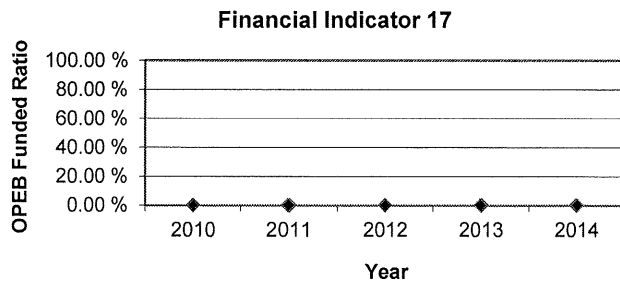
Favorable = ▲

Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff		Y5 Entity	
Y2 to Y5 Diff		Y5 Bench	0.00%
Y3 to Y5 Diff		Y5 Entity to Bench Diff	
Trend:		Benchmark Comparison:	
Overall Rating:			



**ENTITY: M19800 - Lake Wales, City of**

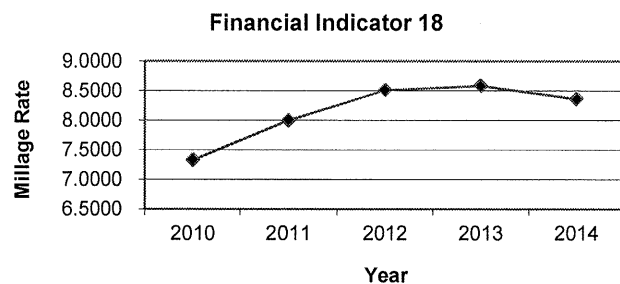
**Benchmark Group:**



Unfavorable = ▼

Favorable = ▲

Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff		Y5 Entity	
Y2 to Y5 Diff		Y5 Bench	0.00%
Y3 to Y5 Diff		Y5 Entity to Bench Diff	
Trend:		Benchmark Comparison:	
Overall Rating:			



Unfavorable = ▲

Favorable = ▼

Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	14%	< 5.0000	Low
Y2 to Y5 Diff	5%	5.0000 - 9.4999	Medium
Y3 to Y5 Diff	-2%	9.5000 +	High
		Y5 Entity	8.3638
Trend:		Benchmark Comparison:	
Overall Rating:			

(A) Prior to implementation of GASB 54, this data element consists of unreserved fund balance.

**Recap of Financial Indicators**

1	10 (P)
2	11 (G)
3 (GF)	11 (P)
3 (G)	12
4 (GF)	13
4 (G)	14
4 (P)	15 (G)
5 (G)	15 (P)
5 (P)	16 (G)
6 (G)	16 (F)
6 (P)	16 (P)
7	16 (C)
8	17
9	18
10 (G)	

# ENTITY FINANCIAL DATA

ENTITY: **M19800 - Lake Wales, City of**

Data Element	Data Element Description	2010	2011	2012	2013	2014
01	Change in Net Assets - Gov-Wide - G	846,466	(1,945,583)	(894,531)	(232,458)	(596,771)
02	Beginning Net Assets - Gov-Wide - G	21,584,069	22,430,535	20,484,952	19,590,421	19,252,407
03	Cash and Investments - GF	3,126,578	2,537,675	1,828,779	2,006,117	932,625
04	Cash and Investments - G	9,314,828	6,586,152	5,437,663	6,857,243	4,413,910
05	Current Liabilities - GF	572,800	509,450	468,366	761,700	696,293
06	Current Liabilities - G	1,024,188	707,377	723,668	1,224,660	1,195,193
07	Unassigned/Assigned FB - GF (A)	3,156,347	2,886,041	2,019,214	1,818,466	1,076,439
08	Unassigned/Assigned FB - DSF (A)					
09	Unassigned/Assigned FB - CPF (A)		8,219			
10	Long-Term Debt - G	17,943,695	16,140,840	14,187,248	14,130,435	12,646,305
11	Intergovernmental Revenues - G	3,143,948	3,320,211	2,327,699	2,322,091	2,567,234
12	Total Revenues - G	15,609,017	14,565,577	13,201,629	13,350,154	14,105,000
13	Debt Service Expenditures - G	1,933,303	2,262,173	2,253,112	2,176,667	2,172,003
14	Total Expenditures - GF	10,696,872	10,949,784	10,725,551	10,631,686	11,400,139
15	Total Expenditures - G	16,088,867	16,450,625	15,232,835	15,190,483	16,821,369
16	Excess Rev Over (Under) Exp - G	(479,850)	(1,885,048)	(2,031,206)	(1,840,329)	(2,716,369)
17	Cash and Investments - P	2,904,731	4,917,531	5,011,323	5,408,444	4,091,913
18	Current Liabilities - P	2,148,719	2,103,247	2,948,718	2,825,836	3,512,456
19	Unrestricted Net Assets	523,332	1,331,958	993,441	1,402,262	169,003
20	Intergovernmental Revenues - P					
21	Total Operating Revenues - P	6,369,480	6,572,185	6,780,641	6,788,155	6,838,198
22	Total Operating Expenses - P	4,644,485	4,356,932	4,619,438	4,835,150	5,133,620
23	Operating Income (Loss) - P	1,724,995	2,215,253	2,161,203	1,953,005	1,704,578
24	Total All Revenues	21,978,497	21,137,762	19,982,270	20,138,309	20,943,198
25	Total All Expenditures/Expenses	20,733,352	20,807,557	19,852,273	20,025,633	21,954,989
26	Capital Assets - G	48,029,185	49,119,226	49,221,152	49,564,495	51,435,040
27	Accumulated Depreciation - G	23,352,738	25,027,135	26,779,479	28,413,242	30,113,999
28	Capital Assets - P	40,298,224	43,691,259	49,143,051	48,337,087	48,686,190
29	Accumulated Depreciation - P	13,569,137	14,591,138	15,603,012	16,580,360	17,763,166
30	Pension Plan Funded Ratio % - General	88.56	88.14	86.48	86.94	91.20
31	Pension Plan Funded Ratio % - Fire	67.60	60.57	56.95	59.99	66.18
32	Pension Plan Funded Ratio % - Police	78.68	76.70	74.76	77.92	85.84
33	Pension Plan Funded Ratio % - Combined					
34	OPEB Funded Ratio %					
35	Taxable Property Value (in millions)	648.0747	599.1674	564.0083	563.0829	582.4500
36	Population	13,076	14,261	14,323	14,522	14,916
37	Operating Millage Rate	7.3277	7.9998	8.5119	8.5866	8.3638
38	Price Index	1.000	1.052	1.063	1.085	1.108

(A) Prior to implementation of GASB 54, this data element consists of unreserved fund balance.

# ENTITY FINANCIAL INDICATOR RESULTS

ENTITY: **M19800 - Lake Wales, City of**

FINANCIAL INDICATORS:		2010	2011	2012	2013	2014
1	Change in Net Assets/ Beginning Net Assets	3.92 %	-8.67 %	-4.37 %	-1.19 %	-3.10 %
2	Unassigned and Assigned FB (A) + Unrestricted Net Assets	\$ 3,679,679	\$ 4,017,317	\$ 2,834,106	\$ 2,968,413	\$ 1,124,045
3GF	Unassigned and Assigned FB (A)/ Total Expenditures - GF	29.51 %	26.36 %	18.83 %	17.10 %	9.44 %
3G	Unassigned and Assigned FB (A)/ Total Expenditures - G	19.62 %	17.59 %	13.26 %	11.97 %	6.40 %
4GF	Cash & Investments/ Current Liabilities - GF	545.84 %	498.12 %	390.46 %	263.37 %	133.94 %
4G	Cash & Investments/ Current Liabilities - G	909.48 %	931.07 %	751.40 %	559.93 %	369.31 %
4P	Cash & Investments/ Current Liabilities - P	135.18 %	233.81 %	169.95 %	191.39 %	116.50 %
5G	Cash & Investments/ (Total Expenditures/ 12) - G	694.75 %	480.43 %	428.36 %	541.70 %	314.88 %
5P	Cash & Investments/ (Total Operating Expenses/ 12) - P	750.50 %	1354.40 %	1301.80 %	1342.28 %	956.50 %
6G	Current Liabilities/ Total Revenues - G	6.56 %	4.86 %	5.48 %	9.17 %	8.47 %
6P	Current Liabilities/ Total Operating Revenues - P	33.73 %	32.00 %	43.49 %	41.63 %	51.37 %
7	Long-Term Debt/ Population - G	\$ 1,372	\$ 1,076	\$ 932	\$ 897	\$ 765
8	Excess of Revenues Over (Under) Expenditures/ Total Revenues - G	-3.07 %	-12.94 %	-15.39 %	-13.79 %	-19.26 %
9	Operating Income (Loss)/ Total Operating Revenues - P	27.08 %	33.71 %	31.87 %	28.77 %	24.93 %
10G	Intergovernmental Revenues/ Total Revenues - G	20.14 %	22.79 %	17.63 %	17.39 %	18.20 %
10P	Intergovernmental Revenues/ Total Operating Revenues - P	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
11G	Unassigned and Assigned FB (A)/ Total Revenues - G	20.22 %	19.87 %	15.30 %	13.62 %	7.63 %
11P	Unrestricted Net Assets/ Total Operating Revenues - P	8.22 %	20.27 %	14.65 %	20.66 %	2.47 %
12	Total Revenues/ Population - G	\$ 1,194	\$ 971	\$ 867	\$ 847	\$ 853
13	Debt Service Expenditures/ Total Expenditures - G	12.02 %	13.75 %	14.79 %	14.33 %	12.91 %
14	Total Expenditures/ Population - G	\$ 1,230	\$ 1,097	\$ 1,000	\$ 964	\$ 1,018
15G	Accumulated Depreciation/ Capital Assets - G	48.62 %	50.95 %	54.41 %	57.33 %	58.55 %
15P	Accumulated Depreciation/ Capital Assets - P	33.67 %	33.40 %	31.75 %	34.30 %	36.49 %
16G	Pension Plan Funded Ratio % - General Employees	88.56 %	88.14 %	86.48 %	86.94 %	91.20 %
16F	Pension Plan Funded Ratio % - Fire	67.60 %	60.57 %	56.95 %	59.99 %	66.18 %
16P	Pension Plan Funded Ratio % - Police	78.68 %	76.70 %	74.76 %	77.92 %	85.84 %
16C	Pension Plan Funded Ratio % - Combined					
17	OPEB Funded Ratio %					
18	Operating Millage Rate	7.3277	7.9998	8.5119	8.5866	8.3638

Indicators Using Constant \$

(A) Prior to implementation of GASB 54, this data element consists of unreserved fund balance.

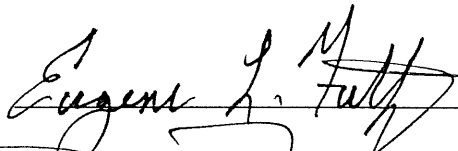
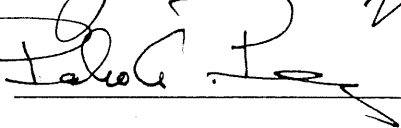
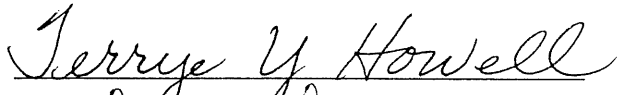

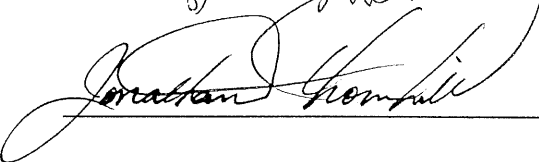
**CERTIFICATE AS TO PUBLIC MEETINGS  
AND NO CONFLICT OF INTEREST**

Each of the undersigned members of the City Commission (the "Commission") of the City of Lake Wales, Florida (the "City"), recognizing that the purchaser of the \$2,000,000 in aggregate principal amount of Subordinate Lien Capital Improvement Revenue Note, Series 2015 (the "Note"), will have purchased said Note in reliance upon this Certificate, DOES HEREBY CERTIFY:

(1) that he or she has no personal knowledge that any two or more members of the Commission, meeting together, reached any prior conclusion as to whether the actions taken by the Commission, with respect to said Note, the security therefor and the application of the proceeds thereof, should or should not be taken by the Commission or should or should not be recommended as an action to be taken or not to be taken by the Commission, except at public meetings of the Commission held after due notice to the public was given in the ordinary manner required by law and custom of the Commission;

(2) that he or she does not have or hold any employment or contractual relationship with Whitney Bank d/b/a Hancock Bank, which is purchasing the Note from the Issuer.

IN WITNESS WHEREOF, we have hereunto affixed our official signatures as of this 25th day of June, 2015.

  
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