

RESOLUTION NO. 23-16

OF THE

CITY OF PENSACOLA, FLORIDA

ADOPTED JULY 14, 2016

RELATING TO:

NOT EXCEEDING

\$15,000,000

CITY OF PENSACOLA, FLORIDA

LOCAL OPTION GAS TAX REVENUE BOND, SERIES 2016

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RESOLUTION NO. 23-16

A RESOLUTION AUTHORIZING THE ISSUANCE BY THE CITY OF PENSACOLA, FLORIDA OF A LOCAL OPTION GAS TAX REVENUE BOND, SERIES 2016, IN THE PRINCIPAL AMOUNT NOT TO EXCEED \$15,000,000 TO FINANCE THE COST OF THE ACQUISITION AND CONSTRUCTION OF CAPITAL IMPROVEMENTS TO THE ROAD SYSTEM OF THE CITY; PLEDGING THE PLEDGED REVENUES FOR THE PAYMENT OF SAID SERIES 2016 BOND; PROVIDING FOR THE PAYMENT OF THE SERIES 2016 BOND AND THE EXECUTION OF THE RELATED FINANCING DOCUMENTS IN CONNECTION THEREWITH; AUTHORIZING THE AWARD OF THE SALE OF THE SERIES 2016 BOND; AUTHORIZING FURTHER OFFICIAL ACTION IN CONNECTION WITH THE DELIVERY OF THE SERIES 2016 BOND; PROVIDING FOR SEVERABILITY; PROVIDING FOR REPEAL OF INCONSISTENT PROVISIONS; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PENSACOLA, FLORIDA, that:

Section 1. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of Chapter 166, Part II, Florida Statutes, as amended, the municipal charter of the City of Pensacola, Florida (the "Issuer"), and other applicable provisions of law (collectively, the "Act").

Section 2. Definitions. The following terms shall have the following meanings when used in this resolution unless the context clearly requires otherwise. Words importing singular numbers shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations. Capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Loan Agreement (herein defined).

"Bond Counsel" means Bryant Miller Olive P.A. or any subsequent nationally recognized bond counsel acceptable to the Issuer.

"Charter" means the municipal charter of the Issuer.

"Chief Financial Officer" means the Chief Financial Officer of the Issuer, or his or her designee.

"City" means the City of Pensacola, Florida, a municipal corporation of the State.

"City Administrator" means the City Administrator of the Issuer, or any acting or interim City Administrator, or his or her designee.

"City Attorney" means the City Attorney of the Issuer, or his or her designee.

"City Council" means the City Council of the Issuer, as the governing body of the Issuer.

"Clerk" means the Clerk of the Issuer, any acting, deputy, or assistant Clerk, or his or her designee.

"Financial Advisor" means RBC Capital Markets, LLC.

"Lender" has the meaning ascribed thereto in the Loan Agreement.

"Loan" means the advance of moneys from the Lender to the Issuer pursuant to the Loan Agreement.

"Loan Agreement" means the agreement between the Lender and the Issuer setting forth the terms and details of the Loan, in substantially the form attached hereto as Exhibit A with such changes, modifications, insertions or deletions as are authorized herein.

"Local Option Gas Tax" means the revenue produced by the six-cent per gallon local option gas tax levied pursuant to Section 336.025, Florida Statutes, and Ordinance Nos. 2005-7 and 2015-26, enacted by Escambia County, Florida (the "County"), on March 17, 2005 and July 23, 2015, respectively, and distributed to the Issuer by the State pursuant Section 336.025(4)(a), Florida Statutes or distributed to the Issuer pursuant to an Interlocal Agreement between the Issuer and the County.

"Mayor" means the Mayor of the Issuer or the City Administrator.

"Pledged Revenues" means (i) the Local Option Gas Tax, (ii) moneys on deposit in the funds and accounts created under the Loan Agreement (other than amounts constituting any rebate liability as described in the Tax Certificate), and (iii) certain investment earnings.

"Project" means the construction of capital improvements to the roads of the Issuer as determined by the City Council to be in the best interest of the Issuer and all costs incidental thereto.

"Project Costs" means a portion of the cost of undertaking the Project including, but not limited to: engineering, legal, accounting, and financial expenses; expenses for estimates of costs and of revenues; expenses for plans, specifications and surveys; fees of fiscal agents, financial advisors or consultants; administrative expenses relating solely to the Project; the cost of acquiring and constructing the Project, reimbursement to the Issuer for any sums heretofore expended for the foregoing purposes and such other costs and expenses as may be necessary or incidental to the financing or refinancing of the Project.

“Resolution” means, collectively, this resolution and all resolutions amendatory hereof and supplemental hereto.

“Series 2016 Bond” means the City of Pensacola, Florida, Local Option Gas Tax Revenue Bond, Series 2016, authorized herein, in substantially the form attached to the Loan Agreement as Exhibit A, with such changes, modifications, insertions or deletions as are authorized herein.

“State” means the State of Florida.

Section 3. Findings. It is hereby found, declared, and determined by the City Council:

(A) The Issuer has determined that it is necessary and in the best interests of the health, safety and welfare of the Issuer and its inhabitants that the Issuer undertake the Project. Issuance of the Series 2016 Bond to construct the Project satisfies a paramount public purpose.

(B) The Issuer is without currently available funds to pay the cost of the Project, and it is necessary and desirable that the Issuer borrow the moneys necessary to provide for payment of the Project.

(C) The Pledged Revenues are not currently pledged to any obligation of the Issuer.

(D) The Series 2016 Bond will be payable from the Pledged Revenues and as may be further described in the Loan Agreement. The Pledged Revenues, together with any Non-Ad Valorem Revenues budgeted and appropriated therefor, are anticipated to be sufficient to pay the principal of and accrued interest on the Series 2016 Bond as the same becomes due.

(E) The obligation of the Issuer to repay the Series 2016 Bond in accordance with its terms and to make the payments required under the Loan Agreement is hereby declared to be and shall be a special, limited obligation of the Issuer, secured solely by the Pledged Revenues and as may be further described in the Loan Agreement. The obligation of the Issuer to repay the Series 2016 Bond in accordance with its terms and to make any other payments, if any, required under the Series 2016 Bond or the Loan Agreement shall not be or constitute a general obligation or indebtedness of the Issuer and neither the Series 2016 Bond nor the Loan Agreement shall be or constitute a general obligation or indebtedness of the Issuer. Neither the Lender nor any successor owner of the Series 2016 Bond shall be entitled to compel the exercise of the ad valorem taxing power of the Issuer or the payment of the principal of or interest on the Series 2016 Bond or the making of any payments required under the Series 2016 Bond or the Loan Agreement from any moneys of the Issuer other than the Pledged Revenues and any other moneys of the Issuer as may be more fully described in the Loan Agreement.

(F) It is necessary and desirable to provide for the securing of the Loan and for the execution and delivery of the Loan Agreement, the issuance of the Series 2016 Bond and the taking of all other action in connection with the consummation of the Loan.

(G) It is necessary and desirable to approve the estimated costs of issuance to be paid by the Issuer in connection with the delivery of the Series 2016 Bond and the Loan Agreement.

(H) The Financial Advisor has solicited proposals for the purchase of the Series 2016 Bond pursuant to a negotiated private placement.

Section 4. Authorization of Series 2016 Bond and Project.

(A) Subject and pursuant to the provisions hereof, the issuance by the Issuer of its Series 2016 Bond, in an aggregate principal amount of not to exceed Fifteen Million Dollars (\$15,000,000), to be dated, to bear interest, to be payable, to mature, to be subject to prepayment, to have such other characteristics as provided herein and in the Series 2016 Bond and the Loan Agreement, and to be secured as provided in the Loan Agreement is hereby authorized.

(B) The financing and/or reimbursing of the Project is hereby authorized. The City Council and the proper officers of the Issuer are hereby directed to take all action and steps deemed necessary to construct the Project, which are not inconsistent with the terms and provisions of this Resolution or the Loan Agreement.

Section 5. Approval of Terms of Series 2016 Bond

Subject to the provisions hereof, the Issuer hereby delegates to the Mayor the authority to determine the final terms of the Series 2016 Bond, based upon the advice of the Financial Advisor, including (i) the dated date, (ii) the principal amount, (iii) the maturity amounts, (iv) the interest rate, (v) the prepayment provisions, and (vi) all other details of the Series 2016 Bond, subject to compliance with the criteria provided in Section 6 below, and to take such further action as shall be required for carrying out the purposes of this Resolution all with respect to the Series 2016 Bond.

Section 6. Award of Series 2016 Bond

Because of the characteristics of the Series 2016 Bond, prevailing market conditions, and additional savings to be realized from an expeditious sale of the Series 2016 Bond, the Issuer hereby finds that it is in the best interest of the Issuer to sell the Series 2016 Bond at a private negotiated sale to the Lender, subject to compliance with the following conditions:

(A) The principal amount of the Series 2016 Bond does not exceed \$15,000,000;

(B) The final maturity of the Series 2016 Bond shall be the date approved by the Mayor, which final maturity shall not be later than December 31, 2026;

(B) The interest rate of the Series 2016 Bond shall not exceed 4.00%;

(C) The maximum annual debt service on the Series 2016 Bond shall not exceed \$2,000,000; and

(D) The Mayor shall have received from the Lender, a Lender's Certificate substantially in the form attached hereto as Exhibit B and the Disclosure Letter containing the information required by Section 218.385, Florida Statutes, substantially in the form attached hereto as Exhibit C.

The Mayor is hereby authorized to select the Lender and award the sale of the Series 2016 Bond to the proposer determined by the Mayor to be in the best financial interests of the Issuer after considering the analysis of the proposals and advice of the Financial Advisor. The Mayor may conclusively rely upon the Financial Advisor in determining compliance with the above conditions.

Section 7. Approval of Form of Loan Agreement and Series 2016 Bond. Subject to the conditions described in this Section and Section 6 hereof, the Loan Agreement, in substantially the form attached hereto as Exhibit A, and the Series 2016 Bond, in substantially the form attached to the Loan Agreement as Exhibit A, are hereby approved, subject to such changes, modifications, insertions and deletions as may be made therein and approved by the Mayor upon the advice of the City Attorney, the Chief Financial Officer, Bond Counsel and/or the Financial Advisor, such approval to be conclusively evidenced by the execution and delivery thereof by the Issuer. Pursuant to Section 4.01(1) of its Charter, the Issuer hereby authorizes and directs the Mayor to execute the Loan Agreement and Series 2016 Bond, such execution to be attested under seal by the City Clerk, approved as to substance by the Chief Financial Officer and designated as legal in form and valid as drawn by the City Attorney and further authorizes and directs the Mayor to deliver the Loan Agreement and the Series 2016 Bond to the Lender, and to take such other actions as shall be necessary to consummate the Loan.

The Mayor is hereby delegated the authority to finalize the terms of the Series 2016 Bond and the Loan Agreement, including, in particular the authority to authorize further securing the payment of the principal and interest on the Series 2016 Bond (i) with a covenant by the Issuer to budget and appropriate from Non-Ad Valorem Revenues amounts sufficient to pay debt service on the Series 2016 Bond to the extent Pledged Revenues are otherwise insufficient to pay such debt service; and/or (ii) by establishing a Reserve Fund in an amount not exceeding \$2,000,000; provided, however, such amount shall not exceed the lesser of (A) the maximum annual debt service on the Series 2016 Bond, (B) 125% of the average annual debt service on the Series 2016 Bond, or (C) ten percent (10%) of the proceeds of the Series 2016 Bond, all within the meaning of Section 148 of the Code. The Mayor may conclusively rely upon the advice of the Financial Advisor that such terms and such added security are in the best financial interest of the Issuer.

Upon execution and delivery of the Loan Agreement pursuant to the terms of this Resolution, all of the provisions of said Loan Agreement shall be deemed to be part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

Section 8. Authorization of Other Action. The Mayor, City Administrator, City Attorney, the Clerk, the Chief Financial Officer and such other authorized officers, employees and agents of the Issuer are each designated agents of the Issuer in connection with the execution and delivery of the Loan Agreement and the Series 2016 Bond and are authorized and empowered, collectively or individually, to take all action and steps to execute and deliver any and all instruments, documents or contracts on behalf of the Issuer which are necessary or desirable in connection with the execution and delivery of the Loan Agreement and the Series 2016 Bond to the Lender, including, but not limited to, the making of modifications to the Loan Agreement and the Series 2016 Bond herein authorized.

Section 9. Application of Proceeds of Loan. The proceeds of the Loan shall be used as more fully described in the Loan Agreement and includes the payment of related associated costs of issuance (including but not limited to legal and financial advisory fees and expenses).

Section 10. Repeal of Inconsistent Provisions. All resolutions or parts thereof in conflict with this Resolution are hereby repealed to the extent of such conflict.

Section 11. Severability. If any one or more of the covenants, agreements, or provisions of this Resolution should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements, or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions, and in no way affect the validity of all other provisions of the Resolution or of the Series 2016 Bond or Loan Agreement delivered hereunder.

Section 12. Amendment. This Resolution may not be amended or repealed following the issuance of the Series 2016 Bond except with the prior written consent of the Lender.

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Section 13. Effective Date. This Resolution shall become effective on the fifth business day after adoption, unless otherwise provided pursuant to Section 4.03(d) of the Charter of the Issuer.

[SEAL]

Adopted: July 14, 2016

Approved: _____

Council President

ATTEST:

Erica L. Burnett
City Clerk

EXHIBIT A
FORM OF LOAN AGREEMENT

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This document is a preliminary draft and is not intended to be a contract. It is subject to change without notice and is not binding. The final version of this document will be provided to the parties to the transaction.

LOAN AGREEMENT

This **LOAN AGREEMENT** is made and entered into as of July __, 2016 by and between **CITY OF PENSACOLA, FLORIDA**, a municipal corporation of the State of Florida (the "Issuer"), and **[LENDER]**, a [_____] (together with its successors and/or assigns, the "Lender").

WITNESSETH:

WHEREAS, the Issuer has previously determined that it is necessary for the health, safety and welfare of the Issuer and in the best interest of its inhabitants that the Issuer undertake the Project hereinafter described, and that the Project satisfies a paramount public purpose of the Issuer; and

WHEREAS, the Issuer has determined that it is without adequate currently available funds to pay Project Costs (as herein defined) and that it will be necessary that funds be made available to the Issuer in order to undertake the Project; and

WHEREAS, the Lender has agreed to lend the Issuer an aggregate principal amount of \$_____ to be used to pay Project Costs upon the terms and conditions provided herein; and

WHEREAS, the Issuer has determined that the annual receipt of Pledged Revenues are anticipated to be sufficient in each year to repay the annual debt service coming due on the Series 2016 Bond; and

WHEREAS, pursuant to the Resolution (as herein defined), the Issuer has determined that it is in the best interest of the health, safety and welfare of the Issuer and the inhabitants thereof that the Issuer pledge the Pledged Revenues (as herein defined) to secure the obligations of the Issuer to repay the principal of and interest on the Issuer's Local Option Gas Tax Revenue Bond, Series 2016 (the "Series 2016 Bond") when due; and

WHEREAS, the obligation of the Issuer to repay principal of and interest on the Series 2016 Bond will not constitute a general obligation or indebtedness of the Issuer as a "bond" within the meaning of any provision of the Constitution or laws of the State of Florida, but shall be and is hereby declared to be a special, limited obligation of the Issuer, secured solely by the Pledged Revenues[**and to the extent Local Option Gas Tax receipts are insufficient in any fiscal year to generate Pledged Revenues sufficient for the payment of debt service on the Series 2016 Bond, from certain Non-Ad Valorem Revenues budgeted and appropriated for such purposes**], all as more fully described herein and in the Resolution; and

WHEREAS, the Issuer is not authorized to levy taxes on any property of or in the Issuer to pay the principal of or interest on the Series 2016 Bond or to make any other payments provided for herein; and

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

SECTION 1. DEFINITIONS. Capitalized terms used in this Loan Agreement and not defined in this Section 1 shall have the meanings assigned in the Resolution. The following terms shall have the following meanings herein, unless the text otherwise expressly requires:

“Authorized Investments” means any investment, obligation, agreement or other financial instrument to the extent not inconsistent with the terms of the investment policy of the Issuer and applicable law.

“Bond Counsel” means Bryant Miller Olive P.A. or any subsequent nationally recognized bond counsel appointed by the Issuer.

“Business Day” means any day of the year other than a day on which the Lender or the Issuer are lawfully closed for business.

“Chief Financial Officer” means the Chief Financial Officer of the Issuer, or his or her designee.

“City” means the City of Pensacola, Florida, a municipal corporation of the State of Florida.

“City Administrator” means the City Administrator of the Issuer, or any acting or interim City Administrator, or his or her designee.

“City Attorney” means the City Attorney of the Issuer, or his or her designee.

“City Council” means the City Council of the Issuer, as the governing body of the Issuer.

“Clerk” means the Clerk of the Issuer, any acting, deputy, or assistant Clerk, or his or her designee.

“Code” means the Internal Revenue Code of 1986, as amended.

“Date of Delivery” means July __, 2016.

“Default” means an Event of Default as defined and described in Section 14 hereof.

[“Default Rate” means a rate of interest per annum equal to the lesser of _____ percent (____%) or the maximum rate allowed by law.]

“Determination of Taxability” means the occurrence after the date hereof of the adoption or taking effect of any law, rule or regulation that changes the ability of the Registered Owner to exclude all or a portion of the interest on the Series 2016 Bond from gross income for Federal income tax purposes, or a final decree or judgment of any Federal court or a final action of the

Internal Revenue Service determining that interest paid or payable on all or a portion of the Series 2016 Bond is or was includable in the gross income of the Registered Owner for Federal income tax purposes; provided, that no such decree, judgment, or action will be considered final for this purpose, however, unless the Issuer has been given written notice and, if it is so desired and is legally allowed, has been afforded the opportunity to contest the same, either directly or in the name of any Registered Owner, and until the conclusion of any appellate review, if sought.

“Fiscal Year” means the period from each October 1 to the succeeding September 30.

“Interest Payment Date” means each April 1 and October 1 commencing [April 1, 2017], and continuing through the Maturity Date.

“Interest Rate” means the rate of interest payable on the Series 2016 Bond as described in the form of Series 2016 Bond attached hereto as Exhibit A.

“Lender” means [_____], a [_____] and its successors and/or assigns.

“Local Option Gas Tax” means the revenue produced by the six-cent per gallon local option gas tax levied pursuant to Section 336.025, Florida Statutes, and Ordinance Nos. 2005-7 and 2015-26, enacted by Escambia County, Florida, on March 17, 2005 and July 23, 2015, respectively, and distributed to the Issuer by the State pursuant Section 336.025(4)(a), Florida Statutes.

“Loan” means the advance of moneys from the Lender to the Issuer pursuant to this Loan Agreement.

“Loan Agreement” means this agreement between the Lender and the Issuer setting forth the terms and details of the Loan.

“Maturity Date” means October 1, 20__.

["Non-Ad Valorem Revenues" means all non-ad valorem revenues of the Issuer legally available to make debt service payments on the Series 2016 Bond, but shall not include any ad valorem taxes.]

“Paying Agent” means the an officer of the Issuer or the bank or trust company which the Issuer may from time to time designate to serve as paying agent for the Series 2016 Bond.

“Payment Date” means the Interest Payment Date and Principal Payment Date.

“Person” or words importing persons, means firms, associations, partnerships (including without limitation, general and limited partnerships), joint ventures, societies,

estates, trusts, corporations, public or governmental bodies, other legal entities, and natural persons.

“Pledged Revenues” means (i) the Local Option Gas Tax, (ii) moneys on deposit in the funds and accounts created hereunder (other than amounts constituting any rebate liability as described in the Tax Certificate), and (iii) certain investment earnings.

“Principal Amount” means [_____] Million Dollars [(\$ _____)].

“Principal Payment Date” means each October 1 commencing [April 1, 2017], and continuing through the Maturity Date.

“Project” means the construction of capital improvements to the roads of the Issuer as more particularly described on Schedule “I” attached hereto, and all costs incidental thereto.

“Project Costs” means a portion of the cost of undertaking the Project including, but not limited to: engineering, legal, accounting, and financial expenses; expenses for estimates of costs and of revenues; expenses for plans, specifications and surveys; fees of fiscal agents, financial advisors or consultants; administrative expenses relating solely to the Project; the costs of acquiring and constructing the Project, reimbursement to the Issuer for any sums heretofore expended for the foregoing purposes and such other costs and expenses as may be necessary or incidental to the financing or refinancing of the Project.

“Register” means the books maintained by the Registrar in which are recorded the name and address of the Registered Owner of the Series 2016 Bond.

“Registered Owner” means the person in whose name the ownership of the Series 2016 Bond is registered on the books maintained by the Registrar. The initial Registered Owner shall be the Lender.

“Registrar” means the Person maintaining the Register. The Registrar shall initially be the Clerk.

“Regulations” means the Income Tax Regulations promulgated by the Internal Revenue Service under Sections 103 and 141 through 150 of the Code.

["Reserve Requirement" has the meaning ascribed in Section 10.F of this Agreement.]

“Resolution” means Resolution No. __-16 adopted by the Issuer on July 14, 2016, as may be amended and supplemented from time to time.

“Series 2016 Bond” means the Local Option Gas Tax Revenue Bond, Series 2016, of the Issuer, substantially in the form attached hereto as Exhibit A.

“State” means the State of Florida.

“Tax Certificate” means the Issuer’s Tax Certificate as to Arbitrage and the Provisions of Sections 141-150 of the Internal Revenue Code of 1986, As Amended, dated as of the date hereof.

“Taxable Rate” shall mean, upon a Determination of Taxability, the interest rate per annum that shall provide the Registered Owner with the same after tax yield that the Registered Owner would have otherwise received had the Determination of Taxability not occurred, taking into account the increased taxable income of the Registered Owner as a result of such Determination of Taxability. The Registered Owner shall provide the Issuer with a written statement explaining the calculation of the Taxable Rate, which statement shall, in the absence of manifest error, be conclusive and binding on the Issuer.

SECTION 2. INTERPRETATION. Unless the context clearly requires otherwise, words of masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Loan Agreement and all the terms and provisions hereof (a) have been negotiated between the Issuer and the Lender; (b) shall not be construed strictly in favor of or against either party hereto; and (c) shall be construed to effectuate the purpose set forth herein and to sustain the validity hereof.

SECTION 3. THE LOAN.

A. Loan. The Lender hereby makes and the Issuer hereby accepts the Loan, upon the terms and conditions set forth herein.

B. Disbursement of Proceeds.

(i) To the extent not reimbursed or paid by the Lender, the Issuer shall pay all costs and expenses in connection with the preparation, issuance and sale of the Series 2016 Bond.

[(ii) A sum equal to the Reserve Requirement for the Series 2016 Bond shall be deposited into the Reserve Fund.]

(iii) Simultaneously with the delivery of the Series 2016 Bond to the Lender, remaining proceeds of the Series 2016 Bond shall be deposited into a separate account hereby created and established to be known as the “City of Pensacola, Florida Local Option Gas Tax Revenue Bond, Series 2016 Project Fund” (the “Project Fund”) and shall be used to pay Project Costs. Such costs shall include, but shall not be limited to, reimbursement of advances from other funds of the Issuer for payment of any part of the Project. Monies in the Project Fund shall be invested in Authorized Investments, and all income derived therefrom shall be deposited in the Project Fund until the Project has been completed, at which time such income, together with any balance remaining in the Project Fund, shall be used to pay principal and interest on the Series 2016 Bond.

To the extent there are no other available funds held hereunder, the Issuer shall use any remaining funds in the Project Fund to pay principal and interest on the Series 2016 Bond in the Event of Default.

Such fund shall be kept separate and apart from all other funds of the Issuer and the moneys on deposit therein shall be withdrawn, used and applied by the Issuer solely for the purposes set forth herein. Such proceeds shall be and constitute trust funds for such purpose and there is hereby created a lien in favor of the Series 2016 Bond upon such money until so applied by the Issuer solely for the purposes set forth herein.

SECTION 4. DESCRIPTION OF SERIES 2016 BOND. The obligation of the Issuer to repay the Loan shall be evidenced by the Series 2016 Bond. The Series 2016 Bond shall be dated as of the Date of Delivery; shall mature on the Maturity Date; and shall be in registered form.

The Interest Rate on the Series 2016 Bond shall be a fixed rate of interest equal to ___% per annum, subject to adjustment as provided in the Loan Agreement. After a Determination of Taxability, the Interest Rate shall equal the Taxable Rate and after an Event of Default, the Interest Rate shall equal the Default Rate, however, in no event shall interest be payable on the Series 2016 Bond at a rate in excess of the maximum rate permitted by applicable law. Interest on the Series 2016 Bond shall be calculated using a **[360-day year consisting of twelve 30-day months]** and shall be paid by wire transfer or other medium acceptable to the Issuer and the Lender.

[Principal on the Series 2016 Bond shall be paid annually on each Principal Payment Date, in an amount specified in Schedule 2 attached to the Series 2016 Bond. Interest on the Series 2016 Bond shall be paid semi-annually on each Interest Payment Date.]

[The Series 2016 Bond is subject to prepayment prior to its maturity at the option of the Issuer, in whole or in part, at par plus accrued interest and without penalty at any time after three (3) years from the date of issuance of the Series 2016 Bond. Any partial prepayment shall be applied against annual principal installments as determined by the Registered Owner, in its sole discretion. The Issuer shall provide the Registered Owner not less than two (2) Business Days prior written notice of any prepayment.]

SECTION 5. EXECUTION OF SERIES 2016 BOND. The Series 2016 Bond shall be executed in the name of the Issuer by the Mayor, attested under seal by the City Clerk, approved as to substance by the Chief Financial Officer, and designated legal in form and valid as drawn by the City Attorney. The Series 2016 Bond may be signed and sealed on behalf of the Issuer by any person who at the actual time of the execution of the Series 2016 Bond shall hold the appropriate office in the Issuer, although at the date thereof the person may not have been so authorized. The Series 2016 Bond may be executed by the facsimile signatures of the Mayor, the Clerk, the Chief Financial Officer and/or City Attorney, provided that at least one of the Mayor or Clerk's signatures must be a manual signature.

SECTION 6. REGISTRATION AND TRANSFER OF SERIES 2016 BOND. The Series 2016 Bond shall be and shall have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code-Investment Securities Laws of the State, and each Registered Owner, in accepting the Series 2016 Bond, shall be conclusively deemed to have agreed that such Series 2016 Bond shall be and have all of the qualities and incidents of negotiable instruments thereunder.

There shall be a Registrar who shall be responsible for maintaining the Register. The person in whose name ownership of a Series 2016 Bond is shown on the Register shall be deemed the Registered Owner thereof by the Issuer and the Registrar, who may treat the Registered Owner as the absolute owner of the Series 2016 Bond for all purposes, whether or not the Series 2016 Bond shall be overdue, and any notice to the contrary shall not be binding upon the Issuer or the Registrar.

Ownership of the Series 2016 Bond may be transferred or assigned only as a whole and only upon the Register. Upon surrender to the Registrar for transfer or exchange of the Series 2016 Bond accompanied by an assignment or written authorization for exchange, whichever is applicable, duly executed by the Registered Owner or its attorney duly authorized in writing, the Registrar shall deliver in the name of the Registered Owner or the transferee or transferees, as the case may be, a new fully registered Series 2016 Bond of the same amount, maturity and interest rate as the Series 2016 Bond surrendered. Provided however, any assignment or transfer by the Registered Owner of the Series 2016 Bond shall be in whole and not in part.

The Series 2016 Bond presented for transfer, exchange, redemption or payment (if so required by the Issuer or the Registrar) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guaranty of signature satisfactory to the City Attorney, Bond Counsel, or the Registrar, duly executed by the Registered Owner or by his duly authorized attorney.

The City Administrator and the Registrar may charge the Registered Owner a sum sufficient to reimburse them for any expenses incurred in making any exchange or transfer after the first such exchange or transfer following the delivery of such Series 2016 Bond. The Registrar or the City Administrator may also require payment from the Registered Owner or his transferee, as the case may be, of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto by any governmental entity other than the Issuer. Such charges and expenses shall be paid before any such new Series 2016 Bond shall be delivered.

The new Series 2016 Bond delivered upon any transfer or exchange shall be a valid obligation of the Issuer, evidencing the same debt as the Series 2016 Bond surrendered, shall be secured under this Loan Agreement, and shall be entitled to all of the security and benefits hereof to the same extent as the Series 2016 Bond surrendered.

Whenever a Series 2016 Bond shall be delivered to the Registrar for cancellation, upon payment of the principal amount thereof, or for replacement, transfer or exchange, such Series 2016 Bond shall be cancelled and destroyed by the Registrar, and counterparts of a certificate of destruction evidencing such destruction shall be furnished to the Issuer.

SECTION 7. SERIES 2016 BOND MUTILATED, DESTROYED, STOLEN OR LOST. In case the Series 2016 Bond shall be mutilated, or be destroyed, stolen or lost, upon the Registered Owner furnishing the Registrar satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur, the Registrar shall issue and deliver a new Series 2016 Bond of like tenor as the Series 2016 Bond so mutilated, destroyed, stolen or lost, in lieu of or substitution for the Series 2016 Bond, if any, destroyed, stolen or lost, or in exchange and substitution for such mutilated Series 2016 Bond, upon surrender of such mutilated Series 2016 Bond, if any, to the Registrar and the cancellation thereof; provided however, if the Series 2016 Bond shall have matured or be about to mature, instead of issuing a substitute Series 2016 Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Series 2016 Bond be lost, stolen or destroyed, without surrender thereof. Any Series 2016 Bond surrendered under the terms of this Section 7 shall be cancelled by the Registrar.

Any such new Series 2016 Bond issued pursuant to this section shall constitute an original, additional contractual obligation on the part of the Issuer whether or not, as to the new Series 2016 Bond, the lost, stolen or destroyed Series 2016 Bond be at any time found by anyone, and such new Series 2016 Bond shall be entitled to equal and proportionate benefits and rights as to security for payment to the same extent as the Series 2016 Bond originally issued hereunder.

SECTION 8. FORM OF SERIES 2016 BOND. The Series 2016 Bond shall be in substantially the form attached hereto as Exhibit A, with such variations, omissions and insertions as may be necessary, desirable and authorized or permitted by this Loan Agreement.

SECTION 9. SECURITY FOR SERIES 2016 BOND; SERIES 2016 BOND NOT DEBT OF THE ISSUER. The payment of the principal of and interest on the Series 2016 Bond shall be secured forthwith solely by a lien upon and pledge of the Pledged Revenues. The principal of and interest on the Series 2016 Bond shall not constitute a general obligation or indebtedness of the Issuer, but shall be a limited obligation of the Issuer payable solely from the Pledged Revenues[**and from certain Non-Ad Valorem Revenues budgeted and appropriated by the Issuer for such purpose**], to the extent and as provided herein. The Registered Owner shall never have the right to compel the levy of taxes upon any property of or in the Issuer for the payment of the principal of and interest on the Series 2016 Bond.

[To the extent that receipts of the Local Option Gas Tax are insufficient in any Fiscal Year to generate Pledged Revenues sufficient to pay debt service on the Series 2016 Bond, the Issuer covenants to budget and appropriate sufficient Non-Ad Valorem Revenues to cure such deficiency. Nothing herein shall be deemed to pledge ad valorem taxation revenues or

to permit or constitute a mortgage or lien upon any assets or property owned by the Issuer, and neither the Lender nor any other person may compel the levy of ad valorem taxes on real or personal property within the boundaries of the Issuer for the purpose of making up such deficiency or to continue any program or services which generate Non-Ad Valorem Revenues. The obligations hereunder do not constitute a general obligation indebtedness of the Issuer within the meaning of any constitutional, statutory or charter provision or limitation, and neither the Lender nor any other person shall have the right to compel the exercise of the ad valorem taxing power of the Issuer or taxation of any real or personal property therein for the payment by the Issuer of its obligations hereunder. Except to the extent expressly set forth in this Loan Agreement, this Loan Agreement and the obligations of the Issuer hereunder shall not be construed as a limitation on the ability of the Issuer to pledge or covenant to pledge said Non-Ad Valorem Revenues or any revenues or taxes of the Issuer for other legally permissible purposes. Notwithstanding any provisions of this Loan Agreement or the Series 2016 Bond to the contrary, the Issuer shall never be obligated to maintain or continue any of the activities of the Issuer which generate user service charges, regulatory fees or any Non-Ad Valorem Revenues or the rates for such services or regulatory fees. Neither this Loan Agreement nor the obligations of the Issuer hereunder shall be construed as a pledge of or a lien on all or any Non-Ad Valorem Revenues of the Issuer other than Pledged Revenues, but shall be payable solely as provided in this Section and are subject in all respects to the provisions of Section 166.241, Florida Statutes, and are subject, further, to the payment of services and programs which are for essential public purposes affecting the health, welfare and safety of the inhabitants of the Issuer.

The Lender and the Issuer understand that the amounts available to be budgeted and appropriated to make debt service payments hereunder are subject to the obligation of the Issuer to provide essential services; however, such obligation to make debt service payments is cumulative and would carry over from Fiscal Year to Fiscal Year.]

SECTION 10. COVENANTS OF THE ISSUER. Until the principal of and interest on the Series 2016 Bond shall have been paid in full or provision for payment of the Series 2016 Bond shall have been made in accordance with the provisions of this Loan Agreement, the Issuer covenants with the Registered Owner of the Series 2016 Bond as follows:

A. Establishment of Debt Service Fund and Accounts Therein. There is hereby created and established a Debt Service Fund (and the Principal Account and Interest Account therein). The Debt Service Fund and any other special funds herein established and created shall constitute trust funds for the purposes provided herein for such funds. All such funds shall be continuously secured in the same manner as deposits of governmental funds are authorized to be secured by the laws of the State.

The cash required to be accounted for in any funds established hereunder may be deposited in a single bank account, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the cash on deposit therein for the various purposes of such funds as herein provided.

The designation and establishment of the various funds and accounts in and by this Loan Agreement 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 and assets as herein provided.

The moneys in the Debt Service Fund and the accounts therein until disbursed pursuant to the provisions hereof may be invested and reinvested only in Authorized Investments, in the manner provided by law. All income on such investments shall remain in such Fund and used for the purposes herein described. Authorized Investments in the funds and accounts under this Agreement shall be valued at the market value thereof, exclusive of accrued interest, by the Issuer as frequently as reasonably deemed necessary by the Lender but not less often than annually nor more often than monthly.

B. Disposition of Pledged Revenues.

The Issuer shall deposit the Pledged Revenues into the Debt Service Fund, monthly in advance on or before the first day of each month of each year, a sum equal to one-sixth (1/6) of the interest becoming due on the next Interest Payment Date and one-twelfth (1/12) of the principal becoming due on the next Principal Payment Date and to cure any deficiency in deposits in prior months, together with such additional proportionate sums as may be required to pay said principal and interest as the same shall respectively become due, or to account for a period of less than twelve months between the delivery of the Series 2016 Bond and the first principal payment date. **[Pledged Revenues available after such monthly deposits shall be applied as required to replenish the Reserve Fund as provided in Section 10.F below.]**

After the above described monthly deposits are made by the Issuer in accordance with this subsection, all Pledged Revenues may be used by the Issuer for any lawful purpose.

C. Financial Statements. The Issuer shall provide to the Lender its audited year-end financial statements no later than 270 days after the end of the each Fiscal Year prepared in accordance with generally accepted accounting principles.

D. Annual Budget and Other Information. The Issuer will prepare its annual budget in accordance with the Act, and will provide to the Lender a copy of its final annual budget for each Fiscal Year within 30 days of adoption thereof by the City Council, and the Issuer will provide the Lender such other financial or public information as the Lender may reasonably request.

E. Tax Compliance. Neither the Issuer, nor any third party over whom the Issuer has control, will make any use of, or permit an omission of use, of the proceeds of the Series 2016 Bond at any time during the term of the Series 2016 Bond which would cause the Series 2016 Bond to be (a) a "private activity bond" within the meaning of Section 103(b)(1) of the

Code or (b) an “arbitrage bond” within the meaning of Section 103(b)(2) of the Code. The Issuer covenants throughout the term of the Series 2016 Bond to comply with the requirements of the Code and the Regulations, as amended from time to time, and to take all actions, and to not permit the omission of any actions, necessary to maintain the exclusion from gross income for purposes of the Code of interest on the Series 2016 Bond, including, without limitation, the payment of arbitrage rebate, if required.

The Issuer hereby makes each of the representations, warranties and covenants contained in the Tax Certificate. By this reference, all terms, conditions, and covenants in said Tax Certificate are incorporated in and made a part of this Loan Agreement.

F. **Additional Debt.** (i) **During such time as the Series 2016 Bond is outstanding hereunder, the Issuer covenants that it shall issue obligations which are secured by, or payable from any of its Pledged Revenues only if the Issuer, prior to the incurrence or issuance of such obligations, shall deliver to the Lender a certificate setting forth the calculations of the debt service coverage provided below and certifying that it is in compliance with the following: Pledged Revenues shall cover maximum annual debt service on the Series 2016 Bond and projected maximum annual debt service on the proposed obligations and any other obligations then outstanding that is secured by a pledge of or payable from any of the Pledged Revenues by at least [____x]. For the calculation of debt service coverage required by this clause (i), “Pledged Revenues” shall be determined using the average of actual receipts of Pledged Revenues for the prior two Fiscal Years based on the Issuer’s annual audited financial statements for such Fiscal Years. In addition, maximum annual debt service on the Series 2016 Bond and maximum annual debt service on other obligations issued hereunder shall be determined on an aggregate basis whereby the annual debt service for each is combined and the overall maximum is determined.]**

(ii) **The Issuer covenants and agrees that it will not issue obligations which are secured by, or payable from any of the Pledged Revenues or other debt obligations secured by or payable from Non-Ad Valorem Revenues unless its Non-Ad Valorem Revenues for the most recent two (2) Fiscal Years for which audited financial statements are available (average of actual receipts over the prior two (2) years) plus reasonably projected receipts of any new source of Non-Ad Valorem Revenues that has been levied to the extent not fully reflected in such audited financial statements less Non-Ad Valorem Revenues arising from and accounted for in any enterprise fund of the Issuer (except those funds which have been transferred from any retained earnings of such enterprise fund to the Issuer’s general fund for general fund expenditure) shall equal at least two (2.0) times the combined Maximum Annual Non-Ad Valorem Debt Service on all Non-Ad Valorem Revenue Obligations, including Non-Ad Valorem Revenue Obligations proposed to be issued.**

“Maximum Annual Non-Ad Valorem Debt Service” shall mean the maximum annual debt service requirement on a consolidated basis of all Non-Ad Valorem Revenue Obligations then outstanding for the then current or any subsequent Fiscal Year.

“Non-Ad Valorem Revenue Obligations” shall mean obligations evidencing indebtedness for borrowed money (i) payable from or secured by a pledge of or lien on one or more Non-Ad Valorem Revenues or covenant to budget and appropriate Non-Ad Valorem Revenues, or (ii) payable directly or indirectly from a covenant to budget and appropriate Non-Ad Valorem Revenues, but only if the Issuer reasonably expects to apply Non-Ad Valorem Revenues to the payment of debt service, directly or indirectly, on such obligations and only to the extent that amounts other than Non-Ad Valorem Revenues available and pledged to pay such obligations during the prior fiscal year for which audited financial statements are available were less than the maximum annual debt service for such obligations for the then current or any subsequent fiscal year. Non-Ad Valorem Revenue Obligations shall not include indebtedness for borrowed money payable from or secured by a pledge or lien on Non-Ad Valorem Revenues of any enterprise fund of the Issuer.

Debt service on any Non-Ad Valorem Revenue Obligations shall be computed in accordance with the requirements of the documents under which such portion of the Non-Ad Valorem Revenue Obligations were issued or incurred; provided, however, that for purposes of this Section 10.E.(ii), interest on any Non-Ad Valorem Revenue Obligations which bear interest at a variable rate of interest shall be deemed to bear interest at the greater of (i) 1.25 times the most recent 20 Bond Index published by *The Bond Buyer*, or (ii) 1.25 times actual average interest rate during the prior Fiscal Year of the Issuer. The maximum annual debt service on Non-Ad Valorem Revenue Obligations, whether bearing interest at a fixed or variable interest rate, constituting Balloon Indebtedness, shall be determined assuming such Non-Ad Valorem Revenue Obligations are amortized over 20 years from the date of original issuance on an approximately level debt service basis. For purposes of the foregoing sentence, "Balloon Indebtedness" means Non-Ad Valorem Revenue Obligations, 25% or more of the original principal of which matures during any one Fiscal Year.]

[F. Reserve Fund. The City shall establish and fund a debt service reserve fund (the “Reserve Fund”) in an amount equal to \$_____ (the “Reserve Requirement”). Amounts held in the Reserve Fund shall be applied solely to the payment of debt service when due on the Series 2016 Bond if available Pledged Revenues are insufficient for such payment. Any withdrawals from the Reserve Fund which reduce the balance below the Reserve Requirement shall be subsequently restored within the next ensuing twelve (12) months following such withdrawal from available Pledged Revenues after payment of all required debt service on the Series 2016 Bond then due (including all deficiencies in prior payments). The amount required to be on deposit in the Reserve Fund shall be recomputed not less than annually, and any surplus may be used to pay debt service on the Series 2016 Bond.

Such Reserve Fund shall be kept separate and apart from all other funds of the Issuer and the moneys on deposit therein shall be withdrawn, used and applied by the Issuer solely for the purposes set forth herein. Such proceeds shall be and constitute trust funds for such purpose and there is hereby created a lien in favor of the Series 2016 Bond upon such money until so applied by the Issuer solely for the purposes set forth herein.

SECTION 11. REPRESENTATIONS AND WARRANTIES. The Issuer represents and warrants to the Lender that:

A. Organization. The Issuer is a municipal corporation, duly organized and existing under the laws of the State.

B. Authorization of Loan Agreement and Related Documents. The Issuer has the power and has taken all necessary action to authorize the execution and delivery of and the performance by the Issuer of its obligations under, this Loan Agreement and the Series 2016 Bond in accordance with their respective terms. This Loan Agreement and the Series 2016 Bond have been duly executed and delivered by the Issuer and are valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms, except to the extent that such enforcement may be limited by laws regarding bankruptcy, insolvency, reorganization or moratorium applicable to the Issuer or by general principles of equity regarding the availability of specific performance.

C. Pledged Revenues. The Issuer currently receives the Pledged Revenues and is legally entitled to pledge from such Pledged Revenues amounts necessary to pay the principal of and interest on the Series 2016 Bond when due as provided herein. The Issuer estimates that the Pledged Revenues will be available in amounts sufficient to pay the principal of and interest on the Series 2016 Bond as the same becomes due prior to the Maturity Date and, to pay all principal of and interest on the Series 2016 Bond on the Maturity Date. The Issuer shall take all lawful action necessary to enable the Issuer to continue to be eligible to receive, and to receive, the Pledged Revenues in at least the amounts necessary to pay principal and interest on the Series 2016 Bond. The Issuer shall diligently enforce by all lawful action its right to receive Local Option Gas Tax revenues in an amount sufficient in each Fiscal Year to make the debt service deposits for the payment of the Series 2016 Bond and all other payments of the Issuer required hereunder. The Issuer will not consent or agree to an allocation of Local Option Gas Tax revenues that would allocate to the Issuer Local Option Gas Tax revenues in any Fiscal Year in an amount less than the debt service deposits for the Series 2016 Bond and other amounts payable by the Issuer hereunder in such Fiscal Year.

D. Financial Statements. The audited financial statements of the Issuer for the Fiscal Year ended September 30, 2015 (the "Financial Statements"), previously provided to the Lender were prepared in accordance with generally accepted accounting principles, are correct and present fairly the financial condition of the Issuer as of such date and the results of its operations for the period then ended.

SECTION 12. CONDITIONS PRECEDENT. The obligation of the Lender to make the Loan is subject to the satisfaction of each of the following conditions precedent on or before the Date of Delivery:

A. Action. The Lender shall have received a copy of the Resolution certified as complete and correct as of the closing date, together with an executed Loan Agreement, the executed Series 2016 Bond and the customary closing certificates.

B. Incumbency of Officers. The Lender shall have received an incumbency certificate of the Issuer in respect of each of the officers who is authorized to sign this Loan Agreement, the Series 2016 Bond, and the related financing documents on behalf of the Issuer.

C. Opinion of City Attorney. The Lender shall have received a written opinion of the City Attorney as to (1) the valid existence of the Issuer as a municipal corporation of the State; (2) the due adoption of the Resolution; (3) the due authorization and execution of this Loan Agreement, the Series 2016 Bond and the transaction contemplated hereby and thereby; (4) the Loan Agreement and the Series 2016 Bond constituting valid and binding obligations of the Issuer, enforceable against the Issuer, in accordance with their respective terms; and (5) the absence of litigation against the Issuer relating to (a) its existence or powers, (b) its authority to issue the Series 2016 Bond, pledge the Pledged Revenues[, and **provide the covenant to budget and appropriate from Non-Ad Valorem Revenues**], and (c) the procedures governing the authorization and issuance of the Series 2016 Bond, in a form and substance satisfactory to the Lender.

D. Certificate of Chief Financial Officer. The Lender shall have received a certificate from the Chief Financial Officer that: (1) since the date of the Financial Statements, referred to in Section 11.E. above, there has been no material adverse change in the financial condition, revenues, properties or operations of the Issuer; (2) there are no liabilities (of the type required to be reflected on balance sheets prepared in accordance with generally accepted accounting principles), direct or indirect, fixed or contingent, of the Issuer as of the date of such financial information which are not reflected therein; (3) there has been no material adverse change in the financial condition or operations of the Issuer since the date of such Financial Statements (and to the Chief Financial Officer's knowledge no such material adverse change is pending or threatened); and (4) the Issuer has not guaranteed the obligations of, or made any investment in or loans to, any person except as disclosed in such information.

E. Representations and Warranties; No Default. The representations and warranties made by the Issuer herein shall be true and correct in all material respects on and as of the Date of Delivery, as if made on and as of such date; no Default shall have occurred and be continuing as of the Date of Delivery or will result from the consummation of the Loan; and the Lender shall have received a certificate from the Issuer to the foregoing effect.

F. Opinion of Bond Counsel. The Issuer shall have received an opinion of Bond Counsel to the effect that interest on the Series 2016 Bond is excludable from gross income for federal income tax purposes.

G. Lender Certificates. The Issuer shall have received the fully executed Lender's Certificate substantially in the form attached to the Resolution as Exhibit B and the Disclosure

Letter containing the information required by Section 218.385, Florida Statutes, substantially in the form attached to the Resolution as Exhibit C.

H. Other Documents. The Lender shall have received such other documents, certificates and opinions as the Lender or its counsel shall have reasonably requested.

SECTION 13. NOTICES. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered, delivered by telecopier, mailed by registered or certified mail, postage prepaid, or delivered by courier service to the parties at the following addresses:

Issuer: City of Pensacola, Florida
222 West Main Street
Pensacola, Florida 32502
Attention: City Administrator, with a required copy to the City Attorney at the same address, and a required copy to the Clerk at the same address.

[Lender:]

Any of the above parties may, by notice in writing given to the others, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Communication via telecopier shall be confirmed by delivery by hand, mail, or courier, as specified above, of an original promptly after such communication by telecopier.

SECTION 14. EVENTS OF DEFAULT DEFINED. The following shall be "Events of Default" under this Loan Agreement, and the terms "Default" and "Events of Default" shall mean (except where the context clearly indicates otherwise), any one or more of the following events:

A. Failure by the Issuer to make any payment of principal of or interest on the Series 2016 Bond within three days of the date due.

B. Failure by the Issuer to observe and perform any other covenant, condition or agreement on its part to be observed or performed under this Loan Agreement for a period of thirty (30) days after written notice of such failure was or was by the terms hereof required to be delivered to the Issuer by the Lender, unless the Lender shall agree in writing to an extension of such time prior to its expiration;

C. The making of any warranty, representation or other statement by the Issuer or by an officer or agent of the Issuer in this Loan Agreement or in any instrument furnished in compliance with or in reference to this Loan Agreement which is false or misleading in any material adverse respect;

D. The filing of a petition against the Issuer under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, if an order for relief is entered under such petition or such petition is not dismissed within sixty (60) days of such filing;

E. The filing by the Issuer of a voluntary petition in bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or the consent by the Issuer to the filing of any petition against it under such law; or

F. The admission by the Issuer of its insolvency or bankruptcy or its inability to pay its debts as they become due or that it is generally not paying its debts as such debts become due, or the Issuer's becoming insolvent or bankrupt or making an assignment for the benefit of creditors, or the appointment by court order of a custodian (including without limitation a receiver, liquidator or trustee) of the Issuer or any of its property taking possession thereof and such order remaining in effect or such possession continuing for more than sixty (60) days.

G. The occurrence of a Determination of Taxability.

Upon an Event of Default specified in paragraphs B. through G. above, the Interest Rate shall immediately and automatically become the Default Rate.

SECTION 15. NOTICE OF DEFAULTS. The Issuer shall within five Business Days after it acquires knowledge thereof, notify the Registered Owner of the Series 2016 Bond in writing (a) of any change in any material fact or circumstance represented or warranted by the Issuer in this Agreement or in connection with the issuance of the Series 2016 Bond; (b) upon the happening, occurrence, or existence of any Event of Default that the Registered Owner is not otherwise aware of, and (c) any event or condition which with the passage of time or giving notice, or both, would constitute an Event of Default, and shall provide the Registered Owner of the Series 2016 Bond, with such written notice, a detailed statement by the Chief Financial Officer 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 Registered Owner of the Series 2016 Bond, such date shall not in any way modify the date of occurrence of the actual Event of Default.

SECTION 16. REMEDIES. [Upon an Event of Default specified in Section 14.A. above, the Lender may, by a notice in writing to the Issuer, declare the principal amount of and all interest on the Series 2016 Bond outstanding to be immediately due and payable, and upon such declaration, the same shall be immediately due and payable.] For all Events of Default, the Lender may also sue to protect and enforce any and all rights, including the right to specific performance, existing under the laws of the State, of the United States of America, or granted and contained in this Loan Agreement, and to enforce and compel the performance of all duties required by this Loan Agreement or by any applicable laws to be performed by the Issuer, the City Council or by any officer thereof, and may take all steps to enforce this Loan

Agreement to the full extent permitted or authorized by the laws of the State or the United States of America.

The Issuer and the Lender each waives, to the fullest extent permitted by law, any right to trial by jury in respect of any litigation based upon the Series 2016 Bond or arising out of, under or in conjunction with the Series 2016 Bond or this Loan Agreement.

SECTION 17. NO PERSONAL LIABILITY. No recourse shall be had for the payment of the principal of and interest on the Series 2016 Bond or for any claim based on the Series 2016 Bond or on this Loan Agreement, against any present or former member or officer of the City Council or any person executing the Series 2016 Bond.

SECTION 18. PAYMENTS DUE ON SATURDAYS, SUNDAYS AND HOLIDAYS. In any case where the date for making any payment or the last date for performance of any act or the exercise of any right, as provided in this Loan Agreement, shall be other than a Business Day, then such payment or performance shall be made on the succeeding Business Day with the same force and effect as if done on the nominal date provided in this Loan Agreement, provided that interest on any monetary obligation hereunder shall accrue at the applicable rate to and including the date of such payment.

SECTION 19. AMENDMENTS, CHANGES AND MODIFICATIONS. This Loan Agreement may be amended only by a writing approved with the same formality as this Agreement, signed by both parties hereto.

SECTION 20. BINDING EFFECT. To the extent provided herein, this Loan Agreement shall be binding upon the Issuer and the Lender and shall inure to the benefit of the Issuer and the Lender and their respective successors and assigns. This Loan Agreement shall be discharged and neither the Issuer nor the Lender shall have any further obligations hereunder or under the Series 2016 Bond when the Issuer shall have paid the principal of and interest on the Series 2016 Bond in full and shall have paid in full all other amounts, if any, due under the Series 2016 Bond or this Loan Agreement.

SECTION 21. SEVERABILITY. In the event any court of competent jurisdiction shall hold any provision of this Loan Agreement invalid or unenforceable such holding shall not invalidate or render unenforceable, any other provision hereof.

SECTION 22. EXECUTION IN COUNTERPARTS. This Loan Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 23. APPLICABLE LAW. The laws of the State shall be the law applied in the resolution of any action, claim or other proceeding arising out of the Resolution, the Series 2016 Bond or this Loan Agreement.

SECTION 24. VENUE; ATTORNEY'S FEES. The parties agree that jurisdiction and venue for the enforcement of the Resolution, this Loan Agreement or the Series 2016 Bond shall be in the state and/or federal courts of Escambia County, Florida. The prevailing party in any action, claim or proceeding arising out of the Resolution, the Loan Agreement or the Series 2016 Bond shall be entitled to attorney's fees and costs from the losing party

SECTION 25. ASSIGNMENT. The Lender may assign its rights hereunder to any party to whom it sells or transfers the Series 2016 Bond.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Loan Agreement as of the date first above written.

CITY OF PENSACOLA, FLORIDA

By: _____
Ashton J. Hayward, III, Mayor

(SEAL)

ATTEST:

By: _____
City Clerk

Approved as to Substance:

By: _____
Richard Barker, Jr.
Chief Financial Officer

Legal in Form and Valid as Drawn:

By: _____
Lysia H. Bowling
City Attorney

[LENDER]

By: _____
Name:
Title:

EXHIBIT A
FORM OF SERIES 2016 BOND

No. R-1

\$ _____

CITY OF PENSACOLA, FLORIDA
LOCAL OPTION GAS TAX REVENUE BOND, SERIES 2016

Interest Rate

Maturity Date

Date of Issue

October 1, 2026

July __, 2016

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS, that the City of Pensacola, Florida (the "Issuer"), for value received, hereby promises to pay to the Registered Owner designated above, or registered assigns, solely from the amounts hereinafter mentioned, in installments, on the Principal Payment Dates indicated in Schedule 2 attached hereto and on the Maturity Date, or sooner as provided herein, the Principal Amount shown above and the interest on the outstanding Principal Amount hereof from the date of this Bond or from the most recent date to which interest has been paid, whichever is applicable, until payment of such Principal Amount, at the Interest Rate described above, subject to adjustment as set forth in Schedule 1 attached hereto, with all unpaid interest being due on the Maturity Date or upon the earlier payment of principal hereunder upon presentation and surrender hereof at the office of the Clerk for the Issuer, as Registrar and Paying Agent. The principal of, premium, if any, and interest on this Bond are payable in lawful money of the United States of America. Interest due hereon shall be calculated on the basis of a [360-day year consisting of twelve 30-day months].

[This Bond is subject to prepayment prior to its maturity at the option of the Issuer, in whole or in part, at par plus accrued interest and without penalty at any time after three (3) years from the date of issuance of the Bond. Any partial prepayment shall be applied against annual installments of principal as determined by the Registered Owner, in its sole discretion. The Issuer shall provide not less than two (2) Business Days prior written notice.]

This Bond is being issued in the principal amount [\$ _____] to finance the costs of the Project of the Issuer under the authority of and in full compliance with the Constitution and Statutes of the State of Florida, including particularly Chapter 166, Part II, Florida Statutes, as amended, the municipal charter of the Issuer and other applicable provisions of law, and Resolution No. __-16, duly adopted by the City Council of the Issuer on July 14, 2016 (the "Resolution"), and pursuant to a Loan Agreement between the Issuer and the Registered Owner, dated July __, 2016 (the "Loan Agreement"), to which reference should be made to ascertain those terms and conditions. The terms and provisions of the Loan Agreement and the Resolution, including, without limitation, the definitions therein, are hereby incorporated as a

part of this Bond. The principal of this Bond shall be disbursed by the Registered Owner hereof to the Issuer in immediately available funds on the Date of Delivery in accordance with the Loan Agreement.

This Bond is payable from and secured solely by the Pledged Revenues[**and to the extent receipts of Local Option Gas Tax revenues in any Fiscal Year are insufficient to generate Pledge Revenues sufficient for the payment of debt service on the Series 2016 Bond, from certain Non-Ad Valorem Revenues budgeted and appropriated to cure such deficiencies**], all in the manner provided in, and subject to the terms and conditions of, the Resolution and the Loan Agreement. This Bond shall not constitute a general obligation or indebtedness of the Issuer, but shall be a limited obligation of the Issuer payable solely from the Pledged Revenues [**and the Non-Ad Valorem Revenues**], as provided in the Loan Agreement. The Registered Owner hereof shall never have the right to compel the levy of taxes upon any property of or in the Issuer for the payment of the principal of and interest on this Bond [**or to continue or maintain activities or services which generate Non-Ad Valorem Revenues**]. Reference is made to the Loan Agreement for the provisions relating to the security for payment of this Bond and the duties and obligations of the Issuer hereunder.

The Registered Owner may sue to protect and enforce any and all rights, including the right to specific performance, existing under the laws of the State of Florida, of the United States of America, or granted and contained in the Loan Agreement, and to enforce and compel the performance of all duties required by the Loan Agreement or by any applicable laws to be performed by the Issuer, the City Council or by any officer thereof, and may take all steps to enforce the Loan Agreement to the full extent permitted or authorized by the laws of the State of Florida or the United States of America. The Issuer waives its right to trial by jury in the event of any proceedings in state or federal courts to enforce the terms of this Bond or of the Loan Agreement, and the Registered Owner, by its acceptance of this Bond, waives its right to trial by jury in any such proceedings.

This Bond is subject to all the terms of the Loan Agreement and Schedule 1 attached hereto.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and laws of the State of Florida to be performed, to exist and to happen precedent to and in the issuance of this Bond, have been performed, exist and have happened in regular and due form and time as so required.

[Remainder of page left intentionally blank]

IN WITNESS WHEREOF, the City of Pensacola, Florida, has issued this Bond and has caused the same to be executed by the manual signature of the Mayor, attested under seal by the City Clerk, approved as to substance by the Chief Financial Officer, and designated legal in form and valid as drawn by the City Attorney, as of the Dated Date set forth above.

CITY OF PENSACOLA, FLORIDA

[SEAL]

By: _____
Ashton J. Hayward, III, Mayor

ATTEST:

By: _____
City Clerk

Approved as to Substance:

By: _____
Richard Barker, Jr.
Chief Financial Officer

Legal in Form and Valid as Drawn:

By: _____
Lysia H. Bowling
City Attorney

Vertical text on the right edge of the page, likely a scanning artifact or page number.

CERTIFICATE OF AUTHENTICATION OF REGISTRAR

This Bond constitutes the Local Option Gas Tax Revenue Bond, Series 2016, as herein described. The Principal Amount, Interest Rate, Maturity Date and Registered Owner shown above are correct in all respects and have been recorded, along with the applicable federal taxpayer identification number and the address of the Registered Owner, in the Register maintained at the principal office of the undersigned.

CITY CLERK OF THE CITY OF
PENSACOLA, FLORIDA, as Registrar

Date of Authentication

11/15/2016 10:00:00 AM

SCHEDULE 1 TO SERIES 2016 BOND

ADJUSTMENTS TO INTEREST RATE IN CERTAIN EVENTS

[A. Prior to a Determination of Taxability, upon a decrease in the Maximum Federal Corporate Tax Rate, the Registered Owner shall have the right to increase the Interest Rate on the Series 2016 Bond to an Interest Rate equal to the then current Interest Rate multiplied by the Margin Rate Factor.

B. Upon the occurrence of an Event of Default specified in Section 14.B. through G. in the Loan Agreement, the Interest Rate on the Series 2016 Bond shall immediately and automatically become the Default Rate, all as defined and provided in the Loan Agreement.

C. Upon the occurrence of a Determination of Taxability and for as long as the Series 2016 Bond remains outstanding, the Interest Rate on the Series 2016 Bond shall be converted to the Taxable Rate (unless and Event of Default shall have occurred, in which case the Default Rate shall apply). In addition, upon a Determination of Taxability, the Issuer shall pay to the Registered Owner (i) an additional amount equal to the difference between (A) the amount of interest actually paid on the Series 2016 Bond during the Taxable Period and (B) the amount of interest that would have been paid during the Taxable Period had the Series 2016 Bond borne interest at the Taxable Rate, and (ii) an amount equal to any interest penalties on overdue interest and additions to tax (as referred to in Subchapter A of Chapter 68 of the Code) owed by the Registered Owner as a result of the Determination of Taxability. This adjustment shall survive payment of the Series 2016 Bond until such time as the federal statute of limitations under which the interest on the Series 2016 Bond could be declared taxable under the Code shall have expired.

D. "Determination of Taxability" means the occurrence after the date hereof of the adoption or taking effect of any law, rule or regulation that changes the ability of the Registered Owner to exclude all or a portion of the interest on the Series 2016 Bond from gross income for Federal income tax purposes, or a final decree or judgment of any Federal court or a final action of the Internal Revenue Service determining that interest paid or payable on all or a portion of the Series 2016 Bond is or was includable in the gross income of the Registered Owner for Federal income tax purposes; provided, that no such decree, judgment, or action will be considered final for this purpose, however, unless the Issuer has been given written notice and, if it is so desired and is legally allowed, has been afforded the opportunity to contest the same, either directly or in the name of any Registered Owner, and until the conclusion of any appellate review, if sought.

"Margin Rate Factor" means the fraction the numerator of which is equal to one (1) minus the Maximum Federal Corporate Tax Rate on the date of calculation and the denominator of which is 0.65. The Margin Rate Factor shall be 0.65/0.65 or 1.0 so long as the Maximum Federal Corporate Tax Rate shall be 35%, and thereafter shall increase from time

to time effective as of the effective date of any decrease in the Maximum Federal Corporate Tax Rate.

"Maximum Federal Corporate Tax Rate" means the maximum rate of income taxation imposed on corporations pursuant to Section 11(b) of the Code, determined without regard to tax rate or tax benefit make-up provisions such as the last two sentences of Section 11(b)(1) of the Code, as in effect from time to time (or, if as a result of a change in the Code the rate of income taxation imposed on corporations shall not be applicable to the Registered Owner, the maximum statutory rate of federal income taxation which could apply to the Registered Owner). The Maximum Federal Corporate Tax Rate on the date of execution of the Series 2016 Bond is 35%.

"Taxable Rate" shall mean, upon a Determination of Taxability, the interest rate per annum that shall provide the Registered Owner with the same after tax-yield that the Registered Owner would have otherwise received had the Determination of Taxability not occurred, taking into account the increased taxable income of the Registered Owner as a result of such Determination of Taxability. The Registered Owner shall provide the Issuer with a written statement explaining the calculation of the Taxable Rate, which statement shall, in the absence of manifest error, be conclusive and binding on the Issuer.

"Taxable Period" shall mean the period of time between (a) the date that interest on the Series 2016 Bond is deemed to be includable in the gross income of the Registered Owner thereof for federal income tax purposes as a result of a Determination of Taxability, and (b) the date of the Determination of Taxability and after which interest is accruing and being paid at the Taxable Rate.]

SCHEDULE 2 TO SERIES 2016 BOND
DEBT SERVICE FOR THE SERIES 2016 BOND

Principal Payment Date (October 1)	Installment
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026*	
Total	

*Maturity Date

This document is a preliminary draft and is subject to change without notice. It is not intended to constitute an offer of securities. The information contained herein is not to be relied upon in making an investment decision.

SCHEDULE "I" TO LOAN AGREEMENT

DESCRIPTION OF PROJECT

The Project consists of the construction and reconstruction, resurfacing, rehabilitation and improvements to the Issuer's road system.

EXHIBIT B

FORM OF LENDER'S CERTIFICATE

This is to certify that [_____], or its assignee (the "Lender") has not required the City of Pensacola, 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 by the Issuer of its not to exceed \$15,000,000 Local Option Gas Tax Revenue Bond, Series 2016 (the "Series 2016 Bond"), and no inference should be drawn that the Lender, in the acceptance of said Series 2016 Bond, is relying on Bond Counsel or the City Attorney as to any such matters other than the legal opinions rendered by Bond Counsel and by the City Attorney. Any capitalized undefined terms used herein not otherwise defined shall have the meaning set forth in Resolution No. __-16 adopted by the City Council of the Issuer on July 14, 2016 (the "Resolution").

We are aware that investment in the Series 2016 Bond involves various risks, that the Series 2016 Bond is not a general obligation of the Issuer or payable from ad valorem tax revenues, and that the payment of the Series 2016 Bond is secured solely from the sources described in the Resolution.

We have made such independent investigation of the Issuer and the Pledged Revenues as we, in the exercise of sound business judgment, consider to be appropriate under the circumstances. In making our investment decision, we have relied upon the accuracy of information which has been provided to us.

We have knowledge and experience in financial and business matters and are capable of evaluating the merits and risks of our investment in the Series 2016 Bond and can bear the economic risk of our investment in the Series 2016 Bond.

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 Series 2016 Bond 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 neither the Issuer, Bond Counsel nor the City Attorney shall have any obligation to effect any such registration or qualification.

The Series 2016 Bond has been purchased for the account of the Lender for investment purposes only and not with a present view to the distribution, transfer or resale thereof. The Lender intends to hold and book the Series 2016 Bond as a loan in its loan portfolio; the Lender acknowledges that the use of the word "bond" in the name of the debt instrument is not intended to indicate that the instrument is or is not a security within the meaning of the Securities Act of 1933. The Lender currently intends to hold such Series 2016 Bond for its own

account and for an indefinite period of time and does not currently intend to dispose of all or any portion of such Series 2016 Bond. The Lender hereby covenants that if the Lender subsequently decides to distribute or resell the Series 2016 Bond, it shall comply in all respects with all laws then applicable with respect to any such distribution or resale. We understand that the Series 2016 Bond may not be transferred in a denomination less than the par amount outstanding at the time of transfer.

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 Series 2016 Bond 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 an "accredited investor" within the meaning of the Securities Act of 1933, as amended, and Regulation D thereunder.

DATED this ___ of _____, 2016.

[NAME OF LENDER]

By: _____
Name: _____
Title: _____

EXHIBIT C

FORM OF DISCLOSURE LETTER

The undersigned, as Lender, proposes to negotiate with the City of Pensacola, Florida (the "Issuer") for the private purchase of its not to exceed \$15,000,000 Local Option Gas Tax Revenue Bond, Series 2016 ("Series 2016 Bond"). Prior to the award of the Series 2016 Bond, 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 "Lender") in connection with the issuance of the Series 2016 Bond (such fees and expenses to be paid by the Issuer):

\$[____]
Legal Fees

2. (a) No other fee, bonus or other compensation is estimated to be paid by the Lender in connection with the issuance of the Series 2016 Bond to any person not regularly employed or retained by the Lender (including any "finder" as defined in Section 218.386(1)(a), Florida Statutes), except as specifically enumerated as expenses to be incurred by the Lender, as set forth in paragraph (1) above.

(b) No person has entered into an understanding with the Lender, or to the knowledge of the Lender, 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 Lender or to exercise or attempt to exercise any influence to effect any transaction in the purchase of the Series 2016 Bond.

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

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

5. Truth-in-Bonding Statement:

The Series 2016 Bond is being issued primarily to finance the cost of the Project and reimburse the Issuer for any Project Costs, as defined in the Resolution. Unless earlier prepaid, the Series 2016 Bond is expected to be repaid by _____, 20___. At a fixed interest rate of _____%, total interest paid over the life of the Series 2016 Bond is \$ _____ and issuance of the Series 2016 Bond will result in maximum of approximately \$ _____ of annual revenues of the Issuer not being available to finance other services of the Issuer during the life of the Series 2016 Bond.

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

IN WITNESS WHEREOF, the undersigned has executed this Disclosure Letter on behalf of the Lender this ___ day of _____, 2016.

[NAME OF LENDER]

By: _____

Name: _____

Title: _____

RESOLUTION NO. 23-16

OF THE

CITY OF PENSACOLA, FLORIDA

ADOPTED JULY 14, 2016

RELATING TO:

NOT EXCEEDING

\$15,000,000

CITY OF PENSACOLA, FLORIDA

LOCAL OPTION GAS TAX REVENUE BOND, SERIES 2016

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EXHIBIT A – FORM OF LOAN AGREEMENT

EXHIBIT B – FORM OF LENDER'S CERTIFICATE

EXHIBIT C – FORM OF DISCLOSURE LETTER

RESOLUTION NO. 23-16

A RESOLUTION AUTHORIZING THE ISSUANCE BY THE CITY OF PENSACOLA, FLORIDA OF A LOCAL OPTION GAS TAX REVENUE BOND, SERIES 2016, IN THE PRINCIPAL AMOUNT NOT TO EXCEED \$15,000,000 TO FINANCE THE COST OF THE ACQUISITION AND CONSTRUCTION OF CAPITAL IMPROVEMENTS TO THE ROAD SYSTEM OF THE CITY; PLEDGING THE PLEDGED REVENUES FOR THE PAYMENT OF SAID SERIES 2016 BOND; PROVIDING FOR THE PAYMENT OF THE SERIES 2016 BOND AND THE EXECUTION OF THE RELATED FINANCING DOCUMENTS IN CONNECTION THEREWITH; AUTHORIZING THE AWARD OF THE SALE OF THE SERIES 2016 BOND; AUTHORIZING FURTHER OFFICIAL ACTION IN CONNECTION WITH THE DELIVERY OF THE SERIES 2016 BOND; PROVIDING FOR SEVERABILITY; PROVIDING FOR REPEAL OF INCONSISTENT PROVISIONS; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PENSACOLA, FLORIDA, that:

Section 1. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of Chapter 166, Part II, Florida Statutes, as amended, the municipal charter of the City of Pensacola, Florida (the "Issuer"), and other applicable provisions of law (collectively, the "Act").

Section 2. Definitions. The following terms shall have the following meanings when used in this resolution unless the context clearly requires otherwise. Words importing singular numbers shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations. Capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Loan Agreement (herein defined).

"Bond Counsel" means Bryant Miller Olive P.A. or any subsequent nationally recognized bond counsel acceptable to the Issuer.

"Charter" means the municipal charter of the Issuer.

"Chief Financial Officer" means the Chief Financial Officer of the Issuer, or his or her designee.

"City" means the City of Pensacola, Florida, a municipal corporation of the State.

"City Administrator" means the City Administrator of the Issuer, or any acting or interim City Administrator, or his or her designee.

"City Attorney" means the City Attorney of the Issuer, or his or her designee.

"City Council" means the City Council of the Issuer, as the governing body of the Issuer.

"Clerk" means the Clerk of the Issuer, any acting, deputy, or assistant Clerk, or his or her designee.

"Financial Advisor" means RBC Capital Markets, LLC.

"Lender" has the meaning ascribed thereto in the Loan Agreement.

"Loan" means the advance of moneys from the Lender to the Issuer pursuant to the Loan Agreement.

"Loan Agreement" means the agreement between the Lender and the Issuer setting forth the terms and details of the Loan, in substantially the form attached hereto as Exhibit A with such changes, modifications, insertions or deletions as are authorized herein.

"Local Option Gas Tax" means the revenue produced by the six-cent per gallon local option gas tax levied pursuant to Section 336.025, Florida Statutes, and Ordinance Nos. 2005-7 and 2015-26, enacted by Escambia County, Florida (the "County"), on March 17, 2005 and July 23, 2015, respectively, and distributed to the Issuer by the State pursuant Section 336.025(4)(a), Florida Statutes or distributed to the Issuer pursuant to an Interlocal Agreement between the Issuer and the County.

"Mayor" means the Mayor of the Issuer or the City Administrator.

"Pledged Revenues" means (i) the Local Option Gas Tax, (ii) moneys on deposit in the funds and accounts created under the Loan Agreement (other than amounts constituting any rebate liability as described in the Tax Certificate), and (iii) certain investment earnings.

"Project" means the construction of capital improvements to the roads of the Issuer as determined by the City Council to be in the best interest of the Issuer and all costs incidental thereto.

"Project Costs" means a portion of the cost of undertaking the Project including, but not limited to: engineering, legal, accounting, and financial expenses; expenses for estimates of costs and of revenues; expenses for plans, specifications and surveys; fees of fiscal agents, financial advisors or consultants; administrative expenses relating solely to the Project; the cost of acquiring and constructing the Project, reimbursement to the Issuer for any sums heretofore expended for the foregoing purposes and such other costs and expenses as may be necessary or incidental to the financing or refinancing of the Project.

“Resolution” means, collectively, this resolution and all resolutions amendatory hereof and supplemental hereto.

“Series 2016 Bond” means the City of Pensacola, Florida, Local Option Gas Tax Revenue Bond, Series 2016, authorized herein, in substantially the form attached to the Loan Agreement as Exhibit A, with such changes, modifications, insertions or deletions as are authorized herein.

“State” means the State of Florida.

Section 3. Findings. It is hereby found, declared, and determined by the City Council:

(A) The Issuer has determined that it is necessary and in the best interests of the health, safety and welfare of the Issuer and its inhabitants that the Issuer undertake the Project. Issuance of the Series 2016 Bond to construct the Project satisfies a paramount public purpose.

(B) The Issuer is without currently available funds to pay the cost of the Project, and it is necessary and desirable that the Issuer borrow the moneys necessary to provide for payment of the Project.

(C) The Pledged Revenues are not currently pledged to any obligation of the Issuer.

(D) The Series 2016 Bond will be payable from the Pledged Revenues and as may be further described in the Loan Agreement. The Pledged Revenues, together with any Non-Ad Valorem Revenues budgeted and appropriated therefor, are anticipated to be sufficient to pay the principal of and accrued interest on the Series 2016 Bond as the same becomes due.

(E) The obligation of the Issuer to repay the Series 2016 Bond in accordance with its terms and to make the payments required under the Loan Agreement is hereby declared to be and shall be a special, limited obligation of the Issuer, secured solely by the Pledged Revenues and as may be further described in the Loan Agreement. The obligation of the Issuer to repay the Series 2016 Bond in accordance with its terms and to make any other payments, if any, required under the Series 2016 Bond or the Loan Agreement shall not be or constitute a general obligation or indebtedness of the Issuer and neither the Series 2016 Bond nor the Loan Agreement shall be or constitute a general obligation or indebtedness of the Issuer. Neither the Lender nor any successor owner of the Series 2016 Bond shall be entitled to compel the exercise of the ad valorem taxing power of the Issuer or the payment of the principal of or interest on the Series 2016 Bond or the making of any payments required under the Series 2016 Bond or the Loan Agreement from any moneys of the Issuer other than the Pledged Revenues and any other moneys of the Issuer as may be more fully described in the Loan Agreement.

(F) It is necessary and desirable to provide for the securing of the Loan and for the execution and delivery of the Loan Agreement, the issuance of the Series 2016 Bond and the taking of all other action in connection with the consummation of the Loan.

(G) It is necessary and desirable to approve the estimated costs of issuance to be paid by the Issuer in connection with the delivery of the Series 2016 Bond and the Loan Agreement.

(H) The Financial Advisor has solicited proposals for the purchase of the Series 2016 Bond pursuant to a negotiated private placement.

Section 4. Authorization of Series 2016 Bond and Project.

(A) Subject and pursuant to the provisions hereof, the issuance by the Issuer of its Series 2016 Bond, in an aggregate principal amount of not to exceed Fifteen Million Dollars (\$15,000,000), to be dated, to bear interest, to be payable, to mature, to be subject to prepayment, to have such other characteristics as provided herein and in the Series 2016 Bond and the Loan Agreement, and to be secured as provided in the Loan Agreement is hereby authorized.

(B) The financing and/or reimbursing of the Project is hereby authorized. The City Council and the proper officers of the Issuer are hereby directed to take all action and steps deemed necessary to construct the Project, which are not inconsistent with the terms and provisions of this Resolution or the Loan Agreement.

Section 5. Approval of Terms of Series 2016 Bond

Subject to the provisions hereof, the Issuer hereby delegates to the Mayor the authority to determine the final terms of the Series 2016 Bond, based upon the advice of the Financial Advisor, including (i) the dated date, (ii) the principal amount, (iii) the maturity amounts, (iv) the interest rate, (v) the prepayment provisions, and (vi) all other details of the Series 2016 Bond, subject to compliance with the criteria provided in Section 6 below, and to take such further action as shall be required for carrying out the purposes of this Resolution all with respect to the Series 2016 Bond.

Section 6. Award of Series 2016 Bond

Because of the characteristics of the Series 2016 Bond, prevailing market conditions, and additional savings to be realized from an expeditious sale of the Series 2016 Bond, the Issuer hereby finds that it is in the best interest of the Issuer to sell the Series 2016 Bond at a private negotiated sale to the Lender, subject to compliance with the following conditions:

(A) The principal amount of the Series 2016 Bond does not exceed \$15,000,000;

(B) The final maturity of the Series 2016 Bond shall be the date approved by the Mayor, which final maturity shall not be later than December 31, 2026;

- (B) The interest rate of the Series 2016 Bond shall not exceed 4.00%;
- (C) The maximum annual debt service on the Series 2016 Bond shall not exceed \$2,000,000; and
- (D) The Mayor shall have received from the Lender, a Lender's Certificate substantially in the form attached hereto as Exhibit B and the Disclosure Letter containing the information required by Section 218.385, Florida Statutes, substantially in the form attached hereto as Exhibit C.

The Mayor is hereby authorized to select the Lender and award the sale of the Series 2016 Bond to the proposer determined by the Mayor to be in the best financial interests of the Issuer after considering the analysis of the proposals and advice of the Financial Advisor. The Mayor may conclusively rely upon the Financial Advisor in determining compliance with the above conditions.

Section 7. Approval of Form of Loan Agreement and Series 2016 Bond. Subject to the conditions described in this Section and Section 6 hereof, the Loan Agreement, in substantially the form attached hereto as Exhibit A, and the Series 2016 Bond, in substantially the form attached to the Loan Agreement as Exhibit A, are hereby approved, subject to such changes, modifications, insertions and deletions as may be made therein and approved by the Mayor upon the advice of the City Attorney, the Chief Financial Officer, Bond Counsel and/or the Financial Advisor, such approval to be conclusively evidenced by the execution and delivery thereof by the Issuer. Pursuant to Section 4.01(1) of its Charter, the Issuer hereby authorizes and directs the Mayor to execute the Loan Agreement and Series 2016 Bond, such execution to be attested under seal by the City Clerk, approved as to substance by the Chief Financial Officer and designated as legal in form and valid as drawn by the City Attorney and further authorizes and directs the Mayor to deliver the Loan Agreement and the Series 2016 Bond to the Lender, and to take such other actions as shall be necessary to consummate the Loan.

The Mayor is hereby delegated the authority to finalize the terms of the Series 2016 Bond and the Loan Agreement, including, in particular the authority to authorize further securing the payment of the principal and interest on the Series 2016 Bond (i) with a covenant by the Issuer to budget and appropriate from Non-Ad Valorem Revenues amounts sufficient to pay debt service on the Series 2016 Bond to the extent Pledged Revenues are otherwise insufficient to pay such debt service; and/or (ii) by establishing a Reserve Fund in an amount not exceeding \$2,000,000; provided, however, such amount shall not exceed the lesser of (A) the maximum annual debt service on the Series 2016 Bond, (B) 125% of the average annual debt service on the Series 2016 Bond, or (C) ten percent (10%) of the proceeds of the Series 2016 Bond, all within the meaning of Section 148 of the Code. The Mayor may conclusively rely upon the advice of the Financial Advisor that such terms and such added security are in the best financial interest of the Issuer.

Upon execution and delivery of the Loan Agreement pursuant to the terms of this Resolution, all of the provisions of said Loan Agreement shall be deemed to be part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

Section 8. Authorization of Other Action. The Mayor, City Administrator, City Attorney, the Clerk, the Chief Financial Officer and such other authorized officers, employees and agents of the Issuer are each designated agents of the Issuer in connection with the execution and delivery of the Loan Agreement and the Series 2016 Bond and are authorized and empowered, collectively or individually, to take all action and steps to execute and deliver any and all instruments, documents or contracts on behalf of the Issuer which are necessary or desirable in connection with the execution and delivery of the Loan Agreement and the Series 2016 Bond to the Lender, including, but not limited to, the making of modifications to the Loan Agreement and the Series 2016 Bond herein authorized.

Section 9. Application of Proceeds of Loan. The proceeds of the Loan shall be used as more fully described in the Loan Agreement and includes the payment of related associated costs of issuance (including but not limited to legal and financial advisory fees and expenses).

Section 10. Repeal of Inconsistent Provisions. All resolutions or parts thereof in conflict with this Resolution are hereby repealed to the extent of such conflict.

Section 11. Severability. If any one or more of the covenants, agreements, or provisions of this Resolution should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements, or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions, and in no way affect the validity of all other provisions of the Resolution or of the Series 2016 Bond or Loan Agreement delivered hereunder.

Section 12. Amendment. This Resolution may not be amended or repealed following the issuance of the Series 2016 Bond except with the prior written consent of the Lender.

[The remainder of this page intentionally left blank]

Section 13. Effective Date. This Resolution shall become effective on the fifth business day after adoption, unless otherwise provided pursuant to Section 4.03(d) of the Charter of the Issuer.

[SEAL]

Adopted: July 14, 2016

Approved: _____


Council President

ATTEST:

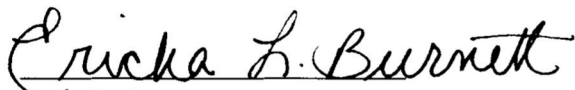

City Clerk

EXHIBIT A
FORM OF LOAN AGREEMENT

LOAN AGREEMENT

by and between

CITY OF PENSACOLA, FLORIDA

and

[LENDER]

Dated July __, 2016

relating to

\$_[]

CITY OF PENSACOLA, FLORIDA
LOCAL OPTION GAS TAX REVENUE BOND, SERIES 2016

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SCHEDULE “I” – DESCRIPTION OF PROJECT	

LOAN AGREEMENT

This **LOAN AGREEMENT** is made and entered into as of July __, 2016 by and between **CITY OF PENSACOLA, FLORIDA**, a municipal corporation of the State of Florida (the "Issuer"), and **[LENDER]**, a [_____] (together with its successors and/or assigns, the "Lender").

WITNESSETH:

WHEREAS, the Issuer has previously determined that it is necessary for the health, safety and welfare of the Issuer and in the best interest of its inhabitants that the Issuer undertake the Project hereinafter described, and that the Project satisfies a paramount public purpose of the Issuer; and

WHEREAS, the Issuer has determined that it is without adequate currently available funds to pay Project Costs (as herein defined) and that it will be necessary that funds be made available to the Issuer in order to undertake the Project; and

WHEREAS, the Lender has agreed to lend the Issuer an aggregate principal amount of \$_____ to be used to pay Project Costs upon the terms and conditions provided herein; and

WHEREAS, the Issuer has determined that the annual receipt of Pledged Revenues are anticipated to be sufficient in each year to repay the annual debt service coming due on the Series 2016 Bond; and

WHEREAS, pursuant to the Resolution (as herein defined), the Issuer has determined that it is in the best interest of the health, safety and welfare of the Issuer and the inhabitants thereof that the Issuer pledge the Pledged Revenues (as herein defined) to secure the obligations of the Issuer to repay the principal of and interest on the Issuer's Local Option Gas Tax Revenue Bond, Series 2016 (the "Series 2016 Bond") when due; and

WHEREAS, the obligation of the Issuer to repay principal of and interest on the Series 2016 Bond will not constitute a general obligation or indebtedness of the Issuer as a "bond" within the meaning of any provision of the Constitution or laws of the State of Florida, but shall be and is hereby declared to be a special, limited obligation of the Issuer, secured solely by the Pledged Revenues[**and to the extent Local Option Gas Tax receipts are insufficient in any fiscal year to generate Pledged Revenues sufficient for the payment of debt service on the Series 2016 Bond, from certain Non-Ad Valorem Revenues budgeted and appropriated for such purposes**], all as more fully described herein and in the Resolution; and

WHEREAS, the Issuer is not authorized to levy taxes on any property of or in the Issuer to pay the principal of or interest on the Series 2016 Bond or to make any other payments provided for herein; and

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

SECTION 1. DEFINITIONS. Capitalized terms used in this Loan Agreement and not defined in this Section 1 shall have the meanings assigned in the Resolution. The following terms shall have the following meanings herein, unless the text otherwise expressly requires:

“Authorized Investments” means any investment, obligation, agreement or other financial instrument to the extent not inconsistent with the terms of the investment policy of the Issuer and applicable law.

“Bond Counsel” means Bryant Miller Olive P.A. or any subsequent nationally recognized bond counsel appointed by the Issuer.

“Business Day” means any day of the year other than a day on which the Lender or the Issuer are lawfully closed for business.

“Chief Financial Officer” means the Chief Financial Officer of the Issuer, or his or her designee.

“City” means the City of Pensacola, Florida, a municipal corporation of the State of Florida.

“City Administrator” means the City Administrator of the Issuer, or any acting or interim City Administrator, or his or her designee.

“City Attorney” means the City Attorney of the Issuer, or his or her designee.

“City Council” means the City Council of the Issuer, as the governing body of the Issuer.

“Clerk” means the Clerk of the Issuer, any acting, deputy, or assistant Clerk, or his or her designee.

“Code” means the Internal Revenue Code of 1986, as amended.

“Date of Delivery” means July __, 2016.

“Default” means an Event of Default as defined and described in Section 14 hereof.

[“Default Rate” means a rate of interest per annum equal to the lesser of _____ percent (____%) or the maximum rate allowed by law.]

“Determination of Taxability” means the occurrence after the date hereof of the adoption or taking effect of any law, rule or regulation that changes the ability of the Registered Owner to exclude all or a portion of the interest on the Series 2016 Bond from gross income for Federal income tax purposes, or a final decree or judgment of any Federal court or a final action of the

Internal Revenue Service determining that interest paid or payable on all or a portion of the Series 2016 Bond is or was includable in the gross income of the Registered Owner for Federal income tax purposes; provided, that no such decree, judgment, or action will be considered final for this purpose, however, unless the Issuer has been given written notice and, if it is so desired and is legally allowed, has been afforded the opportunity to contest the same, either directly or in the name of any Registered Owner, and until the conclusion of any appellate review, if sought.

“Fiscal Year” means the period from each October 1 to the succeeding September 30.

“Interest Payment Date” means each April 1 and October 1 commencing [April 1, 2017], and continuing through the Maturity Date.

“Interest Rate” means the rate of interest payable on the Series 2016 Bond as described in the form of Series 2016 Bond attached hereto as Exhibit A.

“Lender” means [_____], a [_____] and its successors and/or assigns.

“Local Option Gas Tax” means the revenue produced by the six-cent per gallon local option gas tax levied pursuant to Section 336.025, Florida Statutes, and Ordinance Nos. 2005-7 and 2015-26, enacted by Escambia County, Florida, on March 17, 2005 and July 23, 2015, respectively, and distributed to the Issuer by the State pursuant Section 336.025(4)(a), Florida Statutes.

“Loan” means the advance of moneys from the Lender to the Issuer pursuant to this Loan Agreement.

“Loan Agreement” means this agreement between the Lender and the Issuer setting forth the terms and details of the Loan.

“Maturity Date” means October 1, 20__.

["Non-Ad Valorem Revenues" means all non-ad valorem revenues of the Issuer legally available to make debt service payments on the Series 2016 Bond, but shall not include any ad valorem taxes.]

“Paying Agent” means the an officer of the Issuer or the bank or trust company which the Issuer may from time to time designate to serve as paying agent for the Series 2016 Bond.

“Payment Date” means the Interest Payment Date and Principal Payment Date.

“Person” or words importing persons, means firms, associations, partnerships (including without limitation, general and limited partnerships), joint ventures, societies,

estates, trusts, corporations, public or governmental bodies, other legal entities, and natural persons.

“Pledged Revenues” means (i) the Local Option Gas Tax, (ii) moneys on deposit in the funds and accounts created hereunder (other than amounts constituting any rebate liability as described in the Tax Certificate), and (iii) certain investment earnings.

“Principal Amount” means [_____] Million Dollars [(\$ _____)].

“Principal Payment Date” means each October 1 commencing [April 1, 2017], and continuing through the Maturity Date.

“Project” means the construction of capital improvements to the roads of the Issuer as more particularly described on Schedule “I” attached hereto, and all costs incidental thereto.

“Project Costs” means a portion of the cost of undertaking the Project including, but not limited to: engineering, legal, accounting, and financial expenses; expenses for estimates of costs and of revenues; expenses for plans, specifications and surveys; fees of fiscal agents, financial advisors or consultants; administrative expenses relating solely to the Project; the costs of acquiring and constructing the Project, reimbursement to the Issuer for any sums heretofore expended for the foregoing purposes and such other costs and expenses as may be necessary or incidental to the financing or refinancing of the Project.

“Register” means the books maintained by the Registrar in which are recorded the name and address of the Registered Owner of the Series 2016 Bond.

“Registered Owner” means the person in whose name the ownership of the Series 2016 Bond is registered on the books maintained by the Registrar. The initial Registered Owner shall be the Lender.

“Registrar” means the Person maintaining the Register. The Registrar shall initially be the Clerk.

“Regulations” means the Income Tax Regulations promulgated by the Internal Revenue Service under Sections 103 and 141 through 150 of the Code.

[“Reserve Requirement” has the meaning ascribed in Section 10.F of this Agreement.]

“Resolution” means Resolution No. __-16 adopted by the Issuer on July 14, 2016, as may be amended and supplemented from time to time.

“Series 2016 Bond” means the Local Option Gas Tax Revenue Bond, Series 2016, of the Issuer, substantially in the form attached hereto as Exhibit A.

“State” means the State of Florida.

“Tax Certificate” means the Issuer’s Tax Certificate as to Arbitrage and the Provisions of Sections 141-150 of the Internal Revenue Code of 1986, As Amended, dated as of the date hereof.

“Taxable Rate” shall mean, upon a Determination of Taxability, the interest rate per annum that shall provide the Registered Owner with the same after tax yield that the Registered Owner would have otherwise received had the Determination of Taxability not occurred, taking into account the increased taxable income of the Registered Owner as a result of such Determination of Taxability. The Registered Owner shall provide the Issuer with a written statement explaining the calculation of the Taxable Rate, which statement shall, in the absence of manifest error, be conclusive and binding on the Issuer.

SECTION 2. INTERPRETATION. Unless the context clearly requires otherwise, words of masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Loan Agreement and all the terms and provisions hereof (a) have been negotiated between the Issuer and the Lender; (b) shall not be construed strictly in favor of or against either party hereto; and (c) shall be construed to effectuate the purpose set forth herein and to sustain the validity hereof.

SECTION 3. THE LOAN.

A. Loan. The Lender hereby makes and the Issuer hereby accepts the Loan, upon the terms and conditions set forth herein.

B. Disbursement of Proceeds.

(i) To the extent not reimbursed or paid by the Lender, the Issuer shall pay all costs and expenses in connection with the preparation, issuance and sale of the Series 2016 Bond.

[(ii) A sum equal to the Reserve Requirement for the Series 2016 Bond shall be deposited into the Reserve Fund.]

(iii) Simultaneously with the delivery of the Series 2016 Bond to the Lender, remaining proceeds of the Series 2016 Bond shall be deposited into a separate account hereby created and established to be known as the “City of Pensacola, Florida Local Option Gas Tax Revenue Bond, Series 2016 Project Fund” (the “Project Fund”) and shall be used to pay Project Costs. Such costs shall include, but shall not be limited to, reimbursement of advances from other funds of the Issuer for payment of any part of the Project. Monies in the Project Fund shall be invested in Authorized Investments, and all income derived therefrom shall be deposited in the Project Fund until the Project has been completed, at which time such income, together with any balance remaining in the Project Fund, shall be used to pay principal and interest on the Series 2016 Bond.

To the extent there are no other available funds held hereunder, the Issuer shall use any remaining funds in the Project Fund to pay principal and interest on the Series 2016 Bond in the Event of Default.

Such fund shall be kept separate and apart from all other funds of the Issuer and the moneys on deposit therein shall be withdrawn, used and applied by the Issuer solely for the purposes set forth herein. Such proceeds shall be and constitute trust funds for such purpose and there is hereby created a lien in favor of the Series 2016 Bond upon such money until so applied by the Issuer solely for the purposes set forth herein.

SECTION 4. DESCRIPTION OF SERIES 2016 BOND. The obligation of the Issuer to repay the Loan shall be evidenced by the Series 2016 Bond. The Series 2016 Bond shall be dated as of the Date of Delivery; shall mature on the Maturity Date; and shall be in registered form.

The Interest Rate on the Series 2016 Bond shall be a fixed rate of interest equal to ____% per annum, subject to adjustment as provided in the Loan Agreement. After a Determination of Taxability, the Interest Rate shall equal the Taxable Rate and after an Event of Default, the Interest Rate shall equal the Default Rate, however, in no event shall interest be payable on the Series 2016 Bond at a rate in excess of the maximum rate permitted by applicable law. Interest on the Series 2016 Bond shall be calculated using a **[360-day year consisting of twelve 30-day months]** and shall be paid by wire transfer or other medium acceptable to the Issuer and the Lender.

[Principal on the Series 2016 Bond shall be paid annually on each Principal Payment Date, in an amount specified in Schedule 2 attached to the Series 2016 Bond. Interest on the Series 2016 Bond shall be paid semi-annually on each Interest Payment Date.]

[The Series 2016 Bond is subject to prepayment prior to its maturity at the option of the Issuer, in whole or in part, at par plus accrued interest and without penalty at any time after three (3) years from the date of issuance of the Series 2016 Bond. Any partial prepayment shall be applied against annual principal installments as determined by the Registered Owner, in its sole discretion. The Issuer shall provide the Registered Owner not less than two (2) Business Days prior written notice of any prepayment.]

SECTION 5. EXECUTION OF SERIES 2016 BOND. The Series 2016 Bond shall be executed in the name of the Issuer by the Mayor, attested under seal by the City Clerk, approved as to substance by the Chief Financial Officer, and designated legal in form and valid as drawn by the City Attorney. The Series 2016 Bond may be signed and sealed on behalf of the Issuer by any person who at the actual time of the execution of the Series 2016 Bond shall hold the appropriate office in the Issuer, although at the date thereof the person may not have been so authorized. The Series 2016 Bond may be executed by the facsimile signatures of the Mayor, the Clerk, the Chief Financial Officer and/or City Attorney, provided that at least one of the Mayor or Clerk's signatures must be a manual signature.

SECTION 6. REGISTRATION AND TRANSFER OF SERIES 2016 BOND. The Series 2016 Bond shall be and shall have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code-Investment Securities Laws of the State, and each Registered Owner, in accepting the Series 2016 Bond, shall be conclusively deemed to have agreed that such Series 2016 Bond shall be and have all of the qualities and incidents of negotiable instruments thereunder.

There shall be a Registrar who shall be responsible for maintaining the Register. The person in whose name ownership of a Series 2016 Bond is shown on the Register shall be deemed the Registered Owner thereof by the Issuer and the Registrar, who may treat the Registered Owner as the absolute owner of the Series 2016 Bond for all purposes, whether or not the Series 2016 Bond shall be overdue, and any notice to the contrary shall not be binding upon the Issuer or the Registrar.

Ownership of the Series 2016 Bond may be transferred or assigned only as a whole and only upon the Register. Upon surrender to the Registrar for transfer or exchange of the Series 2016 Bond accompanied by an assignment or written authorization for exchange, whichever is applicable, duly executed by the Registered Owner or its attorney duly authorized in writing, the Registrar shall deliver in the name of the Registered Owner or the transferee or transferees, as the case may be, a new fully registered Series 2016 Bond of the same amount, maturity and interest rate as the Series 2016 Bond surrendered. Provided however, any assignment or transfer by the Registered Owner of the Series 2016 Bond shall be in whole and not in part.

The Series 2016 Bond presented for transfer, exchange, redemption or payment (if so required by the Issuer or the Registrar) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guaranty of signature satisfactory to the City Attorney, Bond Counsel, or the Registrar, duly executed by the Registered Owner or by his duly authorized attorney.

The City Administrator and the Registrar may charge the Registered Owner a sum sufficient to reimburse them for any expenses incurred in making any exchange or transfer after the first such exchange or transfer following the delivery of such Series 2016 Bond. The Registrar or the City Administrator may also require payment from the Registered Owner or his transferee, as the case may be, of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto by any governmental entity other than the Issuer. Such charges and expenses shall be paid before any such new Series 2016 Bond shall be delivered.

The new Series 2016 Bond delivered upon any transfer or exchange shall be a valid obligation of the Issuer, evidencing the same debt as the Series 2016 Bond surrendered, shall be secured under this Loan Agreement, and shall be entitled to all of the security and benefits hereof to the same extent as the Series 2016 Bond surrendered.

Whenever a Series 2016 Bond shall be delivered to the Registrar for cancellation, upon payment of the principal amount thereof, or for replacement, transfer or exchange, such Series 2016 Bond shall be cancelled and destroyed by the Registrar, and counterparts of a certificate of destruction evidencing such destruction shall be furnished to the Issuer.

SECTION 7. SERIES 2016 BOND MUTILATED, DESTROYED, STOLEN OR LOST. In case the Series 2016 Bond shall be mutilated, or be destroyed, stolen or lost, upon the Registered Owner furnishing the Registrar satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur, the Registrar shall issue and deliver a new Series 2016 Bond of like tenor as the Series 2016 Bond so mutilated, destroyed, stolen or lost, in lieu of or substitution for the Series 2016 Bond, if any, destroyed, stolen or lost, or in exchange and substitution for such mutilated Series 2016 Bond, upon surrender of such mutilated Series 2016 Bond, if any, to the Registrar and the cancellation thereof; provided however, if the Series 2016 Bond shall have matured or be about to mature, instead of issuing a substitute Series 2016 Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Series 2016 Bond be lost, stolen or destroyed, without surrender thereof. Any Series 2016 Bond surrendered under the terms of this Section 7 shall be cancelled by the Registrar.

Any such new Series 2016 Bond issued pursuant to this section shall constitute an original, additional contractual obligation on the part of the Issuer whether or not, as to the new Series 2016 Bond, the lost, stolen or destroyed Series 2016 Bond be at any time found by anyone, and such new Series 2016 Bond shall be entitled to equal and proportionate benefits and rights as to security for payment to the same extent as the Series 2016 Bond originally issued hereunder.

SECTION 8. FORM OF SERIES 2016 BOND. The Series 2016 Bond shall be in substantially the form attached hereto as Exhibit A, with such variations, omissions and insertions as may be necessary, desirable and authorized or permitted by this Loan Agreement.

SECTION 9. SECURITY FOR SERIES 2016 BOND; SERIES 2016 BOND NOT DEBT OF THE ISSUER. The payment of the principal of and interest on the Series 2016 Bond shall be secured forthwith solely by a lien upon and pledge of the Pledged Revenues. The principal of and interest on the Series 2016 Bond shall not constitute a general obligation or indebtedness of the Issuer, but shall be a limited obligation of the Issuer payable solely from the Pledged Revenues[**and from certain Non-Ad Valorem Revenues budgeted and appropriated by the Issuer for such purpose**], to the extent and as provided herein. The Registered Owner shall never have the right to compel the levy of taxes upon any property of or in the Issuer for the payment of the principal of and interest on the Series 2016 Bond.

[To the extent that receipts of the Local Option Gas Tax are insufficient in any Fiscal Year to generate Pledged Revenues sufficient to pay debt service on the Series 2016 Bond, the Issuer covenants to budget and appropriate sufficient Non-Ad Valorem Revenues to cure such deficiency. Nothing herein shall be deemed to pledge ad valorem taxation revenues or

to permit or constitute a mortgage or lien upon any assets or property owned by the Issuer, and neither the Lender nor any other person may compel the levy of ad valorem taxes on real or personal property within the boundaries of the Issuer for the purpose of making up such deficiency or to continue any program or services which generate Non-Ad Valorem Revenues. The obligations hereunder do not constitute a general obligation indebtedness of the Issuer within the meaning of any constitutional, statutory or charter provision or limitation, and neither the Lender nor any other person shall have the right to compel the exercise of the ad valorem taxing power of the Issuer or taxation of any real or personal property therein for the payment by the Issuer of its obligations hereunder. Except to the extent expressly set forth in this Loan Agreement, this Loan Agreement and the obligations of the Issuer hereunder shall not be construed as a limitation on the ability of the Issuer to pledge or covenant to pledge said Non-Ad Valorem Revenues or any revenues or taxes of the Issuer for other legally permissible purposes. Notwithstanding any provisions of this Loan Agreement or the Series 2016 Bond to the contrary, the Issuer shall never be obligated to maintain or continue any of the activities of the Issuer which generate user service charges, regulatory fees or any Non-Ad Valorem Revenues or the rates for such services or regulatory fees. Neither this Loan Agreement nor the obligations of the Issuer hereunder shall be construed as a pledge of or a lien on all or any Non-Ad Valorem Revenues of the Issuer other than Pledged Revenues, but shall be payable solely as provided in this Section and are subject in all respects to the provisions of Section 166.241, Florida Statutes, and are subject, further, to the payment of services and programs which are for essential public purposes affecting the health, welfare and safety of the inhabitants of the Issuer.

The Lender and the Issuer understand that the amounts available to be budgeted and appropriated to make debt service payments hereunder are subject to the obligation of the Issuer to provide essential services; however, such obligation to make debt service payments is cumulative and would carry over from Fiscal Year to Fiscal Year.]

SECTION 10. COVENANTS OF THE ISSUER. Until the principal of and interest on the Series 2016 Bond shall have been paid in full or provision for payment of the Series 2016 Bond shall have been made in accordance with the provisions of this Loan Agreement, the Issuer covenants with the Registered Owner of the Series 2016 Bond as follows:

A. Establishment of Debt Service Fund and Accounts Therein. There is hereby created and established a Debt Service Fund (and the Principal Account and Interest Account therein). The Debt Service Fund and any other special funds herein established and created shall constitute trust funds for the purposes provided herein for such funds. All such funds shall be continuously secured in the same manner as deposits of governmental funds are authorized to be secured by the laws of the State.

The cash required to be accounted for in any funds established hereunder may be deposited in a single bank account, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the cash on deposit therein for the various purposes of such funds as herein provided.

The designation and establishment of the various funds and accounts in and by this Loan Agreement 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 and assets as herein provided.

The moneys in the Debt Service Fund and the accounts therein until disbursed pursuant to the provisions hereof may be invested and reinvested only in Authorized Investments, in the manner provided by law. All income on such investments shall remain in such Fund and used for the purposes herein described. Authorized Investments in the funds and accounts under this Agreement shall be valued at the market value thereof, exclusive of accrued interest, by the Issuer as frequently as reasonably deemed necessary by the Lender but not less often than annually nor more often than monthly.

B. Disposition of Pledged Revenues.

The Issuer shall deposit the Pledged Revenues into the Debt Service Fund, monthly in advance on or before the first day of each month of each year, a sum equal to one-sixth (1/6) of the interest becoming due on the next Interest Payment Date and one-twelfth (1/12) of the principal becoming due on the next Principal Payment Date and to cure any deficiency in deposits in prior months, together with such additional proportionate sums as may be required to pay said principal and interest as the same shall respectively become due, or to account for a period of less than twelve months between the delivery of the Series 2016 Bond and the first principal payment date. **[Pledged Revenues available after such monthly deposits shall be applied as required to replenish the Reserve Fund as provided in Section 10.F below.]**

After the above described monthly deposits are made by the Issuer in accordance with this subsection, all Pledged Revenues may be used by the Issuer for any lawful purpose.

C. Financial Statements. The Issuer shall provide to the Lender its audited year-end financial statements no later than 270 days after the end of the each Fiscal Year prepared in accordance with generally accepted accounting principles.

D. Annual Budget and Other Information. The Issuer will prepare its annual budget in accordance with the Act, and will provide to the Lender a copy of its final annual budget for each Fiscal Year within 30 days of adoption thereof by the City Council, and the Issuer will provide the Lender such other financial or public information as the Lender may reasonably request.

E. Tax Compliance. Neither the Issuer, nor any third party over whom the Issuer has control, will make any use of, or permit an omission of use, of the proceeds of the Series 2016 Bond at any time during the term of the Series 2016 Bond which would cause the Series 2016 Bond to be (a) a "private activity bond" within the meaning of Section 103(b)(1) of the

Code or (b) an “arbitrage bond” within the meaning of Section 103(b)(2) of the Code. The Issuer covenants throughout the term of the Series 2016 Bond to comply with the requirements of the Code and the Regulations, as amended from time to time, and to take all actions, and to not permit the omission of any actions, necessary to maintain the exclusion from gross income for purposes of the Code of interest on the Series 2016 Bond, including, without limitation, the payment of arbitrage rebate, if required.

The Issuer hereby makes each of the representations, warranties and covenants contained in the Tax Certificate. By this reference, all terms, conditions, and covenants in said Tax Certificate are incorporated in and made a part of this Loan Agreement.

F. **Additional Debt.** (i) **During such time as the Series 2016 Bond is outstanding hereunder, the Issuer covenants that it shall issue obligations which are secured by, or payable from any of its Pledged Revenues only if the Issuer, prior to the incurrence or issuance of such obligations, shall deliver to the Lender a certificate setting forth the calculations of the debt service coverage provided below and certifying that it is in compliance with the following: Pledged Revenues shall cover maximum annual debt service on the Series 2016 Bond and projected maximum annual debt service on the proposed obligations and any other obligations then outstanding that is secured by a pledge of or payable from any of the Pledged Revenues by at least [____x]. For the calculation of debt service coverage required by this clause (i), “Pledged Revenues” shall be determined using the average of actual receipts of Pledged Revenues for the prior two Fiscal Years based on the Issuer’s annual audited financial statements for such Fiscal Years. In addition, maximum annual debt service on the Series 2016 Bond and maximum annual debt service on other obligations issued hereunder shall be determined on an aggregate basis whereby the annual debt service for each is combined and the overall maximum is determined.]**

[(ii) The Issuer covenants and agrees that it will not issue obligations which are secured by, or payable from any of the Pledged Revenues or other debt obligations secured by or payable from Non-Ad Valorem Revenues unless its Non-Ad Valorem Revenues for the most recent two (2) Fiscal Years for which audited financial statements are available (average of actual receipts over the prior two (2) years) plus reasonably projected receipts of any new source of Non-Ad Valorem Revenues that has been levied to the extent not fully reflected in such audited financial statements less Non-Ad Valorem Revenues arising from and accounted for in any enterprise fund of the Issuer (except those funds which have been transferred from any retained earnings of such enterprise fund to the Issuer’s general fund for general fund expenditure) shall equal at least two (2.0) times the combined Maximum Annual Non-Ad Valorem Debt Service on all Non-Ad Valorem Revenue Obligations, including Non-Ad Valorem Revenue Obligations proposed to be issued.

“Maximum Annual Non-Ad Valorem Debt Service” shall mean the maximum annual debt service requirement on a consolidated basis of all Non-Ad Valorem Revenue Obligations then outstanding for the then current or any subsequent Fiscal Year.

“Non-Ad Valorem Revenue Obligations” shall mean obligations evidencing indebtedness for borrowed money (i) payable from or secured by a pledge of or lien on one or more Non-Ad Valorem Revenues or covenant to budget and appropriate Non-Ad Valorem Revenues, or (ii) payable directly or indirectly from a covenant to budget and appropriate Non-Ad Valorem Revenues, but only if the Issuer reasonably expects to apply Non-Ad Valorem Revenues to the payment of debt service, directly or indirectly, on such obligations and only to the extent that amounts other than Non-Ad Valorem Revenues available and pledged to pay such obligations during the prior fiscal year for which audited financial statements are available were less than the maximum annual debt service for such obligations for the then current or any subsequent fiscal year. Non-Ad Valorem Revenue Obligations shall not include indebtedness for borrowed money payable from or secured by a pledge or lien on Non-Ad Valorem Revenues of any enterprise fund of the Issuer.

Debt service on any Non-Ad Valorem Revenue Obligations shall be computed in accordance with the requirements of the documents under which such portion of the Non-Ad Valorem Revenue Obligations were issued or incurred; provided, however, that for purposes of this Section 10.E.(ii), interest on any Non-Ad Valorem Revenue Obligations which bear interest at a variable rate of interest shall be deemed to bear interest at the greater of (i) 1.25 times the most recent 20 Bond Index published by *The Bond Buyer*, or (ii) 1.25 times actual average interest rate during the prior Fiscal Year of the Issuer. The maximum annual debt service on Non-Ad Valorem Revenue Obligations, whether bearing interest at a fixed or variable interest rate, constituting Balloon Indebtedness, shall be determined assuming such Non-Ad Valorem Revenue Obligations are amortized over 20 years from the date of original issuance on an approximately level debt service basis. For purposes of the foregoing sentence, "Balloon Indebtedness" means Non-Ad Valorem Revenue Obligations, 25% or more of the original principal of which matures during any one Fiscal Year.]

[F. Reserve Fund. The City shall establish and fund a debt service reserve fund (the “Reserve Fund”) in an amount equal to \$_____ (the “Reserve Requirement”). Amounts held in the Reserve Fund shall be applied solely to the payment of debt service when due on the Series 2016 Bond if available Pledged Revenues are insufficient for such payment. Any withdrawals from the Reserve Fund which reduce the balance below the Reserve Requirement shall be subsequently restored within the next ensuing twelve (12) months following such withdrawal from available Pledged Revenues after payment of all required debt service on the Series 2016 Bond then due (including all deficiencies in prior payments). The amount required to be on deposit in the Reserve Fund shall be recomputed not less than annually, and any surplus may be used to pay debt service on the Series 2016 Bond.

Such Reserve Fund shall be kept separate and apart from all other funds of the Issuer and the moneys on deposit therein shall be withdrawn, used and applied by the Issuer solely for the purposes set forth herein. Such proceeds shall be and constitute trust funds for such purpose and there is hereby created a lien in favor of the Series 2016 Bond upon such money until so applied by the Issuer solely for the purposes set forth herein.

SECTION 11. REPRESENTATIONS AND WARRANTIES. The Issuer represents and warrants to the Lender that:

A. Organization. The Issuer is a municipal corporation, duly organized and existing under the laws of the State.

B. Authorization of Loan Agreement and Related Documents. The Issuer has the power and has taken all necessary action to authorize the execution and delivery of and the performance by the Issuer of its obligations under, this Loan Agreement and the Series 2016 Bond in accordance with their respective terms. This Loan Agreement and the Series 2016 Bond have been duly executed and delivered by the Issuer and are valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms, except to the extent that such enforcement may be limited by laws regarding bankruptcy, insolvency, reorganization or moratorium applicable to the Issuer or by general principles of equity regarding the availability of specific performance.

C. Pledged Revenues. The Issuer currently receives the Pledged Revenues and is legally entitled to pledge from such Pledged Revenues amounts necessary to pay the principal of and interest on the Series 2016 Bond when due as provided herein. The Issuer estimates that the Pledged Revenues will be available in amounts sufficient to pay the principal of and interest on the Series 2016 Bond as the same becomes due prior to the Maturity Date and, to pay all principal of and interest on the Series 2016 Bond on the Maturity Date. The Issuer shall take all lawful action necessary to enable the Issuer to continue to be eligible to receive, and to receive, the Pledged Revenues in at least the amounts necessary to pay principal and interest on the Series 2016 Bond. The Issuer shall diligently enforce by all lawful action its right to receive Local Option Gas Tax revenues in an amount sufficient in each Fiscal Year to make the debt service deposits for the payment of the Series 2016 Bond and all other payments of the Issuer required hereunder. The Issuer will not consent or agree to an allocation of Local Option Gas Tax revenues that would allocate to the Issuer Local Option Gas Tax revenues in any Fiscal Year in an amount less than the debt service deposits for the Series 2016 Bond and other amounts payable by the Issuer hereunder in such Fiscal Year.

D. Financial Statements. The audited financial statements of the Issuer for the Fiscal Year ended September 30, 2015 (the "Financial Statements"), previously provided to the Lender were prepared in accordance with generally accepted accounting principles, are correct and present fairly the financial condition of the Issuer as of such date and the results of its operations for the period then ended.

SECTION 12. CONDITIONS PRECEDENT. The obligation of the Lender to make the Loan is subject to the satisfaction of each of the following conditions precedent on or before the Date of Delivery:

A. Action. The Lender shall have received a copy of the Resolution certified as complete and correct as of the closing date, together with an executed Loan Agreement, the executed Series 2016 Bond and the customary closing certificates.

B. Incumbency of Officers. The Lender shall have received an incumbency certificate of the Issuer in respect of each of the officers who is authorized to sign this Loan Agreement, the Series 2016 Bond, and the related financing documents on behalf of the Issuer.

C. Opinion of City Attorney. The Lender shall have received a written opinion of the City Attorney as to (1) the valid existence of the Issuer as a municipal corporation of the State; (2) the due adoption of the Resolution; (3) the due authorization and execution of this Loan Agreement, the Series 2016 Bond and the transaction contemplated hereby and thereby; (4) the Loan Agreement and the Series 2016 Bond constituting valid and binding obligations of the Issuer, enforceable against the Issuer, in accordance with their respective terms; and (5) the absence of litigation against the Issuer relating to (a) its existence or powers, (b) its authority to issue the Series 2016 Bond, pledge the Pledged Revenues[, and provide the covenant to budget and appropriate from Non-Ad Valorem Revenues], and (c) the procedures governing the authorization and issuance of the Series 2016 Bond, in a form and substance satisfactory to the Lender.

D. Certificate of Chief Financial Officer. The Lender shall have received a certificate from the Chief Financial Officer that: (1) since the date of the Financial Statements, referred to in Section 11.E. above, there has been no material adverse change in the financial condition, revenues, properties or operations of the Issuer; (2) there are no liabilities (of the type required to be reflected on balance sheets prepared in accordance with generally accepted accounting principles), direct or indirect, fixed or contingent, of the Issuer as of the date of such financial information which are not reflected therein; (3) there has been no material adverse change in the financial condition or operations of the Issuer since the date of such Financial Statements (and to the Chief Financial Officer's knowledge no such material adverse change is pending or threatened); and (4) the Issuer has not guaranteed the obligations of, or made any investment in or loans to, any person except as disclosed in such information.

E. Representations and Warranties; No Default. The representations and warranties made by the Issuer herein shall be true and correct in all material respects on and as of the Date of Delivery, as if made on and as of such date; no Default shall have occurred and be continuing as of the Date of Delivery or will result from the consummation of the Loan; and the Lender shall have received a certificate from the Issuer to the foregoing effect.

F. Opinion of Bond Counsel. The Issuer shall have received an opinion of Bond Counsel to the effect that interest on the Series 2016 Bond is excludable from gross income for federal income tax purposes.

G. Lender Certificates. The Issuer shall have received the fully executed Lender's Certificate substantially in the form attached to the Resolution as Exhibit B and the Disclosure

Letter containing the information required by Section 218.385, Florida Statutes, substantially in the form attached to the Resolution as Exhibit C.

H. Other Documents. The Lender shall have received such other documents, certificates and opinions as the Lender or its counsel shall have reasonably requested.

SECTION 13. NOTICES. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered, delivered by telecopier, mailed by registered or certified mail, postage prepaid, or delivered by courier service to the parties at the following addresses:

Issuer: City of Pensacola, Florida
222 West Main Street
Pensacola, Florida 32502
Attention: City Administrator, with a required copy to the City Attorney at the same address, and a required copy to the Clerk at the same address.

[Lender:]

Any of the above parties may, by notice in writing given to the others, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Communication via telecopier shall be confirmed by delivery by hand, mail, or courier, as specified above, of an original promptly after such communication by telecopier.

SECTION 14. EVENTS OF DEFAULT DEFINED. The following shall be "Events of Default" under this Loan Agreement, and the terms "Default" and "Events of Default" shall mean (except where the context clearly indicates otherwise), any one or more of the following events:

A. Failure by the Issuer to make any payment of principal of or interest on the Series 2016 Bond within three days of the date due.

B. Failure by the Issuer to observe and perform any other covenant, condition or agreement on its part to be observed or performed under this Loan Agreement for a period of thirty (30) days after written notice of such failure was or was by the terms hereof required to be delivered to the Issuer by the Lender, unless the Lender shall agree in writing to an extension of such time prior to its expiration;

C. The making of any warranty, representation or other statement by the Issuer or by an officer or agent of the Issuer in this Loan Agreement or in any instrument furnished in compliance with or in reference to this Loan Agreement which is false or misleading in any material adverse respect;

D. The filing of a petition against the Issuer under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, if an order for relief is entered under such petition or such petition is not dismissed within sixty (60) days of such filing;

E. The filing by the Issuer of a voluntary petition in bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or the consent by the Issuer to the filing of any petition against it under such law; or

F. The admission by the Issuer of its insolvency or bankruptcy or its inability to pay its debts as they become due or that it is generally not paying its debts as such debts become due, or the Issuer's becoming insolvent or bankrupt or making an assignment for the benefit of creditors, or the appointment by court order of a custodian (including without limitation a receiver, liquidator or trustee) of the Issuer or any of its property taking possession thereof and such order remaining in effect or such possession continuing for more than sixty (60) days.

G. The occurrence of a Determination of Taxability.

Upon an Event of Default specified in paragraphs B. through G. above, the Interest Rate shall immediately and automatically become the Default Rate.

SECTION 15. NOTICE OF DEFAULTS. The Issuer shall within five Business Days after it acquires knowledge thereof, notify the Registered Owner of the Series 2016 Bond in writing (a) of any change in any material fact or circumstance represented or warranted by the Issuer in this Agreement or in connection with the issuance of the Series 2016 Bond; (b) upon the happening, occurrence, or existence of any Event of Default that the Registered Owner is not otherwise aware of, and (c) any event or condition which with the passage of time or giving notice, or both, would constitute an Event of Default, and shall provide the Registered Owner of the Series 2016 Bond, with such written notice, a detailed statement by the Chief Financial Officer 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 Registered Owner of the Series 2016 Bond, such date shall not in any way modify the date of occurrence of the actual Event of Default.

SECTION 16. REMEDIES. [Upon an Event of Default specified in Section 14.A. above, the Lender may, by a notice in writing to the Issuer, declare the principal amount of and all interest on the Series 2016 Bond outstanding to be immediately due and payable, and upon such declaration, the same shall be immediately due and payable.] For all Events of Default, the Lender may also sue to protect and enforce any and all rights, including the right to specific performance, existing under the laws of the State, of the United States of America, or granted and contained in this Loan Agreement, and to enforce and compel the performance of all duties required by this Loan Agreement or by any applicable laws to be performed by the Issuer, the City Council or by any officer thereof, and may take all steps to enforce this Loan

Agreement to the full extent permitted or authorized by the laws of the State or the United States of America.

The Issuer and the Lender each waives, to the fullest extent permitted by law, any right to trial by jury in respect of any litigation based upon the Series 2016 Bond or arising out of, under or in conjunction with the Series 2016 Bond or this Loan Agreement.

SECTION 17. NO PERSONAL LIABILITY. No recourse shall be had for the payment of the principal of and interest on the Series 2016 Bond or for any claim based on the Series 2016 Bond or on this Loan Agreement, against any present or former member or officer of the City Council or any person executing the Series 2016 Bond.

SECTION 18. PAYMENTS DUE ON SATURDAYS, SUNDAYS AND HOLIDAYS. In any case where the date for making any payment or the last date for performance of any act or the exercise of any right, as provided in this Loan Agreement, shall be other than a Business Day, then such payment or performance shall be made on the succeeding Business Day with the same force and effect as if done on the nominal date provided in this Loan Agreement, provided that interest on any monetary obligation hereunder shall accrue at the applicable rate to and including the date of such payment.

SECTION 19. AMENDMENTS, CHANGES AND MODIFICATIONS. This Loan Agreement may be amended only by a writing approved with the same formality as this Agreement, signed by both parties hereto.

SECTION 20. BINDING EFFECT. To the extent provided herein, this Loan Agreement shall be binding upon the Issuer and the Lender and shall inure to the benefit of the Issuer and the Lender and their respective successors and assigns. This Loan Agreement shall be discharged and neither the Issuer nor the Lender shall have any further obligations hereunder or under the Series 2016 Bond when the Issuer shall have paid the principal of and interest on the Series 2016 Bond in full and shall have paid in full all other amounts, if any, due under the Series 2016 Bond or this Loan Agreement.

SECTION 21. SEVERABILITY. In the event any court of competent jurisdiction shall hold any provision of this Loan Agreement invalid or unenforceable such holding shall not invalidate or render unenforceable, any other provision hereof.

SECTION 22. EXECUTION IN COUNTERPARTS. This Loan Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 23. APPLICABLE LAW. The laws of the State shall be the law applied in the resolution of any action, claim or other proceeding arising out of the Resolution, the Series 2016 Bond or this Loan Agreement.

SECTION 24. VENUE; ATTORNEY'S FEES. The parties agree that jurisdiction and venue for the enforcement of the Resolution, this Loan Agreement or the Series 2016 Bond shall be in the state and/or federal courts of Escambia County, Florida. The prevailing party in any action, claim or proceeding arising out of the Resolution, the Loan Agreement or the Series 2016 Bond shall be entitled to attorney's fees and costs from the losing party

SECTION 25. ASSIGNMENT. The Lender may assign its rights hereunder to any party to whom it sells or transfers the Series 2016 Bond.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Loan Agreement as of the date first above written.

CITY OF PENSACOLA, FLORIDA

By: _____
Ashton J. Hayward, III, Mayor

(SEAL)

ATTEST:

By: _____
City Clerk

Approved as to Substance:

By: _____
Richard Barker, Jr.
Chief Financial Officer

Legal in Form and Valid as Drawn:

By: _____
Lysia H. Bowling
City Attorney

[LENDER]

By: _____
Name:
Title:

EXHIBIT A
FORM OF SERIES 2016 BOND

No. R-1

\$ _____

CITY OF PENSACOLA, FLORIDA
LOCAL OPTION GAS TAX REVENUE BOND, SERIES 2016

Interest Rate

Maturity Date

Date of Issue

October 1, 2026

July __, 2016

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS, that the City of Pensacola, Florida (the "Issuer"), for value received, hereby promises to pay to the Registered Owner designated above, or registered assigns, solely from the amounts hereinafter mentioned, in installments, on the Principal Payment Dates indicated in Schedule 2 attached hereto and on the Maturity Date, or sooner as provided herein, the Principal Amount shown above and the interest on the outstanding Principal Amount hereof from the date of this Bond or from the most recent date to which interest has been paid, whichever is applicable, until payment of such Principal Amount, at the Interest Rate described above, subject to adjustment as set forth in Schedule 1 attached hereto, with all unpaid interest being due on the Maturity Date or upon the earlier payment of principal hereunder upon presentation and surrender hereof at the office of the Clerk for the Issuer, as Registrar and Paying Agent. The principal of, premium, if any, and interest on this Bond are payable in lawful money of the United States of America. Interest due hereon shall be calculated on the basis of a [360-day year consisting of twelve 30-day months].

[This Bond is subject to prepayment prior to its maturity at the option of the Issuer, in whole or in part, at par plus accrued interest and without penalty at any time after three (3) years from the date of issuance of the Bond. Any partial prepayment shall be applied against annual installments of principal as determined by the Registered Owner, in its sole discretion. The Issuer shall provide not less than two (2) Business Days prior written notice.]

This Bond is being issued in the principal amount [\$ _____] to finance the costs of the Project of the Issuer under the authority of and in full compliance with the Constitution and Statutes of the State of Florida, including particularly Chapter 166, Part II, Florida Statutes, as amended, the municipal charter of the Issuer and other applicable provisions of law, and Resolution No. __-16, duly adopted by the City Council of the Issuer on July 14, 2016 (the "Resolution"), and pursuant to a Loan Agreement between the Issuer and the Registered Owner, dated July __, 2016 (the "Loan Agreement"), to which reference should be made to ascertain those terms and conditions. The terms and provisions of the Loan Agreement and the Resolution, including, without limitation, the definitions therein, are hereby incorporated as a

part of this Bond. The principal of this Bond shall be disbursed by the Registered Owner hereof to the Issuer in immediately available funds on the Date of Delivery in accordance with the Loan Agreement.

This Bond is payable from and secured solely by the Pledged Revenues[**and to the extent receipts of Local Option Gas Tax revenues in any Fiscal Year are insufficient to generate Pledge Revenues sufficient for the payment of debt service on the Series 2016 Bond, from certain Non-Ad Valorem Revenues budgeted and appropriated to cure such deficiencies**], all in the manner provided in, and subject to the terms and conditions of, the Resolution and the Loan Agreement. This Bond shall not constitute a general obligation or indebtedness of the Issuer, but shall be a limited obligation of the Issuer payable solely from the Pledged Revenues [**and the Non-Ad Valorem Revenues**], as provided in the Loan Agreement. The Registered Owner hereof shall never have the right to compel the levy of taxes upon any property of or in the Issuer for the payment of the principal of and interest on this Bond [**or to continue or maintain activities or services which generate Non-Ad Valorem Revenues**]. Reference is made to the Loan Agreement for the provisions relating to the security for payment of this Bond and the duties and obligations of the Issuer hereunder.

The Registered Owner may sue to protect and enforce any and all rights, including the right to specific performance, existing under the laws of the State of Florida, of the United States of America, or granted and contained in the Loan Agreement, and to enforce and compel the performance of all duties required by the Loan Agreement or by any applicable laws to be performed by the Issuer, the City Council or by any officer thereof, and may take all steps to enforce the Loan Agreement to the full extent permitted or authorized by the laws of the State of Florida or the United States of America. The Issuer waives its right to trial by jury in the event of any proceedings in state or federal courts to enforce the terms of this Bond or of the Loan Agreement, and the Registered Owner, by its acceptance of this Bond, waives its right to trial by jury in any such proceedings.

This Bond is subject to all the terms of the Loan Agreement and Schedule 1 attached hereto.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and laws of the State of Florida to be performed, to exist and to happen precedent to and in the issuance of this Bond, have been performed, exist and have happened in regular and due form and time as so required.

[Remainder of page left intentionally blank]

IN WITNESS WHEREOF, the City of Pensacola, Florida, has issued this Bond and has caused the same to be executed by the manual signature of the Mayor, attested under seal by the City Clerk, approved as to substance by the Chief Financial Officer, and designated legal in form and valid as drawn by the City Attorney, as of the Dated Date set forth above.

CITY OF PENSACOLA, FLORIDA

[SEAL]

By: _____
Ashton J. Hayward, III, Mayor

ATTEST:

By: _____
City Clerk

Approved as to Substance:

By: _____
Richard Barker, Jr.
Chief Financial Officer

Legal in Form and Valid as Drawn:

By: _____
Lysia H. Bowling
City Attorney

CERTIFICATE OF AUTHENTICATION OF REGISTRAR

This Bond constitutes the Local Option Gas Tax Revenue Bond, Series 2016, as herein described. The Principal Amount, Interest Rate, Maturity Date and Registered Owner shown above are correct in all respects and have been recorded, along with the applicable federal taxpayer identification number and the address of the Registered Owner, in the Register maintained at the principal office of the undersigned.

CITY CLERK OF THE CITY OF
PENSACOLA, FLORIDA, as Registrar

Date of Authentication

SCHEDULE 1 TO SERIES 2016 BOND

ADJUSTMENTS TO INTEREST RATE IN CERTAIN EVENTS

[A. Prior to a Determination of Taxability, upon a decrease in the Maximum Federal Corporate Tax Rate, the Registered Owner shall have the right to increase the Interest Rate on the Series 2016 Bond to an Interest Rate equal to the then current Interest Rate multiplied by the Margin Rate Factor.

B. Upon the occurrence of an Event of Default specified in Section 14.B. through G. in the Loan Agreement, the Interest Rate on the Series 2016 Bond shall immediately and automatically become the Default Rate, all as defined and provided in the Loan Agreement.

C. Upon the occurrence of a Determination of Taxability and for as long as the Series 2016 Bond remains outstanding, the Interest Rate on the Series 2016 Bond shall be converted to the Taxable Rate (unless and Event of Default shall have occurred, in which case the Default Rate shall apply). In addition, upon a Determination of Taxability, the Issuer shall pay to the Registered Owner (i) an additional amount equal to the difference between (A) the amount of interest actually paid on the Series 2016 Bond during the Taxable Period and (B) the amount of interest that would have been paid during the Taxable Period had the Series 2016 Bond borne interest at the Taxable Rate, and (ii) an amount equal to any interest penalties on overdue interest and additions to tax (as referred to in Subchapter A of Chapter 68 of the Code) owed by the Registered Owner as a result of the Determination of Taxability. This adjustment shall survive payment of the Series 2016 Bond until such time as the federal statute of limitations under which the interest on the Series 2016 Bond could be declared taxable under the Code shall have expired.

D. "Determination of Taxability" means the occurrence after the date hereof of the adoption or taking effect of any law, rule or regulation that changes the ability of the Registered Owner to exclude all or a portion of the interest on the Series 2016 Bond from gross income for Federal income tax purposes, or a final decree or judgment of any Federal court or a final action of the Internal Revenue Service determining that interest paid or payable on all or a portion of the Series 2016 Bond is or was includable in the gross income of the Registered Owner for Federal income tax purposes; provided, that no such decree, judgment, or action will be considered final for this purpose, however, unless the Issuer has been given written notice and, if it is so desired and is legally allowed, has been afforded the opportunity to contest the same, either directly or in the name of any Registered Owner, and until the conclusion of any appellate review, if sought.

"Margin Rate Factor" means the fraction the numerator of which is equal to one (1) minus the Maximum Federal Corporate Tax Rate on the date of calculation and the denominator of which is 0.65. The Margin Rate Factor shall be 0.65/0.65 or 1.0 so long as the Maximum Federal Corporate Tax Rate shall be 35%, and thereafter shall increase from time

to time effective as of the effective date of any decrease in the Maximum Federal Corporate Tax Rate.

"Maximum Federal Corporate Tax Rate" means the maximum rate of income taxation imposed on corporations pursuant to Section 11(b) of the Code, determined without regard to tax rate or tax benefit make-up provisions such as the last two sentences of Section 11(b)(1) of the Code, as in effect from time to time (or, if as a result of a change in the Code the rate of income taxation imposed on corporations shall not be applicable to the Registered Owner, the maximum statutory rate of federal income taxation which could apply to the Registered Owner). The Maximum Federal Corporate Tax Rate on the date of execution of the Series 2016 Bond is 35%.

"Taxable Rate" shall mean, upon a Determination of Taxability, the interest rate per annum that shall provide the Registered Owner with the same after tax-yield that the Registered Owner would have otherwise received had the Determination of Taxability not occurred, taking into account the increased taxable income of the Registered Owner as a result of such Determination of Taxability. The Registered Owner shall provide the Issuer with a written statement explaining the calculation of the Taxable Rate, which statement shall, in the absence of manifest error, be conclusive and binding on the Issuer.

"Taxable Period" shall mean the period of time between (a) the date that interest on the Series 2016 Bond is deemed to be includable in the gross income of the Registered Owner thereof for federal income tax purposes as a result of a Determination of Taxability, and (b) the date of the Determination of Taxability and after which interest is accruing and being paid at the Taxable Rate.]

SCHEDULE 2 TO SERIES 2016 BOND
DEBT SERVICE FOR THE SERIES 2016 BOND

Principal Payment Date (October 1)	Installment
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026*	_____
Total	_____

*Maturity Date

SCHEDULE "I" TO LOAN AGREEMENT

DESCRIPTION OF PROJECT

The Project consists of the construction and reconstruction, resurfacing, rehabilitation and improvements to the Issuer's road system.

EXHIBIT B

FORM OF LENDER'S CERTIFICATE

This is to certify that [_____], or its assignee (the "Lender") has not required the City of Pensacola, 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 by the Issuer of its not to exceed \$15,000,000 Local Option Gas Tax Revenue Bond, Series 2016 (the "Series 2016 Bond"), and no inference should be drawn that the Lender, in the acceptance of said Series 2016 Bond, is relying on Bond Counsel or the City Attorney as to any such matters other than the legal opinions rendered by Bond Counsel and by the City Attorney. Any capitalized undefined terms used herein not otherwise defined shall have the meaning set forth in Resolution No. __-16 adopted by the City Council of the Issuer on July 14, 2016 (the "Resolution").

We are aware that investment in the Series 2016 Bond involves various risks, that the Series 2016 Bond is not a general obligation of the Issuer or payable from ad valorem tax revenues, and that the payment of the Series 2016 Bond is secured solely from the sources described in the Resolution.

We have made such independent investigation of the Issuer and the Pledged Revenues as we, in the exercise of sound business judgment, consider to be appropriate under the circumstances. In making our investment decision, we have relied upon the accuracy of information which has been provided to us.

We have knowledge and experience in financial and business matters and are capable of evaluating the merits and risks of our investment in the Series 2016 Bond and can bear the economic risk of our investment in the Series 2016 Bond.

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 Series 2016 Bond 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 neither the Issuer, Bond Counsel nor the City Attorney shall have any obligation to effect any such registration or qualification.

The Series 2016 Bond has been purchased for the account of the Lender for investment purposes only and not with a present view to the distribution, transfer or resale thereof. The Lender intends to hold and book the Series 2016 Bond as a loan in its loan portfolio; the Lender acknowledges that the use of the word "bond" in the name of the debt instrument is not intended to indicate that the instrument is or is not a security within the meaning of the Securities Act of 1933. The Lender currently intends to hold such Series 2016 Bond for its own

account and for an indefinite period of time and does not currently intend to dispose of all or any portion of such Series 2016 Bond. The Lender hereby covenants that if the Lender subsequently decides to distribute or resell the Series 2016 Bond, it shall comply in all respects with all laws then applicable with respect to any such distribution or resale. We understand that the Series 2016 Bond may not be transferred in a denomination less than the par amount outstanding at the time of transfer.

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 Series 2016 Bond 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 an "accredited investor" within the meaning of the Securities Act of 1933, as amended, and Regulation D thereunder.

DATED this ____ of _____, 2016.

[NAME OF LENDER]

By: _____

Name: _____

Title: _____

EXHIBIT C

FORM OF DISCLOSURE LETTER

The undersigned, as Lender, proposes to negotiate with the City of Pensacola, Florida (the "Issuer") for the private purchase of its not to exceed \$15,000,000 Local Option Gas Tax Revenue Bond, Series 2016 ("Series 2016 Bond"). Prior to the award of the Series 2016 Bond, 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 "Lender") in connection with the issuance of the Series 2016 Bond (such fees and expenses to be paid by the Issuer):

\$[____]
Legal Fees

2. (a) No other fee, bonus or other compensation is estimated to be paid by the Lender in connection with the issuance of the Series 2016 Bond to any person not regularly employed or retained by the Lender (including any "finder" as defined in Section 218.386(1)(a), Florida Statutes), except as specifically enumerated as expenses to be incurred by the Lender, as set forth in paragraph (1) above.

(b) No person has entered into an understanding with the Lender, or to the knowledge of the Lender, 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 Lender or to exercise or attempt to exercise any influence to effect any transaction in the purchase of the Series 2016 Bond.

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

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

5. Truth-in-Bonding Statement:

The Series 2016 Bond is being issued primarily to finance the cost of the Project and reimburse the Issuer for any Project Costs, as defined in the Resolution. Unless earlier prepaid, the Series 2016 Bond is expected to be repaid by _____, 20___. At a fixed interest rate of _____%, total interest paid over the life of the Series 2016 Bond is \$ _____ and issuance of the Series 2016 Bond will result in maximum of approximately \$ _____ of annual revenues of the Issuer not being available to finance other services of the Issuer during the life of the Series 2016 Bond.

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

IN WITNESS WHEREOF, the undersigned has executed this Disclosure Letter on behalf of the Lender this ___ day of _____, 2016.

[NAME OF LENDER]

By: _____
Name: _____
Title: _____