AGENDA
CITY COMMISSION MEETING
COMMISSION CHAMBERS, CITY HALL
MONDAY, MAY 09, 2016 5:30 PM

1. CALL TO ORDER

   INVOCATION

   PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA

2. PROCLAMATIONS: None

3. MAYOR'S AWARD

4. PRESENTATIONS: None

5. CONSENT AGENDA:
   Routine items are placed on the Consent Agenda to expedite the meeting. If the Commission/Staff wish to discuss any item, the procedure is as follows: (1) pull the item(s) from the Consent Agenda; (2) vote on remaining items with one roll call vote, (3) discuss each pulled item and vote by roll call

   A. CITY COMMISSION MEETING MINUTES:

      1. Regular meeting held April 25, 2016

   B. PURCHASING ITEMS:

      1. Resolution of the City Commission of the City of Leesburg, Florida authorizing the Mayor and City Clerk to execute change order #2 in the amount of $28,450 with A&A Trucking & Excavating for pumping and disposal of wastewater associated with the Plantation Wastewater Treatment Facility demolition; and providing an effective date.

   C. RESOLUTIONS:

      1. Resolution of the City Commission of the City of Leesburg, Florida, accepting and approving a modification of a Temporary Easement Agreement among the City of Leesburg, Florida, Long Farms North, Inc., and Lake County, Florida; and providing an effective date.

2. Resolution of the City Commission of the City of Leesburg, Florida authorizing the Mayor and City Clerk to execute an agreement with Carey Baker, Lake County Property Appraiser; and providing an effective date.

6. PUBLIC HEARINGS AND NON-ROUTINE ITEMS:

COMPREHENSIVE PLAN INFORMATION SIGN-UP SHEET (YELLOW) AVAILABLE

A. Series Resolution Supplementing Resolution No. 7141, as Previously Amended and Supplemented; for the propose of authorizing the issuance by the City of not to Exceed $35,000,000 in Aggregate Principal Amount of its Electric Refunding Revenue Bonds, Series 2016

   1. Supplementing Resolution No. 7141, as Previously Amended and Supplemented; for the propose of authorizing the issuance by the City of not to Exceed $35,000,000 in Aggregate Principal Amount of its Electric Refunding Revenue Bonds, Series 2016

B. Series Resolution Supplementing Resolution No. 7143, as Previously Amended and Supplemented; for the propose of authorizing the issuance by the City of not to Exceed $21,000,000 in Aggregate Principal Amount of its Utility System Refunding Revenue Bonds, Series 2016

   1. Supplementing Resolution No. 7143, as Previously Amended and Supplemented; for the propose of authorizing the issuance by the City of not to Exceed $21,000,000 in Aggregate Principal Amount of its Utility System Refunding Revenue Bonds, Series 2016

C. Resolution authorizing ratification of the Collective Bargaining Agreement with the Professional Firefighters of Leesburg Local 2957, IAFF., AFL-CIO-CLC.

D. First reading of an Ordinance incorporating new parcels into the boundaries of the Community Redevelopment Agency for the Caver Heights/Montclair Area.

E. First reading of an Ordinance Amending Ordinance No. 15-49, pertaining to the Redevelopment Agency for the US Highway 441 & 27 Area, to Specify the Base Year for Computation of the Tax Increment Revenues on Parcels of Real Property within the CRA.

7. INFORMATIONAL REPORTS:
The following reports are provided to the Commission in accordance with the Charter/Ordinances. No action required.

8. CITY ATTORNEY ITEMS:

9. CITY MANAGER ITEMS:

10. PUBLIC COMMENTS:

This section is reserved for members of the public to bring up matters of concern or opportunities for praise. Issues brought up will not be discussed in detail at this meeting. Issues will either be referred to the proper staff or will be scheduled for consideration at a future City Commission Meeting. Comments are limited to three minutes.

11. ROLL CALL:

12. ADJOURN:

PERSONS WITH DISABILITIES NEEDING ASSISTANCE TO PARTICIPATE IN ANY OF THESE PROCEEDINGS SHOULD CONTACT THE HUMAN RESOURCES DEPARTMENT, ADA COORDINATOR, AT 728-9740, 48 HOURS IN ADVANCE OF THE MEETING.

F.S.S. 286.0105 "If a person decides to appeal any decision made by the Commission with respect to any matter considered at this meeting, they will need a record of the proceedings, and that for such purpose they may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based." The City of Leesburg does not provide this verbatim record.

MINUTES OF THE CITY COMMISSION MEETING
MONDAY, APRIL 25, 2016

The City of Leesburg Commission held a regular meeting Monday, April 25, 2016, in the Commission Chambers at City Hall. Mayor Hurley called the meeting to order at 5:30 p.m. with the following members present:

Commissioner Bob Bone
Commissioner John Christian
Commissioner Elise Dennison
Commissioner Dan Robuck
Mayor Jay Hurley

Also present were City Manager (CM) Al Minner, City Clerk (CC) J. Andi Purvis, City Attorney (CA) Fred Morrison, the news media, and others.

Carver Heights CRA Commissioner Abraham Conner gave the invocation followed by the Pledge of Allegiance to the Flag of the United States of America at the Carver Heights / Montclair Area Community Redevelopment Agency meeting immediately prior to this meeting.

PROCLAMATIONS: None

MAYOR'S AWARD:

Mayor Hurley presented the Mayor's Award to Theresa Campbell, former writer for the Daily Commercial, as her writing of the city was very balanced, fair, and positive; always went that extra step to help the city.

PRESENTATIONS: None

CONSENT AGENDA:
Items pulled for discussion:

5.C.1 - Inter-Local Agreement between Lake County Government and the City of Leesburg for Traffic Signal Maintenance.

5.C.8 - Settlement between the City of Leesburg and Hurley Aviation Services, LLC for the purpose of resolving an ongoing legal dispute. (No relation to Mayor Hurley)

Commissioner Dennison moved to adopt the Consent Agenda except for items 5.C.1 and 5.C.8 and Commissioner Christian seconded the motion.

The roll call vote was:

Commissioner Robuck	Yes
Commissioner Christian	Yes
Commissioner Bone	Yes
Commissioner Dennison	Yes
Mayor Hurley	Yes

Five yeas, no nays, the Commission adopted the Consent Agenda, as follows:

CITY COMMISSION MEETING MINUTES: None

RESOLUTION 9773
Resolution of the City Commission of the City of Leesburg, Florida authorizing the Mayor and City Clerk to execute a construction services agreement with Barracuda Building Corporation for the Seminole Avenue Drainage Improvement Project for an amount not to exceed $51,400.00; and providing an effective date.

RESOLUTION 9774
Resolution of the City Commission of the City of Leesburg, Florida authorizing the Mayor and City Clerk to execute a Construction Services Agreement with Barracuda Building Corporation for the Sewer Line Relocation and Rehabilitation - Avante project for an amount not to exceed $174,400.00; and providing an effective date.

RESOLUTION 9775
Resolution of the City Commission of the City of Leesburg, Florida authorizing the Mayor and City Clerk to execute an agreement with Evergreen Construction Management, Inc. for Construction Manager at Risk (CMAR) services; and providing an effective date.

RESOLUTION 9776
Resolution of the City Commission of the City of Leesburg, Florida authorizing the Mayor and City Clerk to execute a Master Service Agreement with Mid-Florida Primary Care; and providing an effective date.

RESOLUTION 9777
Resolution of the City Commission of the City of Leesburg, Florida accepting and approving an agreement to accept Roadway between the City of Leesburg, Florida and the Owners of Units located at Beverly Harbors II (located in the Beverly Harbors II subdivision), within the City of Leesburg; and providing an effective date.

RESOLUTION 9778
Resolution of the City Commission of the City of Leesburg, Florida adopting the Lake County Multi-Jurisdictional Local Mitigation Strategy; and providing an effective date.

RESOLUTION 9779
Resolution authorizing the Leesburg Fire Department to apply and accept a Firehouse Subs Public Safety Grant to upgrade three existing Life-Pak Cardiac Monitors; and providing an effective date.

RESOLUTION 9780
Resolution of the City Commission of the City of Leesburg, Florida authorizing the Mayor and City Clerk to execute an Agreement with Sabal Trail Transmission, LLC to install a connection point to serve the City of Leesburg with Natural Gas; and providing an effective date.

RESOLUTION 9781
Resolution of the City Commission of the City of Leesburg, Florida adopting the street name change of Via del Medico to THAT Street; and providing an effective date.

ADOPTED RESOLUTION 9782 AN INTER-LOCAL AGREEMENT BETWEEN LAKE COUNTY GOVERNMENT AND THE CITY OF LEESBURG FOR TRAFFIC SIGNAL MAINTENANCE

Commissioner Robuck introduced the resolution to be read by title only. CC Purvis read the resolution by title only, as follows:

> RESOLUTION OF THE CITY COMMISSION OF THE CITY OF LEESBURG, FLORIDA AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE AN INTER-LOCAL AGREEMENT BETWEEN LAKE COUNTY GOVERNMENT AND THE CITY OF LEESBURG FOR TRAFFIC SIGNAL MAINTENANCE; AND PROVIDING AN EFFECTIVE DATE.

Commissioner Robuck moved to adopt the resolution and Commissioner Dennison seconded the motion.

Mayor Hurley requested comments from the Commission and the audience.

Commissioner Robuck asked for staff to still move forward with putting this out for bid to see if there is a more competitive vendor.

Commissioner Dennison believes that was brought up during the last meeting, that the Commission wanted this out to bid to make sure we are getting the right price.

CM Minner stated this is our annual maintenance contract whereby the City of Leesburg enters into an agreement with Lake County to maintain its traffic signals in town and the city pays approximately $125,000 a year. The county approached Public Works Director DC Maudlin wanting to enter into a new agreement for three years, increasing their cost about $10,000, making our new expense in the neighborhood of about $135,000 to $140,000, and they asked for a 3% increase per year. That was the contract posed to the City Commission a couple meetings ago and Commissioner Robuck pulled that item and asked that staff look into that and was concerned with the length of the deal, as well as the increase the county asked for. PWD Maudlin went back and approached the county and put together a new deal which is on your agenda, which we are asking you to approve. The county rolled back on their cost, modified it to a one-year deal so it does not have the 3% CPI increase, however; the county started this a tick late and has already done work for us in this fiscal year. He advised the Commission this is really the best game in town, it needs to get this done, and encouraged the Commission to execute this contract for the year, which really is only about six or seven more months. In the interim, staff will go out and do a procurement process, which will take about 90 to 120 days, to see what the private sector can offer in terms of competing with the county so that as we start the budget process for the new fiscal year, when this contract would end, you will have something to compare the county's cost against.

Commissioner Bone stated so basically we are already five to six months into this on a verbal deal and CM Minner answered yes.

Mayor Hurley asked if any other local cities use a private vendor.

Public Works Director (PWD) DC Maudlin stated one of the 10 cities has a private contractor and he thinks it is Mascotte, with three or four signals.

Mayor Hurley stated when talking traffic signals that becomes a public safety issue quick. He knows Lake County does a good job and unless it was some major substantial money savings, does not know that he would want to change to try someone in the private sector when the city has really had good service. He is open to looking, but just wants to make sure that whoever it is, not necessarily just a low bid, if a signal goes out the city has a quick response time.

Commissioner Dennison thanked the county for doing this since we do not have a contract. However, on the other hand, she stated the city needs someone who can immediately start doing this because we do not want traffic lights out of service. She would like to see this go out for bid.

The roll call vote was:

Commissioner Christian	Yes
Commissioner Bone	Yes
Commissioner Dennison	Yes
Commissioner Robuck	Yes
Mayor Hurley	Yes

Five yeas, no nays, the Commission adopted the resolution.

ADOPTED RESOLUTION 9783 SETTLEMENT BETWEEN THE CITY OF LEESBURG AND HURLEY AVIATION SERVICES, LLC

Commissioner Dennison introduced the resolution to be read by title only. CC Purvis read the resolution by title only, as follows:

> RESOLUTION OF THE CITY COMMISSION OF THE CITY OF LEESBURG, FLORIDA, AUTHORIZING AND APPROVING A SETTLEMENT BETWEEN THE CITY OF LEESBURG AND HURLEY AVIATION SERVICES, LLC FOR THE PURPOSE OF RESOLVING AN ONGOING LEGAL DISPUTE OVER A LEASE OF VACANT LAND AT LEESBURG INTERNATIONAL AIRPORT, AND PROVIDING AN EFFECTIVE DATE.

Commissioner Dennison moved to adopt the resolution and Commissioner Robuck seconded the motion.

Mayor Hurley quickly noted that this is not him, nor any relation.

Mayor Hurley requested comments from the Commission and the audience.

CM Minner stated financially it is not a big issue, but did want to take opportunity to publicly disclose it. Back in 2007 and 2009 Hurley Aviation got two leases from the city; one lease for a vacant parcel that is approximately three acres immediately west of the Cracker Barrel parcel with 441 road frontage, and the second lease, a smaller under an acre parcel immediately west of the Sheriff Office's helicopter hanger where Mr. Hurley,

again not a relation to the Mayor, built a smaller hanger. Mr. Hurley has paid his lease and is a tenant, he would say in good standing as far as lease payments go. For the sake of discussion, he will refer to the hanger lease which is the hanger property by the Sheriff Office hanger and the vacant parcel lease which is the parcel adjacent to the Cracker Barrel. When Mr. Hurley entered into a lease with the vacant property, he was required to make certain improvements on that in a certain time span. Mr. Hurley in the city's position did not make those improvements and about two years ago former Interim City Manager, Ray Sharp, and Leo Treggi, our former Airport Manager, worked with the City Attorney to be aggressive about a termination of that lease which Mr. Hurley has fought. Essentially, our position is he is not compliant with the lease which required him to make these improvements in a stipulated amount of time and his position is I am paying my lease, I am not turning the keys over, so to speak. This has progressed to a point to where we reached mediation and are scheduled for trial on May 18th. The ultimate win in this trial situation would be that the city has interpreted the lease documents correct, they pay the city for our time encumbered for attorney fees for Mr. Morrison and they relinquish rights to the property. The ultimate loss for the city would be that we have to pay Mr. Hurley's attorney fees and Mr. Hurley would then have the rights to maintain the vacant parcel without a requirement to build on that parcel. The total loss in that financially probably somewhere around $15,000 plus what we would have had paid out to our City Attorney.

CM Minner stated this matter is now before the Commission because frankly we need resolution and in his opinion, the best way for the city is that this parcel come back to the city. The vacant parcel is right now leased at about 9 cents a square foot, it is one of our major commercial corridors of vacant property and while we do not have a major tenant looking at this parcel, it has been under lease, and it has one of the highest values. The best comparison of this would be the Cracker Barrel parcel which pays about 55 to 60 thousand dollars a year for their approximate three acres; right now the city is earning $13,300 on this parcel from Mr. Hurley. Further he would stipulate that at this time building corporate hangers or building T-Hangers on that particular parcel is not best use for that because it would put the lease value in the terms of 15 cents per square foot which is generally what we are trying to lease the aviation market for. The city has an opportunity here to bring back three acres of what he would consider prime commercial property which will bring top dollar to the city and the airport fund; however, we would have to settle this matter.

CM Minner stated the dispute is squarely situation on two sentences in a 25-page lease document; paragraph 12, which enumerates all the improvements the city anticipated and then the last two sentences of paragraph 12, stipulate and say something to the effect that delaying construction or completion of any of the hanger or infrastructure shall not affect the end date of this lease. The lease is a straight 20-year lease commencing on the date specified in paragraph one above regardless of the status of construction on the commencement date. Essentially, he thinks the City Attorney's opinion is that, that is not as it appears to read; the intent of the paragraph 12 is that improvements will happen and if acts of God or other omissions delay construction well that is understandable but there is clearly intent that these improvements will be made. Mr. Hurley however, reads that as a clairvoyant statement that relieves him of the paragraphs duties which enumerated improvements he had to make. The City Attorney thinks the city has a very strong position, it is up for some judicial interpretation, and he thinks CA Morrison does not believe there would be any real interpretation that would go against the city, but it is always possible.

CM Minner stated it always comes down to money, to litigate this and go to court we are probably seeking additional fees for CA Morrison that would be above the settlement value. Hence we put together at a mediation settlement value that: 1) pays Mr. Hurley $2,500, 2) allows him to have an extension on this hanger lease property at the same terms, but the same terms include an escalator on his rent. Mr. Hurley had a 20-year lease on that property, he is now leasing that for a little over 13 cents a square foot, so he is using it in the aviation purpose, renting land, so that lease right now is market and extension thereof essentially delays us recouping the improvements he made, but thinks it is worth the trade off to have the value of the commercial property. So staff is recommending approval of the settlement agreement as stipulated, paying Mr. Hurley $2,500, giving him his 5-year extension and then he will release all rights to the commercial property and it will come back to the city to market. CM Minner asked the City Attorney if he had summed that up pretty well.

CA Morrison replied yes. He stated there was one other factor that played into his decision to recommend this and that is a wavier argument. The city, as Mr. Minner said, has been accepting rent from Mr. Hurley for quite a number of years on that vacant property lease and he has set up a defense of waiver. There is a non-waiver provision in the lease that says if we take rent from you, we do not waive our right to enforce the rest of the lease, but Courts do not always look favorably on those clauses. It is possible the Court would look at this and say well you have interpreted paragraph 12 correctly city, but you have also taken his money all this time, you have let him sit out there and pay you while he is supposedly in default, and I am not going to allow you to throw him off now because you took his money. That was the other factor that played into his decision.

Commissioner Bone asked if the city is still collecting rent or did it stop at some point.

CA Morrison stated the city is still collecting.

Commissioner Christian thinks the settlement is probably the best way to go; pay the $2,500, get the three acres back and try to remarket the property.

Commissioner Bone stated from his business hat, he feels pretty good about the way the contract is worded, but would be a little bit concerned on the waiver issue there also of still collecting rent. He thinks it is potentially a good win for the city to get the property back and do something with it now while the economy is a little bit better.

Commissioner Dennison stated this is a good learning exercise for us to strengthen those contracts and make sure we are following them to the letter. She is also in agreement with getting this property back.
The roll call vote was:

Commissioner Bone	Yes
Commissioner Dennison	Yes
Commissioner Robuck	Yes
Commissioner Christian	Yes
Mayor Hurley	Yes

Five yeas, no nays, the Commission adopted the resolution.

ADOPTED ORDINANCE 16-22 ANNEXING APPROXIMATELY 4.64 ACRES GENERALLY LOCATED ON THE SOUTH SIDE OF STATE ROAD 44 AND WEST OF WHITNEY ROAD (TARR'S HIGHWAY 44 STORAGE, LLC)

City Clerk Purvis read the ordinance by title only, as follows:

> AN ORDINANCE OF THE CITY OF LEESBURG, FLORIDA ANNEXING CERTAIN REAL PROPERTY CONSISTING OF APPROXIMATELY 4.64 ACRES, BEING GENERALLY LOCATED ON THE SOUTH SIDE OF STATE ROAD 44 AND WEST OF THE INTERSECTION OF STATE ROAD 44 AND WHITNEY ROAD, LYING IN SECTION 19, TOWNSHIP 19 SOUTH, RANGE 24 EAST, LAKE COUNTY, FLORIDA, PROVIDING THAT SAID PROPERTY SO ANNEXED SHALL BE LIABLE FOR ITS PROPORTIONATE SHARE OF THE EXISTING AND FUTURE INDEBTEDNESS OF SAID CITY; PROVIDING THAT SUCH ANNEXED PROPERTY SHALL BE SUBJECT TO ALL LAWS AND ORDINANCES OF SAID CITY AS IF ALL SUCH TERRITORY HAD BEEN A PART OF THE CITY OF LEESBURG AT THE TIME OF PASSAGE AND APPROVAL OF SAID LAWS AND ORDINANCES; PROVIDING THAT SUCH ANNEXED TERRITORY SHALL BE PLACED IN CITY COMMISSION DISTRICT 3; AND PROVIDING AN EFFECTIVE DATE (Tarr’s Highway 44 Commercial, LLC Lodges, LLC).

Commissioner Dennison moved to adopt the ordinance and Commissioner Robuck seconded the motion.

Mayor Hurley requested comments from the Commission and audience. There were none.

The roll call vote was:

Commissioner Dennison	Yes
Commissioner Robuck	Yes
Commissioner Christian	Yes
Commissioner Bone	Yes
Mayor Hurley	Yes

Five yeas, no nays, the Commission adopted the ordinance.

ADOPTED ORDINANCE 16-23 AMENDING THE COMPREHENSIVE PLAN FUTURE LAND USE MAP FOR APPROXIMATELY 4.64 ACRES FROM LAKE COUNTY REGIONAL OFFICE TO CITY GENERAL COMMERCIAL (TARR'S HIGHWAY 44 STORAGE, LLC)

City Clerk Purvis read the ordinance by title only, as follows:

> AN ORDINANCE AMENDING THE COMPREHENSIVE PLAN FOR THE CITY OF LEESBURG, FLORIDA CHANGING THE FUTURE LAND USE MAP DESIGNATION OF CERTAIN PROPERTY CONTAINING APPROXIMATELY 4.64 ACRES, BEING GENERALLY LOCATED ON THE SOUTH SIDE OF STATE ROAD

> 44, AND WEST OF THE INTERSECTION OF STATE ROAD 44 AND WHITNEY ROAD, LYING IN SECTION 19, TOWNSHIP 19 SOUTH, RANGE 24 EAST, LAKE COUNTY, FLORIDA, FROM LAKE COUNTY REGIONAL OFFICE TO CITY OF LEESBURG GENERAL COMMERCIAL; AND PROVIDING AN EFFECTIVE DATE. (Tarr's Highway 44 Commercial, LLC)

Commissioner Dennison moved to adopt the ordinance and Commissioner Robuck seconded the motion.

Mayor Hurley requested comments from the Commission and audience.

Commissioner Bone stated commercial is suited along 44, but this property being across from Pennbroke Pines is our gateway into the city. He would have liked to have seen plans that kind of give an overall view of what we see the future being as this property comes into the city. He hears complaints already about 27 when you come into town on how that looks and on West Main Street where it is two lanes and while this is not a real heavy use or anything, it is still a commercial use that is going to affect what comes in next to it. While this does not fit with his vision of what should be there, he thinks we might be a little ahead of the game by not have a bigger view of what we want that section of Leesburg to look like in the future.

The roll call vote was:

Commissioner Robuck	Yes
Commissioner Christian	Yes
Commissioner Bone	Yes
Commissioner Dennison	Yes
Mayor Hurley	Yes

Five yeas, no nays, the Commission adopted the ordinance.

ADOPTED ORDINANCE 16-24 REZONING APPROXIMATELY 4.64 ACRES FROM LAKE COUNTY CFD TO CITY SPUD (TARR'S HIGHWAY 44 STORAGE, LLC)

City Clerk Purvis read the ordinance by title only, as follows:

> AN ORDINANCE OF THE CITY OF LEESBURG, FLORIDA REZONING APPROXIMATELY 4.64 ACRES FROM LAKE COUNTY CFD (COMMUNITY FACILITIES DISTRICT) TO CITY SPUD (SMALL PLANNED UNIT DEVELOPMENT) FOR A PROPERTY GENERALLY LOCATED ON THE SOUTH SIDE OF STATE ROAD 44, AND WEST OF THE INTERSECTION OF STATE ROAD 44 AND WHITNEY ROAD, AS LEGALLY DESCRIBED IN SECTION 19, TOWNSHIP 19 SOUTH, RANGE 24 EAST, LAKE COUNTY, FLORIDA; AND PROVIDING AN EFFECTIVE DATE. (Tarr's Highway 44 Commercial, LLC)

Commissioner Dennison moved to adopt the ordinance and Commissioner Christian seconded the motion.

Mayor Hurley requested comments from the Commission and audience. There were none.

The roll call vote was:

Commissioner Christian	Yes
Commissioner Bone	Yes
Commissioner Dennison	Yes
Commissioner Robuck	Yes
Mayor Hurley	Yes

Five yeas, no nays, the Commission adopted the ordinance.

ADOPTED RESOLUTION 9784 TO CONSIDER A 2.6 ACRE LAND PURCHASE (810 BEVERLY HARBOR)

Commissioner Dennison introduced the resolution to be read by title only. CC Purvis read the resolution by title only, as follows:

> RESOLUTION OF THE CITY COMMISSION OF THE CITY OF LEESBURG, FLORIDA AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE A CONTRACT FOR SALE AND LAND PURCHASE OF APPROXIMATELY 2.6 ACRES LOCATED AT 810 BEVERLY HARBOR DRIVE; AND PROVIDING AN EFFECTIVE DATE.

Commissioner Dennison moved to adopt the resolution and Commissioner Robuck seconded the motion.

Mayor Hurley requested comments from the Commission and the audience.

Commissioner Dennison asked what this land is being considered used for.

Commissioner Bone stated he initiated this based on his personal observations as well as comments from the neighbors and what this property is currently used for. He did bring this up in an earlier Commission meeting and the City Manager has pursued it to bring it up tonight. Right now that property has been vacant for years, it was the old boat club property, and it really has just been used for passive recreation; kids playing on it, people walking their dogs, light fishing, and until the bank closed it off there is a boat ramp where people put their boats in. Commissioner Bone stated his thought is the city has an opportunity to acquire water front property at a really good price and allow it to continue to be used in its passive nature and really not do anything special with it at the moment. There are no plans other than to preserve it as a park and to provide some greenery that he thinks would well serve the Beverly Shores neighborhood. He would hope if the city does purchase this land it could be something that the neighborhood can actively participate in with coming up with some ideas on what might be able to be done there.

Commissioner Robuck stated he is a little worried that we could end up with vacant buildings on the property and asked what the cost would be to demolish the buildings.

CM Minner stated he does not have an immediate cost for that. There are no buildings, just some of the old marina structures, but he would think demolishing those is not going to exceed $7,500.00.

Commissioner Christian stated his big concern is kind of what Commissioner Dennison said. While he does not disagree with purchasing, what he does disagree with is the city buying this property and then three or four years down the road when development wants to happen, we get feedback from the residents. When the city buys a piece of property it is for the entire city not just a certain neighborhood. If he wants to walk his dog, take his boat out, or have a barbeque he is on city property and does not want as we have in Ski Beach and other parts of our city, where when the city is getting ready to develop the community is saying we cannot. He does not think we go in there and destroy the neighborhood, but at the same time does not want to spend this kind of money and then decide it can only be grass. He would love to have a community meeting to discuss what the future of this property could be because he just does not like to buy property then have to fight to try to develop it for the entire city. He is not opposed to this, especially when getting $100,000 from Recreation Impact fees, but thinks this is city money and it becomes a city park, not necessarily a neighborhood park.

Commissioner Robuck stated he has some concerns when talking about $215,000 here, spending another 10 or 15 thousand to do its diligence, and then going to spend more than $7,500 tearing those things down, because we cannot even barely tear a house down for that. Then we are going to want put in playground and we just found out playgrounds are $400,000, boat ramp areas about $200,000 and then we are going to have a million dollars in a piece of property, which is fine, but it is small. He is worried that what we are basically doing is preserving the lake front view for a few people who do not own lake front but could certainly buy this if they liked to and which is kind of the feedback we get at Ski Beach; you cannot block my view, well it is city property. Talking about improvements at Venetian Gardens and other areas of the city, he is worried that we are going to spread ourselves too thin. There are a lot of things he would love to do around the city, but would rather see us focus, get one area down and then when done move on; we cannot do everything. He thinks if we just start buying vacant land for parks we are going to have people in here every couple months saying I have this great deal for you and would love to have a park in my neighborhood. He thinks this is a nice idea, but does have some reservations especially not knowing what we are going to do with it.

Commissioner Bone stated one of the complaints he often hears is that all the city does is Main Street and Venetian Gardens; nothing else. Recently there was a letter to the editor in the newspaper from a former City Commissioner saying how a particular area neighborhood in Leesburg is being neglected and run down. This is a pro-active approach and he does not think we can get so focused on one thing at Venetian Gardens that we lose focus on opportunities that could well serve Leesburg. Every subdivision in Leesburg is important, whether it is Palmora Park, Stock Subdivision, Beverly Shores, Carver Heights, they are all important, and yes Berry Park is a city park, but it is a neighborhood park. Those who live closer will have easier access, but it is going to be a city park and he thinks the people recognize that and that is what it is being used for now. He thinks this is an opportunity that will go a long way to encouraging people that continue to invest in Beverly Shores and thereby help Leesburg.

Commissioner Robuck stated he understands but does not think it is fair to say that we are only concerned with Venetian Gardens and downtown. We just approved a resource center in Carver Heights, talking about improving the 441 corridor today, talking about improving 27, and talking about improving a lot of different areas; so does not think it is fair to say we are only focusing on two areas.

Commissioner Bone stated Beverly Shores Elementary School has a playground but unfortunately it is fenced and locked; not like when we were kids and could run over to the school and play on the baseball field and the playground. To summarize from what he has heard, his kids included, children that live in the neighborhood play on that piece of property, grandchildren that come to visit their grandparents in that neighborhood play on that property and it is not just about preserving a view there for the people in those town homes. He submitted for the record a petition signed by people in the immediate neighborhood that are in favor of this.

Commissioner Christian stated this one of his concerns that if we start developing this and everybody is coming down there, he does not want the residents to then come and complain about 50 cars coming. He just wants to make sure everyone is okay with this project; especially those who are going to be affected directly.

Don Lukich stated this is a poor decision and asked if a quarter million dollars is a good business decision for so few?

Chuck Bailey stated this will help promote community pride.

David Thompson stated he is in favor of this and it is time to put something there for the kids and families. He also stated vehicles cut through the neighborhood, going fast and not stopping, and ask for something to be done.

Mayor Hurley asked Captain Parker to see about getting a traffic detail in that area to start seeing about curbing some of the traffic and speed. Captain Parker agreed.

Former Mayor/Commissioner Sanna Henderson stated she was the Commissioner for this district for many, many years. There are other jewels in Leesburg besides Venetian Gardens and Palmora Park and this about the only vacant land left anywhere. She thinks it would be such a good idea to preserve it as much as it is now; do not have to do anything fancy or spend a lot of money.

Ze' Carter stated she does not want to wait to do something to take care of our children. She would like to see some community meetings to see what can be done and urged the city to be pro-active.

Nancy Curchek stated she wants this for the kids because they need to be able to enjoy this area. The city needs to do something to slow down the traffic and improve the area.

Dan Hayes stated it is already kind of used as a park and just needs to be cleaned up.

Curtis Neilson feels this would be beneficial to the whole community and urged the Commission to consider everyone in the city.

Judy Nowak would like to see open areas, picnic tables, and an open fishing ramp. She feels this would be a credit to everyone.

Ron Nowak thinks the property is more valuable than the price.

Tony Hawkman stated he supports this and thanked the Commission for considering it.

Commissioner Christian asked if staff has looked at the boat ramp to see if it is repairable or if it needs demolished and what it would cost.

CM Minner does not think the demolition costs are significant and stated staff has not looked at any improvement costs to the property.

Commissioner Christian pointed out for the public that $100,000 is coming from the Recreation Impact fees and those monies can only be used for new recreation projects. We cannot take that money and use it for existing projects, so this would be considered a new recreation project.

CM Minner stated he has been to pretty much every part of the community since he became City Manager and would capitulate that if there is one area in the community that has not received as much attention as others it is the Beverly Shores area. Having said that, he thinks the purpose that the city wants to look at this is for preservation purposes; a smaller community type park, where those future improvements can be done later. He thinks it makes sense for the price tag, it is a reasonable price, and financially it is very doable. He does not see that this purchase is going to derail or delay anything the city is doing at Venetian Gardens or any of its other major projects.

Commissioner Dennison agrees with the residents present that we do not have to go in there and do a spectacular park in six months. If we get this, we can clean out the water side and maybe Recreation can start setting up some fishing tournaments for the kids. She really thinks this is doable and can be done in segments.

Mayor Hurley stated personally if we do this, he is not going to be happy with just mowing the grass. He appreciates the residents saying it is not required and we will not put in a $400,000 playground there, but if we do this he would like to see the kids have a see saw, swing and some of the basic park things.

Commissioner Christian stated there are FRDAP grants to help pay for playground equipment, but he does not want to spend a quarter million dollars and just cut the grass. That is why he asked about the boat ramp is it fixable; is it a $20,000 or $200,000 fix. He wants to see people come to this park because it becomes a Leesburg city park where anyone can rent it and have a picnic, not worry about a whole lot of people there, and can be able to use it and have a good time. He does not want a future Commission fighting with residents on developing this park or about traffic. He wants to make sure everybody is clear with spending a quarter million dollars he does not want to just cut the grass and is really pushing the staff into continue to put money in the budget to develop this year after year with picnic benches or an exercise trail as this would be a good place to do a two acre walk. This is going to be a city park, because it is being bought by city money and yes, Berry Park is a community park, but anyone in the city can go to the recreation department and rent the pavilion. Commissioner Christian agrees with Commissioner

Bone and former Commissioner Henderson that this area has kind of been neglected as far as resources coming into the neighborhood, so he commends Commissioner Bone for bringing this and the residents for working with their Commissioner. He hopes Commissioner Bone has meetings with the residents to find out what they want to see in the park and can bring back some recommendations to get this moving.

The roll call vote was:

Commissioner Bone	Yes
Commissioner Dennison	Yes
Commissioner Robuck	Yes
Commissioner Christian	Yes
Mayor Hurley	Yes

Five yeas, no nays, the Commission adopted the resolution.

ADOPTED RESOLUTION 9785 AMENDING RESOLUTIONS 4152, 4846, AND 7537, PERTAINING TO HEALTH INSURANCE COVERAGE FOR RETIRED CITY EMPLOYEES

Commissioner Christian introduced the resolution to be read by title only. CC Purvis read the resolution by title only, as follows:

> RESOLUTION OF THE CITY COMMISSION OF THE CITY OF LEESBURG, FLORIDA, AMENDING RESOLUTIONS 4152, 4846, AND 7537 PERTAINING TO HEALTH INSURANCE COVERAGE FOR RETIRED CITY EMPLOYEES; PROVIDING FOR PARTIAL PAYMENT OF PREMIUMS FOR HEALTH INSURANCE COVERAGE FOR EMPLOYEES WHO RETIRE AT AGE 52, WITH 30 OR MORE YEARS OF SERVICE; CAPPING PAYMENT FOR SUCH COVERAGE AT $400.00 PER MONTH UNTIL THE RETIRED EMPLOYEE REACHES THE AGE OF 58; AND PROVIDING AN EFFECTIVE DATE.

Commissioner Christian moved to adopt the resolution and Commissioner Dennison seconded the motion.

Mayor Hurley requested comments from the Commission and the audience.

Commissioner Robuck stated he is okay with this, but this did bring up an issue that he would like to see staff bring back to the Commission and that is a cost analysis. If people want, the city will pay for their retired health care each month after they turn 65 and they hit Medicare; that is not the normal thing at all for people to provide. He would just like to know what this is costing the city and if it is significant he thinks it is something we should look at stopping.

Commissioner Christian asked if when they receive Medicare the city still pays and Commissioner Robuck stated yes, if they want.

Former Mayor/Commissioner Sanna Henderson stated while she was a Commissioner for a long time, it was never enough consecutive time to stay on the health insurance at

retirement, but the city did allow her to stay on the health insurance. She pays $440 a month so she can use the clinic and get the medications. She is on Medicare also but figures Blue Cross Blue Shield is a good supplement; but it is a lot of money.

CM Minner stated he does not have those numbers, but will get them for the Commission.

The roll call vote was:

Commissioner Dennison	Yes
Commissioner Robuck	Yes
Commissioner Christian	Yes
Commissioner Bone	Yes
Mayor Hurley	Yes

Five yeas, no nays, the Commission adopted the resolution.

ADOPTED RESOLUTION 9786 AMENDING THE FISCAL YEAR 2015-16 BUDGET FOR THE SECOND QUARTER

Commissioner Robuck introduced the resolution to be read by title only. CC Purvis read the resolution by title only, as follows:

> RESOLUTION OF THE CITY COMMISSION OF THE CITY OF LEESBURG, FLORIDA AMENDING THE FISCAL YEAR 2015-16 BUDGET FOR THE GENERAL, STORMWATER, CAPITAL PROJECTS, AND AIRPORT FUNDS FOR THE SECOND QUARTER; AND PROVIDING AN EFFECTIVE DATE.

Commissioner Dennison moved to adopt the resolution and Commissioner Robuck seconded the motion.

Mayor Hurley requested comments from the Commission and the audience.

Commissioner Christian stated as to the gymnasium leak repair, it has been leaking since it was built. He asked if we did any legal warranty or anything.

CM Minner stated he thinks it is important to point this out because if you approve the budget amendment there is some shifting going on here that he just wanted to publicly disclose. Essentially, we had some money from the State that came in about $365,000 and one of the programs we had budgeted this year was the landscaping of the intersection of 441 and 27; it was budgeted through DST monies and some other special revenues. When staff found out that we could release these monies and spend them anywhere we were able to shift that now to do the 441 project which is opening up $250,000 this fiscal year. As the course of this year has gone a couple of things have popped up: 1) the gym repairs, 2) we need to tackle some maintenance issues over at the Police station; 3) the Partnership Art building has an electric service issue that we need to tackle; and 4) is a project here downtown with the Partnership whereby if you have noticed along Market Street there are always 10 to 15 port a johns lined up there. He thinks: a) that is a detraction from our beautiful downtown, and b) it is a harbor for homeless folks to hang out. The Partnership does do a good job of keeping those locked,

but he thinks it is just a bad idea to continue to keep johns down there, and the reason they are there is our special events, the Saturday Morning Market, and those are good things. One idea he, DC and a couple other staff members have worked on is the need to build a restroom similar to 3rd Street and we can facilitate that by securely opening the service center here and using those restrooms. So the money that is shifted around in this budget adjustment tackle those four issues.

PWD Maudlin stated staff has looked at the roof and found there is a bigger problem with the gymnasium in that when the building was constructed it was tilt up pre-fabricated concrete panels joined together and the joints where the panels are connected are getting a lot of water through there. There are a couple places on the outside where the stucco is blistered up and we will repair that, we will repack all the expansion joints between the panels which will keep the moisture out of the inside and then paint the exterior and interior; talking about only the gym part.

The roll call vote was:

Commissioner Robuck	Yes
Commissioner Christian	Yes
Commissioner Bone	Yes
Commissioner Dennison	Yes
Mayor Hurley	Yes

Five yeas, no nays, the Commission adopted the resolution.

ADOPTED RESOLUTION 9787 A JOINT PARTICIPATION AGREEMENT WITH THE FLORIDA DEPARTMENT OF TRANSPORTATION TO COMPLETE LANDSCAPING IMPROVEMENTS ON US HIGHWAY 441 _____

Commissioner Robuck introduced the resolution to be read by title only. CC Purvis read the resolution by title only, as follows:

> RESOLUTION OF THE CITY COMMISSION OF THE CITY OF LEESBURG, FLORIDA AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE A JOINT PARTICIPATION AGREEMENT WITH THE FLORIDA DEPARTMENT OF TRANSPORTATION TO COMPLETE LANDSCAPING IMPROVEMENTS ON US HIGHWAY 441 FROM PROFESSIONAL DRIVE TO COLLEGE DRIVE; AND PROVIDING AN EFFECTIVE DATE.

Commissioner Robuck moved to adopt the resolution and Commissioner Christian seconded the motion.

Mayor Hurley requested comments from the Commission and the audience.

Commissioner Robuck stated he thinks we are making a mistake here; talking about $155,000 in capital funds and we just spent $250,000 on a park. He knows we have some money, but at some point it will runout. He likes and wants to see us increase the landscaping, but his concern is that we are about to do Dixie which is going to be increased maintenance, talking about 27 which is increased maintenance, and then talking

about fixing up the pond which is capital and maintenance. He just thinks in the world of limited resources, which is what the city has, that that stretch is just not the priority

Commissioner Dennison kind of agrees and asked what impact will this have on moving all the utilities on 441 that the city has got to do.

CM Minner thinks one of the primary concerns of this Commission has been trying to improve the quality of life in Leesburg, keeping up with what other communities around us are doing; i.e. when you go through Tavares, Eustis, and Mt. Dora on 441 you see pretty intersections and we are competing with the Villages up north. From a global perspective, maintenance of our corridors and improvement of our corridors he thinks is extremely important and with respect to what kind of core Leesburg is, he thinks people think more of 27 as a core Leesburg corridor; however, the visual aesthetics when you drive down 441, you go through nice Tavares, you have a nice section of 441 Leesburg proper, which is Leesburg, not really considered Leesburg, which is essentially from 473 to about the Mall with really nice medians. Okay that is Leesburg, that is nice corridor and then you hit frankly an ugly section from College all the way until you get to the intersection mentioned. He does not think we are ignoring the 27 corridor, the 27 corridor is an extremely important corridor as well, and thinks engineering wise it is going to be more challenging, but we are working on that. He would encourage the Commission to approve this grant and get this improvement done essentially from College Drive around the bend to about the Comcast office area. How does this affect other projects; he does not think it has a major effect at all; we can move forward on this and in fact he thinks in the future we probably have to look at spending more money. The 441 widening project is really a utility project so that is going to come out of utility funds, from Newell Hill to Perkins, which is a utility expense about six million dollars and most of that is water and sewer with a little electric money. However, when we do do that project we will need to be involved with the design because we will want to carry across, if we can as much as possible, a nice median design so we will make sure that gets done; so they are separate. It does take away resources but the impact he thinks we will get from this versus what we need to do to improve our corridors is worth it and the comments about making sure we continue to focus on 27 are not ignored; we need to do that as well.

Commissioner Dennison stated with this joint participation agreement between the city and FDOT; what amount of money we are talking about. She also asked what this is going to look like; will it actually be an improvement.

PWD Maudlin stated the current estimate for total project is around $450,000 and the city's share is $155,000 and DOT then kicks in the rest. The way it works is we sign the agreement, we agree to do the project and then get reimbursed from DOT. He stated this is a continuation with a section that is near the no fly zone, so it will be palm trees, crepe myrtles, and ground cover bushes that would then go both in the medians and on the shoulders.

Commissioner Dennison asked if there is water through there and PWD Maudlin stated this includes providing irrigation.

Commissioner Bone thinks this is a good idea; it is more money, but again it is an entry way into the city.

Commissioner Christian stated hopefully the city can do something on the pond and 27 and then hopefully when Dixie comes he thinks it will be a continuation of local roadways being done in the next three years and people will see a big improvement on our roads. He thinks the plans are in place and thinks this would be a good project for people to keep seeing Leesburg corridors improved.

The roll call vote was:

Commissioner Christian	Yes
Commissioner Bone	Yes
Commissioner Dennison	Yes
Commissioner Robuck	No
Mayor Hurley	Yes

Four yeas, one nay, the Commission adopted the resolution.

Commissioner Robuck stated he forgot to pull item 5.B.3 from the Consent Agenda and needs to abstain. Evergreen Construction is a customer of Romac and he does not know if they will get any business from this, but it is a possibility. He asked the procedure for going back on this.

CA Morrison stated someone who voted in favor needs to move to rehear the item.

Commissioner Christian moved to rehear item 5.B.3 and Commissioner Bone seconded the motion.

Mayor Hurley called for a recall vote.

The roll call vote was:

Commissioner Christian	Yes
Commissioner Bone	Yes
Commissioner Dennison	Yes
Commissioner Robuck	Abstain
Mayor Hurley	Yes

Four yeas, one abstain, no nays, the Commission adopted the resolution.

ADOPTED RESOLUTION 9788 CONSTRUCTION SERVICES AGREEMENT WITH MDH ENTERPRISES INC., FOR THE COMPLETION OF THE CARVER HEIGHTS RESIDENTIAL ELECTRIC SERVICE UPGRADE PROJECT_____

Commissioner Bone introduced the resolution to be read by title only. CC Purvis read the resolution by title only, as follows:

> RESOLUTION OF THE CITY COMMISSION OF THE CITY OF LEESBURG, FLORIDA AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE A CONSTRUCTION SERVICES AGREEMENT WITH MDH ENTERPRISES INC., D/B/A ELECTRICAL SOLUTIONS, FOR THE COMPLETION OF THE CARVER HEIGHTS RESIDENTIAL ELECTRIC SERVICE UPGRADE PROJECT; AND PROVIDING AN EFFECTIVE DATE.

Commissioner Dennison moved to adopt the resolution and Commissioner Christian seconded the motion.

Mayor Hurley requested comments from the Commission and the audience. There were none.

The roll call vote was:

Commissioner Bone	Yes
Commissioner Dennison	Yes
Commissioner Robuck	Yes
Commissioner Christian	Yes
Mayor Hurley	Yes

Five yeas, no nays, the Commission adopted the resolution.

APPROVED REQUEST BY RECREATION DEPARTMENT TO PLAN AND FACILITATE MULTIPLE LAKE FRONT NIGHT EVENTS ON SKI BEACH___

CM Minner stated essentially what we would like to do is have some events on Ski Beach where we bring some folks in and use it more as a park area. Just wanted to have a quick conversation on this so the Commission is aware that we have opportunity to develop activity in the Ski Beach area.

Recreation Director (RD) Travis Rima stated staff has just been throwing around some ideas on some new things we could do in the city and there has been a lot of discussion about using Venetian Gardens and Ski Beach more. It is such a beautiful setting out there, we thought we have a city stage we can throw a stage out there, get a little band nothing crazy, just a nice little band out by the lake, bring in some food trucks and vendors and have some nice nights out at the lake. Kind of flip around some Friday and Saturdays and had some discussion with the Chamber, who would also like to get involved with it and partner with us. The Chamber would use their not for profit status to get their event licensed to do a little beer and wine tent.

Commissioner Bone thinks this is a good idea. The food truck vendors Travis has brought to Sleepy Hollow are doing a good job, their prices are great, it is not like the food trucks downtown on movie night, and it is affordable for anyone. He would like to see something like that brought down here.

Mayor Hurley thinks it is an absolutely wonderful idea. On a different note, he stated we have had discussions here about some issues at the Marina and to give Travis a couple pros, he had two people during Bike week, tell him the city has got to have the best staff at a Marina they have ever seen. So kudos to you and the staff because it is great to be getting compliments now instead of complaints. Whoever this gentleman is, he is doing a great job and it is reflecting good on us as a community. He really appreciates the efforts RD Rima has made to turn that around.

RD Rima stated he will make sure to pass that along to Brian.

Commissioner Dennison asked that this please be done with class.

Commissioner Robuck stated it would be nice to have this on the weekends so people could come by boat and it would really be nice if we had docks and a boat ramp there so people could tie up to the docks.

Commission gave its approval for the events.

INFORMATIONAL REPORTS: None

CITY ATTORNEY ITEMS: None

CITY MANAGER ITEMS:

CM Minner stated he thinks most everyone has met the new PIO, Derek Hudson, and today was Derek's first day so welcome aboard. He is really proud to have Derek on board and looks forward to doing a bunch of good work and getting our message out a little bit better. **Mayor Hurley** thanked Derek for being here.

PUBLIC COMMENTS:

Chuck Daily stated this is his first meeting and he has been remiss as a citizen to attend a function in his local government and he apologizes for that. He thanked the Commissioners for their service to our city and for their time no matter their duties, roles, or title. He also thanked his fellow citizens and neighbors who came tonight. He likes the fact that we can come here to discuss and we do not have to agree. He stated he is proud to live in Leesburg, he is proud to have the Commission represent him and his neighbors and he is proud of what he witnessed here tonight.

Don Lukich stated he hears the talk about the beautification projects; the 441 corridor and everything, but asked the Commission to not forget west Main Street. That area turns people away and they will go right around on South Dixie. Please keep it on the front burner and get something done about that; it is really crummy.

ROLL CALL:

Commissioner Bone thanked the Commission for approving the purchase of property in Beverly Shores and stated he really thinks that was the right decision to do for the city as a whole and thinks we will see a lot of benefit from that. It is exciting to see the things that are happening in Leesburg and the improvements being made and he thinks it says a lot that Leesburg is stepping forward to take a position in developing future development. He thanked Mr. Daily for his remarks. As to Bikefest, he thanked all the staff that participated, the Fire, Police and Recreation, and everybody in the Partnership, the Chamber, and all the volunteers that helped out. He thanked those who have patience and our residents because he did hear complaints from residents about not liking the motorcycles and not liking the traffic, so he wants to thank those people particularly too for their patience during those three days to allow this event to happen in Leesburg.

Commissioner Christian thinks tonight we witnessed, like Mr. Daily said, good government and he thinks our city has a lot to be proud of; a neighborhood center being built on the west side of Leesburg, a new park coming in Beverly shores, we have 441 getting ready to put in new beautiful medians, and the Sabal gas line which is going to

give more capacity for natural gas for future residents. He thinks this weekend was phenomenal for our city, with Bikefest it just showed our diversity, and even those five that do not enjoy it, he thinks it just makes us as a city come alive and shows the greatness of our city. He thinks as a Commission, we need to make sure we focus on the positive things. There was a big incident at Leesburg High School and he vowed he was not going to be involved, just going to work on his two kids graduating this year and next year, but then the security department director calls and said we need the Pastors involved can you set a meeting. So, we actually have a meeting Thursday night at the High School where we hope to have a conversation with the administration, parents and students to try to figure out what we can do to remedy some of the violence at the school. This is going to take our entire community and city to make sure our young people realize their future is bright and we do not want the incident in Delaware, where a 16-year old girl got in a fight and ended up dying. He thinks the Commission as leaders of our city have got to make sure we stand up for what is right and protect every citizen of our city to make sure they have a safe learning environment and a safe place to live and to work.

Commissioner Robuck offered kudos to everyone on Bikefest, stating it always amazes him that we have that many people come through town, drink that much beer and have that few of incidents that we do; so it is kudos to all law enforcement, from all over, that was here doing that event. On the Marina, he asked if there has been any interest in the proposal put out. **Deputy City Manager (DCM) Mike Rankin** stated a few. **Commissioner Robuck** stated if we have it running well maybe we need to go ahead and think about raising rates, because we had this huge wait list and generally that means rates are too low; so if we are going to keep running it might as well try to make a little extra money. If we still have a waiting list, he would hope Leesburg residents get priority to use our Marina since they do help subsidize it. He stated fights at the High School is not new stuff, there were fights at Leesburg High when he was there, and others, but unfortunately social media just tends to bring out the worst in people. Those people say things they would never say to someone's face because they hide behind their computer and unfortunately, it makes Leesburg look kind of bad, but this is not anything new. So kudos to people who are stepping up to work on that, Leesburg is a great place, and he thinks the Leesburg school systems does have some problems, but with people keeping to working at it, it will get better. Do not believe everything you see on social media.

Commissioner Dennison stated as to getting rid of the porta johns used by the Partnership, what does the Partnership since they had tens of thousands of people here this weekend, asked what are they going to kick in to help pay for the bathroom. **CM Minner** stated he did not have that discussion with the Partnership, but he will. **Commissioner Dennison** stated last spring she wrote a letter to the corporate headquarters of Ollie's and explained Leesburg and what a great match that would be and is glad to see in the newspaper that Ollie's is coming to Leesburg. This is a great place to shop and she thinks everyone is going to enjoy it. Also, she stated Peter Tardy, from Umatilla, is present and you will be seeing his name in the paper as he is running for District 5 County Commissioner against Welton Cadwell; so good luck Peter. She stated she had a meeting two weeks ago with Congressman Webster and State Representative Larry Metz about setting up a Commission type organization for the utilities made up of three Commissioners and two from outside of Leesburg or customers from elsewhere. This would be to deal with any issues as far as increases in service fees and whatnot that it would give these two extras on the outside an ability to have representation rather than

just paying bills constantly. Representative Metz had shared the letter with her and she thinks it is a very good idea. She is surprised Leesburg has not talked about it and would like to see this at least be talked about with the Commission.

Mayor Hurley stated he has said this multiple times this year, but he really does appreciate this Commission and the cohesiveness between the Commissioners. He knows we do not always agree, we are not supposed to because then we would just be yes men, but we always seem to be able to come together and do what is best for our community and he applauds that. One thing he wanted to bring up was to see if the Commission would be open to is every time there is an event we have to have an ordinance adjustment on what we do, a temporary ordinance or something to allow people to have an open container downtown; just in that district. There are several establishments now downtown and Tavares passed one where people can walk up and down, he thinks it is Ruby Street with all their restaurants, but you can have a glass of wine or something. He thinks this would be nice if Leesburg did this so if we really want to make downtown grow, have more people come, they could walk from Sips to Two Old Hags or someplace like that without having to stand on the sidewalk and drink their beverage before walking down the street to the next place to visit with people. He asked for feedback if anyone be open to or opposed to that. **Commissioner Robuck** thinks it is a fantastic idea, but would just like to see it be plastic cups only so there is not glass everywhere. **Commissioner Dennison** agrees and would like to see it at a certain time, not all day long. **Commissioner Bone** stated he is with Pastor Christian on this, but understands the nature of how downtown is working and the restaurants and thinks it would be helpful. **CM Minner** stated staff will put something together, probably workshop a little bit, get some drafts and bring it back to the Commission. **Mayor Hurley** also asked the Commission to share and let the community know on the National Day of Prayer, May 6th, there will an event here at 6:00 p.m. on the steps of City Hall. They always have one in the morning at the Courthouse and a lot of people have expressed they cannot attend because they are working, and so we are going to put one together here. He also chimed in to say welcome to our new PIO, glad he is here. He was again surprised because the thing that gets him when you talk about this community, we say a lot and people can say what they want, but when you look at how big Bikefest is as an event itself, everywhere he went it was our community volunteering; it just blows him away with how many people from city staff, this is not pay check stuff and our Commissioners out there. He is always amazed by the effort that is put on and he really does appreciate it all. As to the boat slips, he agrees with Commissioner Robuck that we need to raise prices, but if we are not going to enlarge the speed zone, then we might as well put another 100 boat slips out there. He thinks it might be beneficial for us to look at extending some more docking area there and just take advantage of the lagoon if you will, so maybe kind of throw that around in your hats as we talk about it coming up.

Commissioner Christian stated he has talked with the City Manager about this for two or three months now and other cities are doing it; the decriminalization of marijuana, and wonders if the City Commission is ready for that discussion. The decriminalization of marijuana, which is under 20 grams, so instead of taking someone to jail you actually give them a citation or use the option if they are a known criminal you can take them to jail; for example, it is an 18-year old with less than 20 grams marijuana the officer can issue a citation, like a speeding ticket as opposed to taking them to jail. **CA Morrison** stated that is one of those odd things and he has to look at Orlando's ordinance because he wondered when he saw that what legal authority the cities have to decriminalization

marijuana. Those substances are regulated at the State level and cities do not have the authority to alter State law in any respect; if the State says something is illegal and this is the penalty, he does not think you can alter that locally. He would be glad to look into it. **Commissioner Christian** stated Orlando did it, Tampa did it, Miami has done it, and he thinks Dade County. He said it is like if you are rich you go to the doctor and he writes you a prescription to do it, but if you are poor and get caught, you go to jail. This would be giving law enforcement an option, the ability to decide take this kid to jail or give him a citation, saying you got caught, do not do it again. **CA Morrison** stated he thinks the individual officer in the field always has that discretion. **Commissioner Robuck** stated he would be willing to have that conversation and thinks there is big difference between decriminalization and legalization. **Commissioner Dennison** stated it has got to be uniform. If you let person A go and person B gets arrested, you may have a law suit from person B against the city. **Mayor Hurley** stated that really is not true in this particular instance, because as a police officer you have the discretion at any time, unless it is a felony or something of that nature, whether you want to issue a citation or let someone go with a verbal warning, written warning, or a moving citation. He thinks if that is what we wanted to do, it would be more prudent to just maybe have a discussion with the Chief as opposed to a bill board saying hey, smoke it and don't worry you just get a ticket. He does not want to seem like we are encouraging it, but by the same token every officer has that discretion and he thinks that would be more like trying to build a relationship with the community.

Mayor Hurley reminded the Commission of the workshop tomorrow night at 5:30 p.m.

ADJOURN:

The meeting adjourned at 7:32 p.m.

_____
Mayor

ATTEST:

_____
J. Andi Purvis
City Clerk & Recorder

AGENDA MEMORANDUM

Item No: 5.B.1.

Meeting Date: May 9, 2016

From: DC Maudlin, Public Works Director

Subject: Resolution authorizing the Mayor and City Clerk to execute change order #2 in the amount of $28,450 with A&A Trucking & Excavating.

Staff Recommendation:
Staff recommends executing change order #2 with A&A Trucking & Excavating in the amount of $28,450.00 for disposal of wastewater in conjunction with the Plantation Wastewater Treatment Facility demolition.

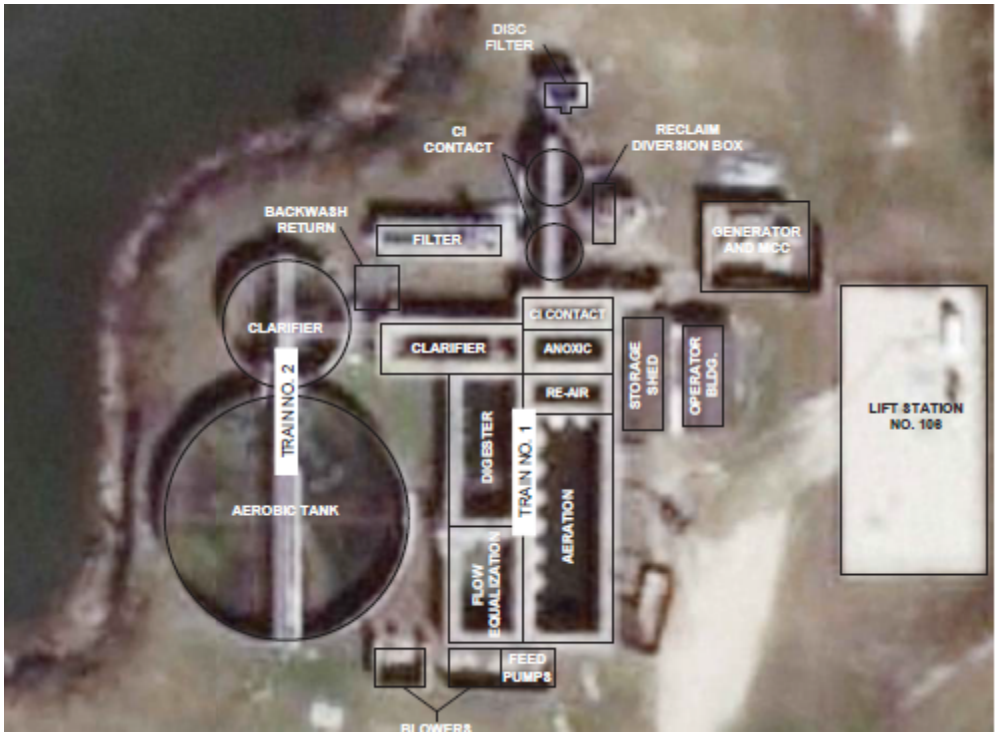
Analysis:
The City contracted with A&A Trucking & Excavating for demolition of the deactivated Plantation Wastewater Treatment Facility. The scope of work included emptying, disinfecting and removal of the treatment processing trains consisting of nine large, open top tanks. (See below) These tanks contained relatively clear liquid near the surface transitioning to liquid with suspended solids then saturated solids. The tanks also included plants, small trees and other debris.

The contract requires the contractor to pump excess liquid from the tanks into the nearby lift station and on to the Turnpike Treatment Facility. Material, liquids and solids, that could be harmful to the Turnpike Wastewater Treatment Facility were to be removed from the tanks and hauled away to an approved disposal site.

At the time of award, the amount of wastewater that could be pumped into the lift station and the amount that would be hauled away could not be accurately determined. The solicitation noted a change order would be required based on actual quantities of liquid, sludge, and solids removed. This allowed the City to pay only for actual quantities instead of asking contractors to estimate quantities; which could have resulted in the City paying more for disposal of the material.

The initial contract amount was $90,794.00; change order #1, for $4,000, was to dispose of 50 cubic yards of non-hazardous solids at $80.00/cy. Change order #1 was approved, in accordance with policy, by the City Manager. Change order #2, for $28,450.00, is to dispose of 113,800 gallons of wet sludge material at $0.25/gallon.

The contractor completed this work prior to getting approval from the City. However, since the need for the change order was recognized prior to award of the contract, the contractor feels notice was provided. Staff recommends approval of the change order.



Options:

1. Approve the change order; or
2. Such alternative action as the Commission may deem appropriate

Fiscal Impact:

A budget adjustment will be required to fund this change order; however, funds are available

Submission Date and Time:__5/4/2016 4:03 PM____

Department: Public Works **Prepared by: DC Maudlin** **Attachments: Yes____ No _____** **Advertised:_____Not Required _____** **Dates:_____** **Attorney Review : Yes___ No ____** **Revised 6/10/04**	**Reviewed by: Dept. Head DCM** **Finance Dept. _____** **Deputy C.M. _____** **Submitted by:** **City Manager _____**	**Account No. _____** **Project No. _____** **WF No. _____** **Budget _____** **Available _____**

RESOLUTION NO._____

RESOLUTION OF THE CITY COMMISSION OF THE CITY OF LEESBURG, FLORIDA AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE CHANGE ORDER #2 IN THE AMOUNT OF $28,450.00 WITH A&A TRUCKING & EXCAVATING FOR PUMPING AND DISPOSAL OF WASTEWATER ASSOCIATED WITH THE PLANTATION WASTEWATER TREATMENT FACILITY DEMOLITION; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF LEESBURG, FLORIDA:

THAT the Mayor and City Clerk are hereby authorized to execute change order #2 with A&A Trucking & Excavating whose address is 2080 NW 35th Street, Ocala, Florida 34475, for removal of wastewater sludge in conjunction with demolition of the Plantation Wastewater Treatment Facility. (Invitation to Bid # 160151).

THAT this resolution shall become effective immediately.

PASSED AND ADOPTED by the City Commission of the City of Leesburg, Florida, at a regular meeting held the 9th day of May 2016.

_____
Mayor

ATTEST:

_____
City Clerk

A & A

"The Art of Destruction"™

Marion County Demolition Contractors

April 4, 2016

John Slote – Project Mgr.
City of Leesburg

Re: **Plantation WWTF Demolition**

Pumping, hauling and disposal of Wet Sludge material.

Total Gallons = 113,800 @ $ .25 per gallon $ 28,450.00

Respectfully,

Tommy & Lisa Amodeo

_____ _____

Accepted by John Slote - Project Manager **Date**

Completed Date 04/01/16

Invoice Date 04/08/16

Payment Date _____

"Building a future for our children"
2080 NW 35th Street * Ocala, FL 34475
(352) 351-2042 Office (352) 351-1984 Fax (352) 804-2450 Mobile

939490

American Pipe & Tank, Inc
418 Cypress Road
Ocala, FL 34472

Customer's Order No. _____ DATE 3/24/16

SOLD TO [illegible]

ADDRESS _____

SALESMAN [illegible] TERMS _____

CASH	CHARGE	C.O.D.	PAID OUT	RETD. MDSE.	RECD. ON ACCT.

QUAN.	DESCRIPTION	PRICE	AMOUNT
	pumped 2,300 gal.		

All claims and returned goods MUST be accompanied by this bill.

SIGNATURE [illegible]

517813

American Pipe & Tank, Inc
418 Cypress Road
Ocala, FL 34472

Customer's Order No._____ DATE 3 25 16

SOLD TO _____

ADDRESS Plantation at Lake Bay

SALESMAN _____ TERMS _____

CASH	CHARGE	C. O. D.	PAID OUT	RETD. MDSE.	RECD ON ACCT.

QUAN.	DESCRIPTION	PRICE	AMOUNT
	pump 17500 3015		

All claims and returned goods MUST be accompanied by this bill.

SIGNATURE _____

616246

American Pipe & Tank, Inc
418 Cypress Road
Ocala, FL 34472

Customer's Order No. _____ DATE 3-28-16

SOLD TO AIA

ADDRESS

SALESMAN _____ TERMS

CASH	CHARGE	C O D	PAID OUT	RETD. MDSE	RECD ON ACCT.

QUAN.	DESCRIPTION	PRICE	AMOUNT
	Pump 14,200 gallons		

As claims and returned goods MUST be accompanied by this bill.

SIGNATURE

837177

American Pipe & Tank, Inc
418 Cypress Road
Ocala, FL 34472

Customer's Order No. _____ DATE 3 27 15

SOLD TO R & P

ADDRESS _____

SALESMAN _____ TERMS _____

CASH	CHARGE	C. O. D.	PAID OUT	RETD MDSE.	RECD ON ACCT.

QUAN.	DESCRIPTION	PRICE	AMOUNT
	pump 46:2 >> 3 @ 15		

All claims and returned goods MUST be accompanied by this bill.

SIGNATURE _____

517818

American Pipe & Tank, Inc
418 Cypress Road
Ocala, FL 34472

Customer's Order No._____ DATE 3 30 16

SOLD TO R & R

ADDRESS

SALESMAN _____ TERMS

CASH	CHARGE	C. O. D.	PAID OUT	RETD. MDSE.	RECD. ON ACCT.

QUAN.	DESCRIPTION	PRICE	AMOUNT
	pump 12700 gals		

All claims and returned goods MUST be accompanied by this bill.

SIGNATURE

517823

American Pipe & Tank, Inc
418 Cypress Road
Ocala, FL 34472

Customer's Order No._____ DATE 4-1-16

SOLD TO

ADDRESS

SALESMAN _____ TERMS _____

CASH	CHARGE	C. O. D.	PAID OUT	RETD. MDSE.	RECD. ON ACCT.

QUAN.	DESCRIPTION	PRICE	AMOUNT
	Pumper Truck for		
	1/2 Step		
	Plantation of Leesburg		

All claims and returned goods MUST be accompanied by this bill.

SIGNATURE

AGENDA MEMORANDUM

Item No: 5.C.1

Meeting Date: May 9, 2016

From: Dan Miller, Planning and Zoning Manager

Subject: Modification of a Temporary Easement Agreement among the City of Leesburg, Florida, Long Farms North, Inc., and Lake County

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Staff Recommendation:
Staff recommends approval of the attached Modification of a Temporary Easement Agreement among the City of Leesburg, Long Farms North, Incorporated, and Lake County.

Analysis:
The Grantor of the current easement, Long Farms North, Incorporated, is the developer of the Park Hill Subdivision. This subdivision is recorded in the Public Records of Lake County, in Plat Book 55, pages 33 through 37. A partial replat entitled Park Hill Partial Replat, was later recorded in Plat Book 61, page 60 of the Public Records of Lake County. A condition of the Partial Replat required the Grantor to enter into a temporary easement agreement for the purpose of proving a temporary cul-de-sac at the far east end of Parkdale Drive, to provide a turnaround area for vehicles until such time as Parkdale Drive was extended to the east into the property known as Lake County Alternate Key 1206791, a future phase of the Park Hill development. Because the Grantor has now paved the subject cul-de-sac according to Lake County Specifications, the parties wish to now modify the original agreement to recognize that work and provide for the future development of the above-referenced Alternate Key. The City of Leesburg is joining the agreement because since the date of the original agreement, Alternate Key 1206791 has been annexed into the city limits.

Options:
1. Approve the Modification of the Temporary Easement Agreement as presented or;
2. Such alternative action as the Commission may deem appropriate.

Fiscal Impact:
There is no fiscal impact anticipated as a result of this action.

Submission Date and Time: 5/4/2016 4:03 PM

Department: Community Development **Prepared by:** Dan Miller P&Z Mgr **Attachments:** Yes____ No _____ **Advertised:**_____Not Required _____ **Dates:**_____ **Attorney Review :** Yes___ No ____ _____ **Revised 6/10/04**	**Reviewed by: Dept. Head** _____ **Finance Dept.** _____ **Deputy C.M.** _____MWR_____ **Submitted by:** **City Manager** _____	**Account No.** _____ **Project No.** _____ **WF No.** _____ **Budget** _____ **Available** _____

RESOLUTION NO._____

RESOLUTION OF THE CITY COMMISSION OF THE CITY OF LEESBURG, FLORIDA, ACCEPTING AND APPROVING A MODIFICATION OF A TEMPORARY EASEMENT AGREEMENT AMONG THE CITY OF LEESBURG, FLORIDA, LONG FARMS NORTH, INC., AND LAKE COUNTY, FLORIDA; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF LEESBURG, FLORIDA:

THAT the City of Leesburg, Florida, does hereby accept and approve the Modification of Temporary Easement Agreement among the City of Leesburg, Florida, Long Farms North, Inc., and Lake County, Florida, for the purpose of providing a temporary cul-de-sac at the far East end of Parkdale Drive.

THAT this resolution shall become effective upon its passage and adoption according to law.

PASSED AND ADOPTED by the City Commission of the City of Leesburg, Florida, at a regular meeting held the 9th day of May 2016.

_____
Mayor

ATTEST:

_____
City Clerk

This instrument prepared by:
Robert Q. Williams
Williams, Smith & Summers, P.A.
380 W. Alfred Street
Tavares, Florida 32778

SPACE ABOVE THIS LINE FOR RECORDING DATA

MODIFICATION OF TEMPORARY EASEMENT AGREEMENT

THIS MODIFICATION OF TEMPORARY EASEMENT AGREEMENT ("Agreement") is made and entered into by and between **LONG FARMS NORTH, INC.**, a Florida corporation, whose address is 29720 Squirrel Point Road, Tavares, Florida 32778 ("Grantor"); and **LAKE COUNTY, FLORIDA**, a political subdivision of the State of Florida, whose address is P.O. Box 7800, Tavares, Florida, 32778 ("Grantee"); and is joined in by the **CITY OF LEESBURG, FLORIDA**, a Florida municipal corporation, whose address is P.O. Box 490630, Leesburg, Florida 34749-0630 ("Leesburg") as of the _____ day of _____, 20__.

RECITALS

WHEREAS, Grantor was the developer of the residential subdivision known as Park Hill which subdivision is depicted on the plat of Park Hill recorded on June 7, 2005 in Plat Book 55, Pages 33 through 37 of the Public Records of Lake County, Florida ("Park Hill"); and

WHEREAS, Grantor amended the original plat of Park Hill through a partial replat entitled Park Hill Partial Replat, according to the plat thereof, recorded in Plat Book 61, Page 60 of the Public Records of Lake County, Florida ("Partial Replat"); and

WHEREAS, as a condition of the Partial Replat, Grantee required the Grantor to enter into a temporary easement agreement for the purpose of providing a temporary cul-de-sac at the far east end of Parkdale Drive, as depicted on the Partial Replat. The purpose of the temporary cul-de-sac was to provide a turnaround area for vehicles until such time as Parkdale Drive was extended to the east into Grantor's adjacent Parcel AK#1206791, as a future phase of the Park Hill development; and

WHEREAS, Grantor's obligation to pave and improve the subject cul-de-sac, and its performance guarantee to perform that work, was extended by the Grantee several times, and the most recent extension expired on December 31, 2015. Grantor has now paved the subject cul-de-sac according to Lake County specifications , and the parties desire to modify the original Temporary Easement Agreement to recognize that work and to provide for the future development of Parcel AK#1206791; and

WHEREAS, Since Parcel AK#1206791 has been annexed into the City of Leesburg since the date of the original Temporary Easement Agreement, Leesburg is now joining in and consenting to this Agreement.

NOW THEREFORE, for and in consideration of the mutual covenants and promises set forth herein and other good and valuable consideration, the receipt and sufficiency of which is being hereby acknowledged, Grantor, Grantee and Leesburg do hereby agree as follows:

AGREEMENT

1. **Incorporation of Recitals.** The foregoing recitals are true and correct and are expressly incorporated into the text of this Agreement.

2. **Easement for Cul-de-sac.**

(a) Grant of Easement. Grantor hereby grants to Grantee and Leesburg an easement for the location and maintenance of a cul-de-sac over, across, under and through that portion of Parcel AK#1206791 depicted and described on Exhibit "A" attached hereto (the "Easement Area"). The Easement Area shall be for the use and enjoyment of Grantee, Leesburg and the public in general.

(b) Improvement of Easement Area. Grantee acknowledges that Grantor has completed the permanent asphalt and paving improvements for the cul-de-sac within the Easement Area according to the approved plans and specifications of Lake County. Grantor's performance guarantee for said work shall be released by Lake County upon the formal acceptance of the improvements by Lake County.

(c) Future Modification and Termination of Easement. The future development plans for Parcel AK#1206791 contemplate that said parcel will be developed as a continuation of the Park Hill development as a single family residential subdivision, and that Parkdale Drive will extend easterly into that subdivision as an internal street. At such time as Parcel AK#1206791 is so developed, the cul-de-sac that is the subject of this Agreement will no longer be necessary. In the event that the future platting and development of Parcel AK#1206791 provides for the extension of Parkdale Drive as contemplated, the Grantee and Leesburg, as part of that platting and/or development process, agree to release and extinguish that portion of the Easement Area being granted herein that lies outside of the normal 66' road right-of-way that will be necessary for the extension of Parkdale Drive.

(d) Warranty of Title By Grantor: Grantor warrants and represents that it is the owner of Parcel AK #1206791, free and clear of any liens, mortgages or encumbrances. Grantor further warrants and represents that it has the authority to grant and convey the easement described herein.

3. **Entire Agreement.** This Agreement constitutes the entire agreement and understanding between the parties relating to the subject matter hereof and may not be amended, waived or discharged, except by an instrument in writing executed by Grantee, Grantor and Leesburg (or their respective successors and assigns), which written document shall be recorded in the Public Records of Lake County, Florida.

4. **Section Headings.** The section headings as used in this Agreement are for convenience of reference only and shall not be deemed to vary the content of this Agreement or the covenants, agreements, representations and warranties herein set forth, or limit the provisions or scope of any section hereof; they shall be ignored in construing this Agreement.

5. **Counterparts.** This Agreement may be executed in two or more identical counterparts. If so executed, each such counterpart is to be deemed an original for all purposes and all such counterparts shall, collectively, constitute one agreement.

6. **Severability.** If any provision of this Agreement, the deletion of which would not adversely affect the receipt of any material benefit by any party hereunder or substantially increase the burden of any party hereto, shall be held to be invalid or unenforceable to any extent, the same shall not affect in any respect whatsoever the validity or enforceability of the remainder of this Agreement.

7. **Binding Effect.** Except as otherwise specifically provided herein, the rights and obligations created by this Agreement shall run with title to the Easement Area and the Grantee Property and be binding upon and inure to the benefit of Grantor, Grantee and Leesburg and their respective assigns and successors-in-interest and/or title.

8. **Time of the Essence.** The time of performance of this Agreement, and of each covenant and provision hereof, is of the essence of this Agreement.

9. **Recording of Agreement.** Grantor shall be responsible for recording this Agreement (including all costs associated therewith) in the Public Records of Lake County, Florida. A copy of the recorded Agreement shall be returned to Grantor.

10. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Florida. Venue for any proceeding brought pursuant to this Agreement shall be in Lake County, Florida.

11. **Notices.** Any notices which may be permitted or required hereunder shall be in writing and shall be deemed to have been duly given and received as of the date and time the same are personally delivered, or three (3) days after depositing the notice with the United States Postal Service, postage prepaid by registered or certified mail, return receipt requested, or one (1) day after depositing the notice with Federal Express or other national overnight delivery service from which a receipt may be obtained, and addressed as first set forth above in this Agreement, or to such other address as either party hereto shall from time to time designate to the other party by notice in writing.

12. **Gender; Singular and Plural Usages.** Wherever in this Agreement the singular is used, the same shall include the plural, and vice-versa, and wherever in this Agreement the masculine gender is used, the same shall include the feminine and neuter genders, and vice-versa.

IN WITNESS WHEREOF, Grantor, Grantee and Leesburg have executed and delivered this Agreement and have intended the same to be and become effective as of the date set forth above.

Signed, sealed and delivered
in the presence of:

Signature of 1st Witness

David Scott Long

Printed Name of 1st Witness

Signature of 2nd Witness

Cristin Stapleton

Printed Name of 2nd Witness

GRANTOR:

LONG FARMS NORTH, INC., a Florida corporation

T Berry Long III

By: T. Berry Long, III
Its: President

State of Florida
County of Lake

The foregoing instrument was acknowledged before me, this 18 day of February 2016 by T. Berry Long, III, as President of Long Farms North, Inc., a Florida corporation, on behalf of the corporation. He [X] is personally known to me or [_] produced _____ as identification.

Karen L Suppler

Notary Public
My Commission Expires:

KAREN L. SUPPLER
NOTARY PUBLIC
STATE OF FLORIDA
Comm# FF073775
Expires 12/1/2017

GRANTEE:

BOARD OF COUNTY COMMISSIONERS
LAKE COUNTY, FLORIDA

_____
Sean M. Parks, Chairman

ATTEST:

This _____ day of _____ 20__.

_____
Neil Kelly, Clerk of the Board of County Commissioners of Lake County, Florida

Approved as to form and legality:

_____
Melanie Marsh, County Attorney

JOINED IN AND CONSENTED TO BY THE CITY OF LEESBURG

CITY OF LEESBURG

_____
Elisa A. Denison, Mayor

ATTEST:

This _____ day of _____, 20__.

_____
J. Andi Purvis, City Clerk

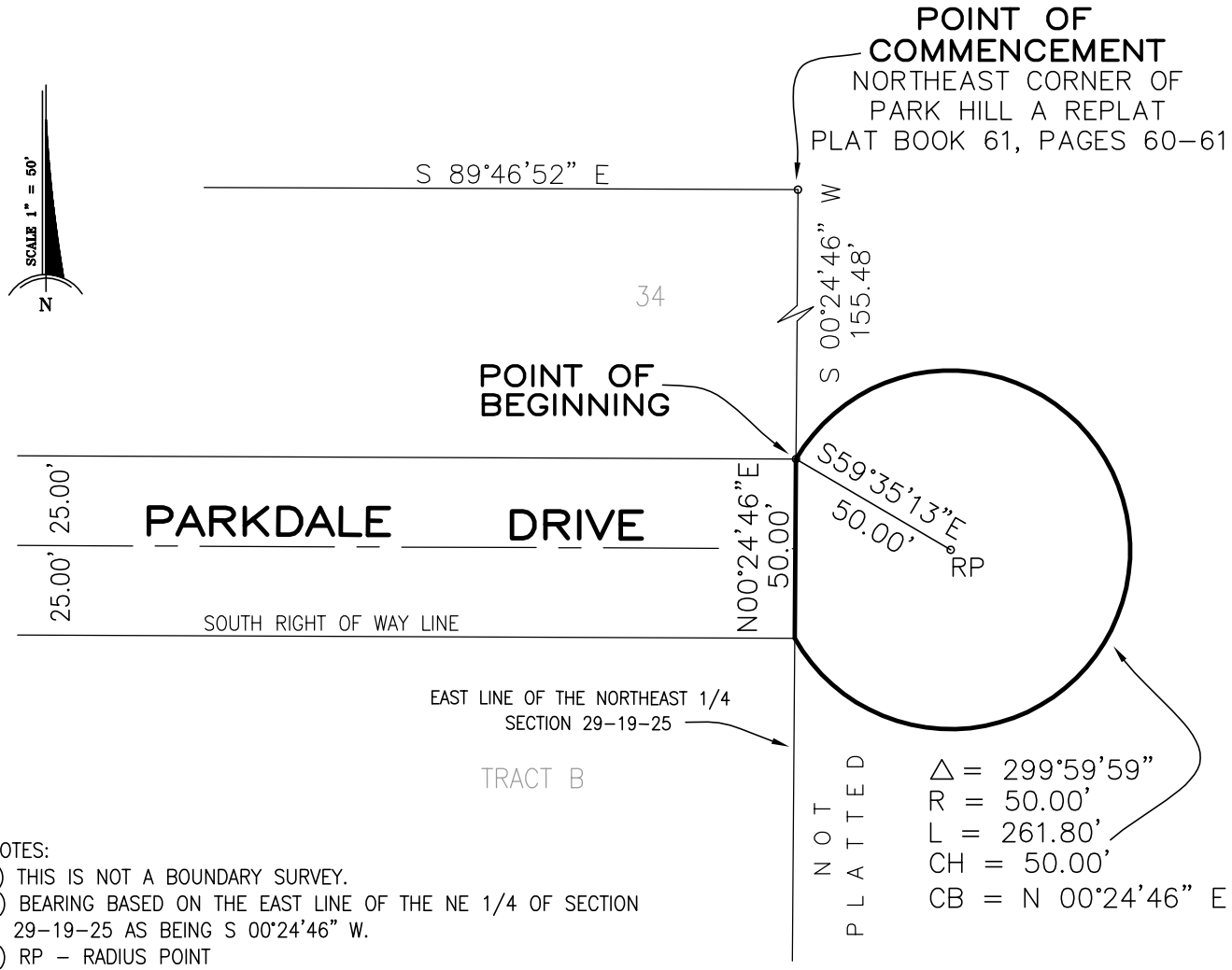
Approved as to form and legality:

_____
Fred Morrison, City Attorney

SKETCH OF DESCRIPTION

DESCRIPTION

COMMENCE AT THE NORTHEAST CORNER OF PARK HILL A REPLAT, AS RECORDED PLAT BOOK 61, PAGES 60 THROUGH 61, PUBLIC RECORDS OF LAKE COUNTY, FLORIDA, SAID POINT ALSO BEING ON THE EAST LINE OF THE NORTHEAST 1/4 OF SECTION 29, TOWNSHIP 19 SOUTH, RANGE 25 EAST, LAKE COUNTY, FLORIDA; THENCE RUN S00°24'46"W ALONG THE SAID EAST LINE A DISTANCE OF 155.48 FEET TO THE POINT OF BEGINNING, SAID POINT BEING THE BEGINNING OF A NON-TANGENT CURVE CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 50.00 FEET; THENCE FROM A RADIAL BEARING OF S59°35'13"E RUN EASTERLY AND SOUTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 299°59'59", AN ARC DISTANCE OF 261.80 FEET TO A POINT ON THE SAID EAST LINE; THENCE RUN N00°24'46"E ALONG THE SAID EAST LINE A DISTANCE OF 50.00 FEET TO THE POINT OF BEGINNING.
CONTAINING THEREIN, 0.175 ACRES, MORE OR LESS.



NOTES:
1) THIS IS NOT A BOUNDARY SURVEY.
2) BEARING BASED ON THE EAST LINE OF THE NE 1/4 OF SECTION 29-19-25 AS BEING S 00°24'46" W.
3) RP - RADIUS POINT
4) CH - CHORD
5) CB - CHORD BEARING

SHANNON SURVEYING, INC.
499 NORTH S.R. 434 - SUITE 2153
ALTAMONTE SPRINGS, FLORIDA, 32714
(407) 774-8372 LB # 6898

DATE OF SURVEY: FEBRUARY 26, 2007
FIELD BY: KQ SCALE: 1"=50'
FILE NUMBER: PARK_HILL_TEMP-CUL-SKETCH

JAMES R. SHANNON JR., P.L.S. #4671
NOT VALID WITHOUT THE SIGNATURE AND THE ORIGINAL RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AND MAPPER

AGENDA MEMORANDUM

Item No: 5.C.2.

Meeting Date: May 9, 2016

From: James Williams, Deputy Finance Director

Subject: Agreement with the Lake County Property Appraiser

Staff Recommendation:
Staff recommends approval of this Resolution.

Analysis:
The Lake County Property Appraiser (LCPA) has agreed to provide noticing services for Leesburg and a number of other Lake County cities for a nominal fee on the annual TRIM Notice. The notice will include our per parcel Non-Ad Valorem amount on the TRIM notice and an additional slip to City residents noticing the total assessment City wide. The notice will go to all City parcels that receive the TRIM notice. This is a greater notice than required by law, but is only minimally more financially than required.

By law, the City is only required to notice all parcels when the fee is levied for the first time or rates are increased, boundaries have changed, or the purpose of the assessment has changed. The City is required to notice those parcels that have been recently added or had significant improvements. The expected fee for this would run the City approximately $100 to $150.

The fee for the property appraiser is estimated to be approximately $525. A portion of this fee includes one-time programming charges with the LCPA's TRIM vendor. The programming charges are being prorated among 6 governments participating including; the Lake County Board of County Commissioners, Astatula, Lady Lake, Mascotte, the Villages of Fruitland Park CDD, and Leesburg.

The primary benefit of participating in the LCPA program is greater transparency with the owners of Leesburg properties and the ability to notice all property owners of any future major changes that may occur at a significantly reduced cost.

Options:
1. Approve the Resolution
2. Such alternative action as the Commission may deem appropriate

Fiscal Impact: Approximately $525, which will be paid from fees collected.

Submission Date and Time: 5/4/2016 4:03 PM

Department: _____ Prepared by: _____ Attachments: Yes____ No _____ Advertised: _____Not Required _____ Dates:_____ Attorney Review : Yes___ No ____ _____ Revised 6/10/04	Reviewed by: Dept. Head _____ Finance Dept. _____ Deputy C.M. _____ Submitted by: City Manager _____	Account No. _____ Project No. _____ WF No. _____ Budget _____ Available _____

RESOLUTION NO._____

RESOLUTION OF THE CITY COMMISSION OF THE CITY OF LEESBURG, FLORIDA AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE AN AGREEMENT WITH CAREY BAKER, LAKE COUNTY PROPERTY APPRAISER; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF LEESBURG, FLORIDA:

THAT the Mayor and City Clerk are hereby authorized to execute an agreement with Carey Baker, Lake County Property Appraiser, whose address is 320 West Main St., Tavares, FL 32778, for the provision of services including noticing all City of Leesburg parcels with their Non-Ad Valorem Special Assessments on the annual TRIM Notice.

THAT this resolution shall become effective immediately.

PASSED AND ADOPTED by the City Commission of the City of Leesburg, Florida, at a regular meeting held the 9th day of May 2016.

_____
Mayor

ATTEST:

_____
City Clerk

AGREEMENT BETWEEN
CAREY BAKER. LAKE COUNTY PROPERTY APPRAISER
AND
THE CITY OF LEESBURG
FOR NON-AD VALOREM ASSESSMENTS ON TRIM NOTICE

THIS AGREEMENT is made and entered into this _____ day of _____ 2016, by and between the **LAKE COUNTY PROPERTY APPRAISER**, a Constitutional Officer of the State of Florida, whose address is 320 West Main St. Suite A, Tavares, Florida 32778, hereinafter (the "Appraiser"), and the **CITY OF LEESBURG**, a municipal corporation in Lake County, whose address is PO Box 490630, Leesburg, FL 34748-0630 hereinafter (the "Authority").

WHEREAS, the Appraiser has a constitutional responsibility to assess all property located in Lake County for ad valorem tax purposes; and

WHEREAS, Section 200.069, Florida Statutes requires the Appraiser to prepare and deliver to each taxpayer a notice of proposed property taxes, commonly known as and hereinafter referred to as "TRIM Notices"; and

WHEREAS, the Authority is authorized to impose non-ad valorem assessments; and

WHEREAS, the Appraiser and Authority desire to and find that it would be beneficial to the property owners of Lake County, Florida to include non-ad valorem assessments on TRIM Notices.

NOW, THEREFORE, IN CONSIDERATION of the mutual terms, understandings, conditions, promises and covenants set forth herein, the parties agree as follows:

1. **Recitals.** The foregoing recitals are true and correct and incorporated herein by reference.

2. **Purpose.** The purpose of this Agreement is establish the terms and conditions under which the Property Appraiser of Lake County, Florida will allow the use of the TRIM Notice for the annual listing of those non-ad valorem assessments imposed by the Authority.

3. **Appraiser Obligations.** The Appraiser agrees:

A. To prepare and deliver TRIM Notices to the property owners of Lake County, Florida that list the non-ad valorem assessments set by the Authority, subject to the terms of this Agreement.

B. As of the date of this Agreement, the Appraiser has an agreement for TRIM Notice preparation and delivery services with Cathedral Corporation formerly known as Axis Data Solutions, Inc., a foreign for profit corporation authorized to do business in the State of Florida, hereinafter referred to as the "Vendor." In the event, the Cathedral Corporation merges with another entity or no longer performs services for the Appraiser, the Appraiser will provide prompt written notice to the Authority. The Appraiser will thereafter notify the Authority of the new Vendor and whether services pursuant to this agreement may be extended to the new Vendor. Thereafter, the Authority agrees to provide the subsequent Vendor with the information pursuant to the terms set forth in this Agreement.

C. To bill the Authority annually in advance, by no later than July 1, of the TRIM notice preparation and delivery for Vendor costs associated with the non-ad valorem data file

preparation and printing, including: programming, TRIM notice production, and non-ad valorem insert materials, printing of insert and insertion thereof. However, if the Authority does not request, need or use an insert no costs therefor shall be incurred, imposed or billed to the Authority. Additionally, the Appraiser anticipates that other municipalities and/or special districts will also enter into interlocal agreements with the Appraiser to have their non ad valorem assessments included on the TRIM notice. All costs described in this section shall be pro-rated among all said authorities and only those authorities utilizing an insert shall have those insert associated costs included in their respective interlocal agreement costs. The Agreement prices/costs provided by the Vendor, which as stated above are included in the costs described herein, shall prevail for the full duration of this Agreement.

D. To immediately notify the Authority as soon as the Appraiser learns of any problem or error in any submitted test or final files referenced in Section 4C & D herein so that Authority can meet deadlines set by the State of Florida.

4. **<u>Authority Obligations</u>.** The Authority agrees to:

A. All responsibility for the Authority's non-ad valorem assessment data file creation and quality control.

B. Provide the Vendor with the Authority's non-ad valorem assessment data file in a format specified by the Vendor and compliant with a format as specified by the Appraiser for testing, volume count, and project price estimation.

C. Provide the Vendor with the Authority's non-ad valorem assessment data file for final production and printing on the TRIM Notice. The Authority acknowledges and agrees that in order for the non-ad valorem assessments imposed by the Authority to be included by the Vendor on the TRIM Notices, the Authority must provide the data for both testing purposes and final file delivery on or before the calendar date specified annually by the Vendor. The Authority also agrees to participate timely in Quality Control of the sample TRIMs provided by the Vendor; including a sign-off for final production of the TRIM notices.

D. In the event that the Vendor does not receive the non-ad valorem assessment data test files by or on such date, the Authority acknowledges that the Appraiser will and has a right to move forward with the preparation and delivery of the TRIM Notices without the Authority's assessments information included. In the event the Vendor does not receive the final non-ad valorem assessment data final production files, or should the final production files contain errors causing the file not to load, or cause other errors, by or on such date, the Authority acknowledges and agrees that the Appraiser will and has a right to move forward with the preparation and delivery of the TRIM Notices without the Authority's assessments information included. The Authority understands that the Appraiser is subject to deadlines set by the State of Florida which cannot be waived.

E. The Authority agrees to provide the Appraiser a copy of the live file (in August) and the final non-ad valorem assessment file as provided to the Tax Collector (in September) for the Appraiser's use, including but not limited to, for the purpose of listing information on the Appraiser's website.

F. The Authority shall remain responsible for necessary advertising relating to any non-ad valorem assessment program.

G. The Authority may use the TRIM envelope for purposes providing information required pursuant to Florida Statute 197.3632 (4)(a) and (b). For this purpose, the Authority agrees to the use of a shared insert containing language required by statute, the Authority's Total Estimated Revenue, and the Total Estimated Revenue of other taxing authorities. Each Authority will be clearly defined and listed. The paper will be 8.5 x 11 white, 60 lbs stock paper. The Authority must provide the Property Appraiser with the Total Estimated Revenue by May 1.

5. **Error(s).** In the event that there is an error(s) listed on the final TRIM Notice, not caused by the clear fault of the Appraiser, the Authority agrees not to hold the Appraiser liable and/or to make any claim against the Appraiser for such error(s). In the event the TRIM Notice(s) have to be reprinted by the Vendor, either as a requirement of law or as instructed by the Department of Revenue due to an error(s) in the listed non-ad valorem assessment imposed by the Authority, the Authority agrees to pay all costs, labor, and fees associated with the reprinting and inclusion of a buckslip containing a clear explanation as to why the owner is receiving the reprinted TRIM. However, if said requirement of law or DOR instruction applies to an error in the Authority's listed non-ad valorem assessment and also in any other listed non-ad valorem assessment by one or more of the other authorities referenced in paragraph 3C above then the cost for reprinting the TRIM and inclusion of a joint buckslip containing a clear explanation as to why the land owner is receiving the reprinted TRIM shall be pro-rated among all those authorities. In the event of error(s) in the listed non-ad valorem assessment imposed by the Authority which requires notification to the property owners, either as a requirement of law or as instructed by the Department of Revenue, without reprinting of the TRIM by the Vendor, the Authority agrees to be solely responsible for providing said notice by first-class mailing to the property owners subject to the assessment, if legally necessary, explaining said error, the need for the revised notice and identifying that the corrected notice is coming from the Authority .

6. **Term.** This Agreement shall become effective upon execution by all the parties and shall continue and extend uninterrupted from year to year, automatically renewed for successive periods of one year each, until such time as this Agreement is terminated by the parties. Either party may terminate this Agreement without cause by providing written notice to the other party by April 1 of a calendar year.

7. **General Provisions.**

A. Wherever provision is made in this Agreement for the giving, service or delivery of any notice, statement or other instrument, such notice shall be in writing and shall be deemed to have been duly given, served and delivered, if delivered by hand or mailed by United States registered or certified mail, and addressed as follows:

Property Appraiser:	Authority:
Carey Baker	_____
Lake County Property Appraiser's Office	_____
320 W. Main St., Suite A	_____
Tavares, FL 32778-3814	_____

Each party may change its mailing address by giving to the other party, by hand delivery, United States registered or certified mail, notice of election to change such address.

B. No modification, amendment, or alteration of the terms or conditions contained herein shall be effective unless contained in a written document executed by the parties hereto, with the same formality, and of equal dignity herewith. Neither Party may assign any rights or obligations under this Agreement to any other party unless specific written permission from the other party is obtained.

C. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

D. The parties shall abide by all statutes, ordinances, rules and regulations pertaining to the levy and collection of the non-ad valorem assessments, including those now in effect and hereafter adopted.

E. To the extent permitted by §768.28, Florida Statutes, the Authority shall hold the Appraiser harmless for any mistakes the Authority makes in levying its non-ad valorem special assessments. In the event of lawsuits filed by the taxpayers in regards to the levying of the Authorities non ad-valorem special assessment, the Authority agrees to support a motion to dismiss the Appraiser from the case. The Appraiser has no involvement with either the levy of the non-ad valorem special assessments or with the proper notices and procedures required of the Authority. To the extent permitted by §768.28, Florida Statutes, the Appraiser shall hold the Authority harmless for any mistakes the Appraiser makes in the TRIM notice. The Authority has no involvement with the preparation of the TRIM notice other than supplying information regarding the Authorities non ad valorem assessment to the Vendor as outlined herein.

F. In the event legal action is taken to enforce or interpret the terms of this Agreement, venue shall be in a court of competent jurisdiction in and for Lake County, Florida and any trial shall be non-jury.

G. The failure of any party hereto at any time to enforce any of the provisions of this Agreement will in no way constitute or be construed as a waiver of such provision or of any other provision hereof, nor in any way affect the validity of, or the right thereafter to enforce, each and every provision of this Agreement.

H. This Agreement is intended by the parties to be the final expression of their Agreement, and it constitutes the full and entire understanding between the parties with respect to the subject hereof, notwithstanding any representations, statements or agreements to the contrary.

I. Pursuant to Section 119.0701, Florida Statutes, the Authority shall comply with the Florida Public Records' laws, and shall:

1. Keep and maintain public records that ordinarily and necessarily would be required in order to perform the services identified herein.
2. Provide the public with access to public records on the same terms and conditions that the Appraiser would provide the records and at a cost that does not exceed the cost provided for by law.
3. Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law.
4. Meet all requirements for retaining public records and transfer, at no cost, to the Appraiser all public records in possession of the Authority upon termination of the contract and destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. All records stored electronically must be provided to the Appraiser in a format that is compatible with the information technology systems of the Appraiser.

IN WITNESS WHEREOF, the parties hereto have made and executed this Agreement on the respective dates under each signature: Appraiser duly authorized to execute the same and by Authority, through its duly authorized representative.

AUTHORITY CITY CLERK

_____
Signature

Printed Name:_____

AUTHORITY CITY MANAGER

_____
Signature

Printed Name:_____

This ___ day of _____, 2016.

PROPERTY APPRAISER

_____
Witness, Chief Deputy

_____
Carey Baker, Lake County Property Appraiser

This _____ day of _____, 2016.

AGENDA MEMORANDUM

Item No: 6A.

Meeting Date: May 9, 2016

From: William Spinelli, CPA Finance Director

Subject: Series Resolution Supplementing Resolution No. 7141, as Previously Amended and Supplemented; for the purpose of authorizing the issuance by the City of not to Exceed $35,000,000 in Aggregate Principal Amount of its Electric Refunding Revenue Bonds, Series 2016

Staff Recommendation:
Approve the Supplementing Resolution No. 7141, as Previously Amended and Supplemented; for the propose of authorizing the issuance by the City of not to Exceed $35,000,000 in Aggregate Principal Amount of its Utility System Refunding Revenue Bonds, Series 2016.

Analysis:
On February 8, 2016 the City Commission approved City staff to move forward with the Electric System Refunding Revenue Bonds, Series 2016, and the Utility System Refunding Revenue Bonds, Series 2016.

The Electric System Refunding Revenue Bonds will be used to advance refund the 2007A Bonds and the Series 2013 and 2014 SunTrust loans are also potential refunding candidates. The City has targeted savings of approximately $500,000 per year in debt service, which is expected to help keep electric rates low. The City is planning to use $5.5 million in cash towards the retirement of debt, which will be funded from the Crystal River III settlement proceeds.

Options:
1. Approve Resolution
2. Such alternative action as the Commission may deem appropriate

Fiscal Impact:

Date (October 1)	Current Debt Payments Aggregate Principal	Interest	Annual Debt Service	Changes Requested with this Refunding Aggregate Principal	Interest	Annual Debt Service	Savings From Refundings Increase/(Decrease) Aggregate Principal	Interest	Annual Debt Service
2016	$ 1,297,000	$ 1,894,664	$ 3,191,664	$ 1,290,000	$ 1,443,851	$ 2,733,851	$ (7,000)	$ (450,813)	$ (457,813)
2017	1,354,000	1,840,550	3,194,550	1,315,000	1,321,168	2,636,168	(39,000)	(519,382)	(558,382)
2018	1,410,000	1,783,891	3,193,891	1,415,000	1,279,216	2,694,216	5,000	(504,675)	(499,675)
2019	1,475,000	1,723,535	3,198,535	1,465,000	1,233,171	2,698,171	(10,000)	(490,364)	(500,364)
2020	1,534,000	1,660,166	3,194,166	1,510,000	1,184,956	2,694,956	(24,000)	(475,210)	(499,210)
2021	1,605,000	1,594,111	3,199,111	1,565,000	1,134,866	2,699,866	(40,000)	(459,245)	(499,245)
2022	1,673,000	1,524,710	3,197,710	1,620,000	1,082,311	2,702,311	(53,000)	(442,399)	(495,399)
2023	1,741,000	1,452,190	3,193,190	1,670,000	1,025,536	2,695,536	(71,000)	(426,653)	(497,653)
2024	1,821,000	1,376,541	3,197,541	1,735,000	966,591	2,701,591	(86,000)	(409,950)	(495,950)
2025	1,902,000	1,297,114	3,199,114	1,800,000	904,636	2,704,636	(102,000)	(392,478)	(494,478)
2026	1,980,000	1,213,863	3,193,863	1,855,000	839,671	2,694,671	(125,000)	(374,191)	(499,191)
2027	2,070,000	1,127,012	3,197,012	1,925,000	772,241	2,697,241	(145,000)	(354,770)	(499,770)
2028	2,160,000	1,035,903	3,195,903	2,000,000	701,506	2,701,506	(160,000)	(334,397)	(494,397)
2029	2,253,000	940,536	3,193,536	2,070,000	627,366	2,697,366	(183,000)	(313,170)	(496,170)
2030	2,352,000	840,796	3,192,796	2,145,000	549,921	2,694,921	(207,000)	(290,875)	(497,875)
2031	2,468,000	736,357	3,204,357	2,235,000	468,876	2,703,876	(233,000)	(267,481)	(500,481)
2032	2,556,000	638,569	3,194,569	2,305,000	392,031	2,697,031	(251,000)	(246,538)	(497,538)
2033	2,030,000	537,332	2,567,332	2,040,000	312,631	2,352,631	10,000	(224,701)	(214,701)
2034	2,118,000	451,001	2,569,001	2,120,000	236,731	2,356,731	2,000	(214,269)	(212,269)
2035	2,265,000	356,750	2,621,750	1,875,000	182,031	2,057,031	(390,000)	(174,719)	(564,719)
2036	2,375,000	243,500	2,618,500	1,950,000	123,438	2,073,438	(425,000)	(120,063)	(545,063)
2037	2,495,000	124,750	2,619,750	2,000,000	62,500	2,062,500	(495,000)	(62,250)	(557,250)
2038	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-
Total	**$ 42,934,000**	**$ 24,393,842**	**$ 67,327,842**	**$ 39,905,000**	**$ 16,845,249**	**$ 56,750,249**	**$ (3,029,000)**	**$ (7,548,592)**	**$ (10,577,592)**

Submission Date and Time: 5/4/2016 4:03 PM

Department: _____ **Prepared by:** _____ **Attachments:** Yes____ No _____ **Advertised:**_____Not Required _____ **Dates:**_____ **Attorney Review :** Yes___ No ____ _____ **Revised 6/10/04**	**Reviewed by: Dept. Head** _____ **Finance Dept.** _____ **Deputy C.M.** _____ **Submitted by:** **City Manager** _____	**Account No.** _____ **Project No.** _____ **WF No.** _____ **Budget** _____ **Available** _____

RESOLUTION NO. _____

RESOLUTION OF THE CITY OF LEESBURG, FLORIDA, SUPPLEMENTING ITS RESOLUTION NO. 7141, AS PREVIOUSLY AMENDED AND SUPPLEMENTED; FOR THE PURPOSE OF AUTHORIZING THE ISSUANCE BY THE CITY OF NOT EXCEEDING $35,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF ITS ELECTRIC SYSTEM REFUNDING REVENUE BONDS, SERIES 2016, TO ADVANCE REFUND ALL OR A PORTION OF THE CITY'S OUTSTANDING ELECTRIC SYSTEM REVENUE BONDS, SERIES 2007A AND TO CURRENTLY REFUND ALL OF THE CITY'S OUTSTANDING ELECTRIC SYSTEM REFUNDING REVENUE NOTE, SERIES 2013 AND ALL OF THE CITY'S OUTSTANDING ELECTRIC SYSTEM REFUNDING REVENUE NOTE, SERIES 2014 SUBJECT TO THE PROVISIONS HEREOF AND IF DEEMED NECESSARY AS PROVIDED HEREIN TO FUND A SERIES 2016 RESERVE ACCOUNT FOR THE SERIES 2016 BONDS AND PAY THE COSTS OF ISSUANCE OF SUCH SERIES 2016 BONDS INCLUDING IF DEEMED NECESSARY THE COST OF A RESERVE PRODUCT AND/OR A BOND INSURANCE POLICY; AUTHORIZING AN ISSUER AUTHORIZED REPRESENTATIVE TO NEGOTIATE FOR AND OBTAIN A RESERVE PRODUCT AND/OR NEGOTIATE FOR AND OBTAIN A BOND INSURANCE POLICY FOR ALL OR SOME OF THE SERIES 2016 BONDS AND TO EXECUTE AGREEMENTS RELATED THERETO; PLEDGING TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH SERIES 2016 BONDS, ON A PARITY WITH THE CITY'S OUTSTANDING TAXABLE ELECTRIC SYSTEM REVENUE BONDS, SERIES 2007B AND CERTAIN OTHER CITY DEBT AS DESCRIBED HEREIN THE NET REVENUES DERIVED BY THE CITY FROM THE OPERATION OF THE CITY'S ELECTRIC SYSTEM AND CERTAIN MONEYS AND INVESTMENTS ON DEPOSIT IN CERTAIN FUNDS AND ACCOUNTS; MAKING CERTAIN COVENANTS AND AGREEMENTS FOR THE BENEFIT OF THE HOLDERS OF THE SERIES 2016 BONDS; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF LEESBURG, FLORIDA AS FOLLOWS:

DEFINITIONS. When used in this Resolution, the terms defined in Resolution No. 7141 of the City of Leesburg, Florida (the "Original Instrument") adopted by the City Commission of the Issuer on June 14, 2004 shall have the respective meanings assigned thereto by the Original Instrument and the following terms shall have the following meanings, unless the context clearly otherwise requires:

"Beneficial Owner" shall mean the Person treated as the owner of Series 2016 Bonds for federal income tax purposes while the Series 2016 Bonds are registered in the name of a Depository or its nominee.

"Bond Insurance Policy" shall mean any policy of bond insurance or other similar form of credit enhancement issued by a Bond Insurer and insuring or guaranteeing the payment when due of all or any portion of the principal of and interest on the Series 2016 Bonds. All references in this Resolution to the Bond Insurance Policy shall be of no force and effect (i) if there is a default in the performance of any obligations thereunder by the Bond Insurer, or (ii) at such time as there are no Series 2016 Bonds Outstanding with respect to which a Bond Insurer has issued a Bond Insurance Policy.

"Bond Resolution" shall mean the Original Instrument as amended and supplemented including this Resolution and any resolution supplementing or amending the then existing Bond Resolution.

"Escrow Deposit Agreement" shall mean that document entitled Escrow Deposit Agreement dated the date of delivery of the Series 2016 Bonds and between the Issuer and U.S. Bank National Association as escrow agent.

"Issuer Authorized Representative" shall mean the Mayor, City Manager or Finance Director of the Issuer.

"Interest Date" shall mean each April 1 and October 1 commencing October 1, 2016.

"Parity Obligations" shall mean the Issuer's Outstanding Taxable Electric System Revenue Bonds, Series 2007B and the 2007A Bonds, the 2013 Note, and the 2014 Note to the extent not defeased in connection with the issuance of the Series 2016 Bonds.

"Person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or governmental entity.

"Refunded Bonds" shall mean collectively all or the portion of the 2007A Bonds defeased in connection with the issuance of the Series 2016 Bonds and the 2013 Note and 2014 Note to the extent defeased in connection with the issuance of the Series 2016 Bonds.

"Series 2016 Bonds" shall mean the City of Leesburg, Florida Electric System Refunding Revenue Bonds, Series 2016 authorized to be issued pursuant to Section 7 of this Resolution.

"This Resolution" shall mean this instrument, as the same may from time to time be amended, modified or supplemented.

"2007A Bonds" shall mean the Issuer's outstanding Electric System Revenue Bonds, Series 2007A.

"2013 Note" shall mean the Issuer's outstanding Electric System Refunding Revenue Note, Series 2013.

"2014 Note" shall mean the Issuer's outstanding Electric System Refunding Revenue Note, Series 2014.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms shall refer to this Resolution; the term "heretofore" shall mean before the date of adoption of this

Resolution; and the term "hereafter" shall mean after the date of adoption of this Resolution. Words importing the masculine gender include every other gender. Words importing the singular number include the plural number, and vice versa.

AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to the provisions of the Act, the Original Instrument as amended and supplemented, particularly Section 12.02 thereof, and other applicable provisions of law.

FINDINGS. It is hereby ascertained, determined and declared that:

The City Commissioners of the City of Leesburg, Florida (the "City") duly adopted the Original Instrument on June 14, 2004 which authorized the issuance of the 2007A Bonds and the Issuer's Taxable Electric System Revenue Bonds, Series 2007B and authorized the issuance of Additional Bonds having an equal lien on the Pledged Revenues as the Parity Obligations except as otherwise provided in the Original Instrument.

The Issuer deems it necessary, desirable and in the best financial interest of the Issuer and its citizens to issue the Series 2016 Bonds for the principal purpose of refunding the Refunded Bonds in order to reduce the debt of the City secured by the Pledged Revenues.

The Issuer deems it necessary, desirable and in the best interest of the Issuer and its citizens that the Pledged Revenues be pledged to the payment of the principal of and interest on the Series 2016 Bonds. Following the issuance of the Series 2016 Bonds, no part of the Pledged Revenues will be pledged or encumbered in any manner except as security for the Series 2016 Bonds and the Parity Obligations. The Issuer is authorized pursuant to Section 12.02 of the Original Instrument as amended to issue Additional Bonds payable from the Pledged Revenues on a parity with the Parity Obligations under the terms, limitations and conditions provided therein. The applicable provisions of Section 12.02 of the Original Instrument will be complied with prior to the issuance of the Series 2016 Bonds. The Series 2016 Bonds shall be payable on a parity and rank equally as to lien on and source and security for payment from the Pledged Revenues, and in all other respects except as otherwise provided in the Bond Resolution, with the Parity Obligations and any Additional Bonds hereafter issued in accordance with the Bond Resolution.

The principal of and interest and redemption premium, if any, on the Series 2016 Bonds and all reserve and other payments shall be payable solely from the Pledged Revenues as provided in the Bond Resolution. No ad valorem taxing power of the Issuer will ever be exercised nor will any Bondholder of any Series 2016 Bond or any Qualified Swap Provider or any issuer of a Credit Facility or Liquidity Facility have the right to compel the exercise of such ad valorem taxing power to pay the principal of or interest on the Series 2016 Bonds or to make any other payments provided for in the Bond Resolution, and the Series 2016 Bonds shall not constitute a lien upon any property of the Issuer or situated within its corporate territorial limits, except the Pledged Revenues.

AUTHORIZATION OF REFUNDING OF REFUNDED BONDS. The Issuer hereby authorizes the refunding of the Refunded Bonds as provided in this Resolution.

An Issuer Authorized Representative is hereby authorized to determine in connection with the Issuer's financial advisor which of the outstanding 2007A Bonds, 2013 Note and 2014 Note shall constitute the Refunded Bonds and which will be redeemed prior to maturity as set forth in the Escrow Deposit Agreement and a certificate of an Issuer Authorized Representative delivered in connection with the issuance of the Series 2016 Bonds.

THIS RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the purchase and acceptance of any or all of the Series 2016 Bonds by those who shall hold the same from time to time, the provisions of this Resolution shall be deemed to be and shall constitute a contract between the Issuer and the Holders from time to time of the Series 2016 Bonds and any Bond Insurer and any Reserve Product Provider. The pledge made in this Resolution and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be for the equal benefit, protection and security of the Holders of any and all of the Series 2016 Bonds and for the benefit, protection and security of any Bond Insurer and any Reserve Product Provider. All of the Series 2016 Bonds, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Series 2016 Bonds over any other thereof except as expressly provided in or pursuant to this Resolution.

BOND INSURANCE AND RESERVE ACCOUNT. An Issuer Authorized Representative is hereby authorized to determine, in consultation with the City's financial advisor, whether to obtain a Bond Insurance Policy and/or fund a Reserve Account for the Series 2016 Bonds in order to enhance the marketability of the Series 2016 Bonds and/or maximize debt service savings. In order to provide for such option to fund an account within the Reserve Fund in connection with the issuance of the Series 2016 Bonds there is hereby created, the "Series 2016 Reserve Account" within the Reserve Fund. The Reserve Requirement for the Series 2016 Bonds (which may be $0) shall be as set forth in a certificate executed by an Issuer Authorized Representative in connection with the issuance of the Series 2016 Bonds. All or a portion of such Reserve Requirement for the Series 2016 Bond may be funded from proceeds of the Series 2016 Bonds, other legally available moneys of the Issuer or all or part, by obtaining a Reserve Product all as shall be set forth in the official statement for the Series 2016 Bonds and a certificate executed by an Issuer Authorized Representative in connection with the issuance of the Series 2016 Bonds. The execution and delivery of agreements with the applicable Bond Insurer and Reserve Product Provider in connection with any Bond Insurance Policy and/or Reserve Product is hereby authorized and approved. The execution, attestation, seal and delivery of any such agreements by an Issuer Authorized Representative shall be conclusive evidence of the City's approval of the terms and conditions thereof.

AUTHORIZATION OF SERIES 2016 BONDS. Subject and pursuant to the provisions of the Bond Resolution, the Series 2016 Bonds are authorized to be issued in the aggregate principal amount of not exceeding $35,000,000.

DESCRIPTION OF SERIES 2016 BONDS. The Series 2016 Bonds shall be dated as of their date of delivery; shall be issued as fully registered Current Interest Bonds; and shall be numbered consecutively from one upward in order of maturity preceded by the letter "R;" shall be in such denominations and shall bear interest at a fixed rate or rates not exceeding the maximum rate permitted by law (calculated on the basis of a 360-day year of twelve 30-day months), payable in such manner and on such dates; shall consist of such amounts of Serial Bonds and Term Bonds, maturing in such amounts and in such years; shall have such Paying Agent and Registrar; and shall

contain such redemption provisions; all as the Issuer shall hereafter provide by supplemental resolution.

The Series 2016 Bonds shall be executed and shall be subject to registration and such other terms and provisions as provided in the Original Instrument, particularly Article VI thereof.

Ownership of the Series 2016 Bonds shall be initially pursuant to a Book Entry-Only System registered in the name of a Depository or its nominee.

The Issuer will recognize the Depository or its nominee as the Holder for all purposes, including notices. Conveyance of notices and other communications by the Depository to participants, by participants to indirect participants, and by participants and indirect participants to beneficial Holders will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time.

Neither the Issuer, the Registrar nor the Paying Agent will have any responsibility or obligation to any Beneficial Owner or any other person with respect to (i) the accuracy of any records maintained by the Depository or any persons participating by or through the Depository; (ii) the payment by the Depository or any persons participating by or through the Depository of any amount with respect to the principal or Redemption Price, if applicable, or interest on the Series 2016 Bonds; (iii) any notice which is permitted or required to be given to Holders pursuant to this Resolution; (iv) the selection by the Depository or any persons participating by or through the Depository of any person to receive payment in the event of a partial redemption of the Series 2016 Bonds; or (v) any consent given or other action taken by the Depository as Holder.

APPLICATION OF SERIES 2016 BOND PROCEEDS. The proceeds derived from the sale of the Series 2016 Bonds, including premium, if any, shall, simultaneously with the delivery of the Series 2016 Bonds to the purchaser or purchasers thereof, be applied by the Issuer as follows:

an amount equal to the premium with respect to any Bond Insurance Policy and/or the Reserve Product shall be transferred directly to the Bond Insurer and/or Reserve Product Provider and any Reserve Product shall be deposited in the Series 2016 Reserve Account;

an amount of 2016 Bond proceeds and/or other legally available money of the Issuer as are required to make the amount on deposit in its Series 2016 Reserve Account equal to the Reserve Requirement for the Series 2016 Bonds shall be deposited in the Series 2016 Reserve Account;

a sufficient amount of the Series 2016 Bond proceeds together with other legally available funds of the Issuer will be deposited pursuant to the Escrow Deposit Agreement to provide for its payment of all of the Refunded Bonds as provided in the Escrow Deposit Agreement; and

the balance of the proceeds of the Series 2016 Bonds shall be deposited in the 2016 Electric System Cost of Issuance Account hereby created and applied to payment of the cost of issuance of the Series 2016 Bonds not otherwise paid pursuant to (A) above.

Notwithstanding the provisions of this Section, an Issuer Authorized Representative is hereby authorized by the Issuer to supplement and amend the application of proceeds of the Series 2016 Bonds provided herein, as evidenced by a certificate signed by such official executed in connection with the issuance of the Series 2016 Bonds, in a manner otherwise consistent with the objectives of this Resolution and not inconsistent with the Bond Resolution.

FORM OF SERIES 2016 BONDS. The Series 2016 Bonds shall be in substantially the following form with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Mayor or the Clerk prior to the issuance thereof (which necessity and/or desirability and approval shall be evidenced conclusively by the Issuer's delivery of the Series 2016 Bonds to the purchaser or purchasers thereof):

REGISTERED REGISTERED
No. R-_____ $_____

UNITED STATES OF AMERICA
STATE OF FLORIDA
CITY OF LEESBURG
ELECTRIC SYSTEM REFUNDING REVENUE BOND,
SERIES 2016

Interest Rate:	Maturity Date:	Dated Date:	CUSIP NO.
%			

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: DOLLARS

The City of Leesburg, Florida (hereinafter called the "Issuer"), for value received, hereby promises to pay to the Registered Owner identified above, or to registered assigns or legal representatives, but solely from the revenues hereinafter mentioned, on the Maturity Date identified above (or earlier as hereinafter provided), the Principal Amount identified above, upon presentation and surrender hereof at the designated office of _____, or its successors, as Registrar and Paying Agent (the "Registrar" and "Paying Agent") or otherwise in accordance with the provisions applicable to book-entry obligations, and to pay, solely from such special revenues, interest on the Principal Amount from the Dated Date, or from the most recent interest payment date to which interest has been paid, at the Interest Rate per annum identified above, until payment of the Principal Amount, or until provision for the payment thereof has been duly provided for, such interest being payable semiannually on the first day of April and the first day of October of each year, commencing on October 1, 2016. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be paid by wire transfer or check or draft transmitted to the Registered Owner hereof at his address as it appears on the registration books of the Issuer maintained by the Registrar at the close of business on the fifteenth day (whether or not a business day) of the month next preceding the interest payment date (the "Record Date"), irrespective of any transfer or exchange of this Bond subsequent to the Record Date and prior to such interest payment date, unless the Issuer shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date (which date shall also be the date for the payment of such defaulted interest) as established by notice by deposit in the U.S. mail, postage prepaid, by the Issuer to the Registered Owners of Bonds not less than fifteen days preceding such special record date. Such notice shall be mailed to the persons in whose names the Bonds are registered at the close of business on the fifth day (whether or not a business day) preceding the date of mailing.

This Bond and the interest hereon is payable solely from and secured by a lien upon and pledge of certain revenues derived by the Issuer from the operation of the Electric System, after payment of the Cost of Operation pursuant to the terms and subject to the conditions described in Resolution No. 7141, adopted by the Issuer on June 14, 2004, as supplemented and amended (the "Resolution"), and certain other funds and investment earnings thereon (collectively, the "Pledged

Revenues"), all in the manner and to the extent provided in the Resolution and as more particularly described below. The lien of the Bonds on the Pledged Revenues is on a parity with the lien of the Issuer's Outstanding _____, except as otherwise provided in the Resolution. Reference is hereby made to the Resolution for the provisions, among others, relating to the terms, lien and security of the Bonds, the custody and application of the proceeds of the Bonds, the rights and remedies of the Registered Owners of the Bonds, the extent of and limitations on the Issuer's rights, duties and obligations, and the provisions permitting the issuance or incurrence of additional parity indebtedness (including Additional Bonds and Hedge Obligations arising under Qualified Swaps), to all of which provisions the Registered Owner and Beneficial Owner hereof for himself and his successors in interest assents by acceptance of this Bond. All terms used herein in capitalized form, unless otherwise defined herein, shall have the meanings ascribed thereto in the Resolution.

This Bond shall not be deemed to constitute a general debt or a pledge of the faith and credit of the Issuer, or a debt or a pledge of the faith and credit of the State of Florida or any political subdivision thereof within the meaning of any constitutional, legislative or charter provision or limitation, and it is expressly agreed by the Registered Owner of this Bond that such Registered Owner shall never have the right, directly or indirectly, to require or compel the exercise of the ad valorem taxing power of the Issuer or any other political subdivision of the State of Florida or taxation in any form on any real or personal property for the payment of the principal of, premium, if any, and interest on this Bond or for the payment of any other amounts provided for in the Resolution.

It is further agreed between the Issuer and the Registered Owner of this Bond that this Bond and the indebtedness evidenced hereby shall not constitute a lien upon the System, or any part thereof, or any other tangible personal property of or in the Issuer, but shall constitute a lien only on the Pledged Revenues, all in the manner and to the extent provided in the Bond Resolution. Neither the members of the governing body of the Issuer nor any person executing the Bonds shall be liable personally on the Bonds by reason of their issuance.

This Bond is one of an authorized issue of Bonds in the aggregate principal amount of $_____, of like tenor and effect, except as to number, maturity (unless all Bonds mature on the same date) and interest rate, issued to defease and refund all or a portion of the Issuer's outstanding Electric System Revenue Bonds, Series 2007A and _____ pursuant to the authority of and in full compliance with the Constitution and laws of the State of Florida, including particularly the Resolution, Article VIII, Section 2, Constitution of the State of Florida, Chapter 166, Florida Statutes, Section 159.11, Florida Statutes and other applicable provisions of law. This Bond is also subject to the terms and conditions of the Resolution.

The Bonds of this issue are subject to redemption prior to their maturity [Insert Term Bond amortization provisions]. The Bonds of this issue shall be further subject to redemption prior to their maturity at the option of the Issuer [Insert optional redemption provisions].

Notice of such redemption shall be given in the manner required by the Resolution.

The transfer of this Bond is registrable by the Bondholder hereof in person or by his attorney-in-fact or legal representative at the designated corporate trust office of the Registrar but

only in the manner and subject to the conditions provided in the Resolution. Neither the Issuer nor the Registrar shall be required to register the transfer of any Bond during the period commencing on the fifteenth day of the month immediately preceding an interest payment date on the Bonds and ending on such interest payment date, or, in the case of any proposed redemption of Bonds, after such Bonds or any portion thereof have been selected for redemption. The Issuer and the Registrar may charge the owner of such Bond for the registration of every such transfer of a Bond an amount sufficient to reimburse them for any tax, fee or any other governmental charge required (other than by the Issuer) to be paid with respect to the registration of such transfer, and may require that such amounts be paid before any such new Bond shall be delivered.

If the date for payment of the principal of, premium, if any, or interest on this Bond shall be a day on which banking business in the city or cities where the Paying Agent has its designated corporate trust offices is not being transacted, the New York Stock Exchange is not open or the Issuer is not open to transact business, then the date for such payment shall be the next succeeding Business Day, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in regular and due form and time as required by the laws and Constitution of the State of Florida applicable hereto, and that the issuance of the Bonds of this Series does not violate any constitutional or statutory limitation or provision.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication endorsed hereon shall have been signed by the Registrar.

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IN WITNESS WHEREOF, the City of Leesburg, Florida, has issued this Bond and has caused the same to be signed by the Mayor and attested to and countersigned by its Clerk, either manually or with their facsimile signatures, and its corporate seal or a facsimile thereof to be affixed, impressed, imprinted, lithographed or reproduced hereon, all as of the first day of _____, ____.

CITY OF LEESBURG, FLORIDA

(SEAL)

By_____
Mayor

ATTESTED AND COUNTERSIGNED:

By_____
Clerk

APPROVED AS TO FORM AND CORRECTNESS:

By:_____
City Attorney

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds designated in and executed under the provisions of the within mentioned Resolution.

U.S. BANK NATIONAL ASSOCIATION

By_____
Authorized Officer

Date of Authentication:

[Form of Abbreviations]

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to the applicable laws or regulations.

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with the right of survivorship and not as tenants in common
UNIFORM GIFT MIN ACT - _____ Custodian _____
(Cust) (Minor)

under Uniform Gifts to Minors Act _____
(State)

Additional abbreviations may also be used
though not in the above list.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney to transfer the said Bond on the books of the Issuer, with full power of substitution in the premises.

Dated:

Social Security Number or
Employer Identification
Number of Transferee:

Signature guaranteed:

NOTICE: The assignor's signature to this Assignment must correspond with the name as it appears on the face of the within Bond in every particular without alteration or any change whatever.

[STATEMENT OF INSURANCE]

BONDS AND QUALIFIED SWAPS NOT TO BE GENERAL INDEBTEDNESS OF THE ISSUER. Neither the Series 2016 Bonds nor any Hedge Obligations or other amounts payable under any Qualified Swaps in regard to the Series 2016 Bonds or any amounts due any Bond Insurer or any other provider of a Credit Facility, Liquidity Facility or Reserve Product shall be or constitute general obligations or indebtedness of the Issuer within the meaning of the Constitution of the State of Florida, but shall be payable solely from and secured by a lien upon and a pledge of the Pledged Revenues in the manner and to the extent herein provided in the Bond Resolution. No Bondholder or Qualified Swap Provider or any Bond Insurer or any other provider of a Credit Facility, Liquidity Facility or Reserve Product shall ever have the right to compel the exercise of the ad valorem taxing power of the Issuer or taxation in any form on any real or personal property to pay the principal of, premium, if any, and interest on the Series 2016 Bonds or any amounts due under a Qualified Swap or any amounts due any Bond Insurer or any other provider of a Credit Facility, Liquidity Facility or Reserve Product, nor shall any Bondholder or Qualified Swap Provider or any Bond Insurer or any other provider of a Credit Facility, Liquidity Facility or Reserve Product be entitled to payment of such principal, premium and interest or Hedge Obligations or Hedge Charges from any other funds of the Issuer other than the Pledged Revenues, all in the manner and to the extent herein provided in the Bond Resolution. Neither the Bondholders nor the Qualified Swap Providers shall have a lien upon the System or the Electric Projects.

SECURITY FOR BONDS. The Issuer does hereby irrevocably pledge the Pledged Revenues to the payment of the principal of or redemption price, if applicable, and interest on the Series 2016 Bonds. The Series 2016 Bonds are payable from the Pledged Revenues on a parity, equally and ratably with the Parity Obligations except as otherwise provided herein.

APPLICATION OF PROVISIONS OF ORIGINAL INSTRUMENT. The Series 2016 Bonds shall for all purposes be considered to be Additional Bonds issued under the authority of Section 12.02 of the Bond Resolution and shall be entitled to all the protection and security provided in and by the Bond Resolution for Additional Bonds, and the Series 2016 Bonds shall be in all respects entitled to the same security, rights and privileges enjoyed by the Parity Obligations except as otherwise provided herein. The debt service on the Series 2016 Bonds shall be payable from the Revenue and Operating Fund established by the Original Instrument on a parity with the Parity Obligations, and to the extent of available Pledged Revenue deposits shall be made into such fund by the Issuer in amounts fully sufficient to pay the debt service on the Series 2016 Bonds and on the Parity Obligations as such debt service becomes due. The terms and provisions of the Bond Resolution as supplemented hereby shall remain in full force and effect and be applicable with respect to the Series 2016 Bonds.

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 or shall in any manner be held to adversely affect the validity of the Series 2016 Bonds, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Resolution or of the Series 2016 Bonds issued hereunder.

GENERAL AUTHORITY. The members of the Governing Body and the Issuer's officers, attorneys and other agents and employees are hereby authorized to do all acts and things required of them by this Resolution or desirable or consistent with the requirements hereof for the

full, punctual and complete performance of all of the terms, covenants and agreements contained in the Series 2016 Bonds and this Resolution, and they are hereby authorized to execute and deliver all documents which shall be required by Bond Counsel or the initial purchasers of the Series 2016 Bonds to effectuate the sale of the Bonds to said initial purchasers.

NO PERSONAL LIABILITY. No representation, statement, covenant, warranty, stipulation, obligation or agreement herein contained, or contained in the Series 2016 Bonds, or in any certificate or other instrument to be executed on behalf of the Issuer in connection with the issuance of the Series 2016 Bonds, shall be deemed to be a representation, statement, covenant, warranty, stipulation, obligation or agreement of any member of the Governing Body, officer, employee or agent of the Issuer in his or her individual capacity, and none of the foregoing persons nor any officer of the Issuer executing the Series 2016 Bonds, or any certificate or other instrument to be executed in connection with the issuance of the Series 2016 Bonds, shall be liable personally thereon or be subject to any personal liability or accountability by reason of the execution or delivery thereof.

NO THIRD PARTY BENEFICIARIES. Nothing in this Resolution, or in the Series 2016 Bonds, expressed or implied, is intended or shall be construed to confer upon any Person other than any Bond Insurer, any Reserve Product Provider and the Holders any right, remedy or claim, legal or equitable, under and by reason of the Bond Resolution or any provision hereof, or of the Series 2016 Bonds, all provisions hereof and thereof being intended to be and being for the sole and exclusive benefit of any Issuer and the Persons who shall from time to time be the Holders.

REPEAL OF INCONSISTENT RESOLUTIONS. All resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict.

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EFFECTIVE DATE. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this 9th day of May, 2016.

CITY OF LEESBURG, FLORIDA

(OFFICIAL SEAL)

_____
Mayor

ATTEST:

_____
City Clerk

Approved as to Form and Correctness:

_____
City Attorney

SOURCES AND USES OF FUNDS

City of Leesburg, Florida
Electric System Refunding Revenue Bonds, Series 2016
Preliminary Numbers
Combined Refunding of Series 2007A, 2013 & 2014
AAA MMD (4/27/2016) + Stifel Scale + 15 bps cushion (2007A)
Bank Loan Rate: 2.00% (2013 & 2014)

Dated Date	06/23/2016
Delivery Date	06/23/2016

Sources:	Series 2016 Refunding 2007A Bonds	Series 2016 Refunding of 2013 Loan	Series 2016 Refunding of 2014 Loan	Total
Bond Proceeds:				
Par Amount	11,530,000.00	4,320,000.00	14,135,000.00	29,985,000.00
Net Premium	513,868.65			513,868.65
	12,043,868.65	4,320,000.00	14,135,000.00	30,498,868.65
Other Sources of Funds:				
2007A Accrued Interest	125,711.98			125,711.98
City Contribution		4,000,000.00		4,000,000.00
2013 Accrued Interest		57,299.78		57,299.78
2014 Accrued Interest			122,719.61	122,719.61
	125,711.98	4,057,299.78	122,719.61	4,305,731.37
	12,169,580.63	8,377,299.78	14,257,719.61	34,804,600.02

Uses:	Series 2016 Refunding 2007A Bonds	Series 2016 Refunding of 2013 Loan	Series 2016 Refunding of 2014 Loan	Total
Refunding Escrow Deposits:				
Cash Deposit	1.90	8,335,794.67	14,124,203.51	22,460,000.08
SLGS Purchases	12,001,005.00			12,001,005.00
	12,001,006.90	8,335,794.67	14,124,203.51	34,461,005.08
Delivery Date Expenses:				
Cost of Issuance	67,291.98	25,212.61	82,495.41	175,000.00
Underwriter's Discount	57,650.00			57,650.00
Bond Insurance (25 bps)	39,512.83	14,804.46	48,440.06	102,757.35
	164,454.81	40,017.07	130,935.47	335,407.35
Other Uses of Funds:				
Additional Proceeds	4,118.92	1,488.04	2,580.63	8,187.59
	12,169,580.63	8,377,299.78	14,257,719.61	34,804,600.02

BOND SUMMARY STATISTICS

City of Leesburg, Florida
Electric System Refunding Revenue Bonds, Series 2016
Preliminary Numbers
Combined Refunding of Series 2007A, 2013 & 2014
AAA MMD (4/27/2016) + Stifel Scale + 15 bps cushion (2007A)
Bank Loan Rate: 2.00% (2013 & 2014)

Dated Date	06/23/2016
Delivery Date	06/23/2016
Last Maturity	10/01/2037
Arbitrage Yield	2.639596%
True Interest Cost (TIC)	2.737231%
Net Interest Cost (NIC)	2.786922%
All-In TIC	2.825897%
Average Coupon	2.906175%
Average Life (years)	12.758
Weighted Average Maturity (years)	12.744
Duration of Issue (years)	10.499
Par Amount	29,985,000.00
Bond Proceeds	30,498,868.65
Total Interest	11,117,938.83
Net Interest	10,661,720.18
Total Debt Service	41,102,938.83
Maximum Annual Debt Service	2,664,131.26
Average Annual Debt Service	1,932,235.31
Underwriter's Fees (per $1000)	
Average Takedown	
Other Fee	1.922628
Total Underwriter's Discount	1.922628
Bid Price	101.521490

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Refunding 2013	4,320,000.00	100.000	2.000%	8.500	3,258.10
Refunding 2014	14,135,000.00	100.000	2.000%	9.918	12,275.05
Refunding 2007A	11,530,000.00	104.457	3.686%	17.836	14,036.20
	29,985,000.00			12.758	29,569.35

BOND SUMMARY STATISTICS

City of Leesburg, Florida
Electric System Refunding Revenue Bonds, Series 2016
Preliminary Numbers
Combined Refunding of Series 2007A, 2013 & 2014
AAA MMD (4/27/2016) + Stifel Scale + 15 bps cushion (2007A)
Bank Loan Rate: 2.00% (2013 & 2014)

	TIC	All-In TIC	Arbitrage Yield
Par Value	29,985,000.00	29,985,000.00	29,985,000.00
+ Accrued Interest			
+ Premium (Discount)	513,868.65	513,868.65	513,868.65
- Underwriter's Discount	(57,650.00)	(57,650.00)	
- Cost of Issuance Expense		(175,000.00)	
- Other Amounts		(102,757.35)	(102,757.35)
Target Value	30,441,218.65	30,163,461.30	30,396,111.30
Target Date	06/23/2016	06/23/2016	06/23/2016
Yield	2.737231%	2.825897%	2.639596%

SUMMARY OF REFUNDING RESULTS

City of Leesburg, Florida
Electric System Refunding Revenue Bonds, Series 2016
Preliminary Numbers
Combined Refunding of Series 2007A, 2013 & 2014
AAA MMD (4/27/2016) + Stifel Scale + 15 bps cushion (2007A)
Bank Loan Rate: 2.00% (2013 & 2014)

Dated Date	06/23/2016
Delivery Date	06/23/2016
Arbitrage yield	2.639596%
Escrow yield	0.616881%
Value of Negative Arbitrage	294,317.10
Bond Par Amount	29,985,000.00
True Interest Cost	2.737231%
Net Interest Cost	2.786922%
Average Coupon	2.906175%
Average Life	12.758
Par amount of refunded bonds	33,534,000.00
Average coupon of refunded bonds	4.236441%
Average life of refunded bonds	12.949
PV of prior debt to 06/23/2016 @ 2.639596%	39,375,809.59
Net PV Savings	4,326,998.29
Percentage savings of refunded bonds	12.903317%
Percentage savings of refunding bonds	14.430543%

SUMMARY OF BONDS REFUNDED

City of Leesburg, Florida
Electric System Refunding Revenue Bonds, Series 2016
Preliminary Numbers
Combined Refunding of Series 2007A, 2013 & 2014
AAA MMD (4/27/2016) + Stifel Scale + 15 bps cushion (2007A)
Bank Loan Rate: 2.00% (2013 & 2014)

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Series 2007A, 2007A:					
2033	10/01/2033	4.625%	3,025,000.00	10/01/2017	100.000
2037	10/01/2037	5.000%	8,240,000.00	10/01/2017	100.000
			11,265,000.00		
2013 Note Refunding of 2004 Electric System Revenue Bonds, 2013NOTE:					
BOND	10/01/2016	3.040%	379,000.00	06/28/2016	100.000
	10/01/2017	3.040%	391,000.00	06/28/2016	100.000
	10/01/2018	3.040%	402,000.00	06/28/2016	100.000
	10/01/2019	3.040%	415,000.00	06/28/2016	100.000
	10/01/2020	3.040%	427,000.00	06/28/2016	100.000
	10/01/2021	3.040%	440,000.00	06/28/2016	100.000
	10/01/2022	3.040%	454,000.00	06/28/2016	100.000
	10/01/2023	3.040%	467,000.00	06/28/2016	100.000
	10/01/2024	3.040%	482,000.00	06/28/2016	100.000
	10/01/2025	3.040%	496,000.00	06/28/2016	100.000
	10/01/2026	3.040%	511,000.00	06/28/2016	100.000
	10/01/2027	3.040%	527,000.00	06/28/2016	100.000
	10/01/2028	3.040%	543,000.00	06/28/2016	100.000
	10/01/2029	3.040%	559,000.00	06/28/2016	100.000
	10/01/2030	3.040%	576,000.00	06/28/2016	100.000
	10/01/2031	3.040%	594,000.00	06/28/2016	100.000
	10/01/2032	3.040%	612,000.00	06/28/2016	100.000
			8,275,000.00		
2014 Note Refunding of 2010 Electric System Revenue Bonds, 2014NOTE:					
BOND	10/01/2016	3.850%	513,000.00	06/28/2016	100.000
	10/01/2017	3.850%	533,000.00	06/28/2016	100.000
	10/01/2018	3.850%	553,000.00	06/28/2016	100.000
	10/01/2019	3.850%	575,000.00	06/28/2016	100.000
	10/01/2020	3.850%	597,000.00	06/28/2016	100.000
	10/01/2021	3.850%	620,000.00	06/28/2016	100.000
	10/01/2022	3.850%	644,000.00	06/28/2016	100.000
	10/01/2023	3.850%	669,000.00	06/28/2016	100.000
	10/01/2024	3.850%	694,000.00	06/28/2016	100.000
	10/01/2025	3.850%	721,000.00	06/28/2016	100.000
	10/01/2026	3.850%	749,000.00	06/28/2016	100.000
	10/01/2027	3.850%	778,000.00	06/28/2016	100.000
	10/01/2028	3.850%	807,000.00	06/28/2016	100.000
	10/01/2029	3.850%	839,000.00	06/28/2016	100.000
	10/01/2030	3.850%	871,000.00	06/28/2016	100.000
	10/01/2031	3.850%	904,000.00	06/28/2016	100.000
	10/01/2032	3.850%	939,000.00	06/28/2016	100.000
	10/01/2033	3.850%	975,000.00	06/28/2016	100.000
	10/01/2034	3.850%	1,013,000.00	06/28/2016	100.000
			13,994,000.00		
			33,534,000.00		

SAVINGS

City of Leesburg, Florida
Electric System Refunding Revenue Bonds, Series 2016
Preliminary Numbers
Combined Refunding of Series 2007A, 2013 & 2014
AAA MMD (4/27/2016) + Stifel Scale + 15 bps cushion (2007A)
Bank Loan Rate: 2.00% (2013 & 2014)

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 06/23/2016 @ 2.6395961%
10/01/2016	1,563,117.63	305,731.37	1,257,386.26	1,098,657.39	158,728.87	155,425.10
10/01/2017	2,234,963.16		2,234,963.16	1,635,631.26	599,331.90	583,019.84
10/01/2018	2,233,556.26		2,233,556.26	1,698,631.26	534,925.00	507,152.77
10/01/2019	2,235,044.96		2,235,044.96	1,705,031.26	530,013.70	489,428.67
10/01/2020	2,234,291.46		2,234,291.46	1,700,931.26	533,360.20	479,660.53
10/01/2021	2,234,326.16		2,234,326.16	1,696,531.26	537,794.90	471,012.62
10/01/2022	2,235,080.16		2,235,080.16	1,701,831.26	533,248.90	454,866.90
10/01/2023	2,234,484.56		2,234,484.56	1,699,381.26	535,103.30	444,538.22
10/01/2024	2,234,531.26		2,234,531.26	1,701,531.26	533,000.00	431,248.49
10/01/2025	2,234,159.46		2,234,159.46	1,703,031.26	531,128.20	418,526.46
10/01/2026	2,234,322.56		2,234,322.56	1,703,881.26	530,441.30	407,075.09
10/01/2027	2,234,951.66		2,234,951.66	1,704,081.26	530,870.40	396,762.18
10/01/2028	2,233,977.86		2,233,977.86	1,698,631.26	535,346.60	389,639.32
10/01/2029	2,234,401.16		2,234,401.16	1,697,781.26	536,619.90	380,352.30
10/01/2030	2,234,106.06		2,234,106.06	1,696,281.26	537,824.80	371,233.12
10/01/2031	3,199,062.16		3,199,062.16	2,664,131.26	534,930.90	359,580.16
10/01/2032	3,194,569.30		3,194,569.30	2,662,981.26	531,588.04	347,999.70
10/01/2033	2,567,331.76		2,567,331.76	2,368,831.26	198,500.50	127,136.30
10/01/2034	2,569,000.50		2,569,000.50	2,372,181.26	196,819.24	122,764.92
10/01/2035	2,621,750.00		2,621,750.00	2,057,031.26	564,718.74	341,376.61
10/01/2036	2,618,500.00		2,618,500.00	2,073,437.50	545,062.50	320,777.78
10/01/2037	2,619,750.00		2,619,750.00	2,062,500.00	557,250.00	319,233.62
	52,235,278.09	305,731.37	51,929,546.72	41,102,938.83	10,826,607.89	8,318,810.69

Savings Summary

Dated Date	06/23/2016
Delivery Date	06/23/2016
PV of savings from cash flow	8,318,810.69
Less: Prior funds on hand	(4,000,000.00)
Plus: Refunding funds on hand	8,187.59
Net PV Savings	4,326,998.28

BOND PRICING

City of Leesburg, Florida
Electric System Refunding Revenue Bonds, Series 2016
Preliminary Numbers
Combined Refunding of Series 2007A, 2013 & 2014
AAA MMD (4/27/2016) + Stifel Scale + 15 bps cushion (2007A)
Bank Loan Rate: 2.00% (2013 & 2014)

Bond Component	Maturity Date	Amount	Rate	Yield	Price		Call Date	Call Price	Call Date for Arb Yield	Call Price for Arb Yield
Refunding 2007A:										
	10/01/2018	65,000	2.000%	1.090%	102.036					
	10/01/2019	70,000	2.000%	1.240%	102.428					
	10/01/2020	70,000	2.000%	1.400%	102.478					
	10/01/2021	70,000	2.000%	1.550%	102.268					
	10/01/2022	75,000	5.000%	1.710%	119.486					
	10/01/2023	75,000	5.000%	1.860%	121.262					
	10/01/2024	80,000	5.000%	2.040%	122.423					
	10/01/2025	85,000	5.000%	2.180%	123.555					
	10/01/2026	90,000	5.000%	2.300%	124.573					
	10/01/2027	95,000	5.000%	2.480%	122.724	C	10/01/2026	100.000	10/01/2026	100.000
	10/01/2028	95,000	5.000%	2.620%	121.308	C	10/01/2026	100.000	10/01/2026	100.000
	10/01/2029	100,000	5.000%	2.690%	120.608	C	10/01/2026	100.000	10/01/2026	100.000
	10/01/2030	105,000	5.000%	2.750%	120.011	C	10/01/2026	100.000	10/01/2026	100.000
	10/01/2031	1,075,000	5.000%	2.800%	119.517	C	10/01/2026	100.000	10/01/2026	100.000
	10/01/2032	1,125,000	5.000%	2.850%	119.025	C	10/01/2026	100.000	10/01/2026	100.000
	10/01/2033	1,185,000	5.000%	2.900%	118.535	C	10/01/2026	100.000	10/01/2026	100.000
	10/01/2034	1,245,000	3.000%	3.310%	95.772					
	10/01/2035	1,875,000	3.125%	3.370%	96.544					
	10/01/2036	1,950,000	3.125%	3.430%	95.567					
	10/01/2037	2,000,000	3.125%	3.480%	94.692					
		11,530,000								
Refunding 2013:										
	10/01/2016	335,000	2.000%	2.000%	100.000					
	10/01/2017	215,000	2.000%	2.000%	100.000					
	10/01/2018	220,000	2.000%	2.000%	100.000					
	10/01/2019	225,000	2.000%	2.000%	100.000					
	10/01/2020	225,000	2.000%	2.000%	100.000					
	10/01/2021	230,000	2.000%	2.000%	100.000					
	10/01/2022	235,000	2.000%	2.000%	100.000					
	10/01/2023	240,000	2.000%	2.000%	100.000					
	10/01/2024	245,000	2.000%	2.000%	100.000					
	10/01/2025	250,000	2.000%	2.000%	100.000					

BOND PRICING

City of Leesburg, Florida
Electric System Refunding Revenue Bonds, Series 2016
Preliminary Numbers
Combined Refunding of Series 2007A, 2013 & 2014
AAA MMD (4/27/2016) + Stifel Scale + 15 bps cushion (2007A)
Bank Loan Rate: 2.00% (2013 & 2014)

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Call Date	Call Price	Call Date for Arb Yield	Call Price for Arb Yield
Refunding 2013:									
	10/01/2026	255,000	2.000%	2.000%	100.000				
	10/01/2027	260,000	2.000%	2.000%	100.000				
	10/01/2028	265,000	2.000%	2.000%	100.000				
	10/01/2029	270,000	2.000%	2.000%	100.000				
	10/01/2030	275,000	2.000%	2.000%	100.000				
	10/01/2031	285,000	2.000%	2.000%	100.000				
	10/01/2032	290,000	2.000%	2.000%	100.000				
		4,320,000							
Refunding 2014:									
	10/01/2016	545,000	2.000%	2.000%	100.000				
	10/01/2017	635,000	2.000%	2.000%	100.000				
	10/01/2018	645,000	2.000%	2.000%	100.000				
	10/01/2019	660,000	2.000%	2.000%	100.000				
	10/01/2020	675,000	2.000%	2.000%	100.000				
	10/01/2021	685,000	2.000%	2.000%	100.000				
	10/01/2022	700,000	2.000%	2.000%	100.000				
	10/01/2023	715,000	2.000%	2.000%	100.000				
	10/01/2024	730,000	2.000%	2.000%	100.000				
	10/01/2025	745,000	2.000%	2.000%	100.000				
	10/01/2026	760,000	2.000%	2.000%	100.000				
	10/01/2027	775,000	2.000%	2.000%	100.000				
	10/01/2028	790,000	2.000%	2.000%	100.000				
	10/01/2029	805,000	2.000%	2.000%	100.000				
	10/01/2030	820,000	2.000%	2.000%	100.000				
	10/01/2031	835,000	2.000%	2.000%	100.000				
	10/01/2032	855,000	2.000%	2.000%	100.000				
	10/01/2033	870,000	2.000%	2.000%	100.000				
	10/01/2034	890,000	2.000%	2.000%	100.000				
		14,135,000							
		29,985,000							

BOND PRICING

City of Leesburg, Florida
Electric System Refunding Revenue Bonds, Series 2016
Preliminary Numbers
Combined Refunding of Series 2007A, 2013 & 2014
AAA MMD (4/27/2016) + Stifel Scale + 15 bps cushion (2007A)
Bank Loan Rate: 2.00% (2013 & 2014)

Dated Date	06/23/2016	
Delivery Date	06/23/2016	
First Coupon	10/01/2016	
Par Amount	29,985,000.00	
Premium	513,868.65	
Production	30,498,868.65	101.713752%
Underwriter's Discount	(57,650.00)	(0.192263%)
Purchase Price	30,441,218.65	101.521490%
Accrued Interest		
Net Proceeds	30,441,218.65	

BOND DEBT SERVICE BREAKDOWN

City of Leesburg, Florida
Electric System Refunding Revenue Bonds, Series 2016
Preliminary Numbers
Combined Refunding of Series 2007A, 2013 & 2014
AAA MMD (4/27/2016) + Stifel Scale + 15 bps cushion (2007A)
Bank Loan Rate: 2.00% (2013 & 2014)

Period Ending	Series 2016 Refunding 2007A Bonds	Series 2016 Refunding of 2013 Loan	Series 2016 Refunding of 2014 Loan	Total
10/01/2016	118,180.17	358,520	621,957.22	1,098,657.39
10/01/2017	434,131.26	294,700	906,800.00	1,635,631.26
10/01/2018	499,131.26	295,400	904,100.00	1,698,631.26
10/01/2019	502,831.26	296,000	906,200.00	1,705,031.26
10/01/2020	501,431.26	291,500	908,000.00	1,700,931.26
10/01/2021	500,031.26	292,000	904,500.00	1,696,531.26
10/01/2022	503,631.26	292,400	905,800.00	1,701,831.26
10/01/2023	499,881.26	292,700	906,800.00	1,699,381.26
10/01/2024	501,131.26	292,900	907,500.00	1,701,531.26
10/01/2025	502,131.26	293,000	907,900.00	1,703,031.26
10/01/2026	502,881.26	293,000	908,000.00	1,703,881.26
10/01/2027	503,381.26	292,900	907,800.00	1,704,081.26
10/01/2028	498,631.26	292,700	907,300.00	1,698,631.26
10/01/2029	498,881.26	292,400	906,500.00	1,697,781.26
10/01/2030	498,881.26	292,000	905,400.00	1,696,281.26
10/01/2031	1,463,631.26	296,500	904,000.00	2,664,131.26
10/01/2032	1,459,881.26	295,800	907,300.00	2,662,981.26
10/01/2033	1,463,631.26		905,200.00	2,368,831.26
10/01/2034	1,464,381.26		907,800.00	2,372,181.26
10/01/2035	2,057,031.26			2,057,031.26
10/01/2036	2,073,437.50			2,073,437.50
10/01/2037	2,062,500.00			2,062,500.00
	19,109,661.61	5,054,420	16,938,857.22	41,102,938.83

AGGREGATE DEBT SERVICE

City of Leesburg, Florida
Electric System Refunding Revenue Bonds, Series 2016
Preliminary Numbers
Combined Refunding of Series 2007A, 2013 & 2014
AAA MMD (4/27/2016) + Stifel Scale + 15 bps cushion (2007A)
Bank Loan Rate: 2.00% (2013 & 2014)

Period Ending	Series 2016 Refunding 2007A Bonds	Series 2016 Refunding of 2013 Loan	Series 2016 Refunding of 2014 Loan	Series 2007B	Aggregate Debt Service
10/01/2016	118,180.17	358,520	621,957.22	681,214.50	1,779,871.89
10/01/2017	434,131.26	294,700	906,800.00	959,587.00	2,595,218.26
10/01/2018	499,131.26	295,400	904,100.00	960,335.00	2,658,966.26
10/01/2019	502,831.26	296,000	906,200.00	963,490.00	2,668,521.26
10/01/2020	501,431.26	291,500	908,000.00	959,875.00	2,660,806.26
10/01/2021	500,031.26	292,000	904,500.00	964,785.00	2,661,316.26
10/01/2022	503,631.26	292,400	905,800.00	962,630.00	2,664,461.26
10/01/2023	499,881.26	292,700	906,800.00	958,705.00	2,658,086.26
10/01/2024	501,131.26	292,900	907,500.00	963,010.00	2,664,541.26
10/01/2025	502,131.26	293,000	907,900.00	964,955.00	2,667,986.26
10/01/2026	502,881.26	293,000	908,000.00	959,540.00	2,663,421.26
10/01/2027	503,381.26	292,900	907,800.00	962,060.00	2,666,141.26
10/01/2028	498,631.26	292,700	907,300.00	961,925.00	2,660,556.26
10/01/2029	498,881.26	292,400	906,500.00	959,135.00	2,656,916.26
10/01/2030	498,881.26	292,000	905,400.00	958,690.00	2,654,971.26
10/01/2031	1,463,631.26	296,500	904,000.00	5,295.00	2,669,426.26
10/01/2032	1,459,881.26	295,800	907,300.00		2,662,981.26
10/01/2033	1,463,631.26		905,200.00		2,368,831.26
10/01/2034	1,464,381.26		907,800.00		2,372,181.26
10/01/2035	2,057,031.26				2,057,031.26
10/01/2036	2,073,437.50				2,073,437.50
10/01/2037	2,062,500.00				2,062,500.00
	19,109,661.61	5,054,420	16,938,857.22	14,145,231.50	55,248,170.33

ESCROW REQUIREMENTS

City of Leesburg, Florida
Electric System Refunding Revenue Bonds, Series 2016
Preliminary Numbers
Combined Refunding of Series 2007A, 2013 & 2014
AAA MMD (4/27/2016) + Stifel Scale + 15 bps cushion (2007A)
Bank Loan Rate: 2.00% (2013 & 2014)

Period Ending	Interest	Principal Redeemed	Total
06/28/2016	190,996.18	22,269,000.00	22,459,996.18
10/01/2016	275,953.13		275,953.13
04/01/2017	275,953.13		275,953.13
10/01/2017	275,953.13	11,265,000.00	11,540,953.13
	1,018,855.57	33,534,000.00	34,552,855.57

ESCROW DESCRIPTIONS

City of Leesburg, Florida
Electric System Refunding Revenue Bonds, Series 2016
Preliminary Numbers
Combined Refunding of Series 2007A, 2013 & 2014
AAA MMD (4/27/2016) + Stifel Scale + 15 bps cushion (2007A)
Bank Loan Rate: 2.00% (2013 & 2014)

	Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate
Jun 23, 2016:							
	SLGS	Certificate	10/01/2016	10/01/2016	256,301	0.230%	0.230%
	SLGS	Certificate	04/01/2017	04/01/2017	239,418	0.470%	0.470%
	SLGS	Note	10/01/2017	10/01/2016	11,505,286	0.620%	0.620%
					12,001,005		

SLGS Summary

SLGS Rates File	28APR16
Total Certificates of Indebtedness	495,719.00
Total Notes	11,505,286.00
Total original SLGS	12,001,005.00

ESCROW COST

City of Leesburg, Florida
Electric System Refunding Revenue Bonds, Series 2016
Preliminary Numbers
Combined Refunding of Series 2007A, 2013 & 2014
AAA MMD (4/27/2016) + Stifel Scale + 15 bps cushion (2007A)
Bank Loan Rate: 2.00% (2013 & 2014)

Type of Security	Maturity Date	Par Amount	Rate	Total Cost
SLGS	10/01/2016	256,301	0.230%	256,301.00
SLGS	04/01/2017	239,418	0.470%	239,418.00
SLGS	10/01/2017	11,505,286	0.620%	11,505,286.00
		12,001,005		12,001,005.00

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost
06/23/2016	12,001,005	22,460,000.08	34,461,005.08
	12,001,005	22,460,000.08	34,461,005.08

ESCROW CASH FLOW

City of Leesburg, Florida
Electric System Refunding Revenue Bonds, Series 2016
Preliminary Numbers
Combined Refunding of Series 2007A, 2013 & 2014
AAA MMD (4/27/2016) + Stifel Scale + 15 bps cushion (2007A)
Bank Loan Rate: 2.00% (2013 & 2014)

Date	Principal	Interest	Net Escrow Receipts
10/01/2016	256,301.00	19,651.33	275,952.33
04/01/2017	239,418.00	36,535.77	275,953.77
10/01/2017	11,505,286.00	35,666.39	11,540,952.39
	12,001,005.00	91,853.49	12,092,858.49

Escrow Cost Summary

Purchase date	06/23/2016
Purchase cost of securities	12,001,005.00

ESCROW SUFFICIENCY

City of Leesburg, Florida
Electric System Refunding Revenue Bonds, Series 2016
Preliminary Numbers
Combined Refunding of Series 2007A, 2013 & 2014
AAA MMD (4/27/2016) + Stifel Scale + 15 bps cushion (2007A)
Bank Loan Rate: 2.00% (2013 & 2014)

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
06/23/2016		22,460,000.08	22,460,000.08	22,460,000.08
06/28/2016	22,459,996.18		(22,459,996.18)	3.90
10/01/2016	275,953.13	275,952.33	(0.80)	3.10
04/01/2017	275,953.13	275,953.77	0.64	3.74
10/01/2017	11,540,953.13	11,540,952.39	(0.74)	3.00
	34,552,855.57	34,552,858.57	3.00	

ESCROW STATISTICS

City of Leesburg, Florida
Electric System Refunding Revenue Bonds, Series 2016
Preliminary Numbers
Combined Refunding of Series 2007A, 2013 & 2014
AAA MMD (4/27/2016) + Stifel Scale + 15 bps cushion (2007A)
Bank Loan Rate: 2.00% (2013 & 2014)

Escrow	Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Series 2016 Refunding 2007A Bonds, Global Proceeds Escrow:							
	12,001,006.90	1.234	0.616881%	0.616881%	11,706,689.75	294,317.10	0.05
Series 2016 Refunding of 2013 Loan, Global Proceeds Escrow:							
	8,335,794.67				8,332,759.22		3,035.45
Series 2016 Refunding of 2014 Loan, Global Proceeds Escrow:							
	14,124,203.51				14,119,060.24		5,143.27
	34,461,005.08				34,158,509.21	294,317.10	8,178.77

Delivery date	06/23/2016
Arbitrage yield	2.639596%

BOND DEBT SERVICE

City of Leesburg, Florida
Electric System Refunding Revenue Bonds, Series 2016
Preliminary Numbers
Combined Refunding of Series 2007A, 2013 & 2014
AAA MMD (4/27/2016) + Stifel Scale + 15 bps cushion (2007A)
Bank Loan Rate: 2.00% (2013 & 2014)

Period Ending	Principal	Coupon	Interest	Debt Service
10/01/2016	880,000	2.000%	218,657.39	1,098,657.39
10/01/2017	850,000	2.000%	785,631.26	1,635,631.26
10/01/2018	930,000	2.000%	768,631.26	1,698,631.26
10/01/2019	955,000	2.000%	750,031.26	1,705,031.26
10/01/2020	970,000	2.000%	730,931.26	1,700,931.26
10/01/2021	985,000	2.000%	711,531.26	1,696,531.26
10/01/2022	1,010,000	** %	691,831.26	1,701,831.26
10/01/2023	1,030,000	** %	669,381.26	1,699,381.26
10/01/2024	1,055,000	** %	646,531.26	1,701,531.26
10/01/2025	1,080,000	** %	623,031.26	1,703,031.26
10/01/2026	1,105,000	** %	598,881.26	1,703,881.26
10/01/2027	1,130,000	** %	574,081.26	1,704,081.26
10/01/2028	1,150,000	** %	548,631.26	1,698,631.26
10/01/2029	1,175,000	** %	522,781.26	1,697,781.26
10/01/2030	1,200,000	** %	496,281.26	1,696,281.26
10/01/2031	2,195,000	** %	469,131.26	2,664,131.26
10/01/2032	2,270,000	** %	392,981.26	2,662,981.26
10/01/2033	2,055,000	** %	313,831.26	2,368,831.26
10/01/2034	2,135,000	** %	237,181.26	2,372,181.26
10/01/2035	1,875,000	3.125%	182,031.26	2,057,031.26
10/01/2036	1,950,000	3.125%	123,437.50	2,073,437.50
10/01/2037	2,000,000	3.125%	62,500.00	2,062,500.00
	29,985,000		11,117,938.83	41,102,938.83

SUMMARY OF REFUNDING RESULTS

City of Leesburg, Florida
Series 2016 Refunding 2007A Bonds
Refunding of Series 2007A Bonds
AAA MMD (4/27/16) + Stifel Scale + 15 bps cushion

Preliminary Numbers

Dated Date	06/23/2016
Delivery Date	06/23/2016
Arbitrage yield	2.639596%
Escrow yield	0.616881%
Value of Negative Arbitrage	294,317.10
Bond Par Amount	11,530,000.00
True Interest Cost	3.409746%
Net Interest Cost	3.463889%
Average Coupon	3.685732%
Average Life	17.836
Par amount of refunded bonds	11,265,000.00
Average coupon of refunded bonds	4.913738%
Average life of refunded bonds	19.030
PV of prior debt to 06/23/2016 @ 2.639596%	15,190,737.02
Net PV Savings	1,813,941.44
Percentage savings of refunded bonds	16.102454%
Percentage savings of refunding bonds	15.732363%

SAVINGS

City of Leesburg, Florida
Series 2016 Refunding 2007A Bonds
Refunding of Series 2007A Bonds
AAA MMD (4/27/16) + Stifel Scale + 15 bps cushion

Preliminary Numbers

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 06/23/2016 @ 2.6395961%
10/01/2016	275,953.13	125,711.98	150,241.15	118,180.17	32,060.98	30,938.72
10/01/2017	551,906.26		551,906.26	434,131.26	117,775.00	114,662.32
10/01/2018	551,906.26		551,906.26	499,131.26	52,775.00	50,454.49
10/01/2019	551,906.26		551,906.26	502,831.26	49,075.00	45,760.72
10/01/2020	551,906.26		551,906.26	501,431.26	50,475.00	45,836.21
10/01/2021	551,906.26		551,906.26	500,031.26	51,875.00	45,877.13
10/01/2022	551,906.26		551,906.26	503,631.26	48,275.00	41,643.54
10/01/2023	551,906.26		551,906.26	499,881.26	52,025.00	43,685.08
10/01/2024	551,906.26		551,906.26	501,131.26	50,775.00	41,568.08
10/01/2025	551,906.26		551,906.26	502,131.26	49,775.00	39,728.74
10/01/2026	551,906.26		551,906.26	502,881.26	49,025.00	38,148.99
10/01/2027	551,906.26		551,906.26	503,381.26	48,525.00	36,811.66
10/01/2028	551,906.26		551,906.26	498,631.26	53,275.00	39,324.54
10/01/2029	551,906.26		551,906.26	498,881.26	53,025.00	38,152.34
10/01/2030	551,906.26		551,906.26	498,881.26	53,025.00	37,187.56
10/01/2031	1,516,906.26		1,516,906.26	1,463,631.26	53,275.00	36,415.76
10/01/2032	1,512,275.00		1,512,275.00	1,459,881.26	52,393.74	34,937.35
10/01/2033	1,515,793.76		1,515,793.76	1,463,631.26	52,162.50	33,927.06
10/01/2034	1,517,000.00		1,517,000.00	1,464,381.26	52,618.74	33,374.23
10/01/2035	2,621,750.00		2,621,750.00	2,057,031.26	564,718.74	341,376.61
10/01/2036	2,618,500.00		2,618,500.00	2,073,437.50	545,062.50	320,777.78
10/01/2037	2,619,750.00		2,619,750.00	2,062,500.00	557,250.00	319,233.62
	21,924,615.79	125,711.98	21,798,903.81	19,109,661.61	2,689,242.20	1,809,822.52

Savings Summary

Dated Date	06/23/2016
Delivery Date	06/23/2016
PV of savings from cash flow	1,809,822.52
Plus: Refunding funds on hand	4,118.92
Net PV Savings	1,813,941.44

SUMMARY OF REFUNDING RESULTS

City of Leesburg, Florida
Series 2016 Refunding of 2013 Loan
Current Refunding and Cash Defeasance of Series 2013 Bank Loan

Dated Date	06/23/2016
Delivery Date	06/23/2016
Arbitrage yield	2.639596%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	4,320,000.00
True Interest Cost	2.000162%
Net Interest Cost	2.000000%
Average Coupon	2.000000%
Average Life	8.500
Par amount of refunded bonds	8,275,000.00
Average coupon of refunded bonds	3.040000%
Average life of refunded bonds	8.987
PV of prior debt to 06/23/2016 @ 2.639596%	8,587,490.81
Net PV Savings	413,435.55
Percentage savings of refunded bonds	4.996200%
Percentage savings of refunding bonds	9.570267%

SAVINGS

City of Leesburg, Florida
Series 2016 Refunding of 2013 Loan
Current Refunding and Cash Defeasance of Series 2013 Bank Loan

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 06/23/2016 @ 2.6395961%
10/01/2016	504,780.00	57,299.78	447,480.22	358,520.00	88,960.22	87,919.85
10/01/2017	631,038.40		631,038.40	294,700.00	336,338.40	326,325.99
10/01/2018	630,152.00		630,152.00	295,400.00	334,752.00	316,338.08
10/01/2019	630,931.20		630,931.20	296,000.00	334,931.20	308,267.57
10/01/2020	630,315.20		630,315.20	291,500.00	338,815.20	303,713.33
10/01/2021	630,334.40		630,334.40	292,000.00	338,334.40	295,385.03
10/01/2022	630,958.40		630,958.40	292,400.00	338,558.40	287,880.64
10/01/2023	630,156.80		630,156.80	292,700.00	337,456.80	279,469.61
10/01/2024	630,960.00		630,960.00	292,900.00	338,060.00	272,671.91
10/01/2025	630,307.20		630,307.20	293,000.00	337,307.20	264,973.71
10/01/2026	630,228.80		630,228.80	293,000.00	337,228.80	258,004.85
10/01/2027	630,694.40		630,694.40	292,900.00	337,794.40	251,696.68
10/01/2028	630,673.60		630,673.60	292,700.00	337,973.60	245,260.29
10/01/2029	630,166.40		630,166.40	292,400.00	337,766.40	238,713.83
10/01/2030	630,172.80		630,172.80	292,000.00	338,172.80	232,762.23
10/01/2031	630,662.40		630,662.40	296,500.00	334,162.40	223,997.74
10/01/2032	630,604.80		630,604.80	295,800.00	334,804.80	218,566.17
	10,593,136.80	57,299.78	10,535,837.02	5,054,420.00	5,481,417.02	4,411,947.51

Savings Summary

Dated Date	06/23/2016
Delivery Date	06/23/2016
PV of savings from cash flow	4,411,947.51
Less: Prior funds on hand	(4,000,000.00)
Plus: Refunding funds on hand	1,488.04
Net PV Savings	413,435.55

SUMMARY OF REFUNDING RESULTS

City of Leesburg, Florida
Series 2016 Refunding of 2014 Loan
Current Refunding of Series 2014 Bank Loan

Dated Date	06/23/2016
Delivery Date	06/23/2016
Arbitrage yield	2.639596%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	14,135,000.00
True Interest Cost	2.000141%
Net Interest Cost	2.000000%
Average Coupon	2.000000%
Average Life	9.918
Par amount of refunded bonds	13,994,000.00
Average coupon of refunded bonds	3.850000%
Average life of refunded bonds	10.396
PV of prior debt to 06/23/2016 @ 2.639596%	15,597,581.76
Net PV Savings	2,099,621.30
Percentage savings of refunded bonds	15.003725%
Percentage savings of refunding bonds	14.854059%

SAVINGS

City of Leesburg, Florida
Series 2016 Refunding of 2014 Loan
Current Refunding of Series 2014 Bank Loan

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 06/23/2016 @ 2.6395961%
10/01/2016	782,384.50	122,719.61	659,664.89	621,957.22	37,707.67	36,566.53
10/01/2017	1,052,018.50		1,052,018.50	906,800.00	145,218.50	142,031.53
10/01/2018	1,051,498.00		1,051,498.00	904,100.00	147,398.00	140,360.21
10/01/2019	1,052,207.50		1,052,207.50	906,200.00	146,007.50	135,400.37
10/01/2020	1,052,070.00		1,052,070.00	908,000.00	144,070.00	130,110.99
10/01/2021	1,052,085.50		1,052,085.50	904,500.00	147,585.50	129,750.46
10/01/2022	1,052,215.50		1,052,215.50	905,800.00	146,415.50	125,342.72
10/01/2023	1,052,421.50		1,052,421.50	906,800.00	145,621.50	121,383.53
10/01/2024	1,051,665.00		1,051,665.00	907,500.00	144,165.00	117,008.50
10/01/2025	1,051,946.00		1,051,946.00	907,900.00	144,046.00	113,824.01
10/01/2026	1,052,187.50		1,052,187.50	908,000.00	144,187.50	110,921.24
10/01/2027	1,052,351.00		1,052,351.00	907,800.00	144,551.00	108,253.84
10/01/2028	1,051,398.00		1,051,398.00	907,300.00	144,098.00	105,054.49
10/01/2029	1,052,328.50		1,052,328.50	906,500.00	145,828.50	103,486.13
10/01/2030	1,052,027.00		1,052,027.00	905,400.00	146,627.00	101,283.33
10/01/2031	1,051,493.50		1,051,493.50	904,000.00	147,493.50	99,166.66
10/01/2032	1,051,689.50		1,051,689.50	907,300.00	144,389.50	94,496.18
10/01/2033	1,051,538.00		1,051,538.00	905,200.00	146,338.00	93,209.24
10/01/2034	1,052,000.50		1,052,000.50	907,800.00	144,200.50	89,390.70
	19,717,525.50	122,719.61	19,594,805.89	16,938,857.22	2,655,948.67	2,097,040.67

Savings Summary

Dated Date	06/23/2016
Delivery Date	06/23/2016
PV of savings from cash flow	2,097,040.67
Plus: Refunding funds on hand	2,580.63
Net PV Savings	2,099,621.30

SUPPLEMENTAL RESOLUTION
NO. _____

RESOLUTION OF THE CITY OF LEESBURG, FLORIDA, SUPPLEMENTING RESOLUTION NO. 7141 OF THE CITY AS PREVIOUSLY AMENDED AND SUPPLEMENTED BY AUTHORIZING A ISSUER AUTHORIZED REPRESENTATIVE TO AWARD THE SALE OF THE CITY'S NOT EXCEEDING $35,000,000 ELECTRIC SYSTEM REFUNDING REVENUE BONDS, SERIES 2016 TO STIFEL, NICOLAUS & COMPANY, INCORPORATED, AND RBC CAPITAL MARKETS, LLC IN ACCORDANCE WITH CERTAIN PARAMETERS SET FORTH HEREIN AND APPROVING THE FORM OF A BOND PURCHASE AGREEMENT TO BE USED IN CONNECTION WITH SUCH SALE; APPOINTING U.S. BANK NATIONAL ASSOCIATION AS PAYING AGENT AND REGISTRAR; APPROVING THE FORM AND AUTHORIZING THE CIRCULATION OF A PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FINAL OFFICIAL STATEMENT; AUTHORIZING AN ISSUER AUTHORIZED REPRESENTATIVE TO DEEM FINAL THE PRELIMINARY OFFICIAL STATEMENT; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A DISCLOSURE DISSEMINATION AGENT AGREEMENT; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT AND APPOINTING U.S. BANK NATIONAL ASSOCIATION AS THE ESCROW AGENT THEREUNDER; AUTHORIZING CERTAIN OFFICIALS OF THE CITY TO EXECUTE ANY DOCUMENTS AND TAKE ANY ACTIONS REQUIRED IN CONNECTION WITH THE ISSUANCE OF SAID BONDS; AND PROVIDING CERTAIN OTHER DETAILS WITH RESPECT THERETO; PROVIDING AN EFFECTIVE DATE FOR THIS RESOLUTION.

WHEREAS, the City of Leesburg, Florida (the "Issuer" or the "City") on August 15, 2007 issued its Electric System Revenue Bonds, Series 2007A (the "2007A Bonds") and on June 10, 2013 issued its Electric System Refunding Revenue Note, Series 2013 (the "2013 Note") and on March 18, 2014 issued its Electric System Refunding Revenue Note, Series 2014 (the "2014 Note"); and

WHEREAS, the Issuer pursuant to a resolution adopted on the date hereof has authorized the issuance of its Electric System Refunding Revenue Bonds, Series 2016 (the "2016 Bonds") to refund all or a portion of the 2007A Bonds and all of the 2013 Note and the 2014 Note subject to the provisions of such resolution and this resolution and defease such 2007A Bonds, 2013 Note and 2014 Note, (the portion of such debt ultimately refunded and defeased in connection with the issuance of the 2016 Bonds is hereinafter referred to as the "Refunded Bonds") as Additional Bonds pursuant to City Resolution No. 7141 (the "Original Instrument") in order to reduce debt service of the Issuer secured by the Pledged Revenues; and

WHEREAS, Stifel, Nicolaus & Company, Incorporated and RBC Capital Markets, LLC (collectively, the "Underwriters") intend to submit an offer to purchase the 2016 Bonds by negotiated sale pursuant to the terms of a Bond Purchase Agreement between the Issuer and the Underwriters in substantially the form attached hereto as Exhibit "A" (the "Bond Purchase Agreement"); and

WHEREAS, the Issuer desires to approve the form of Preliminary Official Statement (the "Preliminary Official Statement") in substantially the form attached hereto as Exhibit "B" in connection with the issuance and sale of the 2016 Bonds; and

WHEREAS, the Issuer desires to authorize an Issuer Authorized Representative (as defined below) to deem the Preliminary Official Statement final on behalf of the Issuer for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 (the "Rule"); and

WHEREAS, the Issuer desires to approve the form of and authorize the execution and delivery of a Disclosure Dissemination Agent Agreement in substantially the form attached hereto as Exhibit "C" (the "Disclosure Dissemination Agent Agreement "); and

WHEREAS, the Issuer desires to approve the form of and authorize the execution and delivery of an Escrow Deposit Agreement in substantially the form attached hereto as Exhibit "D" (the "Escrow Deposit Agreement"); and

WHEREAS, the Issuer has been advised by its financial advisor, Public Financial Management, Inc. (the "Financial Advisor"), that because of the current conditions existing in the market for securities similar to the 2016 Bonds, it is in the best interest of the Issuer to delegate to each of the Mayor, the City Manager and the Finance Director of the Issuer (each of the Mayor, the City Manager, and the Finance Director, an "Issuer Authorized Representative") the authority to accept the offer of the Underwriters to purchase the 2016 Bonds pursuant to the terms of the Bond Purchase Agreement if certain conditions set forth in this Resolution are met; and

WHEREAS, the Original Instrument as amended and supplemented to the date hereof is collectively referred to as the "Bond Resolution".

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

Authority. This Resolution is adopted pursuant to Article VIII, Section 2, Constitution of the State of Florida, Section 159.11 and Chapter 166, Florida Statutes, the Bond Resolution and other applicable provisions of law.

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

Findings.

The Underwriters will, prior to acceptance by the Issuer of the offer of the Underwriters to purchase the 2016 Bonds, provide the Issuer with (i) a disclosure statement regarding the 2016 Bonds containing the information required by Section 218.385(6), Florida Statutes, and (ii) a Truth-In-Bonding Statement pursuant to Section 218.385(3), Florida Statutes.

Because of prevailing and anticipated market conditions and savings to be realized from the expeditious sale of the 2016 Bonds, and taking into account the advice of the Financial Advisor , it is in the best interest of the Issuer to accept the offer of the Underwriters to purchase the 2016 Bonds in a principal amount not exceeding $35,000,000, at a negotiated sale upon the terms and conditions outlined herein and in the Bond Purchase Agreement and as determined by an Issuer Authorized Representative in accordance with the terms hereof. Adoption of this Resolution is necessary in order to take advantage of current market conditions.

Instrument to Constitute a Contract; Covenants in Bond Resolution Applicable. In consideration of the acceptance of the 2016 Bonds authorized to be issued hereunder by those who shall hold the same from time to time, the Bond Resolution, as supplemented by this Resolution, shall be deemed to be and shall constitute a contract between the Issuer and the Holders and the Beneficial Owners of the 2016 Bonds. The covenants and agreements set forth herein and in the Bond Resolution to be performed by the Issuer shall be for the equal benefit, protection and security of the Holders and the Beneficial Owners of the 2016 Bonds, to the extent and in the manner provided therein and herein. The 2016 Bonds shall be of equal rank, except as otherwise provided in the Bond Resolution, with any other Bonds issued thereunder and any Hedge Obligations of the Issuer incurred under Qualified Swaps, under the Bond Resolution, without preference, priority or distinction over any other thereof.

Specifying Delegation Parameters for the Sale of such Bonds; and Approval of Terms and Form of 2016 Bonds.

An Issuer Authorized Representative is hereby designated and authorized to award the sale of the 2016 Bonds to the Underwriters in an aggregate principal amount not to exceed $35,000,000 and to approve the terms thereof, including, without limitation, the principal amount thereof, including the principal amounts of Term Bonds and Serial Bonds, the interest rate or rates with respect thereto, the purchase price thereof, the maturity dates thereof and the redemption terms with respect thereto, subject, however, to the following limitations:

the principal amount of the 2016 Bonds shall not exceed $35,000,000;

issuance of the 2016 Bonds shall produce net present value debt service savings of at least 5.0% or at least 3.0% if the 2014 Note is included as part of the Refunded Bonds;

the true interest cost rate of the 2016 Bonds shall not exceed 4.00%;

the final maturity of the 2016 Bonds shall not be later than October 1, 2037; and

the Underwriters discount shall not be greater than 0.425% of the original principal amount of the 2016 Bonds.

The 2016 Bonds shall be dated their date of delivery, shall bear interest from such date, payable semiannually on the first day of April and the first day of October of each year, at such rates, and shall mature on October 1 of such year or years, all as shall be established by the Bond Purchase Agreement and approved by an Issuer Authorized Representative as herein provided, execution of the Bond Purchase Agreement by an Issuer Authorized Representative to constitute conclusive evidence of approval of the terms set forth therein. The 2016 Bonds shall be issued as fully registered bonds in the denomination of $5,000 each or any integral multiple thereof.

The 2016 Bonds shall be subject to such optional and mandatory redemption prior to their maturity, at such prices, on such dates, and in such manner, as shall be provided by the Bond Purchase Agreement and approved by an Issuer Authorized Representative as herein provided.

The amount and date of any Amortization Installment for the 2016 Bonds shall be provided by the Bond Purchase Agreement and approved by an Issuer Authorized Representative as herein provided to coincide with the mandatory redemption requirements for Term Bonds as specified in the Bond Purchase Agreement.

Approval of Bond Purchase Agreement; Approval of Preliminary Official Statement, Approval of Official Statement.

The form of the Bond Purchase Agreement attached hereto as Exhibit "A" is hereby approved, subject to such changes, insertions and omissions and such filling of blanks therein as may be approved and made in such Bond Purchase Agreement by an Issuer Authorized Representative, in a manner consistent with the provisions of the Bond Resolution and this Resolution, such execution to be conclusive evidence of such approval. Upon receipt of a disclosure statement and a Truth-in-Bonding Statement from the Underwriters, an Issuer Authorized Representative, with the advice of the Financial Advisor, which advice shall include a statement that the provisions of (i) through (v) in Section 5A above have been complied with, is hereby authorized to accept the offer of the Underwriters to purchase the 2016 Bonds by executing and delivering the Bond Purchase Agreement. The Clerk is hereby authorized to attest such signature of the Issuer Authorized Representative.

The Issuer hereby approves the form and content of the Preliminary Official Statement including the appendices thereto which shall be in substantially the form of the draft Preliminary Official Statement attached hereto as Exhibit "B," subject to such changes, insertions and omissions and such filling of the blanks therein as shall be approved by an Issuer Authorized Representative deeming such document final. The Issuer hereby authorizes the execution and delivery by an Issuer Authorized Representatives of a final Official Statement which, subject to incorporating the provisions of the Bond Purchase Agreement, shall be in substantially the form of the Preliminary Official Statement.

In order to enable the Underwriters to comply with the Rule in connection with the offering and sale of the 2016 Bonds, an Issuer Authorized Representative is hereby authorized, on

behalf of the Issuer, to deem the Preliminary Official Statement final as of its date, except for Permitted Omissions as described in Section (b)(1) of the Rule.

Appointment of Registrar and Paying Agent. U.S. Bank National Association is hereby appointed as Registrar and Paying Agent in connection with the 2016 Bonds and shall undertake the duties as such under the terms of the Bond Resolution, as supplemented hereby.

Continuing Disclosure. The Issuer hereby covenants and agrees that, in order to assist the Underwriters in complying with the provisions of the Rule mandating continuing disclosure with respect to the 2016 Bonds, it will comply with and carry out all of the provisions of the Disclosure Dissemination Agent Agreement to be executed by the Issuer prior to the time the Issuer delivers the 2016 Bonds to the Underwriters, as it may be amended from time to time in accordance with the terms thereof. The form of the Disclosure Dissemination Agent Agreement, attached hereto as Exhibit "C," is hereby approved, subject to such changes, insertions and omissions and filling of blanks therein as may be approved and made therein by an Issuer Authorized Representative executing the same, execution and delivery thereof to be conclusive evidence of such approval. An Issuer Authorized Representative is hereby authorized to execute and deliver the Disclosure Dissemination Agent Agreement on behalf of the Issuer. Notwithstanding any other provision of the Bond Resolution or this Resolution, failure of the Issuer to comply with such Disclosure Dissemination Agent Agreement shall not be considered an event of default thereunder or hereunder. Digital Assurance Certification, L.L.C. is hereby appointed as the initial dissemination agent under the Disclosure Dissemination Agent Agreement.

Escrow Deposit Agreement. The Escrow Deposit Agreement, pursuant to which certain proceeds of the 2016 Bonds and other legally available moneys of the Issuer will be deposited to provide for the refunding and defeasance of the Refunded Bonds, is hereby approved in substantially the form set forth as Exhibit D hereto and an Issuer Authorized Representative is hereby authorized and directed to execute and deliver such Escrow Deposit Agreement on behalf of and in the name of the Issuer and the Clerk is hereby authorized to attest such execution, with such additions and deletions therein as may be made and approved by the Issuer Authorized Representative executing the same, such execution to be conclusive evidence of such approval. U.S. Bank National Association is hereby approved to serve as Escrow Agent under the Escrow Deposit Agreement. Payment from proceeds of the 2016 Bonds for a report of a firm of certified public accountants verifying, among other matters, the sufficiency of the amounts deposited pursuant to the Escrow Deposit Agreement to defease the Refunded Bonds is hereby authorized.

Authorizations. Any Issuer Authorized Representative, and the Clerk, and such other officers and employees of the Issuer as may be designated by an Issuer Authorized Representative or the Clerk, are each designated as agents of the Issuer in connection with the issuance and delivery of the 2016 Bonds and are authorized and empowered, collectively or individually, to take all action and steps and to execute all instruments, documents and contracts, on behalf of the Issuer that are necessary or desirable in connection with the execution and delivery of the 2016 Bonds and which are specifically authorized by or are not inconsistent with, the terms and provisions of this Resolution or any action relating to the 2016 Bonds heretofore taken by the Issuer. Such officers and those so designated are hereby charged with the responsibility for the issuance of the 2016 Bonds.

Continuing Effect of Bond Resolution. Except as supplemented and amended hereby, all provisions of the Bond Resolution remain in full force and effect.

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 of this Resolution or of the 2016 Bonds.

Controlling Law; Members of Issuer Not Liable. All covenants, stipulations, obligations and agreements of the Issuer contained in this Resolution shall be deemed to be covenants, stipulations, obligations and agreements of the Issuer to the full extent authorized by the Act and provided by the Constitution and laws of the State of Florida. No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future officer, agent or employee of the Issuer in his individual capacity, and neither the Mayor and other Commissioners of the Issuer nor any official executing the 2016 Bonds or any other document authorized hereby shall be liable personally on the 2016 Bonds, such other document, or under this Resolution or shall be subject to any personal liability or accountability by reason of the issuance or the execution by the Issuer or such officers thereof.

[Signatures on following page]

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

PASSED AND CERTIFIED AS TO PASSAGE this 9th day of May, 2016.

CITY COMMISSION OF THE CITY OF LEESBURG, FLORIDA

By: _____
Mayor

(SEAL)

Attested:

By: _____
City Clerk

Approved as to Form and Correctness:

By: _____
City Attorney

BOND PURCHASE AGREEMENT

$_____
CITY OF LEESBURG, FLORIDA
Electric System Refunding Revenue Bonds, Series 2016

May __, 2016

City of Leesburg, Florida
Leesburg, Florida 34749

Ladies and Gentlemen:

The undersigned, Stifel, Nicolaus & Company, Incorporated (the "Representative") acting on its own behalf and on behalf of RBC Capital Markets, LLC (collectively with the Representative, the "Underwriters"), offers to enter into the following agreement (this "Agreement") with the City of Leesburg, Florida (the "Issuer") which, upon the Issuer's written acceptance of this offer, will be binding upon the Issuer and upon the Underwriters. This offer is made subject to the Issuer's written acceptance hereof on or before 11:59 p.m., Eastern Daylight Time, on May __, 2016, and, if not so accepted, will be subject to withdrawal by the Underwriters upon written notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined in this Agreement shall have the same meanings set forth in the Bond Resolution (as defined herein) or in the Official Statement (as defined herein).

1. Purchase and Sale of the Bonds. Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby agree to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriters, all, but not less than all, of the Issuer's Electric System Refunding Revenue Bonds, Series 2016 (the "Bonds"). The Issuer acknowledges and agrees that: (i) the primary role of the Underwriters, as underwriters, is to purchase securities for resale to investors, in an arm's-length commercial transaction between the Issuer and Underwriters and that the Underwriters have financial and other interests that differ from those of the Issuer; (ii) the Underwriters are not acting as a municipal advisor, financial advisor, or fiduciary to the Issuer and have not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the Issuer on other matters); (iii) the only obligations the Underwriters have to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this Agreement and the other Issuer Documents (defined herein); and (iv) the Issuer has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate.

The principal amount of the Bonds to be issued, the dated date therefor, the maturities, interest rates per annum, prices and/or yields and sinking fund and optional redemption provisions are set forth in Schedule I hereto. The Bonds shall be as described in, and shall be issued and secured under and pursuant to Chapter 159.11, Florida Statutes, and Chapter 166, Florida Statutes, Article VIII, Section 2, Constitution of the State of Florida, and other applicable provisions of law (collectively, the "Act"), and pursuant to the provisions of Resolution No. 7143, adopted by the Issuer on June 14, 2004, as amended and supplemented from time to time, as particularly supplemented by Resolution No. _____ adopted by the Issuer on May __, 2016 (collectively, the "Bond Resolution"). The Bonds are being issued for the purpose of providing funds, together with other legally available moneys, to (i) refund on an advance basis that portion of the City's outstanding Electric System Revenue Bonds, Series 2007A, maturing on October 1, 2033 and October 1, 2037, as described in the Official Statement (the "2007A Refunded Bonds"), (ii) refund on a current basis the City's outstanding Electric System Refunding Revenue Note, Series 2013 (the "2013 Refunded Note"), (iii) refund on a current basis the City's outstanding Electric System Refunding Revenue Note, Series 2014 (the "2014 Refunded Note," collectively with the 2007A Refunded Bonds and the 2013 Refunded Note, the "Refunded Bonds"), and (iv) pay certain costs of issuance of the Bonds[, including a premium for a municipal bond insurance policy].

The purchase price for the Bonds shall be $_____ (representing $_____ aggregate par amount of the Bonds, less an underwriting discount of $_____ and [less/plus] a [net] original issue [discount/premium] of $_____).

Delivered to the Issuer herewith as a good faith deposit is a check payable to the order of the Issuer in clearing house funds in the amount of $_____. In the event you accept this offer, such check shall be held uncashed by you until the time of Closing, at which time such check shall be returned uncashed to the Representative. In the event that the Issuer does not accept this Agreement, such check will be immediately returned to the Representative. Should the Issuer fail to deliver the Bonds at the Closing, or should the Issuer be unable to satisfy the conditions of the obligations of the Underwriters to purchase, accept delivery of and pay for the Bonds, as set forth in this Agreement (unless waived by the Underwriters), or should such obligations of the Underwriters be terminated for any reason permitted by this Agreement, such check shall immediately be returned to the Representative. In the event that the Underwriters fail (other than for a reason permitted hereunder) to purchase, accept delivery of and pay for the Bonds at the Closing as herein provided, such check shall be cashed and the amount thereof retained by the Issuer as and for fully liquidated damages for such failure of the Underwriters (because the amount of such damages cannot be calculated by the parties hereto), and, except as set forth in Sections 8 and 10 hereof, no party shall have any further rights against the other hereunder. The Underwriters and the Issuer understand that in such event the Issuer's actual damages may be greater or may be less than such amount. Accordingly, the Underwriters hereby waive any right to claim that the Issuer's actual damages are less than such amount, and the Issuer's acceptance of this offer shall constitute a waiver of any right the Issuer may have to additional damages from the Underwriters.

In accordance with Section 218.385, Florida Statutes, the Underwriters hereby disclose the information required by such Section, including a truth-in-bonding statement, as provided in Schedule II attached hereto.

The Representative hereby agrees and makes the following representations and warranties to the Issuer: (a) each of the Underwriters are entities duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) this Agreement has been duly authorized, executed and delivered by the Representative on behalf of the Underwriters and, assuming the due authorization, execution and delivery by the Issuer, is the legal, valid and binding obligation of the Underwriters enforceable in accordance with its terms, except as the enforceability of this Agreement may be limited by bankruptcy or other laws affecting creditors' rights generally and except that equitable remedies lie in the discretion of the court and may not be available, (c) each Underwriter is licensed by and registered with the Financial Industry Regulatory Authority as a broker dealer and the Municipal Securities Rulemaking Board (the "MSRB") as a municipal securities dealer, (d) neither the Underwriters nor any "person" or "affiliate" thereof has been on the "convicted vendor list" during the past 36 months as all such terms are defined in Section 287.133, Florida Statutes. The Representative represents that is has been duly authorized to execute this Agreement on behalf of itself and the other Underwriters named herein.

2. Public Offering. The Underwriters agree to make a bona fide public offering of all of the Bonds at prices not to exceed the respective public offering prices set forth on the inside front cover of the Official Statement (the "Offering Prices") and may subsequently change such Offering Prices without any requirement of prior notice. The Underwriters may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the Offering Prices to the extent allowed by the Code (defined herein).

Simultaneously with or prior to the delivery of the Bonds, at the request of the Issuer or Bond Counsel (defined herein), the Underwriters shall furnish to the Issuer a certificate to the effect that (a) the Underwriters made a bona fide public offering of the Bonds at the Offering Prices, and (b) to the best of the knowledge, information and belief of the Underwriters, (i) a substantial amount of the Bonds (at least 10% of the aggregate face amount of each maturity) was sold to the public (excluding bond houses, brokers and other intermediaries) at prices no higher than the Offering Prices or (ii) a substantial amount of the Bonds was sold at or below the Offering Prices subject to the reasonable approval by Bond Counsel based on facts in existence on the date of Closing relating to the tax exempt status of the Bonds. If the Underwriters are unable to state the matters set forth in this paragraph, such certificate shall state such actual facts as to the amount of the Bonds sold to the public (excluding bond houses, brokers and other intermediaries) and the price therefor and such other matters as Bond Counsel may reasonably request. In addition, the Underwriters shall certify such other matters as Bond Counsel reasonably may request of the Underwriters in order for Bond Counsel to issue its Bond Counsel opinion. The foregoing may expressly rely on information obtained or derived from other underwriters, bond houses and brokers selling the Bonds, without independent verification thereof, and must state that the Underwriters have no reason to believe that the statements in the certificate are untrue or incorrect in any material respect.

3. The Official Statement. (a) The Preliminary Official Statement dated May __, 2016 (the "Preliminary Official Statement"), including the cover page and Appendices thereto, of the Issuer relating to the Bonds, as amended to reflect the pricing terms of the Bonds is hereinafter called the "Official Statement."

(b) The Preliminary Official Statement has been prepared by the Issuer for use by the Underwriters in connection with the public offering, sale and distribution of the Bonds. The Issuer hereby represents and warrants that the Preliminary Official Statement was "deemed final" by the Issuer as of its date, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule").

(c) The Issuer hereby authorizes the Official Statement to be used by the Underwriters in connection with the public offering and the sale of the Bonds. The Issuer shall use best efforts to provide, or cause to be provided, to the Underwriters as soon as practicable after the date of the Issuer's acceptance of this Agreement (but, in any event, not later than within seven business days after the Issuer's acceptance of this Agreement and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Official Statement which is complete as of the date of its delivery to the Underwriters in such quantity as the Representative shall reasonably request in order for the Underwriters to comply with Section (b)(4) of the Rule and the rules of the MSRB. The Issuer hereby confirms that it does not object to the distribution of the Official Statement in electronic form.

(d) If, after the date of this Agreement to and including the date the Underwriters are no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days after the "end of the underwriting period" for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer will notify the Representative (and for the purposes of this clause provide the Representative with such information as it may from time to time request), and if, in the reasonable opinion of the Representative, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Issuer will forthwith prepare and furnish (in a form and manner approved by the Representative), at the Issuer's own expense (unless such misstatement or omission was contained in information provided by the Underwriters, then at the Underwriters' expense), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement will comply with law. If such notification shall be subsequent to the Closing, the Issuer at its expense (unless such misstatement or omission was contained in information provided by the Underwriters, then at the Underwriters' expense) shall furnish such legal opinions, certificates, instruments and other documents as the Representative may deem reasonably necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(e) The Representative hereby agrees to file the Official Statement as required by the MSRB. Unless otherwise notified in writing by the Representative on or prior to the date of

Closing, the Issuer can assume that the "end of the underwriting period" for purposes of the Rule is the date of the Closing.

4. Representations, Warranties, and Covenants of the Issuer. The Issuer hereby represents and warrants to and covenants with the Underwriters that to the best of its knowledge, information and belief:

(a) The Issuer is validly existing as a municipal corporation of the State of Florida (the "State") duly created, organized and existing under the Act, and has full legal right, power and authority under the Act, and at the date of the Closing will have full legal right, power and authority under the Act and the Bond Resolution (i) to enter into, execute and deliver this Agreement and to adopt or enact, as the case may be, the Bond Resolution, the resolutions and/or ordinances setting forth the Issuer's current rates, fees and charges (the "Rate Legislation") with respect to the Issuer's Electric System (as defined in the Bond Resolution), the Escrow Deposit Agreement to be executed between U.S. Bank National Association, as escrow agent (the "Escrow Agent") and the Issuer (the "Escrow Agreement") and the Disclosure Dissemination Agent Agreement relating to the Bonds (the "Undertaking") and all documents required hereunder and thereunder to be executed and delivered by the Issuer (this Agreement, the Bond Resolution, the Rate Legislation, the Escrow Agreement, the Undertaking and the other documents referred to in this clause are hereinafter referred to as the "Issuer Documents"), (ii) to sell, issue and deliver the Bonds to the Underwriters as provided herein, (iii) to carry out and consummate the transactions contemplated by the Issuer Documents and the Official Statement and (iv) to refund the Refunded Bonds (as defined in the Official Statement), and as of the date hereof, the Issuer has complied in all respects with the terms of the Act and the Issuer Documents as they pertain to such transactions;

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) the adoption of the Bond Resolution and the issuance and sale of the Bonds, (ii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part, contained in the Bonds and the Issuer Documents and (iii) the consummation by it of all other transactions contemplated by the Official Statement, and the Issuer Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Official Statement, in each case excepting any authorization that cannot be obtained prior to or concurrently with the date of this Agreement;

(c) When executed by the respective parties hereto and thereto, the Issuer reasonably expects as of the date hereof that the Issuer Documents will constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Bonds, when issued, delivered and paid for, in accordance with the Bond Resolution and this Agreement, will constitute legal, valid and binding obligations of the Issuer entitled to the benefits of the Bond Resolution and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; upon the issuance, authentication and delivery of

the Bonds as aforesaid, the Bond Resolution will provide, for the benefit of the holders, from time to time, of the Bonds, the legally valid and binding pledge of and lien it purports to create as set forth in the Bond Resolution;

(d) The Issuer is lawfully empowered to pledge and grant a lien upon the Pledged Revenues (as defined in the Bond Resolution) for payment of the principal of, redemption premium, if any, and interest on the Bonds pursuant to the Bond Resolution;

(e) The Issuer is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or any of its property or assets are otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing; and when executed by the respective parties hereto and thereto, the Issuer reasonably expects as of the date hereof that execution and delivery of the Bonds, the Issuer Documents and the adoption of the Bond Resolution and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or to which any of its property or assets are otherwise subject nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer to be pledged to secure the Bonds or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Bond Resolution;

(f) Except as expressly disclosed in the Official Statement, the Issuer has not in the prior five years failed to comply in any material respect with any prior continuing disclosure obligation arising out of the Rule;

(g) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Issuer Documents, and the Bonds have been duly obtained, except for such approvals, consents and orders that may not be obtained until after the date of this Agreement or as may be required under the Blue Sky or securities laws of any jurisdiction in connection with the offering and sale of the Bonds;

(h) The statements and information contained in the Official Statement (other than the information concerning the Depositing Trust Company ("DTC") or its book-entry system of registration[, the Policy or Bond Insurer] and information provided by the Underwriters in the Section entitled "UNDERWRITING"), will be, as of the date hereof, true, correct and complete in all material respects; and, with respect to such statements and information, the Official Statement will not, as of the date hereof, contain any untrue statement of a material fact and does not omit to state any material fact required to be stated therein or necessary to make the

statements therein, in light of the circumstances under which they were made, not misleading in any material respect;

(i) As of the date of this Agreement, there is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Issuer after due inquiry, threatened against the Issuer, affecting the existence of the Issuer or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of the Pledged Revenues or the refunding of the Refunded Bonds pursuant to the Bond Resolution or in any way contesting or affecting the validity or enforceability of the Bonds, the Issuer Documents, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the Issuer or any authority for the operation of the Electric System or the refunding of the Refunded Bonds, the issuance of the Bonds, the adoption of the Bond Resolution or the Rate Legislation or the execution and delivery of the Issuer Documents, nor, to the best knowledge of the Issuer, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds, the Issuer Documents, or the excludability from gross income of interest on the Bonds for federal income tax purposes;

(j) The Preliminary Official Statement did not as of its date contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except for "permitted omissions" as described in the Rule;

(k) At the time of the Issuer's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of Section 3 of this Agreement) at all times subsequent thereto during the period up to and including the date of Closing, the Official Statement (other than the information concerning DTC or its book-entry system of registration[, the Policy or Bond Insurer] and information provided by the Underwriters in the Section entitled "UNDERWRITING") will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(l) If the Official Statement is supplemented or amended pursuant to paragraph (d) of Section 3 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the date of Closing the Official Statement as so supplemented or amended (other than the information concerning DTC or its book-entry system of registration[, the Policy or Bond Insurer] and information provided by the Underwriters in the Section entitled "UNDERWRITING") will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading;

(m) The Issuer will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Bond Resolution and

not to take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

(n) The Issuer will furnish such information and execute such instruments and take such action in cooperation with the Underwriters as the Representative may reasonably request (i) to (A) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Representative may designate and (B) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (ii) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction, or comply with any other requirements reasonably deemed by it to be unduly burdensome) and will advise the Representative immediately of receipt by the Issuer of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(o) The financial statements of the Issuer and other financial information regarding the Issuer and the Electric System in the Official Statement fairly present the financial position and results of the Issuer and the Electric System as of the dates and for the periods therein set forth. The Issuer is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer or of the Electric System;

(p) Prior to the Closing, the Issuer will not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by any of the Pledged Revenues without the prior approval of the Representative;

(q) Any certificate, signed by any official of the Issuer authorized to do so in connection with the transactions contemplated by this Agreement, shall be deemed a representation and warranty by the Issuer to the Underwriters as to the statements made therein;

(r) Except as expressly disclosed in the Official Statement, the Issuer neither is nor has been in default any time after December 31, 1975, as to principal or interest with respect to an obligation issued or guaranteed by the Issuer;

(s) Subsequent to the respective dates as of which information is given in the Official Statement, and prior to the Closing Date, except as set forth in or contemplated by the Official Statement, unless consented to by the Underwriters, (i) the Issuer has not incurred and shall not have incurred any material liabilities or obligations relating to the Electric System (as defined in the Bond Resolution), direct or contingent, except in the ordinary course of business, and has not entered into and will not have entered into any material transaction relating to the Electric System not in the ordinary course of business, (ii) there has not been and will not have been any material adverse change in the business or financial position or results of operations of the Electric System, (iii) no loss or damage (whether or not insured) to the property of the Electric System has been or will have been sustained which materially and adversely affects the operations of the Electric System, and (iv) no legal or governmental proceedings affecting the

Electric System or the transactions contemplated by this Agreement have been or will have been instituted or threatened which is material.

5. Closing. (a) At 1:00 p.m. Eastern Daylight Time, on June __, 2016, or at such other time and date as shall have been mutually agreed upon by the Issuer and the Representative (the "Closing"), the Issuer will, subject to the terms and conditions hereof, deliver the Bonds to the Underwriters duly executed and authenticated, together with the other documents hereinafter mentioned, and the Underwriters will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 of this Agreement by a certified or bank cashier's check or checks or wire transfer payable in immediately available funds to the order of the Issuer. Payment for the Bonds as aforesaid shall be made at the offices of Issuer, or such other place as shall have been mutually agreed upon by the Issuer and the Representative.

(b) Delivery of the Bonds shall be made to DTC, New York, New York through its FAST system of registration. The Bonds shall be delivered in definitive fully registered form, bearing CUSIP numbers without coupons, with one Bond for each maturity of the Bonds, registered in the name of Cede & Co., all as provided in the Bond Resolution, and shall be made available to the Representative at least one business day before the Closing for purposes of inspection.

6. Closing Conditions. The Underwriters have entered into this Agreement in reliance upon the representations, warranties and agreements of the Issuer contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters' obligations under this Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Representative:

(a) The representations and warranties of the Issuer contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) The Issuer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing;

(c) At the time of the Closing, (i) the Issuer Documents and the Bonds shall be in full force and effect in the form heretofore approved by the Representative and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative; (ii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel and other counsel to deliver their respective opinions referred to hereafter;

(d) At or prior to the Closing, the Bond Resolution shall have been duly executed and delivered by the Issuer and the Issuer shall have duly executed and delivered and the Registrar shall have duly authenticated the Bonds;

(e) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Issuer or the Electric System, from that set forth in the Official Statement that in the reasonable judgment of the Representative, is material and adverse and that makes it, in the judgment of the Representative, impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement;

(f) The Issuer shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(g) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in legal form and effect to the Representative;

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

(1) The Official Statement, and each supplement or amendment thereto, if any, executed on behalf of the Issuer by its Mayor, City Manager and Finance Director, or such other official as may have been agreed to by the Representative, and the reports and audits referred to or appearing in the Official Statement;

(2) The Bond Resolution and the Rate Legislation with such supplements or amendments as may have been agreed to by the Representative;

(3) Fully executed counterparts of the Issuer Documents;

(4) The Undertaking which satisfies the requirements of section (b)(5)(i) of the Rule;

(5) A final approving opinion of Akerman Senterfitt, Bond Counsel to the Issuer, with respect to the Bonds, dated the date of closing, in substantially the form attached to the Official Statement as Appendix D;

(6) A letter of Akerman Senterfitt, addressed to the Underwriters and dated the date of Closing, to the effect that their final approving opinion referred to in Section 6(h)(5) hereof may be relied upon by the Underwriters to the same extent as if such opinion were addressed to the Underwriters;

(7) A supplemental opinion of Akerman Senterfitt, addressed to the Underwriters, dated the date of Closing, substantially to the effect that:

(i) the Bond Resolution has been duly adopted and is in full force and effect;

(ii) the information contained in the Official Statement under the following headings insofar as such information purports to be summaries or descriptions of the Bond Resolution, the Bonds, or state or federal law, are fair and accurate statements or summaries of such information: "INTRODUCTION," "DESCRIPTION OF THE SERIES 2016 BONDS" (other than the information under the subheading "Book-Entry Only System"), "AUTHORITY FOR THE ISSUANCE OF THE SERIES 2016 BONDS," "REFUNDING PLAN," and "SOURCES OF AND SECURITY FOR PAYMENT OF THE SERIES 2016 BONDS" and the information under "TAX MATTERS" and in Appendix [D] is accurate, but excluding statements contained under any other heading to which reference is made under such headings or Appendix and any financial and statistical information included therein, as to which no opinion need be expressed; and

(iii) the Refunded Bonds have been legally defeased pursuant to and in accordance with the Bond Resolution.

(8) An opinion of Holland & Knight LLP, as Disclosure Counsel, dated the date of the Closing and addressed to the Issuer and the Underwriters, in substantially the form attached hereto as Exhibit A.

(9) An opinion of McLin & Burnsed P.A., Leesburg, Florida, City Attorney, addressed to the Issuer, Bond Counsel and the Underwriters and dated the date of the Closing, to the effect that:

(i) The Issuer is a duly organized and validly existing municipal corporation of the State duly created, organized and existing under the Act, and has full legal right, power and authority under the Act and the Bond Resolution (A) to enter into, execute and deliver the Issuer Documents and all documents required hereunder and thereunder to be executed and delivered by the Issuer, (B) to sell, issue and deliver the Bonds to the Underwriters as provided herein, (C) to carry out and consummate the transactions contemplated by the Issuer Documents and the Official Statement, (D) to operate the Electric System, and (E) to refund the Refunded Bonds, and the Issuer has complied, and will at the Closing be in compliance in all material respects, with the terms of the Act and the Issuer Documents as they pertain to such transactions;

(ii) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (A) the adoption of the Bond Resolution, the adoption and/or enactment of the Rate Legislation and the issuance and sale of the Bonds, (B) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part, contained in the Bonds and the Issuer Documents, and (C) the consummation by it of all other transactions contemplated by the Official Statement, the Issuer Documents and any and all such other agreements and documents as may be required to be executed,

delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Official Statement;

(iii) The Bond Resolution and the Rate Legislation were each duly and validly adopted and/or enacted by the Issuer and is in full force and effect; the Bond Resolution and all other proceedings pertinent to the validity and enforceability of the Bonds and the receipt of the Pledged Revenues pledged to pay principal of and interest on the Bonds have been duly and validly adopted or undertaken in compliance with all applicable procedural requirements of the Issuer and in compliance with the Constitution and laws of the State, including the Act;

(iv) The Issuer Documents have been duly authorized, executed and delivered by the Issuer, and constitute legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms, except to the extent limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws and equitable principles of general application relating to or affecting the enforcement of creditors' rights; and the Bonds, when issued, delivered and paid for, in accordance with the Bond Resolution and this Agreement, will constitute legal, valid and binding obligations of the Issuer entitled to the benefits of the Bond Resolution and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; upon the issuance, authentication and delivery of the Bonds as aforesaid, the Bond Resolution will provide, for the benefit of the holders, from time to time, of the Bonds, the legally valid and binding pledge of and lien it purports to create as set forth in the Bond Resolution;

(v) The distribution of the Preliminary Official Statement and the Official Statement has been duly authorized by the Issuer;

(vi) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Issuer Documents and the Bonds have been obtained, including but not limited to the authority of the Issuer to operate the Electric System outside of the Issuer's municipal boundaries;

(vii) There is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Issuer, after due inquiry, threatened against the Issuer, affecting the corporate existence of the Issuer or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of Pledged Revenues or the refunding of the Refunded Bonds pursuant

to the Bond Resolution or in any way contesting or affecting the validity or enforceability of the Bonds, the Issuer Documents, or contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption and/or enactment of the Bond Resolution and the Rate Legislation or the execution and delivery of the Issuer Documents, nor, to the best knowledge of the Issuer; is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Issuer Documents;

(viii) The execution and delivery of the Issuer Documents and compliance by the Issuer with the provisions hereof and thereof, under the circumstances contemplated herein and therein, will not conflict with or constitute on the part of the Issuer a material breach of or a default under any agreement or instrument to which the Issuer is a party, or violate any existing law, administrative regulation, court order, or consent decree to which the Issuer is subject; and

(ix) Based on the examination which such counsel has caused to be made and its participation at conferences at which the Preliminary Official Statement and the Official Statement were discussed, such counsel has no reason to believe that the Official Statement as of its date and as of the date hereof contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect (except for any financial forecast, technical and statistical data included in the Official Statement and except for information regarding DTC and its book entry only system of registration, [the Policy, the Bond Insurer] and information provided by the Underwriters under the Section entitled "UNDERWRITING", in each case as to which no view need be expressed (except for the description of legal matters pertaining to the City, the undersigned has not, however, undertaken to independently verify the content of the final Official Statement);

(10) A certificate, dated the date of Closing, signed by the Mayor, the City Manager and the Finance Director of the Issuer, or such other officials satisfactory to the Underwriters, and in form and substance satisfactory to the Underwriters, to the effect that, to the best of their knowledge and belief (i) the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing; (ii) no litigation or proceeding against the Issuer is pending or, to their knowledge, threatened in any court or administrative body nor is there a basis for litigation which would (A) contest the right of the members or officials of the Issuer to hold and exercise their respective positions, (B) contest the due organization and valid existence of the Issuer, (C) contest the validity, due authorization and execution of the Bonds or the Issuer Documents or (D) attempt to limit, enjoin or otherwise restrict or prevent the Issuer or the Electric System from functioning and

collecting revenues, including payments on the Bonds, pursuant to the Bond Resolution, and other income or the anticipated receipt of Pledged Revenues pledged to pay the principal of and interest on the Bonds, or the pledge thereof; (iii) the Bond Resolution and the Rate Legislation has been duly adopted by the Issuer, are in full force and effect and have not been modified, amended or repealed, and (iv) to the best of its knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any respect as of the time of Closing, and the information contained in the Official Statement (other than the information concerning DTC or its book-entry only system of registration[, information concerning the Policy or Bond Insurer] and information provided by the Underwriters in the Section entitled "UNDERWRITING") is correct in all material respects and, as of the date of the Official Statement did not, and as of the date of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(11) A certificate of the Issuer in form and substance satisfactory to Bond Counsel and counsel to the Underwriters (i) setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code, and (ii) certifying that to the best of the knowledge and belief of the Issuer there are no other facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate;

(12) A certificate of an authorized representative of U.S. Bank National Association (the "Bank"), as Registrar, Paying Agent and Escrow Agent to the effect that (i) the Bank is a national banking association duly organized, validly existing and in good standing under the law of the United States of America and is duly authorized to exercise trust powers in the State of Florida, (ii) the Bank has all requisite authority, power, licenses, permits and franchises, and has full corporate power and legal authority to execute and perform its functions under the Bond Resolution, the Escrow Agreement and the Registrar and Paying Agent Agreement, dated the date of delivery of the Bonds, between the Issuer and the Bank (the "Paying Agent Agreement"), (iii) the performance by the Bank of its functions under the Bond Resolution, the Escrow Agreement and the Paying Agent Agreement will not result in any violation of the Articles of Association or Bylaws of the Bank, any court order to which the Bank is subject or any agreement, indenture or other obligation or instrument to which the Bank is a party or by which the Bank is bound, and no approval or other action by any governmental authority or agency having supervisory authority over the Bank is required to be obtained by the Bank in order to perform its functions under the Bond Resolution, the Escrow Agreement and the Paying Agent Agreement, (iv) the Escrow Agreement and the Paying Agent Agreement each constitutes a valid and binding obligation of the Bank in accordance with its terms,

subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity and (v) to the best of such authorized representative's knowledge, there is no action, suit, proceeding or investigation at law or in equity before any court, public board or body pending or, to his or her knowledge, threatened against or affecting the Bank wherein an unfavorable decision, ruling or finding on an issue raised by any party thereto is likely to materially and adversely affect the ability of the Bank to perform its obligations under the Bond Resolution, the Escrow Agreement' and the Paying Agent Agreement;

(13) A certificate, dated the date of the Closing, signed by the Director of Electric, to the effect that he has reviewed the information relating to the Electric System in the Official Statement under the headings "THE ELECTRIC SYSTEM," and "CAPITAL IMPROVEMENT PROGRAM" and such information is accurate and complete, and that such information does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(14) An opinion of Greenberg Traurig, P.A., counsel to the Underwriters, to the effect that the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Bond Resolution is exempt from qualification under the Trust Indenture Act of 1939, as amended; no facts have come to the attention of such counsel which have caused such counsel to believe that the information in the Preliminary Official Statement or the Official Statement (excluding, any financial, statistical, demographic and numerical information, any forecasts, estimates, assumptions or expressions of opinion, and information regarding DTC and its book-entry only system of registration, [information regarding the Bond Insurer and its Policy], or the information contained in the section[s] entitled "TAX TREATMENT" ["MUNICIPAL BOND INSURANCE'] or the information contained in appendices thereto, as to all of which no opinion is expressed) as of their respective dates contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and the Undertaking satisfies the requirements of Section (b)(5)(i) of Rule 15c2-12.

(15) A signed copy of the letter of representations from the Issuer to DTC;

(16) A certificate of the Mayor, City Manager or Finance Director deeming the Preliminary Official Statement "final" as of its date for the purposes of Rule 15c2-12;

(17) Evidence that the City has complied with Section 12.02 of the Bond Resolution with respect to the issuance of the Bonds as Additional Bonds;

(18) A letter of Fitch that the Bonds have an underlying rating of "__," and a letter of S&P that the Bonds have an underlying rating of "__" and that all such ratings are in effect as of the date of Closing [insert insured ratings if applicable];

(19) [A copy of the Bond Insurance Policy];

(20) [An opinion of counsel to _____ and certificates of _____ in form and substance acceptable to Bond Counsel and Disclosure Counsel to the Issuer];

(21) Verification Report of Precision Analytics, Inc., verification agent;

(22) Such additional legal opinions, certificates, instruments and other documents as the Representative or counsel to the Underwriters may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the Issuer's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Issuer on or prior to the date of the Closing of all the respective agreements then to be performed and conditions then to be satisfied by the Issuer.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriters.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds contained in this Agreement, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriters nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of the Issuer and the Underwriters set forth in Sections 1 (with respect to the return of the good faith check only), 4 and 8 hereof shall continue in full force and effect.

7. Termination. The Underwriters shall have the right to cancel their obligation to purchase the Bonds if, between the date of this Agreement and the Closing, the market price or marketability of the Bonds shall be materially adversely affected, in the reasonable judgment of the Representative, by the occurrence of any of the following after the date of this Agreement:

(a) Legislation shall be enacted by or introduced in either House of Congress of the United States or favorably reported for passage to either House of Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds of the interest on the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein;

(b) Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), release or other form of notice issued or made by or

on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Bond Resolution is not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) Any state Blue Sky or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(d) A general suspension of trading in securities on the New York Stock Exchange or other national securities exchange, the establishment of minimum prices on any such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(e) The New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, Underwriters;

(f) Any event occurring, or information becoming known which, in the judgment of the Representative, makes untrue in any material respect any statement or information contained in the Official Statement, or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(g) There shall have occurred since the date hereof any materially adverse change in the affairs or financial condition of the Issuer or the Electric System and any supplement or amendment to the Official Statement pursuant to Section 3(d) hereof does not cure the materially adverse effect on the market price or the marketability of the Bonds;

(h) Between the date hereof and the Closing, the Issuer has, without the prior written consent of the Representative, offered or issued any bonds, notes or other obligations for borrowed money, or incurred any material liabilities, direct or contingent, other than as described in the Official Statement, in either case payable from the Pledged Revenues;

(i) The United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak or escalation of hostilities, it being agreed that no such hostilities exist at the time of the execution of this Agreement;

(j) There shall have occurred any national or international calamity or crisis in the financial markets or otherwise of the United States or elsewhere;

(k) Prior to Closing, S&P, or Fitch Ratings shall inform the Issuer or the Underwriters that the Bonds (without considering the Bond Insurance Policy) will not receive underlying ratings of at least "___,"and "___," respectively;

(l) There shall have occurred or any notice shall have been given of any intended review, downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to any of the Issuer's obligations or rating of [the Bond Insurer];

(m) [Prior to Closing, the Bond Insurer shall inform the Issuer that it will not be delivering the Bond Insurance Policy]; and

(n) The purchase of and payment for the Bonds by the Underwriters, or the resale of the Bonds by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

8. Expenses. (a) The Underwriters shall be under no obligation to pay, and the Issuer shall pay all expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to (i) the cost of preparation and printing of the Bonds, Preliminary Official Statement, Official Statement and any amendment or supplement thereto, (ii) the fees and disbursements of Bond Counsel, City Attorney and Disclosure Counsel, if any; (iii) the fees and disbursements of the Financial Advisor to the Issuer; (iv) the fees and disbursements of any Paying Agent, Escrow Agent or engineers, accountants, and other experts, consultants or advisers retained by the Issuer, if any; and (v) all fees, premiums and expenses in connection with obtaining bond ratings. The Issuer shall also pay for any expenses (included in the expense component of the Underwriters' discount) incurred by the Underwriters which are incidental to implementing this Bond Purchase Agreement and the issuance of the Bonds, including, but not limited to, meals, transportation and lodging, if any, and any other miscellaneous closing costs, subject to approval of the Issuer.

(b) Except as provided for above, the Underwriters shall pay (i) the cost of preparation and printing of this Agreement, any Blue Sky Surveys and/or Legal Investment Memoranda; (ii) all advertising expenses in connection with the public offering of the Bonds; and (iii) all other expenses incurred by them in connection with the public offering of the Bonds, including the fees and disbursements of counsel retained by the Underwriters. In the event that either party shall have paid obligations of the other as set forth in this Section 8, adjustment shall be made at the time of the Closing.

(c) If this Agreement shall be terminated by the Underwriters because of any failure or refusal on the part of the Issuer to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Issuer shall be unable to perform its obligations under this Agreement, unless caused by the Underwriters, the Issuer will reimburse the Underwriters for all out-of-pocket expenses (including the fees and disbursements of counsel to the Underwriters) reasonably incurred by the Underwriters in connection with this Agreement or the offering contemplated hereunder.

(d) The Issuer acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

9. Notices. Any notice or other communication to be given to the Issuer under this Agreement may be given by delivering the same in writing to City of Leesburg, Florida, 501 W. Meadow Street, Leesburg, Florida 34749, to the attention of Finance Director, and any notice or other communication to be given to the Underwriters under this Agreement may be given by delivering the same in writing to Stifel, Nicolaus & Company, Incorporated, 111 N. Magnolia Ave., Suite 1175, Orlando, Florida 32801, Attention: Mr. Matthew J. Sansbury.

10. Parties in Interest. This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer and the Underwriters (including successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof. This Agreement may not be assigned by the Issuer or the Underwriters. All of the Issuer's and Underwriters' representations, warranties and agreements contained in this Agreement shall remain operative and in full force and effect, regardless of (i) delivery of and payment for the Bonds pursuant to this Agreement; and (ii) any termination of this Agreement.

11. Effectiveness. This Agreement shall become effective upon the acceptance hereof by the Issuer and shall be valid and enforceable at the time of such acceptance.

12. Choice of Law. This Agreement shall be governed by and construed in accordance with the law of the State of Florida.

13. Severability. If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

14. Business Day. For purposes of this Agreement, "business day" means any day on which the New York Stock Exchange is open for trading.

15. Section Headings. Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

16. Counterparts. This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

[SIGNATURE PAGE TO BOND PURCHASE AGREEMENT FOR THE PURCHASE OF THE CITY OF LEESBURG, FLORIDA ELECTRIC SYSTEM REFUNDING REVENUE BONDS, SERIES 2016 BETWEEN THE CITY OF LEESBURG, FLORIDA AND STIFEL, NICOLAUS & COMPANY, INCORPORATED, AS REPRESENTATIVE ON BEHALF OF ITSELF AND RBC CAPITAL MARKETS, LLC]

If you agree with the foregoing, please sign the Agreement and return it to the Underwriters. This Agreement shall become a binding agreement between you and the Underwriters when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

Respectfully submitted,

STIFEL, NICOLAUS & COMPANY,
INCORPORATED

By: _____
Matthew J. Sansbury, Managing Director

Date: _____

ACCEPTANCE

ACCEPTED at _____ [a.m./p.m.] Eastern Daylight Time this _____ day of _____, 2016.

CITY OF LEESBURG, FLORIDA

By: _____
William Spinelli, CPA, Finance Director

Schedule I

$_____
CITY OF LEESBURG, FLORIDA
Electric System Refunding Revenue Bonds, Series 2016

MATURITIES, AMOUNTS, INTEREST RATES, PRICES AND YIELDS

Maturity (October 1)	Amount	Interest Rate	Price	Yield

$_____ _____% Term Bonds due October 1, 20__; Price _____%; Yield ____%
$_____ _____% Term Bonds due October 1, 20__; Price _____%; Yield _____%

_____
*Price and yield calculated to first optional call date of October 1, 20__.

Optional Redemption

The Bonds maturing on and before October 1, 20__ are not redeemable prior to their stated dates of maturity. The Bonds maturing on and after October 1, 20__ are subject to redemption prior to their stated dates of maturity, at the option of the Issuer, in whole or in part on any day on or after October 1, 20__, in such amounts and maturities as the Issuer in its discretion shall select and by lot within a maturity if less than a full maturity, at a redemption price equal to the principal amount thereof, together with accrued interest on such principal amount at the redemption date.

Mandatory Redemption

The Bonds maturing on October 1, 20__ are subject to mandatory sinking fund redemption prior to maturity in part by lot on October 1, 20__ and on each October 1 thereafter, at a redemption price equal to the principal amount thereof being so redeemed and accrued interest thereon to the date fixed for redemption, without premium, from Amortization Installments in the amounts set forth below:

Year	Amortization Installments

_____
*Final Maturity

The Bonds maturing on October 1, 20__ are subject to mandatory sinking fund redemption prior to maturity in part by lot on October 1, 20__ and on each October 1 thereafter, at a redemption price equal to the principal amount thereof being so redeemed and accrued interest thereon to the date fixed for redemption, without premium, from Amortization Installments in the amounts set forth below:

Year	Amortization Installments

_____
*Final Maturity

Schedule II

DISCLOSURE STATEMENT AND TRUTH-IN-BONDING STATEMENT

_____ __, 2016

Mayor and City Commission of
the City of Leesburg, Florida
Leesburg, Florida

Re: $_____ City of Leesburg, Florida Electric System Refunding Revenue Bonds, Series 2016

Dear Mayor and Commission Members:

In connection with the proposed issuance by the City of Leesburg, Florida (the "Issuer") of $_____ in aggregate principal amount of its City of Leesburg, Florida Electric System Refunding Revenue Bonds, Series 2016 (the "Bonds"), Stifel, Nicolaus & Company, Incorporated, on behalf of itself and RBC Capital Markets, LLC (collectively, the "Underwriters") is underwriting a public offering of the Bonds.

The purpose of the following six paragraphs of this letter is to furnish, pursuant to the provisions of Section 218.385(6), Florida Statutes, as amended, certain information in respect of the arrangements contemplated for the purchase and sale of the Bonds, as follows:

(a) The nature and estimated amount of expenses to be incurred by the Underwriters in connection with the purchase and re-offering of the Bonds are set forth in Attachment 1 attached hereto.

(b) There are no "finders," as defined in Section 218.386, Florida Statutes, as amended, connected with the sale and purchase of the Bonds.

(c) The underwriting spread, the difference between the price at which the Bonds will be initially offered to the public by the Underwriters and the price to be paid to the Issuer for the Bonds will be $____ per $1,000 of Bonds issued.

(d) As part of the estimated underwriting spread set forth in paragraph (c) above, the Underwriters will charge a management fee of $0.00 per $1,000 of Bonds issued.

(e) No other fee, bonus or other compensation is estimated to be paid by the Underwriters in connection with the issuance of the Bonds to any person not regularly employed or retained by the Underwriters (including any "finder" as defined in Section 218.386(l)(a),

Florida Statutes), except as specifically enumerated as expenses to be incurred by the Underwriters, as set forth in paragraph (a) above.

(f) The name and address of the Underwriters are:

Stifel, Nicolaus & Company, Incorporated
111 N. Magnolia Ave., Suite 1175
Orlando, Florida 32801

RBC Capital Markets, LLC
1650 Prudential Drive, Suite 101,
Jacksonville, Florida 32207

The purpose of the following two paragraphs is to furnish, pursuant to the provisions of Sections 218.385(2) and (3), Florida Statutes, as amended, the truth-in-bonding statement required thereby, as follows:

(a) The Issuer is proposing to issue $_____ of the Bonds for the principal purposes of (1) refunding certain outstanding bonds and notes, (2) [funding a debt service reserve fund], and (3) paying certain costs and expenses relating to the issuance of the Bonds. This obligation is expected to be repaid over a period of approximately _____ years. At a true interest cost of approximately _____%, total interest paid over the life of the Bonds will be $_____.

(b) The source of repayment or security of the Bonds is the Pledged Revenues, which Pledged Revenues include Net Revenues of the Electric System, as such terms are defined in Resolution No. 7143 of the Issuer adopted on June 14, 2004, as amended and supplemented. Authorizing this debt will result in an average of $_____ (average annual debt service) of such Pledged Revenues not being available to finance other services of the Issuer each year for approximately _____ years.

The foregoing is provided for information purposes only and shall not affect or control the actual terms and conditions of the Bonds.

Very truly yours,

Stifel, Nicolaus & Company, Incorporated, as Representative

_____
Title: Managing Director

ATTACHMENT 1

Underwriters' Estimated Expenses

Underwriters' Counsel
Fees and Expenses
Ipreo
Day Loan
CUSIP
DTC
Travel, Communications

Total

EXHIBIT A

Form of Disclosure Counsel Opinion

_____ __, 2016

City of Leesburg, Florida
Fort Myers, Florida

RBC Capital Markets, LLC
Jacksonville, Florida

Stifel, Nicolaus & Company, Incorporated
Orlando, Florida

Re: $_____ City of Leesburg, Florida Electric System Refunding Revenue Bonds, Series 2016 (the "2016 Bonds")

Ladies and Gentlemen:

We have acted as Disclosure Counsel to City of Leesburg, Florida (the "Issuer") in connection with the issuance of the $_____ City of Leesburg, Florida Electric System Refunding Revenue Bonds, Series 2016 (the "2016 Bonds") and render this letter at your request. The 2016 Bonds are being issued to (i) refund on an advance basis [all/that portion] of the City's outstanding Electric System Revenue Bonds, Series 2007A, [maturing on or after _____], (the "2007A Refunded Bonds"), (ii) refund on a current basis the City's outstanding Electric System Refunding Revenue Note, Series 2013 (the "2013 Refunded Note"), (iii) refund on a current basis the City's outstanding Electric System Refunding Revenue Note, Series 2014 (the "2014 Refunded Note," collectively with the 2007A Refunded Bonds and the 2013 Refunded Note, the "Refunded Bonds"), and (iv) pay the costs of issuance of the 2016 Bonds[, including the premium for a municipal bond insurance policy]. As Disclosure Counsel, we have reviewed and relied upon the following:

A. a certified copy of Resolution No. 7143 duly adopted by the City Commission of the City (the "City Commission") on June 14, 2004 (the "Authorizing Resolution"), as amended and supplemented, and as particularly as supplemented by Resolution No. 2016-_____ adopted by the City Commission on May 9, 2016 (collectively, the "Bond Resolution"),

B. the Official Statement of the Issuer relating to the 2016 Bonds, dated May __, 2016 (the "Official Statement");

C. the Bond Purchase Agreement dated May __, 2016 (the "Bond Purchase Agreement"), between the Issuer and Stifel, Nicolaus & Company, Incorporated, on behalf of itself and RBC Capital Markets, LLC (collectively, the "Underwriters");

D. the Disclosure Dissemination Agreement dated as of the date hereof between the Issuer and Digital Assurance Certification, L.L.C., dated June __, 2016 (the "Disclosure Agreement");

E. a certificate of the Mayor, City Manager and Finance Director of the Issuer dated the date hereof, pertaining, among other things, to the Official Statement;

F. a certificate of the Director of Electric; and

G. such other documents and instruments, including certificates and representations of public officials and other officers and representatives of the various parties participating in this transaction, and related matters that we have deemed necessary in order to render this opinion.

All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Official Statement.

We have also reviewed the opinions rendered this date of Akerman Senterfitt, Bond Counsel ("Bond Counsel"), and of McLin & Burnsed, P.A., counsel to the Issuer (the "City Attorney"), pertaining to the 2016 Bonds. To the extent the opinions expressed herein relate to or are dependent upon a determination that the proceedings and actions relating to the authorization, issuance and sale of the 2016 Bonds are lawful and valid under the Constitution and laws of the State of Florida, that the 2016 Bonds and the Bond Resolution are valid and legally binding obligations of the Issuer or that interest on the 2016 Bonds is excluded from the gross income of the owners thereof for federal income tax purposes and the defeasance of the Refunded Bonds, we understand that you are relying on the opinions rendered on the date hereof by Bond Counsel, and the City Attorney, and no opinion is expressed herein as to such matters.

In making examinations and in rendering this letter, we have assumed the genuineness of signatures on all documents and instruments, the authenticity and completeness of all documents submitted to us as originals and the conformity to original documents of copies submitted to us. In the course of our participation in the preparation of the Official Statement, we participated in discussions with representatives of the Issuer, Akerman Senterfitt, Bond Counsel, Public Financial Management Inc., Financial Advisor to the Issuer, the City Attorney and the Underwriters.

Although we are not passing upon and do not assume responsibility for, the accuracy, completeness or fairness of the statements contained in the Official Statement, based upon the foregoing and the information made available to us in the course of our participation in the preparation of the Official Statement, as Disclosure Counsel to the Issuer, and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, as of the date hereof and subject to the qualifications set forth herein, nothing has come to our attention which would cause us to believe that the Official Statement as of its date contained or, as of the date hereof contains, any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. We express no view with respect to the information pertaining to The

Depository Trust Company or its book-entry only system of registration, or the information contained under the captions "TAX MATTERS," or ["MUNICIPAL BOND INSURANC,"] or information provided by the Underwriters under the caption "UNDERWRITING" or the report of Moore Stephens Lovelace, P.A., independent auditors of the Issuer, and references to any of the foregoing or to any management discussion and analysis or to any financial, statistical, engineering, economic or demographic data or forecasts, numbers, charts tables, or graphs or any estimates, projections or expressions of opinion contained in or referenced in the Official Statement and the Appendices thereto. We have not reviewed any electronic version of the Official Statement and have assumed for purposes of this letter that any such version is identical in all respects to the printed version.

The views set forth herein are expressly limited to, and we address only with respect to, the laws of the State of Florida and the United States of America. We express no view as to the effect of the laws of any other jurisdictions. The views expressed herein are based upon the laws in effect on the date hereof and are subject to any change in such laws, including judicial and administrative interpretations thereof, which may occur or be reported subsequent to the date hereof. The only views rendered hereby shall be those expressly stated as such herein, and no opinion shall be implied or inferred as a result of anything contained herein or omitted herefrom. In rendering this letter, we have relied as to matters of fact, to the extent we deemed proper, upon representation, warranties and certifications of the Issuer made in the Bond Resolution, the Bond Purchase Agreement, the 2016 Bonds and documents and certificates relating thereto.

This letter is furnished by us as Disclosure Counsel and is solely for your benefit and may not be relied upon by, or published or communicated to, any other person without our express written consent. We disclaim any obligation to supplement this letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur. Except with respect to the Issuer, no attorney client relationship has existed or exists between our firm and any other parties involved in the transactions by virtue of this opinion letter.

Sincerely yours,

_____

HOLLAND & KNIGHT LLP

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2016

NEW ISSUE – BOOK-ENTRY ONLY

See "RATINGS" herein

In the opinion of bond counsel, assuming compliance by the City with certain covenants, under existing statutes, regulations, and judicial decisions, the interest on the Series 2016 Bonds is, under Section 103 of the Code (as hereinafter defined), excludable from gross income for federal income tax purposes of the holders thereof and will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Series 2016 Bonds shall be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations. See "TAX MATTERS" herein for a description of other tax consequences to holders of the Series 2016 Bonds.

$[17,000,000]*
CITY OF LEESBURG, FLORIDA
Electric System Refunding Revenue Bonds, Series 2016

DAC

Dated: Date of Delivery **Due:** October 1, as shown on inside cover

The Electric System Refunding Revenue Bonds, Series 2016 (the "Series 2016 Bonds") of the City of Leesburg, Florida (the "City"), will be issued only as fully registered bonds in denominations of $5,000 or any integral multiple thereof and will be initially registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2016 Bonds. The Series 2016 Bonds will be available to purchasers only under the book-entry system maintained by DTC through brokers and dealers who are, or act through, DTC Participants. Purchasers will not receive delivery of the Series 2016 Bonds. So long as any purchaser is the Beneficial Owner (as defined herein) of a Series 2016 Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on such Series 2016 Bond. The principal of and interest on the Series 2016 Bonds will be paid by U.S. Bank National Association, Orlando, Florida, as Registrar and Paying Agent. See "DESCRIPTION OF THE SERIES 2016 BONDS - Book-Entry Only System" herein. Interest on the Series 2016 Bonds will be payable on October 1, 2016, and semiannually thereafter on April 1 and October 1 of each year.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THIS ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

The Series 2016 Bonds are being issued by the City pursuant to Section 159.11, Florida Statutes, Chapter 166, Florida Statutes, and Article VIII, Section 2, Constitution of the State of Florida, and other applicable provisions of law (collectively, the "Act"), and Resolution No. 7141 adopted by the City Commission of the City (the "City Commission") on June 14, 2004, as supplemented and amended, and as particularly as amended by Resolution Nos. 7960 and 7964 each adopted by the City on July 23, 2007 and as particularly supplemented by Resolution No. _____ adopted by the City Commission on May 9, 2016 (collectively, the "Bond Resolution"). The Series 2016 Bonds are being issued to provide funds, together with other legally available funds of the City, for the purpose of (i) advance refunding all or a portion of the Outstanding Electric System Revenue Bonds, Series 2007A (ii) current refunding the outstanding Electric System Refunding Revenue Note, Series 2013, (iii) current refunding the outstanding Electric System Refunding Revenue Note, Series 2014, and (iv) paying costs of issuance of the Series 2016 Bonds.

The principal of and interest on the Series 2016 Bonds will be payable from and will be secured solely by a lien upon and a pledge of (i) the Net Revenues derived by the City from the operation of the Electric System (described herein), and (ii) until applied in accordance with the provisions of the Bond Resolution, all moneys, including income from the investment thereof, in certain of the funds and accounts established by the Bond Resolution, all in the manner, and subject to the terms and provisions of the Bond Resolution (collectively, the "Pledged Revenues") on a parity with the City's Outstanding Taxable Electric System Revenue Bonds, Series 2007B and to the extent not refunded with proceeds of the Series 2016 Bonds, the Electric System Revenue Bonds, Series 2007A, Electric System Refunding Revenue Note, Series 2013 and Electric System Refunding Revenue Note, Series 2014 and any Additional Bonds hereafter issued, all in the manner and to the extent provided in the Bond Resolution. See "SOURCES OF AND SECURITY FOR PAYMENT OF THE SERIES 2016 BONDS" herein.

The scheduled payment of principal of and interest on the Series 2016 Bonds maturing on [_____] through [_____], inclusive (collectively the "Insured Bonds"), when due will be guaranteed under an insurance policy to be issued by [_____] (the "Bond Insurer") simultaneously with the delivery of the Insured Bonds. For a discussion of the terms and provisions of such policy, including the limitations thereof, see "MUNICIPAL BOND INSURANCE" herein and "APPENDIX F – Specimen Bond Insurance Policy" attached hereto for a description of the Bond Insurer and a specimen of its bond insurance policy.] The decision as to whether to purchase a municipal bond insurance policy insuring all or a portion, or any of the Series 2016 Bonds, will be made at or about the time of pricing the Series 2016 Bonds, and will be based upon, among other things, market conditions existing at such time.

[Insurer Logo]

The Series 2016 Bonds are subject to redemption prior to maturity as more fully described herein. See "DESCRIPTION OF THE SERIES 2016 BONDS - Redemption Provisions" herein.

THE SERIES 2016 BONDS AND THE INTEREST THEREON AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE BOND RESOLUTION SHALL BE LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM AND SECURED SOLELY BY THE PLEDGED REVENUES AS PROVIDED IN THE BOND RESOLUTION. NEITHER THE SERIES 2016 BONDS NOR THE INTEREST PAYABLE THEREON SHALL CONSTITUTE A GENERAL INDEBTEDNESS OF THE CITY, THE STATE OF FLORIDA (THE "STATE"), OR ANY AGENCY, INSTRUMENTALITY OR POLITICAL SUBDIVISION OF ANY OF THE FOREGOING WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF THE STATE. THE SERIES 2016 BONDS AND THE INTEREST PAYABLE THEREON DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OR TAXING POWER OF THE CITY, THE STATE OR ANY AGENCY, INSTRUMENTALITY OR POLITICAL SUBDIVISION OF ANY OF THE FOREGOING OR A LIEN UPON ANY PROPERTY OF THE CITY, THE STATE OR ANY AGENCY, INSTRUMENTALITY OR POLITICAL SUBDIVISION OF ANY OF THE FOREGOING OTHER THAN AS PROVIDED IN THE BOND RESOLUTION. NO BONDHOLDER NOR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE CITY, THE STATE OR ANY AGENCY, INSTRUMENTALITY OR POLITICAL SUBDIVISION OF ANY OF THE FOREGOING TO PAY THE SERIES 2016 BONDS OR THE INTEREST THEREON OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE BOND RESOLUTION.

The Series 2016 Bonds are offered when, as and if issued, subject to receipt of the legal opinion of Akerman LLP, Orlando, Florida, Bond Counsel. Certain legal matters will be passed on for the City by McLin & Burnsed, P.A., City Counsel and by Holland & Knight LLP, Lakeland, Florida, Disclosure Counsel. Public Financial Management, Inc., Orlando, Florida, is acting as Financial Advisor to the City in connection with the issuance of the Series 2016 Bonds. Certain legal matters will be passed on for the Underwriters by Greenberg Traurig, P.A., Miami, Florida. It is expected that settlement for the Series 2016 Bonds will occur through the facilities of DTC in New York, New York, on or about _____, 2016.

STIFEL, NICOLAUS & COMPANY, INCORPORATED

RBC CAPITAL MARKETS, LLC

Dated: _____, 2016

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* Preliminary, subject to change

RED HERRING LANGUAGE

This Preliminary Official Statement and the information contained herein are subject to change, completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or solicitation of an offer to buy nor shall there be any sale of the Series 2016 Bonds by any person in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The City has deemed this Preliminary Official Statement "final," except for certain permitted omissions, within the contemplation of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

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

$[17,000,000]*
CITY OF LEESBURG, FLORIDA
Electric System Refunding Revenue Bonds,
Series 2016

($_____ Serial Bonds)

Maturity Date (October 1)	Principal Amount	Interest Rate	Yield	Price	Initial CUSIP No.†

($_____ Term Bonds)

$_____ _____% Term Bonds due October 1, 20__, Yield _____%, Price _____%, Initial CUSIP No. _____†
$_____ _____% Term Bonds due October 1, 20__, Yield _____%, Price _____%, Initial CUSIP No. _____†

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* Preliminary, subject to change

† The City is not responsible for the use of CUSIP Numbers, nor is a representation made as to their correctness. The CUSIP Numbers are only included solely for the convenience of the readers of the Official Statement and may be changed after the issuance of the Series 2016 Bonds.

CITY OF LEESBURG, FLORIDA

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John Christian
Elise A. Dennison
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William Spinelli, CPA, Finance Director

City Attorney
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Orlando, Florida

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Orlando, Florida

Disclosure Counsel
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No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than the information and representations contained herein, in connection with the offering of the Series 2016 Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell nor the solicitation of an offer to buy, nor will there be any sale of the Series 2016 Bonds to any person in any jurisdiction to whom it is unlawful to make such offer, solicitation or sale. The information set forth herein has been obtained from the City and The Depository Trust Company and other sources which are believed to be reliable, and while not guaranteed as to completeness or accuracy, is believed to be correct as of the date of this Official Statement. Any statements in this Official Statement involving estimates, assumptions and matters of opinion, whether or not so expressly stated, are intended as such and not as representations of fact, and the City expressly makes no representation that such estimates, assumptions and opinions will be realized or fulfilled. Any information, estimates, assumptions and matters of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in the affairs of the City since the date hereof.

The Series 2016 Bonds have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended, nor has the Bond Resolution been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. The registration or qualification of the Series 2016 Bonds in accordance with applicable provisions of the securities laws of the states, if any, in which the Series 2016 Bonds have been registered or qualified and the exemption from registration or qualification in certain other states cannot be regarded as a recommendation thereof. Neither these states nor any of their agencies have passed upon the merits of the Series 2016 Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2016 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2016 BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2016 BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

References herein to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to this Official Statement, copies may be obtained from the City of Leesburg, Florida, 501 W. Meadow Street, Leesburg, Florida 34748, Attention: City Clerk, upon payment of reproduction costs and postage and handling expenses.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

CERTAIN STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT REFLECT NOT HISTORICAL FACTS BUT FORECASTS AND "FORWARD-LOOKING STATEMENTS." IN THIS RESPECT, THE WORDS "ESTIMATE," "PROJECT," "ANTICIPATE," "EXPECT," "INTEND," "BELIEVE" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. ALL PROJECTIONS, FORECASTS, ASSUMPTIONS, EXPRESSIONS OF OPINIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE A CONTRACT BETWEEN THE CITY OR THE UNDERWRITERS AND ANY ONE OR MORE OF THE OWNERS OF THE SERIES 2016 BONDS. THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITES: [WWW.MUNIOS.COM] OR WWW.EMMA.MSRB.ORG. THIS OFFICIAL STATEMENT SHOULD BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR AS PRINTED IN ITS ENTIRETY DIRECTLY FROM SUCH WEBSITES.

TABLE OF CONTENTS

Page

INTRODUCTION **1**
THE CITY **2**
AUTHORITY FOR ISSUANCE OF THE SERIES 2016 BONDS **2**
REFUNDING PLAN **3**
ESTIMATED SOURCES AND USES OF FUNDS **4**
DEBT SERVICE SCHEDULE **5**
DESCRIPTION OF THE SERIES 2016 BONDS **5**
General 5
Book-Entry Only System 6
Redemption Provisions 7
Notice of Redemption 8
Effect of Notice of Redemption 9
SOURCES OF AND SECURITY FOR PAYMENT OF THE SERIES 2016 BONDS **9**
General 9
Pledged Revenues 9
Limited Obligations 10
Creation of Funds and Accounts 10
No Reserve Funding for the Series 2016 Bonds 11
Revenue and Operating Fund 11
No Reserve Funding for the Series 2016 Bonds 12
Rate Stabilization Fund 13
Rate Covenant 13
Additional Bonds 13
Qualified Swaps 15
Separately Financed Projects 15
Other Covenants 15
Investment of Funds 16
Rights of a Bond Insurer 16
MUNICIPAL BOND INSURANCE **17**
Bond Insurance Policy 17
[Name of Insurer] 17
BOND INSURANCE RISK FACTORS **17**
THE ELECTRIC SYSTEM **17**
General 17
Operation 18
Service Territory 18
Power Supply Projects 20
Interconnection & Distribution Facilities 23
General Plant Facilities 23
Insurance 24
Historical Customers, Sales and Power Supply Requirements 25
Rates 26
Ten Largest Customers 28
Rate Comparison 29
CAPITAL IMPROVEMENT PROGRAM **30**
FUND BALANCE AND TRANSFER POLICY **33**
HISTORICAL OPERATING RESULTS **35**
FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY **36**
INVESTMENT CONSIDERATIONS **36**
PENSION AND OTHER POST EMPLOYMENT BENEFITS **37**
Pension 37
SCHEDULES OF CHANGES IN THE NET PENSION LIABILITIES AND RELATED RATIOS **38**
General Employees' Plan 38
Police Officers' Plan 39

Firemens' Plan 40
Other Post-Employment Benefits 41
TAX MATTERS 43
General 43
Other Tax Matters 43
Tax Treatment of Original Issue Discount 44
Tax Treatment of Bond Premium 44
ADDITIONAL FINANCING 44
FINANCIAL STATEMENTS 44
RATINGS 44
UNDERWRITING 45
CONTINUING DISCLOSURE 45
LEGAL MATTERS 46
LITIGATION 47
VERIFICATION OF ARITHMETICAL COMPUTATIONS 47
DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS 47
FORWARD LOOKING STATEMENTS 47
FINANCIAL ADVISOR 48
INVESTMENT POLICY 49
ENFORCEABILITY OF REMEDIES 49
CONTINGENT FEES 49
ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT 49
AUTHORIZATION OF OFFICIAL STATEMENT 51

APPENDIX A GENERAL INFORMATION PERTAINING TO THE CITY OF LEESBURG
APPENDIX B AUDITED FINANCIAL STATEMENTS OF THE CITY OF LEESBURG FOR YEAR ENDED SEPTEMBER 30, 2015
APPENDIX C COPY OF MASTER RESOLUTION AND AMENDATORY RESOLUTIONS
APPENDIX D FORM OF BOND COUNSEL OPINION
APPENDIX E FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT
[APPENDIX F SPECIMEN BOND INSURANCE POLICY]

OFFICIAL STATEMENT

relating to

$[17,000,000]*
CITY OF LEESBURG, FLORIDA
ELECTRIC SYSTEM REFUNDING REVENUE BONDS,
SERIES 2016

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the Appendices hereto, is to furnish information with respect to the issuance by the City of Leesburg, Florida (the "City") of its $**[17,000,000]** * aggregate principal amount of Electric System Refunding Revenue Bonds, Series 2016 (the "Series 2016 Bonds").

The principal of and interest on the Series 2016 Bonds will be payable from and will be secured solely by a lien upon and a pledge of (i) the Net Revenues (as described herein) derived by the City from the operation of the Electric System (as described herein), and (ii) until applied in accordance with the provisions of the Bond Resolution (as defined herein), all moneys, including income from the investment thereof, in certain of the funds and accounts established by the Bond Resolution, all in the manner, and subject to the terms of the Bond Resolution (collectively, the "Pledged Revenues"). The pledge of and lien on the Pledged Revenues in favor of the Series 2016 Bonds are on a parity with the lien on and pledge of the Pledged Revenues in favor of the City's outstanding Electric System Revenue Bonds, Series 2007A currently outstanding in the aggregate principal amount of $11,265,000 (the "Series 2007A Bonds") before the proposed refunding with proceeds of the Series 2016 Bonds, Taxable Electric System Revenue Bonds, Series 2007B, currently outstanding in the aggregate principal amount of $9,400,000 (and together with the Series 2007A Bonds, the "Series 2007 Bonds"), Electric System Refunding Revenue Note, Series 2013 currently outstanding in the principal amount of $8,275,000 (the "Series 2013 Note") before the proposed refunding with proceeds of the Series 2016 Bonds, Electric System Refunding Revenue Note, Series 2014 currently in the aggregate principal amount of $13,994,000 (the "Series 2014 Note") before the proposed refunding with proceeds of the Series 2016 Bonds, and any Additional Bonds hereafter issued pursuant to the Bond Resolution. The Series 2007 Bonds, the Series 2013 Note and the Series 2014 Note, each to the extent not refunded with proceeds of the Series 2016 Bonds, are collectively referred to herein as the "Parity Bonds." The Series 2016 Bonds, the Parity Bonds and any Additional Bonds are collectively referred to herein as the "Bonds." For a discussion of the security for the Series 2016 Bonds, see "SOURCES OF AND SECURITY FOR PAYMENT OF THE SERIES 2016 BONDS" herein.

The scheduled payment of principal of and interest on the Series 2016 Bonds maturing on [_____] through [_____], inclusive (collectively the "Insured Bonds"), when due will be guaranteed under an insurance policy to be issued by [_____] (the "Bond Insurer") simultaneously with the delivery of the Insured Bonds. For a discussion of the terms and provisions of such policy, including the limitations thereof, see "MUNICIPAL BOND INSURANCE" herein and "APPENDIX F – Specimen Bond Insurance Policy" attached hereto for a description of the Bond Insurer and a specimen of its bond insurance policy.] The decision as to whether to purchase a municipal bond insurance policy insuring all or a portion, or any of the Series 2016 Bonds, will be made at or about the time of pricing the Series 2016 Bonds, and will be based upon, among other things, market conditions existing at such time.

The proceeds of the Series 2016 Bonds will be used by the City pursuant to the Bond Resolution to provide funds, together with other legally available funds of the City, for the purpose of (i) advance refunding all or a portion of the Outstanding Series 2007A Bonds (the "2007A Refunded Bonds"), (ii) current refunding the outstanding Series 2013 Note (the "2013 Refunded Note"), (iii) current refunding the outstanding Series 2014 Note (the "2014 Refunded Note" and together with the 2013 Refunded Note and the 2007A Refunded Bonds, the "Refunded Bonds"), and, (iv) paying certain expenses allocable to the issuance and sale of the Series 2016 Bonds. The City will decide at or near the time of pricing whether to refund all, or a portion or any of the Refunded Bonds.

THE SERIES 2016 BONDS AND THE INTEREST THEREON AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE BOND RESOLUTION SHALL BE LIMITED

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* Preliminary, subject to change

OBLIGATIONS OF THE CITY PAYABLE FROM AND SECURED SOLELY BY THE PLEDGED REVENUES AS PROVIDED IN THE BOND RESOLUTION. NEITHER THE SERIES 2016 BONDS NOR THE INTEREST PAYABLE THEREON SHALL CONSTITUTE A GENERAL INDEBTEDNESS OF THE CITY, THE STATE OF FLORIDA (THE "STATE"), OR ANY AGENCY, INSTRUMENTALITY OR POLITICAL SUBDIVISION OF ANY OF THE FOREGOING WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF THE STATE. THE SERIES 2016 BONDS AND THE INTEREST PAYABLE THEREON DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OR TAXING POWER OF THE CITY, THE STATE OR ANY AGENCY, INSTRUMENTALITY OR POLITICAL SUBDIVISION OF ANY OF THE FOREGOING OR A LIEN UPON ANY PROPERTY OF THE CITY, THE STATE OR ANY AGENCY, INSTRUMENTALITY OR POLITICAL SUBDIVISION OF ANY OF THE FOREGOING OTHER THAN AS PROVIDED IN THE BOND RESOLUTION. NO BONDHOLDER NOR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE CITY, THE STATE OR ANY AGENCY, INSTRUMENTALITY OR POLITICAL SUBDIVISION OF ANY OF THE FOREGOING TO PAY THE SERIES 2016 BONDS OR THE INTEREST THEREON OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE BOND RESOLUTION.

Unless otherwise defined herein or where the context would clearly indicate otherwise, capitalized terms used herein shall have the meanings set forth in the Master Resolution (as defined below), copies of which are included as APPENDIX C hereto. The references, excerpts and summaries of all documents referred to herein, including, without limitation, the Bond Resolution, do not purport to be complete statements of the provisions of such documents, and reference is made to the originals of all such documents for full and complete statements of all matters of fact relating to the Series 2016 Bonds, the security for the payment of the Series 2016 Bonds, the rights and obligations of Registered Owners thereof, and the Electric System (as described herein). Copies of any such documents that are not attached as appendices hereto may be obtained from the City of Leesburg, Florida, 501 W. Meadow Street, Leesburg, Florida 34748, Attention: City Clerk, upon payment of reproduction costs and postage and handling expenses.

For a description of certain terms and conditions of the Series 2016 Bonds, reference is made to the Master Resolution and the amendatory resolutions, which is included in APPENDIX C to this Official Statement. The description of the Bond Resolution and the Series 2016 Bonds contained herein do not purport to be comprehensive or definitive, and reference is made to the Bond Resolution, on file with the City, for the complete terms thereof.

THE CITY

The City is located in the north central region of the State, approximately forty miles northwest of Orlando, Florida, and is the oldest and second most populated of the fourteen municipalities in Lake County (the "County"). The corporate limits of the City encompass approximately thirty square miles. The estimated 2015 population of the City was 21,547. The City is a municipal corporation of the State which was created by the State Legislature in 1875 and is governed by and derives its operating authority from the constitution and laws of the State. The City has full home rule powers enabling it to conduct municipal government and exercise any power for municipal purposes, except when expressly prohibited by law.

Pursuant to its municipal charter, the City operates under a commission/manager form of government. The City Commission acts as the governing board, with the power to enact ordinances and adopt resolutions, and consists of five City Commissioners, elected to staggered four-year terms. Three of the City Commission members must meet district residency requirements. The remaining two City Commission members are elected at-large without a district residency requirement. The Commissioners annually select from the City Commission a Mayor and a Mayor pro-tempore.

For additional information regarding the City, see APPENDIX A attached hereto.

AUTHORITY FOR ISSUANCE OF THE SERIES 2016 BONDS

The Series 2016 Bonds are being issued by the City pursuant to Section 159.11, Florida Statutes, Chapter 166, Florida Statutes, and Article VIII, Section 2, Constitution of the State of Florida (the "State") and other applicable provisions of law (collectively, the "Act"), and Resolution No. 7141 adopted by the City Commission of the City (the "City Commission") on June 14, 2004, as supplemented and amended, and particularly as amended by

Resolution Nos. 7960 and 7964 each adopted on July 23, 2007 (the "Master Resolution"), and as particularly supplemented by Resolution No. _____ adopted by the City Commission May 9, 2016 (the "Supplemental Resolution" and together with the Master Resolution, the "Bond Resolution"). A copy of the Master Resolution and the amendatory resolutions are attached hereto as APPENDIX C.

REFUNDING PLAN

The 2007A Refunded Bonds will be defeased and called for redemption on October 1, 2017, the 2013 Refunded Note will be redeemed on or about _____, 2016 and the 2014 Refunded Note will be redeemed on or about _____, 2016.

Upon delivery of the Series 2016 Bonds, the City will enter into an Escrow Deposit Agreement (the "Escrow Deposit Agreement") with U.S. Bank National Association (in such capacity, the "Escrow Agent") pertaining to the 2007A Refunded Bonds. The Escrow Deposit Agreement creates a fund (the "Escrow Fund") to be held by the Escrow Agent and funded with proceeds of the Series 2016 Bonds and certain other legally available moneys. The Escrow Fund will be held in trust by the Escrow Agent and the money and securities therein will be irrevocably pledged to the payment of the principal of and interest on the 2007A Refunded Bonds. Moneys in the Escrow Fund, other than amounts held uninvested as cash balances, will be invested in Defeasance Obligations, as defined in the Bond Resolution, maturing in such amounts and bearing interest at rates sufficient, together with cash held uninvested in the Escrow Fund, to pay together with any uninvested cash, the principal of and interest on the 2007A Refunded Bonds as the same become due or are called for redemption.

Upon delivery of the Series 2016 Bonds, Precision Analytics, Inc. (the "Verification Agent"), will verify, among other things, the accuracy of the arithmetical computations of the sufficiency of the maturing principal amount of, and interest on, the securities held in the Escrow Fund, together with the cash balances held therein, to pay the principal of and interest on the 2007A Refunded Bonds. See "VERIFICATION OF ARITHMETICAL COMPUTATIONS" herein.

In reliance upon the above-referenced schedules and verifications, at the time of delivery of the Series 2016 Bonds, Bond Counsel shall deliver an opinion to the City to the effect that the 2007A Refunded Bonds have been legally defeased and are no longer outstanding for purposes of the Bond Resolution.

The moneys and securities held under the Escrow Deposit Agreement will be used only to pay the 2007A Refunded Bonds and will not be available for payment of debt service on the Series 2016 Bonds.

Instead of refunding the 2013 Refunded Note and the 2014 Refunded Note with proceeds of the Series 2016 Bonds, the City may enter into negotiations with SunTrust Bank, as the sole holder of the Series 2013 Note to reduce the interest rate on such Note; the determination of which will be made at or about the time of pricing the Series 2016 Bonds.

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ESTIMATED SOURCES AND USES OF FUNDS

SOURCES OF FUNDS	
Principal Amount of Series 2016 Bonds	$_____
Plus/Less Net Original Issue Premium/Discount	$_____
Other Legally Available Funds	$_____
TOTAL SOURCES	$_____
USES OF FUNDS	
Redemption of 2014 Refunded Note(1)	$_____
Redemption of 2013 Refunded Note	$_____
Deposit to Escrow Fund for Redemption of 2007A Refunded Bonds(1)	$_____
Costs of Issuance(2)	$_____
TOTAL USES	$_____

(1) See "REFUNDING PLAN" herein.
(2) Includes legal and financial advisory fees, printing costs, Underwriters' discount, rating agency fees, and other expenses

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

DEBT SERVICE SCHEDULE

The following table sets forth the scheduled annual debt service payments on the Series 2016 Bonds and the Parity Bonds and the total debt service for all such Bonds.

Maturity Date (October 1)	Series 2016 Bonds Principal	Series 2016 Bonds Interest	Series 2016 Bonds Total	Total Debt Service Parity Bonds	Total Debt Service
Total:					

DESCRIPTION OF THE SERIES 2016 BONDS

General

The Series 2016 Bonds will be dated their date of delivery, will be issued in fully registered form, without coupons, in denominations of $5,000 each or integral multiples thereof, and will bear interest at the fixed rates, computed on the basis of a 360-day year consisting of twelve 30-day months, and will mature on the dates set forth on the inside cover page of this Official Statement. Interest on the Series 2016 Bonds will be payable on October 1, 2016, and semiannually thereafter on April 1 and October 1 of each year. The Series 2016 Bonds will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). Individual purchases will be made in book-entry form through DTC Participants. DTC will receive all payments with respect to the Series 2016 Bonds through U.S. Bank National Association, as Registrar and Paying Agent, which payments will be remitted to DTC's Participants for subsequent disbursement to Beneficial Owners. See "Book-Entry Only System" herein. The Series 2016 Bonds will be subject to redemption prior to maturity as described under "Redemption Provisions" herein.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2016 Bonds. The Series 2016 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for each maturity of the Series 2016 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2016 BONDS, AS NOMINEE OF DTC, REFERENCES IN THIS OFFICIAL STATEMENT TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE SERIES 2016 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2016 BONDS.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereto.

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

Purchases of Series 2016 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series 2016 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2016 Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2016 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2016 Bonds, except in the event that use of the book-entry system for the Series 2016 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2016 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2016 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2016 Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2016 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by

arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of the Series 2016 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2016 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2016 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2016 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or the Bond Registrar and Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such DTC Participant and not of DTC, the Bond Registrar and Paying Agent or the City, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City and/or the Bond Registrar and Paying Agent for the Series 2016 Bonds. Disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2016 Bonds at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2016 Bond certificates are required to be printed and delivered.

The City does not have any responsibility or obligations to the DTC Participants, Indirect Participants or the Beneficial Owners with respect to (A) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest on the Series 2016 Bonds, (B) the delivery to any Participant or any other Person other than a Bondholder, as shown in the registration books kept by the Bond Registrar and Paying Agent, of any notice with respect to the Series 2016 Bonds, or (C) the payment to any Participant or any other Person, other than a Bondholder, as shown in the registration books kept by the Bond Registrar and Paying Agent, of any amount with respect to principal of, or interest on the Series 2016 Bonds.

Upon compliance with any agreements between the City and DTC, the City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2016 Bond certificates will be printed and delivered to DTC.

In the event the book-entry system is terminated, the transfer and exchange of Series 2016 Bonds shall be accomplished as described in APPENDIX C attached hereto.

Redemption Provisions

Optional Redemption. The Series 2016 Bonds maturing on and before October 1, 20____ are not redeemable prior to their stated dates of maturity. The Series 2016 Bonds maturing on and after October 1, 20____, are subject to redemption prior to their stated dates of maturity, at the option of City, in whole or in part on any day on or after October 1, 20____, in such amounts and maturities as the City in its discretion shall select and by lot within a maturity if less than a full maturity, at a redemption price equal to the principal amount thereof, together with accrued interest on such principal amount to the redemption date.

Mandatory Redemption. The Series 2016 Bonds maturing on October 1, 20____ are subject to mandatory sinking fund redemption prior to maturity in part by lot on October 1, 20____ and on each October 1 thereafter, at a redemption price equal to the principal amount thereof being so redeemed and accrued interest thereon to the date fixed for redemption, without premium, from Amortization Installments in the amounts set forth below:

Year	Amortization Installment
20__	$
20__*	

* Maturity

Mandatory Redemption. The Series 2016 Bonds maturing on October 1, 20____ are subject to mandatory sinking fund redemption prior to maturity in part by lot on October 1, 20____ and on each October 1 thereafter, at a redemption price equal to the principal amount thereof being so redeemed and accrued interest thereon to the date fixed for redemption, without premium, from Amortization Installments in the amounts set forth below:

Year	Amortization Installment
20__	$
20__*	

* Maturity

Notice of Redemption

Notice of redemption of the Series 2016 Bonds shall be given by the deposit in the U.S. mails of a copy of said redemption notice, postage prepaid, at least thirty and not more than sixty days before the redemption date to all Holders of the Series 2016 Bonds or portions of the Series 2016 Bonds to be redeemed at their addresses as they appear on the registration books to be maintained in accordance with the provisions of the Bond Resolution. Failure to give any such notice to a registered owner of a Series 2016 Bond, or any defect therein, shall not affect the validity of the proceedings for redemption of any Series 2016 Bond or portion thereof with respect to which no failure or defect occurred.

Each notice shall set forth the date fixed for redemption for each Series 2016 Bond being redeemed, the redemption price to be paid, the date of publication, if any, of a notice of redemption, the name and address of the Registrar and, if less than all of the Series 2016 Bonds of the applicable series then outstanding shall be called for redemption, the distinctive numbers and letters, including CUSIP numbers, if any, of such Series 2016 Bonds to be redeemed and, in the case of Series 2016 Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. If any Series 2016 Bond is to be redeemed in part only, the notice of redemption which relates to such Series 2016 Bond shall also state that on or after the redemption date, upon surrender of such Series 2016 Bond, new Series 2016 Bond or Series 2016 Bonds of the same series in a principal amount equal to the unredeemed portion of such Series 2016 Bond will be issued.

Any notice mailed as provided above shall be conclusively presumed to have been duly given, whether or not the owner of such Series 2016 Bond receives such notice.

Notwithstanding the foregoing, notice of optional redemption may be conditioned upon the occurrence or non-occurrence of such event or events as shall be specified in such notice of optional redemption and may also be subject to rescission by the City if expressly set forth in such notice.

See "Book-Entry Only System" herein for a description of selection of Series 2016 Bonds to be redeemed and conveyance of notices to Beneficial Owners when the Series 2016 Bonds are held by DTC.

Effect of Notice of Redemption

Notice having been given in the manner and upon satisfaction of any of the conditions set forth in the Bond Resolution and in the redemption notice, the Series 2016 Bonds or portions of Series 2016 Bonds so called for redemption shall, on the redemption date designated in such notice, become and be due and payable at the redemption price provided for redemption of such Series 2016 Bonds or portions of Series 2016 Bonds on such date. On the date so designated for redemption, moneys for payment of the redemption price being held in separate accounts by the Paying Agents in trust for the Holders of the Series 2016 Bonds or portions thereof to be redeemed, all as provided in the Bond Resolution, interest on the Series 2016 Bonds or portions of Series 2016 Bonds so called for redemption shall cease to accrue, such Series 2016 Bonds and portions of Series 2016 Bonds shall cease to be entitled to any lien, benefit or security under the Bond Resolution, and the Holders of such Series 2016 Bonds or portions of Series 2016 Bonds shall have no right in respect thereof except to receive payment of the redemption price thereof and, to the extent provided in the Bond Resolution, to receive Series 2016 Bonds for any unredeemed portions of the Series 2016 Bonds.

SOURCES OF AND SECURITY FOR PAYMENT OF THE SERIES 2016 BONDS

General

The principal of and interest on the Series 2016 Bonds will be payable from and will be secured solely by a lien upon and a pledge of (i) the Net Revenues derived by the City from the operation of the Electric System, and (ii) until applied in accordance with the provisions of the Bond Resolution, moneys, including income from the investment thereof, held in certain of the funds and accounts established by the Bond Resolution, except any funds held in the Composite Reserve Account and in any other account in the Reserve Fund for a specific Series of Bonds (other than the 2016 Reserve Account**)**, which will be held solely for the Series of Bonds for which such account was created, all in the manner, and subject to the terms and provisions, of the Bond Resolution (collectively, the "Pledged Revenues"). The pledge of and lien on the Pledged Revenues in favor of the Series 2016 Bonds are on a parity with the lien on and pledge of the Pledged Revenues in favor of the City's Outstanding Parity Bonds and any Additional Bonds hereafter issued pursuant to the Bond Resolution all in the manner and to the extent provided in the Bond Resolution.

Pledged Revenues

The term "Net Revenues," with respect to any Fiscal Year, shall be the remainder of the Gross Revenues, after deducting the Cost of Operation and Maintenance for such Fiscal Year.

"Cost of Operation and Maintenance" means the current expenses, paid or accrued, of operation, maintenance and repair of the Electric System and its facilities, as calculated in accordance with generally accepted accounting principles for governmental entities, consistently applied, and shall include, without limiting the generality of the foregoing, all costs (including administrative expenses) relating to the Electric System, the purchase of electric services (if the same may be treated as an operating cost under generally accepted accounting principles) and insurance premiums and charges for the accumulation of appropriate reserves for self-insurance, not annually recurrent but which are reasonably expected to be incurred on a periodic basis in accordance with generally accepted accounting principles, consistently applied, and payment of the Rebate Amount. The Cost of Operation and Maintenance shall include, among other items, payments required to be made to the Florida Municipal Power Agency, any successor thereto, or any other entity under spot, forward or prepaid power or fuel purchase agreements, including, without limitation, take and pay power or fuel purchase agreements, or similar power or fuel purchase arrangements and related price hedging agreements. The Cost of Operation and Maintenance shall not include (i) any reserve for renewals and replacements, extraordinary repairs or any allowance for depreciation or amortization, (ii) the payment of any principal of, premium, if any and interest on the Bonds and any other notes, bonds and similar obligations of the City, and (iii) payments made by the City under leases that are capitalized in accordance with generally accepted accounting principles.

"Electric Revenues" include all rates, fees, charges, income, rents, receipts and earnings derived by the City from or attributable to the ownership, operation, leasing or use of the Electric System, or any part thereof, including, without limitation, the proceeds of any insurance covering business interruption loss related to the Electric System.

"Electric System" or "System" means the electric distribution system and all parts and components thereof or interests therein, owned, operated, used or controlled by the City and any leasehold or other interest in any electric generation or distribution plants and facilities which the City owns or acquires, and all such parts and components of any of the foregoing hereafter constructed, contracted for or acquired, the improvements, extensions and additions thereto to be constructed or acquired either from the proceeds of the Bonds authorized by the Bond Resolution or from any other sources, together with all land and interests therein, plants, buildings, machinery, franchises, pipes, fixtures, equipment, contract rights and all property, real or personal, tangible or intangible, now or hereafter owned, operated or used by the City in connection therewith and any joint venture or ownership or other interest in any electric generation or distribution plant or facility or any right to use capacity or receive the output or services of any such plant or facility. The System shall also include enterprise related services or functions designated by the City from time to time by subsequent resolution, including, without limitation, chilled water services, telecommunications services or fiber optic transmission services. Notwithstanding the foregoing, the Electric System shall not include Separately Financed Projects.

"Gross Revenues" are the Electric Revenues, any income from the investment of funds to be deposited in the Revenue and Operating Fund, or any of the accounts therein as provided in the Bond Resolution, moneys deposited from the Rate Stabilization Fund to the Revenue and Operating Fund in accordance with the terms of the Bond Resolution, and all Hedge Receipts received by the City under a Qualified Swap, but shall not include (i) proceeds from the sale of any Bonds or other obligations of the City and (ii) moneys received by the City from federal, state or local governmental grants or stipends that by their terms are restricted from being used in the manner that Gross Revenues are to be applied under the Bond Resolution.

"Hedge Receipts" means net payments, received by the City on a scheduled basis under a Qualified Swap, as a result of the fluctuation in a hedged interest rate or the value of any index relative to another interest rate or the value of another index, in each case multiplied by a specified notional amount; provided that for purposes of determining the Bond Service Requirement, and in determining compliance with the rate covenant and the Additional Bonds and Qualified Swap provisions under the Bond Resolution, Hedge Receipts shall not include (i) amounts payable by the Qualified Swap Provider to the City upon the execution, renewal, extension, modification or termination (whether optional or mandatory) of any Qualified Swap, including, without limitation, any settlement amount, (ii) any periodic fee payable by the Qualified Swap Provider to keep such Qualified Swap in effect, and (iii) any other non-scheduled amounts required to be paid by the Qualified Swap Provider under the Qualified Swap.

Limited Obligations

THE SERIES 2016 BONDS AND THE INTEREST THEREON AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE BOND RESOLUTION SHALL BE LIMITED OBLIGATIONS OF THE CITY PAYABLE FROM AND SECURED SOLELY BY THE PLEDGED REVENUES AS PROVIDED IN THE BOND RESOLUTION. NEITHER THE SERIES 2016 BONDS NOR THE INTEREST PAYABLE THEREON SHALL CONSTITUTE A GENERAL INDEBTEDNESS OF THE CITY, THE STATE, OR ANY AGENCY, INSTRUMENTALITY OR POLITICAL SUBDIVISION OF ANY OF THE FOREGOING WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF THE STATE. THE SERIES 2016 BONDS AND THE INTEREST PAYABLE THEREON DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OR TAXING POWER OF THE CITY, THE STATE OR ANY AGENCY, INSTRUMENTALITY OR POLITICAL SUBDIVISION OF ANY OF THE FOREGOING OR A LIEN UPON ANY PROPERTY OF THE CITY, THE STATE OR ANY AGENCY, INSTRUMENTALITY OR POLITICAL SUBDIVISION OF ANY OF THE FOREGOING OTHER THAN AS PROVIDED IN THE BOND RESOLUTION. NO BONDHOLDER NOR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE CITY, THE STATE OR ANY AGENCY, INSTRUMENTALITY OR POLITICAL SUBDIVISION OF ANY OF THE FOREGOING TO PAY THE SERIES 2016 BONDS OR THE INTEREST THEREON OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE BOND RESOLUTION.

Creation of Funds and Accounts

The Bond Resolution creates and establishes the "Electric System Revenue and Operating Fund" (the "Revenue and Operating Fund"), the "Electric System Reserve Fund" (the "Reserve Fund") and the Composite Reserve Account therein, and the "Electric System Rate Stabilization Fund" (the "Rate Stabilization Fund").

Such funds and accounts constitute trust funds for the purposes provided in the Bond Resolution, and shall be delivered to and held by the Finance Director or such other chief financial officer of the City (the "Chief Financial Officer") (or an Authorized Depository designated by the Chief Financial Officer), in each case who shall act as trustee of such funds for the purposes provided in the Bond Resolution, shall be subject to a lien and charge in favor of the Holders of the Bonds and Qualified Swap Providers in the manner and to the extent provided in the Bond Resolution, and shall, except as expressly permitted by the Bond Resolution, at all times be kept separate and distinct from all other funds of the City and used only as provided in the Bond Resolution. The Bond Resolution also authorizes the creation of separate accounts within the Reserve Fund for any Series of Bonds not secured by the Composite Reserve Account. See "SOURCES OF AND SECURITY FOR PAYMENT OF THE SERIES 2016 BONDS – Reserve Fund" herein.

No Reserve Funding for the Series 2016 Bonds

Except as otherwise expressly provided in the Bond Resolution, funds on deposit in an account in the Reserve Fund may be used only for the purpose of curing deficiencies in the amounts available for such purposes in the Revenue and Operating Fund related to the Series of Bonds with respect to which such account in the Reserve Fund was created and for no other purpose. If funds on deposit in an account in the Reserve Fund exceed, in the aggregate, the applicable Reserve Requirement for all Series of Bonds secured by such account, such excess shall be transferred into the Revenue and Operating Fund. Any proceeds received from a Reserve Product shall be applied immediately to cure deficiencies in the moneys set aside and available in the Revenue and Operating Fund to pay debt service with respect to all Series of Bonds secured by the Composite Reserve Account, or the special account in the Reserve Fund to which such Reserve Product was credited, as the case may be, and for no other purpose.

The Reserve Requirement for the Series 2016 Bonds is Zero. The Series 2016 Bonds will not be secured by any amounts on deposit in the Reserve Fund, including, without limitation, the Composite Reserve Account nor any account or subaccount created in the Reserve Fund established for any other Series of Bonds. The Series 2016 Bondholders shall have no lien on or right to payment from any such other funds in the Reserve Fund, the Composite Reserve Account or any account or subaccount created in the Reserve Fund with respect to any other Series of Bonds. See "DEBT SERVICE RESERVE FUND POLICY" herein**.**The Bond Resolution also creates and establishes the "Electric System Revenue Bonds Construction Fund" (the "Construction Fund"). The City must establish a separate account in the Construction Fund for the Electric Project or Projects to be financed by each Series of Bonds issued under the Bond Resolution. All moneys in the Construction Fund will be and constitute trust funds, and must be delivered to and held by the Chief Financial Officer (or his designated Authorized Depository) who shall act as trustee of such funds for the purposes of the Bond Resolution.

Revenue and Operating Fund

All Gross Revenues shall be deposited by the City into the Revenue and Operating Fund promptly upon receipt. Funds in the Revenue and Operating Fund shall be accumulated, paid out, withdrawn and disposed of only in the following order and priority:

(1) First, by setting aside to be applied to pay, or by applying the amount necessary to pay, the Cost of Operation and Maintenance.

(2) Then, on or before the next succeeding Payment Date, by transfer to the Paying Agents and to each Qualified Swap Provider, an amount sufficient to pay the debt service next coming due on the Bonds and the Hedge Obligations next coming due on any Qualified Swap.

If principal, interest or premium payments have been made on behalf of the City by a Bond Insurer or the issuer of a Liquidity Facility or Credit Facility or other entity insuring, guarantying or providing for the payment of Bonds or any Series thereof, moneys on deposit in the Revenue and Operating Fund and allocable to such Bonds must be paid to such Bond Insurer or issuer of the Liquidity Facility or Credit Facility having theretofore made a corresponding payment on the Bonds.

(3) Then, by deposit pro rata into the Composite Reserve Account and the other special reserve accounts in the Reserve Fund created for separate Series of Bonds, such amounts that, after taking into account other concurrent deposits made in such accounts pursuant to the provisions of the Bond Resolution, and other funds or

Reserve Products then on deposit therein or credited to such accounts, if any, will be sufficient to make the funds on deposit therein and Reserve Products credited thereto equal to the Reserve Requirement for each such account.

The City may satisfy the Reserve Requirement for any account in the Reserve Fund, in whole or in part with a Reserve Product in lieu of a cash funded deposit. Such Reserve Product must provide for payment of deficiencies (up to the policy limits of such Reserve Product) on any interest or principal payment date (provided adequate notice is given) on which a deficiency exists (or is expected to exist) in moneys held thereunder for a payment with respect to Bonds secured by the applicable account in the Reserve Fund, which cannot be cured by funds in any other account held pursuant to the Bond Resolution and available for such purpose. Each such Reserve Product shall name as the beneficiary thereof, the Paying Agent or an Authorized Depository who has agreed to serve as trustee for the benefit of such Bondholders. The Bond Resolution provides that if a disbursement is made from a Reserve Product, the City must reinstate the maximum limits of such Reserve Product promptly following such disbursement or to replace such Reserve Product by depositing into the applicable account in the Reserve Fund from the first available Net Revenues for deposit pursuant to this Section, from the first available Net Revenues, funds in the maximum amount originally payable under such Reserve Product, plus amounts necessary to reimburse the Reserve Product Provider for previous disbursements made pursuant to such Reserve Product, or a combination of such alternatives, and for such purposes, amounts necessary to satisfy such reimbursement obligation and other obligations of the City to such a Reserve Product Provider shall be deemed required deposits into the applicable Reserve Fund account, but must be used by the City to satisfy its obligations to the Reserve Product Provider.

If one or more accounts in the Reserve Fund have been funded with cash or Permitted Investments and no event of default shall have occurred and be continuing under the Bond Resolution, the City may, at any time in its discretion, substitute a Reserve Product meeting the requirements of the Bond Resolution for the cash and Permitted Investments in any such account, and the City may then withdraw such cash and Permitted Investments from such account and apply them to any lawful purpose that, in the opinion of Bond Counsel will not result in the interest on the Bonds for which such account in the Reserve Fund was held which are not Taxable Bonds to be includable in the gross income of the Holders thereof for federal income tax purposes.

(4) Then by payment of all amounts related to any Subordinate Debt required to be paid by the terms of the ordinance, resolution or other instrument authorizing such Subordinate Debt and the unpaid fees, costs and expenses of any Reserve Product Provider or issuer of a Liquidity Facility or Credit Facility.

(5) Then by payment of all Rebate Amounts determined to be due and owing pursuant to the Code.

(6) Then, for any lawful purposes of the City, including, without limitation, any deposit to the Rate Stabilization Fund that the City deems appropriate.

No Reserve Funding for the Series 2016 Bonds

Except as otherwise expressly provided in the Bond Resolution, funds on deposit in an account in the Reserve Fund may be used only for the purpose of curing deficiencies in the amounts available for such purposes in the Revenue and Operating Fund related to the Series of Bonds with respect to which such account in the Reserve Fund was created and for no other purpose. If funds on deposit in an account in the Reserve Fund exceed, in the aggregate, the applicable Reserve Requirement for such account, such excess shall be paid into the Revenue and Operating Fund. Any proceeds received from a Reserve Product shall be applied immediately to cure deficiencies in the moneys set aside and available in the Revenue and Operating Fund to pay debt service with respect to all Series of Bonds secured by the Composite Reserve Account, or the special account in the Reserve Fund to which such Reserve Product was credited, as the case may be, and for no other purpose.

The Reserve Requirement for the Series 2016 Bonds is Zero Dollars ($0). The Series 2016 Bonds will not be secured by any amounts on deposit in the Reserve Fund, including, without limitation, the Composite Reserve Account nor any other subaccount created in the Reserve Fund established for any other Series of Bonds. The Series 2016 Bondholders shall have no lien on or right to payment from any such other funds in the Reserve Fund, the Composite Reserve Account or any subaccount created in the Reserve Fund with respect to any other Series of Bonds. See "DEBT SERVICE RESERVE FUND POLICY" herein.

Rate Stabilization Fund

The Bond Resolution provides that the City may transfer any amounts on deposit in the Rate Stabilization Fund to the Revenue and Operating Fund or may use or apply those funds for any other lawful purpose, as it deems appropriate; provided, however, that on each Payment Date for the Bonds, moneys in the Rate Stabilization Fund, if any, shall be applied for the payment of debt service when due with respect to Outstanding Bonds when the moneys in the Revenue and Operating Fund are insufficient to pay the principal of, interest on and Amortization Installments with respect to the Bonds coming due, but only to the extent moneys transferred from the Reserve Fund for such purposes shall be inadequate to fully provide for such insufficiency. As of March 3, 2016 there was $9,486,625 on deposit in the Rate Stabilization Fund.

Rate Covenant

The City has covenanted in the Bond Resolution to fix, establish, revise from time to time whenever necessary, maintain and collect fees, rates, rentals and other charges for the use of the products, services and facilities of the Electric System that will always provide Gross Revenues in each Bond Year (excluding for purposes of this section all Hedge Receipts) which will be at least one hundred percent (100%) of the Cost of Operation and Maintenance for such Bond Year, plus one hundred twenty-five percent (125%) of the Bond Service Requirement for such Bond Year, plus one hundred percent (100%) of the amounts required to be deposited in such Bond Year into the Reserve Fund (including the various accounts therein).

For purposes of the foregoing, the Bond Service Requirement for any Bond Year may be reduced by amounts actually deposited into the Revenue and Operating Fund at the beginning of such Bond Year, from the Rate Stabilization Fund or otherwise, that are not needed to pay Hedge Obligations or debt service then due on the Bonds and that are specifically earmarked to pay debt service on Outstanding Bonds and Hedge Obligations next coming due.

Notwithstanding the foregoing, failure of the City to comply with the rate covenant described above will not constitute an event of default if funds are otherwise available to pay all amounts due under the Bond Resolution and the City promptly engages the services of a Qualified Independent Consultant to perform a rate study recommending the rate levels necessary to comply with the rate covenant of this section in the next succeeding Bond Year. Such study must be completed within ninety (90) days after the City becomes aware of such non-compliance and the City must adopt the recommendations of such study within thirty (30) days after the completion of the study.

Additional Bonds

The City has covenanted in the Bond Resolution not to issue or incur any obligations payable from the Gross Revenues or voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge having priority to or being on a parity with the lien of any Bonds, upon the Gross Revenues, except Additional Bonds and Hedge Obligations under a Qualified Swap all as provided in the Bond Resolution.

No series of Additional Bonds may be issued under the Bond Resolution and no Qualified Swap may be entered into under the Bond Resolution unless the City shall first have complied with the following requirements:

(a) There shall have been obtained and filed with the City Commission a certificate signed by the Chief Financial Officer, pursuant to which he or she shall state and certify the following:

(1) The amount of Gross Revenues (but *excluding* for this purpose all Hedge Receipts), as determined under standard auditing procedures but adjusted as hereinafter provided (the "Adjusted Gross Revenues"), for, at the option of the City, any twelve (12) consecutive months out of the twenty-four (24) consecutive months immediately preceding the date of issue of the proposed Additional Bonds or the most recently audited Fiscal Year (the "Audit Period") and amount of the Cost of Operation and Maintenance for the Audit Period, as determined under standard auditing procedures but adjusted as hereinafter provided (the "Adjusted Cost of Operation and Maintenance");

In determining the amount of Adjusted Gross Revenues for the Audit Period, the Chief Financial Officer may take into account the amount by which Gross Revenues would have increased if or as a result of: (i) the number of customers served by the Electric System during the Audit Period had included the number of new customers of the Electric System attributable to an existing electric distribution system to be acquired with the proceeds of such Additional Bonds, had the acquisition occurred at the beginning of the Audit Period, (ii) the

number of customers served by the Electric System during the Audit Period that the Qualified Independent Consultant projects will, as a result of the proposed Project, by virtue of their proximity to the service provided by the Project or otherwise, connect to the Electric System during the first full Bond Year following the Bond Year in which such Additional Bonds are issued (the "Applicable Bond Year"), and (iii) any changes in the rate schedules for customers and users of the Electric System which the City shall then have in effect, or has enacted by ordinance or resolution on or before the date of such certificate and which the City has covenanted to put into effect during the Applicable Bond Year, had such rate changes been effective on the first day of the Audit Period. If any such adjustments permitted by clause (i) above shall be made, in determining the amount of the Adjusted Cost of Operation and Maintenance, the Chief Financial Officer shall take into account the estimated amount by which the Cost of Operation and Maintenance for the Audit Period would have increased had the Project to be financed with the proceeds of such Additional Bonds been in operation from the beginning of the Audit Period. In projecting numbers of new customers for the purposes of clause (ii) above, there shall be taken into account only dwellings, buildings or other structures in existence on the date of such projections;

(2) The aggregate amount of funds, if any, to be transferred from available moneys of the City and from grants, contributions in aid of construction and investment income, if any, that the City reasonably expects to receive or make available to pay the Cost of such Project to be financed with the proceeds of such Additional Bonds;

(3) The amount of the Maximum Bond Service Requirement for the Applicable Bond Year on account of all Bonds then Outstanding under the Bond Resolution and the Additional Bonds proposed to be issued thereunder (which, for purposes of this calculation will include a netting of debt service payments and corresponding Hedge Obligations as and to the extent contemplated in the definition of Bond Service Requirement);

(4) The amount, if any, required to be deposited from Net Revenues into the Composite Reserve Account or into any subaccount in the Reserve Fund in the Applicable Bond Year pursuant to the terms of a supplemental ordinance or resolution; and

(5) Based upon the foregoing, the Chief Financial Officer is of the opinion that the Adjusted Gross Revenues for the Audit Period, less one hundred percent (100%) of the Adjusted Cost of Operation and Maintenance shall equal or exceed the sum of one hundred percent (100%) of the amount to be deposited to the Reserve Fund as described in paragraph (4) above and one hundred twenty five percent (125%) of the Maximum Bond Service Requirement referred to in paragraph (3) above for the Applicable Bond Year.

(b) In connection with the issuance of Additional Bonds, there must be obtained and filed with the City Commission a certificate from the engineer, who may be an employee of the City, supervising construction of the Project being financed with proceeds of such Additional Bonds that the balance of the funds in the special account in the Construction Fund created for such Project, together with net proceeds from such Additional Bonds, will be sufficient to pay the Cost of such Project remaining unpaid.

(c) The Chief Financial Officer for the City must certify that the City is not in default in the performance of any of the covenants and obligations assumed by it under the Bond Resolution, as the same may have been theretofore amended, and that all payments thereunder required to have been made into the funds and accounts provided therein shall have been made in full.

(d) The City Attorney must submit an opinion to the City Commission to the effect that the issuance of such Bonds or entering into such Qualified Swap has been duly authorized and that all conditions precedent to the delivery of such Bonds or Qualified Swap have been fulfilled.

(e) Each ordinance, resolution or enabling instrument authorizing the issuance of such Bonds will recite that all of the covenants described in the Bond Resolution will be fully applicable to such Bonds as if originally issued under the Bond Resolution.

The City may issue Additional Bonds for the purpose of refunding any Series of Bonds, or any Bonds within a Series, or for the purpose of refunding any Subordinate Debt by complying with the requirements described in (a) above. In addition to, and notwithstanding the foregoing, the City may issue Additional Bonds for the purpose of refunding any Series of Bonds, or of Bonds within a Series, without the necessity of complying with the requirements described in (a) and (b) above, provided that prior to the issuance of such Bonds the Chief Financial Officer shall certify in writing that (i) the net proceeds from such Additional Bonds will be sufficient to cause the

lien created by the Bond Resolution with respect to the Bonds to be refunded to be defeased, and (ii) the Bond Service Requirement with respect to such Additional Bonds in each Bond Year from and after the issuance thereof must be equal to or less than the Bond Service Requirement in each such Bond Year with respect to the Bonds being refunded. In addition, prior to the issuance of such Bonds pursuant to the preceding sentence, there must be filed with the City Commission, an opinion of Bond Counsel, given in reliance on factual and financial certificates, to the effect that (i) upon the deposit of proceeds from the sale of such Additional Bonds in irrevocable escrow for the payment of the Bonds to be refunded, such Bonds will not be deemed outstanding for purposes of the Bond Resolution, and (ii) the issuance of such Additional Bonds and the use of the proceeds thereof as described above will not, in and of itself, have the effect of causing the interest on any Bond that is not a Taxable Bond then Outstanding under the Bond Resolution (including the Bonds to be refunded) to become included in gross income for federal income tax purposes.

Bonds issued pursuant to the terms and conditions described above will be deemed to be on a parity with all Bonds then Outstanding, and all of the covenants and other provisions of the Bond Resolution (except as otherwise expressly provided by the Bond Resolution) will be for the equal benefit, protection and security of the holders of any Bonds evidencing additional obligations subsequently created within the limitations of and in compliance with this section. Bonds may be issued for the purpose of financing one or more Electric Projects, or for the purpose of refunding any obligations issued only for such purpose or for any other lawful purpose of the City, including the reimbursement to the City of Electric Revenues spent for a lawful purpose of the City.

Qualified Swaps

The Bond Resolution provides that the City may, to the extent permitted pursuant to law, enter into one or more Qualified Swaps concurrently with the issuance of Additional Bonds, provided that the financial tests applicable for the issuance of Additional Bonds are complied with after applying the assumptions and provisions relating to Qualified Swaps set forth in the definition of Bond Service Requirement, applied as of the date the Qualified Swap is entered into.

In addition, the City may, to the extent permitted pursuant to law and upon receipt of a No Adverse Effect Opinion, enter into one or more Qualified Swaps with respect to Bonds previously issued and Outstanding; provided that, as estimated by the Chief Financial Officer, entering into such Qualified Swap would be permitted under the financial tests applicable to the issuance of Additional Bonds applying the assumptions and provisions relating to Qualified Swaps set forth in the definition of Bond Service Requirement.

Unless otherwise agreed by a Qualified Swap Provider, Hedge Obligations under any Qualified Swap shall be on parity with payments on the Bonds for purposes of the Revenue and Operating Fund. Hedge Charges under any Qualified Swap shall only be paid from the Revenue and Operating Fund as subordinate obligations, unless otherwise designated in a supplemental resolution or ordinance. Neither Hedge Obligations nor Hedge Charges under any Qualified Swap shall be secured by funds on deposit in the Reserve Fund or funds on deposit in the Construction Fund.

The City has not entered into any Qualified Swaps as of the date of this Official Statement.

Separately Financed Projects

Pursuant to the Bond Resolution the City may issue bonds, notes, or other obligations or evidences of indebtedness, for any project authorized by the Act, or for financing or otherwise providing for any such project from other available funds (each such project being referred to as a "Separately Financed Project"), provided that the debt service on such bonds, notes, or other obligations or evidences of indebtedness, and the City's share of any operating expenses related to such Separately Financed Project, are payable solely from the revenues or other income derived from the ownership or operation of such Separately Financed Project, from other available funds of the City not constituting part of the Pledged Revenues or from other funds withdrawn by the City from the Revenue and Operating Fund permitted to be used for any lawful purpose.

Other Covenants

The City has additionally covenanted in the Bond Resolution: (i) to maintain the Electric System and all parts thereof in good condition and to operate the same in an efficient and economical manner, making such

expenditures for such equipment, maintenance and repairs and for renewals and replacements thereof as may be proper for its economical operation and maintenance; (ii) before the first day of each Fiscal Year the City Commission must prepare, approve and adopt in the manner prescribed by law, a detailed budget of the Gross Revenues, Bond Service Requirement (including anticipated amortization of Designated Maturity Bonds and Commercial Paper Obligations) and Cost of Operation and Maintenance for the next succeeding Fiscal Year; (iii) to require that an annual audit of its accounts and records be completed within nine (9) months after the end of each Fiscal Year by an independent certified public accountant of recognized standing; (iv) not to mortgage, pledge or otherwise encumber the physical assets of the Electric System and not to sell, lease or dispose of, any properties, parts or portions of the Electric System except in accordance with the provisions of the Bond Resolution; (v) to carry adequate fire, windstorm and explosion insurance on the components of the Electric System that are subject to loss through fire, windstorm or explosion; adequate public liability insurance; other insurance of the kinds and amounts normally carried in the operation of similar facilities and properties in the State; (vi) except as otherwise required by applicable law, not to render or cause to be rendered any free services of any nature by its System, nor to establish preferential rates for users of the same class; (vii) upon the failure of any user to pay for services rendered by the Electric System within 60 days, the City must, to the extent permitted by applicable law, shut off the connection of such user and must not furnish him or permit him to receive from the Electric System further service until all obligations owed by him to the City on account of services shall have been paid in full; (viii) to diligently enforce its right to receive the Gross Revenues and diligently enforce and collect the fees, rates, rentals and other charges for the use of the products, services and facilities of the Electric System; and (ix) to the full extent permitted by law, not to grant, cause, consent to, or allow the granting of, any franchise or permit to any person for the furnishing of electric distribution services to or within the boundaries of the City.

Investment of Funds

Moneys held for the credit of each of the Funds and Accounts created by the Bond Resolution must be invested and reinvested by the City in Permitted Investments either directly or through broker-dealer deposit agreements or a combination thereof. Such investments or reinvestments must mature not later than the respective dates, as estimated by the City, that the moneys held for the credit of said funds or accounts will be needed for the purposes of such funds or accounts, but in no event will any of the investments of funds in an account in the Reserve Fund have a term to maturity exceeding the final maturity date of the Series of Bonds secured by such account.

Obligations so purchased as an investment of moneys in any such Fund or Account shall be deemed at all times to be a part of such Fund or Account, and must at all times, for the purposes of the Bond Resolution, be valued annually as of September 30 of each year at the market value thereof on the date of valuation, as determined by the City, exclusive of accrued interest.

Except as otherwise provided in the Bond Resolution, all income and profits derived from the investment of money in the Construction Fund, must be retained in such fund and used for the purposes specified for such fund. All income and profits derived from the investment of moneys in an account in the Reserve Fund must be retained therein until the amount in such account equals the applicable Reserve Requirement, and thereafter all remaining income and profits must be transferred upon receipt into the Revenue and Operating Fund. Except as otherwise provided above, all income and profits derived from the investment of moneys in all other accounts or funds created by the Bond Resolution must be deposited upon receipt in the Revenue and Operating Fund.

Rights of a Bond Insurer

The Bond Resolution provides that in the event that a Credit Facility is in full force and effect and the provider of the Credit Facility is not insolvent and no default under the Credit Facility exists on the part of the provider of the Credit Facility, the provider of the Credit Facility, in place of the Registered Owners of such Bonds, will have the power and authority to give any consents and exercise any and all other rights that the Registered Owners of such Bonds insured by it would otherwise have the power and authority to make, give or exercise, including but not limited to, the exercise of remedies provided for in the Bond Resolution, and the giving of consents to supplemental resolutions when required by the Bond Resolution (exclusive of those matters reserved for Bondholders), and such consent will be deemed to constitute the consent of the Registered Owners of all of those Bonds which are secured by such Credit Facility.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

[**Concurrently with the issuance of the Insured Bonds, the Bond Insurer will issue its Municipal Bond Insurance Policy for the Insured Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as APPENDIX F to this Official Statement.]**

[Name of Insurer]

[Add Insurer information]

BOND INSURANCE RISK FACTORS

In the event of default of the payment of principal or interest with respect to the Insured Bonds when all or a portion becomes due, any holder of the Insured Bonds shall have a claim under the Policy for such payments. Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies and the Bond Insurer's consent may be required in connection with amendments to, among others, the Bond Resolution.

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Insured Bonds are payable solely from the sources of security described in the Bond Resolution. In the event the Bond Insurer becomes obligated to make payments with respect to the Insured Bonds, no assurance is given that such event will not adversely affect the market price of the Insured Bonds or the marketability (liquidity) for the Insured Bonds.

The long-term ratings on the Insured Bonds are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term rating of the Bond Insurer and of the rating on the Insured Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Insured Bonds or the marketability (liquidity) for the Insured Bonds. See "RATINGS" herein.

The obligations of the Bond Insurer are contractual obligations and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the City nor the Underwriters have made any independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the City to pay the principal of and interest on the Insured Bonds, together with the claims paying ability of the Bond Insurer, particularly over the life of the investment. Prospective purchasers of the Insured Bonds should review carefully the provisions of the copy of the Master Resolution and the amendatory resolutions are attached as APPENDIX C hereto.

Information about the Bond Insurer has been provided by the Bond Insurer under the heading "MUNICIPAL BOND INSURANCE" and a specimen of the Policy is attached as APPENDIX F to this Official Statement, which include further instructions for obtaining current financial information concerning the Bond Insurer.

THE ELECTRIC SYSTEM

General

The City owns, operates and maintains an electric transmission and distribution system that provides electricity to approximately 23,670 customers in a service area consisting of approximately fifty (50) square miles located within the City and other parts of Lake and Sumter Counties, Florida. Certain services and costs are

allocated by the City among the Electric System, the City's other enterprise entities and City departments. The operational responsibilities of the Electric System are vested in a Director of Electric, whom reports to the City Manager and carries out the policies established by the City Commission.

As of March, 2016, the Electric System had 44 full time employees. In addition to its direct employees, certain activities common to the City's other utility systems and general government operations, including meter reading; billing and collecting activities; employee relations; data processing; and portions of accounting and finance are performed by employees of other City departments. The costs of these common services are allocated among the various entities, including the Electric System, that receive the benefits of such services.

Operation

Al Minner - City Manager

Mr. Minner has been employed by the City as City Manager since 2013. Mr. Minner is a Credentialed City-Manager as recognized by the International City/County Management Association. Mr. Minner graduated from Frostburg State University (Frostburg, MD), where he received a Bachelor of Science Degree in Political Science and History. He received his Master's Degree in Public Administration from Shippensburg University (Shippensburg, PA). With 18 years of government experience, Mr. Minner has served as the Chief Executive Officer in Vandalia, Missouri; Fort Meade, Florida; Sebastian, Florida and now, Leesburg, Florida. Mr. Minner's specific management expertise is in utilities, growth management, budgeting, personnel and capital project management.

Patrick M. Foster PE - Director of Electric

Mr. Foster has been employed by the City as Director of Electric since 2012. Mr. Foster has over 35 years of experience in the industry, including ten years with Florida Power & Light Company, ten years with Florida Public Utilities Company, and five years with Progress Energy. Mr. Foster holds a Bachelor of Science degree in Civil Engineering (BSCE) from Auburn University. Mr. Foster is also active in the community and has served in leadership capacities in civic and charitable organizations.

Greg David - Electric Superintendent and Chris Adkins - Electric Operations Manager

The day-to-day management of the Electric System is under the direction of the Electric Superintendent, Greg David and the Electric Operations Manager, Chris Adkins.

Mr. David has been employed with the City since 1988. Mr. David has an Electrical Distribution and Technology degree from Lake Sumter College and has been employed by the Electric System for over twenty-nine years and has held various positions, including Lead Lineman. Mr. David is currently serving on the advisory board of the Apprentice Lineman and Substation Apprentice Programs. Mr. David is the Chairman of the State Certified Apprentice Lineman program with the Florida Department of Education.

Mr. Adkins has been employed with the City for over 25 years and has spent his entire career in Electric Operations. He holds an Associate in Applied Science degree from Marshall Community & Technical College.

Service Territory

The Electric System serves customers within an area which includes the corporate limits of the City, the City of Fruitland Park, Florida ("Fruitland Park") which is situated to the North of the City, and certain adjacent unincorporated areas of Lake and Sumter Counties. Fruitland Park is served by the Electric System under an existing franchise agreement. Electric utilities in the State may negotiate and enter into territorial agreements. The Florida Public Service Commission (the "PSC") must approve all territorial agreements and is charged with the authority to resolve all disputes related to a service territory. The purpose of the PSC's involvement is to prevent the uneconomical duplication of infrastructure by two utilities to serve the same customers. The City has territorial agreements with Sumter Electric Cooperative, Inc. (the "Cooperative") and Duke Energy Florida, Inc. ("Duke Energy"), formerly known as Progress Energy Florida, Inc. ("Progress Energy"). No other utilities provide electric service in or about the area served by the Electric System.

Franchise with Fruitland Park

On November 1, 1983, the City and Fruitland Park entered into an electric franchise agreement for the provision of electric services by the City to Fruitland Park, as amended by the First Amendment to the Electric Franchise Agreement dated by Fruitland Park as of November 21, 2013 (the "First Amendment to Electric Agreement", collectively, as amended the "Electric Franchise Agreement"). The Electric Franchise Agreement expires on December 31, 2018, subject to extension as provided below. The Electric Franchise Agreement provides, among other things, that the City is to charge the same rates for service in Fruitland Park as it charges its other customers for similar service and that the City shall impose a franchise fee equal to 8% of gross receipts, except that revenues received from municipal services shall be exempt. The Franchise Fees collected in providing service to Fruitland Park are then paid to Fruitland Park and therefore they are not revenues of the Electric System.

Under the Electric Franchise Agreement, beginning December 31, 2018, Fruitland Park has the right to purchase the distribution system, lines, conduits, and other conveyances for distribution of electric energy that are owned by the City, located in Fruitland Park and used in connection with the electric franchise (the "Assets"). If Fruitland Park does not exercise its option to purchase the Assets by December 31, 2019 the expiration date of the Electric Franchise Agreement is automatically extended to December 31, 2043; provided, however, if they are in the process of acquiring the Assets Fruitland Park is granted a reasonable time to continue such purchase. Thereafter, Fruitland Park has the option to purchase the Assets at the end of any five year period commencing January 1, 2020 until the expiration of the Electric Franchise Agreement and extensions thereof. In the event Fruitland Park exercises its option to purchase the Assets under the Electric Franchise Agreement, the purchase price is to be based on system appraisals. Upon expiration of the Electric Franchise Agreement as of December 31, 2043, unless otherwise agreed to in writing by the City and Fruitland Park, the term of the Electric Franchise Agreement will automatically extend on a year to year basis until terminated by either party upon 120 days written notice to the non-terminating party.

In connection with entering into the First Amendment to Electric Agreement, Fruitland Park rescinded a previous option to purchase the Assets. The City has not been notified by Fruitland Park of its intent to exercise its option to purchase the Assets.

During the Fiscal Year ended September 30, 2015, the City, pursuant to the Electric Franchise Agreement, provided electric service to 2,009 customers and sold 31,597 MWhs.

Duke Energy

On July 18, 2014, the City enacted Ordinance No. 14-23 and which was agreed to by Duke Energy on the same date (the "Duke Franchise Fee Agreement"), establishing a franchise fee equal to 6% of Duke Energy's revenues from the retail sale of electricity, net of customer credits, to residential, commercial and industrial customers and City-sponsored street lighting within the corporate limits of the City. The Duke Franchise Fee Agreement is for a term of 30 years with an option to renew for an additional 30 years with the prior written approval of the parties. The franchise area is subject to expansion or reduction by annexation and contraction of municipal boundaries.

On July 22, 1983 the PSC issued an order approving the territorial agreement between the City and Duke Energy and which expired on July 22, 2013, and continued until a new agreement was in place. On March 9, 2015 the City and Duke Energy filed a joint petition for approval of a new Territorial Agreement between the two utilities in Lake County and Sumter County in order to gain further operational efficiencies and customer service improvements in the retail service territory (the "Duke Territorial Agreement"). On August 4, 2015, the PSC issued an order approving the Duke Territorial Agreement, which by its terms will remain in effect for 30 years from the effective date, terminating August 4, 2045.

In the Duke Energy Territorial Agreement, the territorial area allocated to the City as its electric service area is the area located in the corporate limits of the City and certain adjacent areas of unincorporated Lake and Sumter Counties. The Duke Energy Territorial Agreement provides the following: (i) that neither party is to furnish retail electric service to new customers located within the territorial area of the other party unless requested to do so on an interim basis by the other party; and (ii) for the transfer of existing customers located in the service territory of the other party to the party holding the franchise for that service territory. The parties have also agreed that the City or Duke Energy may, from time to time, and subject to PSC approval, enter into territorial agreements with other

electric utilities that have adjacent or overlapping service areas and that, in such event, nothing in the agreement shall be construed to prevent the City or Duke Energy from designating any portion of territorial area under the Duke Energy Territorial Agreement as the retail service area of such other utility.

In Fiscal Year 2015, Duke Energy paid the City $90,575 pursuant to the Duke Franchise Fee Agreement.

Sumter Electric Cooperative (SECO)

The PSC issued an order approving a territorial agreement between the Cooperative and the City (the "SECO Original Cooperative Territorial Agreement") effective on October 10, 1991. The term of the SECO Original Cooperative Territorial Agreement was twenty years from the effective date and was set to terminate September, 2011. On September 20, 2011, the City filed a joint petition for approval of an amended and restated territorial agreement between the two utilities in Lake County in order to gain further operational efficiencies and customer service improvements in the retail service territory (the "Amended Cooperative Territorial Agreement"). On February 13, 2012, the PSC issued an order approving the Amended Cooperative Territorial Agreement, which by its terms will remain in effect for 20 years from the effective date, terminating February 13, 2032. However, either party may terminate the agreement at the end of the fifteenth year by providing written notice to the other party of such termination not later than the anniversary of the date of the thirteenth year.

Under the Amended Cooperative Territorial Agreement, neither party shall serve or offer to serve new electric customers located in the territorial area of the other party except when requested to do so by the other party on an interim basis. This agreement also provides for certain existing City customers located within the Cooperative's territory to remain as City customers until such time as a reconnect is requested at the meter for any reason other than seasonal disconnect or nonpayment of account. A similar provision is included to allow certain existing Cooperative customers located in the City territorial area to remain customers of the Cooperative. In the event any portion of the area within the Cooperative's territorial area is subsequently annexed by and into the City, the City may impose a franchise fee upon Cooperative customers served within the City boundaries. The new agreement also considers the future transfer of two customers from the Cooperative to Leesburg. Under the SECO Original Cooperative Territorial Agreement, these customers are located within Leesburg's service territory are currently served by Cooperative. In reference to related distribution facilities used exclusively for providing service to the affected customers, the terms of the new agreement allows a transfer if the receiving party elects to purchase the facilities.

Power Supply Projects

The City does not own any electric power generating facilities and purchases all of its power from a power requirements agreement with the Florida Municipal Power Agency ("FMPA").

Florida Municipal Power Agency

FMPA was formed as a governmental legal entity in 1978, pursuant to Florida law which authorizes local governments to enter into mutually advantageous agreements to create a separate legal entity. FMPA is authorized under Florida law to undertake specific joint projects for its members and to issue tax-exempt bonds and other obligations to finance the cost of such projects. The current FMPA membership is comprised of 31 Florida municipal electric systems, serving approximately 2 million Floridians. Each member appoints a representative to FMPA's Board of Directors and Executive Committee, which together governs the Agency's activities. The City is represented on the FMPA's Board of Directors and Executive Committee by the Director of Electric.

FMPA has five power supply projects of which the City participates in two: The St. Lucie Project and the All-Requirements Project. The City's liability for accidents/damages occurring at FMPA is in direct proportion to its entitlement share of FMPA's ownership interest in the specific power supply project.

St. Lucie Project

FMPA's St. Lucie Project consists of an 8.806% (approximately 86.6 MW, net summer capacity) undivided ownership interest in the St. Lucie Unit No. 2, a pressurized water nuclear generating unit with a summer seasonal net capacity of approximately 984 MW ("St. Lucie Unit No. 2"). Florida Power & Light Company ("FPL") is the majority owner and operator of the St. Lucie Unit No. 2. The St. Lucie Project commenced commercial operation in

August, 1983. FMPA entered into a reliability exchange agreement with FPL that provides for the exchange of 50% of its share of output from St. Lucie Unit No. 2 for an equivalent share of output of St. Lucie Unit No. 1, a similar nuclear generating unit owned by FPL with a summer net capacity of approximately 978 MW. The Reliability Exchange expires on the earlier of (a) the retirement of St. Lucie Units No. 1 and No. 2, and (b) October 1, 2017. FMPA and FPL have held initial discussions concerning a potential extension of the Reliability Exchange beyond its current expiration date. The Nuclear Regulatory Commission has granted a twenty year extension of the operating license to March 2036 for St. Lucie Unit No. 1 and April 2043 for St. Lucie Unit No. 2. The capacity factor for the St. Lucie Project for the Fiscal Years ended September 30, 2015 and 2014 was 88.4% and 83.1%, respectively. Its lifetime capacity factor since 1983 is reported as 83.4%.

The City acquired a 2.326% share (approximately 2.0 MW) of FMPA's 8.806% interest in the St. Lucie Project and related exchange and replacement power and transmission arrangements with FPL pursuant to a Power Sales Contract dated June 1, 1982, as amended, between the City and FMPA (the "Power Sales Contract") and a Project Support Contract dated June 1, 1982, as amended, between the City and FMPA (the "Project Support Contract"). Under the Power Sales Contract, the City is required to pay FMPA for each month in which any electric capacity and energy is made available to the City from the St. Lucie Project. The payments are to equal the City's share of FMPA's costs relating to the St. Lucie Project and are to be considered as a cost of operation and maintenance of the City under the Bond Resolution. For those months when no capacity or energy is made available to the City from the St. Lucie Project, then the City is obligated to make payments to FMPA under the Project Support Contract only. Such payments are to be made, not as a cost of operation and maintenance, but only after the City has made its own debt service payments on its Electric System indebtedness. The amount of the City's payments under the Project Support Contract is the amount the City would have been required to pay under the Power Sales Contract if electric capacity and energy had been made available to the City in such month. These payments are required to be made whether or not the St. Lucie Project is operable or operating and notwithstanding the suspension or interruption of output of the St. Lucie Project. Payments that the City is obligated to make to FMPA under the Power Sales Contract and the Project Support Contract are payable solely from the revenues of the Electric System and are based upon an annual budget prepared by FMPA. FMPA periodically calculates the excess or deficiency of payments compared to actual cost and applies it to the monthly statements.

Under the Power Sales Contract, FMPA is authorized to enter into obligations that will increase its costs (and thereby increase the amount of the City's obligations), including the issuance of bonds in an unlimited amount to finance additions, improvements, repairs and modifications to, but only to, the St. Lucie Project and any retirement, decommissioning or disposal of the St. Lucie Project.

If any of the other participants in the St. Lucie Project defaults in its obligation to make payments under its power sales or project support contract with FMPA and FMPA is unable to sell such participant's entitlement share, the remaining participants not in default, including the City, are required to assume such entitlement share on a pro rata basis. No participant, including the City, is required to assume an additional entitlement share in excess of 25% of its original entitlement share. Since its inception, no such defaults have occurred and none are contemplated.

The City's liability for accidents/damages occurring at St. Lucie Project is in direct proportion to its entitlement share of FMPA's ownership interest. The Price-Anderson Act, enacted in 1957 as an amendment to the Atomic Energy Act of 1954, limits the public liability of a licensee of a nuclear power plant for a single nuclear incident, using a combination of private insurance and retrospective assessments against all licensees. FPL carries such private insurance in the amount of $375 million per site and in a secondary financial protection system, which provides up to $13.1 billion of liability insurance coverage per incident at any nuclear reactor in the U.S. The City is a beneficiary of these agreements of indemnity through the St. Lucie Project. The owners of a nuclear power plant could be assessed to pay a maximum payout of $1 billion ($276,000 for the City) per unit per incident at any nuclear reactor in the United States, payable at a rate not to exceed $152 million ($41,000 for the City) per incident per year. The City would be liable for its 2.326% share of uninsured losses in the case of St. Lucie Unit No. 2 of any such assessment, to the extent not recovered through rates, which may have an adverse effect on the City's financial position. On behalf of all the co-owners of St. Lucie Unit No. 2 FPL carries in excess of $1.5 billion of property damage insurance; however, substantially all insurance proceeds must first be used to satisfy decontamination and clean-up cost before they can be used for repair or restoration of plants. Any losses in excess of that amount are self-insured, such that the City would be responsible for its pro-rata share of any losses in excess of insurance coverage, which, to the extent not recovered through rates, may have an adverse effect on the City.

The disposal of radiation materials is a general concern affecting the industry. Under the Nuclear Waste Act, the Department of Energy is required to construct storage facilities and to take title to and provide transportation and storage for spent nuclear fuel for a specified fee. Currently, FPL is storing spent fuel on-site and, subject to obtaining the required amendments to each unit's license, plan to provide adequate storage capacity for all their nuclear units. FPL uses both on-site storage pools and dry storage casks to store spent nuclear fuel generated at the St. Lucie facility, and estimates that such storage will be adequate to store all spent nuclear fuel for this facility through the facility's authorized operating license expiration in 2043. The requirement by regulatory authorities for development of adequate off-site emergency plans in the event of an accident. Emergency plans for the sites where St. Lucie Unit No. 2 are located are subject to periodic review by federal and State of Florida agencies.

Other matters concerning the nuclear power generating industry generally are steam generator tube and reactor vessel head integrity, plant and safety-related equipment, susceptibility to earthquake damage, electronic component failure due to heat, steam or radiation exposure during an accident, and the impact of increased regulatory activities by external agencies of government, fire protection regulations and insurance. Because of regulation, engineering practice, or both, the industry is continually updating and modernizing plant equipment. Such updating and modernization is capital intensive.

All Requirements Project

FMPA's All-Requirements Project (the "AR Project") energy resources consist of generating units located throughout the State that are owned by the AR Project. Capacity and energy is purchased from participants in the AR Project that own generating resources, and interchange and power sales contracts with non-AR Project entities. Current generating resources available to the AR Project include (i) coal-fueled steam electric units; (ii) natural gas and oil-fueled steam electric units; (iii) natural gas and oil-fueled combustion turbine units operating in combined-cycle and simple cycle configuration; and (iv) natural gas and oil-fueled diesel engine driven units.

The AR Project consists of fifteen participants, including the City, which participants are governmental entities that operate electric systems. In Fiscal Year ended September 30, 2015, the non-coincident peak demand of the AR Project was 1,300 MW.

On May 24, 1991, FMPA and the City executed the All-Requirements Power Supply Project Contract (the "FMPA Contract") to provide for FMPA to furnish the City's total power supply requirements in excess of that portion of the requirements that is satisfied by the City's ownership interests in the St. Lucie Project. The FMPA Contract was subsequently amended on January 22, 1999. The FMPA Contract currently has a term that runs until October 1, 2047, which is subject to an automatic annual extension of the term by one year each October 1 so that the term of the contract is always at least 30 years. However, the automatic annual extensions of the term can be stopped by a notice from the City at least one year prior to an October 1 automatic extension date. The FMPA Contract contains provisions for the City to withdraw from the AR Project prior to the expiration date upon the provision of written notification three years in advance and the payment of applicable amounts to FMPA.

The City is obligated to pay for the services provided by FMPA at rates and charges that are approved by all participants in the AR Project and the FMPA Board of Directors. Such rates and charges are reviewed and adjusted by FMPA at least once each calendar year to ensure revenues meet the estimated costs and expenses associated with its obligations related to the AR Project. Any payments made by FMPA, or which FMPA is required to make, to satisfy any liability associated with the AR Project shall become a part of the revenue requirements. All payments made by the City to FMPA pursuant to the FMPA Contract shall be treated by the City as a Cost of Operation and Maintenance as defined in the Bond Resolution.

Crystal River 3 (retired)

The City previously owned, but did not operate, a less than 1% (approximately 7 MW) undivided ownership interest in and generation entitlement share of the Crystal River 3 nuclear powered electric generating unit ("CR-3") which was operated by Duke Energy, formerly known as Progress Energy. In September 2009, CR-3 was taken out of service for repairs and Duke Energy (then Progress Energy) provided replacement power to the System through December 31, 2013. In February of 2013 CR-3 was shut down and retired.

In 2012 the minority owners, including the System, agreed to have FMPA represent their interests in negotiating a settlement with Duke Energy (then Progress Energy) for damages done due to the premature

retirement of CR-3. Duke Energy maintained insurance for property damage and incremental costs of replacement power resulting from prolonged accidental outages from Nuclear Electric Insurance, LTD. In 2013, the System received its allocated insurance proceeds of $1,668,586.60.

FMPA, on behalf of the minority owners, including the City, negotiated a settlement with Duke Energy. The settlement was executed by all parties with an effective date of September 26, 2014. The settlement transferred all of the System's ownership interest in CR-3 and the requisite decommissioning funds for the decommissioning of a nuclear facility to Duke Energy. In October 2014, the System received reimbursement of $153,664.85 in operation and maintenance expenses forgiven by the settlement, and the System was permitted to withdraw from its decommissioning fund and reimburse itself $54,314.33 of previously incurred expenses. The ownership transfer was approved by the Nuclear Regulatory Commission ("NRC") on May 20, 2015. Upon the NRC's approval of ownership transfer, the minority owners received certain cash settlements and Duke Energy agreed to be responsible for all future costs and liabilities relating to CR-3 including decommissioning costs. On October 30, 2015, the transfer of ownership interests in CR-3 closed, and the System received a settlement of $7,847,744.03 as a minority owner of CR-3. Leesburg also received a pro rata share benefit with other FMPA Contract participants of a $209,804.15 settlement payment to FMPA as a former purchaser of power from Duke Energy. Consequently, the City has no direct ownership interests in any generating facilities.

The $209,804.15 payment to FMPA was deposited into the City's FMPA Contract Operations and Maintenance account, thereby reducing operating and maintenance expense for the corresponding period that would have otherwise been paid by the City. The money received from the City's settlement with Duke will be applied to capital projects as described under the heading "CAPITAL IMPROVEMENT PROGRAM" herein and a portion may be used to redeem a portion of the Refunded Bonds. The loss of capacity of the System from the closure of CR-3 has been replaced by the City through the AR Project.

Interconnection & Distribution Facilities

Under the FMPA Contract, FMPA is obligated to deliver the Electric System's total power supply requirements at specified delivery points. 69 kV delivery points are located at the interconnection points between each of the City's five substations and the Duke Energy transmission system. Each of the City's substations is connected to a 69 kV loop circuit. The City does not own any 69 kV transmission line except for two short spans leading into the Picciola Substation and the Airport Substation. At the substations, the power is transformed to the distribution network voltage of 12.47 kV.

The City has a radial distribution system with multiple tie switches that allow system load to be transferred between the 67/13.09 kV transformers, thereby minimizing service interruptions. Remote monitoring and control of the circuit breakers on the electric system is provided by a supervisory control and data acquisition system ("SCADA System"). The City's distribution system includes approximately 195 miles of overhead circuits and approximately 291.5 miles of underground circuits, which operate at a nominal voltage level of 12.47kv. The City maintains an up-to-date electronic database for the facilities that comprise the Electric System.

All of the substations have current Spill Prevention, Control and Countermeasure Plans which outline the procedures to be followed in the event of an oil spill or leak such as might occur with a transformer failure.

General Plant Facilities

The City owns and operates general plant facilities and equipment to support the Electric System and other utility services. Included in the Electric System's general plant facilities is the "Joe T. Municipal Operations Center" which houses the control room, the administrative and engineering offices, distribution indoor and outside storage and the transport and heavy equipment fleet.

The Control Room coordinates operation and maintenance activities on the Electric System and serves as the call center for reporting emergencies and customer outages for the Electric System and other City-owned utilities. It is staffed on a twenty-four hour a day, seven days a week basis and contains the SCADA System equipment (provided by QEI) that provides remote monitoring and control of equipment located in the field. This system will automatically sound an alarm whenever any equipment item or circuit being monitored enters a non-normal state.

The City utilizes an electronic mapping system developed by Telvent, in its day to day engineering and operations activities and to assist dispatchers in managing major outage events. All appropriate data for field plant items such as poles, conductor, switches, etc. is maintained in this system's databases. The City expanded the mapping systems capabilities to include Trouble Call Analysis incorporating customer usage information as part of the Smart Grid project completed in May of 2014. The Smart Grid project provides real time information for the vast majority of the City's electric meters including outage and tampering alerts, disconnection and reconnection of service remotely, and automatic meter reading. General Electric (GE) provides the head end for these services and is under contract until 2026.

Insurance

The System maintains insurance coverage in amounts and with respect to risks consistent with prudent utility practice. In addition, the City is required by the Resolution carry adequate fire, windstorm and explosion insurance on the components of the Electric System that are subject to loss through fire, windstorm or explosion; adequate public liability insurance; other insurance of the kinds and amounts normally carried in the operation of similar facilities and properties in Florida. The City may, upon appropriate authorization by the City Commission self-insure against such risks on a sound actuarial basis.

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Historical Customers, Sales and Power Supply Requirements

The following table sets forth for the Fiscal Years ended September 30, 2011 through 2015, the reported number of customers, peak demands, energy requirements and system load factors of the Electric System.

Historical Customers, Sales and Power Supply Requirements
For Fiscal Year Ending September 30,

Fiscal Year	Average Annual Number of Customers	Peak Demand (MW)	Requirements (MWH)	Sales (MWH)	Losses & Unaccounted For (MWH)	Annual Load Factor
2011*	23,507	106.81	499,571	481,301	18,270	53.39%
2012*	23,370	100.49	469,153	451,372	17,781	53.30%
2013*	23,482	99.05	468,646	455,523	13,123	54.01%
2014	23,483	99.99	465,764	442,373	23,391	53.18%
2015	23,668	107.08	478,866	463,376	15,490	51.05%

* Amounts shown include generation from CR-3 and purchases from FMPA. CR-3 was taken out of service and shut down and retired in February 2013. Amounts shown include purchases from FMPA and replacement power for the Crystal River #3 Nuclear Plant (CR #3). The CR #3 plant was shut down in 2009 and the City receive a credit on their replacement power purchases until December 2013.
Source: City of Leesburg, Florida

During Fiscal Year ended September 30, 2015, power supply was provided from the following resources:

Historical Power Supply and Costs
For Fiscal Year Ending September 30, 2015

Description	MWh	Percent	Avg Cost per kWh
St. Lucie Project(1)	15,924	3%	$0.077
AR Project(2)	462,942	97%	$0.077
Total or Average	478,866	100%	$0.077

(1) Amounts shown are nuclear fueled generation.
(2) Amounts shown include coal, natural gas and oil fueled generation.
Source: City of Leesburg, Florida

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City of Leesburg, Florida
Electric System
Historical Electrical System Customers, Sales and Requirements[1]

Description	Fiscal Year Ended September 30, 2011	2012	2013	2014	2015
Average Number of Customers					
Residential	18,640	18,550	18,631	18,714	18,778
General Service Non Demand	2,687	2,660	2,695	2,660	2,771
General Service Demand	450	441	442	415	427
Fruitland Park Non Demand	25	26	26	26	26
Fruitland Park Demand	3	3	3	3	3
Municipal and Public Non Demand	221	222	224	226	231
Municipal and Public Demand	28	27	29	27	28
Subtotal	22,054	21,929	22,050	22,071	22,264
Area Lighting	1,451	1,439	1,430	1,410	1,402
Traffic Lights	2	2	2	2	2
Total Lighting	1,453	1,441	1,432	1,412	1,404
Total Customers	23,507	23,370	23,482	23,483	23,668
Sales (MWh)					
Residential	218,688	197,703	201,418	207,181	214,514
General Service Non Demand	48,487	45,995	46,668	49,959	48,262
General Service Demand	190,809	184,971	85,136	162,161	177,662
Fruitland Park Non Demand	511	548	560	553	551
Fruitland Park Demand	305	325	298	308	336
Municipal and Public Non Demand	2,201	2,055	2,057	2,322	2,248
Municipal and Public Demand	12,675	12,309	11,955	12,322	12,194
Area Lighting	7,382	7,210	7,188	7,350	7,393
Traffic Lights	243	255	243	217	216
Total Sales	481,301	451,371	455,523	442,373	463,376

Source: City of Leesburg, Florida

Rates

Pursuant to Florida law, the PSC has jurisdiction over, among other things, the "rate structure," that is, the classification system used to justify charging different rates to different classes of customers, as contrasted to the "rate level" of municipal electric utilities, that is the specific dollar amounts charged by a municipal electric utility for specific services. In addition, the PSC is empowered to approve territorial agreements between utilities, to prescribe accounting systems, and to regulate electric impact fees of municipal electric utilities.

The City's existing electric rates recognize seven classes of service: (i) residential; (ii) general service non demand; (iii) general service demand; (iv) municipal; (v) street and security lighting; (vi) standby service; and (vii) load management service applicable to residential and to non-demand metered general service. All of the City's electric rate schedules provide for a monthly bulk power cost adjustment. The bulk power cost adjustment automatically passes on to the customer all increases or decreases, if any, in cost of power supply. In addition, the City has established an energy conservation cost recovery clause and a tax adjustment clause to pass on to the customers changes in the cost of energy conservation activities and changes in taxes.

The City's existing electric rate schedules includes a provision for the application of a 10% surcharge to the City's base rate charges for electric service provided beyond the City's corporate limits and beyond the corporate limits of Fruitland Park. The surcharge is designed to recover, from accounts outside the City only, an amount

equivalent to that amount which the City recovers from accounts inside the City through the application of its Public Service Tax, commonly referred to as the City Utility Tax. Pursuant to the City Code, federal, state and all political subdivisions, agencies, boards, commissions and instrumentalities as well as churches and religious organizations, where electricity is used exclusively for church or religious organization purposes, are exempt from the surcharge. During Fiscal Year ended September 30, 2015, the City received $1,265,937 through the imposition of the surcharge.

The City has a bulk purchased power cost tracker which allows the City to recover as a "pass through" the increases/(decreases) in the cost of bulk purchased power, i.e. increases/(decreases) in the purchased power costs from FMPA related to natural gas, fuel oil #2, coal and nuclear fuel which are utilized in FMPA's production/generation plants. For the Fiscal Years 2011 through 2015, the operating revenues for the City increased, due in part, to customer growth and rate adjustments. However, the single largest impact on total operating revenues has historically been the result of the increases in the bulk purchased power from FMPA. The City then passed through those bulk purchased power costs directly to the Electric System's retail customers by way of the bulk power cost adjustment as a separate charge per kilowatt-hour sold on their bills.

The City has established a schedule of miscellaneous fees and charges associated with various customer requested services, including but not limited to reconnection charges, initial connection fees and charges for surge arrestor equipment.

Residential customers of the City paid an average $0.12968 cents per kilowatt-hour during the Fiscal Year ended September 30, 2015. The City's average annual use per residential customer was 12,056 kilowatt-hours, or approximately 1,005 kilowatt-hours per month during Fiscal Year ended September 30, 2015. Commercial non-demand-metered and demand-metered customers paid an average of $0.14305 cents per kilowatt-hour and $0.10568 cents per kilowatt-hour, respectively, during the Fiscal Year ended September 30, 2015.

The City pursuant to Ordinances enacted on June 28, 2004 and October 22, 2007 has provided that all electric utility rates and charges, except for the effects of automatic pass-through rate components such as the bulk power cost adjustment, are to be adjusted annually on October 1 according to the percentage increase or decrease in the gross domestic product implicit price deflator index. This increase or decrease is measured by comparing the final revision of the gross domestic product implicit price deflator index for the second quarter of the current calendar year to the same index of the previous year. Rates so adjusted go into effect as of the next billing cycle following October 1 of each year. This adjustment is automatic and does not require adoption of any ordinance or resolution by the City Commission.

In April 2015, the City authorized the preparation of an electric rate study to ensure that the City's rates recover the cost of providing service from its customers in an equitable manner while maintaining the Electric System's financial condition. In addition, the rate study included analysis and adjustments to the lighting rates and the special rates for standby service.

Through the decrease in the System rates the City intended to accomplish the following goals:

- Repeal a 5% approved rate increase scheduled for November 2015 and suspend application of the annual inflation adjustment normally applicable in November 2015.
- Reduce electric rates on an annual basis to reflect a desired improvement in operational efficiencies.
- Reduce the transfer to the City’s general fund by $500,000 in recognition of replacement funds to be provided by a new fire assessment tax implemented by the City.
- Restructure the general fund transfer calculation to remove the revenues from the adjustment charge for power costs.
- Implement a tiered rate structure for residential rates to reduce the rate for the first 1,000 kWh per month in order to lower the costs for low usage customers and provide a greater incentive for electricity conservation.
- Update the public and private area lighting and pole rental rates and the methodology for calculating the rates.
- Calculate the special rates for standby service and document the methodology.

Based on the results of the electric rate study, the City adopted Resolution No. 9663 on September 14, 2015 and reduced residential electric rates by approximately 14.89% (first 1,000 kWh), commercial demand rates reduced

by 6.4% and commercial non-demand rates reduced by 14.5%. The revised electric rate design were approved by the PSC, and became effective on all bills rendered on and after October 1, 2015.

The table below presents a summary of existing monthly electric system rates currently in effect. These rates do not reflect the 10% surcharge applicable to service provided beyond the City's corporate limits, the franchise fee charged to Fruitland Park for Fruitland Park customers (which are not revenues of the System) or any other adjustments to the customer bills such as the bulk power cost adjustment.

Schedule of Electric Rates

Rate Schedule	Customer Charge ($/cust/mo)	Energy Charge ($/kWh)	Demand Charge ($/kW)
Residential (RS) (First 1000 kwh)	$12.36	$0.093224	
Residential (RS) (Over 1000 kwh)	$12.36	$0.115324	
General Service Non-Demand (GSND)	$12.36	$0.102102	
General Service Demand (GSD)	$26.27	$0.047937	$14.06
Municipal Service Non-Demand (MS)	$12.36	$0.102102	
Municipal Service (MS – greater than 20 kW)	$26.27	$0.047937	$14.06

Source: City of Leesburg, Florida

Ten Largest Customers

For Fiscal Year 2015, sales revenues from the Electric System's ten largest electric customer accounts represented approximately 19.25% of its total revenues from electric charges. The following table identifies the Electric System's ten largest electric customer accounts based on total revenues from electric charges for Fiscal Year 2015. No independent investigation has been made of, and consequently no representation can be made as to the stability or financial condition of any of the customers listed below or that such customers will continue to maintain their status as major customers of the Electric System.

Ten Largest Electric System Customers
(Based on Electric Charges for Service)
for Fiscal Year Ending September 30, 2015

Customer	Volumes (kWh)	Revenues	Percent of Total
CCRC Lake Port Square,LLC	32,076	$2,826,261	4.70%
Cutrale Citrus Juices USA Inc	21,491	$2,507,797	4.17%
Central Florida Health Alliance (aka LRMC)	20,153	$2,035,243	3.39%
Lake County School Board	7,881	$1,077,337	1.79%
City of Leesburg	5,248	$578,959	.96%
Walmart Store Inc.	5,261	$534,581	.89%
Publix Supermarkets, Inc.	5,098	$529,698	.88%
Lake Sumter Community College	4,632	$522,273	.87%
Centurylink	4,697	$508,494	.85%
Coca-Cola North America	4,394	$441,645	.74%
Total Ten Largest Electric Customers	110,931	$11,562,288	19.24%
Total Electric System Revenues	463,376	$60,007,810	100%

Source: City of Leesburg, Florida

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Rate Comparison

The following table provides a comparison of the rates of the City Electric System with those of neighboring utilities.

Comparable Utility	Fuel Adj. ($/1000 kWh)	Usage			
Residential Services					
		500 kWh	**1,000 kWh**	**1,200 kWh**	**2,500 kWh**
City of Leesburg, Florida	$12.00	$64.97	$117.58	$140.65	$290.57
Florida Municipalities or Cooperatives:					
City of Gainesville	$78.00	$70.00	$140.51	$172.91	$383.51
City of Lakeland	$45.85	$59.58	$109.67	$130.82	$273.95
City of Ocala	$27.58	$65.28	$121.22	$143.60	$289.06
City of Jacksonville Beach	$42.84	$64.21	$123.91	$147.79	$303.03
City of Mount Dora	$73.03	$64.50	$120.38	$142.73	$288.04
City of Winter Park	$32.92	$57.52	$107.12	$131.01	$286.26
Investor-Owned Utilities:					
Florida Power and Light	$28.02	$51.13	$94.78	$116.38	$256.84
Duke Energy	$43.23	$63.66	$118.55	$145.23	$318.67
Tampa Electric Company	$35.59	$60.38	$105.76	$127.92	$271.91
Average	$41.91	$62.12	$115.95	$139.90	$296.18
Minimum	$12.00	$51.13	$94.78	$116.38	$256.84
Maximum	$78.00	$75.67	$140.51	$172.91	$383.51
General Service (Nondemand)					
		750 kWh	**1,500 kWh**	**2,000 kWh**	**3,000 kWh**
City of Leesburg, Florida	$12.00	$97.94	$183.51	$240.56	$354.67
Florida Municipalities or Cooperatives:					
City of Gainesville	$78.00	$139.75	$250.00	$339.00	$517.00
City of Lakeland	$45.85	$86.30	$160.58	$210.11	$309.17
City of Ocala	$27.58	$96.00	$179.79	$235.64	$347.35
City of Jacksonville Beach	$42.84	$95.56	$185.12	$244.82	$364.23
City of Mount Dora	$73.03	$92.44	$176.27	$232.15	$343.92
City of Winter Park	$35.39	$89.09	$165.86	$217.01	$319.34
Investor-Owned Utilities					
Florida Power and Light	$31.30	$77.90	$148.32	$195.26	$289.16
Duke Energy	$46.05	$97.11	$182.62	$239.63	$353.65
Tampa Electric Company	$38.74	$90.50	$163.02	$211.34	$308.01
Average	$43.08	$96.26	$179.51	$236.55	$350.65
Minimum	$12.00	$77.90	$148.32	$195.26	$289.16
Max	$78.00	$139.75	$250.00	$339.00	$517.00

Comparable Utility	Fuel Adj. ($/1000 kWh)	Usage			
		General Service Demand			
		75 kW 15,000 kWh	**150 kW 30,000 kWh**	**300 kW 60,000 kWh**	**500 kW 100,000 kWh**
City of Leesburg, Florida	$12.00	$1,979.83	$3,933.38	$8,225.76	$13,678
Florida Municipalities or Cooperatives:					
City of Gainesville	$78.00	$2,507.50	$4,951.00	$9,586.90	$15,911
City of Lakeland	$45.85	$1,661.41	$3,287.81	$6,540.62	$11,474
City of Ocala	$27.58	$1,777.05	$3,597.15	$7,169.85	$12,308
City of Jacksonville Beach	$42.84	$2,330.40	$4,444.55	$8,872.85	$14,777
City of Mount Dora	$73.03	$1,548.79	$3,078.20	$6,137.03	$10,215
City of Winter Park	$36.82	$1,461.82	$2,910.82	$5,808.82	$9,552
Investor-Owned Utilities					
Florida Power and Light	$31.30	$1,604.53	$3,189.58	$6,359.68	$10,834
Duke Energy	$46.47	$1,756.39	$3,501.19	$6,990.79	$11,466
Tampa Electric Company	$38.74	$1,618.80	$3,207.60	$6,385.20	$10,622
Average	$43.26	$1,814.65	$3,606.53	$7,207.75	$12,084
Minimum	$12.00	$1,461.82	$2,910.82	$5,808.82	$9,552
Max	$78.00	$2,507.50	$4,915.00	$9,586.90	$15,911

Source: City of Leesburg, Florida

Note: Amounts shown are based on the rates for single phase service and reflect when applicable, inside City service.
Amounts shown include the energy conservation, capacity and environmental cost recovery charges where appropriate, as filed with the PSC.

CAPITAL IMPROVEMENT PROGRAM

Each year, the City develops and approves a ten-year capital improvement plan (the "Capital Improvement Program"). The program for the first year is approved as the capital budget and the remaining Fiscal Years provide a forecast of the planned capital needs. The Capital Improvement Program identifies planned improvements, renewals and replacements to the distribution substations, to the existing overhead and underground distribution lines, and to the vehicles and equipment.

Shown below is an excerpt of the Electric System Capital Improvement Program. During the period Fiscal Year ending September 30, 2016 through 2021, the City plans to spend approximately $18.96 million on capital improvements.

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CITY OF LEESBURG
CAPITAL IMPROVEMENT PLAN
FISCAL YEARS 2015-21

	ADOPTED		PROPOSED					
	Fiscal Year 2014-15	**Fiscal Year 2015-16**	**Fiscal Year 2016-17**	**Fiscal Year 2017-18**	**Fiscal Year 2018-19**	**Fiscal Year 2019-20**	**Fiscal Year 2020-21**	**Fiscal Year 2017-21 TOTAL**
Capital Projects & Purchases								
410002-Transformers-New Projects	$ 210,000	$ 231,000	$ 254,100	$ 279,510	$ 307,461	$ 338,207	$ 372,028	$ 1,551,306
Villages Transformers	1,400,563							0
Villages-Oh Work	75,744							0
Trans.associated with Reconductors	150,000	140,800	25,000	37,500	45,000	50,000	55,000	212,500
Trans. Maintenance/Replacement		50,000	55,000	60,500	66,550	73,205	80,526	335,781
Trouble Call Replacements	78,000	75,000	82,500	90,750	99,825	109,808	120,788	503,671
Damage by others	35,000	36,750	40,425	44,468	48,914	53,806	59,186	246,799
410003-Capacitors-New projects		35,000	38,500	42,350	46,585	51,244	56,368	235,046
Capacitors- renewals and replacements	1,000	3,500	3,850	4,235	4,659	5,124	5,637	23,505
Cap Bank assoc with Reconductors		40,000	20,000	22,000	24,200	26,620	29,282	122,102
410004-Distribution lines- New Projects	183,750	250,000	300,000	330,000	363,000	399,300	439,230	1,831,530
New Services-Blanket Work order	36,750	50,000	55,000	60,500	66,550	73,205	80,526	335,781
Oh to UG Conversions (residential)		30,000	33,000	36,300	39,930	43,923	48,315	201,468
Venetian Isles-Dixie Medical Complex			300,000	330,000				630,000
The Villages Project (multiple Wf's)	1,271,438							0
The Villages New services	961,150							0
Maintenance Projects								
Replacement of bad underground Pri and Sec.	50,000	65,000	71,500	78,650	86,515	95,167	104,683	436,515
Pole and OH Wire Replacements	150,000	300,000	300,000	330,000	363,000	399,300	439,230	1,831,530
Damage by others	100,000	100,000	100,000	110,000	121,000	133,100	146,410	610,510
410005-Sectionalizing / Reclosers	30,000	35,000	38,500	42,350	46,585	51,244	56,368	235,046
The Villages/Reconductors	87,498	135,000	35,000	38,500	42,350	46,585	51,244	213,679
R&R of Reclosers	15,000	25,000	27,500	30,250	33,275	36,603	40,263	167,890
410006-Lights-New Projects	42,000	75,000	82,500	90,750	99,825	109,808	120,788	503,671
The Villages	650,000							0
Blanket Light Replacement/Service Crew	65,000	68,250	75,075	82,583	90,841	99,925	109,917	458,340
Pole Replacements	25,000	35,000	38,500	42,350	46,585	51,244	56,368	235,046
Damage by Others	40,000	35,000	38,500	42,350	46,585	51,244	56,368	235,046
410008-Other equipment	38,000	150,000	50,000	55,000	60,500	66,550	73,205	305,255
410010-Subdivisions	115,250	120,000	100,000	110,000	121,000	133,100	146,410	610,510
The Villages	3,229,095							0
Royal Palms			250,000					250,000

CITY OF LEESBURG
CAPITAL IMPROVEMENT PLAN
FISCAL YEARS 2015-21

	ADOPTED		PROPOSED					
	Fiscal Year 2014-15	**Fiscal Year 2015-16**	**Fiscal Year 2016-17**	**Fiscal Year 2017-18**	**Fiscal Year 2018-19**	**Fiscal Year 2019-20**	**Fiscal Year 2020-21**	**Fiscal Year 2017-21 TOTAL**
Veneition Isles- Subdivision			315,000					315,000
410011-Reconductoring	150,000		250,000	375,000	450,000	500,000	550,000	2,125,000
Miller Bv- Relocation		201,300						0
Dixie Av L703		335,000						0
L66-CR468 Reconductor		600,000						0
410012-Substations	70,000		77,175	150,000	175,000	175,000	180,000	757,175
North- Renewals and replacements		133,100		400,000	950,000			1,350,000
Center- Renewals and replacements						400,000		400,000
East-Renewals and replacements		130,800						0
Picciola- Renewals and Replacements			900,000	400,000				1,300,000
4100013- Structures			125,000	175,000				300,000
Remodel Storm Prep Room			95,000					95,000
Tx Oil Farm		50,000						0
Fund Total	**$9,260,238**	**$3,535,500**	**$4,176,625**	**$3,890,895**	**$3,845,735**	**$3,573,308**	**$3,478,139**	**$18,964,701**
Funding Source								
Utility Revenue	$ 370,000		$ 976,625	$1,340,895	$1,240,735	$ 907,808	$ 546,089	$ 5,012,151
Customer Contribution	7,140,238	$ 510,000	500,000	550,000	605,000	665,500	732,050	3,052,550
Renewal & Replacement	1,750,000	1,725,500	1,800,000	2,000,000	2,000,000	2,000,000	2,200,000	10,000,000
Duke CR3 Settlement		1,300,000	900,000					900,000
Total Funding Sources	**$9,260,238**	**$3,535,500**	**$4,176,625**	**$3,890,895**	**$3,845,735**	**$3,573,308**	**$3,478,139**	**$18,964,701**

Source: City of Leesburg, Florida

FUND BALANCE AND TRANSFER POLICY

To facilitate cash management, to provide a basis for cash reserves, and to provide for the use of surplus funds, the City Commission adopted three policies that address: (i) transfers from its enterprise funds, including, but not limited to, the Electric System; (ii) the establishment of a retained earnings policy; and (iii) transfers from the enterprise funds for the purpose of financing general government special projects. *The fund balance policies are internal policies of the City adopted by ordinance and may be waived or amended in the sole discretion of the City Commission of the City.*

The first policy limits the amount of the annual operating transfer from the various enterprise funds to the City's General Fund to an amount not to exceed 10% of the estimated operating revenues included in the budget for each enterprise fund. The basis for calculating the operating transfers is as follows: The latest Fiscal Year audited charges for services (from the CAFR Statement of Activities) Less: (a) franchise fees imposed by the City against itself, (b) regulatory assessment fees, (c) franchise fees paid to other jurisdictions, (d) gross receipts taxes paid to the State, and (e) surcharge revenues on Electric, Gas and Water. Should the City impose a franchise fee against itself, then the maximum amount to be transferred from any of the various enterprise funds to the General Fund as an operating transfer shall be calculated as 10% of the estimated operating revenues included in the adopted budget for that fund less the estimated amount of franchise fees to be paid by that fund to the general fund as included in the adopted budget. In addition to the forgoing limitations, in any Fiscal Year, the amount transferred from any of the various enterprise funds to the General Fund as an operating transfer shall not exceed 10% of the amount calculated in accordance with this paragraph, however, any surcharge revenues and costs incurred by the general fund for the provision of services to the enterprise funds will be excluded from the definition of operating transfer.

The second policy (the "Reserve Policy") was adopted to increase the City's financial stability by establishing cash balance ranges for selected funds. The Reserve Policy provides that this will ensure that the City maintains a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary shortfalls or unexpected one-time expenditures. The City has created minimum acceptable levels of unrestricted operating cash specifically set aside and classified in a separate cash reserve account as defined in the Reserve Policy, for among others, each of the enterprise funds for the following utility services: electric, gas, sanitation services, communication services, water and wastewater. The policy provides that for the Electric System there will be created a reservation of cash equal to 25% of the current Fiscal Year budget for that fund. For the Electric System, the minimum cash balance level is determined based on the following formula: total revenues – cost of purchase power + operating transfers to the General Fund + revenue surcharge transfers) / 365 days X 120 days. This reserve requirement is in addition to reserves for debt service.

This reserve requirement under the Reserve Policy is in addition to reserves for debt service, and for the renewal and replacement of long lived assets. This reserve requirement under the Reserve Policy is in addition to reserves for debt service, and for the renewal and replacement of long lived assets. The Reserve Policy also provides for the application of funds if it is determined that there is a surplus (which is defined as the amount of cash that exceeds 115% of the minimum acceptable level of Cash Reserve) for the following purposes: eliminate shortfalls within any fund of the City, renewal and replacement, reduction of debt, one time capital needs, or for deposit to a utilities rate stabilization fund or another respective fund or account to avoid raising taxes, fees or rates related to the fund in subsequent years. If there is a shortfall at any fiscal quarter end (an amount below the minimum level of the fund balance range for any fund), the fund balance reserve deficit is to be rebuilt by (a) distribution of surplus from other related funds with the General Fund, or respective Utility Enterprise Fund or (b) an appropriation during the next available budget amendment time period or the annual budget process until the required fund balance has been reached. If the preceding clause (b) is financially infeasible, a written plan must be provided to the City Commission within 90 days following identification of the deficit by the City Manager for approval by the City Commission to restore the fund balance to an amount within the range within a maximum 24-month time frame.

The third policy limits the amount of funds that may be used by the City from each of the various enterprise funds to make non-reoccurring transfers to fund the costs associated with non-enterprise fund expenditures. In general, the policy provides that the amount available within each of the enterprise funds to make a transfer to fund the costs associated with non-enterprise expenditures is determined based on (a) the financial impact on the contributing fund, (b) surplus cash as described above reflecting the results of the transfer on the transferring fund for the next five years, taking into account the results of operations, and projected results of operations including

cash requirements of the capital improvement plan and all available funding resources, and (c) a contingency for emergencies, amounts not presently established, over and above the current reserve policy

During the Fiscal Years ended September 30, 2011 through 2015, the Electric System had net transfers out of the Electric System of $4.4 million in 2011, $5.4 million in 2012, $6.5 million in 2013, $6.5 million in 2014 and $6.5 million in 2015.

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HISTORICAL OPERATING RESULTS

The following table sets forth a summary of the Electric System's historical operating results including debt service coverage of the City's outstanding Electric System debt service for each of the five Fiscal Years ended September 30, 2011 through 2015.

The historical operating results of the Electric System have been prepared pursuant to certain provisions of the Bond Resolution and therefore reflect certain differences from the City's audited financial statements.

Historical Operating Results[1]
Electric System (Dollars in Thousands)

	Fiscal Year Ended September 30,				
Description	**2011**	**2012**	**2013**	**2014**	**2015**
Operating Revenues	$60,621	$56,415	$61,809	$60,083	$59,676
Less: Operating Expenses[2]	49,170	45,244	47,864	50,744	46,454
Net Operating Revenues	11,451	11,171	13,945	9,339	13,222
Other Income[3]	396	372	62	809	809
Total Available for Debt Service	$11,847	$11,543	$13,883	$10,148	$14,031
Debt Service					
Series 2004 Bonds	$1,093	$1,090	$1,090	$742	--
Series 2007A and 2007B Bonds	1,497	1,495	1,491	1,492	1,491
Series 2010 Note[4]	4	3	49	--	--
Series 2013 Note	--	--	84	274	620
Series 2014 Note	--	--	--	300	623
Total Debt Service	$2,594	$2,588	$2,714	$2,808	$2,734
Capital Contribution	$72	$220	$165	$727	$727
Amount Available for Working Capital, Transfer to General Fund & Capital Improvements	$9,329	$9,176	$11,334	$8,367	$12,024
Total Transfers In/Out	(4,412)	(5,386)	(6,546)	(6,538)	(6,478)
Net Available from Operations	$4,917	$3,789	$4,788	$1,529	$5,546
Debt Service Coverage					
Debt Service Coverage on Bonds	4.57 X	4.46 X	5.12 X	3.61 X	5.13 X
Required Coverage Test	1.25 X	1.25 X	1.25 X	1.25 X	1.25 X

(1) Totals may not foot due to rounding.
(2) Amounts shown exclude depreciation and amortization expense.
(3) The amounts shown are as defined in the Bond Resolution and exclude interest earnings on Construction Fund balances.
(4) Drawdown loan with a not to exceed $20 million and refinanced with proceeds of the Series 2013 Note.

Source: City of Leesburg, Florida

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FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY

The electric industry has been, or may in the future be, affected by a number of factors which could have an impact on the financial condition of an electric utility such as the City's Electric System. The City is either directly impacted by these regulations or indirectly, by costs passed through by FMPA in the purchase of power by the System of the City's allocable interest in FMPA projects. These factors likely would affect individual utilities in different ways. Such factors include, among others: (i) effects of competition from other suppliers of electricity, (ii) effects of compliance with rapidly changing environmental, licensing and regulatory requirements, (iii) regulatory changes and changes that result from the development and enforcement of a national energy policy; (iv) uncertain access to low cost capital for replacement of aging fixed assets; (v) increases in operating costs; and (vi) availability and cost of fuel supply.

The City now has the exclusive right and obligation to serve electric utility customers within its service area at rates that are regulated by the City. However, if some form of customer choice or deregulation legislation is enacted in the State, customers may be able to choose among multiple competing suppliers of electricity rather than being solely dependent on the City, which is commonly referred to as "retail wheeling." Florida has not actively pursued restructuring or retail wheeling.

The City does not operate any power generating resources for the Electric System and therefore relies on the Florida Transmission Grid which is comprised of transmission facilities that are owned by various utilities, for the delivery of power to the City from power generating interests located throughout the State. The Federal Energy Regulatory Commission has issued various orders to address and implement, among other things, the Energy Policy Act of 1992 and the Energy Policy Act of 2005 that could impact the costs and availably of transmission services. The costs and availability of such transmission services are likely to be impacted by the outcome of any restructuring relating to transmission.

The City's electric utility operations and the electric generating facilities are subject to federal, state, regional and local environmental standards and procedures that are subject to change from time to time. Compliance with the new requirements may result in increased costs to the Electric System. An inability to comply with the environmental requirements could also lead to the complete shutdown of FMPA's generating units. The City cannot predict at this time whether any additional laws or regulations will be enacted which will affect the operation of the Electric System, and if such laws or regulations are enacted, what the impacts on the Electric System might be because of such actions.

Prospective purchasers of the Series 2016 Bonds should review carefully the provisions of the Master Resolution and the amendatory resolutions are attached as APPENDIX C hereto included in, or as appendices to, this Official Statement.

INVESTMENT CONSIDERATIONS

The purchase of the Series 2016 Bonds involves a degree of risk, as is the case with all investments. Factors that could affect the City's ability to perform its obligations under the Bond Resolution, including the timely payment of principal of and interest on the Series 2016 Bonds, including, without limitation, the following:

1. The Electric System may need additional repairs and improvements beyond those projected by the Capital Improvement Program. The City did not engage a separate independent consulting engineer in the review of the Electric System. The cost of additional repairs would have to be financed either through additional payments from the revenues of the Electric System or the issuance of Additional Bonds or Subordinate Debt. Either of these alternatives could potentially require an increase in the rates, fees and charges of the Electric System.

2. The future financial condition of the Electric System could be affected adversely by legislation, environmental, terrorism and other regulatory actions, changes in demand for services, demographic changes and litigation, among other things.

3. The City is in Florida, an area subject to tropical storms and hurricanes. If such a storm were to move through the service area of the Electric System, the Electric System and customer homes and businesses may experience substantial damage and a resulting interruption in service. Such events may materially adversely affect the City's ability to provide service, collect Electric System revenue and experience continued customer growth.

The City has taken steps to mitigate the impact of such storms which include implementation of a hurricane preparedness plan and securing insurance coverage where available.

Prospective purchasers of the Series 2016 Bonds should review carefully the provisions of the Master Resolution and the amendatory resolutions are attached as APPENDIX C hereto.

PENSION AND OTHER POST EMPLOYMENT BENEFITS

Pension

The City maintains three separate single-employer pension plans, a supplemental one for police officers ("MPRP") and one for firemen ("MFRP"), and a general employees' retirement plan that covers substantially all other full-time City employees, including police department employees, except sworn police officers and firemen ("GERP"). A portion of the costs of GERP is attributable to the Electric System.

The City froze its General Employees' Pension Fund for GERP as of September 30, 2008. City contributions to GERP will continue until such time as the pension obligation is fully funded. As of October 1, 2015, the most recent actuarial date, the GERP was funded at 86.80%. The GERP is a 100% employer contributory defined benefit plan and covers all full time employees, except sworn police officers and firemen. In the place of the GERP, the City implemented a Defined Contribution Plan 401(a) through the International City/County Management Association-Retirement Corporation (ICMA-RC).

The remaining two pension trust funds are the Municipal Police Officers' Retirement Trust Fund and the Municipal Firemen's Retirement Trust Fund, which hold in trust the funds for the MPRP and MFRP, respectively. The MPRP covers sworn police officers (other police department employees are covered in the GERP). The fire employees make a 6.5% contribution and the police officers contribute 7.65% to their respective plans, and the State contributes funds collected from insurance premium excise taxes. All investments are managed by outside fund managers.

A portion of the GERP liabilities are allocable to the Electric System. The Unfunded Actuarial Accrued Liability of the Pension plan attributable to the Electric System as of September 30, 2015 is $1,066,306.

All investments are managed by outside fund managers.

An independent actuary engaged by the pension board calculates the amount of the annual contribution the City must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City relies upon projections provided by an independent actuary to determine the appropriate level of funding for the Police, Fire and General Employee Pension Plans. The annual budget includes the contributions necessary to keep the respective plans actuarially sound and in compliance with applicable laws, rules or regulations.

The most recent actuarial valuation date for each of the pension plans was October 1, 2015. The funded status and funding progress of each of such plans is presented below:

	GERP	MPRP	MFRP
Total Pension Liability	$ 38,963,325	$ 17,840,214	$ 20,330,104
Plan Fiduciary Net Position	(33,820,101)	(17,092,313)	(16,247,499)
Sponsor's Net Pension Liability	$5,143,224	$747,901	$4,082,605
Plan Fiduciary Net Position as a percentage of Total Pension Liability	86.80%	95.81%	79.91%

Source: City of Leesburg, Florida

SCHEDULES OF CHANGES IN THE NET PENSION LIABILITIES AND RELATED RATIOS

General Employees' Plan

	2015	2014	2013
Total Pension liability			
Service Cost	$ 152,878	$ 208,967	$ 194,388
Interest	2,944,455	2,926,654	2,883,831
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(1,744,070)	-	-
Changes of Assumptions	-	-	-
Benefit payments, Including Refunds of Member Contributions	(2,992,933)	(2,691,425)	(2,352,214)
Net Change in Total Pension Liability	(1,639,670)	444,196	726,005
Total Pension Liability - Beginning	40,602,995	40,158,799	39,432,794
Total Pension Liability - Ending (a)	$ 38,963,325	$ 40,602,995	$ 40,158,799
Plan Fiduciary Net Position			
Contributions - Employer	$ 1,435,084	$ 1,456,725	$ 1,250,669
Contributions - Employee	502,864	3,281,074	3,036,199
Net Investment Income	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(2,992,933)	(2,691,425)	(2,352,214)
Administrative Expense	(73,823)	(81,087)	(63,599)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	(1,128,808)	1,965,287	1,871,055
Plan Fiduciary Net Position - Beginning	34,948,909	32,983,622	31,112,567
Plan Fiduciary Net Position - Ending (b)	$ 33,820,101	$ 34,948,909	$ 32,983,622
City's Net Pension Liability - Ending (a) - (b)	$ 5,143,224	$ 5,654,086	$ 7,175,177
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.80%	86.07%	82.13%
Covered-Employee Payroll	$ 11,184,611	N/A	N/A
City's Net Position Liability as a Percentage of the Covered-Employee Payroll	45.98%	N/A	N/A

Source: City of Leesburg, Florida

Police Officers' Plan

	2015	2014	2013
Total Pension Liability			
Service cost	$ 583,726	$ 612,234	$ 568,199
Interest	1,401,184	1,299,397	1,219,007
Changes of Benefit Terms	390,863	-	-
Differences Between Expected and Actual Experience	(1,091,580)	-	-
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(1,098,375)	(822,819)	(765,084)
Net Change in Total Pension Liability	185,818	1,088,812	1,022,122
Total Pension Liability - Beginning	17,654,396	16,565,584	15,543,462
Total Pension Liability - Ending (a)	$ 17,840,214	$ 17,654,396	$ 16,565,584
Plan Fiduciary Net Position			
Contributions - Employer	$ 248,486	$ 371,964	$ 406,147
Contributions - State	168,105	160,225	155,997
Contributions - Employee	250,545	258,985	276,198
Net Investment Income	(211,259)	1,868,068	1,685,318
Benefit Payments, Including Refunds of Member Contributions	(1,098,375)	(822,819)	(765,084)
Administrative Expense	(46,291)	(43,005)	(31,140)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	(688,789)	1,793,418	1,727,436
Plan Fiduciary Net Position - Beginning	17,781,102	15,987,684	14,260,248
Plan Fiduciary Net Position - Ending (b)	$ 17,092,313	$ 17,781,102	$ 15,987,684
City's Net Pension Liability - Ending (a) - (b)	$ 747,901	$ (126,706)	$ 577,900
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.81%	100.72%	96.51%
Covered-Employee Payroll *	$ 3,476,535	$ 3,385,424	$ 3,610,429
City's Net Position Liability as a Percentage of the Covered-Employee Payroll	21.51%	-3.74%	16.01%

Notes to Schedule:

Changes of benefit terms:

For Fiscal Year 2015, amounts reported as changes of benefit terms were resulted from:
3.00% times Credited Service earned prior to May 27, 2003, plus
2.00% times Credited Service earned between May 27, 2003 and September 30, 2009, plus
2.5% times Credited Service earned between October 1, 2009 and September 30, 2015, plus
3.00% times Credited Service earned on and after October 1, 2015.

* For Fiscal Years 2013 and 2014, Covered Employee Payroll figures were based on Pensionable Salary.

Source: City of Leesburg, Florida

Firemens' Plan

	2015	2014	2013
Total Pension Liability			
Service Cost	$ 512,330	$ 542,778	$ 504,910
Interest	1,483,143	1,419,978	1,339,445
Share Plan Allocation	55,931	51,032	-
Differences Between Expected and Actual Experience	(267,086)	-	-
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(1,445,857)	(836,424)	(780,467)
Net Change in Total Pension Liability	338,461	1,177,364	1,063,888
Total Pension Liability - Beginning	19,985,840	18,808,476	17,744,588
Total Pension Liability - Ending (a)	$ 20,324,301	$ 19,985,840	$ 18,808,476
Plan Fiduciary Net Position			
Contributions - Employer	$ 609,819	$ 866,635	$ 827,920
Contributions - State	166,380	161,481	156,635
Contributions - Employee	178,693	190,151	187,674
Net Investment Income	(244,332)	1,362,537	1,792,048
Benefit Payments, Including Refunds of Member Contributions	(1,445,857)	(836,424)	(780,467)
Administrative Expense	(50,322)	(46,621)	(34,748)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	(785,619)	1,697,759	2,149,062
Plan Fiduciary Net Position - Beginning	17,027,525	15,329,766	13,180,704
Plan fFduciary Net Position - Ending (b)	$ 16,241,906	$ 17,027,525	$ 15,329,766
City's Net Pension Liability - Ending (a) - (b)	$ 4,082,395	$ 2,958,315	$ 3,478,710
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.91%	85.20%	81.50%
Covered-Employee Payroll*	$ 2,901,491	$ 2,925,402	$ 2,887,291
City's Net Position Liability as a Percentage of the Covered-Employee Payroll	140.70%	101.13%	120.48%

Notes to Schedule:
Changes of benefit terms:
For Fiscal Year 2015, amounts reported as changes of benefit terms were resulted from:
3.00% times Credited Service earned prior to May 27, 2003, plus
2.00% times Credited Service earned between May 27, 2003 and September 30, 2009, plus
2.5% times Credited Service earned between October 1, 2009 and September 30, 2015, plus
3.00% times Credited Service earned on and after October 1, 2015.
* For Fiscal Years 2013 and 2014, Covered Employee Payroll figures were based on Pensionable Salary.
Source: City of Leesburg, Florida

See Note 12 to the audited basic financial statements of the City and Required Supplementing Information, each included in APPENDIX B hereto for a summary of the actuarial methods and assumptions and additional information on the GERP, MPRP and MFRP.

CITY OF LEESBURG, FLORIDA
GENERAL EMPLOYEES' PENSION PLAN
SCHEDULE OF CONTRIBUTIONS

	2015	2014	2013
Actuarially Determined Contribution	$1,435,084	$1,456,725	$1,435,084
Contributions in Relation To The Actuarially Determined Contributions	$1,435,084	$1,456,725	$1,435,084
Contribution Deficiency (Excess)	-	-	-
Covered-Employee Payroll	$11,184,611	N/A	N/A
Contributions as a Percentage Of Covered Employee payroll	12.83%	N/A	N/A

Source: City of Leesburg, Florida

See Note 12 to the audited basic financial statements of the City attached as APPENDIX B hereto for a summary of the actuarial methods and assumptions and additional information on the GERP, MPRP and MFRP.

Other Post-Employment Benefits

The City also provides postretirement healthcare benefits ("OPEB") for retirees with at least 15 years of continuous service. Employees retiring before age fifty-five may remain in the City's OPEB plan and pay all premium costs. Employees who retire between the ages of fifty-five and fifty-eight and continue health coverage will become eligible for employer subsidized premiums at age fifty-eight. Employees retiring on or after attaining age fifty-eight with at least fifteen years of services remain in the plan with all employee premiums paid by the City up to a maximum of $400 per month with the retiree paying the cost of the premium over such amount. This explicit subsidy is available only for retiree coverage and is not available in whole or in part as an explicit subsidy for spouse or dependent coverage.

The City is required by Section 112.0801, Florida Statutes to charge active and retired employees the same premium for OPEB. Because the true cost of health insurance provided to retired employees is generally significantly higher than that for active employees, the City, as required by Florida law, is providing an indirect subsidy to the retired employees.

Like most governments, the City historically funded the OPEB plan on a pay-as-you-go basis as a current operating expense, and reflects the expense on its financial statements in the Fiscal Year in which payments are made. However, effective for the Fiscal Year Ended September 30, 2010, the City implemented Statement No. 45, Accounting and Reporting for Post-Employment Benefits Other than Pensions ("GASB 45"). Under GASB 45, certain local governments who provide other post-employment benefits, which include retiree health insurance, are required to show all or a portion of the liabilities associated with their OPEB plans on their financial statements and whether, and to what extent, progress is being made in funding those liabilities. GASB 45 does not require that the annual required contribution as determined by the plans actuary, be paid or that the plan be fully or partially funded, only that the government account for its unfunded actuarial accrued liability and its compliance in paying its annual required contribution.

A portion of the OPEB plan liabilities are allocable to the Electric System. The Unfunded Actuarial Accrued Liability of the OPEB plan attributable to the Electric System as of September 30, 2015 is $ 1,176,198.

The City has not established a separate trust fund through which benefits under the OPEB Plan are paid and has not currently accumulated or earmarked any funds for this purpose. All approved benefits are paid from the City's legally available funds when due. The historical Actuarial Accrued Liability, the funded ratio and the Unfunded Actuarial Accrued Liability ("UAAL") as a percentage of payroll are as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Payroll
10/1/2014	$ -	$27,749,667	$27,749,667	0.0%	$21,105,249	131.5%
10/1/2013	$ -	$22,309,715	$22,309,715	0.0%	$16,755,182	133.2%
10/1/2012	$ -	$21,719,437	$21,719,437	0.0%	$16,755,182	129.6%
10/1/2011	$ -	$26,411,922	$26,411,922	0.0%	$18,187,292	145.2%

Source: City of Leesburg, Florida

The following table shows the schedule of City contributions for the OPEB plan. The Annual OPEB Cost is the amount that was expensed for the fiscal year. Since the City's OPEB plan is currently unfunded, the offset to that expense comes from subsidies paid on behalf of the current retirees and their dependents for the current year. This offset is called the Employer Contribution, and equals the total age-adjusted premiums paid by the City for coverage for the retirees and their dependents for the year (net of the retiree's own payments for the year). The cumulative difference between the Annual OPEB Cost for the year and the Employer Contribution for the year is called the Net OPEB Obligation. The numbers shown below do not reflect a decision by the City to fund the OPEB plan. Therefore, the contributions made to the OPEB plan are assumed to be the benefits paid to retirees (both on an explicit and implicit basis) and administrative expenses.

Annual Required Contribution (ARC)	$2,578,652
Interest on Net OPEB Obligation (NOO)	489,807
Adjustment to ARC	(764,334)
Annual OPEB Cost	$2,304,125
Employer Contributions Made	(1,217,416)
Increase (Decrease) in NOO	$1,086,709
Net OPEB Obligation, Beginning of Year	12,245,168
Net OPEB Obligation, End of Year	$13,331,877

Source: City of Leesburg, Florida

See Note 14 to the audited basic financial statements of the City attached as APPENDIX B hereto for a summary of the actuarial methods and assumptions and other information related to the OPEB plan.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information on the City of Leesburg's pension and OPEB plan, including actuarial assumptions, can be found in Notes 12 and 14 in the notes to the City's audited financial statements, attached as APPENDIX B hereto.

TAX MATTERS

General

The Code establishes certain requirements which must be met subsequent to the issuance of the Series 2016 Bonds in order that interest on the Series 2016 Bonds be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the Series 2016 Bonds to be included in federal gross income retroactive to the date of issuance of the Series 2016 Bonds, regardless of the date on which such non-compliance occurs or is ascertained. These requirements include, but are not limited to, provisions which prescribe yield and other limits within which the proceeds of the Series 2016 Bonds and the other amounts are to be invested and require that certain investment earnings on the foregoing must be rebated on a periodic basis to the Treasury Department of the United States. The City has covenanted in the Bond Resolution with respect to the Series 2016 Bonds to comply with such requirements in order to maintain the exclusion from federal gross income of the interest on the Series 2016 Bonds.

In the opinion of Bond Counsel, assuming compliance with certain covenants and the accuracy of certain representations, under existing laws, regulations, judicial decisions and published rulings, interest on the Series 2016 Bonds is, under Section 103 of the Code excludable from gross income for purposes of federal income taxation. Interest on the Series 2016 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporations; however, interest on the Series 2016 Bonds will be included in adjusted current earnings when calculating the federal alternative minimum taxable income of a corporation.

Except as described above, Bond Counsel will express no opinion regarding other federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of Series 2016 Bonds.

As to questions of fact material to the opinion of Bond Counsel, Bond Counsel will rely upon representations and covenants made on behalf of the City, certificates of appropriate officers and certificates of public officials (including certifications as to the use of proceeds of the Series 2016 Bonds and of the property financed or refinanced thereby), without undertaking to verify the same by independent investigation.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2016 BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE BONDHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE BONDHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Other Tax Matters

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2016 Bonds. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Series 2016 Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Series 2016 Bonds and their market value. No assurance can be given that legislative proposals will not be enacted that would apply to, or have an adverse effect upon, the Series 2016 Bonds. For example, in connection with federal deficit reduction, job creation and tax law reform efforts, proposals have been and others are likely to be made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Series 2016 Bonds. There can be no assurance that any such legislation or proposal will be enacted, and if enacted, what form it may take. The introduction or enactment of any such legislative proposals may affect, perhaps significantly, the market price for, or marketability of, the Series 2016 Bonds.

Prospective purchasers of the Series 2016 Bonds should consult their own tax advisors as to the tax consequences of owning the Series 2016 Bonds in their particular state or local jurisdiction and regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Tax Treatment of Original Issue Discount

Under the Code, the difference between the maturity amount of the Series 2016 Bonds maturing on October 1, 20___ (collectively, the "Discount Bonds"), and the first price at which a substantial amount of such maturity is sold to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers, was sold is "original issue discount." Original issue discount will accrue daily over the term of the Discount Bonds at a constant interest rate compounded periodically. A purchaser who acquires the Discount Bonds in the initial offering at a price equal to the initial offering price thereof to the public will be treated as receiving an amount of interest excludable from gross income for federal income tax purposes equal to the original issue discount accruing during the period he or she holds the Discount Bonds, and will increase his or her adjusted basis in the Discount Bonds by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or disposition of the Discount Bonds. The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of the Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those above. Bondholders of the Discount Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, redemption or other disposition of the Discount Bonds and with respect to the state and local tax consequences of owning and disposing of the Discount Bonds.

Tax Treatment of Bond Premium

The difference between the principal amount of the Series 2016 Bonds maturing on October 1, 20___ (collectively, the "Premium Bonds"), and the purchase price was sold constitutes amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each of the Premium Bonds, which ends on the earlier of the maturity or call date for each of the Premium Bonds which minimizes the yield on such Premium Bonds to the purchaser. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering is required to decrease such purchaser’s adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various tax consequences of owning such Premium Bonds. Bondholders of the Premium Bonds are advised that they should consult with their own tax advisors with respect to the state and local tax consequences of owning such Premium Bonds.

ADDITIONAL FINANCING

The City is currently planning to issue its $_____ Utility System Refunding Revenue Bonds, Series 2016 (the "Utility Bonds") to refinance certain outstanding bonds of the City's Water, Sewer and Gas System. The Utility Bonds do not have a lien on the Pledged Revenues.

FINANCIAL STATEMENTS

The financial statements of the City as of September 30, 2015 for the Fiscal Year then ended included as APPENDIX B to this Official Statement, have been audited by Moore Stephens Lovelace, P.A. (the "Independent Auditors"), independent auditors, as stated in their report appearing therein.

Such financial statements, including the auditor's report, have been included in this Official Statement as public documents and consent from the Independent Auditors was not requested. The Independent Auditors have not been engaged to perform and have not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Independent Auditors also have not performed any procedures relating to this Official Statement.

RATINGS

[The City has received ratings on the Series 2016 Bonds of "_____" and "_____" from Fitch Ratings ("Fitch") and Standard & Poor's Ratings Services, a Standard & Poor's Financial Services, LLC business ("S&P"), respectively.]

Generally, the rating agencies base their ratings on information and material so furnished and on investigations, studies and assumptions made by them. The ratings reflect only the views of the rating agency and

an explanation of the significance of such rating may be obtained from them. No assurance can be given that the rating will be maintained for any given period of time or that the rating may not be revised downward or withdrawn entirely by the rating agencies, if, in their judgment, circumstances warrant. Any such downward change in or withdrawal of the rating may have an adverse effect on the market price of the Series 2016 Bonds. Securities rating is not a recommendation to buy, sell or hold securities. The Underwriters and the City have undertaken no responsibility after issuance of the Series 2016 Bonds to assure the maintenance of the rating or to oppose any such revision or withdrawal.

UNDERWRITING

The Series 2016 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated and RBC Capital Markets, LLC (collectively, the "Underwriters") at an aggregate purchase price of $_____ (which represents the $_____ principal amount of the Series 2016 Bonds, less an Underwriters' discount of $_____ and plus/less net original issue premium/discount of $_____). The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all of the Series 2016 Bonds if any Series 2016 Bonds are purchased. The Series 2016 Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2016 Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the City. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the City.

CONTINUING DISCLOSURE

The City will agree, pursuant to a Disclosure Dissemination Agent Agreement, a proposed form of which is included as APPENDIX E hereto (the "Disclosure Agreement") in accordance with the provisions of Rule 15c2-12 (the "Rule"), as promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, in effect from time to time and applicable to the Series 2016 Bonds, to provide or cause to be provided, to the Electronic Municipal Market Access ("EMMA") system operated by the Municipal Securities Rule Making Board (a) on or before June 30 of each year for the Fiscal Year ending September 30 of the preceding calendar year, beginning June 30, 2017, certain financial information and operating data relating to the City and the System and to provide notices of the occurrence of certain enumerated events.

The specific nature of the financial information, operating data, and of the type of events which trigger a disclosure obligation, and other details of the undertaking are described in "APPENDIX E – FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT" attached hereto. The Disclosure Agreement shall be executed by the City in connection with the issuance of the Series 2016 Bonds. The covenants in the Disclosure Agreement have been made in order to assist the Underwriters in complying with the continuing disclosure requirements of the Rule.

The City will reserve the right to terminate its obligation to provide annual financial information and notices of certain events if and when the City no longer remains an obligated person with respect to the Series 2016 Bonds within the meaning of the Rule.

The City agrees that its undertaking pursuant to the Rule described in the Disclosure Agreement is intended to be for the benefit of the Holders and beneficial owners of the Series 2016 Bonds and shall be enforceable by such Holders and beneficial owners; provided that the right to enforce the provisions of this undertaking shall be limited to a right to seek mandamus or specific performance to cause the City to comply with its obligations. Any failure by the City to comply with the provisions of the undertaking shall not be an event of default with respect to the Series

2016 Bonds under the Bond Resolution. With respect to the Series 2016 Bonds, no party other than the City is obligated to provide, nor is expected to provide, any continuing disclosure information.

The undertakings described above may be amended or modified from time to time in accordance with the terms of the Disclosure Dissemination Agent Agreement. See "APPENDIX E — FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT."

The City has appointed Digital Assurance Certification, L.L.C. as initial Disclosure Dissemination Agent (the "Disclosure Dissemination Agent") under the Disclosure Agreement. The Disclosure Dissemination Agent has only the duties specifically set forth in the Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described in the Disclosure Agreement is limited to the extent the City has provided such information to the Disclosure Dissemination Agent as required by the Disclosure Agreement. The Disclosure Dissemination Agent has no duty with respect to the contents of any disclosures or notice made pursuant to the terms of the Disclosure Agreement. The Disclosure Dissemination Agent has no duty or obligation to review or verify any information in the Annual Report, Audited Financial Statements, notice of Notice Event, or Voluntary Report (as such terms are defined in the Disclosure Dissemination Agent Agreement) or any other information, disclosures, or notices provided to it by the City and shall not be deemed to be acting in any fiduciary capacity for the City, the Holders of the Series 2016 Bonds or any other party. The Disclosure Dissemination Agent has no responsibility for the City's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the City has complied with the Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the City at all times.

The City in the past five years, has not failed to comply in all material respects with its continuing disclosure undertakings.

LEGAL MATTERS

Certain legal matters incident to the validity of the Series 2016 Bonds including their authorization, issuance and sale by the City, are subject to the unqualified approving legal opinion of Akerman LLP, Orlando, Florida, in its capacity as Bond Counsel. Certain legal matters will be passed upon for the City by McLin & Burnsed, P.A., Leesburg, Florida, in its capacity as City Counsel, and by Holland & Knight LLP, Lakeland, Florida, in its capacity as Disclosure Counsel and by Greenberg Traurig, P.A., in its capacity as counsel to the Underwriters. The form of Bond Counsel's opinion appears as APPENDIX D to this Official Statement.

Bond Counsel has not been engaged to, nor has it undertaken to, review the accuracy, completeness or sufficiency of the Official Statement or any other offering material relating to the Series 2016 Bonds; provided, however, that Bond Counsel will render an opinion to the City and the Underwriters (upon which only the City and the Underwriters may rely) relating to the accuracy of statements contained herein under the heading "TAX MATTERS" and certain summaries of the Bond Resolution and the Series 2016 Bonds contained herein. Except as expressly provided in such opinions, Bond Counsel will express no opinion as to the accuracy, completeness or fairness of any statements in this Official Statement, or in any other reports, financial information, offering or disclosure documents or other information pertaining to the City, the Electric System or the Series 2016 Bonds that may be prepared or made available by the City, the Underwriters or others to the holders of the Series 2016 Bonds or other parties.

The opinions delivered by counsel are based on existing law, which is subject to change. Such opinions are further based on factual representations made to such counsel as of the date thereof. Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances, including changes in law, that may thereafter occur or become effective.

The legal opinions to be delivered concurrently with the delivery of the Series 2016 Bonds express the professional judgment of the attorneys rendering the opinions regarding the legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

LITIGATION

In the view of City's Counsel, McLin & Burnsed, P.A., there is no pending or, to the knowledge of the City's Counsel, any threatened litigation against the City of any nature whatsoever which in any way questions or affects the validity of the Series 2016 Bonds or any proceedings or transactions relating to the issuance, sale, execution, or delivery of the Series 2016 Bonds, or the adoption of the Bond Resolution, or the pledge of the Pledged Revenues. Neither the creation, organization or existence, nor the title of the present members of the City Commission, or other officers of the City is being contested.

The City experiences routine litigation and claims incidental to the conduct of its affairs. The City carries insurance for most of these exposures, and many pending claims are defended by and, if necessary, are anticipated to be paid by the insurance carriers less the applicable insurance deductible amounts.

VERIFICATION OF ARITHMETICAL COMPUTATIONS

The accuracy of (a) the arithmetical computations of the adequacy of the maturing principal and interest earned on the investments in the Escrow Fund, together with initial cash balances, to pay when due or upon earlier redemption, the principal of and interest on the Refunded Bonds, and (b) the arithmetical computations supporting the conclusion that the Series 2016 Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, have been verified by the Verification Agent.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Florida law requires the City to make a full and fair disclosure of any bonds or other debt obligations which it has issued or guaranteed and which are or have been in default as to principal or interest at any time after December 31, 1975, as provided by rule of the Florida Department of Financial Services (the "Department of Financial Services"). Pursuant to Rule 69W-400.003, Florida Administrative Code, the Department of Financial Services has required that such disclosure include information concerning the dates, amounts and types of defaults, any legal proceedings resulting from such defaults, whether a trustee or receiver has been appointed over the assets of the City, and certain additional financial information, unless the City believes in good faith that such information would not be considered material by a reasonable investor. The City is not and has not, since December 31, 1975, been in default as to principal of and interest on bonds or other debt obligations to which revenues of the City are pledged.

Although the City has is not aware of any payment defaults with respect to bonds or other debt obligations as to which it has served only as a conduit issuer, it has not undertaken an independent review or investigation of such bonds or other debt obligations for which it served only as a conduit issuer. To the extent any of such bonds or other debt obligations are in default as to principal and/or interest, the obligation of the City thereunder is limited solely to payment from funds received by the party on whose behalf such bonds or other debt obligations were issued, and the City is not obligated to pay the principal of or interest on such bonds or other debt obligations from any funds of the City. The City in good faith believes the disclosure of such defaults or investigations would not be considered material by a reasonable investor in the Series 2016 Bonds.

FORWARD LOOKING STATEMENTS

This Official Statement contains certain "forward-looking statements" concerning the City's operations, performance and financial condition, including its future economic performance, plans and objectives and the likelihood of success in developing and expanding. These statements are based upon a number of assumptions and estimates which are subject to significant uncertainties, many of which are beyond the control of the City. The words "may," "would," "could," "will," "expect," "anticipate," "believe," "intend," "plan," "estimate" and similar expressions are meant to identify these forward-looking statements. Actual results may differ materially from those expressed or implied by these forward-looking statements.

There are various factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Accordingly, there can be no assurance that such indicated results will be realized. These factors include:

- the impact of recent and future federal and state regulatory changes or judicial opinions, including legislative and regulatory initiatives regarding deregulation and restructuring of the electric utility industry, environmental laws and regulations affecting water quality, coal combustion byproducts, and emissions of sulfur dioxide, nitrogen oxides, greenhouse gases ("GHG"), particulate matter and hazardous air pollutants including mercury, financial reform legislation, and also changes in tax and other laws and regulations to which the System is subject, as well as changes in application of existing laws and regulations;

- current and future litigation, regulatory investigations, proceedings, or inquiries;

- the effects, extent, and timing of the entry of additional competition in the markets in which the System operates;

- variations in demand for electricity, including those relating to weather, the general economy and recovery from the recent recession, population and business growth (and declines), and the effects of energy conservation measures;

- available sources and costs of fuels that impact the purchase of power;

- effects of inflation;

- investment performance of the System's invested funds;

- advances in technology;

- the direct or indirect effect on the System's business resulting from terrorist incidents and the threat of terrorist incidents, including cyber intrusion;

- interest rate fluctuations and financial market conditions and the results of financing efforts, including the System's credit ratings;

- the impacts of any potential U.S. credit rating downgrade or other sovereign financial issues, including impacts on interest rates, access to capital markets, impacts on currency exchange rates, counterparty performance, and the economy in general;

- the ability of the System to obtain additional generating capacity at competitive prices;

- catastrophic events such as fires, earthquakes, explosions, floods, hurricanes, droughts, pandemic health events such as influenzas, or other similar occurrences;

- the direct or indirect effects on the System's business resulting from incidents affecting the U.S. electric grid or operation of generating resources;

- the effect of accounting pronouncements issued periodically by standard-setting bodies; and

- other factors discussed elsewhere herein.

The City expressly disclaims any obligation to update any forward-looking statements. Prospective purchasers of the Series 2016 Bonds should make a decision to purchase the Series 2016 Bonds only after reviewing this entire Official Statement (including Appendices attached hereto and documents and reports incorporated by reference herein) and making an independent evaluation of the information contained herein, including the possible effects of the factors described above.

FINANCIAL ADVISOR

Public Financial Management, Inc., Orlando, Florida, serves as financial advisor (the "Financial Advisor") to the City and, in that capacity, has provided advice in connection with the planning, structuring and issuance of the Series 2016 Bonds. The Financial Advisor will not engage in any underwriting activities with regard to the issuance and sale of the Series 2016 Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to

make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement and is not obligated to review or ensure compliance with the undertaking by the City to provide continuing secondary market disclosure.

INVESTMENT POLICY

The City has adopted a written investment policy which satisfies Florida law. The City's investment policy applies to all the investment activity of the City except for pension funds and trust funds. The Bond Resolution governs the investment of moneys on deposit in the funds and accounts credited in the Bond Resolution. See "SOURCES OF AND SECURITY FOR PAYMENT OF THE SERIES 2016 BONDS – Investment of Funds" herein.

The City's current investment policy includes a list of authorized investments with maturity and portfolio limitations. The City's investment policy does not permit investment in any derivative or reverse repurchase agreements except with specific direction and oversight of a financial advisor authorized by the City Commission. The foremost objective of the City's investment policy is safety of principal with a second priority of liquidity and a third priority of attaining a market rate of return. The City's Finance Director or his designated representative is the City's investment officer responsible for investment decisions and activities.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Series 2016 Bonds upon an event of default under the Bond Resolution and any policy of insurance referred to herein are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the federal bankruptcy code, the remedies specified in the Bond Resolution, the Series 2016 Bonds and any policy of insurance referred to herein may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2016 Bonds (including Bond Counsel's approving opinion) will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery.

CONTINGENT FEES

The City has retained Bond Counsel, Disclosure Counsel and the Financial Advisor with respect to the authorization, sale, execution and delivery of the Series 2016 Bonds. Payment of all or a portion of the fees of such professionals relating to the issuance of the Series 2016 Bonds and a discount to the Underwriters (which includes the fees of Underwriters' Counsel) are each contingent upon the issuance of the Series 2016 Bonds.

ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT

The references, excerpts, and summaries of all documents, statutes, and information concerning the City and certain reports and statistical data referred to herein do not purport to be complete, comprehensive and definitive and each such summary and reference is qualified in its entirety by reference to each such document for full and complete statements of all matters of fact relating to the Series 2016 Bonds, the security for the payment of the Series 2016 Bonds and the rights and obligations of the owners thereof and to each such statute, report or instrument.

The information contained in this Official Statement has been compiled from official and other sources believed by the City to be reliable and, while not guaranteed as to completeness or accuracy, is believed to be correct as of this date.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Series 2016 Bonds. This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the City from the date hereof.

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

AUTHORIZATION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement has been duly authorized and approved by the City Commission. At the time of delivery of the Series 2016 Bonds, an official of the City will furnish a certificate to the effect that nothing has come to his or her attention which would lead that person to believe that the Official Statement (other than information herein related to the DTC or its book-entry only system of registration or the information provided by the Underwriters under the section captioned "UNDERWRITING" as to which no certification shall be expressed), as of its date and as of the date of delivery of the Series 2016 Bonds, contains an untrue statement of a material fact or omits to state a material fact which should be included therein for the purposes for which the Official Statement is intended to be used, or which is necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

CITY OF LEESBURG, FLORIDA

By:_____
Mayor

By:_____
City Manager

By:_____
Finance Director

APPENDIX A
GENERAL INFORMATION PERTAINING TO THE CITY OF LEESBURG

APPENDIX B
AUDITED FINANCIAL STATEMENTS OF THE CITY OF LEESBURG
FOR YEAR ENDED SEPTEMBER 30, 2015

APPENDIX C
COPY OF MASTER RESOLUTION
AND AMENDATORY RESOLUTIONS

APPENDIX D
FORM OF BOND COUNSEL OPINION

APPENDIX E
FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

[APPENDIX F
SPECIMEN BOND INSURANCE POLICY]

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Leesburg Electric OS

DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), dated as of _____, 2016, is executed and delivered by the City of Leesburg, Florida (the "Issuer") and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the "Disclosure Dissemination Agent" or "DAC") for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer through use of the DAC system and do not constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). DAC will not provide any advice or recommendation to the Issuer or anyone on the Issuer's behalf regarding the "issuance of municipal securities" or any "municipal financial product" as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

"Annual Filing Date" means the date, set in Sections 2(a) and 2(f), by which the Annual Report is to be filed with the MSRB.

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

"Annual Report" means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

"Audited Financial Statements" means the financial statements (if any) of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

"Bonds" means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

"Certification" means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is such item required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

"Disclosure Dissemination Agent" means Digital Assurance Certification, L.L.C., acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

"Disclosure Representative" means the Finance Director, the senior member of the Issuer or his or her designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

"Failure to File Event" means the Issuer's failure to file an Annual Report on or before the Annual Filing Date.

"Force Majeure Event" means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent's reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

"Holder" means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

"Information" means, collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or such other system as permitted under the Rule (the "EMMA System").

"Notice Event" means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

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

"Official Statement" means that Official Statement prepared by the Issuer in connection with the Bonds, as listed on Exhibit A.

"Voluntary Event Disclosure" means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

"Voluntary Financial Disclosure" means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, not later than two business days prior to the Annual Filing Date defined below. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the EMMA System not later than June 30 of each fiscal year of the Issuer, commencing June 30, 2017. Such date and each anniversary thereof is the "Annual Filing Date." The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Failure to File Event is expected to occur and on the Annual Filing Date to send a notice to the EMMA System in substantially the form attached as Exhibit B, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the EMMA System in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination

Agent, accompanied by a Certification, together with a copy for the Trustee, for filing with the EMMA System.

(e) The Disclosure Dissemination Agent shall:

(i) verify the filing specifications of the EMMA System each year prior to the Annual Filing Date;

(ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) with the EMMA System;

(iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the EMMA System;

(iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the EMMA System, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:

1. "Principal and interest payment delinquencies;"

2. "Non-Payment related defaults, if material;"

3. "Unscheduled draws on debt service reserves reflecting financial difficulties;"

4. "Unscheduled draws on credit enhancements reflecting financial difficulties;"

5. "Substitution of credit or liquidity providers, or their failure to perform;"

6. "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"

7. "Modifications to rights of securities holders, if material;"

8. "Bond calls, if material, and tender offers;"

9. "Defeasances;"

10. "Release, substitution, or sale of property securing repayment of the securities, if material;"

11. "Rating changes;"

12. "Bankruptcy, insolvency, receivership or similar event of the obligated person;"

13. The consummation of a "merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all

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

14. "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"

(v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the EMMA System, identifying the filing as "Failure to provide annual financial information as required" when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

(vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the EMMA System, identifying the Voluntary Event Disclosure as instructed by the Issuer pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. "amendment to continuing disclosure undertaking;"

2. "change in obligated person;"

3. "notice to investors pursuant to bond documents;"

4. "certain communications from the Internal Revenue Service;"

5. "secondary market purchases;"

6. "bid for auction rate or other securities;"

7. "capital or other financing plan;"

8. "litigation/enforcement action;"

9. "change of tender agent, remarketing agent, or other on-going party;"

10. "derivative or other similar transaction;" and

11. "other event-based disclosures;"

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the EMMA System, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. "additional financial information;"

2. "change in fiscal year/timing of annual disclosure;"

3. "change in accounting standard;"

4. "additional operating data;"

5. "budget;"

6. "investment/debt/financial policy;"

7. "information provided to rating agency, credit/liquidity provider or other third party;"

8. "consultant reports;" and

9. "other financial/operating data."

(viii) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the EMMA System, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the EMMA System pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the EMMA SYSTEM no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the EMMA System if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including the information provided in the Official Statement under the headings: (i) "THE ELECTRIC SYSTEM - Rates": (A) Ten Largest Customers and (B) Rate Comparisons and (ii) "HISTORICAL OPERATING RESULTS."

(b) Audited Financial Statements prepared in accordance with generally accepted accounting principles recommended from time to time by the Governmental Accounting Standards Board and in accordance with Florida law OR alternate accounting principles ("GAAP") as described in the Official Statement will be included in the Annual Report. If audited financial statements are not available, then, unaudited financial statements,

prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Issuer is an "obligated person" (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the EMMA System website. These requirements may be met by filing a confirmed bond report or the Issuer's Comprehensive Annual Financial Report, provided, such report includes all of the required information and is available by the Annual Filing Date. If the document incorporated by reference is a final official statement, it must be available from the EMMA System. The Issuer will clearly identify each such document so incorporated by reference.

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

Any Annual Financial Information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of Bond holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the Bonds, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Issuer shall, in a timely manner not in excess of ten (10) business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two (2) business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Issuer

determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with EMMA System in accordance with Section 2 (e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, Notice Event notices, Failure to File Event notices, Voluntary Event Disclosures and Voluntary Financial Disclosures, the Issuer shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates and all other identifying information as prescribed by the EMMA SYSTEM.

SECTION 6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the EMMA System from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the EMMA System in accordance with Section 2(e)(vi) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the EMMA System from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the EMMA System in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) THE PARTIES HERETO ACKNOWLEDGE THAT THE ISSUER IS NOT OBLIGATED PURSUANT TO THE TERMS OF THIS DISCLOSURE AGREEMENT TO FILE ANY VOLUNTARY EVENT DISCLOSURE PURSUANT TO SECTION 7(A) HEREOF OR ANY VOLUNTARY FINANCIAL DISCLOSURE PURSUANT TO SECTION 7(B) HEREOF.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon thirty days written notice to the Disclosure Dissemination Agent, replace or appoint a successor Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Issuer. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the

Bonds. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the EMMA System under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the EMMA System.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such

amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Issuer or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Obligated Persons. If any person other than the Issuer becomes an Obligated Person (as defined in the Rule) relating to the Series 2016 Bonds, the Issuer shall use its best efforts to require such Obligated Person to comply with all provisions of the Rule applicable to such Obligated Person.

SECTION 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Disclosure Dissemination Agent and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 15. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida (other than with respect to conflicts of laws).

SECTION 16. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

The Disclosure Dissemination Agent and the Issuer have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

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

By:_____
Name:_____
Title:_____

CITY OF LEESBURG, FLORIDA,
as Issuer

By:_____
Name:_____
Title:_____

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer Obligated Person(s)	**City of Leesburg, Florida**
Name of Bond Issue:	City of Leesburg, Florida Electric System Refunding Revenue Bonds, Series 2016
Date of Issuance:	_____
Date of Official Statement	_____

CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Issuer:	City of Leesburg, Florida
Obligated Person:	_____
Name(s) of Bond Issue(s):	City of Leesburg, Florida Electric System Refunding Revenue Bonds, Series 2016
Date(s) of Issuance:	_____
Date(s) of Disclosure Agreement:	_____
CUSIP Number:	_____

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

Dated: _____

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

_____

cc: City of Leesburg, Florida

EXHIBIT C-1
EVENT NOTICE COVER SHEET

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

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

City of Leesburg, Florida

Issuer's Six-Digit CUSIP Number:

_____

_____

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

_____

Number of pages attached: _____

____ Description of Notice Events (Check One):

1._____"Principal and interest payment delinquencies;"
2._____"Non-Payment related defaults, if material;"
3._____"Unscheduled draws on debt service reserves reflecting financial difficulties;"
4._____"Unscheduled draws on credit enhancements reflecting financial difficulties;"
5._____"Substitution of credit or liquidity providers, or their failure to perform;"
6._____"Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7._____"Modifications to rights of securities holders, if material;"
8._____"Bond calls, if material, and tender offers;"
9._____"Defeasances;"
10._____"Release, substitution, or sale of property securing repayment of the securities, if material;"
11._____"Rating changes;"
12._____"Bankruptcy, insolvency, receivership or similar event of the obligated person;"
13._____"Merger, consolidation, or acquisition of the obligated person, if material;" and
14._____"Appointment of a successor or additional trustee, or the change of name of a trustee, if material."

____ Failure to provide annual financial information as required.

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

Signature:

_____

Name: _____Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date: _____

EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary event disclosure" will be sent to the EMMA System, pursuant to the Disclosure Dissemination Agent Agreement dated as of _____ between the Issuer and DAC.

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

City of Leesburg, Florida

Issuer's Six-Digit CUSIP Number:

_____

_____

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

_____

Number of pages attached: _____

____ Description of Voluntary Event Disclosure (Check One):

1._____"amendment to continuing disclosure undertaking;"
2._____"change in obligated person;"
3._____"notice to investors pursuant to bond documents;"
4._____"certain communications from the Internal Revenue Service;"
5._____"secondary market purchases;"
6._____"bid for auction rate or other securities;"
7._____"capital or other financing plan;"
8._____"litigation/enforcement action;"
9._____"change of tender agent, remarketing agent, or other on-going party;"
10._____"derivative or other similar transaction;" and
11._____"other event-based disclosures."

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

Signature:

_____

Name: _____Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date: _____

EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary financial disclosure" will be sent to the EMMA System, pursuant to the Disclosure Dissemination Agent Agreement dated as of _____ between the Issuer and DAC.

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

City of Leesburg, Florida

Issuer's Six-Digit CUSIP Number:

_____

_____

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

_____

Number of pages attached: _____

____ Description of Voluntary Financial Disclosure (Check One):

1._____"additional financial information;"
2._____"change in fiscal year/timing of annual disclosure;"
3._____"change in accounting standard;"
4._____"additional operating data;"
5._____"budget;"
6._____"investment/debt/financial policy;"
7._____"information provided to rating agency, credit/liquidity provider or other third party;"
8._____"consultant reports;" and
9._____"other financial/operating data."

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

Signature:

_____

Name: _____Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date: _____

#39356256_v2

ESCROW DEPOSIT AGREEMENT

ESCROW DEPOSIT AGREEMENT, dated as of June ____, 2016, by and between **CITY OF LEESBURG, FLORIDA**, a duly constituted and existing municipal corporation of the State of Florida (the "City"), and **U.S. BANK NATIONAL ASSOCIATION** (the "Escrow Agent"), a national banking association organized and existing under the laws of the United States of America, as Escrow Agent hereunder.

WHEREAS, the City issued on August 15, 2007 its Electric System Revenue Bonds, Series 2007A (the "2007A Bonds") pursuant to City Resolution No. 7141 as amended and supplemented (collectively, the "Refunded Bonds Resolution"); and

WHEREAS, City Resolution No. 7141 provides that the 2007A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in such resolution upon compliance by the City with the provisions of Article XIV thereof, which provisions the City hereby represents have not been amended or supplemented; and

WHEREAS, the City has determined to issue, pursuant to City Resolution No. 7141 and City Resolutions No. ____ and No. _____ adopted by the City on May 9, 2016, its $_____ aggregate principal amount of Electric System Refunding Revenue Bonds, Series 2016 (the "2016 Bonds") for the principal purpose of defeasing all of the Amortization Installments of the outstanding 2007A Bonds coming due October 1, ____ and thereafter (the "Refunded Bonds"); and

WHEREAS, a portion of the proceeds of the 2016 Bonds will be used to buy Defeasance Obligations (as defined in Resolution No. 7141) in order to provide, together with the uninvested amounts in the Escrow Fund, payment for the Refunded Bonds and to discharge and satisfy the covenants, agreements and other obligations of the City under the Refunded Bonds Resolution in regard to such Refunded Bonds; and

WHEREAS, the issuance of the 2016 Bonds, the purchase by the Escrow Agent of the hereinafter defined Escrow Securities from the proceeds thereof, the deposit of such Escrow Securities and cash into the Escrow Fund to be held by the Escrow Agent and the discharge and satisfaction of the covenants, agreements and other obligations of the City under the Refunded Bonds Resolution in regard to the Refunded Bonds shall occur as a simultaneous transaction; and

WHEREAS, this Agreement is intended to effectuate such simultaneous transaction;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. The recitals stated above are true and correct and incorporated herein.

2. Receipt of true and correct copies of the above-mentioned Refunded Bonds Resolution is hereby acknowledged by the Escrow Agent. The applicable and necessary provisions of the Refunded Bonds Resolution, in particular Article XIV thereof are incorporated herein by reference. The Escrow Agent also acknowledges receipt of the verification report of

_____ dated June ___, 2016 (the "Verification Report"). Reference herein to or citation herein of any provisions of the Refunded Bonds Resolution or the Verification Report shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if the same were fully set forth herein.

3. In accordance with the Refunded Bonds Resolution, the City by this agreement exercises the option to have the covenants, agreements and other obligations of the City to the holders of the Refunded Bonds discharged and satisfied.

4. There is hereby created and established with the Escrow Agent a special, segregated and irrevocable escrow fund designated the "The City of Leesburg Electric System 2007A Escrow Deposit Fund" (the "Escrow Fund"), which Escrow Fund is to be held in the custody of the Escrow Agent as a fund solely for the benefit of the holders of the Refunded Bonds as provided more specifically below, separate and apart from other funds of the City and the Escrow Agent. The Escrow Agent hereby accepts the Escrow Fund and acknowledges the receipt of and deposit therein of the sum of $_____ in immediately available funds received by the City from the sale and delivery of the 2016 Bonds and certain other legally available City moneys, which amounts the City directs the Escrow Agent to apply as provided herein (the "Escrow Proceeds").

5. The Escrow Agent represents and acknowledges that, concurrently with the deposit of the Escrow Proceeds, it has used $_____ of such Escrow Proceeds to purchase on behalf of and for the account of the City, the securities in the aggregate principal or par amount described in **Schedule "A"** hereto (the "Escrow Securities"), and the Escrow Agent will deposit such obligations to the Escrow Fund. The Escrow Agent has retained $____ of the Escrow Proceeds as uninvested cash to be applied to pay the difference between the principal amount and interest on maturing Escrow Securities and the debt service on the Refunded Bonds as reflected on **Schedule "B"**.

6. In reliance upon the Verification Report, the City represents and warrants that the principal amounts of the Escrow Securities together with the interest earnings thereon (without consideration of any reinvestment of such maturing principal and interest), are sufficient together with the uninvested cash available to the Escrow Agent in the Escrow Fund to pay the amounts of principal of, and interest due and to become due on the Refunded Bonds as described in **Schedule "B"** attached hereto. If the Escrow Securities shall be insufficient to make such payments, the City shall timely deposit in the Escrow Fund, solely from legally available funds of the City, such additional amounts as may be required to pay the Refunded Bonds as described in **Schedule "B"** hereto. Notice of any insufficiency shall be given by the Escrow Agent to the City as promptly as possible, but the Escrow Agent shall in no manner be responsible for the City's failure to make such deposits.

7. The deposit of the Escrow Securities and cash in the Escrow Fund shall constitute an irrevocable deposit of Defeasance Obligations (as defined in the Refunded Bonds Resolution) and cash in irrevocable trust with the Escrow Agent solely for the payment of the principal and interest on the Refunded Bonds at such time and in such amount as set forth in **Schedule "B"**

hereto, and subject to the provisions of Section 9 hereof, the principal of and interest earnings on such Escrow Securities shall be used solely for such purposes.

8. The City hereby directs, and the Escrow Agent hereby agrees, that it will undertake the timely transfer of money to the Paying Agent for the Refunded Bonds or any successors or assigns thereto (collectively, the "Refunded Bonds Paying Agent") in accordance with **Schedule "B"** attached hereto, in order to effectuate this Agreement and to pay the Refunded Bonds in the amount and at the time provided in said **Schedule "B."** The liability of the Escrow Agent to make such transfer for the payment of the principal of and interest on the Refunded Bonds pursuant to this Agreement shall be limited to the application of the Escrow Securities and the interest earnings thereon and uninvested cash for such purposes.

9. Money deposited in the Escrow Fund shall be invested only in the Escrow Securities listed in **Schedule "A"** hereto, and, except as provided in this section, neither the City nor the Escrow Agent shall otherwise invest or reinvest any money in the Escrow Fund.

The Escrow Agent may not sell or otherwise dispose of any or all of the Escrow Securities in the Escrow Fund and reinvest the proceeds thereof in other securities nor may it substitute securities for any of the Escrow Securities, except upon written direction of the City (which direction may be in the form of a City Resolution or written instructions from an authorized officer of the City) and where, prior to any such reinvestment or substitution, the Escrow Agent has received from the City the following:

(a) a written opinion by an independent certified public accountant or firm of independent certified public accountants, of recognized standing, or other entity acceptable to the City and the Escrow Agent, to the effect that after such reinvestment or substitution the principal amount of Escrow Securities, together with the interest thereon together with any uninvested cash, will be sufficient to pay the Refunded Bonds as described in **Schedule "B"** hereto; and

(b) a written opinion of nationally recognized bond counsel to the effect that (i) such investment will not cause the Refunded Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder or otherwise cause the interest on the Refunded Bonds to be subject to federal income tax, and (ii) such investment does not violate the Bond Resolution or the Refunded Bonds Resolution or the provisions hereof.

In the event the above-referenced verification concludes that there are surplus moneys in the Escrow Fund, such surplus moneys shall be promptly released to the City. The Escrow Fund shall continue in effect until the date upon which the Escrow Agent makes the final payment to the Refunded Bonds Paying Agent in an amount sufficient to pay the Refunded Bonds as described in **Schedule "B"** hereto. Upon final payment of the Refunded Bonds, the Escrow Agent shall sell or redeem any Escrow Securities remaining in the Escrow Fund, and shall remit to the City the proceeds thereof, together with all other money, if any, then remaining in the Escrow Fund.

10. The City hereby irrevocably instructs the Escrow Agent to direct the Refunded Bonds Paying Agent as the registrar for the Refunded Bonds to give, at the appropriate times, the notice or notices required by the Refunded Bonds Resolution in connection with the redemption of the Refunded Bonds. All of the Refunded Bonds shall be redeemed on October 1, 2017 at 100% of the principal amount thereof plus accrued interest to such redemption date. Attached hereto as **Schedule "C"** is a Notice of Defeasance of the Refunded Bonds. The City hereby instructs the Escrow Agent to direct the Refunded Bonds Paying Agent as the registrar for the Refunded Bonds to give the Notice of Defeasance of the Refunded Bonds to the owners of the Refunded Bonds as soon as practical after the date of execution of this Agreement, and in any event within two (2) business days of such execution.

11. Concurrently with the deposit of the Escrow Securities and cash set forth in Section 5 hereof, the Refunded Bonds are hereby deemed to have been paid within the meaning and with the effect expressed in the Refunded Bonds Resolution.

12. The Escrow Fund hereby created shall be irrevocable and the holders of the Refunded Bonds shall have an express lien on all Escrow Securities and cash deposited in the Escrow Fund pursuant to the terms hereof and the interest earnings thereon until paid out, used and applied in accordance with this Agreement. Neither the City nor the Escrow Agent shall cause or permit any other lien or interest to be imposed upon the amounts in the Escrow Fund.

13. This Agreement is made for the benefit of the City and the holders from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such holders and the written consent of the Escrow Agent provided, however, that the City and the Escrow Agent may, without the consent of, or notice to, such holders enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in this Agreement;

(b) to grant, or confer upon, the Escrow Agent for the benefit of the holders of the Refunded Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and

(c) to subject to this Agreement additional funds, securities or properties.

The Escrow Agent shall be entitled to rely exclusively upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section 13, including the extent, if any, to which any change, modification or addition affects the rights of the holders of the Refunded Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section 13.

14. In consideration of the services rendered by the Escrow Agent under this Agreement, the City is simultaneously paying to the Escrow Agent $750.00 as its fee and expenses provided, that such amount shall not include any expenses associated with the performance by the Escrow Agent at the request of the City of any extraordinary services

hereunder, which are payable by the City upon presentation of an invoice therefor from the Escrow Agent. The Escrow Agent shall have no lien whatsoever upon any of the Escrow Securities or cash in the Escrow Fund for the payment of such proper fees and expenses.

15. The Escrow Agent shall not be liable in connection with the performance of its duties hereunder except for any loss or damage directly caused by its own negligence or willful misconduct. The Escrow Agent shall not be liable for any loss resulting from any investments made pursuant to the terms of this Agreement. The Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of the principal amount of the Escrow Securities and the earnings thereon and uninvested cash to pay the Refunded Bonds. So long as the Escrow Agent applies amounts on deposit in the Escrow Fund to pay the Refunded Bonds as provided herein, and complies fully with the terms of this Agreement, the Escrow Agent shall not be liable for any deficiencies in the amounts necessary to pay the Refunded Bonds. Notwithstanding any provision herein to the contrary, in no event shall the Escrow Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

The duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement and no implied warranties or obligations shall be read into this Agreement against the Escrow Agent. The Escrow Agent may consult with nationally recognized bond counsel with respect to any matter as to which it has reasonable doubt as to its responsibilities under this Agreement, and be entitled to receive from the City reimbursement of the reasonable fees and expenses of such counsel. The Escrow Agent shall not be liable for any action it takes or omits to take in good faith reliance on such advice of counsel. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the City and the Escrow Agent may in good faith conclusively rely upon such certificate.

The Escrow Agent and any agents and attorneys therefor may conclusively rely upon and shall be fully protected in acting and relying upon any notice, order, requisition, request, consent, certificate, order, opinion (including an opinion of counsel), affidavit, letter, telegram or other paper or document in good faith deemed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any payment obligation of the Escrow Agent hereunder shall be paid from, and is limited to funds available, established and maintained hereunder; the Escrow Agent shall not be required to expend its own funds for the performance of its duties hereunder. The Escrow Agent shall not be responsible or liable for any failure or delay in the performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Escrow Agent shall use commercially reasonable efforts which are consistent with accepted practices in the

banking industry to resume performance as soon as reasonably practicable under the circumstances.

The City further agrees to indemnify and save the Escrow Agent harmless, to the extent allowed by law, against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence or willful misconduct. Such indemnification shall survive the termination of this Agreement and/or the sooner resignation or removal of the Escrow Agent and shall inure to the benefit of the Escrow Agent's successors and assigns.

16. The Escrow Agent, at the time acting hereunder, may at any time resign and be discharged from the duties and obligations hereby created by giving not less than twenty (20) days written notice to the City and mailing notice thereof, specifying the date when such resignation will take effect, to the holders of all Refunded Bonds then outstanding, but no such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the holders of a majority in aggregate principal amount of the Refunded Bonds then outstanding or by the City as hereinafter provided and such successor Escrow Agent shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing, delivered to the Escrow Agent and to the City and signed by the holders of a majority in aggregate principal amount of the Refunded Bonds then outstanding.

In the event the Escrow Agent hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case the Escrow Agent shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the holders of a majority in aggregate principal amount of the Refunded Bonds then outstanding by an instrument or concurrent instruments in writing, signed by such holders, or by their attorneys in fact, duly authorized in writing; provided, nevertheless, that in any such event, the City shall appoint a temporary Escrow Agent to fill such vacancy until a successor Escrow Agent shall be appointed by the holders of a majority in aggregate principal amount of the Refunded Bonds then outstanding in the manner above provided, and any such temporary Escrow Agent so appointed by the City shall immediately and without further act be superseded by the Escrow Agent so appointed by such holders.

In the event that no appointment of a successor Escrow Agent or a temporary successor Escrow Agent shall have been made by such holders or the City pursuant to the foregoing provisions of this Section 16 within ten (10) days after written notice of resignation of the Escrow Agent has been given to the City, the holder of any of the Refunded Bonds or any retiring Escrow Agent may apply to any court of competent jurisdiction for the appointment of a successor Escrow Agent, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor Escrow Agent.

No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall be banking association with trust powers organized under the banking laws of the United States or any state thereof, and shall have at the time of appointment capital and surplus of not less than $75,000,000.

Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the City an instrument in writing accepting such appointment hereunder and thereupon such successor Escrow Agent, without any further act, deed or conveyance, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor; but such predecessor shall nevertheless, on the written request of such successor Escrow Agent or the City execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, powers and trust of such predecessor hereunder; and every predecessor Escrow Agent shall deliver all securities and moneys held by it to its successor; provided, however, that before any such delivery is required to be made, all fees, advances and expenses of the retiring or removed Escrow Agent shall be paid in full. Should any transfer, assignment or instrument in writing from the City be required by any successor Escrow Agent for more fully and certainly vesting in such successor Escrow Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instruments in writing shall, on request, be executed, acknowledged and delivered by the City.

Any corporation into which the Escrow Agent, or any successor to it in the trusts created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or transfers all or substantially all of its corporate trust business to, or any corporation resulting from any merger, conversion, consolidation or tax-free reorganization to which the Escrow Agent or any successor to it shall be a party, if satisfactory to the City, shall be the successor Escrow Agent under this Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

17. This Agreement, except for Sections 14 and 15 hereof, shall terminate when all transfers and payments required to be made by the Escrow Agent under the provisions hereof shall have been made. Upon such termination, all amounts remaining in the Escrow Fund shall be released to the City.

18. This Agreement shall be governed by the applicable laws of the State of Florida without regard to conflict of law principles.

19. If any one or more of the covenants or agreements provided in this Agreement on the part of the City or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

20. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

21. The Issuer will not accelerate the maturity of any Refunded Bonds or exercise any option to redeem any Refunded Obligations except as set forth in Section 10 hereof.

22. The City acknowledges that to the extent the regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive individual confirmations of security transactions at no additional cost, as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Agent will furnish the City periodic cash transaction statements that include detail for all investment transactions made by the Escrow Agent hereunder.

23. Any notice, authorization, request or demand required or permitted to be given in accordance with the terms of this Agreement shall be in writing and sent by registered or certified mail addressed to:

City of Leesburg, Florida	U.S. Bank National Association
501 West Meadow Street	225 East Robinson Street, Suite 250
Leesburg, Florida 34748	Orlando, FL 32801
Attention: Finance Director	Attention: James Audette

IN WITNESS WHEREOF, the parties hereto have each caused this Escrow Deposit Agreement to be executed by their duly authorized officers and appointed officials and their seals to be hereunder affixed and attested as of the date first above written.

CITY OF LEESBURG, FLORIDA

(SEAL)

By: _____
Mayor

ATTEST:

_____
City Clerk

Approved as to
Form and Correctness:

_____
City Attorney

(*Signature page of Escrow Deposit Agreement dated June ___, 2016*
re: City of Leesburg, Florida)

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

By: _____
Vice President

SCHEDULE A

Escrow Securities

Type	Par Amount	Maturity Date	Interest Rate
			%
			%
			%

SCHEDULE B

Refunded Bonds

Payment Date	Maturing Principal	Interest	Principal Redeemed	Total
October 1, 2016	$	$	$ ---	$
April 1, 2017	---		---	
October 1, 2017				

SCHEDULE C

NOTICE OF DEFEASANCE

CITY OF LEESBURG, FLORIDA
ELECTRIC SYSTEM REVENUE BONDS, SERIES 2007A

NOTICE IS HEREBY GIVEN to the holders of the outstanding Electric System Revenue Bonds, Series 2007A, of the City of Leesburg, Florida (the "Bonds") that there have been deposited with U.S. Bank National Association, as escrow agent, moneys consisting of refunding bond proceeds and other available moneys of the City which have been invested in obligations consisting of securities which are direct obligations of the United States of America which, together with certain amounts held uninvested will be sufficient to pay the principal of and interest on such Bonds to the redemption date of October 1, 2017.

The Bonds are deemed to have been paid within the meaning of Article XIV of the resolutions under which the Bonds were issued and secured. **This notice does not constitute a notice of redemption and no Bonds should be delivered to the City or its paying agents as a result of this publication**.

Dated this ____ day of _____, 2016.

U.S. BANK NATIONAL ASSOCIATION,
Escrow Agent

AGENDA MEMORANDUM

Item No: 6B.

Meeting Date: May 9, 2016

From: William Spinelli, CPA, Finance Director

Subject: Supplementing Resolution No. 7143, as Previously Amended and Supplemented; for the propose of authorizing the issuance by the City of not to Exceed $21,000,000 in Aggregate Principal Amount of its Utility System Refunding Revenue Bonds, Series 2016

Staff Recommendation:

Approve the Supplementing Resolution No. 7143, as Previously Amended and Supplemented; for the propose of authorizing the issuance by the City of not to Exceed $21,000,000 in Aggregate Principal Amount of its Utility System Refunding Revenue Bonds, Series 2016. This action refinances debt in the Water, Waste Water and Natural Gas Funds.

Analysis:

On February 8, 2016 the City Commission approved City staff to move forward with the Utility System Refunding Revenue Bonds, Series 2016.

The city has an opportunity to advance refund the Series 2007A Bonds providing cash flow relief in each year with NPV Savings of $2,331,000, or 12.2% of refunded bonds.

Options:

1. Approve the Resolution
2. Such alternative action as the Commission may deem appropriate

Fiscal Impact:

Current Debt Payments			Changes Requested with this Refunding			Savings From Refundings Increase/(Decrease)		
Aggregate			Aggregate			Aggregate		
Principal	Interest	Annual Debt Service	Principal	Interest	Annual Debt Service	Principal	Interest	Annual Debt Service
1,565,000	2,103,339	$ 3,668,339	$ 1,565,000	$ 1,413,245	$ 2,978,245	$ -	$ (690,094)	$ (690,094)
1,635,000	2,035,466	3,670,466	1,635,000	1,975,710	3,610,710	-	(59,756)	(59,756)
1,705,000	1,963,994	3,668,994	1,615,000	1,904,238	3,519,238	(90,000)	(59,756)	(149,756)
1,785,000	1,888,781	3,673,781	1,695,000	1,830,188	3,525,188	(90,000)	(58,594)	(148,594)
1,860,000	1,810,044	3,670,044	1,765,000	1,752,425	3,517,425	(95,000)	(57,619)	(152,619)
1,940,000	1,727,911	3,667,911	1,845,000	1,671,405	3,516,405	(95,000)	(56,506)	(151,506)
2,025,000	1,641,585	3,666,585	1,930,000	1,586,673	3,516,673	(95,000)	(54,913)	(149,913)
2,125,000	1,551,453	3,676,453	2,030,000	1,497,978	3,527,978	(95,000)	(53,475)	(148,475)
2,210,000	1,456,083	3,666,083	2,110,000	1,404,583	3,514,583	(100,000)	(51,500)	(151,500)
2,310,000	1,356,875	3,666,875	2,210,000	1,307,475	3,517,475	(100,000)	(49,400)	(149,400)
1,590,000	1,253,125	2,843,125	1,485,000	1,205,725	2,690,725	(105,000)	(47,400)	(152,400)
1,665,000	1,176,280	2,841,280	1,560,000	1,130,980	2,690,980	(105,000)	(45,300)	(150,300)
1,750,000	1,095,835	2,845,835	1,645,000	1,052,485	2,697,485	(105,000)	(43,350)	(148,350)
1,835,000	1,010,383	2,845,383	1,725,000	969,695	2,694,695	(110,000)	(40,688)	(150,688)
1,920,000	920,748	2,840,748	1,810,000	882,860	2,692,860	(110,000)	(37,888)	(147,888)
2,015,000	826,994	2,841,994	1,900,000	791,775	2,691,775	(115,000)	(35,219)	(150,219)
2,115,000	728,576	2,843,576	1,995,000	696,145	2,691,145	(120,000)	(32,431)	(152,431)
2,215,000	625,245	2,840,245	2,095,000	595,720	2,690,720	(120,000)	(29,525)	(149,525)
2,315,000	517,000	2,832,000	2,190,000	490,250	2,680,250	(125,000)	(26,750)	(151,750)
2,545,000	401,250	2,946,250	2,415,000	380,750	2,795,750	(130,000)	(20,500)	(150,500)
2,675,000	274,000	2,949,000	2,540,000	260,000	2,800,000	(135,000)	(14,000)	(149,000)
2,805,000	140,250	2,945,250	2,660,000	133,000	2,793,000	(145,000)	(7,250)	(152,250)
-	-	-	-	-	-	-	-	-
$ 44,605,000	**$ 26,505,215**	**$ 71,110,215**	**$ 42,420,000**	**$ 24,933,303**	**$ 67,353,303**	**$ (2,185,000)**	**$ (1,571,913)**	**$ (3,756,913)**

Submission Date and Time: 5/4/2016 4:04 PM____

Department: _____ **Prepared by:** _____ **Attachments:** Yes____ No _____ **Advertised:**_____Not Required _____ **Dates:**_____ **Attorney Review :** Yes___ No ____ _____ **Revised 6/10/04**	**Reviewed by: Dept. Head** _____ **Finance Dept.** _____ **Deputy C.M.** _____ **Submitted by:** **City Manager** _____	**Account No.** _____ **Project No.** _____ **WF No.** _____ **Budget** _____ **Available** _____

RESOLUTION NO. _____

RESOLUTION OF THE CITY OF LEESBURG, FLORIDA, SUPPLEMENTING ITS RESOLUTION NO. 7143, AS PREVIOUSLY AMENDED AND SUPPLEMENTED; FOR THE PURPOSE OF AUTHORIZING THE ISSUANCE BY THE CITY OF NOT EXCEEDING $21,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF ITS UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2016, TO ADVANCE REFUND ALL OR A PORTION OF THE CITY'S OUTSTANDING UTILITY SYSTEM REVENUE BONDS, SERIES 2007A; AND IF DEEMED NECESSARY AS PROVIDED HEREIN TO FUND A SERIES 2016 RESERVE ACCOUNT FOR THE SERIES 2016 BONDS AND PAY THE COSTS OF ISSUANCE OF SUCH SERIES 2016 BONDS INCLUDING IF DEEMED NECESSARY THE COST OF A RESERVE PRODUCT; AUTHORIZING AN ISSUER AUTHORIZED REPRESENTATIVE TO NEGOTIATE FOR AND OBTAIN A RESERVE PRODUCT AND TO EXECUTE AGREEMENTS RELATED THERETO; PLEDGING TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH SERIES 2016 BONDS ON A PARITY WITH THE CITY'S OUTSTANDING TAXABLE UTILITY SYSTEM REVENUE BONDS, SERIES 2007B, UTILITY SYSTEM REVENUE REFUNDING NOTE, SERIES 2010 AND UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2013 (i) THE NET REVENUES DERIVED BY THE CITY FROM THE OPERATION OF ITS GAS SYSTEM, SEWER SYSTEM AND WATER SYSTEM, (ii) THE CAPACITY CHARGES (TO THE EXTENT DESCRIBED IN THE BOND RESOLUTION) AND (iii) UNTIL APPLIED IN ACCORDANCE WITH THE PROVISIONS OF THE BOND RESOLUTION, ALL MONEYS, INCLUDING INCOME FROM INVESTMENT THEREOF, IN CERTAIN OF THE FUNDS AND ACCOUNTS ESTABLISHED BY THE BOND RESOLUTION; MAKING CERTAIN COVENANTS AND AGREEMENTS FOR THE BENEFIT OF THE HOLDERS OF THE SERIES 2016 BONDS; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF LEESBURG, FLORIDA AS FOLLOWS:

DEFINITIONS. When used in this Resolution, the terms defined in Resolution No. 7143 of the City of Leesburg, Florida (the "Original Instrument") adopted by the City Commission of the Issuer on June 14, 2004 shall have the respective meanings assigned thereto by the Original Instrument and the following terms shall have the following meanings, unless the context clearly otherwise requires:

"Beneficial Owner" shall mean the Person treated as the owner of Series 2016 Bonds for federal income tax purposes while the Series 2016 Bonds are registered in the name of a Depository or its nominee.

"Bond Resolution" shall mean the Original Instrument as amended and supplemented including this Resolution and any resolution supplementing or amending the then existing Bond Resolution.

"Escrow Deposit Agreement" shall mean that document entitled Escrow Deposit Agreement dated the date of delivery of the Series 2016 Bonds and between the Issuer and U.S. Bank National Association as escrow agent.

"Issuer Authorized Representative" shall mean the Mayor, City Manager or Finance Director of the Issuer.

"Interest Date" shall mean each April 1 and October 1 commencing October 1, 2016.

"Parity Obligations" shall mean the Issuer's Outstanding Taxable Utility System Revenue Bonds, Series 2007B, Outstanding Utility System Revenue Refunding Note, Series 2010, Outstanding Utility System Refunding Revenue Bonds, Series 2013 and any portion of the Issuer's Utility System Revenue Bonds, Series 2007A not part of the Refunded Bonds.

"Person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or governmental entity.

"Refunded Bonds" shall mean all or that portion of the Issuer's Outstanding Utility System Revenue Bonds, Series 2007A to be refunded by the Series 2016 Bonds.

"Series 2016 Bonds" shall mean the City of Leesburg, Florida Utility System Refunding Revenue Bonds, Series 2016 authorized to be issued pursuant to Section 7 of this Resolution.

"This Resolution" shall mean this instrument, as the same may from time to time be amended, modified or supplemented.

The terms "herein," "hereunder," "hereby," "hereto," "hereof' and any similar terms shall refer to this Resolution; the term "heretofore" shall mean before the date of adoption of this Resolution; and the term "hereafter" shall mean after the date of adoption of this Resolution. Words importing the masculine gender include every other gender. Words importing the singular number include the plural number, and vice versa.

AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to the provisions of the Act, the Original Instrument as amended and supplemented, particularly Section 12.02 thereof, and other applicable provisions of law.

FINDINGS. It is hereby ascertained, determined and declared that:

The City Commissioners of the City of Leesburg, Florida (the "City") duly adopted the Original Instrument on June 14, 2004 which authorized the issuance of the Issuer's Utility System Revenue Bonds, Series 2007A and the Issuer's Utility System Taxable Revenue Bonds, Series 2007B and authorized the issuance of Additional Bonds having an equal lien on the Pledged Revenues as the Parity Obligations except as otherwise provided in the Original Instrument.

The Issuer deems it necessary, desirable and in the best financial interest of the Issuer and its citizens to issue the Series 2016 Bonds for the principal purpose of refunding the Refunded Bonds in order to reduce the debt of the City secured by the Pledged Revenues.

The Issuer deems it necessary, desirable and in the best interest of the Issuer and its citizens that the Pledged Revenues be pledged to the payment of the principal of and interest on the Series 2016 Bonds. Following the issuance of the Series 2016 Bonds, no part of the Pledged Revenues will be pledged or encumbered in any manner except as security for the Series 2016 Bonds and the Parity Obligations. The Issuer is authorized pursuant to Section 12.02 of the Original Instrument as amended to issue Additional Bonds payable from the Pledged Revenues on a parity with the Parity Obligations under the terms, limitations and conditions provided therein. The applicable provisions of Section 12.02 of the Original Instrument will be complied with prior to the issuance of the Series 2016 Bonds. The Series 2016 Bonds shall be payable on a parity and rank equally as to lien on and source and security for payment from the Pledged Revenues, and in all other respects except as otherwise provided in the Bond Resolution, with the Parity Obligations and any Additional Bonds hereafter issued in accordance with the Bond Resolution.

The principal of and interest and redemption premium, if any, on the Series 2016 Bonds and all reserve and other payments shall be payable solely from the Pledged Revenues as provided in the Bond Resolution. No ad valorem taxing power of the Issuer will ever be exercised nor will any Bondholder of any Series 2016 Bond or any Qualified Swap Provider or any issuer of a Credit Facility or Liquidity Facility have the right to compel the exercise of such ad valorem taxing power to pay the principal of or interest on the Series 2016 Bonds or to make any other payments provided for in the Bond Resolution, and the Series 2016 Bonds shall not constitute a lien upon any property of the Issuer or situated within its corporate territorial limits, except the Pledged Revenues.

AUTHORIZATION OF REFUNDING OF REFUNDED BONDS. The Issuer hereby authorizes the refunding of the Refunded Bonds as provided in this Resolution.

An Issuer Authorized Representative is hereby authorized to determine in connection with the Issuer's financial advisor which of the Issuer's outstanding Utility System Revenue Bonds, Series 2007A shall constitute the Refunded Bonds and which will be redeemed prior to maturity as set forth in the Escrow Deposit Agreement and a certificate of an Issuer Authorized Representative delivered in connection with the issuance of the Series 2016 Bonds.

THIS RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the purchase and acceptance of any or all of the Series 2016 Bonds by those who shall hold the same from time to time, the provisions of this Resolution shall be deemed to be and shall constitute a contract between the Issuer and the Holders from time to time of the Series 2016 Bonds and any Reserve Product Provider. The pledge made in this Resolution and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be for the equal benefit, protection and security of the Holders of any and all of the Series 2016 Bonds and for the benefit, protection and security of any Reserve Product Provider. All of the Series 2016 Bonds, regardless of the time or times of their issuance or maturity, shall be of equal rank without

preference, priority or distinction of any of the Series 2016 Bonds over any other thereof except as expressly provided in or pursuant to this Resolution.

RESERVE ACCOUNT. An Issuer Authorized Representative is hereby authorized to determine, in consultation with the City's financial advisor, whether to fund a Reserve Account for the Series 2016 Bonds in order to enhance the marketability of the Series 2016 Bonds and/or maximize debt service savings. In order to provide for such option to fund an account within the Reserve Fund in connection with the issuance of the Series 2016 Bonds there is hereby created, the "Series 2016 Reserve Account" within the Reserve Fund. The Reserve Requirement for the Series 2016 Bonds (which may be $0) shall be as set forth in a certificate executed by an Issuer Authorized Representative in connection with the issuance of the Series 2016 Bonds. All or a portion of such Reserve Requirement for the Series 2016 Bond may be funded from proceeds of the Series 2016 Bonds, other legally available moneys of the Issuer or all or part, by obtaining a Reserve Product all as shall be set forth in the official statement for the Series 2016 Bonds and a certificate executed by an Issuer Authorized Representative in connection with the issuance of the Series 2016 Bonds. The execution and delivery of agreements with the Reserve Product Provider in connection with any Reserve Product is hereby authorized and approved. The execution, attestation, seal and delivery of any such agreements by an Issuer Authorized Representative shall be conclusive evidence of the City's approval of the terms and conditions thereof.

AUTHORIZATION OF SERIES 2016 BONDS. Subject and pursuant to the provisions of the Bond Resolution, the Series 2016 Bonds are authorized to be issued in the aggregate principal amount of not exceeding $21,000,000.

DESCRIPTION OF SERIES 2016 BONDS. The Series 2016 Bonds shall be dated as of their date of delivery; shall be issued as fully registered Current Interest Bonds; and shall be numbered consecutively from one upward in order of maturity preceded by the letter "R;" shall be in such denominations and shall bear interest at a fixed interest rate or rates not exceeding the maximum rate permitted by law (calculated on the basis of a 360-day year of twelve 30-day months), payable in such manner and on such dates; shall consist of such amounts of Serial Bonds and Term Bonds, maturing in such amounts and in such years; shall have such Paying Agent and Registrar; and shall contain such redemption provisions; all as the Issuer shall hereafter provide by supplemental resolution.

The Series 2016 Bonds shall be executed and shall be subject to registration and such other terms and provisions as provided in the Original Instrument, particularly Article VI thereof.

The Series 2016 Bonds shall be initially issued pursuant to a Book Entry-Only System registered in the name of a Depository or its nominee.

The Issuer will recognize the Depository or its nominee as the Holder for all purposes, including notices. Conveyance of notices and other communications by the Depository to participants, by participants to indirect participants, and by participants and indirect participants to beneficial Holders will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time.

Neither the Issuer, the Registrar nor the Paying Agent will have any responsibility or obligation to any Beneficial Owner or any other person with respect to (i) the accuracy of any

records maintained by the Depository or any persons participating by or through the Depository; (ii) the payment by the Depository or any persons participating by or through the Depository of any amount with respect to the principal or Redemption Price, if applicable, or interest on the Series 2016 Bonds; (iii) any notice which is permitted or required to be given to Holders pursuant to this Resolution; (iv) the selection by the Depository or any persons participating by or through the Depository of any person to receive payment in the event of a partial redemption of the Series 2016 Bonds; or (v) any consent given or other action taken by the Depository as Holder.

APPLICATION OF SERIES 2016 BOND PROCEEDS. The proceeds derived from the sale of the Series 2016 Bonds, including premium, if any, shall, simultaneously with the delivery of the Series 2016 Bonds to the purchaser or purchasers thereof, be applied by the Issuer as follows:

an amount equal to the premium with respect to any Reserve Product shall be transferred directly to the Reserve Product Provider and any Reserve Product shall be deposited in the Series 2016 Reserve Account;

an amount of 2016 Bond proceeds and/or other legally available money of the Issuer as are required to make the amount on deposit in its Series 2016 Reserve Account equal to the Reserve Requirement for the Series 2016 Bonds shall be deposited in the Series 2016 Reserve Account;

a sufficient amount of the Series 2016 Bond proceeds together with other legally available funds of the Issuer will be deposited pursuant to the Escrow Deposit Agreement to provide for its payment of all of the Refunded Bonds as provided in the Escrow Deposit Agreement; and

the balance of the proceeds of the Series 2016 Bonds shall be deposited in the 2016 Utility System Cost of Issuance Account hereby created and applied to payment of the cost of issuance of the Series 2016 Bonds not otherwise paid pursuant to (A) above.

Notwithstanding the provisions of this Section, an Issuer Authorized Representative is hereby authorized by the Issuer to supplement and amend the application of proceeds of the Series 2016 Bonds provided herein, as evidenced by a certificate signed by such official executed in connection with the issuance of the Series 2016 Bonds, in a manner otherwise consistent with the objectives of this Resolution and not inconsistent with the Bond Resolution.

FORM OF SERIES 2016 BONDS. The Series 2016 Bonds shall be in substantially the following form with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Mayor or the Clerk prior to the issuance thereof (which necessity and/or desirability and approval shall be evidenced conclusively by the Issuer's delivery of the Series 2016 Bonds to the purchaser or purchasers thereof):

REGISTERED REGISTERED
No. R-_____ $_____

UNITED STATES OF AMERICA
STATE OF FLORIDA
CITY OF LEESBURG
UTILITY SYSTEM REFUNDING REVENUE BOND,
SERIES 2016

Interest Rate:	Maturity Date:	Dated Date:	CUSIP NO.
%			

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: DOLLARS

The City of Leesburg, Florida (hereinafter called the "Issuer"), for value received, hereby promises to pay to the Registered Owner identified above, or to registered assigns or legal representatives, but solely from the revenues hereinafter mentioned, on the Maturity Date identified above (or earlier as hereinafter provided), the Principal Amount identified above, upon presentation and surrender hereof at the designated office of _____, or its successors, as Registrar and Paying Agent (the "Registrar" and "Paying Agent") or otherwise in accordance with the provisions applicable to book-entry obligations, and to pay, solely from such special revenues, interest on the Principal Amount from the Dated Date, or from the most recent interest payment date to which interest has been paid, at the Interest Rate per annum identified above, until payment of the Principal Amount, or until provision for the payment thereof has been duly provided for, such interest being payable semiannually on the first day of April and the first day of October of each year, commencing on October 1, 2016. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be paid by wire transfer or check or draft transmitted to the Registered Owner hereof at his address as it appears on the registration books of the Issuer maintained by the Registrar at the close of business on the fifteenth day (whether or not a business day) of the month next preceding the interest payment date (the "Record Date"), irrespective of any transfer or exchange of this Bond subsequent to the Record Date and prior to such interest payment date, unless the Issuer shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date (which date shall also be the date for the payment of such defaulted interest) as established by notice by deposit in the U.S. mail, postage prepaid, by the Issuer to the Registered Owners of Bonds not less than fifteen days preceding such special record date. Such notice shall be mailed to the persons in whose names the Bonds are registered at the close of business on the fifth day (whether or not a business day) preceding the date of mailing.

This Bond and the interest hereon is payable solely from and secured by a lien upon and pledge of the Net Revenues derived by the Issuer from the operation of the System, Capacity Charges all pursuant to the terms and subject to the conditions described in Resolution No. 7143, adopted by the Issuer on June 14, 2004, as supplemented and amended (the "Resolution"), and certain other funds and investment earnings thereon (collectively, the "Pledged Revenues"), all in the

manner and to the extent provided in the Resolution and as more particularly described below. The lien of the Bonds on the Pledged Revenues is on a parity with the lien of the Issuer's Outstanding Parity Obligations, except as otherwise provided in the Resolution. Reference is hereby made to the Resolution for the provisions, among others, relating to the terms, lien and security of the Bonds, the custody and application of the proceeds of the Bonds, the rights and remedies of the Registered Owners of the Bonds, the extent of and limitations on the Issuer's rights, duties and obligations, and the provisions permitting the issuance or incurrence of additional parity indebtedness (including Additional Bonds and Hedge Obligations arising under Qualified Swaps), to all of which provisions the Registered Owner and Beneficial Owner hereof for himself and his successors in interest assents by acceptance of this Bond. All terms used herein in capitalized form, unless otherwise defined herein, shall have the meanings ascribed thereto in the Resolution.

This Bond shall not be deemed to constitute a general debt or a pledge of the faith and credit of the Issuer, or a debt or a pledge of the faith and credit of the State of Florida or any political subdivision thereof within the meaning of any constitutional, legislative or charter provision or limitation, and it is expressly agreed by the Registered Owner of this Bond that such Registered Owner shall never have the right, directly or indirectly, to require or compel the exercise of the ad valorem taxing power of the Issuer or any other political subdivision of the State of Florida or taxation in any form on any real or personal property for the payment of the principal of, premium, if any, and interest on this Bond or for the payment of any other amounts provided for in the Resolution.

It is further agreed between the Issuer and the Registered Owner of this Bond that this Bond and the indebtedness evidenced hereby shall not constitute a lien upon the System, or any part thereof, or any other tangible personal property of or in the Issuer, but shall constitute a lien only on the Pledged Revenues, all in the manner and to the extent provided in the Bond Resolution. Neither the members of the governing body of the Issuer nor any person executing the Bonds shall be liable personally on the Bonds by reason of their issuance.

This Bond is one of an authorized issue of Bonds in the aggregate principal amount of $_____, of like tenor and effect, except as to number, maturity (unless all Bonds mature on the same date) and interest rate, issued to defease and refund **[**all or a portion of**]** the Issuer's outstanding Utility System Revenue Bonds, Series 2007A pursuant to the authority of and in full compliance with the Constitution and laws of the State of Florida, including particularly the Resolution, Article VIII, Section 2, Constitution of the State of Florida, Chapter 166, Florida Statutes, Section 159.11, Florida Statutes and other applicable provisions of law. This Bond is also subject to the terms and conditions of the Resolution.

The Bonds of this issue are subject to redemption prior to their maturity [Insert Term Bond amortization provisions]. The Bonds of this issue shall be further subject to redemption prior to their maturity at the option of the Issuer [Insert optional redemption provisions].

Notice of such redemption shall be given in the manner required by the Resolution.

The transfer of this Bond is registrable by the Bondholder hereof in person or by his attorney-in-fact or legal representative at the designated corporate trust office of the Registrar but only in the manner and subject to the conditions provided in the Resolution. Neither the Issuer nor the Registrar shall be required to register the transfer of any Bond during the period commencing on

the fifteenth day of the month immediately preceding an interest payment date on the Bonds and ending on such interest payment date, or, in the case of any proposed redemption of Bonds, after such Bonds or any portion thereof have been selected for redemption. The Issuer and the Registrar may charge the owner of such Bond for the registration of every such transfer of a Bond an amount sufficient to reimburse them for any tax, fee or any other governmental charge required (other than by the Issuer) to be paid with respect to the registration of such transfer, and may require that such amounts be paid before any such new Bond shall be delivered.

If the date for payment of the principal of, premium, if any, or interest on this Bond shall be a day on which banking business in the city or cities where the Paying Agent has its designated corporate trust offices is not being transacted, the New York Stock Exchange is not open or the Issuer is not open to transact business, then the date for such payment shall be the next succeeding Business Day, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in regular and due form and time as required by the laws and Constitution of the State of Florida applicable hereto, and that the issuance of the Bonds of this Series does not violate any constitutional or statutory limitation or provision.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication endorsed hereon shall have been signed by the Registrar.

IN WITNESS WHEREOF, the City of Leesburg, Florida, has issued this Bond and has caused the same to be signed by the Mayor and attested to and countersigned by its Clerk, either manually or with their facsimile signatures, and its corporate seal or a facsimile thereof to be affixed, impressed, imprinted, lithographed or reproduced hereon, all as of the first day of _____, ____.

CITY OF LEESBURG, FLORIDA

(SEAL)

By_____
Mayor

ATTESTED AND COUNTERSIGNED:

By_____
Clerk

APPROVED AS TO FORM AND CORRECTNESS:

By:_____
City Attorney

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds designated in and executed under the provisions of the within mentioned Resolution.

U.S. BANK NATIONAL ASSOCIATION

By_____
Authorized Officer

Date of Authentication:

[Form of Abbreviations]

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to the applicable laws or regulations.

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with the right of survivorship and not as tenants in common
UNIFORM GIFT MIN ACT - _____ Custodian _____
(Cust) (Minor)

under Uniform Gifts to Minors Act _____
(State)

Additional abbreviations may also be used
though not in the above list.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney to transfer the said Bond on the books of the Issuer, with full power of substitution in the premises.

Dated:

Social Security Number or
Employer Identification
Number of Transferee:

Signature guaranteed:

NOTICE: The assignor's signature to this Assignment must correspond with the name as it appears on the face of the within Bond in every particular without alteration or any change whatever.

[STATEMENT OF INSURANCE]

BONDS AND QUALIFIED SWAPS NOT TO BE GENERAL INDEBTEDNESS OF THE ISSUER. Neither the Series 2016 Bonds nor any Hedge Obligations or other amounts payable under any Qualified Swaps in regard to the Series 2016 Bonds or any amounts due any Bond Insurer or any other provider of a Credit Facility, Liquidity Facility or Reserve Product shall be or constitute general obligations or indebtedness of the Issuer within the meaning of the Constitution of the State of Florida, but shall be payable solely from and secured by a lien upon and a pledge of the Pledged Revenues in the manner and to the extent herein provided in the Bond Resolution. No Bondholder or Qualified Swap Provider or any Bond Insurer or any other provider of a Credit Facility, Liquidity Facility or Reserve Product shall ever have the right to compel the exercise of the ad valorem taxing power of the Issuer or taxation in any form on any real or personal property to pay the principal of, premium, if any, and interest on the Series 2016 Bonds or any amounts due under a Qualified Swap or any amounts due any Bond Insurer or any other provider of a Credit Facility, Liquidity Facility or Reserve Product, nor shall any Bondholder or Qualified Swap Provider or any Bond Insurer or any other provider of a Credit Facility, Liquidity Facility or Reserve Product be entitled to payment of such principal, premium and interest or Hedge Obligations or Hedge Charges from any other funds of the Issuer other than the Pledged Revenues, all in the manner and to the extent herein provided in the Bond Resolution. Neither the Bondholders nor the Qualified Swap Providers shall have a lien upon the System or the Utility Projects.

SECURITY FOR BONDS. The Issuer does hereby irrevocably pledge the Pledged Revenues to the payment of the principal of or redemption price, if applicable, and interest on the Series 2016 Bonds. The Series 2016 Bonds are payable from the Pledged Revenues on a parity, equally and ratably with the Parity Obligations except as otherwise provided herein.

APPLICATION OF PROVISIONS OF ORIGINAL INSTRUMENT. The Series 2016 Bonds shall for all purposes be considered to be Additional Bonds issued under the authority of Section 12.02 of the Bond Resolution and shall be entitled to all the protection and security provided in and by the Bond Resolution for Additional Bonds, and the Series 2016 Bonds shall be in all respects entitled to the same security, rights and privileges enjoyed by the Parity Obligations except as otherwise provided herein. The debt service on the Series 2016 Bonds shall be payable from the Revenue and Operating Fund established by the Original Instrument on a parity with the Parity Obligations, and to the extent of available Pledged Revenue deposits shall be made into such fund by the Issuer in amounts fully sufficient to pay the debt service on the Series 2016 Bonds and on the Parity Obligations as such debt service becomes due. The terms and provisions of the Bond Resolution as supplemented hereby shall remain in full force and effect and be applicable with respect to the Series 2016 Bonds.

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 or shall in any manner be held to adversely affect the validity of the Series 2016 Bonds, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Resolution or of the Series 2016 Bonds issued hereunder.

GENERAL AUTHORITY. The members of the Governing Body and the Issuer's officers, attorneys and other agents and employees are hereby authorized to do all acts and things required of them by this Resolution or desirable or consistent with the requirements hereof for the

full, punctual and complete performance of all of the terms, covenants and agreements contained in the Series 2016 Bonds and this Resolution, and they are hereby authorized to execute and deliver all documents which shall be required by Bond Counsel or the initial purchasers of the Series 2016 Bonds to effectuate the sale of the Bonds to said initial purchasers.

NO PERSONAL LIABILITY. No representation, statement, covenant, warranty, stipulation, obligation or agreement herein contained, or contained in the Series 2016 Bonds, or in any certificate or other instrument to be executed on behalf of the Issuer in connection with the issuance of the Series 2016 Bonds, shall be deemed to be a representation, statement, covenant, warranty, stipulation, obligation or agreement of any member of the Governing Body, officer, employee or agent of the Issuer in his or her individual capacity, and none of the foregoing persons nor any officer of the Issuer executing the Series 2016 Bonds, or any certificate or other instrument to be executed in connection with the issuance of the Series 2016 Bonds, shall be liable personally thereon or be subject to any personal liability or accountability by reason of the execution or delivery thereof.

NO THIRD PARTY BENEFICIARIES. Nothing in this Resolution, or in the Series 2016 Bonds, expressed or implied, is intended or shall be construed to confer upon any Person other than any Reserve Product Provider and the Holders any right, remedy or claim, legal or equitable, under and by reason of the Bond Resolution or any provision hereof, or of the Series 2016 Bonds, all provisions hereof and thereof being intended to be and being for the sole and exclusive benefit of any Issuer and the Persons who shall from time to time be the Holders.

REPEAL OF INCONSISTENT RESOLUTIONS. All resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict.

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EFFECTIVE DATE. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this 9th day of May, 2016.

CITY OF LEESBURG, FLORIDA

(OFFICIAL SEAL)

_____
Mayor

ATTEST:

_____
City Clerk

Approved as to Form and Correctness:

_____
City Attorney

SOURCES AND USES OF FUNDS

City of Leesberg, Florida
Utility System Refunding Revenue Bonds, Series 2016
Preliminary Numbers - 5% Coupon Structure
AAA MMD (4/27/16) + RBC Scale

Dated Date	06/22/2016
Delivery Date	06/22/2016

Sources:	
Bond Proceeds:	
Par Amount	16,915,000.00
Premium	3,419,080.55
	20,334,080.55
Other Sources of Funds:	
Accrued Interest	203,738.91
	20,537,819.46

Uses:	
Refunding Escrow Deposits:	
Cash Deposit	0.74
SLGS Purchases	20,302,365.00
	20,302,365.74
Delivery Date Expenses:	
Cost of Issuance	150,000.00
Underwriter's Discount	84,575.00
	234,575.00
Other Uses of Funds:	
Additional Proceeds	878.72
	20,537,819.46

BOND SUMMARY STATISTICS

City of Leesberg, Florida
Utility System Refunding Revenue Bonds, Series 2016
Preliminary Numbers - 5% Coupon Structure
AAA MMD (4/27/16) + RBC Scale

Dated Date	06/22/2016
Delivery Date	06/22/2016
Last Maturity	10/01/2037
Arbitrage Yield	2.559858%
True Interest Cost (TIC)	3.313200%
Net Interest Cost (NIC)	3.724594%
All-In TIC	3.380542%
Average Coupon	5.000000%
Average Life (years)	15.456
Weighted Average Maturity (years)	15.434
Duration of Issue (years)	11.240
Par Amount	16,915,000.00
Bond Proceeds	20,334,080.55
Total Interest	13,072,331.25
Net Interest	9,737,825.70
Total Debt Service	29,987,331.25
Maximum Annual Debt Service	2,800,000.00
Average Annual Debt Service	1,409,510.28
Underwriter's Fees (per $1000)	
Average Takedown	
Other Fee	5.000000
Total Underwriter's Discount	5.000000
Bid Price	119.713305

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Bond Component	16,915,000.00	120.213	5.000%	15.456	15,610.15
	16,915,000.00			15.456	15,610.15

	TIC	All-In TIC	Arbitrage Yield
Par Value	16,915,000.00	16,915,000.00	16,915,000.00
+ Accrued Interest			
+ Premium (Discount)	3,419,080.55	3,419,080.55	3,419,080.55
- Underwriter's Discount	(84,575.00)	(84,575.00)	
- Cost of Issuance Expense		(150,000.00)	
- Other Amounts			
Target Value	20,249,505.55	20,099,505.55	20,334,080.55
Target Date	06/22/2016	06/22/2016	06/22/2016
Yield	3.313200%	3.380542%	2.559858%

SUMMARY OF REFUNDING RESULTS

City of Leesberg, Florida
Utility System Refunding Revenue Bonds, Series 2016
Preliminary Numbers - 5% Coupon Structure
AAA MMD (4/27/16) + RBC Scale

Dated Date	06/22/2016
Delivery Date	06/22/2016
Arbitrage yield	2.559858%
Escrow yield	0.616970%
Value of Negative Arbitrage	480,044.53
Bond Par Amount	16,915,000.00
True Interest Cost	3.313200%
Net Interest Cost	3.724594%
Average Coupon	5.000000%
Average Life	15.456
Par amount of refunded bonds	19,100,000.00
Average coupon of refunded bonds	4.836245%
Average life of refunded bonds	15.124
PV of prior debt to 06/22/2016 @ 2.559858%	24,571,633.63
Net PV Savings	2,330,672.04
Percentage savings of refunded bonds	12.202471%
Percentage savings of refunding bonds	13.778729%

SUMMARY OF BONDS REFUNDED

City of Leesberg, Florida
Utility System Refunding Revenue Bonds, Series 2016
Preliminary Numbers - 5% Coupon Structure
AAA MMD (4/27/16) + RBC Scale

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Series 2007A, 2007A:					
SERIAL	10/01/2018	4.250%	445,000.00	10/01/2017	100.000
	10/01/2019	4.250%	470,000.00	10/01/2017	100.000
	10/01/2020	4.250%	485,000.00	10/01/2017	100.000
	10/01/2021	4.375%	505,000.00	10/01/2017	100.000
	10/01/2022	4.375%	530,000.00	10/01/2017	100.000
	10/01/2023	4.500%	555,000.00	10/01/2017	100.000
	10/01/2024	4.500%	580,000.00	10/01/2017	100.000
	10/01/2025	4.500%	600,000.00	10/01/2017	100.000
	10/01/2026	4.500%	630,000.00	10/01/2017	100.000
	10/01/2027	4.500%	660,000.00	10/01/2017	100.000
2033	10/01/2033	4.625%	4,640,000.00	10/01/2017	100.000
2037	10/01/2037	5.000%	9,000,000.00	10/01/2017	100.000
			19,100,000.00		

SAVINGS

City of Leesberg, Florida
Utility System Refunding Revenue Bonds, Series 2016
Preliminary Numbers - 5% Coupon Structure
AAA MMD (4/27/16) + RBC Scale

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 06/22/2016 @ 2.5598575%
10/01/2016	452,753.13	203,738.91	249,014.22	232,581.25	16,432.97	14,898.26
10/01/2017	905,506.26		905,506.26	845,750.00	59,756.26	58,219.60
10/01/2018	1,350,506.26		1,350,506.26	1,200,750.00	149,756.26	141,697.17
10/01/2019	1,356,593.76		1,356,593.76	1,208,000.00	148,593.76	137,061.97
10/01/2020	1,351,618.76		1,351,618.76	1,199,000.00	152,618.76	137,224.29
10/01/2021	1,351,006.26		1,351,006.26	1,199,500.00	151,506.26	132,798.81
10/01/2022	1,353,912.50		1,353,912.50	1,204,000.00	149,912.50	128,096.19
10/01/2023	1,355,725.00		1,355,725.00	1,207,250.00	148,475.00	123,676.70
10/01/2024	1,355,750.00		1,355,750.00	1,204,250.00	151,500.00	123,011.11
10/01/2025	1,349,650.00		1,349,650.00	1,200,250.00	149,400.00	118,252.35
10/01/2026	1,352,650.00		1,352,650.00	1,200,250.00	152,400.00	117,582.57
10/01/2027	1,354,300.00		1,354,300.00	1,204,000.00	150,300.00	113,042.95
10/01/2028	1,354,600.00		1,354,600.00	1,206,250.00	148,350.00	108,767.66
10/01/2029	1,352,687.50		1,352,687.50	1,202,000.00	150,687.50	107,691.42
10/01/2030	1,354,387.50		1,354,387.50	1,206,500.00	147,887.50	103,026.80
10/01/2031	1,354,468.76		1,354,468.76	1,204,250.00	150,218.76	102,008.37
10/01/2032	1,352,931.26		1,352,931.26	1,200,500.00	152,431.26	100,897.11
10/01/2033	1,349,775.00		1,349,775.00	1,200,250.00	149,525.00	96,478.21
10/01/2034	1,425,000.00		1,425,000.00	1,273,250.00	151,750.00	95,441.78
10/01/2035	2,946,250.00		2,946,250.00	2,795,750.00	150,500.00	92,254.67
10/01/2036	2,949,000.00		2,949,000.00	2,800,000.00	149,000.00	89,017.21
10/01/2037	2,945,250.00		2,945,250.00	2,793,000.00	152,250.00	88,648.11
	33,274,321.95	203,738.91	33,070,583.04	29,987,331.25	3,083,251.79	2,329,793.32

Savings Summary

Dated Date	06/22/2016
Delivery Date	06/22/2016
PV of savings from cash flow	2,329,793.32
Plus: Refunding funds on hand	878.72
Net PV Savings	2,330,672.04

BOND PRICING

City of Leesberg, Florida
Utility System Refunding Revenue Bonds, Series 2016
Preliminary Numbers - 5% Coupon Structure
AAA MMD (4/27/16) + RBC Scale

Bond Component	Maturity Date	Amount	Rate	Yield	Price		Call Date	Call Price	Call Date for Arb Yield	Call Price for Arb Yield
Bond Component:										
	10/01/2018	355,000	5.000%	0.810%	109.424					
	10/01/2019	380,000	5.000%	0.940%	113.062					
	10/01/2020	390,000	5.000%	1.090%	116.286					
	10/01/2021	410,000	5.000%	1.230%	119.196					
	10/01/2022	435,000	5.000%	1.390%	121.618					
	10/01/2023	460,000	5.000%	1.580%	123.414					
	10/01/2024	480,000	5.000%	1.740%	125.020					
	10/01/2025	500,000	5.000%	1.930%	125.954					
	10/01/2026	525,000	5.000%	2.070%	126.991					
	10/01/2027	555,000	5.000%	2.230%	125.307	C	10/01/2026	100.000	10/01/2026	100.000
	10/01/2028	585,000	5.000%	2.370%	123.856	C	10/01/2026	100.000	10/01/2026	100.000
	10/01/2029	610,000	5.000%	2.470%	122.831	C	10/01/2026	100.000	10/01/2026	100.000
	10/01/2030	645,000	5.000%	2.540%	122.120	C	10/01/2026	100.000	10/01/2026	100.000
	10/01/2031	675,000	5.000%	2.600%	121.515	C	10/01/2026	100.000	10/01/2026	100.000
	10/01/2032	705,000	5.000%	2.660%	120.912	C	10/01/2026	100.000	10/01/2026	100.000
	10/01/2033	740,000	5.000%	2.720%	120.314	C	10/01/2026	100.000	10/01/2026	100.000
	10/01/2034	850,000	5.000%	2.780%	119.719	C	10/01/2026	100.000	10/01/2026	100.000
	10/01/2035	2,415,000	5.000%	2.820%	119.324	C	10/01/2026	100.000	10/01/2026	100.000
	10/01/2036	2,540,000	5.000%	2.880%	118.735	C	10/01/2026	100.000	10/01/2026	100.000
	10/01/2037	2,660,000	5.000%	2.930%	118.247	C	10/01/2026	100.000	10/01/2026	100.000
		16,915,000								

BOND PRICING

City of Leesberg, Florida
Utility System Refunding Revenue Bonds, Series 2016
Preliminary Numbers - 5% Coupon Structure
AAA MMD (4/27/16) + RBC Scale

Dated Date	06/22/2016	
Delivery Date	06/22/2016	
First Coupon	10/01/2016	
Par Amount	16,915,000.00	
Premium	3,419,080.55	
Production	20,334,080.55	120.213305%
Underwriter's Discount	(84,575.00)	(0.500000%)
Purchase Price	20,249,505.55	119.713305%
Accrued Interest		
Net Proceeds	20,249,505.55	

BOND DEBT SERVICE

City of Leesberg, Florida
Utility System Refunding Revenue Bonds, Series 2016
Preliminary Numbers - 5% Coupon Structure
AAA MMD (4/27/16) + RBC Scale

Period Ending	Principal	Coupon	Interest	Debt Service
10/01/2016			232,581.25	232,581.25
10/01/2017			845,750.00	845,750.00
10/01/2018	355,000	5.000%	845,750.00	1,200,750.00
10/01/2019	380,000	5.000%	828,000.00	1,208,000.00
10/01/2020	390,000	5.000%	809,000.00	1,199,000.00
10/01/2021	410,000	5.000%	789,500.00	1,199,500.00
10/01/2022	435,000	5.000%	769,000.00	1,204,000.00
10/01/2023	460,000	5.000%	747,250.00	1,207,250.00
10/01/2024	480,000	5.000%	724,250.00	1,204,250.00
10/01/2025	500,000	5.000%	700,250.00	1,200,250.00
10/01/2026	525,000	5.000%	675,250.00	1,200,250.00
10/01/2027	555,000	5.000%	649,000.00	1,204,000.00
10/01/2028	585,000	5.000%	621,250.00	1,206,250.00
10/01/2029	610,000	5.000%	592,000.00	1,202,000.00
10/01/2030	645,000	5.000%	561,500.00	1,206,500.00
10/01/2031	675,000	5.000%	529,250.00	1,204,250.00
10/01/2032	705,000	5.000%	495,500.00	1,200,500.00
10/01/2033	740,000	5.000%	460,250.00	1,200,250.00
10/01/2034	850,000	5.000%	423,250.00	1,273,250.00
10/01/2035	2,415,000	5.000%	380,750.00	2,795,750.00
10/01/2036	2,540,000	5.000%	260,000.00	2,800,000.00
10/01/2037	2,660,000	5.000%	133,000.00	2,793,000.00
	16,915,000		13,072,331.25	29,987,331.25

ESCROW REQUIREMENTS

City of Leesberg, Florida
Utility System Refunding Revenue Bonds, Series 2016
Preliminary Numbers - 5% Coupon Structure
AAA MMD (4/27/16) + RBC Scale

Period Ending	Interest	Principal Redeemed	Total
10/01/2016	452,753.13		452,753.13
04/01/2017	452,753.13		452,753.13
10/01/2017	452,753.13	19,100,000.00	19,552,753.13
	1,358,259.39	19,100,000.00	20,458,259.39

ESCROW DESCRIPTIONS

City of Leesberg, Florida
Utility System Refunding Revenue Bonds, Series 2016
Preliminary Numbers - 5% Coupon Structure
AAA MMD (4/27/16) + RBC Scale

	Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate
Jun 22, 2016:							
	SLGS	Certificate	10/01/2016	10/01/2016	419,136	0.230%	0.230%
	SLGS	Certificate	04/01/2017	04/01/2017	390,903	0.470%	0.470%
	SLGS	Note	10/01/2017	10/01/2016	19,492,326	0.620%	0.620%
					20,302,365		

SLGS Summary

SLGS Rates File	28APR16
Total Certificates of Indebtedness	810,039.00
Total Notes	19,492,326.00
Total original SLGS	20,302,365.00

ESCROW COST

City of Leesberg, Florida
Utility System Refunding Revenue Bonds, Series 2016
Preliminary Numbers - 5% Coupon Structure
AAA MMD (4/27/16) + RBC Scale

Type of Security	Maturity Date	Par Amount	Rate	Total Cost
SLGS	10/01/2016	419,136	0.230%	419,136.00
SLGS	04/01/2017	390,903	0.470%	390,903.00
SLGS	10/01/2017	19,492,326	0.620%	19,492,326.00
		20,302,365		20,302,365.00

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost	Yield
06/22/2016	20,302,365	0.74	20,302,365.74	0.616970%
	20,302,365	0.74	20,302,365.74	

ESCROW CASH FLOW

City of Leesberg, Florida
Utility System Refunding Revenue Bonds, Series 2016
Preliminary Numbers - 5% Coupon Structure
AAA MMD (4/27/16) + RBC Scale

Date	Principal	Interest	Net Escrow Receipts	Present Value to 06/22/2016 @ 0.6169703%
10/01/2016	419,136.00	33,616.74	452,752.74	451,986.40
04/01/2017	390,903.00	61,850.70	452,753.70	450,597.33
10/01/2017	19,492,326.00	60,426.21	19,552,752.21	19,399,781.27
	20,302,365.00	155,893.65	20,458,258.65	20,302,365.00

Escrow Cost Summary

Purchase date	06/22/2016
Purchase cost of securities	20,302,365.00
Target for yield calculation	20,302,365.00

ESCROW SUFFICIENCY

City of Leesberg, Florida
Utility System Refunding Revenue Bonds, Series 2016
Preliminary Numbers - 5% Coupon Structure
AAA MMD (4/27/16) + RBC Scale

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
06/22/2016		0.74	0.74	0.74
10/01/2016	452,753.13	452,752.74	(0.39)	0.35
04/01/2017	452,753.13	452,753.70	0.57	0.92
10/01/2017	19,552,753.13	19,552,752.21	(0.92)	
	20,458,259.39	20,458,259.39	0.00	

ESCROW STATISTICS

City of Leesberg, Florida
Utility System Refunding Revenue Bonds, Series 2016
Preliminary Numbers - 5% Coupon Structure
AAA MMD (4/27/16) + RBC Scale

Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Global Proceeds Escrow:						
20,302,365.74	1.238	0.616970%	0.616970%	19,822,321.19	480,044.53	0.02
20,302,365.74				19,822,321.19	480,044.53	0.02

Delivery date	06/22/2016
Arbitrage yield	2.559858%

UNREFUNDED BOND DEBT SERVICE

City of Leesberg, Florida
Utility System Refunding Revenue Bonds, Series 2016
Preliminary Numbers - 5% Coupon Structure
AAA MMD (4/27/16) + RBC Scale

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/2016	415,000	4.000%	17,168.75	432,168.75	432,168.75
04/01/2017			8,868.75	8,868.75	
10/01/2017	430,000	4.125%	8,868.75	438,868.75	447,737.50
	845,000		34,906.25	879,906.25	879,906.25

PRIOR BOND DEBT SERVICE

City of Leesberg, Florida
Utility System Refunding Revenue Bonds, Series 2016
Preliminary Numbers - 5% Coupon Structure
AAA MMD (4/27/16) + RBC Scale

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/2016			452,753.13	452,753.13	452,753.13
04/01/2017			452,753.13	452,753.13	
10/01/2017			452,753.13	452,753.13	905,506.26
04/01/2018			452,753.13	452,753.13	
10/01/2018	445,000	4.250%	452,753.13	897,753.13	1,350,506.26
04/01/2019			443,296.88	443,296.88	
10/01/2019	470,000	4.250%	443,296.88	913,296.88	1,356,593.76
04/01/2020			433,309.38	433,309.38	
10/01/2020	485,000	4.250%	433,309.38	918,309.38	1,351,618.76
04/01/2021			423,003.13	423,003.13	
10/01/2021	505,000	4.375%	423,003.13	928,003.13	1,351,006.26
04/01/2022			411,956.25	411,956.25	
10/01/2022	530,000	4.375%	411,956.25	941,956.25	1,353,912.50
04/01/2023			400,362.50	400,362.50	
10/01/2023	555,000	4.500%	400,362.50	955,362.50	1,355,725.00
04/01/2024			387,875.00	387,875.00	
10/01/2024	580,000	4.500%	387,875.00	967,875.00	1,355,750.00
04/01/2025			374,825.00	374,825.00	
10/01/2025	600,000	4.500%	374,825.00	974,825.00	1,349,650.00
04/01/2026			361,325.00	361,325.00	
10/01/2026	630,000	4.500%	361,325.00	991,325.00	1,352,650.00
04/01/2027			347,150.00	347,150.00	
10/01/2027	660,000	4.500%	347,150.00	1,007,150.00	1,354,300.00
04/01/2028			332,300.00	332,300.00	
10/01/2028	690,000	4.625%	332,300.00	1,022,300.00	1,354,600.00
04/01/2029			316,343.75	316,343.75	
10/01/2029	720,000	4.625%	316,343.75	1,036,343.75	1,352,687.50
04/01/2030			299,693.75	299,693.75	
10/01/2030	755,000	4.625%	299,693.75	1,054,693.75	1,354,387.50
04/01/2031			282,234.38	282,234.38	
10/01/2031	790,000	4.625%	282,234.38	1,072,234.38	1,354,468.76
04/01/2032			263,965.63	263,965.63	
10/01/2032	825,000	4.625%	263,965.63	1,088,965.63	1,352,931.26
04/01/2033			244,887.50	244,887.50	
10/01/2033	860,000	4.625%	244,887.50	1,104,887.50	1,349,775.00
04/01/2034			225,000.00	225,000.00	
10/01/2034	975,000	5.000%	225,000.00	1,200,000.00	1,425,000.00
04/01/2035			200,625.00	200,625.00	
10/01/2035	2,545,000	5.000%	200,625.00	2,745,625.00	2,946,250.00
04/01/2036			137,000.00	137,000.00	
10/01/2036	2,675,000	5.000%	137,000.00	2,812,000.00	2,949,000.00
04/01/2037			70,125.00	70,125.00	
10/01/2037	2,805,000	5.000%	70,125.00	2,875,125.00	2,945,250.00
	19,100,000		14,174,321.95	33,274,321.95	33,274,321.95

SUPPLEMENTAL RESOLUTION
NO. _____

RESOLUTION OF THE CITY OF LEESBURG, FLORIDA, SUPPLEMENTING RESOLUTION NO. 7143 OF THE CITY AS PREVIOUSLY AMENDED AND SUPPLEMENTED BY AUTHORIZING AN ISSUER AUTHORIZED REPRESENTATIVE TO AWARD THE SALE OF THE CITY'S NOT EXCEEDING $21,000,000 UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2016 TO RBC CAPITAL MARKETS, LLC AND STIFEL, NICOLAUS & COMPANY, INCORPORATED, IN ACCORDANCE WITH CERTAIN PARAMETERS SET FORTH HEREIN AND APPROVING THE FORM OF A BOND PURCHASE AGREEMENT TO BE USED IN CONNECTION WITH SUCH SALE; APPOINTING U.S. BANK NATIONAL ASSOCIATION AS PAYING AGENT AND REGISTRAR; APPROVING THE FORM AND AUTHORIZING THE CIRCULATION OF A PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FINAL OFFICIAL STATEMENT; AUTHORIZING AN ISSUER AUTHORIZED REPRESENTATIVE TO DEEM FINAL THE PRELIMINARY OFFICIAL STATEMENT; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A DISCLOSURE DISSEMINATION AGENT AGREEMENT; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT AND APPOINTING U.S. BANK NATIONAL ASSOCIATION AS THE ESCROW AGENT THEREUNDER; AUTHORIZING CERTAIN OFFICIALS OF THE CITY TO EXECUTE ANY DOCUMENTS AND TAKE ANY ACTIONS REQUIRED IN CONNECTION WITH THE ISSUANCE OF SAID BONDS; AND PROVIDING CERTAIN OTHER DETAILS WITH RESPECT THERETO; PROVIDING AN EFFECTIVE DATE FOR THIS RESOLUTION.

WHEREAS, the City of Leesburg, Florida (the "Issuer" or the "City") on August 15, 2007 issued its Utility System Revenue Bonds, Series 2007A (the "2007A Bonds"); and

WHEREAS, the Issuer pursuant to a resolution adopted on the date hereof has authorized the issuance of its Utility System Refunding Revenue Bonds, Series 2016 (the "2016 Bonds") to refund all or a portion of the 2007A Bonds (the portion of the 2007A Bonds ultimately refunded and defeased in connection with the issuance of the 2016 Bonds is hereinafter referred to as the "Refunded Bonds") as Additional Bonds pursuant to City Resolution No. 7143 (the "Original Instrument") in order to reduce debt service of the Issuer secured by the Pledged Revenues; and

WHEREAS, RBC Capital Markets, LLC and Stifel, Nicolaus & Company, Incorporated (collectively, the "Underwriters") intend to submit an offer to purchase the 2016 Bonds by negotiated sale pursuant to the terms of a Bond Purchase Agreement between the Issuer and the Underwriters in substantially the form attached hereto as Exhibit "A" (the "Bond Purchase Agreement"); and

WHEREAS, the Issuer desires to approve the form of Preliminary Official Statement (the "Preliminary Official Statement") in substantially the form attached hereto as Exhibit "B" in connection with the issuance and sale of the 2016 Bonds; and

WHEREAS, the Issuer desires to authorize an Issuer Authorized Representative (as defined below) to deem the Preliminary Official Statement final on behalf of the Issuer for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 (the "Rule"); and

WHEREAS, the Issuer desires to approve the form of and authorize the execution and delivery of a Disclosure Dissemination Agent Agreement in substantially the form attached hereto as Exhibit "C" (the "Disclosure Dissemination Agent Agreement "); and

WHEREAS, the Issuer desires to approve the form of and authorize the execution and delivery of an Escrow Deposit Agreement in substantially the form attached hereto as Exhibit "D" (the "Escrow Deposit Agreement"); and

WHEREAS, the Issuer has been advised by its financial advisor, Public Financial Management, Inc. (the "Financial Advisor"), that because of the current conditions existing in the market for securities similar to the 2016 Bonds, it is in the best interest of the Issuer to delegate to each of the Mayor, the City Manager and the Finance Director of the Issuer (each of the Mayor, the City Manager, and the Finance Director, an "Issuer Authorized Representative") the authority to accept the offer of the Underwriters to purchase the 2016 Bonds pursuant to the terms of the Bond Purchase Agreement if certain conditions set forth in this Resolution are met; and

WHEREAS, the Original Instrument as amended and supplemented to the date hereof is collectively referred to as the "Bond Resolution".

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

Authority. This Resolution is adopted pursuant to Article VIII, Section 2, Constitution of the State of Florida, Section 159.11 and Chapter 166, Florida Statutes, the Bond Resolution and other applicable provisions of law.

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

Findings.

The Underwriters will, prior to acceptance by the Issuer of the offer of the Underwriters to purchase the 2016 Bonds, provide the Issuer with (i) a disclosure statement regarding the 2016 Bonds containing the information required by Section 218.385(6), Florida Statutes, and (ii) a Truth-In-Bonding Statement pursuant to Section 218.385(3), Florida Statutes.

Because of prevailing and anticipated market conditions and savings to be realized from the expeditious sale of the 2016 Bonds, and taking into account the advice of the Financial

Advisor it is in the best interest of the Issuer to accept the offer of the Underwriters to purchase the 2016 Bonds in a principal amount not exceeding $21,000,000, at a negotiated sale upon the terms and conditions outlined herein and in the Bond Purchase Agreement and as determined by an Issuer Authorized Representative in accordance with the terms hereof. Adoption of this Resolution is necessary in order to take advantage of current market conditions.

Instrument to Constitute a Contract; Covenants in Bond Resolution Applicable. In consideration of the acceptance of the 2016 Bonds authorized to be issued hereunder by those who shall hold the same from time to time, the Bond Resolution, as supplemented by this Resolution, shall be deemed to be and shall constitute a contract between the Issuer and the Holders and the Beneficial Owners of the 2016 Bonds. The covenants and agreements set forth herein and in the Bond Resolution to be performed by the Issuer shall be for the equal benefit, protection and security of the Holders and the Beneficial Owners of the 2016 Bonds, to the extent and in the manner provided therein and herein. The 2016 Bonds shall be of equal rank, except as otherwise provided in the Bond Resolution, with any other Bonds issued thereunder and any Hedge Obligations of the Issuer incurred under Qualified Swaps, under the Bond Resolution, without preference, priority or distinction over any other thereof.

Specifying Delegation Parameters for the Sale of such Bonds; and Approval of Terms and Form of 2016 Bonds.

An Issuer Authorized Representative is hereby designated and authorized to award the sale of the 2016 Bonds to the Underwriters in an aggregate principal amount not to exceed $21,000,000 and to approve the terms thereof, including, without limitation, the principal amount thereof, including the principal amounts of Term Bonds and Serial Bonds, the interest rate or rates with respect thereto, the purchase price thereof, the maturity dates thereof and the redemption terms with respect thereto, subject, however, to the following limitations:

the principal amount of the 2016 Bonds shall not exceed $21,000,000;

issuance of the 2016 Bonds shall produce net present value debt service savings of at least 5.0%;

the true interest cost rate of the 2016 Bonds shall not exceed 4.00%;

the final maturity of the 2016 Bonds shall not be later than October 1, 2037; and

the Underwriters discount shall not be greater than 0.425% of the original principal amount of the 2016 Bonds.

The 2016 Bonds shall be dated their date of delivery, shall bear interest from such date, payable semiannually on the first day of April and the first day of October of each year, at such rates, and shall mature on October 1 of such year or years, all as shall be established by the Bond Purchase Agreement and approved by an Issuer Authorized Representative as herein provided, execution of the Bond Purchase Agreement by an Issuer Authorized Representative to constitute conclusive evidence of approval of the terms set forth therein. The 2016 Bonds shall be issued as fully registered bonds in the denomination of $5,000 each or any integral multiple thereof.

The 2016 Bonds shall be subject to such optional and mandatory redemption prior to their maturity, at such prices, on such dates, and in such manner, as shall be provided by the Bond Purchase Agreement and approved by an Issuer Authorized Representative as herein provided.

The amount and date of any Amortization Installment for the 2016 Bonds shall be provided by the Bond Purchase Agreement and approved by an Issuer Authorized Representative as herein provided to coincide with the mandatory redemption requirements for Term Bonds as specified in the Bond Purchase Agreement.

Approval of Bond Purchase Agreement; Approval of Preliminary Official Statement, Approval of Official Statement.

The form of the Bond Purchase Agreement attached hereto as Exhibit "A" is hereby approved, subject to such changes, insertions and omissions and such filling of blanks therein as may be approved and made in such Bond Purchase Agreement by an Issuer Authorized Representative, in a manner consistent with the provisions of the Bond Resolution and this Resolution, such execution to be conclusive evidence of such approval. Upon receipt of a disclosure statement and a Truth-in-Bonding Statement from the Underwriters, an Issuer Authorized Representative, with the advice of the Financial Advisor, which advice shall include a statement that the provisions of (i) through (v) in Section 5A above have been complied with, is hereby authorized to accept the offer of the Underwriters to purchase the 2016 Bonds by executing and delivering the Bond Purchase Agreement. The Clerk is hereby authorized to attest such signature of the Issuer Authorized Representative.

The Issuer hereby approves the form and content of the Preliminary Official Statement including the appendices thereto which shall be in substantially the form of the draft Preliminary Official Statement attached hereto as Exhibit "B," subject to such changes, insertions and omissions and such filling of the blanks therein as shall be approved by an Issuer Authorized Representative deeming such document final. The Issuer hereby authorizes the execution and delivery by an Issuer Authorized Representatives of a final Official Statement which, subject to incorporating the provisions of the Bond Purchase Agreement, shall be in substantially the form of the Preliminary Official Statement.

In order to enable the Underwriters to comply with the Rule in connection with the offering and sale of the 2016 Bonds, an Issuer Authorized Representative is hereby authorized, on behalf of the Issuer, to deem the Preliminary Official Statement final as of its date, except for Permitted Omissions as described in Section (b)(1) of the Rule.

Appointment of Registrar and Paying Agent. U.S. Bank National Association is hereby appointed as Registrar and Paying Agent in connection with the 2016 Bonds and shall undertake the duties as such under the terms of the Bond Resolution, as supplemented hereby.

Continuing Disclosure. The Issuer hereby covenants and agrees that, in order to assist the Underwriters in complying with the provisions of the Rule mandating continuing disclosure with respect to the 2016 Bonds, it will comply with and carry out all of the provisions of the Disclosure Dissemination Agent Agreement to be executed by the Issuer prior to the time the Issuer delivers the 2016 Bonds to the Underwriters, as it may be amended from time to time in accordance with the

terms thereof. The form of the Disclosure Dissemination Agent Agreement attached hereto as Exhibit "C," is hereby approved, subject to such changes, insertions and omissions and filling of blanks therein as may be approved and made therein by an Issuer Authorized Representative executing the same, execution and delivery thereof to be conclusive evidence of such approval. An Issuer Authorized Representative is hereby authorized to execute and deliver the Disclosure Dissemination Agent Agreement on behalf of the Issuer. Notwithstanding any other provision of the Bond Resolution or this Resolution, failure of the Issuer to comply with such Disclosure Dissemination Agent Agreement shall not be considered an event of default thereunder or hereunder. Digital Assurance Certification, L.L.C. is hereby appointed as the initial dissemination agent under the Disclosure Dissemination Agent Agreement.

Escrow Deposit Agreement. The Escrow Deposit Agreement, pursuant to which certain proceeds of the 2016 Bonds and other legally available moneys of the Issuer will be deposited to provide for the refunding and defeasance of the Refunded Bonds, is hereby approved in substantially the form set forth as Exhibit D hereto and an Issuer Authorized Representative is hereby authorized and directed to execute and deliver such Escrow Deposit Agreement on behalf of and in the name of the Issuer and the Clerk is hereby authorized to attest such execution, with such additions and deletions therein as may be made and approved by the Issuer Authorized Representative executing the same, such execution to be conclusive evidence of such approval. U.S. Bank National Association is hereby approved to serve as Escrow Agent under the Escrow Deposit Agreement. Payment from proceeds of the 2016 Bonds for a report of a firm of certified public accountants verifying, among other matters, the sufficiency of the amounts deposited pursuant to the Escrow Deposit Agreement to defease the Refunded Bonds is hereby authorized.

Authorizations. Any Issuer Authorized Representative, and the Clerk, and such other officers and employees of the Issuer as may be designated by an Issuer Authorized Representative or the Clerk, are each designated as agents of the Issuer in connection with the issuance and delivery of the 2016 Bonds and are authorized and empowered, collectively or individually, to take all action and steps and to execute all instruments, documents and contracts, on behalf of the Issuer that are necessary or desirable in connection with the execution and delivery of the 2016 Bonds and which are specifically authorized by or are not inconsistent with, the terms and provisions of this Resolution or any action relating to the 2016 Bonds heretofore taken by the Issuer. Such officers and those so designated are hereby charged with the responsibility for the issuance of the 2016 Bonds.

Continuing Effect of Bond Resolution. Except as supplemented and amended hereby, all provisions of the Bond Resolution remain in full force and effect.

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 of this Resolution or of the 2016 Bonds.

Controlling Law; Members of Issuer Not Liable. All covenants, stipulations, obligations and agreements of the Issuer contained in this Resolution shall be deemed to be covenants, stipulations, obligations and agreements of the Issuer to the full extent authorized by the Act and provided by

the Constitution and laws of the State of Florida. No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future officer, agent or employee of the Issuer in his individual capacity, and neither the Mayor and other Commissioners of the Issuer nor any official executing the 2016 Bonds or any other document authorized hereby shall be liable personally on the 2016 Bonds, such other document, or under this Resolution or shall be subject to any personal liability or accountability by reason of the issuance or the execution by the Issuer or such officers thereof.

[Signatures on following page]

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

PASSED AND CERTIFIED AS TO PASSAGE this 9th day of May, 2016.

CITY COMMISSION OF THE CITY OF LEESBURG, FLORIDA

By: _____
Mayor

(SEAL)

Attested:

By: _____
City Clerk

Approved as to Form and Correctness:

By: _____
City Attorney

BOND PURCHASE AGREEMENT

$_____
CITY OF LEESBURG, FLORIDA
Utility System Refunding Revenue Bonds, Series 2016

May __, 2016

City of Leesburg, Florida
Leesburg, Florida 34749

Ladies and Gentlemen:

The undersigned, RBC Capital Markets, LLC (the "Representative" or "RBC CM") acting on its own behalf and on behalf of Stifel, Nicolaus & Company, Incorporated (collectively with the Representative, the "Underwriters"), offers to enter into the following agreement (this "Agreement") with the City of Leesburg, Florida (the "Issuer") which, upon the Issuer's written acceptance of this offer, will be binding upon the Issuer and upon the Underwriters. This offer is made subject to the Issuer's written acceptance hereof on or before 11:59 p.m., Eastern Daylight Time, on May __, 2016, and, if not so accepted, will be subject to withdrawal by the Underwriters upon written notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined in this Agreement shall have the same meanings set forth in the Bond Resolution (as defined herein) or in the Official Statement (as defined herein).

1. Purchase and Sale of the Bonds. Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby agree to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriters, all, but not less than all, of the Issuer's Utility System Refunding Revenue Bonds, Series 2016 (the "Bonds"). The Issuer acknowledges and agrees that: (i) the primary role of the Underwriters, as underwriters, is to purchase securities for resale to investors, in an arm's-length commercial transaction between the Issuer and Underwriters and that the Underwriters have financial and other interests that differ from those of the Issuer; (ii) the Underwriters are not acting as a municipal advisor, financial advisor, or fiduciary to the Issuer and have not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the Issuer on other matters); (iii) the only obligations the Underwriters have to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this Agreement and the other Issuer Documents (defined herein); and (iv) the Issuer has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate.

The principal amount of the Bonds to be issued, the dated date therefor, the maturities, interest rates per annum, prices and/or yields and sinking fund and optional redemption provisions are set forth in Schedule I hereto. The Bonds shall be as described in, and shall be issued and secured under and pursuant to Chapter 159.11, Florida Statutes, and Chapter 166, Florida Statutes, Article VIII, Section 2, Constitution of the State of Florida, and other applicable provisions of law (collectively, the "Act"), and pursuant to the provisions of Resolution No. 7143, adopted by the Issuer on May 14, 2004, as amended and supplemented from time to time, as particularly supplemented by resolutions adopted by the Issuer on May 9, 2016 (collectively, the "Bond Resolution"). The Bonds are being issued to provide funds, together with other legally available funds of the City, for the purpose of (i) refunding all or a portion of the City's Outstanding Utility System Revenue Bonds, Series 2007A (the "Refunded Bonds"), and (ii) paying certain costs of issuance of the Bonds and the refunding of the Refunded Bonds.

The purchase price for the Bonds shall be $_____ (representing $_____ aggregate par amount of the Bonds, less an underwriting discount of $_____ and [less/plus] a [net] original issue [discount/premium] of $_____).

Delivered to the Issuer herewith as a good faith deposit is a check payable to the order of the Issuer in clearing house funds in the amount of $_____. In the event you accept this offer, such check shall be held uncashed by you until the time of Closing, at which time such check shall be returned uncashed to the Representative. In the event that the Issuer does not accept this Agreement, such check will be immediately returned to the Representative. Should the Issuer fail to deliver the Bonds at the Closing, or should the Issuer be unable to satisfy the conditions of the obligations of the Underwriters to purchase, accept delivery of and pay for the Bonds, as set forth in this Agreement (unless waived by the Underwriters), or should such obligations of the Underwriters be terminated for any reason permitted by this Agreement, such check shall immediately be returned to the Representative. In the event that the Underwriters fail (other than for a reason permitted hereunder) to purchase, accept delivery of and pay for the Bonds at the Closing as herein provided, such check shall be cashed and the amount thereof retained by the Issuer as and for fully liquidated damages for such failure of the Underwriters (because the amount of such damages cannot be calculated by the parties hereto), and, except as set forth in Sections 8 and 10 hereof, no party shall have any further rights against the other hereunder. The Underwriters and the Issuer understand that in such event the Issuer's actual damages may be greater or may be less than such amount. Accordingly, the Underwriters hereby waive any right to claim that the Issuer s actual damages are less than such amount, and the Issuer's acceptance of this offer shall constitute a waiver of any right the Issuer may have to additional damages from the Underwriters.

In accordance with Section 218.385, Florida Statutes, the Underwriters hereby disclose the information required by such Section, including a truth-in-bonding statement, as provided in Schedule II attached hereto.

The Representative hereby agrees and makes the following representations and warranties to the Issuer: (a) each of the Underwriters are entities duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) this Agreement has been duly authorized, executed and delivered by the Representative on behalf of the Underwriters and, assuming the due authorization, execution and delivery by the Issuer, is the

legal, valid and binding obligation of the Underwriters enforceable in accordance with its terms, except as the enforceability of this Agreement may be limited by bankruptcy or other laws affecting creditors' rights generally and except that equitable remedies lie in the discretion of the court and may not be available, (c) each Underwriter is licensed by and registered with the Financial Industry Regulatory Authority as a broker dealer and the Municipal Securities Rulemaking Board (the "MSRB") as a municipal securities dealer, (d) neither the Underwriters nor any "person" or "affiliate" thereof has been on the "convicted vendor list" during the past 36 months as all such terms are defined in Section 287.133, Florida Statutes. The Representative represents that is has been duly authorized to execute this Agreement on behalf of itself and the other Underwriters named herein.

2. Public Offering. The Underwriters agree to make a bona fide public offering of all of the Bonds at prices not to exceed the respective public offering prices set forth on the inside front cover of the Official Statement (the "Offering Prices") and may subsequently change such Offering Prices without any requirement of prior notice. The Underwriters may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the Offering Prices to the extent allowed by the Code (defined herein).

Simultaneously with or prior to the delivery of the Bonds, at the request of the Issuer or Bond Counsel (defined herein), the Underwriters shall furnish to the Issuer a certificate to the effect that (a) the Underwriters made a bona fide public offering of the Bonds at the Offering Prices, and (b) to the best of the knowledge, information and belief of the Underwriters, (i) a substantial amount of the Bonds (at least 10% of the aggregate face amount of each maturity) was sold to the public (excluding bond houses, brokers and other intermediaries) at prices no higher than the Offering Prices or (ii) a substantial amount of the Bonds was sold at or below the Offering Prices subject to the reasonable approval by Bond Counsel based on facts in existence on the date of Closing relating to the tax exempt status of the Bonds. If the Underwriters are unable to state the matters set forth in this paragraph, such certificate shall state such actual facts as to the amount of the Bonds sold to the public (excluding bond houses, brokers and other intermediaries) and the price therefor and such other matters as Bond Counsel may reasonably request. In addition, the Underwriters shall certify such other matters as Bond Counsel reasonably may request of the Underwriters in order for Bond Counsel to issue its Bond Counsel opinion. The foregoing may expressly rely on information obtained or derived from other underwriters, bond houses and brokers selling the Bonds, without independent verification thereof, and must state that the Underwriters have no reason to believe that the statements in the certificate are untrue or incorrect in any material respect.

3. The Official Statement. (a) The Preliminary Official Statement dated May __, 2016 (the "Preliminary Official Statement"), including the cover page and Appendices thereto, of the Issuer relating to the Bonds, as amended to reflect the pricing terms of the Bonds is hereinafter called the "Official Statement."

(b) The Preliminary Official Statement has been prepared by the Issuer for use by the Underwriters in connection with the public offering, sale and distribution of the Bonds. The Issuer hereby represents and warrants that the Preliminary Official Statement was "deemed final" by the Issuer as of its date, except for the omission of such information which is dependent upon

the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule").

(c) The Issuer hereby authorizes the Official Statement to be used by the Underwriters in connection with the public offering and the sale of the Bonds. The Issuer shall use best efforts to provide, or cause to be provided, to the Underwriters as soon as practicable after the date of the Issuer's acceptance of this Agreement (but, in any event, not later than within seven business days after the Issuer's acceptance of this Agreement and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Official Statement which is complete as of the date of its delivery to the Underwriters in such quantity as the Representative shall reasonably request in order for the Underwriters to comply with Section (b)(4) of the Rule and the rules of the MSRB. The Issuer hereby confirms that it does not object to the distribution of the Official Statement in electronic form.

(d) If, after the date of this Agreement to and including the date the Underwriters are no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days after the "end of the underwriting period" for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer will notify the Representative (and for the purposes of this clause provide the Representative with such information as it may from time to time request), and if, in the reasonable opinion of the Representative, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Issuer will forthwith prepare and furnish (in a form and manner approved by the Representative), at the Issuer's own expense (unless such misstatement or omission was contained in information provided by the Underwriters, then at the Underwriters' expense), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement will comply with law. If such notification shall be subsequent to the Closing, the Issuer at its expense (unless such misstatement or omission was contained in information provided by the Underwriters, then at the Underwriters' expense) shall furnish such legal opinions, certificates, instruments and other documents as the Representative may deem reasonably necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(e) The Representative hereby agrees to file the Official Statement as required by the MSRB. Unless otherwise notified in writing by the Representative on or prior to the date of Closing, the Issuer can assume that the "end of the underwriting period" for purposes of the Rule is the date of the Closing.

4. Representations, Warranties, and Covenants of the Issuer. The Issuer hereby represents and warrants to and covenants with the Underwriters that to the best of its knowledge, information and belief:

(a) The Issuer is validly existing as a municipal corporation of the State of Florida (the "State") duly created, organized and existing under the Act, and has full legal right, power and authority under the Act, and at the date of the Closing will have full legal right, power and authority under the Act and the Bond Resolution (i) to enter into, execute and deliver this Agreement and to adopt or enact, as the case may be, the Bond Resolution, the resolutions and/or ordinances setting forth the Issuer's current rates, fees and charges (the "Rate Legislation") with respect to the Issuer's System (as defined in the Bond Resolution), the Escrow Deposit Agreement to be executed between U.S. Bank National Association and the Issuer (the "Escrow Agreement") and the Disclosure Dissemination Agent Agreement relating to the Bonds (the "Undertaking") and all documents required hereunder and thereunder to be executed and delivered by the Issuer (this Agreement, the Bond Resolution, the Rate Legislation, the Escrow Agreement, the Undertaking and the other documents referred to in this clause are hereinafter referred to as the "Issuer Documents"), (ii) to sell, issue and deliver the Bonds to the Underwriters as provided herein, (iii) to carry out and consummate the transactions contemplated by the Issuer Documents and the Official Statement and (iv) to refund the Refunded Bonds (as defined in the Official Statement), and as of the date hereof, the Issuer has complied in all respects with the terms of the Act and the Issuer Documents as they pertain to such transactions;

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) the adoption of the Bond Resolution and the issuance and sale of the Bonds, (ii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part, contained in the Bonds and the Issuer Documents and (iii) the consummation by it of all other transactions contemplated by the Official Statement, and the Issuer Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Official Statement, in each case excepting any authorization that cannot be obtained prior to or concurrently with the date of this Agreement;

(c) When executed by the respective parties hereto and thereto, the Issuer reasonably expects as of the date hereof that the Issuer Documents will constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Bonds, when issued, delivered and paid for, in accordance with the Bond Resolution and this Agreement, will constitute legal, valid and binding obligations of the Issuer entitled to the benefits of the Bond Resolution and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; upon the issuance, authentication and delivery of the Bonds as aforesaid, the Bond Resolution will provide, for the benefit of the holders, from time to time, of the Bonds, the legally valid and binding pledge of and lien it purports to create as set forth in the Bond Resolution;

(d) The Issuer is lawfully empowered to pledge and grant a lien upon the Pledged Revenues (as defined in the Bond Resolution) for payment of the principal of, redemption premium, if any, and interest on the Bonds pursuant to the Bond Resolution;

(e) The Issuer is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or any of its property or assets are otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing; and when executed by the respective parties hereto and thereto, the Issuer reasonably expects as of the date hereof that execution and delivery of the Bonds, the Issuer Documents and the adoption of the Bond Resolution and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or to which any of its property or assets are otherwise subject nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer to be pledged to secure the Bonds or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Bond Resolution;

(f) Except as expressly disclosed in the Official Statement, the Issuer has not in the prior five years failed to comply in any material respect with any prior continuing disclosure obligation arising out of the Rule;

(g) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Issuer Documents, and the Bonds have been duly obtained, except for such approvals, consents and orders that may not be obtained until after the date of this Agreement or as may be required under the Blue Sky or securities laws of any jurisdiction in connection with the offering and sale of the Bonds;

(h) The statements and information contained in the Official Statement (other than the information concerning the Depositing Trust Company ("DTC") or its book-entry system of registration[, the Policy or Bond Insurer] and information provided by the Underwriters in the Section entitled "UNDERWRITING") will be, as of the date hereof, true, correct and complete in all material respects; and, with respect to such statements and information, the Official Statement will not, as of the date hereof, contain any untrue statement of a material fact and does not omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect;

(i) As of the date of this Agreement, there is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Issuer after due inquiry, threatened against the Issuer, affecting the existence of the Issuer or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of the Pledged Revenues or the refunding of the Refunded Bonds pursuant to the Bond Resolution or in any way contesting or affecting the validity or enforceability of the Bonds, the Issuer Documents, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the Issuer or any authority for the operation of the System or the refunding of the Refunded Bonds, the issuance of the Bonds, the adoption of the Bond Resolution or the Rate Legislation or the execution and delivery of the Issuer Documents, nor, to the best knowledge of the Issuer, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds, the Issuer Documents, or the excludability from gross income of interest on the Bonds for federal income tax purposes;

(j) The Preliminary Official Statement did not as of its date contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except for "permitted omissions" as described in the Rule;

(k) At the time of the Issuer's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of Section 3 of this Agreement) at all times subsequent thereto during the period up to and including the date of Closing, the Official Statement (other than the information concerning DTC or its book-entry system of registration[, the Policy or Bond Insurer] and information provided by the Underwriters in the Section entitled "UNDERWRITING") will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(l) If the Official Statement is supplemented or amended pursuant to paragraph (d) of Section 3 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the date of Closing the Official Statement as so supplemented or amended(other than the information concerning DTC or its book-entry system of registration[, the Policy or Bond Insurer] and information provided by the Underwriters in the Section entitled "UNDERWRITING") will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading;

(m) The Issuer will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Bond Resolution and not to take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

(n) The Issuer will furnish such information and execute such instruments and take such action in cooperation with the Underwriters as the Representative may reasonably request (i) to (A) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Representative may designate and (B) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (ii) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction, or comply with any other requirements reasonably deemed by it to be unduly burdensome) and will advise the Representative immediately of receipt by the Issuer of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(o) The financial statements of the Issuer and other financial information regarding the Issuer and the System in the Official Statement fairly present the financial position and results of the Issuer and the System as of the dates and for the periods therein set forth. The Issuer is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer or of the System;

(p) Prior to the Closing, the Issuer will not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by any of the Pledged Revenues without the prior approval of the Representative;

(q) Any certificate, signed by any official of the Issuer authorized to do so in connection with the transactions contemplated by this Agreement, shall be deemed a representation and warranty by the Issuer to the Underwriters as to the statements made therein;

(r) Except as expressly disclosed in the Official Statement, the Issuer neither is nor has been in default any time after December 31, 1975, as to principal or interest with respect to an obligation issued or guaranteed by the Issuer;

(s) Subsequent to the respective dates as of which information is given in the Official Statement, and prior to the Closing Date, except as set forth in or contemplated by the Official Statement, unless consented to by the Underwriters, (i) the Issuer has not incurred and shall not have incurred any material liabilities or obligations relating to the System (as defined in the Resolution), direct or contingent, except in the ordinary course of business, and has not entered into and will not have entered into any material transaction relating to the System not in the ordinary course of business, (ii) there has not been and will not have been any material adverse change in the business or financial position or results of operations of the System, (iii) no loss or damage (whether or not insured) to the property of the System has been or will have been sustained which materially and adversely affects the operations of the System, and (iv) no legal or governmental proceedings affecting the System or the transactions contemplated by this Agreement have been or will have been instituted or threatened which is material.

5. Closing. (a) At 1:00 p.m. Eastern Daylight Time, on June __, 2016, or at such other time and date as shall have been mutually agreed upon by the Issuer and the Representative (the "Closing"), the Issuer will, subject to the terms and conditions hereof, deliver the Bonds to the Underwriters duly executed and authenticated, together with the other documents hereinafter mentioned, and the Underwriters will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 of this Agreement by a certified or bank cashier's check or checks or wire transfer payable in immediately available funds to the order of the Issuer. Payment for the Bonds as aforesaid shall be made at the offices of Issuer, or such other place as shall have been mutually agreed upon by the Issuer and the Representative.

(b) Delivery of the Bonds shall be made to DTC through its FAST system of registration. The Bonds shall be delivered in definitive fully registered form, bearing CUSIP numbers without coupons, with one Bond for each maturity of the Bonds, registered in the name of Cede & Co., all as provided in the Bond Resolution, and shall be made available to the Representative at least one business day before the Closing for purposes of inspection.

6. Closing Conditions. The Underwriters have entered into this Agreement in reliance upon the representations, warranties and agreements of the Issuer contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters' obligations under this Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Representative:

(a) The representations and warranties of the Issuer contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) The Issuer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing;

(c) At the time of the Closing, (i) the Issuer Documents and the Bonds shall be in full force and effect in the form heretofore approved by the Representative and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative; (ii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel and other counsel to deliver their respective opinions referred to hereafter;

(d) At or prior to the Closing, the Bond Resolution shall have been duly executed and delivered by the Issuer and the Issuer shall have duly executed and delivered and the Registrar shall have duly authenticated the Bonds;

(e) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Issuer or the System, from that set forth in the Official Statement that in the reasonable judgment of the Representative, is material and adverse and that makes it, in the judgment of the Representative, impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement;

(f) The Issuer shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(g) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in legal form and effect to the Representative;

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

(1) The Official Statement, and each supplement or amendment thereto, if any, executed on behalf of the Issuer by its Mayor, City Manager and Finance Director, or such other official as may have been agreed to by the Representative, and the reports and audits referred to or appearing in the Official Statement;

(2) The Bond Resolution and the Rate Legislation with such supplements or amendments as may have been agreed to by the Representative;

(3) Fully executed counterparts of the Issuer Documents;

(4) The Undertaking which satisfies the requirements of section (b)(5)(i) of the Rule;

(5) A final approving opinion of Akerman Senterfitt, Bond Counsel to the Issuer, with respect to the Bonds, dated the date of closing, in substantially the form attached to the Official Statement as Appendix D;

(6) A letter of Akerman Senterfitt, addressed to the Underwriters and dated the date of Closing, to the effect that their final approving opinion referred to in Section 6(h)(5) hereof may be relied upon by the Underwriters to the same extent as if such opinion were addressed to the Underwriters;

(7) A supplemental opinion of Akerman Senterfitt, addressed to the Underwriters, dated the date of Closing, substantially to the effect that:

(i) the Bond Resolution has been duly adopted and is in full force and effect;

(ii) the information contained in the Official Statement under the following headings insofar as such information purports to be summaries or descriptions of the Resolution, the Bonds, or state or federal law, are fair and

accurate statements or summaries of such information: "INTRODUCTION," "DESCRIPTION OF THE SERIES 2016 BONDS" (other than the information under the subheading "Book-Entry Only System"), "AUTHORITY FOR THE ISSUANCE OF THE SERIES 2016 BONDS," "DESCRIPTION OF THE SERIES 2016 BONDS," "REFUNDING PLAN," and "SOURCES OF AND SECURITY FOR PAYMENT OF THE SERIES 2016 BONDS" and the information under "TAX MATTERS" and in Appendix D is accurate, but excluding statements contained under any other heading to which reference is made under such headings or Appendix and any financial and statistical information included therein, as to which no opinion need be expressed; and

(iii) the Refunded Bonds have been legally defeased pursuant to and in accordance with the Bond Resolution.

(8) An opinion of Holland & Knight LLP, as Disclosure Counsel, dated the date of the Closing and addressed to the Issuer and the Underwriters, in substantially the form attached hereto as Exhibit A.

(9) An opinion of McLin & Burnsed P.A., Leesburg, Florida, City Attorney, addressed to the Issuer, Bond Counsel and the Underwriters and dated the date of the Closing, to the effect that:

(i) The Issuer is a duly organized and validly existing municipal corporation of the State duly created, organized and existing under the Act, and has full legal right, power and authority under the Act and the Bond Resolution (A) to enter into, execute and deliver the Issuer Documents and all documents required hereunder and thereunder to be executed and delivered by the Issuer, (B) to sell, issue and deliver the Bonds to the Underwriters as provided herein, (C) to carry out and consummate the transactions contemplated by the Issuer Documents, and the Official Statement, (D) to operate the System, and (E) to refund the Refunded Bonds, and the Issuer has complied, and will at the Closing be in compliance in all material respects, with the terms of the Act and the Issuer Documents as they pertain to such transactions;

(ii) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (A) the adoption of the Bond Resolution, the adoption and/or enactment of the Rate Legislation and the issuance and sale of the Bonds, (B) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part, contained in the Bonds and the Issuer Documents, and (C) the consummation by it of all other transactions contemplated by the Official Statement, the Issuer Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Official Statement;

(iii) The Bond Resolution and the Rate Legislation were each duly and validly adopted and/or enacted by the Issuer and is in full force and effect; the Bond Resolution and all other proceedings pertinent to the validity and enforceability of the Bonds and the receipt of the Pledged Revenues pledged to pay principal of and interest on the Bonds have been duly and validly adopted or undertaken in compliance with all applicable procedural requirements of the Issuer and in compliance with the Constitution and laws of the State, including the Act;

(iv) The Issuer Documents have been duly authorized, executed and delivered by the Issuer, and constitute legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms, except to the extent limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws and equitable principles of general application relating to or affecting the enforcement of creditors' rights; and the Bonds, when issued, delivered and paid for, in accordance with the Bond Resolution and this Agreement, will constitute legal, valid and binding obligations of the Issuer entitled to the benefits of the Bond Resolution and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; upon the issuance, authentication and delivery of the Bonds as aforesaid, the Bond Resolution will provide, for the benefit of the holders, from time to time, of the Bonds, the legally valid and binding pledge of and lien it purports to create as set forth in the Bond Resolution;

(v) The distribution of the Preliminary Official Statement and the Official Statement has been duly authorized by the Issuer;

(vi) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Issuer Documents and the Bonds have been obtained;

(vii) There is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Issuer, after due inquiry, threatened against the Issuer, affecting the corporate existence of the Issuer or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of Pledged Revenues or the refunding of the Refunded Bonds pursuant to the Bond Resolution or in any way contesting or affecting the validity or enforceability of the Bonds, the Issuer Documents, or contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or

contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption and/or enactment of the Bond Resolution and the Rate Legislation or the execution and delivery of the Issuer Documents, nor, to the best knowledge of the Issuer; is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Issuer Documents;

(viii) The execution and delivery of the Issuer Documents and compliance by the Issuer with the provisions hereof and thereof, under the circumstances contemplated herein and therein, will not conflict with or constitute on the part of the Issuer a material breach of or a default under any agreement or instrument to which the Issuer is a party, or violate any existing law, administrative regulation, court order, or consent decree to which the Issuer is subject; and

(ix) Based on the examination which such counsel has caused to be made and its participation at conferences at which the Preliminary Official Statement and the Official Statement were discussed, such counsel has no reason to believe that the Official Statement as of its date and as of the date hereof contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect (except for any financial forecast, technical and statistical data included in the Official Statement and except for information regarding DTC and its book entry only system of registration, [the Policy and the Bond Insurer] and information provided by the Underwriters under the Section entitled "UNDERWRITING," in each case as to which no view need be expressed) (except for the description of legal matters pertaining to the City, the undersigned has not, however, undertaken to independently verify the content of the final Official Statement);

(10) A certificate, dated the date of Closing, signed by the Mayor, the City Manager and the Finance Director of the Issuer, or such other officials satisfactory to the Underwriters, and in form and substance satisfactory to the Underwriters, to the effect that, to the best of their knowledge and belief (i) the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing; (ii) no litigation or proceeding against the Issuer is pending or, to their knowledge, threatened in any court or administrative body nor is there a basis for litigation which would (A) contest the right of the members or officials of the Issuer to hold and exercise their respective positions, (B) contest the due organization and valid existence of the Issuer, (C) contest the validity, due authorization and execution of the Bonds or the Issuer Documents or (D) attempt to limit, enjoin or otherwise restrict or prevent the Issuer or the System from functioning and collecting revenues, including payments on the Bonds, pursuant to the Bond Resolution, and other income or the anticipated receipt of Pledged Revenues pledged to pay the principal of and interest on the Bonds, or the pledge thereof; (iii) the Bond Resolution and the Rate Legislation has been duly adopted by the Issuer, are in full force and effect and have not been modified, amended or repealed, and (iv) to the best of its knowledge, no event

affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any respect as of the time of Closing, and the information contained in the Official Statement (other than the information concerning DTC or its book-entry system of registration[, the Policy or Bond Insurer] and information provided by the Underwriters in the Section entitled "UNDERWRITING") is correct in all material respects and, as of the date of the Official Statement did not, and as of the date of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(11) A certificate of the Issuer in form and substance satisfactory to Bond Counsel and counsel to the Underwriters (i) setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code, and (ii) certifying that to the best of the knowledge and belief of the Issuer there are no other facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate;

(12) A certificate of an authorized representative of U.S. Bank National Association (the "Bank"), as Registrar, Paying Agent and Escrow Agent to the effect that (i) the Bank is a national banking association duly organized, validly existing and in good standing under the law of the United States of America and is duly authorized to exercise trust powers in the State of Florida, (ii) the Bank has all requisite authority, power, licenses, permits and franchises, and has full corporate power and legal authority to execute and perform its functions under the Resolution, the Escrow Agreement and the Registrar and Paying Agent Agreement, dated the date of delivery of the Bonds, between the Issuer and the Bank (the "Paying Agent Agreement"), (iii) the performance by the Bank of its functions under the Resolution, the Escrow Agreement and the Paying Agent Agreement will not result in any violation of the Articles of Association or Bylaws of the Bank, any court order to which the Bank is subject or any agreement, indenture or other obligation or instrument to which the Bank is a party or by which the Bank is bound, and no approval or other action by any governmental authority or agency having supervisory authority over the Bank is required to be obtained by the Bank in order to perform its functions under the Resolution, the Escrow Agreement and the Paying Agent Agreement, (iv) the Escrow Agreement and the Paying Agent Agreement each constitutes a valid and binding obligation of the Bank in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity and (v) to the best of such authorized representative's knowledge, there is no action, suit, proceeding or investigation at law or in equity before any court, public board or body pending or, to his or her knowledge, threatened against or affecting the Bank wherein an

unfavorable decision, ruling or finding on an issue raised by any party thereto is likely to materially and adversely affect the ability of the Bank to perform its obligations under the Resolution, the Escrow Agreement' and the Paying Agent Agreement;

(13) A certificate, dated the date of the Closing, signed by the Director of Public Works, to the effect that he has reviewed the information relating to the Water System and the Sewer System in the Official Statement under the headings "UTILITY SYSTEM MANAGEMENT," "WATER SYSTEM," "SEWER SYSTEM," "RATES - Water and Sewer User Rates," "RATES - Water and Sewer Capacity Charges," "RATES - Rate Comparisons," "RATES - Ten Largest Customers," and "CAPITAL IMPROVEMENT PROGRAM" and such information is accurate and complete, and that such information does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(14) A certificate, dated the date of the Closing, signed by Director of Gas, to the effect that he has reviewed the information relating to the Gas System in the Official Statement under the headings "GAS SYSTEM," "RATES - Gas System," "RATES - Rate Comparisons," and "RATES - Ten Largest Customers," and such information is accurate and complete, and that such information does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(15) A signed copy of the letter of representations from the Issuer to DTC;

(16) A certificate of the Mayor, City Manager or Finance Director deeming the Preliminary Official Statement "final" as of its date for the purposes of Rule 15c2-12;

(17) Evidence that the City has complied with Section 12.02 of the Resolution with respect to the issuance of the Bonds as Additional Parity Obligations;

(18) A letter of Moody's Investors Service, Inc. ("Moody's") that the Bonds have an underlying rating of "__," and a letter of Fitch Ratings ("Fitch") that the Bonds have an underlying rating of "__," and that all such ratings are in effect as of the date of Closing [insert insured ratings if applicable];

(19) [A copy of the Bond Insurance Policy];

(20) [An opinion of counsel to Bond Insurer and certificates of the Bond Insurer in form and substance acceptable to Bond Counsel and Disclosure Counsel to the Issuer];

(21) Verification Report of Precision Analytics, Inc.;

(22) Such additional legal opinions, certificates, instruments and other documents as the Representative or counsel to the Underwriters may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing,

of the Issuer's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Issuer on or prior to the date of the Closing of all the respective agreements then to be performed and conditions then to be satisfied by the Issuer.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriters.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds contained in this Agreement, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriters nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of the Issuer and the Underwriters set forth in Sections 1 (with respect to the return of the good faith check only), 4 and 8 hereof shall continue in full force and effect.

7. Termination. The Underwriters shall have the right to cancel their obligation to purchase the Bonds if, between the date of this Agreement and the Closing, the market price or marketability of the Bonds shall be materially adversely affected, in the reasonable judgment of the Representative, by the occurrence of any of the following after the date of this Agreement:

(a) Legislation shall be enacted by or introduced in either House of Congress of the United States or favorably reported for passage to either House of Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds of the interest on the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein;

(b) Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Bond Resolution is not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) Any state Blue Sky or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(d) A general suspension of trading in securities on the New York Stock Exchange or other national securities exchange, the establishment of minimum prices on any such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(e) The New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, Underwriters;

(f) Any event occurring, or information becoming known which, in the judgment of the Representative, makes untrue in any material respect any statement or information contained in the Official Statement, or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(g) There shall have occurred since the date hereof any materially adverse change in the affairs or financial condition of the Issuer or the System and any supplement or amendment to the Official Statement pursuant to Section 3(d) hereof does not cure the materially adverse effect on the market price or the marketability of the Bonds;

(h) Between the date hereof and the Closing, the Issuer has, without the prior written consent of the Representative, offered or issued any bonds, notes or other obligations for borrowed money, or incurred any material liabilities, direct or contingent, other than as described in the Official Statement, in either case payable from the Pledged Revenues;

(i) The United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak or escalation of hostilities, it being agreed that no such hostilities exist at the time of the execution of this Agreement;

(j) There shall have occurred any national or international calamity or crisis in the financial markets or otherwise of the United States or elsewhere;

(k) Prior to Closing, Moody's, or Fitch Ratings shall inform the Issuer or the Underwriter that the Bonds (without considering the Policy) will not receive underlying ratings of at least "___,"and "___," respectively;

(l) There shall have occurred or any notice shall have been given of any intended review, downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to any of the Issuer's obligations [or rating of the Bond Insurer];

(m) [Prior to Closing, Bond Insurer shall inform the Issuer that it will not be delivering the Bond Insurance Policy]; and

(n) The purchase of and payment for the Bonds by the Underwriters, or the resale of the Bonds by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

8. Expenses. (a) The Underwriters shall be under no obligation to pay, and the Issuer shall pay all expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to (i) the cost of preparation and printing of the Bonds, Preliminary Official Statement, Official Statement and any amendment or supplement thereto, (ii) the fees and disbursements of Bond Counsel, City Attorney and Disclosure Counsel, if any; (iii) the fees and disbursements of the Financial Advisor to the Issuer; (iv) the fees and disbursements of any Paying Agent, Escrow Agent or engineers, accountants, and other experts, consultants or advisers retained by the Issuer, if any; and (v) all fees, premiums and expenses in connection with obtaining bond ratings. The Issuer shall also pay for any expenses (included in the expense component of the Underwriters' discount) incurred by the Underwriters which are incidental to implementing this Bond Purchase Agreement and the issuance of the Bonds, including, but not limited to, meals, transportation and lodging, if any, and any other miscellaneous closing costs, subject to approval of the Issuer.

(b) Except as provided for above, the Underwriters shall pay (i) the cost of preparation and printing of this Agreement, any Blue Sky Surveys and/or Legal Investment Memoranda; (ii) all advertising expenses in connection with the public offering of the Bonds; and (iii) all other expenses incurred by them in connection with the public offering of the Bonds, including the fees and disbursements of counsel retained by the Underwriters. In the event that either party shall have paid obligations of the other as set forth in this Section 8, adjustment shall be made at the time of the Closing.

(c) If this Agreement shall be terminated by the Underwriters because of any failure or refusal on the part of the Issuer to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Issuer shall be unable to perform its obligations under this Agreement, unless caused by the Underwriters, the Issuer will reimburse the Underwriters for all out-of-pocket expenses (including the fees and disbursements of counsel to the Underwriters) reasonably incurred by the Underwriters in connection with this Agreement or the offering contemplated hereunder.

(d) The Issuer acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

9. Notices. Any notice or other communication to be given to the Issuer under this Agreement may be given by delivering the same in writing to City of Leesburg, Florida, 501 W. Meadow Street, Leesburg, Florida 34749, to the attention of Finance Director, and any notice or other communication to be given to the Underwriters under this Agreement may be given by delivering the same in writing to RBC Capital Markets LLC, 1650 Prudential Drive, Suite 101, Jacksonville, Florida 32207; Attention: Mr. Mitchell Owens.

10. Parties in Interest. This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer and the Underwriters (including successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof. This Agreement may not be assigned by the Issuer or the Underwriters. All of the Issuer's and Underwriters' representations, warranties and agreements contained in this Agreement shall remain operative and in full force and effect, regardless of (i) delivery of and payment for the Bonds pursuant to this Agreement; and (ii) any termination of this Agreement.

11. Effectiveness. This Agreement shall become effective upon the acceptance hereof by the Issuer and shall be valid and enforceable at the time of such acceptance.

12. Choice of Law. This Agreement shall be governed by and construed in accordance with the law of the State of Florida.

13. Severability. If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

14. Business Day. For purposes of this Agreement, "business day" means any day on which the New York Stock Exchange is open for trading.

15. Section Headings. Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

16. Counterparts. This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

[Remainder of page intentionally left blank]

[Signature Page to this Agreement immediately follows this page]

[SIGNATURE PAGE TO BOND PURCHASE AGREEMENT FOR THE PURCHASE OF THE CITY OF LEESBURG, FLORIDA UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2016 BETWEEN THE CITY OF LEESBURG, FLORIDA AND RBC CAPITAL MARKETS, LLC, AS REPRESENTATIVE ON BEHALF OF ITSELF AND STIFEL, NICOLAUS & COMPANY, INCORPORATED]

If you agree with the foregoing, please sign the Agreement and return it to the Underwriters. This Agreement shall become a binding agreement between you and the Underwriters when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

Respectfully submitted,

RBC CAPITAL MARKETS, LLC

By: _____
Mitch Owens, Director

Date: _____

ACCEPTANCE

ACCEPTED at _____ [a.m./p.m.] Eastern Daylight Time this _____ day of _____, 2016.

CITY OF LEESBURG, FLORIDA

By: _____
William Spinelli, CPA, Finance Director

Schedule I

$_____
CITY OF LEESBURG, FLORIDA
Utility System Refunding Revenue Bonds, Series 2016

MATURITIES, AMOUNTS, INTEREST RATES, PRICES AND YIELDS

Maturity (October 1)	Amount	Interest Rate	Price	Yield

$_____ _____% Term Bonds due October 1, 20__; Price _____%; Yield ____%
$_____ _____% Term Bonds due October 1, 20__; Price _____%; Yield _____%

_____
*Price and yield calculated to first optional call date of October 1, 20__.

Optional Redemption

The Bonds maturing on and before October 1, 20__ are not redeemable prior to their stated dates of maturity. The Bonds maturing on and after October 1, 20__ are subject to redemption prior to their stated dates of maturity, at the option of the Issuer, in whole or in part on any day on or after October 1, 20__, in such amounts and maturities as the Issuer in its discretion shall select and by lot within a maturity if less than a full maturity, at a redemption price equal to the principal amount thereof, together with accrued interest on such principal amount at the redemption date.

Mandatory Redemption

The Bonds maturing on October 1, 20__ are subject to mandatory sinking fund redemption prior to maturity in part by lot on October 1, 20__ and on each October 1 thereafter, at a redemption price equal to the principal amount thereof being so redeemed and accrued interest thereon to the date fixed for redemption, without premium, from Amortization Installments in the amounts set forth below:

Year	Amortization Installments

_____
*Final Maturity

The Bonds maturing on October 1, 20__ are subject to mandatory sinking fund redemption prior to maturity in part by lot on October 1, 20__ and on each October 1 thereafter, at a redemption price equal to the principal amount thereof being so redeemed and accrued interest thereon to the date fixed for redemption, without premium, from Amortization Installments in the amounts set forth below:

Year	Amortization Installments

_____
*Final Maturity

Schedule II

DISCLOSURE STATEMENT AND TRUTH-IN-BONDING STATEMENT

_____ __, 2016

Mayor and City Commission of
the City of Leesburg, Florida
Leesburg, Florida

Re: $_____ City of Leesburg, Florida Utility System Refunding Revenue Bonds, Series 2016

Dear Mayor and Commission Members:

In connection with the proposed issuance by the City of Leesburg, Florida (the "Issuer") of $_____ in aggregate principal amount of its City of Leesburg, Florida Utility System Refunding Revenue Bonds, Series 2016 (the "Bonds"), RBC Capital Markets, LLC, on behalf of itself and Stifel, Nicolaus & Company, Incorporated (collectively, the "Underwriters") is underwriting a public offering of the Bonds.

The purpose of the following six paragraphs of this letter is to furnish, pursuant to the provisions of Section 218.385(6), Florida Statutes, as amended, certain information in respect of the arrangements contemplated for the purchase and sale of the Bonds, as follows:

(a) The nature and estimated amount of expenses to be incurred by the Underwriters in connection with the purchase and re-offering of the Bonds are set forth in Attachment 1 attached hereto.

(b) There are no "finders," as defined in Section 218.386, Florida Statutes, as amended, connected with the sale and purchase of the Bonds.

(c) The underwriting spread, the difference between the price at which the Bonds will be initially offered to the public by the Underwriters and the price to be paid to the Issuer for the Bonds will be $____ per $1,000 of Bonds issued.

(d) As part of the estimated underwriting spread set forth in paragraph (c) above, the Underwriters will charge a management fee of $0.00 per $1,000 of Bonds issued.

(e) No other fee, bonus or other compensation is estimated to be paid by the Underwriters in connection with the issuance of the Bonds to any person not regularly employed or retained by the Underwriters (including any "finder" as defined in Section 218.386(l)(a),

Florida Statutes), except as specifically enumerated as expenses to be incurred by the Underwriters, as set forth in paragraph (a) above.

(f) The name and address of the Underwriters are:

RBC Capital Markets LLC
1650 Prudential Drive, Suite 101
Jacksonville, FL 32207

Stifel, Nicolaus & Company, Incorporated
111 N. Magnolia Ave., Suite 1175
Orlando, FL 32801

The purpose of the following two paragraphs is to furnish, pursuant to the provisions of Sections 218.385(2) and (3), Florida Statutes, as amended, the truth-in-bonding statement required thereby, as follows:

(a) The Issuer is proposing to issue $_____ of the Bonds for the principal purposes of (1) refunding certain outstanding bonds, (2) funding a debt service reserve fund, and (3) paying certain costs and expenses relating to the issuance of the Bonds. This obligation is expected to be repaid over a period of approximately _____ years. At a true interest cost of approximately _____%, total interest paid over the life of the Bonds will be $_____.

(b) The source of repayment or security of the Bonds is the Pledged Revenues, which Pledged Revenues include Net Revenues of the System, as such terms are defined in Resolution No. 7143 of the Issuer adopted on May 14, 2004, as amended and supplemented. Authorizing this debt will result in an average of $_____ (average annual debt service) of such Pledged Revenues not being available to finance other services of the Issuer each year for approximately _____ years.

The foregoing is provided for information purposes only and shall not affect or control the actual terms and conditions of the Bonds.

Very truly yours,

RBC CAPITAL MARKETS, LLC, as
Representative

_____
Title: Director

ATTACHMENT 1

Underwriters' Estimated Expenses

Underwriters' Counsel
Fees and Expenses
Dalcomp
Day Loan
CUSIP
DTC
Travel, Communications

Total

EXHIBIT A

Form of Disclosure Counsel Opinion

June __, 2016

City of Leesburg, Florida
Fort Myers, Florida

RBC Capital Markets, LLC
St. Petersburg, Florida

Stifel, Nicolaus & Company, Incorporated
Orlando, Florida

Re: $_____ City of Leesburg, Florida Utility System Refunding Revenue Bonds, Series 2016 (the "2016 Bonds")

Ladies and Gentlemen:

We have acted as Disclosure Counsel to City of Leesburg, Florida (the "Issuer") in connection with the issuance of the $_____ City of Leesburg, Florida Utility System Refunding Revenue Bonds, Series 2016 (the "2016 Bonds") and render this letter at your request. The 2016 Bonds are being issued to (i) refund on an advance basis all [that portion] the City's outstanding Utility System Revenue Bonds, Series 2007A, [maturing on or after _____] (the "Refunded Bonds"), and (ii) pay the costs of issuance of the 2016 Bonds. As Disclosure Counsel, we have reviewed and relied upon the following:

A. a certified copy of Resolution No. 7143 duly adopted by the City Commission of the City (the "City Commission") on May 14, 2004 (the "Authorizing Resolution"), as amended and supplemented, and as particularly as supplemented by Resolution No. 2016-_____ adopted by the City Commission on May 9, 2016 (collectively, the "Bond Resolution"),

B. the Official Statement of the Issuer relating to the 2016 Bonds, dated May __, 2016 (the "Official Statement");

C. the Bond Purchase Agreement dated May __, 2016 (the "Bond Purchase Agreement"), between the Issuer and RBC Capital Markets, LLC, on behalf of itself and Stifel, Nicolaus & Company, Incorporated (collectively, the "Underwriters");

D. the Disclosure Dissemination Agreement dated as of the date hereof between the Issuer and Digital Assurance Certification, L.L.C., dated June __, 2016 (the "Disclosure Agreement");

E. a certificate of the Mayor, City Manager and Finance Director of the Issuer dated the date hereof, pertaining, among other things, to the Official Statement;

F. a certificate of the Director of Public Works;

G. a certificate of the Gas Director;

I. such other documents and instruments, including certificates and representations of public officials and other officers and representatives of the various parties participating in this transaction, and related matters that we have deemed necessary in order to render this opinion.

All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Official Statement.

We have also reviewed the opinions rendered this date of Akerman Senterfitt, Bond Counsel ("Bond Counsel"), and of McLin & Burnsed, P.A., counsel to the Issuer (the "City Attorney"), pertaining to the 2016 Bonds. To the extent the opinions expressed herein relate to or are dependent upon a determination that the proceedings and actions relating to the authorization, issuance and sale of the 2016 Bonds are lawful and valid under the Constitution and laws of the State of Florida, that the 2016 Bonds and the Bond Resolution are valid and legally binding obligations of the Issuer or that interest on the 2016 Bonds is excluded from the gross income of the owners thereof for federal income tax purposes and the defeasance of the Refunded Bonds, we understand that you are relying on the opinions rendered on the date hereof by Bond Counsel, and the City Attorney, and no opinion is expressed herein as to such matters.

In making examinations and in rendering this letter, we have assumed the genuineness of signatures on all documents and instruments, the authenticity and completeness of all documents submitted to us as originals and the conformity to original documents of copies submitted to us. In the course of our participation in the preparation of the Official Statement, we participated in discussions with representatives of the Issuer, Akerman Senterfitt, Bond Counsel, Public Financial Management Inc., Financial Advisor to the Issuer, the City Attorney and the Underwriters.

Although we are not passing upon, and do not assume responsibility for, the accuracy, completeness or fairness of the statements contained in the Official Statement, based upon the foregoing and the information made available to us in the course of our participation in the preparation of the Official Statement, as Disclosure Counsel to the Issuer, and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, as of the date hereof and subject to the qualifications set forth herein, nothing has come to our attention which would cause us to believe that the Official Statement as of its date contained or, as of the date hereof contains, any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. We express no view with respect to the information pertaining to The Depository Trust Company or its book-entry only system of registration, or the information contained under the captions "TAX MATTERS," or "MUNICIPAL BOND INSURANCE"] or information provided by the Underwriters under the caption "UNDERWRITING" or the report of Moore Stephens Lovelace, P.A., independent auditors of the issuer and references to any of the foregoing or to any management discussion and analysis or to any financial, statistical,

engineering, economic or demographic data or forecasts, numbers, charts tables, or graphs or any estimates, projections or expression of opinion contained in or referenced in the Official Statement and the Appendices thereto. We have not reviewed any electronic version of the Official Statement and have assumed for purposes of this letter that any such version is identical in all respects to the printed version.

The views set forth herein are expressly limited to, and we address only with respect to, the laws of the State of Florida and the United States of America. We express no view as to the effect of the laws of any other jurisdictions. The views expressed herein are based upon the laws in effect on the date hereof and are subject to any change in such laws, including judicial and administrative interpretations thereof, which may occur or be reported subsequent to the date hereof. The only views rendered hereby shall be those expressly stated as such herein, and no opinion shall be implied or inferred as a result of anything contained herein or omitted herefrom. In rendering this letter, we have relied as to matters of fact, to the extent we deemed proper, upon representation, warranties and certifications of the Issuer made in the Bond Resolution, the Bond Purchase Agreement, the 2016 Bonds and documents and certificates relating thereto.

This letter is furnished by us as Disclosure Counsel and is solely for your benefit and may not be relied upon by, or published or communicated to, any other person without our express written consent. We disclaim any obligation to supplement this letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur. Except with respect to the Issuer, no attorney client relationship has existed or exists between our firm and any other parties involved in the transactions by virtue of this opinion letter.

Sincerely yours,

_____

HOLLAND & KNIGHT LLP

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2016

NEW ISSUE – BOOK-ENTRY ONLY

See "RATINGS" herein

In the opinion of bond counsel, assuming compliance by the City with certain covenants, under existing statutes, regulations, and judicial decisions, the interest on the Series 2016 Bonds is, under Section 103 of the Code (as hereinafter defined) excludable from gross income for federal income tax purposes of the holders thereof and will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Series 2016 Bonds shall be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations. See "TAX MATTERS" herein for a description of other tax consequences to holders of the Series 2016 Bonds.

$_____*

CITY OF LEESBURG, FLORIDA **DAC**

Utility System Refunding Revenue Bonds,
Series 2016

Dated: Date of Delivery **Due:** October 1, as shown on inside cover

The Utility System Refunding Revenue Bonds, Series 2016 (the "Series 2016 Bonds") of the City of Leesburg, Florida (the "City"), will be issued only as fully registered bonds in denominations of $5,000 or any integral multiple thereof and will be initially registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2016 Bonds. The Series 2016 Bonds will be available to purchasers only under the book-entry system maintained by DTC through brokers and dealers who are, or act through, DTC Participants. Purchasers will not receive delivery of the Series 2016 Bonds. So long as any purchaser is the Beneficial Owner (as defined herein) of a Series 2016 Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on such Series 2016 Bond. The principal of and interest on the Series 2016 Bonds will be paid by U.S. Bank National Association, Orlando, Florida, as Registrar and Paying Agent. See "DESCRIPTION OF THE SERIES 2016 BONDS - Book-Entry Only System" herein. Interest on the Series 2016 Bonds will be payable on October 1, 2016, and semiannually thereafter on April 1 and October 1 of each year.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THIS ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

The Series 2016 Bonds are being issued by the City pursuant to Section 159.11, Florida Statutes, Chapter 166, Florida Statutes, and Article VIII, Section 2, Constitution of the State of Florida, and other applicable provisions of law (collectively, the "Act"), and Resolution No. 7143 adopted by the City Commission of the City (the "City Commission") on June 14, 2004, as supplemented and amended, as particularly amended by Resolution Nos. 7960 and 7964, each adopted by the City on July 23, 2007 and as particularly supplemented by Resolution No. _____, adopted by the City Commission on May 9, 2016 (collectively, the "Bond Resolution"). The Series 2016 Bonds are being issued to provide funds, together with other legally available funds of the City, for the purpose of (i) refunding all or a portion of the City's Outstanding Utility System Revenue Bonds, Series 2007A (the "Refunded Bonds"), and (ii) paying certain expenses allocable to the issuance and sale of the Series 2016 Bonds.

The principal of and interest on the Series 2016 Bonds will be payable from and will be secured solely by a lien upon and a pledge of (i) the Net Revenues derived by the City from the operation of the Gas System, Sewer System and Water System (described herein) (collectively, the "System"), (ii) the Capacity Charges (to the extent described herein), and (iii) until applied in accordance with the provisions of the Bond Resolution, all moneys, including income from the investment thereof, in certain of the funds and accounts established by the Bond Resolution, all in the manner and subject to the terms and provisions of the Bond Resolution (collectively, the "Pledged Revenues") on a parity with the City's Outstanding Utility System Revenue Bonds, Series 2007A, to the extent not refunded with proceeds of the Series 2016 Bonds, Taxable Utility System Revenue Bonds, Series 2007B, Utility System Revenue Refunding Note, Series 2010, Utility System Refunding Revenue Bonds, Series 2013 and any Additional Bonds hereafter issued, all in the manner and to the extent provided in the Bond Resolution. See "SOURCES OF AND SECURITY FOR PAYMENT OF THE SERIES 2016 BONDS" herein.

The Series 2016 Bonds are subject to redemption prior to maturity as more fully described herein. See "DESCRIPTION OF THE SERIES 2016 BONDS - Redemption Provisions" herein.

THE SERIES 2016 BONDS AND THE INTEREST THEREON AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE BOND RESOLUTION SHALL BE LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM AND SECURED SOLELY BY THE PLEDGED REVENUES AS PROVIDED IN THE BOND RESOLUTION. NEITHER THE SERIES 2016 BONDS NOR THE INTEREST PAYABLE THEREON SHALL CONSTITUTE A GENERAL INDEBTEDNESS OF THE CITY, THE STATE OF FLORIDA (THE "STATE"), OR ANY AGENCY, INSTRUMENTALITY OR POLITICAL SUBDIVISION OF ANY OF THE FOREGOING WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF THE STATE. THE SERIES 2016 BONDS AND THE INTEREST PAYABLE THEREON DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OR TAXING POWER OF THE CITY, THE STATE OR ANY AGENCY, INSTRUMENTALITY OR POLITICAL SUBDIVISION OF ANY OF THE FOREGOING OR A LIEN UPON ANY PROPERTY OF THE CITY, THE STATE OR ANY AGENCY, INSTRUMENTALITY OR POLITICAL SUBDIVISION OF ANY OF THE FOREGOING OTHER THAN AS PROVIDED IN THE BOND RESOLUTION. NO BONDHOLDER NOR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF

THE CITY, THE STATE OR ANY AGENCY, INSTRUMENTALITY OR POLITICAL SUBDIVISION OF ANY OF THE FOREGOING TO PAY THE SERIES 2016 BONDS OR THE INTEREST THEREON OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE BOND RESOLUTION.

The Series 2016 Bonds are offered when, as and if issued, subject to receipt of the legal opinion of Akerman LLP, Orlando, Florida, Bond Counsel. Certain legal matters will be passed on for the City by McLin & Burnsed, P.A., City Counsel and by Holland & Knight LLP, Lakeland, Florida, Disclosure Counsel. Public Financial Management, Inc. Orlando, Florida, is acting as Financial Advisor to the City in connection with the issuance of the Series 2016 Bonds. Certain legal matters will be passed upon for the Underwriters by Greenberg Traurig, P.A, Miami, Florida. It is expected that settlement for the Series 2016 Bonds will occur through the facilities of DTC in New York, New York, on or about _____, 2016.

RBC CAPITAL MARKETS, LLC

STIFEL, NICOLAUS & COMPANY, INCORPORATED

Dated: _____, 2016

_____

* Preliminary, subject to change

RED HERRING LANGUAGE

This Preliminary Official Statement and the information contained herein are subject to change, completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or solicitation of an offer to buy nor shall there be any sale of the Series 2016 Bonds by any person in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The City has deemed this Preliminary Official Statement "final," except for certain permitted omissions, within the contemplation of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

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

$_____*
CITY OF LEESBURG, FLORIDA
Utility System Refunding Revenue Bonds,
Series 2016

($_____ Serial Bonds)

Maturity Date (October 1)	Principal Amount	Interest Rate	Yield	Price	Initial CUSIP No.†

($_____ Term Bonds)

$_____ ___% Term Bonds due October 1, 20__, Yield _____%, Price _____, Initial CUSIP No. _____†
$_____ ___% Term Bonds due October 1, 20__, Yield _____%, Price _____, Initial CUSIP No. _____†

---

* Preliminary, Subject to change.

† The City is not responsible for the use of CUSIP Numbers, nor is a representation made as to their correctness. The CUSIP Numbers are only included solely for the convenience of the readers of the Official Statement and may be changed after the issuance of the Series 2016 Bonds.

CITY OF LEESBURG, FLORIDA
City Hall
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Leesburg, Florida 34749
Telephone (352) 728-9700
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City Commission
Jay Hurley, Mayor
Robert "Bob" Bone, Jr., Mayor Pro-Tem
John Christian
Elise A. Dennison
Dan Robuck, III

Administration
Al Minner, City Manager
William Spinelli, CPA, Finance Director

City Attorney
McLin & Burnsed, P.A.

Director of Gas
Jack G. Rogers, Jr.

Director of Public Works
D.C. Maudlin, Jr.

Financial Advisor
Public Financial Management, Inc.
Orlando, Florida

Bond Counsel
Akerman LLP
Orlando, Florida

Disclosure Counsel
Holland & Knight LLP
Lakeland, Florida

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than the information and representations contained herein, in connection with the offering of the Series 2016 Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell nor the solicitation of an offer to buy, nor will there be any sale of the Series 2016 Bonds to any person in any jurisdiction to whom it is unlawful to make such offer, solicitation or sale. The information set forth herein has been obtained from the City, and The Depository Trust Company and other sources which are believed to be reliable, and while not guaranteed as to completeness or accuracy, is believed to be correct as of the date of this Official Statement. Any statements in this Official Statement involving estimates, assumptions and matters of opinion, whether or not so expressly stated, are intended as such and not as representations of fact, and the City expressly makes no representation that such estimates, assumptions and opinions will be realized or fulfilled. Any information, estimates, assumptions and matters of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in the affairs of the City since the date hereof.

The Series 2016 Bonds have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended, nor has the Bond Resolution been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. The registration or qualification of the Series 2016 Bonds in accordance with applicable provisions of the securities laws of the states, if any, in which the Series 2016 Bonds have been registered or qualified and the exemption from registration or qualification in certain other states cannot be regarded as a recommendation thereof. Neither these states nor any of their agencies have passed upon the merits of the Series 2016 Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2016 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2016 BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2016 BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

References herein to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to this Official Statement, copies may be obtained from the City of Leesburg, Florida, 501 W. Meadow Street, Leesburg, Florida 34748, Attention: City Clerk, upon payment of reproduction costs and postage and handling expenses.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

CERTAIN STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT REFLECT NOT HISTORICAL FACTS BUT FORECASTS AND "FORWARD-LOOKING STATEMENTS." IN THIS RESPECT, THE WORDS "ESTIMATE," "PROJECT," "ANTICIPATE," "EXPECT," "INTEND," "BELIEVE" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. ALL PROJECTIONS, FORECASTS, ASSUMPTIONS, EXPRESSIONS OF OPINIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE A CONTRACT BETWEEN THE CITY OR THE UNDERWRITERS AND ANY ONE OR MORE OF THE OWNERS OF THE SERIES 2016 BONDS. THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITES: WWW.MUNIOS.COM OR WWW.EMMA.MSRB.ORG. THIS OFFICIAL STATEMENT SHOULD BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR AS PRINTED IN ITS ENTIRETY DIRECTLY FROM SUCH WEBSITES.

TABLE OF CONTENTS

Page

INTRODUCTION 1
THE CITY 2
AUTHORITY FOR ISSUANCE OF THE SERIES 2016 BONDS 2
REFUNDING PLAN 2
ESTIMATED SOURCES AND USES OF FUNDS 3
DEBT SERVICE SCHEDULE 4
DESCRIPTION OF THE SERIES 2016 BONDS 4
- General 4
- Book-Entry Only System 4
- Redemption Provisions 6
- Notice of Redemption 7
- Effect of Notice of Redemption 7

SOURCES OF AND SECURITY FOR PAYMENT OF THE SERIES 2016 BONDS 8
- General 8
- Pledged Revenues 8
- Limited Obligations 9
- Creation of Funds and Accounts 9
- Revenue and Operating Fund 10
- Capacity Charge Funds 11
- No Reserve Funding for the Series 2016 Bonds 12
- Rate Stabilization Fund 12
- Rate Covenant 12
- Additional Bonds 13
- Subordinate Obligation 16
- Qualified Swaps 16
- Separately Financed Projects 16
- Other Covenants 17
- Investment of Funds 17
- Rights of a Bond Insurer 18
- Series 2010 Note 18

UTILITY SYSTEM MANAGEMENT 18
GAS SYSTEM 19
- General 19
- Gas System Customers 21
- Gas System Facilities 21
- Gas Supply and Transportation 22
- Regulation 22
- Maintenance 22
- Historical Gas System Customer Statistics 23
- Historical Operating Results 23

WATER SYSTEM 24
- General 24
- Water Customers 26
- Historical Water Customer Statistics 26
- Historical Reclaimed Water Customer Statistics 27
- Facilities 27
- Regulation 28
- Maintenance 29
- Historical Operating Results 29

SEWER SYSTEM 29
- General 29
- Sewer System Customers 30
- Historical Sewer Customer Statistics 30

Facilities 30
Regulation 31
Sale of Spray Field Lands Being Considered by City 32
Maintenance 33
Historical Operating Results 33
RATES 34
Gas System Rates 34
Water and Sewer User Rates 35
Water and Sewer Capacity Charges 39
Comparison of Typical Monthly Utility Charges for Service 40
Ten Largest Customers 43
FUND BALANCE AND TRANSFER POLICY 46
CAPITAL IMPROVEMENT PLAN 47
HISTORICAL OPERATING RESULTS AND DEBT SERVICE COVERAGE 51
CERTAIN FACTORS AFFECTING THE SYSTEM 52
PENSION AND OTHER POST EMPLOYMENT BENEFITS 53
Pension 53
SCHEDULES OF CHANGES IN THE NET PENSION LIABILITIES AND RELATED RATIOS 54
General Employees' Plan 54
Police Officers' Plan 55
Firemens' Plan 56
Other Post-Employment Benefits 56
TAX MATTERS 58
General 58
Other Tax Matters 59
Tax Treatment of Original Issue Discount 59
Tax Treatment of Bond Premium 59
ADDITIONAL FINANCING 60
FINANCIAL STATEMENTS 60
RATINGS 60
UNDERWRITING 60
CONTINUING DISCLOSURE 61
LEGAL MATTERS 61
LITIGATION 62
VERIFICATION OF ARITHMETICAL COMPUTATIONS 62
DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS 62
FORWARD LOOKING STATEMENTS 63
FINANCIAL ADVISOR 63
INVESTMENT POLICY 63
ENFORCEABILITY OF REMEDIES 63
CONTINGENT FEES 64
ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT 64
AUTHORIZATION OF OFFICIAL STATEMENT 65

APPENDIX A GENERAL INFORMATION PERTAINING TO THE CITY OF LEESBURG
APPENDIX B AUDITED FINANCIAL STATEMENTS OF THE CITY OF LEESBURG FOR YEAR ENDED SEPTEMBER 30, 2015
APPENDIX C COPY OF MASTER RESOLUTION AND AMENDATORY RESOLUTIONS
APPENDIX D FORM OF BOND COUNSEL OPINION
APPENDIX E FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

OFFICIAL STATEMENT

relating to

$_____*

CITY OF LEESBURG, FLORIDA
UTILITY SYSTEM REFUNDING REVENUE BONDS,
SERIES 2016

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the Appendices hereto, is to furnish information with respect to the issuance by the City of Leesburg, Florida (the "City") of its $_____* aggregate principal amount of Utility System Refunding Revenue Bonds, Series 2016 (the "Series 2016 Bonds").

The principal of and interest on the Series 2016 Bonds will be payable from and will be secured solely by a lien upon and a pledge of (i) the Net Revenues (as described herein) derived by the City from the operation of the Gas System, Sewer System and Water System (as described herein), (ii) Capacity Charges (to the extent described herein), and (iii) until applied in accordance with the provisions of the Bond Resolution (as defined herein), all moneys, including income from the investment thereof, in certain of the funds and accounts established by the Bond Resolution, all in the manner, and subject to the terms of the Bond Resolution (collectively, the "Pledged Revenues"). The pledge of and lien on the Pledged Revenues in favor of the Series 2016 Bonds are on a parity with the lien on and pledge of the Pledged Revenues in favor of the City's Utility System Revenue Bonds, Series 2007A, to the extent not refunded with proceeds of the Series 2016 Bonds (the "Unrefunded Series 2007A Bonds") outstanding before issuance of the Series 2016 Bonds, in the aggregate principal amount of $_____, the City's Taxable Utility System Revenue Bonds, Series 2007B currently outstanding in the aggregate principal amount of $_____ (and together with the Unrefunded Series 2007A Bonds, the "Series 2007 Bonds"), the City's Utility System Revenue Refunding Note, Series 2010 currently outstanding in the principal amount of $_____ (the "Series 2010 Note"), the City's Utility System Refunding Revenue Bonds, Series 2013 currently outstanding in the aggregate principal amount of $_____ (the "Series 2013 Bonds") and any Additional Bonds hereafter issued pursuant to the Bond Resolution all in the manner and to the extent provided in the Bond Resolution. The Series 2007 Bonds, the Series 2010 Note and the Series 2013 Bonds are collectively referred to herein as the "Parity Bonds." The Series 2016 Bonds, the Parity Bonds and any Additional Bonds are referred to herein as the "Bonds." For a discussion of the security for the Series 2016 Bonds, see "SOURCES OF AND SECURITY FOR PAYMENT OF THE SERIES 2016 BONDS" herein. The Gas System, Sewer System (or sometimes referred to herein as the "Wastewater System") and Water System are collectively referred to herein as the "System" or the "Utility System."

The proceeds of the Series 2016 Bonds will be used by the City pursuant to the Bond Resolution, together with other legally available funds of the City, to provide funds for the purpose of (i) refunding all or a portion of the City's Outstanding Utility System Revenue Bonds, Series 2007A (the "Refunded Bonds"), and (ii) paying certain expenses allocable to the issuance and sale of the Series 2016 Bonds.

THE SERIES 2016 BONDS AND THE INTEREST THEREON AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE BOND RESOLUTION SHALL BE LIMITED OBLIGATIONS OF THE CITY PAYABLE FROM AND SECURED SOLELY BY THE PLEDGED REVENUES AS PROVIDED IN THE BOND RESOLUTION. NEITHER THE SERIES 2016 BONDS NOR THE INTEREST PAYABLE THEREON SHALL CONSTITUTE A GENERAL INDEBTEDNESS OF THE CITY, THE STATE OF FLORIDA (THE "STATE"), OR ANY AGENCY, INSTRUMENTALITY OR POLITICAL SUBDIVISION OF ANY OF THE FOREGOING WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF THE STATE. THE SERIES 2016 BONDS AND THE INTEREST PAYABLE THEREON DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OR TAXING POWER OF THE CITY, THE STATE OR ANY AGENCY, INSTRUMENTALITY OR POLITICAL SUBDIVISION OF ANY OF THE FOREGOING OR A LIEN UPON ANY PROPERTY OF THE CITY, THE STATE OR ANY AGENCY, INSTRUMENTALITY OR POLITICAL SUBDIVISION OF ANY OF THE FOREGOING OTHER THAN AS PROVIDED IN THE BOND RESOLUTION. NO BONDHOLDER NOR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE

* Preliminary, subject to change

EXERCISE OF THE AD VALOREM TAXING POWER OF THE CITY, THE STATE OR ANY AGENCY, INSTRUMENTALITY OR POLITICAL SUBDIVISION OF ANY OF THE FOREGOING TO PAY THE SERIES 2016 BONDS OR THE INTEREST THEREON OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE BOND RESOLUTION.

Unless otherwise defined herein or where the context would clearly indicate otherwise, capitalized terms used herein shall have the meanings set forth in the Master Resolution (as defined below), a copy of which is included as APPENDIX C hereto. The references, excerpts and summaries of all documents referred to herein, including, without limitation, the Bond Resolution, do not purport to be complete statements of the provisions of such documents, and reference is made to the originals of all such documents for full and complete statements of all matters of fact relating to the Series 2016 Bonds, the security for the payment of the Series 2016 Bonds, the rights and obligations of Registered Owners thereof, and the System (as described herein). Copies of any such documents that are not attached as appendices hereto may be obtained from the City of Leesburg, Florida, 501 W. Meadow Street, Leesburg, Florida 34748, Attention: City Clerk, upon payment of reproduction costs and postage and handling expenses.

For a description of certain terms and conditions of the Series 2016 Bonds, reference is made to the Master Resolution, which is included in APPENDIX C to this Official Statement. The description of the Bond Resolution and the Series 2016 Bonds contained herein do not purport to be comprehensive or definitive, and reference is made to the Bond Resolution, on file with the City, for the complete terms thereof.

THE CITY

The City is located in the north central region of the State, approximately forty miles northwest of Orlando, Florida, and is the oldest and second most populated of the fourteen municipalities in Lake County (the "County"). The corporate limits of the City encompass approximately thirty square miles. The estimated 2015 population of the City was 21,547. The City is a municipal corporation of the State which was created by the State Legislature in 1875 and is governed by and derives its operating authority from the constitution and laws of the State. The City has full home rule powers enabling it to conduct municipal government and exercise any power for municipal purposes, except when expressly prohibited by law.

Pursuant to its municipal charter, the City operates under a commission/manager form of government. The City Commission acts as the governing board, with the power to enact ordinances and adopt resolutions, and consists of five City Commissioners, elected to staggered four-year terms. Three of the City Commission members must meet district residency requirements. The remaining two City Commission members are elected at-large without a district residency requirement. The Commissioners annually select from the City Commission a Mayor and a Mayor pro-tempore.

For additional information regarding the City, see APPENDIX A attached hereto.

AUTHORITY FOR ISSUANCE OF THE SERIES 2016 BONDS

The Series 2016 Bonds are being issued by the City pursuant to Section 159.11, Florida Statutes, Chapter 166, Florida Statutes, and Article VIII, Section 2, Constitution of the State and other applicable provisions of law (collectively, the "Act"), and Resolution No. 7143 adopted by the City Commission of the City (the "City Commission") on June 14, 2004, as amended and supplemented, as particularly amended by Resolution Nos. 7960 and 7964, each adopted by the City on July 23, 2007 (collectively, the "Master Resolution") and as particularly supplemented by Resolution No. _____, adopted by the City Commission on May 9, 2016 (the "Supplemental Resolution" and together with the Master Resolution, the "Bond Resolution"). A copy of the Master Resolution and the amendatory resolutions are attached hereto as APPENDIX C.

REFUNDING PLAN

The **[Refunded Bonds maturing October 1, 2016 and October 1, 2017 will be paid on their respective maturity dates and the]** Refunded Bonds **[maturing on October 1, 2018 and thereafter]** will be paid and called for redemption on October 1, 2017.

Upon delivery of the Series 2016 Bonds, the City will enter into an Escrow Deposit Agreement (the "Escrow Deposit Agreement") with U.S. Bank National Association (in such capacity, the "Escrow Agent")

pertaining to the Refunded Bonds. The Escrow Deposit Agreement creates a fund (the "Escrow Fund") to be held by the Escrow Agent and funded with proceeds of the Series 2016 Bonds and certain other legally available moneys. The Escrow Fund will be held in trust by the Escrow Agent and the money and securities therein will be irrevocably pledged to the payment of the principal of, and interest on the Refunded Bonds. Moneys in the Escrow Fund, other than amounts held uninvested as cash balances, will be invested in Defeasance Obligations, as defined in the Bond Resolution, maturing in such amounts and bearing interest at rates sufficient to pay together with any uninvested cash, the principal of and interest on the Refunded Bonds as the same become due or are called for redemption.

Upon delivery of the Series 2016 Bonds, Precision Analytics, Inc. (the "Verification Agent"), will verify, among other things, the accuracy of the arithmetical computations of the sufficiency of the maturing principal amount of, and interest on, the securities held in the Escrow Fund, together with the cash balances held therein, to pay the principal of and interest on the Refunded Bonds. See "VERIFICATION OF ARITHMETICAL COMPUTATIONS" herein.

In reliance upon the above-referenced schedules and verifications, at the time of delivery of the Series 2016 Bonds, Bond Counsel will deliver an opinion to the City to the effect that the Refunded Bonds have been legally defeased and are no longer outstanding for purposes of the Bond Resolution.

The moneys and securities held under the Escrow Deposit Agreement will be used only to pay the Refunded Bonds and will not be available for payment of debt service on the Series 2016 Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

SOURCES OF FUNDS	
Principal Amount of Series 2016 Bonds	$_____
Plus/ Less Net Original Issue Premium/ Discount	$_____
Other Legally Available Funds	$_____
TOTAL SOURCES	$_____
USES OF FUNDS	
Deposit to Escrow Fund (1)	$_____
Costs of Issuance (2)	$_____
TOTAL USES	$_____

(1) See "REFUNDING PLAN" herein.
(2) Includes legal and financial advisory fees, printing costs, Underwriters' discount, rating agency fees, and other expenses.

DEBT SERVICE SCHEDULE

The following table sets forth the scheduled annual debt service payments on the Series 2016 Bonds and the Parity Bonds and the total debt service for all such Bonds.

Maturity Date (October 1)	Series 2016 Bonds Principal	Series 2016 Bonds Interest	Series 2016 Bonds Total	Total Debt Service Parity Bonds	Total Debt Service
2016					
2014					
2015					
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
Total:					

DESCRIPTION OF THE SERIES 2016 BONDS

General

The Series 2016 Bonds will be dated their date of delivery, will be issued in fully registered form, without coupons, in denominations of $5,000 each or integral multiples thereof, and will bear interest at the fixed rates, computed on the basis of a 360-day year consisting of twelve 30-day months, and will mature on the dates set forth on the inside cover page of this Official Statement. Interest on the Series 2016 Bonds will be payable on October 1, 2016, and semiannually thereafter on April 1 and October 1 of each year. The Series 2016 Bonds will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). Individual purchases will be made in book-entry form through DTC Participants. DTC will receive all payments with respect to the Series 2016 Bonds through U.S. Bank National Association, as Registrar and Paying Agent, which payments will be remitted to DTC's Participants for subsequent disbursement to Beneficial Owners. See "Book-Entry Only System" herein. The Series 2016 Bonds will be subject to redemption prior to maturity as described under "Redemption Provisions" herein.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2016 Bonds. The Series 2016 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for each maturity of the Series 2016 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2016 BONDS, AS NOMINEE OF DTC, REFERENCES IN THIS OFFICIAL STATEMENT TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE SERIES 2016 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2016 BONDS.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereto.

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

Purchases of Series 2016 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series 2016 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2016 Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2016 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2016 Bonds, except in the event that use of the book-entry system for the Series 2016 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2016 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2016 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2016 Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2016 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of the Series 2016 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2016 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy

assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2016 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2016 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or the Bond Registrar and Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such DTC Participant and not of DTC, the Bond Registrar and Paying Agent or the City, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City and/or the Bond Registrar and Paying Agent for the Series 2016 Bonds. Disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2016 Bonds at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2016 Bond certificates are required to be printed and delivered.

The City does not have any responsibility or obligations to the DTC Participants, Indirect Participants or the Beneficial Owners with respect to (A) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest on the Series 2016 Bonds, (B) the delivery to any Participant or any other Person other than a Bondholder, as shown in the registration books kept by the Bond Registrar and Paying Agent, of any notice with respect to the Series 2016 Bonds, or (C) the payment to any Participant or any other Person, other than a Bondholder, as shown in the registration books kept by the Bond Registrar and Paying Agent, of any amount with respect to principal of, or interest on the Series 2016 Bonds.

Upon compliance with any agreements between the City and DTC, the City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2016 Bond certificates will be printed and delivered to DTC.

In the event the book-entry system is terminated, the transfer and exchange of Series 2016 Bonds shall be accomplished as described in APPENDIX C attached hereto.

Redemption Provisions

Optional Redemption. The Series 2016 Bonds maturing on and before October 1, 20__ are not redeemable prior to their stated dates of maturity. The Series 2016 Bonds maturing on and after October 1, 20__, are subject to redemption prior to their stated dates of maturity, at the option of City, in whole or in part on any day on or after October 1, 20__, in such amounts and maturities as the City in its discretion shall select and by lot within a maturity if less than a full maturity, at a redemption price equal to the principal amount thereof, together with accrued interest on such principal amount to the redemption date.

Mandatory Redemption. The Series 2016 Bonds maturing on October 1, 20__ are subject to mandatory sinking fund redemption prior to maturity in part by lot on October 1, 20__ and on each October 1 thereafter, at a redemption price equal to the principal amount thereof being so redeemed and accrued interest thereon to the date fixed for redemption, without premium, from Amortization Installments in the amounts set forth below:

Year	Amortization Installment
20__	
20__*	

* Maturity

Mandatory Redemption. The Series 2016 Bonds maturing on October 1, 20____ are subject to mandatory sinking fund redemption prior to maturity in part by lot on October 1, 20____ and on each October 1 thereafter, at a

redemption price equal to the principal amount thereof being so redeemed and accrued interest thereon to the date fixed for redemption, without premium, from Amortization Installments in the amounts set forth below:

Year	Amortization Installment
20__	$
20__*	

* Maturity

Notice of Redemption

Notice of redemption of the Series 2016 Bonds shall be given by the deposit in the U.S. mails of a copy of said redemption notice, postage prepaid, at least thirty and not more than sixty days before the redemption date to all Holders of the Series 2016 Bonds or portions of the Series 2016 Bonds to be redeemed at their addresses as they appear on the registration books to be maintained in accordance with the provisions of the Bond Resolution. Failure to give any such notice to a registered owner of a Series 2016 Bond, or any defect therein, shall not affect the validity of the proceedings for redemption of any Series 2016 Bond or portion thereof with respect to which no failure or defect occurred.

Each notice shall set forth the date fixed for redemption for each Series 2016 Bond being redeemed, the redemption price to be paid, the date of publication, if any, of a notice of redemption, the name and address of the Registrar and, if less than all of the Series 2016 Bonds of the applicable series then outstanding shall be called for redemption, the distinctive numbers and letters, including CUSIP numbers, if any, of such Series 2016 Bonds to be redeemed and, in the case of Series 2016 Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. If any Series 2016 Bond is to be redeemed in part only, the notice of redemption which relates to such Series 2016 Bond shall also state that on or after the redemption date, upon surrender of such Series 2016 Bond, new Series 2016 Bond or Series 2016 Bonds of the same series in a principal amount equal to the unredeemed portion of such Series 2016 Bond will be issued.

Any notice mailed as provided above shall be conclusively presumed to have been duly given, whether or not the owner of such Series 2016 Bond receives such notice.

Notwithstanding the foregoing, notice of optional redemption may be conditioned upon the occurrence or non-occurrence of such event or events as shall be specified in such notice of optional redemption and may also be subject to rescission by the City if expressly set forth in such notice.

See "Book-Entry Only System" herein for a description of selection of Series 2016 Bonds to be redeemed and conveyance of notices to Beneficial Owners when the Series 2016 Bonds are held by DTC.

Effect of Notice of Redemption

Notice having been given in the manner and upon satisfaction of any of the conditions set forth in the Bond Resolution and in the redemption notice, the Series 2016 Bonds or portions of Series 2016 Bonds so called for redemption shall, on the redemption date designated in such notice, become and be due and payable at the redemption price provided for redemption of such Series 2016 Bonds or portions of Series 2016 Bonds on such date. On the date so designated for redemption, moneys for payment of the redemption price being held in separate accounts by the Paying Agents in trust for the Holders of the Series 2016 Bonds or portions thereof to be redeemed, all as provided in the Bond Resolution, interest on the Series 2016 Bonds or portions of Series 2016 Bonds so called for redemption shall cease to accrue, such Series 2016 Bonds and portions of Series 2016 Bonds shall cease to be entitled to any lien, benefit or security under the Bond Resolution, and the Holders of such Series 2016 Bonds or portions of Series 2016 Bonds shall have no right in respect thereof except to receive payment of the redemption price thereof and, to the extent provided in the Bond Resolution, to receive Series 2016 Bonds for any unredeemed portions of the Series 2016 Bonds.

SOURCES OF AND SECURITY FOR PAYMENT OF THE SERIES 2016 BONDS

General

The principal and interest on the Series 2016 Bonds will be payable from and will be secured solely by a lien upon and a pledge of (i) the Net Revenues derived by the City from the operation of the System, (ii) the Capacity Charges (to the extent described herein), and (iii) until applied in accordance with the provisions of the Bond Resolution moneys, including income from the investment thereof, held in certain of the funds and accounts established by the Bond Resolution, except any funds held in the Composite Reserve Account and in any other account in the Reserve Fund for a specific Series of Bonds, which will be held solely for the Series of Bonds for which such account was created, all in the manner and subject to the terms and provisions of the Bond Resolution (collectively, the "Pledged Revenues"). The pledge of and lien on the Pledged Revenues in favor of the Series 2016 Bonds are on a parity with the lien on and pledge of the Pledged Revenues in favor of the City's Outstanding Parity Bonds and any Additional Bonds hereafter issued pursuant to the Bond Resolution all in the manner and to the extent provided in the Bond Resolution.

Pledged Revenues

The term "Net Revenues," with respect to any Fiscal Year, shall be the remainder of the Gross Revenues, after deducting the Cost of Operation and Maintenance for such Fiscal Year.

"Capacity Charges" means the Water Capacity Charges and the Sewer Capacity Charges.

"Cost of Operation and Maintenance" means the current expenses, paid or accrued, of operation, maintenance and repair of the System and its facilities, as calculated in accordance with generally accepted accounting principles for governmental entities, consistently applied, and shall include, without limiting the generality of the foregoing, all costs (including administrative expenses) relating to the System, the purchase of gas or water, and the purchase of gas, water or wastewater collection, distribution or treatment services (in each case to the extent the same may be treated as an operating cost under generally accepted accounting principles) and insurance premiums and charges for the accumulation of appropriate reserves for self-insurance, not annually recurrent but which are reasonably expected to be incurred on a periodic basis in accordance with generally accepted accounting principles, consistently applied, and payment of the Rebate Amount. The Cost of Operation and Maintenance shall include, among other items, payments required to be made to the Florida Gas Utility, any successor thereto, or any other entity under spot, forward or pre-paid gas or water purchase agreements, including, without limitation, take and pay gas or water purchase agreements or similar gas or water purchase arrangements and related price hedging agreements. The Cost of Operation and Maintenance shall not include (i) any reserve for renewals and replacements, extraordinary repairs or any allowance for depreciation or amortization, (ii) the payment of any principal of, premium, if any, and interest on the Bonds and any other notes, bonds and similar obligations of the City, and (iii) payments made by the City under leases that are capitalized in accordance with generally accepted accounting principles.

"Gross Revenues" are the Gas Revenues, the Water Revenues, the Sewer Revenues, any income from the investment of funds to be deposited in the Revenue and Operating Fund, or any of the accounts therein, as provided in the Bond Resolution, moneys deposited from the Rate Stabilization Fund to the Revenue and Operating Fund in accordance with the terms of the Bond Resolution, and all Hedge Receipts received by the City under a Qualified Swap, but shall not include (i) proceeds from the sale of any Bonds or other obligations of the City, (ii) Capacity Charges, and (iii) moneys received by the City from federal, state or local governmental grants or stipends that by their terms are restricted from being used in the manner that Revenues are to be applied under the Bond Resolution.

"Hedge Receipts" means net payments, received by the City on a scheduled basis under a Qualified Swap, as a result of the fluctuation in a hedged interest rate or the value of any index relative to another interest rate or the value of another index, in each case multiplied by a specified notional amount; provided that for purposes of determining the Bond Service Requirement, and in determining compliance with the rate covenant and the Additional Bonds and Qualified Swap provisions under the Bond Resolution, Hedge Receipts shall not include (i) amounts payable by the Qualified Swap Provider to the City upon the execution, renewal, extension, modification or termination (whether optional or mandatory) of any Qualified Swap, including, without limitation, any settlement amount, (ii) any periodic fee payable by the Qualified Swap Provider to keep such Qualified Swap in effect, and (iii) any other non-scheduled amounts required to be paid by the Qualified Swap Provider under the Qualified Swap.

"Sewer Capacity Charges" means all capital expansion fees, system improvement fees or other similar fees and charges, including, without limitation, impact fees, separately imposed by the City as a nonuser capacity charge for the proportionate share of the cost of expanding, oversizing, separating or constructing new additions to the Sewer System, and any income from the investment of funds deposited into the Sewer Capacity Charge Fund pursuant to the Bond Resolution. Sewer Capacity Charges do not include payments received by the City as reimbursement for the cost of connecting a new customer with the nearest lateral service lines of the Sewer System.

"Water Capacity Charges" means all capital expansion fees, system improvement fees or other similar fees and charges, including, without limitation, impact fees, separately imposed by the City as a nonuser capacity charge for the proportionate share of the cost of expanding, oversizing, separating or constructing new additions to the Water System and any income from the investment of funds deposited into the Water Capacity Charge Fund pursuant to the Bond Resolution. Water Capacity Charges do not include payments received by the City as reimbursement for the cost of connecting a new customer with the nearest lateral service lines of the Water System.

Limited Obligations

THE SERIES 2016 BONDS AND THE INTEREST THEREON AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE BOND RESOLUTION SHALL BE LIMITED OBLIGATIONS OF THE CITY PAYABLE FROM AND SECURED SOLELY BY THE PLEDGED REVENUES AS PROVIDED IN THE BOND RESOLUTION. NEITHER THE SERIES 2016 BONDS NOR THE INTEREST PAYABLE THEREON SHALL CONSTITUTE A GENERAL INDEBTEDNESS OF THE CITY, THE STATE, OR ANY AGENCY, INSTRUMENTALITY OR POLITICAL SUBDIVISION OF ANY OF THE FOREGOING WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF THE STATE. THE SERIES 2016 BONDS AND THE INTEREST PAYABLE THEREON DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OR TAXING POWER OF THE CITY, THE STATE OR ANY AGENCY, INSTRUMENTALITY OR POLITICAL SUBDIVISION OF ANY OF THE FOREGOING OR A LIEN UPON ANY PROPERTY OF THE CITY, THE STATE OR ANY AGENCY, INSTRUMENTALITY OR POLITICAL SUBDIVISION OF ANY OF THE FOREGOING OTHER THAN AS PROVIDED IN THE BOND RESOLUTION. NO BONDHOLDER NOR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE CITY, THE STATE OR ANY AGENCY, INSTRUMENTALITY OR POLITICAL SUBDIVISION OF ANY OF THE FOREGOING TO PAY THE SERIES 2016 BONDS OR THE INTEREST THEREON OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE BOND RESOLUTION.

Creation of Funds and Accounts

The Bond Resolution creates and establishes the "Utility System Revenue and Operating Fund" (the "Revenue and Operating Fund"), the "Utility System Reserve Fund" (the "Reserve Fund"), and the Composite Reserve Account therein, the Utility System Rate Stabilization Fund (the "Rate Stabilization Fund") and the Sewer Capacity Charge Fund and the Water Capacity Charge Fund. Such funds and accounts constitute trust funds for the purposes provided in the Bond Resolution, and shall be delivered to and held by the Finance Director or such other chief financial officer of the City (the "Chief Financial Officer") (or an Authorized Depository designated by the Chief Financial Officer), in each case who shall act as trustee of such funds for the purposes provided in the Bond Resolution, shall be subject to a lien and charge in favor of the Holders of the Bonds and Qualified Swap Providers in the manner and to the extent provided in the Bond Resolution, and shall, except as expressly permitted by the Bond Resolution, at all times be kept separate and distinct from all other funds of the City and used only as provided in the Bond Resolution. The Bond Resolution also authorizes the creation of separate accounts within the Reserve Fund for any Series of Bonds not secured by the Composite Reserve Account.

The Series 2016 Bonds will <u>not</u> be secured by any amounts in the Reserve Fund, including, without limitation, the Composite Reserve Account or any other account established within the Reserve Fund.

The Bond Resolution also creates and establishes the "Utility System Revenue Bonds Construction Fund" (the "Construction Fund"). The City must establish a separate account in the Construction Fund for the Project or Projects to be financed by each Series of Bonds issued under the Bond Resolution. All moneys in the Construction Fund will be and constitute trust funds, and must be delivered to and held by the Chief Financial Officer (or his designated Authorized Depository) who shall act as trustee of such funds for the purposes of the Bond Resolution.

Revenue and Operating Fund

All Gross Revenues shall be deposited by the City into the Revenue and Operating Fund promptly upon receipt. All payments received as Water Capacity Charges shall be segregated and deposited promptly upon receipt into the Water Capacity Charge Fund and all payments received as Sewer Capacity Charges shall be segregated and deposited promptly upon receipt into the Sewer Capacity Charge Fund. Funds in the Revenue and Operating Fund shall be accumulated, paid out, withdrawn and disposed of only in the following order and priority:

(1) First, by setting aside to be applied to pay, or by applying the amount necessary to pay, the Cost of Operation and Maintenance.

(2) Then, on or before the next succeeding Payment Date, by transfer to the Paying Agents and to each Qualified Swap Provider, first, from funds transferred to the Revenue and Operating Fund from Water Capacity Charges and Sewer Capacity Charges, and then from other funds available in the Revenue and Operating Fund, an amount sufficient to pay the debt service next coming due on the Bonds and the Hedge Obligations next coming due on any Qualified Swap.

If principal, interest or premium payments have been made on behalf of the City by a Bond Insurer or the issuer of a Liquidity Facility or Credit Facility or other entity insuring, guarantying or providing for the payment of Bonds or any Series thereof, moneys on deposit in the Revenue and Operating Fund and allocable to such Bonds must be paid to such Bond Insurer or issuer of the Liquidity Facility or Credit Facility having theretofore made a corresponding payment on the Bonds.

(3) Then, by deposit pro rata into the Composite Reserve Account and the other special reserve accounts in the Reserve Fund created for separate Series of Bonds (such amounts that, after taking into account other concurrent deposits made in such accounts pursuant to the provisions of the Bond Resolution, and other funds or Reserve Products then on deposit therein or credited to such accounts, if any, will be sufficient to make the funds on deposit therein and Reserve Products credited thereto equal to the Reserve Requirement for each such account.

The City may satisfy the Reserve Requirement for any account in the Reserve Fund, in whole or in part with a Reserve Product in lieu of a cash funded deposit. Such Reserve Product must provide for payment of deficiencies (up to the policy limits of such Reserve Product) on any interest or principal payment date (provided adequate notice is given) on which a deficiency exists (or is expected to exist) in moneys held thereunder for a payment with respect to Bonds secured by the applicable account in the Reserve Fund, which cannot be cured by funds in any other account held pursuant to the Bond Resolution and available for such purpose. Each such Reserve Product shall name as the beneficiary thereof, the Paying Agent or an Authorized Depository who has agreed to serve as trustee for the benefit of such Bondholders.

The Bond Resolution provides that if a disbursement is made from a Reserve Product, the City must reinstate the maximum limits of such Reserve Product promptly following such disbursement or to replace such Reserve Product by depositing into the applicable account in the Reserve Fund from the first available Net Revenues and from the Capacity Charges to the extent contemplated in the Bond Resolution, funds in the maximum amount originally payable under such Reserve Product, plus amounts necessary to reimburse the Reserve Product Provider for previous disbursements made pursuant to such Reserve Product, or a combination of such alternatives, and for such purposes, amounts necessary to satisfy such reimbursement obligation and other obligations of the City to such a Reserve Product Provider shall be deemed required deposits into the applicable Reserve Fund account, but must be used by the City to satisfy its obligations to the Reserve Product Provider.

If one or more accounts in the Reserve Fund have been funded with cash or Permitted Investments and no event of default shall have occurred and be continuing under the Bond Resolution, the City may, at any time in its discretion, substitute a Reserve Product meeting the requirements of the Bond Resolution for the cash and Permitted Investments in any such account, and the City may then withdraw such cash and Permitted Investments from such account and apply them to any lawful purpose (taking into account the source of such funds for purposes of determining compliance with law related to Water Capacity Charges and Sewer Capacity Charges) that, in the opinion of Bond Counsel will not result in the interest on the Bonds for which such account in the Reserve Fund was held which are not Taxable Bonds to be includable in the gross income of the Holders thereof for federal income tax purposes.

(4) Then by payment of all amounts related to any Subordinate Debt required to be paid by the terms of the ordinance, resolution or other instrument authorizing such Subordinate Debt and the unpaid fees, costs and expenses of any Reserve Product Provider or issuer of a Liquidity Facility or Credit Facility.

(5) Then by payment of all Rebate Amounts determined to be due and owing pursuant to the Code.

(6) Then, for any lawful purposes of the City, including, without limitation, any deposit to the Rate Stabilization Fund that the City deems appropriate.

Capacity Charge Funds

The Bond Resolution provides that on or before the next succeeding Payment Date, funds in either the Water Capacity Charge Fund or Sewer Capacity Charge Fund, respectively, shall be withdrawn and disposed of only in the following order and priority and only for the specific purposes provided in the Bond Resolution:

(1) First, by deposit into the Revenue and Operating Fund, an amount equal to the Sewer or Water Expansion Project Percentage, as applicable, times the principal (including Amortization Installments), interest and any premium due on the Bonds (net of Hedge Receipts, if any) and the related Hedge Obligations on such Payment Date. Deposits required pursuant to the foregoing shall be decreased to make allowance for any accrued and capitalized interest.

(2) Then, by deposit into the Reserve Fund an amount determined by multiplying the aggregate amount required to be deposited therein by the applicable Sewer or Water Expansion Project Percentage.

(3) Then, to the extent permitted by applicable law, by payment of amounts related to Subordinate Debt required to be paid by the terms of the ordinance, resolution or other instrument authorizing such Subordinate Debt.

(4) Following the deposits provided for above, funds remaining in a particular Capacity Charge Fund shall be retained therein and used by the City for any one or more of the following purposes: (i) by deposit to the Revenue and Operating Fund such amount as may be necessary to reimburse the City for payments made from Gross Revenues which could have been made from Capacity Charges from that Capacity Charge Fund had sufficient Capacity Charges been available at the time such payments were made; (ii) to pay the cost of extending or oversizing, separating or constructing new additions to the Sewer System or Water System, as applicable; (iii) subject to the maximum limitation described below, by deposit into the Revenue and Operating Fund to purchase or redeem Bonds in advance of their scheduled maturity or mandatory redemption date; or (iv) for any other lawful purpose.

The maximum amount of Water Capacity Charges or Sewer Capacity Charges that may be used to redeem Bonds shall not exceed the applicable Sewer or Water Expansion Project Percentage of the total principal amount of Bonds originally issued under the Bond Resolution (including Additional Bonds and without taking into account any repayments of principal), less the sum of (x) the principal amount of Bonds theretofore purchased, redeemed or retired at maturity from such Water Capacity Charges or Sewer Capacity Charges, (y) the funds used to reimburse the City for principal payments made from Gross Revenues, and (z) and such Capacity Charges transferred to the Reserve Fund and not theretofore used to pay debt service or deposited back into the applicable Capacity Fund pursuant to the Bond Resolution.

"Sewer or Water Expansion Project Percentage" means a fraction the numerator of which is the total Project Costs of the Sewer Expansion Projects or Water Expansion Projects, as applicable, that are being or have been financed through the issuance of Bonds and the denominator of which is the total Project Costs of the Projects that are being or have been financed through the issuance of Bonds, all as established by a certificate of the Utility Director at the time of issuance of each Series of Bonds, as such fraction shall be adjusted from time to time.

"Expansion Projects" means Sewer Projects or Water Projects or portions thereof, as applicable, for the oversizing, separating, expanding or constructing of new additions to the Sewer System or Water System, all of which are designed to expand its capacity.

Generally, under Florida law, impact fees such as the City's Water Capacity Charges and Sewer Capacity Charges may be validly imposed against new construction or development in order to fund capital investments or

capacity necessitated by such new construction or development or to satisfy debt service for bonds or other obligations issued or allocable for such purpose (as contrasted with general System improvements that do not expand capacity). Investment earnings with respect to Water Capacity Charges and Sewer Capacity Charges are subject to the same restrictions. As a result the City's Water Capacity Charges and Sewer Capacity Charges can be used to pay debt service on the Series 2016 Bonds and any related Hedge Obligations only to the extent such Capacity Charges reflect costs refinanced with proceeds of the Series 2016 Bonds incurred to expand the Water System or Sewer System, respectively, in order to service new customers.

The receipt of Capacity Charges, if any, by the City is dependent on new construction or development within the service area of the System and the amount of Capacity Charges which may be used to pay principal of and interest on the Series 2016 Bonds is limited by Florida law. There can be no assurances that such revenues will not decrease or be eliminated altogether in the event that new construction, for whatever reason, decreases or ceases within the service area of the System. See "RATES - Water and Sewer Capacity Charges" herein for the applicable Sewer Expansion Project Percentages and Water Expansion Project Percentages.

See "RATES - Water and Sewer Capacity Charges" herein for a discussion of a moratorium on the collection of Capacity Charges by the City.

No Reserve Funding for the Series 2016 Bonds

Except as otherwise expressly provided in the Bond Resolution, funds on deposit in an account in the Reserve Fund may be used only for the purpose of curing deficiencies in the amounts available for such purposes in the Revenue and Operating Fund related to the Series of Bonds with respect to which such account in the Reserve Fund was created and for no other purpose. If funds on deposit in an account in the Reserve Fund exceed, in the aggregate, the applicable Reserve Requirement for all Series of Bonds secured by such account, such excess shall be transferred into the Revenue and Operating Fund. Any proceeds received from a Reserve Product shall be applied immediately to cure deficiencies in the moneys set aside and available in the Revenue and Operating Fund to pay debt service with respect to all Series of Bonds secured by the Composite Reserve Account, or the special account in the Reserve Fund to which such Reserve Product was credited, as the case may be, and for no other purpose.

The Reserve Requirement for the Series 2016 Bonds is Zero. The Series 2016 Bonds will not be secured by any amounts on deposit in the Reserve Fund, including, without limitation, the Composite Reserve Account nor any account or subaccount created in the Reserve Fund established for any other Series of Bonds. The Series 2016 Bondholders shall have no lien on or right to payment from any such other funds in the Reserve Fund, the Composite Reserve Account or any account or subaccount created in the Reserve Fund with respect to any other Series of Bonds. See "DEBT SERVICE RESERVE FUND POLICY" herein**.**

Rate Stabilization Fund

The Bond Resolution provides that the City may transfer any amounts on deposit in the Rate Stabilization Fund to the Revenue and Operating Fund, or may use or apply those funds for any other lawful purpose, as it deems appropriate; provided, however, that on each Payment Date for the Bonds, moneys in the Rate Stabilization Fund, if any, shall be applied for the payment of debt service when due with respect to Outstanding Bonds when the moneys in the Revenue and Operating Fund are insufficient to pay the principal of, interest on and Amortization Installments with respect to the Bonds coming due, but only to the extent moneys transferred from the Reserve Fund for such purposes shall be inadequate to fully provide for such insufficiency. As of March 31, 2016 there was $9,486,625 on deposit in the Rate Stabilization Fund.

Rate Covenant

The City has covenanted in the Bond Resolution to fix, establish, revise from time to time whenever necessary, maintain and collect fees, rates, rentals and other charges for the use of the products, services and facilities of the System that will always provide Gross Revenues in each Bond Year (excluding for purposes of this section all Hedge Receipts) which will be sufficient in accordance with the provisions of the Bond Resolution to meet either of the following requirements:

(a) The amount of Gross Revenues to be received in such Bond Year shall not be less than the sum of one hundred percent (100%) of the Cost of Operation and Maintenance for such Bond Year,

plus one hundred fifteen percent (115%) of the Bond Service Requirement for such Bond Year, plus one hundred percent (100%) of the amounts required to be deposited in such Bond Year into the Reserve Fund (including the various accounts therein); or

(b) (i) The amount of Gross Revenues to be received in such Bond Year, shall not be less than the sum of one hundred percent (100%) of the Cost of Operation and Maintenance in such Bond Year, plus one hundred percent (100%) of the Bond Service Requirement for such Bond Year; and (ii) the sum of the Gross Revenues and the Available Capacity Charges to be received in such Bond Year, shall not be less than the sum of one hundred percent (100%) of the Cost of Operation and Maintenance in such Bond Year, plus one hundred twenty-five percent (125%) of the Bond Service Requirement for such Bond Year, plus one hundred percent (100%) of the amounts required to be deposited in such Bond Year into the Reserve Fund (including the various accounts therein).

The foregoing rate covenant is referred to herein as the "Rate Covenant." For purposes of the foregoing, the Bond Service Requirement for any Bond Year may be reduced by amounts actually deposited into the Revenue and Operating Fund at the beginning of such Bond Year, from the Rate Stabilization Fund, or otherwise, that are not needed to pay Hedge Obligations or debt service then due on the Bonds and that are specifically earmarked to pay debt service on Outstanding Bonds and Hedge Obligations next coming due.

Notwithstanding the foregoing, failure of the City to comply with the rate covenant described above will not constitute an event of default if funds are otherwise available to pay all amounts due under the Bond Resolution and the City promptly engages the services of a Qualified Independent Consultant to perform a rate study recommending the rate levels necessary to comply with the rate covenant of this section in the next succeeding Bond Year. Such study must be completed within ninety (90) days after the City becomes aware of such non-compliance and the City must adopt the recommendations of such study within thirty (30) days after the completion of the study.

Available Capacity Charges are the amount of Capacity Charges that, in the opinion of the Utility Director, are reasonably expected to be received or available for such purpose in such Bond Year; provided, however, that the maximum amount of Water Capacity Charges that may be included will be the Water Expansion Project Percentage of the Bond Service Requirement on the Bonds in such Bond Year and the maximum amount of Sewer Capacity Charges that may be included shall be the Sewer Expansion Project Percentage of the Bond Service Requirement on the Bonds in such Bond Year.

Additional Bonds

The City has covenanted in the Bond Resolution not to issue or incur any obligations payable from the Gross Revenues, Capacity Charges, or both, or voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge having priority to or being on a parity with the lien of any Bonds, upon the Gross Revenues, the Capacity Charges, or both, except Additional Bonds and Hedge Obligations under a Qualified Swap all as provided in the Bond Resolution.

No series of Additional Bonds may be issued under the Bond Resolution and no Qualified Swap may be entered into under the Bond Resolution unless the City shall first have complied with the following requirements:

(a) There shall have been obtained and filed with the City Commission a certificate signed by the Chief Financial Officer, pursuant to which he or she shall state and certify the following:

(1) The amount of Gross Revenues (but *excluding* for this purpose all Hedge Receipts), as determined under standard auditing procedures but adjusted as hereinafter provided (the "Adjusted Gross Revenues"), for, at the option of the City, any twelve (12) consecutive months out of the twenty-four (24) consecutive months immediately preceding the date of issue of the proposed Additional Bonds or the most recently audited Fiscal Year (the "Audit Period") and amount of the Cost of Operation and Maintenance for the Audit Period, as determined under standard auditing procedures but adjusted as hereinafter provided (the "Adjusted Cost of Operation and Maintenance");

In determining the amount of Adjusted Gross Revenues for the Audit Period, the Chief Financial Officer may take into account the amount by which Gross Revenues would have increased if or as a result of: (i) the number of customers served by the System during the Audit Period had included the number of new customers of

the System attributable to an existing gas or water transmission system or sewer collection and treatment system to be acquired with the proceeds of such Additional Bonds, had the acquisition occurred at the beginning of the Audit Period, (ii) the number of customers served by the System during the Audit Period had included the average number of new customers of the System (A) that by ordinance, agreement, law or regulation will be required to connect to the System during the first full Bond Year following the Bond Year in which such Additional Bonds are issued (the "Applicable Bond Year"), or (B) which the Qualified Independent Consultant projects will, as a result of the proposed Project, by virtue of their proximity to the service provided by the Project or otherwise, connect to the System during the Applicable Bond Year, and (iii) any changes in the rate schedules for customers and users of the System which the City shall then have in effect, or has enacted by ordinance or resolution on or before the date of such certificate and which the City has covenanted to put into effect during the Applicable Bond Year, had such rate changes been effective on the first day of the Audit Period. If any adjustments permitted by clauses (i) and/or (ii)(B) of the preceding sentence shall be made, in determining the amount of the Adjusted Cost of Operation and Maintenance, the Chief Financial Officer shall take into account the estimated amount by which the Cost of Operation and Maintenance for the Audit Period would have increased had the Project to be financed with the proceeds of such Additional Bonds been in operation from the beginning of the Audit Period. In projecting numbers of new customers for the purposes of clauses (ii) (A) and (ii) (B) of this paragraph, there shall be taken into account only dwellings, buildings or other structures in existence on the date of such projections;

(2) The average annual amount of Water Capacity Charges and Sewer Capacity Charges expected to be received in the Applicable Bond Year, taking into account such additional Water Capacity Charges, if any, and Sewer Capacity Charges, if any, that are expected to be received in each Bond Year as a result of the Project to be financed with the proposed Additional Bonds (such Capacity Charges, including those attributable to any Expansion Projects to be financed with the proceeds of such Additional Bonds, being herein referred to as the "Adjusted Water Capacity Charges" and "Adjusted Sewer Capacity Charges," respectively);

(3) The aggregate amount of funds, if any, to be transferred from available moneys of the City and from grants, contributions in aid of construction and investment income, if any, that the City reasonably expects to receive or make available to pay the Cost of such Project to be financed with the proceeds of such Additional Bonds;

(4) The amount of the Maximum Bond Service Requirement for the Applicable Bond Year on account of all Bonds then Outstanding under the Bond Resolution and the Additional Bonds proposed to be issued thereunder (which, for purposes of this calculation will include a netting of debt service payments and corresponding Hedge Obligations as and to the extent contemplated in the definition of Bond Service Requirement);

(5) The amount, if any, required to be deposited from Net Revenues into the Composite Reserve Account or into any subaccount in the Reserve Fund in the Applicable Bond Year pursuant to the terms of a supplemental ordinance or resolution; and

(6) Based upon the foregoing, the Chief Financial Officer is of the opinion that either:

a. the Adjusted Gross Revenues for the Audit Period, less one hundred percent (100%) of the Adjusted Cost of Operation and Maintenance, shall equal or exceed the sum of one hundred percent (100%) of the amount to be deposited to the Reserve Fund as described in paragraph (5) above and one hundred fifteen percent (115%) of the Maximum Bond Service Requirement referred to in paragraph (4) above for the Applicable Bond Year; or

b. (i) the Adjusted Gross Revenues for the Audit Period, less one hundred percent (100%) of the Adjusted Cost of Operation and Maintenance, shall equal or exceed the sum of one hundred percent (100%) of the amount to be deposited to the Reserve Fund as described in paragraph (5) above and one hundred percent (100%) of the Maximum Bond Service Requirement referred to in paragraph (4) above for the Applicable Bond Year; and (ii) the sum of the Adjusted Gross Revenues and the Adjusted Available Capacity Charges for the Audit Period, less one hundred percent (100%) of the Adjusted Cost of Operation and Maintenance, shall equal or exceed the sum of one hundred percent (100%) of the amount to be deposited to the Reserve Fund as described in paragraph (5) above and one hundred twenty-five percent (125%) of the Maximum Bond Service Requirement referred to in paragraph (4) above for the Applicable Bond Year.

(b) In connection with the issuance of Additional Bonds, there must be obtained and filed with the City Commission a certificate from the engineer, who may be an employee of the City, supervising construction of the Project being financed with proceeds of such Additional Bonds that the balance of the funds in the special account in the Construction Fund created for such Project, together with net proceeds from such Additional Bonds, will be sufficient to pay the Cost of such Project remaining unpaid.

(c) The Chief Financial Officer for the City must certify that the City is not in default in the performance of any of the covenants and obligations assumed by it under the Bond Resolution, as the same may have been theretofore amended, and that all payments thereunder required to have been made into the funds and accounts provided therein shall have been made in full.

(d) The City Attorney must submit an opinion to the City Commission to the effect that the issuance of such Bonds or entering into such Qualified Swap has been duly authorized and that all conditions precedent to the delivery of such Bonds or Qualified Swap have been fulfilled.

(e) Each ordinance, resolution or enabling instrument authorizing the issuance of such Bonds will recite that all of the covenants described in the Bond Resolution will be fully applicable to such Bonds as if originally issued under the Bond Resolution.

The City may issue Additional Bonds for the purpose of refunding any Series of Bonds, or any Bonds within a Series, or for the purpose of refunding any Subordinate Debt by complying with the requirements described in (a) above. In addition to, and notwithstanding the foregoing, the City may issue Additional Bonds for the purpose of refunding any Series of Bonds, or of Bonds within a Series, without the necessity of complying with the requirements described in (a) and (b) above, provided that prior to the issuance of such Bonds the Chief Financial Officer shall certify in writing that (i) the net proceeds from such Additional Bonds will be sufficient to cause the lien created by the Bond Resolution with respect to the Bonds to be refunded to be defeased, and (ii) the Bond Service Requirement with respect to such Additional Bonds in each Bond Year from and after the issuance thereof must be equal to or less than the Bond Service Requirement in each such Bond Year with respect to the Bonds being refunded. In addition, prior to the issuance of such Bonds pursuant to the preceding sentence, there must be filed with the City Commission, an opinion of Bond Counsel, given in reliance on factual and financial certificates, to the effect that (i) upon the deposit of proceeds from the sale of such Additional Bonds in irrevocable escrow for the payment of the Bonds to be refunded, such Bonds will not be deemed outstanding for purposes of the Bond Resolution, and (ii) the issuance of such Additional Bonds and the use of the proceeds thereof as described above will not, in and of itself, have the effect of causing the interest on any Bond that is not a Taxable Bond then Outstanding under the Bond Resolution (including the Bonds to be refunded) to become included in gross income for federal income tax purposes.

Bonds issued pursuant to the terms and conditions described above will be deemed to be on a parity with all Bonds then Outstanding, and all of the covenants and other provisions of the Bond Resolution (except as otherwise expressly provided by the Bond Resolution) will be for the equal benefit, protection and security of the holders of any Bonds evidencing additional obligations subsequently created within the limitations of and in compliance with this section. Bonds may be issued only for the purpose of financing one or more Projects, or for the purpose of refunding any obligations issued for such purpose or for any other lawful purpose of the City, including making a deposit to the Utility System funds of the City.

The Bond Resolution defines "Projects" to mean any one or more Gas Projects, Water Projects and Sewer Projects.

The Bond Resolution defines "Gas Projects" to mean the construction or acquisition of additions, extensions and improvements and repairs to and replacements of various components of the Gas System, as described from time to time by ordinance or resolution of the City, or the refunding of obligations issued or incurred for such purposes.

The Bond Resolution defines "Water Projects" to mean the construction or acquisition of additions, extensions and improvements and repairs to and replacements of various components of the Water System, as described from time to time by ordinance or resolution of the City, or the refunding of obligations issued or incurred for such purpose.

The Bond Resolution defines "Sewer Projects" to mean the construction or acquisition of additions, extensions and improvements and repairs to and replacements of various components of the Sewer System, as described from time to time by ordinance or resolution of the City, or the refunding of obligations issued or incurred for such purposes.

Subordinate Obligation

Pursuant to the Debt Service Forward Delivery Agreement between the City and Wells Fargo Bank, N.A., successor to Wachovia Bank, National Association (the "Investment Provider"), dated July 22, 2005, as amended by the Third Amendment to Debt Service Forward Delivery Agreement, dated as of March 18, 2014 (collectively, the "Debt Service Forward Delivery Agreement"), the City agreed to invest with the Investment Provider amounts deposited under the Bond Resolution with respect to the Series 2013 Bonds and other resolutions entered into in connection with the Capital Improvement Refunding Promissory Note, Series 2009 and the City's outstanding Capital Improvement Refunding Revenue Bonds, Series 2013. Pursuant to the Debt Service Forward Delivery Agreement, a termination payment would be due from the City to the Investment Provider upon, among other things, the occurrence of an event of default under the Debt Service Forward Delivery Agreement. The amount of the termination payment would vary depending on certain factors, including prevailing interest rates at the time such payment is determined.

The obligation of the City under the Debt Service Forward Delivery Agreement to make any termination payment or to pay other amounts coming due thereunder is secured by a lien on the amounts held under the Bond Resolution and the Pledged Revenues, which lien is junior and subordinate basis to the lien thereon of the Bonds.

Qualified Swaps

The Bond Resolution provides that the City may, to the extent permitted pursuant to law, enter into one or more Qualified Swaps concurrently with the issuance of Additional Bonds, provided that the financial tests applicable for the issuance of Additional Bonds are complied with after applying the assumptions and provisions relating to Qualified Swaps set forth in the definition of Bond Service Requirement, applied as of the date the Qualified Swap is entered into.

In addition, the City may, to the extent permitted pursuant to law and upon receipt of a No Adverse Effect Opinion, enter into one or more Qualified Swaps with respect to Bonds previously issued and Outstanding; provided that, as estimated by the Chief Financial Officer, entering into such Qualified Swap would be permitted under the financial tests applicable to the issuance of Additional Bonds applying the assumptions and provisions relating to Qualified Swaps set forth in the definition of Bond Service Requirement.

Unless otherwise agreed by a Qualified Swap Provider, Hedge Obligations under any Qualified Swap shall be on parity with payments on the Bonds for purposes of the Revenue and Operating Fund. Hedge Charges under any Qualified Swap shall only be paid from the Revenue and Operating Fund as subordinate obligations, unless otherwise designated in a supplemental resolution or ordinance. Neither Hedge Obligations nor Hedge Charges under any Qualified Swap shall be secured by funds on deposit in the Reserve Fund or funds on deposit in the Construction Fund.

The City has not entered into any Qualified Swaps as of the date of this Official Statement.

Separately Financed Projects

Pursuant to the Bond Resolution the City may issue bonds, notes, or other obligations or evidences of indebtedness, for any project authorized by the Act, or for financing or otherwise providing for any such project from other available funds (each such project being referred to as a "Separately Financed Project"), provided that the debt service on such bonds, notes, or other obligations or evidences of indebtedness, and the City's share of any operating expenses related to such Separately Financed Project, are payable solely from the revenues or other income derived from the ownership or operation of such Separately Financed Project, from other available funds of the City not constituting part of the Pledged Revenues or from other funds withdrawn by the City from the Revenue and Operating Fund permitted to be used for any lawful purpose.

On July 31, 2006, the City acquired the Plantation at Leesburg Limited Partnership (the "Plantation System"). The Plantation System was originally a Separately Financed Project under the Bond Resolution and

therefore only net revenues of the Plantation System (and not the System) were pledged to the payment of principal of and interest on the obligations issued to finance the Plantation System (the "Plantation Acquisition Obligation"). The City refinanced the Plantation Acquisition Obligation with a portion of the proceeds of the Series 2010 Note, at which time the Plantation System became part of the System and thereafter the revenues and costs of operation and maintenance of the Plantation System became Gross Revenues and Costs of Operation and Maintenance of the System.

Other Covenants

The City has additionally covenanted in the Bond Resolution: (i) to maintain the System and all parts thereof in good condition and to operate the same in an efficient and economical manner, making such expenditures for such equipment, maintenance and repairs and for renewals and replacements thereof as may be proper for its economical operation and maintenance; (ii) before the first day of each Fiscal Year the City Commission must prepare, approve and adopt in the manner prescribed by law, a detailed budget of the Gross Revenues, Water Capacity Charges, Sewer Capacity Charges, Bond Service Requirement (including anticipated amortization of Designated Maturity Bonds and Commercial Paper Obligations) and Cost of Operation and Maintenance for the next succeeding Fiscal Year; (iii) to require that an annual audit of its accounts and records be completed within nine (9) months after the end of each Fiscal Year by an independent certified public accountant of recognized standing; (iv) not to mortgage, pledge or otherwise encumber the physical assets of the System and not to sell, lease or dispose of, any properties, parts or portions of the System except in accordance with the provisions of the Bond Resolution; (v) to carry adequate fire, windstorm and explosion insurance on the components of the System that are subject to loss through fire, windstorm or explosion; adequate public liability insurance; other insurance of the kinds and amounts normally carried in the operation of similar facilities and properties in the State; (vi) except as otherwise required by applicable law, not to render or cause to be rendered any free services of any nature by its System, nor to establish preferential rates for users of the same class; (vii) upon the failure of any user to pay for services rendered by the Water System or the Sewer System within 60 days, the City must, to the extent permitted by applicable law, shut off the connection of such user and must not furnish him or permit him to receive from the Water System or Sewer System, as the case may be, further service until all obligations owed by him to the City on account of services shall have been paid in full; (viii) to diligently enforce its right to receive the Gross Revenues and diligently enforce and collect the fees, rates, rentals and other charges for the use of the products, services and facilities of the System; and (ix) to the full extent permitted by law, not to grant, cause, consent to, or allow the granting of, any franchise or permit to any person for the furnishing and distribution of gas and water or the furnishing of sewer collection and treatment services to or within the boundaries of the City.

Investment of Funds

Moneys held for the credit of each of the Funds and Accounts created by the Bond Resolution must be invested and reinvested by the City in Permitted Investments, either directly or through broker-dealer deposit agreements or a combination thereof. Such investments or reinvestments must mature not later than the respective dates, as estimated by the City, that the moneys held for the credit of said funds or accounts will be needed for the purposes of such funds or accounts, but in no event will any of the investments of funds in an account in the Reserve Fund have a term to maturity exceeding the final maturity date of the Series of Bonds secured by such account.

Obligations so purchased as an investment of moneys in any such Fund or Account shall be deemed at all times to be a part of such Fund or Account, and must at all times, for the purposes of the Bond Resolution, be valued annually as of September 30 of each year at the market value thereof on the date of valuation, as determined by the City, exclusive of accrued interest.

Except as otherwise provided in the Bond Resolution, all income and profits derived from the investment of money in the Construction Fund, must be retained in such fund and used for the purposes specified for such fund. Except as otherwise provided in the Bond Resolution, all income and profits derived from the investment of money in the Water Capacity Charge Fund and the Sewer Capacity Charge Fund must be retained in such funds and used for the purposes specified for such funds. All income and profits derived from the investment of moneys in an account in the Reserve Fund must be retained therein until the amount in such account equals the applicable Reserve Requirement, and thereafter all remaining income and profits must be transferred upon receipt into the Revenue and Operating Fund. Except as otherwise provided above, all income and profits derived from the investment of moneys in all other accounts or funds created by the Bond Resolution must be deposited upon receipt in the Revenue and Operating Fund.

Rights of a Bond Insurer

The Bond Resolution provides that in the event that a Credit Facility is in full force and effect and the provider of the Credit Facility is not insolvent and no default under the Credit Facility exists on the part of the provider of the Credit Facility, the provider of the Credit Facility, in place of the Registered Owners of such Bonds, will have the power and authority to give any consents and exercise any and all other rights that the Registered Owners of such Bonds insured by it would otherwise have the power and authority to make, give or exercise, including but not limited to, the exercise of remedies provided for in the Bond Resolution, and the giving of consents to supplemental resolutions when required by the Bond Resolution (exclusive of those matters reserved for Bondholders), and such consent will be deemed to constitute the consent of the Registered Owners of all of those Bonds which are secured by such Credit Facility.

Series 2010 Note

The Series 2010 Note was issued pursuant to a Loan Agreement dated as of July 8, 2010 (the "Loan Agreement") between the City and SunTrust Bank. The Series 2010 Note is scheduled to mature on October 1, 2025. The provisions for Event of Default as defined in the Master Resolution will apply for purposes of the Loan Agreement. Upon the occurrence of an Event of Default the principal of the Series 2010 Note may become or be declared due and payable before its scheduled maturity date in the manner, with the effect and subject to the conditions set forth in the Loan Agreement and Resolution No. 8673 adopted by the City on June 28, 2010, which among other things, authorized the issuance of the Series 2010 Note.

UTILITY SYSTEM MANAGEMENT

The operational responsibilities of the Gas System are vested in a Director of Gas and the operational responsibilities of the Water System and the Sewer System are vested in a Director of Public Works, each of whom report to the City Manager and carries out the policies established by the City Commission. Jack Rogers is serving as the Director of Gas. D.C. Maudlin Jr. is serving as the Director of Public Works while Al Minner is serving as City Manager. As of October 1, 2015, the Gas System, Water System and Sewer System had 20, 26 and 43 full time employees, respectively. In addition to its direct employees, certain activities common to the City's other utility systems and general government operations, including meter reading, billing and bill collecting activities, employee relations, data processing, and portions of accounting and finance, are performed by employees of other City departments. The costs of these common services are allocated among the various entities, including the consolidated System that receives the benefits of such services. For purposes of accounting and certain management activities, the City maintains separate systems that are independently financed by separate and distinct claims on each system's revenues.

Al Minner - City Manager

Mr. Minner has been employed by the City as City Manager since 2013. Mr. Minner is a Credentialed City-Manager as recognized by the International City/County Management Association. Mr. Minner graduated from Frostburg State University (Frostburg, MD), where he received a Bachelor of Science Degree in Political Science and History. He received his Master’s Degree in Public Administration from Shippensburg University (Shippensburg, PA). With 18 years of government experience, Mr. Minner has served as the Chief Executive Officer in Vandalia, Missouri; Fort Meade, Florida; Sebastian, Florida and now, Leesburg, Florida. Mr. Minner's specific management expertise is in utilities, growth management, budgeting, personnel and capital project management.

Jack Rogers - Director of Gas

Mr. Rogers has been employed by the City of Leesburg Natural Gas Department since 1979. During his tenure with the Gas System, Mr. Rogers has performed nearly every field operational duty associated with gas distribution systems. Additionally, he has been involved in preparing capital project estimates and annual operating budgets. In 2000, Mr. Rogers became the Gas Superintendent and became responsible for the day to day operations of the Gas System. As Superintendent, Mr. Rogers instituted a number of changes to service installation procedures, the work order system and division of labor which resulted in a more cost efficient operation as well as improved overall maintenance of the Gas System. He has overseen a number of major utility relocations and system expansions and has provided or assisted with oversight and coordination of the City's automated meter reading

program, joint trenching projects and a joint locating feasibility study. In August of 2010, the utility locators for underground utilities from each utility were brought under the supervision of Mr. Rogers. Efficiency gained through consolidation of duties allowed for the elimination of one position through attrition.

In 2006, Mr. Rogers was named Director of Gas and the management of the Gas System was separated from the other utilities for the first time. Mr. Rogers is a Certified Public Manager. He serves on the board of directors with the Florida Natural Gas Association, is an alternate Board of Directors Member with Florida Gas Utilities, and has served as past President and Vice President of the Florida Municipal Natural Gas Association. Mr. Rogers was also appointed to a third term by the City Manager as a member of the City's Labor Management Committee, which he currently chairs.

D.C. Maudlin, Jr. - Director of Public Works

Mr. Maudlin has been employed by the City of Leesburg Public Works Department since 2012 and has served as the Director of Public Works since January 2014. The Public Works Department oversees several enterprise fund activities, including the Water and Sewer Systems. Mr. Maudlin has a B.S. degree in Land Surveying and an M.S. degree with a concentration in civil engineering, both from Purdue University. Mr. Maudlin worked in progressively more responsible positions in federal, state and municipal government throughout his 35 years of public service. He served 26 years as a commissioned officer in the US Army Corps of Engineers. During his military career, he held various positions of increasing authority and responsibility, including several public works assignments and a tour as Deputy District Engineer, Charleston District, USACE.

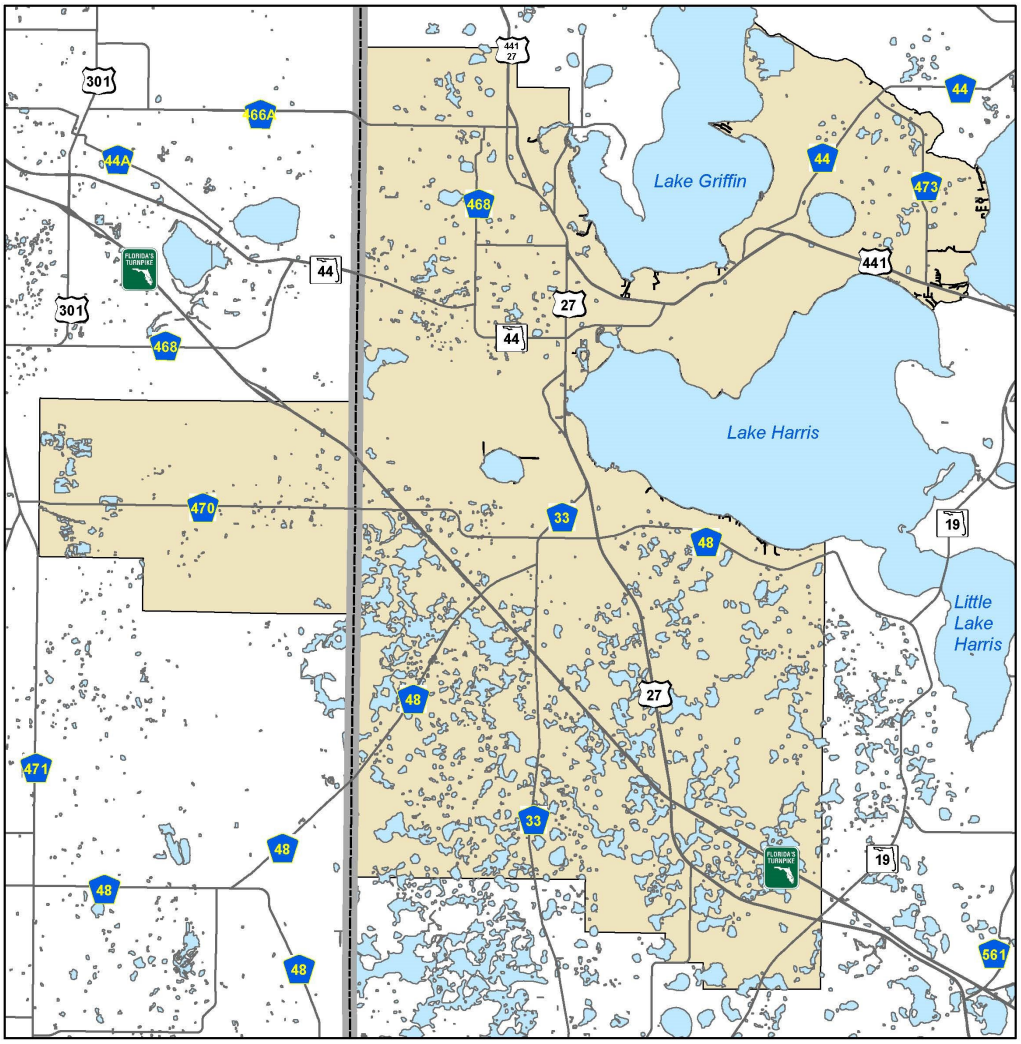
Upon leaving the military, Mr. Maudlin assumed duties as the Director of Public Works for Fulton County Georgia; responsible for a department with 480 employees and a $76 million annual operating budget. His responsibilities at Fulton County included overseeing the water and wastewater utility, including the infrastructure capital improvement program of 40 projects valued at $257 million. Projects included expansion of the reclaim distribution system, construction of a new wastewater treatment plant, and various other expansion/rehabilitation projects. Mr. Maudlin also served as the Director of Public Works for Pompano Beach, Florida. Throughout his career Mr. Maudlin has been involved with procurement, contract administration and project management of various public sector infrastructure projects, including wastewater treatment facilities, water distribution and wastewater collection upgrade projects.

Before coming to Leesburg, Mr. Maudlin was Deputy Director of the Construction Division of the Georgia State Financing and Investment Commission. He was responsible for execution of Georgia’s $1.5 billion bond funded, capital construction program. Mr. Maudlin has over 20 years' experience with the preparation and administration of department budgets and capital project cost accounting and budget control.

GAS SYSTEM

General

The City owns, operates and maintains natural gas facilities located in the north central part of the State that encompasses approximately 88 square miles and services an annual average of approximately 10,782 residential, commercial and industrial average customer accounts. As depicted in the below map, the gas service area includes the corporate limits of the City, the unincorporated area of Lake and Sumter Counties, including the Bassville Park/Haines Creek area to the east, the Coleman Federal Prison, a corridor along U.S. Highway 27 south of the City, and in the City of Fruitland Park, Florida ("Fruitland Park").



Major Roads
County Boundary
Lakes
Gas Service Area

1:160,000

0 ½ 1 2 3 4 Miles

N

Geographical Information System
A Division of Information Technology
204 N. 5th Street
Leesburg, FL 34748
Ph. 352.728.9786
Fx. 352.326.6634
www.leesburgflorida.gov

DISCLAIMER: The data displayed on this map are from a variety of sources. This map is not a survey and should only be used for planning purposes. The information on this map is provided in an "as is" condition. For further information, contact the City of Leesburg, GIS Division at (352) 728-9786.

City of Leesburg Natural Gas Service Area

Date: 04/01/2016
Compiled by: J.Z.
Approved by: I.J.P.
Scale: 1:160,000
File:

SHEET 1 OF 1

The City provides gas service to Fruitland Park pursuant to a franchise agreement between Fruitland Park and the City (the "Gas Franchise Agreement"). Under the terms of the Gas Franchise Agreement, Fruitland Park grants the City the right to construct, maintain and operate a distribution system, thereby furnishing natural gas to businesses and residences within Fruitland Park for a period of 25 years. In exchange, the City has agreed to pay Fruitland Park a franchise fee equal to 8% of gross receipts except for revenues received for municipal services which are exempt. These amounts are received by the System and are paid to Fruitland Park as an operating expense of the System. During the Fiscal Year ended September 30, 2015 the City provided approximately 161,000 therms of gas to 630 customers located in Fruitland Park, which represented approximately 3% of total gas sold, resulting in $224,000 in revenue for the System. The City collected $18,675 of franchise fees from customers and remitted the fees to Fruitland Park. The Gas Franchise Agreement will expire on December 1, 2039 (the "Expiration Date"). Unless either party gives notice at least 180 days prior to the Expiration Date, the Gas Franchise Agreement will automatically renew for an additional 5 year period.

The City, pursuant to Section 22-7 of its Code of Ordinances, requires that natural gas lines be installed in all new residential developments of more than five units. Developers are required to ensure that not less than 80% of all units in the development are equipped with a natural gas water heater and natural gas furnace. However, pursuant to the City's Code of Ordinances in determining whether gas main and service installations will be required, the City will determine in its discretion if a connection to the City's existing Gas System is reasonably available.

Gas System Customers

The average number of gas customer accounts by customer classification during Fiscal Year 2015 are shown below:

Fiscal Year 2015
Gas System
Estimated Average Monthly Billed Accounts

	Accounts	
Customer Class	Amount	Percent
Residential Standard (Year-Round)	9,794	91%
Residential Heat-Only Service	563	5%
Commercial Standard (Year-Round)	332	3%
Commercial Heat-Only	52	0.5%
Industrial	4	0.04%
Municipal	37	0.5%
Total	10,782	100%*

* Total may not foot due to rounding.
Source: City of Leesburg, Florida

Gas System Facilities

The Gas System owns, operates and maintains a gas distribution plant, and general plant facilities and equipment. The Gas System receives gas supply through two delivery points with Florida Gas Transmission Company ("FGT"), the Leesburg gate station located on Highway 44 east of 441 and the Leesburg Haines Creek gate station located northeast of the City. The City is also exploring a probable connection with the Sabal Trail Transmission line. The proposed route of this transmission line will intersect with an existing gas main of the Gas System and serve the areas of future growth on the South end of the Gas System. This connection point will also serve as a redundant feed, should there be a failure of the gas supply from the existing East end of the Gas System. Gas supply is measured, odorized and pressure regulated at each of the delivery points. The flow of gas supply from the delivery points into the high pressure distribution system is monitored and controlled by the Gas System from the City's Operations Center.

Based on reported information as of December 31, 2015, the distribution system consisted of approximately 244 miles of steel, coated, cathodically protected mains and 10,782 connection points. The Gas System reports that there are no ductile iron, copper, iron or plastic mains or services in the distribution system. The Gas System has rectifiers at four locations to cathodically protect the distribution mains and services.

The City has three facilities that are used to support the Gas System: Finance, accounting, customer billing and bill collection activities are performed at City Hall. Gas Systems operations, maintenance, engineering, monitoring and administrative activities are performed at the City's Operations Center located at 306 South 6th Street, Leesburg, Florida. After hours dispatching are performed at the Municipal Operations Center located at 2010 Griffin Road, Leesburg, Florida.

The Gas System operates and maintains compressed natural gas facilities for the fueling of certain City vehicles. At this time, compressed natural gas service is limited to City use. The facilities are located and secured on City property.

Gas Supply and Transportation

To meet the City's gas supply needs, on October 1, 2000, the City entered into an agreement with Florida Gas Utility ("FGU") for firm and interruptible gas supply and other gas services pursuant to which it purchases all of its natural gas. FGU is a public body and joint action agency formed under Florida law and the City is a member of FGU. The agreement has an unspecified term which is coterminous with any agreements with FGT or third parties or which may be terminated by either FGU or the City upon 180 days' notice subject to certain provisions. For the month ending December, 2015, the reported cost of gas, excluding transportation charges, was $2.17 per dekatherm.

The City has two transportation agreements with FGT. These contracts have been assigned to FGU to facilitate day-to-day scheduling and management of the City's gas needs. The first contract, which commenced February 1, 2007, provides for a maximum annual contract quantity of 1,614,435 dekatherms to be delivered under FGT's rate schedule FTS-1. This contract terminates on January 31, 2017 and is expected to be renewed prior to termination. The second contract, which terminates on May 31, 2023, provides for a maximum annual contract quantity of 182,500 dekatherms to be delivered under FGT's rate schedule FTS-2.

The rates for transportation service are subject to regulation by the Federal Energy Regulatory Commission ("FERC"). The reported cost of transportation service, including surcharges, during January 2016 for FGT was approximately $.5518 per dekatherm for FTS-1 service and $.6518 per dekatherm for FTS-2 service. In addition to the cost for entitlements, the City is charged a usage charge for each dekatherm actually used. The rates were $.0363 per dekatherm for FTS-1 and for FTS-2. To the extent the cost of transporting gas on the FGT pipeline increases, such costs are permitted to be passed on to the City's Gas System customers through its rates for gas service. Under the agreements the City is required to pay for all gas required to be delivered under the agreement, regardless of amounts actually taken, unless any unused gas is sold by FGU. FGU has historically been able to market any excess monthly capacity of the City, to other pipeline users, thereby minimizing the City's capacity costs to actual usage in most months, however, there is no guarantee that FGU can continue this in the future.

During twelve months ended February, 2016, the system peak day demand of 4,210 dekatherms occurred on January 23, 2016, which day measured 15.5 heating degree days.

Regulation

The Gas System is subject to limited jurisdiction by both Federal and State regulatory bodies. The Gas System is required to file certain information with the FERC which regulates the rates and tariffs of interstate pipeline companies. In addition, the Gas System is subject to the National Pipeline Safety Act of 1968, which is administered in Florida by the Florida Public Service Commission (the "PSC") for the United States Department of Transportation.

According to the existing laws of the State, the rates, fees and charges for gas service are regulated by the City Commission. The rates, fees, rentals and other charges established and collected by the City are not subject to approval, supervision, regulation or control of any bureau, board, commission or other like instrumentality of the State.

Maintenance

Pursuant to the rules of the PSC, Chapter 25-12 of the Florida Administration Code, the PSC conducts an annual compliance evaluation to determine if the Gas System is operating in compliance with Federal and State requirements. As a part of its annual evaluation, the PSC may provide advisory information, may make recommendations or may issue notices of deficiency.

During the last three evaluations of the Gas System conducted by the PSC, the Gas System was found to be operating at an adequate level of compliance with the exception of several minor deficiencies that were immediately corrected and verified by the PSC. The most recent annual evaluation was conducted by the PSC in May, 2015, and the system was found to be in compliance with the exception of four noted deficiencies related to clerical issues that were all promptly corrected. A follow up inspection by the PSC inspector in November 2015 found the system in full compliance. Historically, the PSC has made recommendations which were submitted to the City for consideration and remedial action. The Gas System has taken action to implement such suggestions and to cure any perceived deficiencies.

As a part of the Gas System's operating practices, annual leak surveys are performed. Each year, approximately 33% of the system is walked and tested for leaks and when leaks are identified, corrective action is taken to repair the leak.

The staff of the Gas System is responsible for, among other things, the construction of new facilities and for the operation and maintenance of the gas distribution facilities. General areas of responsibility of the staff in maintaining and operating the gas distribution facilities include (i) obtaining a reliable gas supply at a competitive price; (ii) dispatching and controlling the delivery of gas supply; (iii) observing above-ground facilities; (iv) monitoring and maintaining cathodic protection devices; (v) maintaining and updating system maps and records of valve locations; (vi) exercising valves to ensure operability; (vii) monitoring odorization devices; (viii) maintaining gate and regulating station sites, including equipment, painting, fencing and signage; (ix) reading, billing and collecting for service; (x) providing turn on and turn off services; and (xi) designing and constructing mains and extending distribution lines which are less than four inches. Other responsibilities include the installation of new services and the maintenance of meters, regulators and other equipment. Contractors are utilized to construct gas mains and service lines which are four inches or larger and to perform maintenance on odorization equipment.

Historical Gas System Customer Statistics

The average monthly billed usage per account during the last five Fiscal Years is shown below:

Historical Customer Statistics – Gas System

Fiscal Year Ended September 30, (Historical)	Average Annual Accounts	Gas Sales (therms)	Average Monthly Billed Usage per Account (therms)
2011	10,787	5,958,426	46.029
2012	10,735	5,188,607	40.277
2013	10,715	5,396,981	41.940
2014	10,742	5,220,669	52.892
2015	10,782	5,311,546	47.474

Source: City of Leesburg, Florida

Historical Operating Results

The table below reflects the historical operating results for the Gas System.

	2011	2012	2013	2014	2015
Total Gross Revenues(1)	$8,206,254	$6,917,365	$7,731,769	$7,699,581	$6,946,536
Costs of Operation and Maintenance(2)	$5,425,148	$4,472,120	$6,250,798	$5,198,049	$4,390,827
Net Revenues Available for Debt Service	$2,781,106	$2,445,245	$1,480,971	$2,501,532	$2,555,709

(1) Total Gross Revenues includes interest revenue but excludes capacity charges.
(2) Excluding depreciation and amortization.
Source: City of Leesburg, Florida

WATER SYSTEM

General

The City owns, operates and maintains potable water facilities located in and about the corporate limits and encompasses approximately 30 square miles, as depicted in the below map. The City also operates a reclaimed water system whereby reclaimed water is made available to a limited number of residential and commercial customers. The Water System provides potable water, irrigation water and/or reclaimed water to approximately 21,161 average water accounts and 1,311 reclaimed water accounts. In addition to the Water System, there are several private water utilities that provide potable water service to small residential developments in and about the City.

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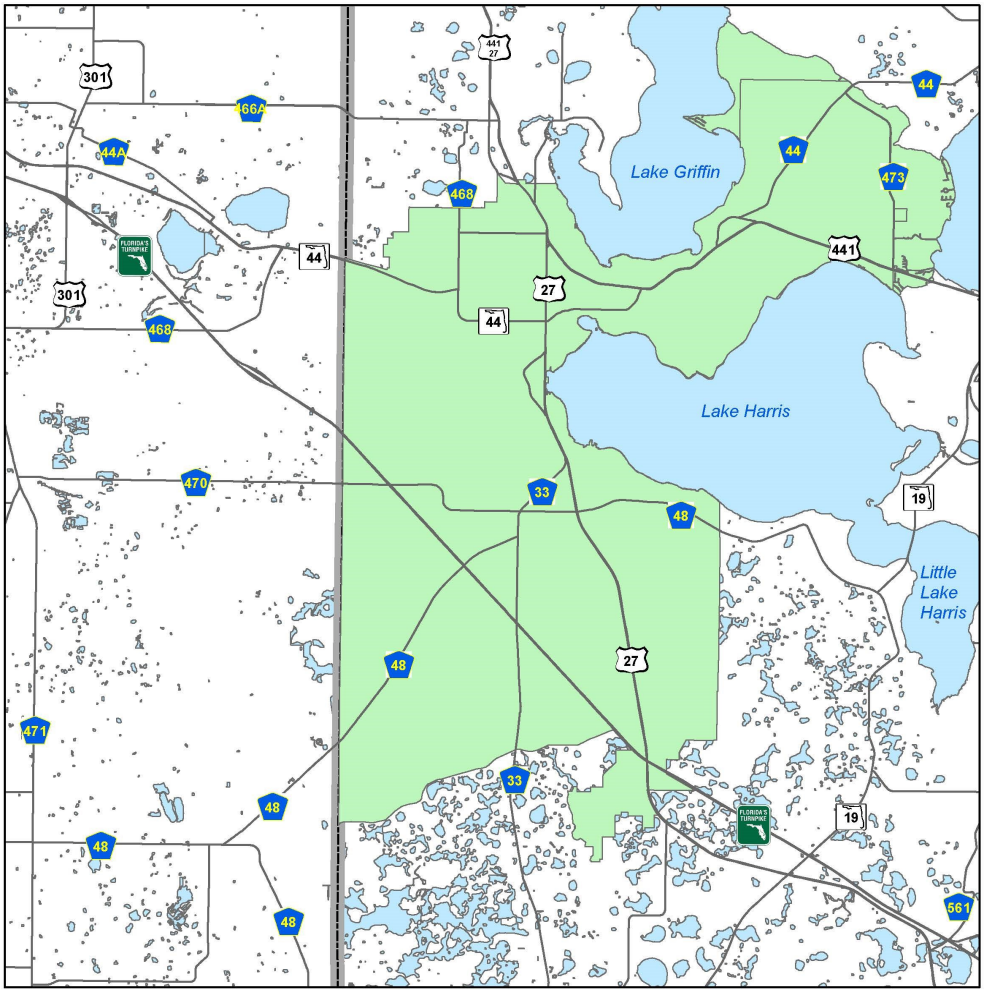

Major Roads
County Boundary
Water Service Area
Lakes

1:160,000

0 ½ 1 2 3 4 Miles

N

Geographical Information System
A Division of Information Technology
204 N. 5th Street
Leesburg, FL 34748
Ph. 352.728.9786
Fx. 352.326.6634
www.leesburgflorida.gov

DISCLAIMER: The data displayed on this map are from a variety of sources. This map is not a survey and should only be used for planning purposes. The information on this map is provided in an "as is" condition. For further information, contact the City of Leesburg, GIS Division at (352) 728-9786.

City of Leesburg Water & Wastewater Service Area

Date: 04/01/2016
Compiled by: J.Z.
Approved by: I.J.P.
Scale: 1:160,000
File:

SHEET 1 OF 1

Water Customers

The average number of water customer accounts by customer classification during Fiscal Year 2015 are shown below:

Fiscal Year 2015
Water System
Estimated Average Monthly Billed Accounts

	Accounts	
	Amount	Percent
Inside-City		
Residential	9,743	78%
Commercial	1,838	15%
Municipal	139	1%
Irrigation	707	6%
Subtotal – Inside-City	12,427	
Outside-City		
Residential	7,911	90%
Commercial	129	2%
Municipal	54	1%
Irrigation	640	7%
Subtotal – Outside-City	8,734	
Total	21,161	

Source: City of Leesburg, Florida

Historical Water Customer Statistics

The average monthly billed usage per water system account during the last five Fiscal Years is shown below:

Historical Customer Statistics – Water System

Fiscal Year Ended September 30, (Historical)	Average Annual Accounts	Water Sales (ccf)	Average Monthly Billed Usage per Account (ccf)
2011	20,166	3,577,141	14.78
2012	20,092	3,210,031	13.31
2013	20,710	3,055,834	12.30
2014	21,074	2,854,376	11.29
2015	21,213	2,866,244	11.26

Source: City of Leesburg, Florida

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The average number of reclaimed water customer accounts by customer classification during the Fiscal Year 2015 for the Reclaimed Water System is shown below:

Fiscal Year 2015
Reclaimed Water System
Estimated Average Monthly Billed Accounts

Customer Class	Accounts Amount	Accounts Percent
Residential	1,231	94%
Commercial	78	6%
Municipal	2	0.0015%
Total	1,311	100%

Source: City of Leesburg, Florida

Historical Reclaimed Water Customer Statistics

The average monthly billed usage per reclaimed water system account during the last five Fiscal Years is shown below:

Historical Customer Statistics – Reclaimed Water System

Fiscal Year Ending September 30, (Historical)	Average Annual Accounts	Reclaimed Water Sales (ccf)	Average Monthly Billed Usage per Account (ccf)
2011	1,043	345,805	27.63
2012	1,082	299,197	23.04
2013	1,121	290,409	21.60
2014	1,200	273,645	19.02
2015	1,311	283,720	18.50

Source: City of Leesburg, Florida

Facilities

The City provides potable water supply in and outside of the City's corporate limits, including the municipal airport, and three subdivisions known as "Highland Lakes," "Royal Highlands" and "Plantation at Leesburg." Supply is provided through five systems: the Leesburg System, East System (the Airport System and the Mall System), the Royal Highlands System, the Highland Lakes System and the Plantation System. With the exception of the Royal Highlands System and the Plantation System, the three other systems are interconnected.

To provide water supply, the City has permits for 23 deep water wells, three of which have not been drilled and two of which are fire emergency only and are not connected to the System. The total production capacity is approximately 29 million gallons per day ("MGD"). Each well is equipped with a turbine pump driven by an electric motor and backup power. Portable backup generators are also available.

The water distribution system consists of approximately 375 miles of pipe principally in the 2-inch to 16-inch range. For the Fiscal Years 2011 through 2015 the Water System has experienced unaccounted for or unbilled water of less than 5.00%. Unbilled or unaccounted for water represents the difference between the finished water entering the water distribution system and the sales as metered at the customer's premise. Unbilled water is due to a variety of factors, including water used for line flushing, hydrant testing, firefighting, construction water use, slow registering meters that understate use, and water losses (Water System leakage).

Water storage is provided by three elevated steel storage tanks. The elevated steel storage tank located at the Newell Hill/ Dixie Hwy intersection was serviced in 2013. In addition to the elevated steel storage tanks, water storage is provided by five pre-stressed concrete ground storage tanks. The City maintains 5.2 million gallons of storage capacity.

The City has implemented a backflow prevention program pursuant to Florida Department of Environmental Protection (the "DEP") requirements. To maximize the use of Water System facilities, the City has a Supervisory Control and Data Acquisition ("SCADA") System to monitor and control its storage tanks and wells.

The reported miles of potable water mains and lines and connections by system for Fiscal Year 2015 are shown in the following table:

Water System
Water Mains and Lines

System	Miles of Water Mains & Lines	Number of Water Meter Connections
Leesburg System	167	14,472
East System	89	2,614
Highland Lakes System	45	1,220
Royal Highlands System	45	2,855
Plantation System	29	0
Total	375	21,161

Source: City of Leesburg, Florida

Regulation

The Water System is regulated by the DEP in the areas of environmental and public health matters and by the St. Johns River Water Management District (the "District") in matters pertaining to use and supply. The City's wells vary in depth from approximately 250 feet to 1,400 feet and extend into the upper and lower Floridan Aquifer. The Floridan Aquifer is a series of consolidated water-bearing strata which underlie the State of Florida and portions of the States of Georgia, Alabama and South Carolina. The quantity of raw water drawn by the City from the Floridan Aquifer is regulated by the District. The City's wells are governed by water use permits issued by the District which stipulate, among other things, the maximum annual and daily withdrawal from the wells. The annual permitted rate of raw water withdrawal for Consumptive Use Permit No. 94 is 9.13 MGD and such permit expires on November 9, 2030. In addition, on April 8, 2003, the District issued Consumptive User Permit No. 2718-11, for the Plantation WTP currently allowing withdrawal of 1.41 MGD for the Plantation System and which expires on August 13, 2022. The average daily demand for calendar year 2015 was 7.03 MGD excluding the Plantation System, leaving 2.1 MGD of the existing allocation available for growth demands. The average daily demand for the Plantation System was 1.18 MGD and no additional growth of the Plantation System is anticipated by the City. The City has estimated that the 2.1 MGD is sufficient to meet the growth demands through 2020 based on current demand patterns and population projections.

The City produces public access quality reclaimed water from both of its wastewater treatment plants ("WWTP"). The projected total reclaimed water flow available in 2016 is estimated to be in excess of 2.0 MGD.

In addition, the District has issued the City Consumptive Use Permit Number 87418 for the use of up to 44 million gallons per year (0.12 MGD) of ground water from the Floridan Aquifer for the irrigation of approximately 44.5 acres of recreational turf and landscape. This permit expires on March 24, 2023.

To comply with other District requirements set forth in Permit Number 94, the City, among other things, has initiated District imposed limitations on landscape irrigation.

All water facilities of the System are operating under currently valid DEP permits.

While the rates and fees established by the Water System are not currently subject to PSC jurisdiction, the District imposes conservation requirements through its permitting process which can affect water rate design. Through the permitting process, the District has required the City to implement a reclaimed water system, which can reduce sales of potable water. In addition, State law limits the level of rates or surcharges that may be imposed by

the City on service provided beyond the City's corporate limits. Pursuant to Federal and DEP regulations, the City routinely monitors its water supply for contaminants and compliance with Federal and DEP allowable standards.

The City reports that the water withdrawn from the Floridan Aquifer is of good quality, having no material amounts of color, odor, objectionable taste or excessive levels of contaminant. Because of the good quality of the water drawn from the Floridan Aquifer, no centralized treatment facilities are required and only chlorination treatment is provided. During 2015, the City reports that its water quality was in compliance with applicable Federal and DEP standards.

Maintenance

General areas of responsibility of the staff in maintaining and operating the Water System facilities include (i) obtaining a reliable water supply sufficient to meet consumption and fire flow requirements; (ii) treating water supply to standards established by the DEP; (iii) maintaining treatment, storage and delivery mains and meters; (iv) repairing leaks; (v) constructing minor line extensions; (vi) setting meters; and (vii) making "wet" taps. Contractors and engineers are utilized to design and drill wells and to design and construct major mains and line extensions.

Historical Operating Results

The table below reflects the historical operating results for the Water System.

	2011	2012	2013	2014	2015
Total Gross Revenues(1)	$7,763,106	$7,188,063	$7,261,725	$6,874,428	$7,190,849
Costs of Operation and Maintenance(2)	$4,367,288	$3,964,975	$3,974,975	$3,835,781	$3,734,017
Net Revenues Available for Debt Service	$3,395,818	$3,233,088	$3,286,750	$3,038,647	$3,456,832
Total Capacity Charges(3)	$13,858	$8,916	$7,702	$53,383	$82,026

(1) Total Gross Revenues includes interest revenue but excludes capacity charges.
(2) Excluding depreciation and amortization
(3) Only a portion may be available to pay debt service on the Bonds. See "Rates-Water and Sewer Capacity Charges" herein.
Source: City of Leesburg, Florida

SEWER SYSTEM

General

The City's Sewer System collects, treats and disposes of treated wastewater for approximately 18,165 average annual wastewater accounts located in and around the City's corporate limits. As depicted in the Wastewater and Wastewater Service Area map above, the service territory consists of approximately 30 square miles. For a map of the Service Area of the Wastewater System see "WATER SYSTEM – General" herein. Treated effluent is applied to approximately 600 acres of land. In addition to the presence and use of septic tanks, there are several private sewer utilities that provide sewer service to predominantly residential developments in and around the City.

The City and the City of Mascotte have also entered into an Interlocal Agreement dated by the City as of December 12, 2012 to treat up to 125,000 gallons per day of wastewater from the City of Mascotte. The agreement provides for the City of Mascotte to pay $4.71 per 1,000 gallons of wastewater treated by the City, subject to adjustment effective October 1 of each year. The agreement is for a five year period from its effective date.

Sewer System Customers

The average number of customer accounts by customer classification during Fiscal Year 2015 is shown below:

Fiscal Year 2015
Sewer System
Estimated Average Monthly Billed Accounts

Customer Class	Accounts Amount	Accounts Percent
Inside-City		
Residential	10,156	90%
Commercial – Class I	1,046	9%
Commercial – Class II	150	1%
Commercial – Class III	303	3%
Commercial – Class IV	12	>1%
Industrial	1	
Municipal – Class I	32	>1%
Municipal – Class II	2	
Municipal – Class III	2	
Subtotal – Inside-City	11,704	
Outside-City		
Residential	6,405	99%
Commercial – Class I	37	>1%
Commercial – Class II	2	
Commercial – Class III	16	
Commercial – Class IV	1	
Subtotal – Outside-City	6,461	
Total	18,165	

Source: City of Leesburg, Florida

Historical Sewer Customer Statistics

The average monthly billed usage per Sewer System account during the last five Fiscal Years is shown below:

Historical Customer Statistics – Sewer System

Fiscal Year Ending September 30, (Historical)	Average Annual Accounts	Billed Sales (ccf)	Average Monthly Billed Usage per Account (ccf)
2011	17,723	2,116,397	9.95
2012	17,609	1,990,846	9.41
2013	17,799	1,922,619	9.00
2014	17,935	1,880,627	8.73
2015	18,165	1,830,503	8.40

Source: City of Leesburg, Florida

Facilities

The Sewer System consists of collection mains, lift stations, pump stations, force mains, WWTPs and disposal facilities. Treated effluent disposal is accomplished through wastewater reservoirs, spray fields, a reclaimed water system and the land application of biosolids. Wastewater flows are diverted to either one of two WWTPs: Canal Street (North) Wastewater Treatment Plant (the "Canal Street WWTP") or the Turnpike (South)

Wastewater Treatment Plant (the "Turnpike WWTP"). The Turnpike WWTP commenced operation in September 2000. A small portion of the residents of the City utilize septic tanks and receive only water service.

The City has 174 lift/pump stations and force mains to convey sewage to the wastewater plants. The City has a mix of stations ranging from those with submersible type pumps and older stations with centrifugal dry pit pumps. The majority of the lift stations have separate valve boxes to facilitate maintenance. Systematic ongoing rehabilitation of the Sewer System includes the continued installation of SCADA equipment and telemetry and the rehabilitation and replacement of various stations. The City regularly performs maintenance on the lift stations and force mains.

The sewer collection system consists of 169 miles of gravity sewers and 81 miles of force mains. The sewer collection system for the older parts of the City is comprised of vitrified clay pipe. The new portions of the collection system are comprised of ductile iron and polyvinyl chloride (PVC) pipe. The City has implemented an infiltration and inflow repair program to reduce miscellaneous non sewage flows into the wastewater collection system. The inflow and infiltration program includes ongoing cleaning of lines, TV inspection of lines, smoke testing and pipeline repair. Additionally, the City performs manhole rehabilitation and lift station rehabilitation.

Regulation

The Sewer System is regulated by the DEP in the areas of environmental and public health matters. The rates and fees established by the Sewer System are not currently subject to PSC jurisdiction. In addition, State law limits the level of rates or surcharges that may be imposed by the City on service provided beyond the City's corporate limits.

The Canal Street WWTP is comprised of influent screening, grit removal, influent pumping, extended aeration activated sludge treatment, final clarification, disinfection, on-site effluent storage, and aerobic digestion of sludge. The Canal Street WWTP has a permitted capacity of 3.5 MGD based on an annual average daily flow. The City operates the Canal Street WWTP pursuant to the Domestic Wastewater Facility Permit, No. FL0105066, which was renewed on January 24, 2016 by the DEP and will expire on January 23, 2021.

Domestic Wastewater Facility Permit, No. FLA105066, includes the 0.57 MGD surface water discharge of effluent collected from the North and South Spray Fields to the Okahumpka Swamp and land application of 6.5 MGD annual average daily flow of effluent. The spray field irrigation system includes north and south reservoirs for wastewater effluent storage and various pumping facilities. The North Spray Field has a total wetted area of approximately 320 acres and a permitted capacity of 3.5 MGD. The South Spray Field has a total wetted area of approximately 303 acres and a permitted capacity of 3.0 MGD. The North Spray Field and the South Spray Field are permitted to receive flow from the City's two WWTPs.

With the completion of the Turnpike WWTP, a portion of the wastewater flows from the Canal Street WWTP has been permanently diverted to the new Turnpike WWTP. The Turnpike WWTP consists of influent screening, grit removal aeration of settling tanks, filtration chlorination and aerobic digestion. The Turnpike WWTP has a permitted capacity of 4.5 MGD based on an annual average daily flow. The City operates the Turnpike WWTP pursuant to the Domestic Wastewater Facility Permit, No. FLA105147, which was renewed on February 10, 2014 by the DEP and will expire on February 10, 2024. Domestic Wastewater Facility Permit, No. FLA105147 also permits reclaimed water discharge of 2.67 MGD annual average daily flow.

During calendar year ended December 31, 2015, the average day flow was 3.2 MGD, leaving approximately 4.8 MGD of uncommitted or reserve capacity. The City's Canal Street Plant is permitted for 3.5 MGD and the Turnpike WWTP is permitted for 4.5 MGD giving a total capacity of 8.0 MGD. The City has estimated that the 4.8 MGD is sufficient to meet the growth demands through 2025, based on current demand patterns and population projections.

The permits for the Canal Street WWTP and the Turnpike WWTP include a Nutrient Management Plan" which allows the land application of biosolids. Class B biosolids from the WWTPs are applied to approximately 340 acres of land in six different locations.

All sewer facilities of the System are operating under currently valid DEP permits. There are no outstanding consent orders with the DEP.

Numeric Nutrient Criteria.

In 2009, the EPA determined that new or revised water quality standards in the form of numeric water quality criteria for nitrogen and phosphorus pollution were necessary to meet the requirements of the Clean Water Act in Florida. Subsequently, the EPA entered into a Consent Decree with certain environmental advocacy groups, which established a schedule for EPA to propose and promulgate numeric nutrient criteria for Florida's lakes, springs, flowing waters, estuaries, and coastal waters (except for the South Florida region). The EPA published the final "Water Quality Standards for the State of Florida's Lakes and Flowing Waters" rule in December 2010, which set numeric limits, or criteria, on the amount of nutrient pollution allowed in Florida's lakes, rivers, streams and springs (the "Inland Rule"). The EPA received several legal challenges to the Inland Rule. On February 18, 2012 a court invalidated EPA's numeric nutrient criteria for Florida's streams and EPA's downstream protection value for lakes that are meeting the lake numeric criteria established in the Inland Rule. The court ordered EPA to re-propose criteria for these waters. In 2012, the EPA promulgated several extensions and proposed to postpone the applicability of certain sections of the Inland Rule to allow time to gain clarity on the implementation of Florida's rule. In accordance with the court's order, and because Florida's rule did not cover a subset of flowing waters, EPA proposed a rule for uncovered waters on November 30, 2012.

In June 2013, the EPA formally approved the "Implementation of Florida's Numeric Nutrient Standards" dated April, 2013 submitted by DEP and made a revised determination regarding Florida numeric nutrient standards that removed all fresh waters from the previous determination. EPA also filed a Motion to modify the Consent Decree. A January 7, 2014 ruling by the U.S. District Court for the Northern District of Florida allows EPA to withdraw and discontinue work overlapping federally promulgated criteria so Florida can implement their state-adopted, EPA-approved criteria to address nutrient pollution in Florida's waters. On April 2, 2014, EPA published its proposal to withdraw the Inland Rule and discontinue its work on three 2012 proposed rules. The comment period for the proposal closed on June 2, 2014. EPA responded to all public comments, and finalized the withdrawal of the Inland Rule on September 17, 2014. As confirmed in a letter from DEP, EPA's withdrawal of federal criteria allows Florida's numeric nutrient criteria to become effective as the only rules covering Florida water bodies.

When effective, the various newly adopted numeric nutrient criteria could result in costs related to compliance for industrial and municipal wastewater dischargers. Given the uncertainty as to the applicable standards, the City cannot presently predict the extent of the costs the City may incur related to compliance with any rules enacted to implement numerical nutrient standards. However, the City does not believe that the State numeric criteria rules will have a material adverse affect on the operation of the Sewer System.

Like other Florida utilities affected by these criteria, the future financial condition of the System could be affected adversely by legislation, environmental and other regulatory actions promulgated by applicable federal, state and local governmental agencies, among other things. Future changes to new or existing regulations may substantially increase the cost of water, wastewater, and/or reclaim service by requiring changes in the design or operation of existing or new facilities. The City cannot predict future policies that such agencies may adopt.

Sale of Spray Field Lands Being Considered by City

[City to review]

The City's primary method of disposing of treated effluent is accomplished through the use of spray fields. The Canal Street WWTP has a permitted capacity of 3.5 MGD and currently receives approximately 2.2 MGD and the Turnpike WWTP has a permitted capacity of 4.5 MGD and currently receives approximately 1.0 MGD as an annual average. As described above the North Spray Field has a total wetted area of approximately 320 acres and a permitted capacity of 3.5 MGD. The South Spray Field has a total wetted area of approximately 303 acres and a permitted capacity of 3.0 MGD. The North Spray Field and the South Spray Field are permitted to receive flow from the City's two WWTPs.

The City is currently exploring commercial development options for the North Spray Field and South Spray Field. In 2015, the City sold a 75-acre parcel of its South Spray Field located along County Route 470. The City is exploring alternative methods for disposing treated effluent in the event significant portions of the spray fields are sold or leased for development purposes

At this time, the City has not developed any specific development plans or specific costs of developing such alternative methods of disposal. However, in 2015, the City engaged an environmental engineering consultant to conduct a study of effluent disposal alternatives. The City, in its diligence eliminated certain alternatives due to such options being either technically non-viable, or because the capital costs associated with such projects were in excess of $25 million.

The City is currently considering three possible alternatives. The first relies on deep well injections of effluent into the aquifer. Testing by the City of deep well injections may prove to not be technically viable, if for example the purity of the underlying groundwater is such that the DEP precludes deep well injections. A second option being considered by the City is the purchase of alternative lands to be used as spray fields. The final alternative being considered is the acquisition of 32 to 96 acres of land suitable for a rapid infiltration basin system (RIBS). No costs have been included in the City's Capital Improvement Plan for costs associated with the preliminary testing of any of the alternatives or for costs related to the replacement of the spray fields.

The City anticipates using the proceeds from the sale of the spray field property to pay for all or a portion of the costs of the alternative effluent disposal methods. The City however has not received an appraisal on the value of the spray field property. It is therefore unable to determine at this time the extent that proceeds from the sale of the spray field property will be available to pay the costs of developing alternative effluent disposal methods

However, if the costs of such alternatives are too great or not technologically feasible or not permissible based on regulatory restrictions the City may not pursue the sale of such lands. Additionally, pursuant to the Bond Resolution, before the City can sell, lease or dispose of parts or portions of the System, including its spray fields, it must comply with the requirements set forth in the Bond Resolution, including, but not limited to, a determination by a Qualified Independent Consultant that (a) such properties of the System are not necessary for the continued operation and functioning of the System, and (b) the sale of such properties of the System will not adversely affect the Gross Revenues and Capacity Charges derived from the System to the extent that the City would fail to comply with the covenants of the Bond Resolution; provided, however, that if the parts or portion of the System that the City is selling, leasing or disposing does not have a market value in excess of ten percent (10%) of the value of the fixed assets of the System, according to the most recent available annual audit at the time of such disposition, then the City reserves the right to dispose of such part or portion of the System without complying with clauses (a) or (b).

Maintenance

The general areas of responsibility of the staff in maintaining and operating the Sewer System facilities include (i) maintaining the sewage collection system; (ii) receiving wastewater for treatment from independent wastewater systems; (iii) operating and maintaining the treatment facilities to ensure that wastewater is treated to standards established by the DEP; (iv) disposing of sludge and treated effluent; (v) constructing minor line extensions; and (vi) repairing lift stations. Contractors and engineers are utilized to design and construct major treatment facilities, force sewers and major collectors and interceptors. Contractors are also utilized to perform taps on force sewers and to rehabilitate manholes.

Historical Operating Results

The table below reflects the historical operating results for the Sewer System.

	2011	2012	2013	2014	2015
Total Gross Revenues(1)	$9,709,497	$9,622,449	$9,891,632	$9,965,496	$10,255,801
Costs of Operation and Maintenance(2)	$5,858,649	$5,945,334	$5,850,000	$5,800,537	$5,476,371
Net Revenues Available for Debt Service	$3,850,848	$3,677,115	$4,041,632	$4,164,959	$4,779,430
Total Capacity Charges(3)	$31,545	$15,785	$18,469	$125,947	$197,333

(1) Total Gross Revenues includes interest revenue but excludes capacity charges
(2) Excluding depreciation and amortization.
(3) Only a portion may be available to pay debt service on the Bonds. See "Rates-Water and Sewer Capacity Charges" herein.
Source: City of Leesburg, Florida

RATES

The existing rates for the Water System, Sewer System and Gas System have been established on the basis of periodic rate studies that have been authorized by the City. The City, pursuant to Ordinances enacted on June 28, 2004 and October 22, 2007, has provided that all Water System, Sewer System and Gas System rates, except for the effects of automatic pass-through rate components, such as the purchased gas adjustment mechanisms, are to be adjusted annually on October 1 according to the percentage increase or decrease in the gross domestic product implicit price deflator index. This increase or decrease is measured by comparing the final revision of the gross domestic product implicit price deflator index for the second quarter of the current calendar year to the same index of the previous year. Rates so adjusted go into effect as of the next billing cycle following October 1 of each year. This adjustment is automatic and does not require adoption of any ordinance or resolution by the City Commission.

In addition to rates for water, sewer and gas service, and in keeping with usual utility practice, the City has established various fees and charges for miscellaneous customer-requested services which vary according to type and size of customer and type of utility service. These miscellaneous service charges include tapping fees, charges for initiation of service, re-establishment of service, and charges for strong wastes discharged into the Sewer System.

As permitted by State law, and pursuant to the City Code, the City applies a surcharge of 25% to the water and sewer rates for service provided beyond the City's corporate limits. For all gas deliveries made beyond the City's corporate limits, the City applies a 10% surcharge to its gas rates and charges. Governmental entities and political subdivisions, agencies, boards, commissions and instrumentalities thereof and bona fide churches and religious organizations are exempt from the surcharge, providing such utility service is used exclusively for such church and religious organization purposes.

Gas System Rates

The Gas System provides sales service and transport service to its large industrial customers. The rates for sales service provided inside the City's corporate limits include a monthly availability charge and a volumetric charge based on metered volumes. Pursuant to the City's sales service rates, changes in the cost of gas supply are passed on to customers through increases or decreases in the volumetric charge as a "pass through." For the Fiscal Years 2011 through 2015, the operating revenues for the City varied, due in part, to customer growth and rate adjustments. However, the single largest impact on total operating revenues has historically been the result of the increases or decreases in the cost of the purchased natural gas. The City then passed through those purchased natural gas costs directly to the Gas System's retail customers by way of the volumetric charge on their bills.

The table below presents a summary of existing monthly gas system rates currently in effect:

Summary of Existing Monthly Gas System User Rates (1) (2)

	Effective November 1, 2015
Monthly Available Charge (per account)	
Residential Standard (Year-Round) Service	$8.07
Residential Heat-Only Service	$12.11
Public Building, Commercial and Small Industrial Service	$12.11
Delivery Charge (per therm)	
All Services	$0.55318
Purchased Gas Adjustment Charge (per therm)	
All Services	Varies by Month; $0.377424 as of November 1, 2015

(1) The rates for gas service associated with the monthly availability charge and the delivery charge are, in accordance with Section 22-166 of the City Code of Ordinances, automatically adjusted annually on November 1st according to the percentage increase in the gross domestic product implicit price deflator index. The purchased gas adjustment charge is applied monthly to pass-through the cost of purchased gas.

(2) Rates as shown do not include franchise fees, taxes, public service taxes (municipal utility tax), or other surcharges of the City, including the outside-City surcharge of 10%.

Source: City of Leesburg, Florida

Water and Sewer User Rates

The rates for service provided inside the City limits for sewer service include a monthly availability charge that varies by type of customer and volumetric charges that are applied to metered water usage. To recognize that a portion of residential water usage does not enter the Sewer System, the monthly volumetric quantities of metered water usage are "capped" at 1,500 cubic feet.

Water charges are billed monthly at approximately 30-day intervals. The retail water and irrigation rates for the System's customers consist of (a) a billing and availability charge which varies by customer class, and (b) a volumetric charge based on one hundred cubic feet. Sewer customers are billed according to their respective class and monthly water usage. The City also charges a 25% surcharge on those customers taking water and sewer service outside the City's current incorporated limits. Special adjustments are recognized for customers with master meters.

The table below presents a summary of the City's retail water rates currently in effect.

Summary of Existing Monthly Water System User Rates(1)(2)

	Effective November 1, 2015	
	Inside-City	Outside City(3)
Monthly Customer Charge (per account)		
Residential, Master-Meter, Commercial and Sprinkler Services Irrigation Service	$8.72	$10.89
Consumption Charge (per ccf*)		
Residential Service:		
0 to 6 ccf	$0.721602	$0.902002
7 to 12 ccf	$0.910329	$1.137911
13 to 21 ccf	$1.265578	$1.581973
22 to 45 ccf	$1.720742	$2.150928
Over 45 ccf	$3.152844	$3.941055
Residential Service to Customers Supplied By Royal Highlands Water Treatment Plant(4)		

0 to 6 ccf		$0.902002
7 to 12 ccf		$1.137911
13 to 21 ccf		$1.581973
22 to 45 ccf		$3.028539
Over 45 ccf		$7.426166
Commercial Service:		
All ccf	$1.221172	$1.526465
Residential Irrigation Service:		
0 to 9 ccf	$1.266578	$1.581973
10 to 33 ccf	$1.720742	$2.150928
Over 33 ccf	$3.152844	$3.941055
Residential Irrigation Service to Customers Supplied by Royal Highlands Water Treatment Plant:(3)		
0 to 9 ccf		$1.581973
10 to 33 ccf		$3.028539
Over 33 ccf		$7.426166
Commercial and Common Area Irrigation Service:		
0 to 33 ccf	$1.265578	$1.581973
Over 33 ccf	$1.720742	$2.150928

*Centum Cubic Feet ("ccf") is the typical unit in which industrial consumption of natural gas or water is measured. 1 ccf=100 Cubic Feet = 748 Gallons.

(1) The rates for water service are, in accordance with Section 22-166 of the City Code of Ordinances, automatically adjusted annually on October 1st according to the percentage increase in the gross domestic product implicit price deflator index.

(2) Rates as shown do not include franchise fees, taxes, public service taxes (municipal utility tax), or other surcharges of the City, including the outside-City surcharge of 25%.

(3) For customers located outside the City, a 25% outside-City surcharge is applied to the rates for service.

(4) Due to restrictions in groundwater withdrawals from the Royal Highlands Wellfield that are mandated by the City's consumptive use permit issued by the St. Johns River Water Management District, the City has applied an enhanced conservation rate structure to customers supplied by the Royal Highlands Water Treatment Plant.

Source: City of Leesburg, Florida

The table below presents a summary of existing monthly sewer system rates currently in effect:

Summary of Existing Monthly Sewer System Rates(1)(2)

	Effective October 1, 2015	
	Inside-City	Outside City(3)
Monthly Customer Charge (per account)		
Residential Service	$23.32	$29.14
Commercial I Service	$24.25	$30.31
Commercial II Service	$41.27	$51.58
Commercial III Service	$101.38	$126.72
Commercial IV Service	$24.25	$30.31
Consumption Charge (per ccf)		
Residential Service:(4)		
0 to 21 ccf	$1.208264	$1.510330
Over 21 ccf		
Commercial Service:		
Commercial I – All ccf	$1.993287	$2.491609
Commercial II – All ccf	$2.476826	$3.096033
Comercial III – All ccf	$3.080959	$3.851199
Commercial IV – All ccf	$1.208264	$1.510330

1 ccf = 100 Cubic Feet = 748 Gallons

(1) The rates for sewer service are, in accordance with Section 22-166 of the City Code of Ordinances, automatically adjusted annually on October 1st according to the percentage increase in the gross domestic product implicit price deflator index.

(2) Rates as shown do not include franchise fees, taxes, public service taxes (municipal utility tax), or other surcharges of the City, including the outside-City surcharge of 25%.

(3) For customers located outside the City, a 25% outside-City surcharge is applied to the rates for service.

(4) Residential billing is capped at 21 ccf.

Source: City of Leesburg, Florida

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The monthly user rates for the Reclaimed Water System were adopted by the City pursuant to Ordinance No. 08-15 on February 11, 2008, as amended and supplemented. The current rates for reclaimed water service became effective on October 1, 2015 and represent the application of annual index rate adjustments in accordance with Section 22-166 of the City Code of Ordinances. The rates charged to the City's utility customers for reclaimed water service include: (i) a minimum monthly charge per account; (ii) a usage charge that is based on metered reclaimed water consumption whereby the flow charge increases at certain intervals (blocks); and (iii) for customers located outside the municipal boundaries of the City, a 25% outside-City surcharge is applied to the rates for service. The table below presents a summary of existing monthly reclaimed water system rates currently in effect:

Summary of Existing Monthly Reclaimed Water System User Rates[(1)(2)]

	Effective October 1, 2015	
	Inside-City	Outside City[(3)]
Monthly Customer Charge (per account)		
All Services	$4.29	$5.36
Consumption Charge (per kgal)		
Residential Service:		
0 to 7 kgal	$1.484241	$1.855301
8 to 25 kgal	$1.959662	$2.449578
Over 25 kgal	$3.490283	$4.362854
Commercial Service:		
0 to 25 kgal	$1.484241	$1.855301
Over 25 kgal	$1.959662	$2.449578

Kgal = 1,000 gallons

(1) The rates for gas service associated with the monthly availability charge and the delivery charge are in accordance with Section 22-166 of the City Code of Ordinances and are automatically adjusted annually on October 1st according to the percentage increase in the gross domestic product implicit price deflator index..

(2) Rates as shown do not include franchise fees, taxes, public service taxes (municipal utility tax), or other surcharges of the City, including the outside-City surcharge of 25%.

(3) For customers located outside the City, a 25% outside-City surcharge is applied to the rates for service.

Source: City of Leesburg, Florida

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Water and Sewer Capacity Charges

The City utilizes an impact fee to collect, from new connections to the Water System and the Sewer System (referred to herein and in the Bond Resolution as Water Capacity Charges and Sewer Capacity Charges), a portion of the identifiable growth-related costs for which such new connections are responsible, thereby reducing or deferring rate adjustments. In keeping with industry standards in Florida and PSC-recognized practices, the impact fee varies directly with the type and end use of the service. In general, these are one time charges implemented as a means to recover, in whole or in part, the costs associated with capital improvements made by the City. As such, the purpose of impact fees is to pay or reimburse an equitable share of the capital costs related to the construction, expansion or equipping of excess or unused capacity of the Water System and the Sewer System in order to serve new customers. The City has developed a schedule of impact fees for various types of residential dwelling and various types of commercial establishments.

	Existing Charge per ERU[(1)(2)]
Water Capacity Charge per ERU	$1,175.00
Sewer Capacity Charge per ERU	2,778.00
Total Capacity Charges per ERU	$3,953.00

(1) ERU = Equivalent Residential Unit which equates the average capacity reserved for an individual metered residential dwelling unit to 300 gallons per day of average water use for the Water System and 250 gallons per day of average wastewater flow for the Wastewater System.

(2) The City, pursuant to Ordinance No. 15-36, enacted on September 28, 2015, has waived Capacity Charges through September 30, 2016 for redevelopment projects of existing structures within the municipal limits.

Under Florida law, impact fees (such as the Water Capacity Charges and Sewer Capacity Charges) may be validly imposed against new connections in order to fund capital improvements that are needed to serve new connections or for debt service for bonds or other obligations issued for such purposes, and therefore can be applied only to pay for that portion of the debt service related to bonds issued to finance expansion of the Water System or Sewer System for which such impact fee applies. Such lawfully available impact fees must be placed in separate accounts, and such amounts and investment earnings may be used only for the capital improvements or debt service attributable to expansion or over-sizing of the Water System or Sewer System through construction or acquisition. Impact fee revenues can fluctuate with the amount of new construction which occurs within the City's service area. Therefore, no assurances can be made that such revenues will not decrease or be eliminated altogether in the event that new construction, for whatever reason, might decrease or cease altogether within the City's service area.

On September 28, 2015, the City enacted Ordinance No. 15-36, which waives the collection of any Capacity Charges as applied to new businesses locating within an existing structure, and projects involving the improvement of existing structures, within the municipal limits of the City. To be eligible for this waiver, the existing structure must have been vacant for a period of at least six months prior to application for a building permit, and construction must substantially commence on the development or project for which a permit was obtained within 90 days from the date the permit is issued. Substantial completion must be achieved within no more than twelve months after issuance of the building permit. Ordinance No. 15-36 expires by its terms on September 20, 2016. During the period of this waiver, the City will continue to evaluate its overall policy for the imposition of impact fees, including Capacity Charges, for redevelopment and new occupancy of existing structures, and propose to extend or revise its policy accordingly.

The Water Expansion Project Percentage and Sewer Expansion Project Percentage for each of the Outstanding Bonds are summarized below:

Bonds	Water Expansion Project Percentage	Sewer Expansion Project Percentage
Unrefunded Series 2007A Bonds	26.30%	6.47%
Series 2007B Bonds	0.00%	0.00%
Series 2010 Bonds	0.00%	0.00%
Series 2013 Bonds	36.08%	45.16%
Series 2016 Bonds	26.30%	6.47%

Source: City of Leesburg, Florida

Comparison of Typical Monthly Utility Charges for Service

The following tables compare the City's current charges for gas service, water service and sewer service with those charged by neighboring utilities.

Comparison of Typical Monthly Residential Utility Charges for Gas Service

	Monthly Usage of 14 Therms[1]
City of Leesburg	
Existing Rates[2]	$21.10
Surveyed Florida Utilities	
Municipalities	
City of Clearwater	$33.56
Gainesville Regional Utility	$22.29
City of Sunrise[3]	$34.32
City of Tallahassee[3]	$28.66
Regulated Natural Gas Companies	
Florida Public Utilities	$33.84
Peoples Gas System (division of Tampa Electric Company)	$29.22
St. Joe Natural Gas Company	$30.56
Surveyed Florida Utilities Average	$30.35

(1) The average monthly gas consumption of a residential customer in the System is approximately 14 therms.
(2) Rates as shown do not include franchise fees, taxes, public service taxes (municipal utility tax), or other surcharges of the City, including the outside-City surcharge of 10%.
(3) Utility bills for natural gas on a per hundred-cubic-feet (ccf) basis. For comparison purposes, one therm and one ccf of natural gas were assumed to be equivalent.

Source: City of Leesburg, Florida

Comparison of Typical Monthly
Commercial Utility Charges for Gas Service

	Monthly Usage of 579 Therms[1]
City of Leesburg	
Existing Rates[2]	$549.07
Surveyed Florida Utilities	
Municipalities	
Gainesville Regional Utility	$531.36
City of Clearwater	$708.22
City of Sunrise[3]	$780.10
City of Tallahassee[3]	$663.02
Regulated Natural Gas Companies	
Florida Public Utilities	$530.31
Peoples Gas System (division of Tampa Electric Company)	$423.14
St. Joe Natural Gas Company	$570.84
Surveyed Florida Utilities Average	$601.00

(1) The average monthly gas consumption of a commercial customer in the System is approximately 577 therms.
(2) Rates as shown do not include franchise fees, taxes, public service taxes (municipal utility tax), or other surcharges of the City, including the outside-City surcharge of 10%.
(3) Utility bills for natural gas on a per hundred-cubic-feet (ccf) basis. For comparison purposes, one therm and one ccf of natural gas were assumed to be equivalent.
Source: City of Leesburg, Florida

Comparison of Typical Monthly Residential Utility
Charges for Water and Sewer Service

	5/8-inch or 3/4-inch Meter @ 7,500 Gallons[1]		
	Water	Sewer	Total
City of Leesburg			
Existing Rates[2]	$16.50	$34.69	$51.19
Surveyed Florida Utilities			
City of Jacksonville Beach	$37.13	$57.55	$94.68
City of Mount Dora	$16.47	$49.00	$65.47
City of Clermont	$13.73	$29.88	$43.61
City of Eustis	$25.18	$45.41	$70.59
Gainesville Regional Utilities	$38.08	$53.78	$91.86
City of Ocala	$16.42	$44.18	$60.60
City of Tavares	$27.99	$44.27	$72.26
City of Wildwood	$15.97	$32.57	$48.54
City of Deland	$21.29	$58.67	$79.96
City of Sanford	$24.00	$51.13	$75.13
Surveyed Florida Utilities Average	$22.98	$45.56	$68.54

(1) The average monthly consumption of a residential customer in the System is approximately 7,500 gallons.
(2) Rates as shown do not include franchise fees, taxes, public service taxes (municipal utility tax), or other surcharges of the City, including the outside-City surcharge of 25%.
Source: City of Leesburg, Florida

Comparison of Typical Monthly Commercial Utility Charges for Water and Sewer Service

	2-inch Meter @ 50,000 Gallons		
	Water	Sewer	Total
City of Leesburg			
Existing Rates*	$88.39	$202.45	$290.45
Surveyed Florida Utilities			
City of Jacksonville Beach	$269.78	$500.34	$770.12
City of Mount Dora	$132.27	$174.00	$306.27
City of Clermont	$112.35	$114.03	$226.38
City of Eustis	$134.13	$208.80	$342.93
Gainesville Regional Utilities	$201.70	$310.90	$512.60
City of Ocala	$249.06	$514.09	$763.15
City of Tavares	$295.43	$321.20	$616.63
City of Wildwood	$102.44	$181.79	$284.23
City of Deland	$151.10	$423.24	$574.34
City of Sanford	$163.67	$366.57	$530.24
Surveyed Florida Utilities Average	$172.76	$301.58	$474.30

* Rates as shown do not include franchise fees, taxes, public service taxes (municipal utility tax), or other surcharges of the City, including the outside-City surcharge of 25%.

Source: City of Leesburg, Florida

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Ten Largest Customers

Ten Largest Gas System Customers

For the Gas System, the ten largest customers accounted for approximately 38.05% of the Gas System's total gas sales and approximately 32.82% of the Gas System's total charges for service, as shown below. No independent investigation has been made of, and consequently no representation can be made as to, the stability or financial condition of any of the customers listed below or that such customers will continue to maintain their status as major customers of the Gas System.

Ten Largest Gas System Customers
(Based on Gas Charges for Service)
for Fiscal Year Ending September 30, 2015

Gas	Estimated Annual Gas Purchased (Therms)	Percentage of Total Gas Sales	Annual Gas Charges for Service	Percent of Total Gas Charges
Federal Correctional Complex(*)	832,150	15.67%	$ 828,147	13.47%
Central Florida Health Alliance (fka LRMC)(2)	679,943	12.80%	677,382	11.02%
Covanta Energy Corp. II	139,032	2.62%	144,484	2.35%
Universal Aggregate Solutions	90,981	1.71%	87,731	1.43%
Lifestream Behavioral Center	77,234	1.45%	77,240	1.26%
Lake Port Square, LLC	76,187	1.43%	76,236	1.24%
Beyers, Roger A.	41,451	0.78%	41,451	0.67%
Lakes at Leesburg	34,697	0.65%	35,455	0.58%
GNRL Mill/Olive Garden	27,571	0.52%	27,455	0.45%
Outback Steakhouse	21,619	0.41%	21,609	0.35%
Total Ten Largest Users	2,020,865	38.05%	$ 2,017,189	32.82%
All Other Gas System Users	3,290,681	61.95%	$ 4,129,907	67.18%
Total Fiscal Year 2015 Gas System–All Users	**5,311,546**	**100.00%**	**$ 6,147,096**	**100.00%**

(*) The City has entered into a fixed-price contract with the General Services Administration of the United States (the "GSA") to supply up to 800,000 therms of natural gas per year to the Federal Bureau of Prisons at the Federal Correctional Complex located in Coleman, Florida. The contract expires April 2020. With the exception of the GSA contract, all other gas customers in this table are subject to applicable rates set by the City.

Source: City of Leesburg, Florida

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Ten Largest Water System Customers

With respect to the Water System, the ten largest customers accounted for approximately 8.09% of the Water System's total water sales (ccf) and approximately 5.06% of the Water System's total charges for service, as shown below. No independent investigation has been made of, and consequently no representation can be made as to, the stability or financial condition of any of the customers listed below or that such customers will continue to maintain their status as major customers of the Water System.

Ten Largest Water System Customers
(Based on Water Charges for Service)
for Fiscal Year Ending September 30, 2015

Water Customer	Estimated Annual Water Purchased (ccf)	Percentage of Total Water Sales	Annual Water Charges for Service	Percent of Total Water Charges for Services
City of Leesburg	51,664	1.80%	$62,002	1.01%
Lake Port Square, LLC	18,872	0.66%	59,679	0.97%
Central Florida Health Alliance (fka LRMC)	58,724	2.05%	50,670	0.82%
Range Properties, LLC	21,818	0.76%	27,608	0.45%
Lakes Square Mall Realty Mgmt.	15,005	0.52%	26,812	0.44%
Coachwood Colony MHP, LLC	19,942	0.70%	25,849	0.42%
Community Housing Partners, Corp.	16,440	0.57%	21,056	0.34%
Creative Choice Homes XXVII	12,484	0.44%	14,950	0.24%
Lake County School Board	9,809	0.34%	11,820	0.19%
Beacon College	7,168	0.25%	11,248	0.18%
Total Ten Largest Users	231,926	8.09%	$ 311,694	5.06%
All Other Water System Users	2,634,318	91.91%	$5,845,363	94.94%
Total Fiscal Year 2015 Water System – All Users	**2,866,244**	**100.00%**	**$6,157,057**	**100.00%**

Source: City of Leesburg, Florida

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Ten Largest Sewer System Customers

For the Sewer System, the ten largest customers accounted for approximately 8.26% of the Sewer System's total billed flow (ccf) and approximately 5.69% of the Sewer System's total charges for service, as shown below. No independent investigation has been made of, and consequently no representation can be made as to, the stability or financial condition of any of the customers listed below or that such customers will continue to maintain their status as major customers of the Sewer System.

Ten Largest Wastewater System Customers
(Based on Wastewater Charges for Service)
for Fiscal Year Ending September 30, 2015

Wastewater Customer	Estimated Annual Billed Wastewater Usage (ccf)	Percentage of Total Billed Wastewater Usage	Annual Wastewater Charges for Service	Percent of Total Billed Wastewater Charges
CCRC - Lake Port Square, LLC	18,872	0.66%	$151,424	1.73%
Central Florida Health Alliance (fka LRMC)	58,724	2.05%	92,344	1.06%
City of Leesburg	51,664	1.80%	47,635	0.54%
Beacon College	7,168	0.25%	45,370	0.52%
Lake County School Board	9,809	0.34%	31,331	0.36%
Range Properties, LLC	21,818	0.76%	27,769	0.32%
Community Housing Partners Corp.	16,440	0.57%	26,311	0.30%
Coachwood Colony MHP, LLC	19,942	0.70%	25,966	0.30%
South Campus Rehabilitation	25,223	0.88%	25,223	0.29%
Circle K Stores, Inc.	7,133	0.25%	23,955	0.27%
Total Ten Largest Water Customers	236,793	8.26%	$ 497,328	5.69%
All Other Wastewater System Users	2,629,451	91.74%	$ 8,248,574	94.31%
Total Fiscal Year 2015 Wastewater System – All Users	**2,866,244**	**100.00%**	**$ 8,745,902**	**100.00%**

Source: City of Leesburg, Florida

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FUND BALANCE AND TRANSFER POLICY

To facilitate cash management, to provide a basis for cash reserves, and to provide for the use of surplus funds, the City Commission adopted three policies that address: (i) transfers from its enterprise funds, including, but not limited to, the Gas System, the Water System, the Sewer System and the Electric System enterprise funds; (ii) the establishment of a retained earnings policy; and (iii) transfers from the enterprise funds for the purpose of financing general government special projects. *The fund balance policies are internal policies of the City adopted by ordinance and may be waived or amended in the sole discretion of the City Commission of the City.*

The first policy limits the amount of the annual operating transfer from the various enterprise funds to the City's General Fund to an amount not to exceed 10% of the estimated operating revenues included in the budget for each enterprise fund. The basis for calculating the operating transfers is as follows: The latest Fiscal Year audited charges for services (from the CAFR Statement of Activities) Less: (a) franchise fees imposed by the City against itself, (b) regulatory assessment fees, (c) franchise fees paid to other jurisdictions (d) gross receipts taxes paid to the State, and (e) surcharge revenues on Electric, Gas and Water. Should the City impose a franchise fee against itself, then the maximum amount to be transferred from any of the various enterprise funds to the General Fund as an operating transfer shall be calculated as 10% of the estimated operating revenues included in the adopted budget for that fund less the estimated amount of franchise fees to be paid by that fund to the general fund as included in the adopted budget. In addition to the forgoing limitations, in any Fiscal Year, the amount transferred from any of the various enterprise funds to the General Fund as an operating transfer shall not exceed 10% of the amount calculated in accordance with this paragraph, however, any surcharge revenues and costs incurred by the general fund for the provision of services to the enterprise funds will be excluded from the definition of operating transfer.

The second policy (the "Reserve Policy") was adopted to increase the City's financial stability by establishing cash balance ranges for selected funds. The Reserve Policy provides that this will ensure that the City maintains a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary shortfalls or unexpected one-time expenditures. The City has created minimum acceptable levels of unrestricted operating cash specifically set aside and classified in a separate cash reserve account as defined in the Reserve Policy, for among others, each of the enterprise funds for the following utility services: electric, gas, sanitation services, communication services, water and wastewater. The policy provides that for the Water System and the Sewer System there will be created a reservation of cash equal to 25% of the current Fiscal Year budget for that fund. For the Gas System, the minimum cash balance level is determined based on the following formula: total revenues - (cost of purchased gas + operating transfers to the General Fund + cost of surcharge transfers) / 365 days x 90 days. This reserve requirement under the Reserve Policy is in addition to reserves for debt service, and for the renewal and replacement of long lived assets. The Reserve Policy also provides for the application of funds if it is determined that there is a surplus (which is defined as the amount of cash that exceeds 115% of the minimum acceptable level of Cash Reserve) for the following purposes: eliminate shortfalls within any fund of the City, renewal and replacement, reduction of debt, one time capital needs, or for deposit to a utilities rate stabilization fund or another respective fund or account to avoid raising taxes, fees or rates related to the fund in subsequent years. If there is a shortfall at any fiscal quarter end (an amount below the minimum level of the fund balance range for any fund), the fund balance reserve deficit is to be rebuilt by (a) distribution of surplus from other related funds with the General Fund, or respective Utility Enterprise Fund or (b) an appropriation during the next available budget amendment time period or the annual budget process until the required fund balance has been reached. If the preceding clause (b) is financially infeasible, a written plan must be provided to the City Commission within 90 days following identification of the deficit by the City Manager for approval by the City Commission to restore the fund balance to an amount within the range within a maximum 24-month time frame.

The third policy limits the amount of funds that may be used by the City from each of the various enterprise funds to make non-reoccurring transfers to fund the costs associated with non-enterprise fund expenditures. In general, the policy provides that the amount available within each of the enterprise funds to make a transfer to fund the costs associated with non-enterprise expenditures is determined based on (a) the financial impact on the contributing fund, (b) surplus cash as described above reflecting the results of the transfer on the transferring fund for the next five years, taking into account the results of operations, and projected results of operations including cash requirements of the capital improvement plan and all available funding resources, and (c) a contingency for emergencies, amounts not presently established, over and above the current reserve policy.

Historical transfer amounts from the System to the City's General Fund can be found in "HISTORICAL OPERATING RESULTS AND DEBT SERVICE COVERAGE."

CAPITAL IMPROVEMENT PLAN

Each year, the City develops and approves a ten-year capital improvement plan (the "Capital Improvement Plan") for the Gas System, Water System and Sewer System. The program for the first year is approved as the capital budget and the remaining Fiscal Years provide a forecast of the planned capital needs. The capital improvements are planned to provide for the addition of new customers, for the systematic renewal and replacement of facilities, and for improvements in the overall efficiency of operating the System. Following is a summary for the Gas System, Water System and Sewer System, respectively, of the System Capital Improvement Plan.

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GAS SYSTEM
CAPITAL IMPROVEMENT PLAN
FISCAL YEARS 2015-2021

	ADOPTED		PROPOSED					
	Fiscal Year 2014-15	**Fiscal Year 2015-16**	**Fiscal Year 2016-17**	**Fiscal Year 2017-18**	**Fiscal Year 2018-19**	**Fiscal Year 2019-20**	**Fiscal Year 2020-21**	**Fiscal Year 2017-21 TOTAL**
Project Description								
Meters								
Meters	$ 53,753	$ 53,502	$ 56,000	$ 58,000	$ 60,000	$ 62,000	$ 62,000	$ 298,000
Meters (ERT)	39,059	39,168	90,000	92,000	94,000	96,000	96,000	468,000
Mains								
South Lake (Tony Benge)	43,018	43,018						
Holland Park	33,135	0						
Miscellaneous Mains	0	0	1,200,000					1,200,000
Other equipment	8,000	30,000	20,000	20,000	20,000	25,000	25,000	110,000
Gate stations			5,000	5,000	5,000	5,500	5,500	26,000
General plant			10,000	10,000	10,000	11,000	11,000	52,000
Expand facility								
Regulators	31,256	17,865	20,000	28,000	30,000	30,000	30,000	138,000
Farm taps/industrial	5,245	5,245	5,245	5,400	5,400	10,800	10,800	37,645
Services	173,892	140,927	150,000	155,000	157,000	157,000	160,000	779,000
Fund Total	**$ 387,358**	**$ 329,725**	**$ 1,556,245**	**$ 373,400**	**$ 381,400**	**$ 397,300**	**$ 400,300**	**$ 3,108,645**
Funding Source								
Utility Revenue	$87,104	$104,977	$1,349,245	$161,400	$164,400	$182,300	$182,300	$2,039,645
Customer Contribution	300,254	224,748	207,000	212,000	217,000	215,000	218,000	1,069,000
Total Funding Sources	**$387,358**	**$ 329,725**	**$ 1,556,245**	**$ 373,400**	**$ 381,400**	**$ 397,300**	**$ 400,300**	**$ 3,108,645**
Balance		$0	$0	$0	$0	$ 380,000	$ 400,000	$0

Source: City of Leesburg, Florida

WATER SYSTEM
CAPITAL IMPROVEMENT PLAN
FISCAL YEARS 2015-2021

	ADOPTED		PROPOSED					
	Fiscal Year 2014-15	**Fiscal Year 2015-16**	**Fiscal Year 2016-17**	**Fiscal Year 2017-18**	**Fiscal Year 2018-19**	**Fiscal Year 2019-20**	**Fiscal Year 2020-21**	**Fiscal Year 2017-21 TOTAL**
Project Description								
Capital Projects & Purchases								
Mains								
Highway 441-Perkins to SR 44				$ 1,500,000				$ 1,500,000
Sodium Hypochlorite Conversions	$ 300,000		$ 300,000					300,000
System wide improvements		$ 90,000	95,000	100,000	$ 100,000	$ 100,000	$ 100,000	495,000
Joint Field Operations Facilities								
Design, permitting					150,000			150,000
Plant Improvements	7,000							
Legacy Well demo & abandonment		60,000						
Capital Maintenance Projects								
Mains replacement	253,000	310,000	744,000	1,175,000	715,697	1,028,000		3,662,697
Reuse Plant			0					
Rehab	40,000	50,000						
Reuse Mains	800,212	300,000	608,063	400,000	400,000			1,408,063
Well Rehabilitation	30,000	35,000	55,000	67,000		67,000	67,000	256,000
Plant Pumping Rehabilitation		20,000	70,000					70,000
MWTP			50,000		67,000			117,000
Elevated Tank Inspection & Rehab				150,000				150,000
Fund Total	**$ 1,430,212**	**$ 865,000**	**$ 1,922,063**	**$ 3,392,000**	**$ 1,432,697**	**$ 1,195,000**	**$ 167,000**	**$ 8,108,760**
Funding Source								
Renewal & Replacement	$630,000	$505,000	$1,314,000	$1,892,000	$882,697	$1,195,000	$167,000	$5,450,697
Current Revenue	800,212	360,000	608,063		550,000			1,158,063
To be determined				1,500,000				1,500,000
Total Funding Sources	**$ 1,430,212**	**$ 865,000**	**$ 1,922,063**	**$ 3,392,000**	**$ 1,432,697**	**$ 1,195,000**	**$ 167,000**	**$ 8,108,760**

Source: City of Leesburg, Florida

WASTEWATER SYSTEM
CAPITAL IMPROVEMENT PLAN
FISCAL YEARS 2015-2021

	ADOPTED		PROPOSED					
	Fiscal Year 2014-15	**Fiscal Year 2015-16**	**Fiscal Year 2016-17**	**Fiscal Year 2017-18**	**Fiscal Year 2018-19**	**Fiscal Year 2019-20**	**Fiscal Year 2020-21**	**Fiscal Year 2017-21**
Project Description								
Capital Projects & Purchases								
Collecting sewers								
Sewer line rehabs/replacements	$ 320,000	$ 650,000	$ 1,045,000	$ 705,000			$ 700,000	$ 2,450,000
Joint Field Operations Facilities								
Design, permitting					$ 150,000			150,000
Construction						$ 900,000		900,000
Other equipment	80,500	110,000	60,000	80,000	150,000	25,000	25,000	340,000
Emergency generators	105,000		45,000	35,000				80,000
Treatment plant								
Turnpike Plant	35,000	110,000	50,000	913,000	500,000			1,463,000
Canal St Plant	800,000	105,000						
Canal St Digester pump feasibility	30,000							
Canal St Permit	75,000						**75,000**	75,000
Capital Maintenance Projects								
Lift station rehabilitation	248,000	310,000	224,000	224,000	200,000	200,000	200,000	1,048,000
Plant Expansion								
Design, permitting						1,000,000		1,000,000
Construction							8,000,000	8,000,000
Disinfection Conversion				330,000				330,000
Re-roof / HVAC					13,000			13,000
SCADA Upgrade		90,000						
Fund Total	**$ 1,693,500**	**$ 1,375,000**	**$ 1,424,000**	**$ 2,287,000**	**$ 1,013,000**	**$ 2,125,000**	**$ 9,000,000**	**$15,849,000**
Funding Source								
Renewal & Replacement	$ 758,500	$ 1,375,000	$ 1,424,000	$ 2,287,000	$ 363,000	$ 225,000	$ 1,000,000	$ 5,299,000
Current Revenue	935,000							
To be determined					650,000	1,900,000	8,000,000	10,550,000
Other								
Total Funding Sources	**$ 1,693,500**	**$ 1,375,000**	**$ 1,424,000**	**$ 2,287,000**	**$ 1,013,000**	**$ 2,125,000**	**$ 9,000,000**	**$ 15,849,000**

Source: City of Leesburg, Florida

HISTORICAL OPERATING RESULTS AND DEBT SERVICE COVERAGE

The historical operating results have been prepared pursuant to the provisions of the Bond Resolution and reflect certain differences from the City's audited financial statements. Specifically, these differences include, among other things: (i) the determination of the Cost of Operation and Maintenance (e.g., depreciation, interest and amortization expenses not recognized); and (ii) the development of interest earnings (e.g., does not include earnings from the Rebate Fund or from the Construction Fund, which are restricted to such Funds or fair market value adjustments as required by GASB 31).

Summary of Historical System Operating Results and Debt Service Coverage[1]

	Fiscal Year Ended September 30,				
	2011	2012	2013	2014	2015
Gross Revenues:					
Operating Revenues	$25,533	$23,658	$24,572	$24,469	$24,173
Other Income[2]	$146	$70	$313	$70	$221
Total Gross Revenues	$25,679	$23,728	$24,885	$24,539	$24,393
Costs of Operations and Maintenance[3]	$15,651	$14,382	$16,076	$14,834	$13,601
Net Revenues Available for Debt Service	$10,028	$9,345	$8,809	$9,705	$10,792
Available Capacity Charges[4]	$45	$25	$31	$179	$280
Net Revenues and Available Capacity Charges (Pledged Revenues)	$10,073	$9,370	$8,841	$9,884	$11,072
TEST A[5]					
Net Revenues Available for Debt Service	$10,028	$9,345	$8,809	$9,705	$10,792
Total Bond Service Requirement on Outstanding Bonds[6]	$3,562	$4,345	$3,076	$3,212	$3,607
Calculated Coverage (1.15X Required)	**2.81X**	**$2.15X**	**2.86X**	**3.02X**	**2.99X**
TEST B[5]					
Debt Service Coverage – Test (B)(i)					
Net Revenues Available for Debt Service	$10,028	$9,345	$8,809	$9,705	$10,792
Total Bond Service Requirement on Outstanding Bonds[6]	$3,562	$4,345	$3,076	$3,212	$3,607
Calculated Coverage (1.00X Required)	**2.81X**	**2.15X**	**2.86X**	**3.02X**	**2.99X**
-AND-					
Debt Service Coverage – Test (B)(ii)					
Net Revenues and Available Capacity Charges (Pledged Revenues)	$10,073	$9,370	$8,841	$9,884	$11,072
Total Bond Service Requirement on Outstanding Bonds[6]	$3,562	$4,345	$3,076	$3,212	$3,607
Calculated Coverage (1.25X Required)	**2.83X**	**2.16X**	**2.87X**	**3.08X**	**3.07X**
Other Transfers[7]	$(2,558)	$(2,283)	$(4,149)	$(3,760)	$(3,548)
Amounts Available for Other System Purposes After Payment of Bond Service Requirement and Transfers[8]					
Available Revenues Only	$7,470	$7,062	$4,660	$5,945	$7,244
Available Revenues and Capacity Charges[8]	$7,515	$7,087	$4,692	$6,124	$7,524

(1) Totals may not foot due to rounding.
(2) Amounts shown include all interest income reported in the financial statements that is considered to be component or Gross Revenues in accordance with the Bond Resolution.
(3) Amounts shown do not include depreciation or amortization expenses pursuant to the Bond Resolution.
(4) The City has waived the collection of Capacity Charges through September 20, 2016. See "RATES - Water and Sewer Capacity Charges" herein for a discussion of a moratorium on the collection of certain of the Capacity Charges by the City. See "SOURCES OF AND SECURITY FOR PAYMENT OF THE SERIES 2016 BONDS – Capacity Charge Funds" herein.
(5) See "SOURCES OF AND SECURITY FOR PAYMENT OF THE SERIES 2016 BONDS - Rate Covenant" herein.
(6) The Outstanding Bonds include all Bonds issued pursuant to the Bond Resolution (on parity) that were outstanding during each respective Fiscal Year.
(7) Amounts reflect transfers to City's General Fund. See "FUND BALANCE POLICY" herein.
(8) Represents amounts available for other System purposes including the funding of capital improvements and working capital.

Source: City of Leesburg, Florida

CERTAIN FACTORS AFFECTING THE SYSTEM

The purchase of the Series 2016 Bonds involves a degree of risk, as is the case with all investments. Factors that could affect the City's ability to perform its obligations under the Bond Resolution, including the timely payment of principal of and interest on the Series 2016 Bonds, including, without limitation, the following:

1. The System may need additional repairs and improvements beyond those projected by the capital improvement plan. The City did not engage a separate independent consulting engineer in the review of the System. The cost of additional repairs would have to be financed either through additional payments from the revenues of the System or the issuance of Additional Bonds or Subordinate Debt. Either of these alternatives could potentially require an increase in the rates, fees and charges of the System.

2. There is no assurance that permits for operation of major components of the System will be renewed or can be renewed without the expenditure of moneys from the System or the issuance of Additional Bonds or Subordinate Debt. Further, there is no assurance that the requirements for renewal of the permits will remain the same prior to the time that renewal is required; a change in requirements could require additional expenditures for improvements.

3. The future financial condition of the System could be affected adversely by legislation, environmental, terrorism and other regulatory actions, changes in demand for services, demographic changes and litigation, among other things.

4. The environmental aspects of the Water System and the Sewer System are regulated by (a) the U.S. Environmental Protection Agency; (b) DEP under Chapter 403, Florida Statutes, and the rules and regulations promulgated by DEP; (c) the District; and, (d) the Army Corps of Engineers. DEP is principal regulator of water and wastewater utilities in Florida. The District regulates water withdrawals for potable water providers such as the City. The City is subject to federal and state water treatment and wastewater disposal requirements which, among other things, limit raw water withdrawals, control contaminants in finished water, limit discharges of pollutants into surface and ground waters, regulate the quality of effluent discharged from sewage treatment facilities, and limit the nature of waste materials discharged into the collection facilities. The City is also subject to federal, state and local waste disposal requirements, which control the means of disposal solids generated by sewage treatment plants. There are no assurances that these agencies will not increase their present environmental or other regulatory standards. Environmental requirements in general are becoming more stringent, and further or new requirements may substantially increase the cost of water or sewer service by requiring changes in the design or operation of existing or new facilities. Future changes in policy could result in discontinued operation, reduced capacity of the Water System and/or Sewer System, additional operations or capital expenditures, or a reduction in the revenue received by the City. Further, while the City undertakes to operate the Water System and Sewer System in a professional manner and in compliance with all regulatory requirements, there is no assurance that the Water System and Sewer System facilities now or in the future will always be maintained in compliance with current or future regulatory requirements. Failure to comply with those requirements could result in enforcement action against those facilities not in compliance which, under Federal and Florida law, can include the imposition of civil and criminal penalties.

5. The City is in Florida, an area subject to tropical storms and hurricanes. If such a storm were to move through the service area of the System, the System and customer homes and businesses may experience substantial damage and a resulting interruption in service. Such events may materially adversely affect the City's ability to provide service, collect System revenue and experience continued customer growth. The City has taken steps to mitigate the impact of such storms which include implementation of a hurricane preparedness plan and securing insurance coverage where available.

6. The Central Florida Water Initiative (the "CFWI") is led by the region's three water management districts, the District, the South Florida Water Management District and the Southwest Florida Water Management District (collectively, the "Water Districts"), for the purpose of undertaking a multi-step process of evaluating and addressing both the region's short-term water resource issues and long-term approach to water resource management. As part of the CFWI's collaborative process, the Water Districts, together with representatives from the region's public water utilities, the DEP and the Department of Agriculture and Consumer Services, are working to, (i) identify sustainable quantities of groundwater sources available for water supply, (ii) develop strategies to meet water demands in excess of the sustainable yield of existing traditional groundwater sources, and (iii) establish

consistent rules and regulations for the Water Districts consistent with the objectives identified in (i) and (ii). While the City cannot currently predict what rules and regulations may result from the CFWI, it is possible that the potential outcomes could include, changes to the current terms of the City's CUP including a reduction in the City's permitted use, and/or that the City may, in the future, need to obtain water from an alternative supply source or sources. Any such outcome may adversely affect the consumption of water by the City's customers and present potential issues that could restrict the future operations and development of the Water System; however, the City is actively monitoring this and working closely with the CFWI. The City is not currently included as a participant in the CFWI, however, decisions and outcomes from the CWFI may influence future regulatory requirements of the Water Districts.

Prospective purchasers of the Series 2016 Bonds should review carefully the provisions of the Master Resolution and the amendatory resolutions attached as APPENDIX C hereto.

PENSION AND OTHER POST EMPLOYMENT BENEFITS

Pension

The City maintains three separate single-employer pension plans, a supplemental one for police officers ("MPRP") and one for firemen ("MFRP"), and a general employees' retirement plan that covers substantially all other full-time City employees, including police department employees (except sworn police officers and firefighters) ("GERP"). A portion of the costs of GERP is attributable to the Gas System, Water System and Sewer System.

The City froze its General Employees' Pension Fund for GERP as of September 30, 2008. City contributions to GERP will continue until such time as the pension obligation is fully funded. As of October 1, 2015, the most recent actuarial date, the GERP was funded at 86.80%. The GERP is a 100% employer contributory defined benefit plan and covers all full time employees, except sworn police officers and firemen. In the place of the GERP, the City implemented a Defined Contribution Plan 401(a) through the International City/County Management Association-Retirement Corporation (ICMA-RC).

The remaining two pension trust funds are the Municipal Police Officers' Retirement Trust Fund and the Municipal Firemen's Retirement Trust Fund, which hold in trust the funds for the MPRP and MFRP, respectively. The MPRP covers sworn police officers (other police department employees are covered in the GERP). The fire employees make a 6.5% contribution and the police officers contribute 7.65% to their respective plans, and the State contributes funds collected from insurance premium excise taxes.

A portion of the GERP liabilities are allocable to the Gas System, Water System and Sewer System The Unfunded Actuarial Accrued Liability of the Pension plan attributable to the Gas System, Water System and Sewer System as of September 30, 2015 is $443,991, $239,686, and $454,859 respectively.

All investments are managed by outside fund managers.

An independent actuary engaged by the pension board calculates the amount of the annual contribution the City must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City relies upon projections provided by an independent actuary to determine the appropriate level of funding for the Police, Fire and General Employee Pension Plans. The annual budget includes the contributions necessary to keep the respective plans actuarially sound and in compliance with applicable laws, rules or regulations.

The most recent actuarial valuation date for each of the pension plans was October 1, 2015. The funded status and funding progress of each of such plans is presented below:

	GERP	MPRP	MFRP
Total Pension Liability	$ 38,963,325	$ 17,840,214	$ 20,330,104
Plan Fiduciary Net Position	(33,820,101)	(17,092,313)	(16,247,499)
Sponsor's Net Pension Liability	$ 5,143,224	$ 747,901	$ 4,082,605
Plan Fiduciary Net Position as a percentage of Total Pension Liability	86.80%	95.81%	79.91%

Source: City of Leesburg, Florida

SCHEDULES OF CHANGES IN THE NET PENSION LIABILITIES AND RELATED RATIOS

General Employees' Plan

	2015	2014	2013
Total Pension liability			
Service Cost	$ 152,878	$ 208,967	$ 194,388
Interest	2,944,455	2,926,654	2,883,831
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(1,744,070)	-	-
Changes of Assumptions	-	-	-
Benefit payments, Including Refunds of Member Contributions	(2,992,933)	(2,691,425)	(2,352,214)
Net Change in Total Pension Liability	(1,639,670)	444,196	726,005
Total Pension Liability - Beginning	40,602,995	40,158,799	39,432,794
Total Pension Liability - Ending (a)	$ 38,963,325	$ 40,602,995	$ 40,158,799
Plan Fiduciary Net Position			
Contributions - Employer	$ 1,435,084	$ 1,456,725	$ 1,250,669
Contributions - Employee	502,864	3,281,074	3,036,199
Net Investment Income	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(2,992,933)	(2,691,425)	(2,352,214)
Administrative Expense	(73,823)	(81,087)	(63,599)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	(1,128,808)	1,965,287	1,871,055
Plan Fiduciary Net Position - Beginning	34,948,909	32,983,622	31,112,567
Plan Fiduciary Net Position - Ending (b)	$ 33,820,101	$ 34,948,909	$ 32,983,622
City's Net Pension Liability - Ending (a) - (b)	$ 5,143,224	$ 5,654,086	$ 7,175,177
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.80%	86.07%	82.13%
Covered-Employee Payroll	$ 11,184,611	N/A	N/A
City's Net Position Liability as a Percentage of the Covered-Employee Payroll	45.98%	N/A	N/A

Source: City of Leesburg, Florida

Police Officers' Plan

	2015	2014	2013
Total Pension Liability			
Service cost	$ 583,726	$ 612,234	$ 568,199
Interest	1,401,184	1,299,397	1,219,007
Changes of Benefit Terms	390,863	-	-
Differences Between Expected and Actual Experience	(1,091,580)	-	-
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(1,098,375)	(822,819)	(765,084)
Net Change in Total Pension Liability	185,818	1,088,812	1,022,122
Total Pension Liability - Beginning	17,654,396	16,565,584	15,543,462
Total Pension Liability - Ending (a)	$ 17,840,214	$ 17,654,396	$ 16,565,584
Plan Fiduciary Net Position			
Contributions - Employer	$ 248,486	$ 371,964	$ 406,147
Contributions - State	168,105	160,225	155,997
Contributions - Employee	250,545	258,985	276,198
Net Investment Income	(211,259)	1,868,068	1,685,318
Benefit Payments, Including Refunds of Member Contributions	(1,098,375)	(822,819)	(765,084)
Administrative Expense	(46,291)	(43,005)	(31,140)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	(688,789)	1,793,418	1,727,436
Plan Fiduciary Net Position - Beginning	17,781,102	15,987,684	14,260,248
Plan Fiduciary Net Position - Ending (b)	$ 17,092,313	$ 17,781,102	$ 15,987,684
City's Net Pension Liability - Ending (a) - (b)	$ 747,901	$ (126,706)	$ 577,900
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.81%	100.72%	96.51%
Covered-Employee Payroll *	$ 3,476,535	$ 3,385,424	$ 3,610,429
City's Net Position Liability as a Percentage of the Covered-Employee Payroll	21.51%	-3.74%	16.01%

Notes to Schedule:

Changes of benefit terms:

For Fiscal Year 2015, amounts reported as changes of benefit terms were resulted from:
3.00% times Credited Service earned prior to May 27, 2003, plus
2.00% times Credited Service earned between May 27, 2003 and September 30, 2009, plus
2.5% times Credited Service earned between October 1, 2009 and September 30, 2015, plus
3.00% times Credited Service earned on and after October 1, 2015.

* For Fiscal Years 2013 and 2014, Covered Employee Payroll figures were based on Pensionable Salary.

Source: City of Leesburg, Florida

Firemens' Plan

	2015	2014	2013
Total Pension Liability			
Service Cost	$ 512,330	$ 542,778	$ 504,910
Interest	1,483,143	1,419,978	1,339,445
Share Plan Allocation	55,931	51,032	-
Differences Between Expected and Actual Experience	(267,086)	-	-
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(1,445,857)	(836,424)	(780,467)
Net Change in Total Pension Liability	338,461	1,177,364	1,063,888
Total Pension Liability - Beginning	19,985,840	18,808,476	17,744,588
Total Pension Liability - Ending (a)	$ 20,324,301	$ 19,985,840	$ 18,808,476
Plan Fiduciary Net Position			
Contributions - Employer	$ 609,819	$ 866,635	$ 827,920
Contributions - State	166,380	161,481	156,635
Contributions - Employee	178,693	190,151	187,674
Net Investment Income	(244,332)	1,362,537	1,792,048
Benefit Payments, Including Refunds of Member Contributions	(1,445,857)	(836,424)	(780,467)
Administrative Expense	(50,322)	(46,621)	(34,748)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	(785,619)	1,697,759	2,149,062
Plan Fiduciary Net Position - Beginning	17,027,525	15,329,766	13,180,704
Plan fFduciary Net Position - Ending (b)	$ 16,241,906	$ 17,027,525	$ 15,329,766
City's Net Pension Liability - Ending (a) - (b)	$ 4,082,395	$ 2,958,315	$ 3,478,710
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.91%	85.20%	81.50%
Covered-Employee Payroll*	$ 2,901,491	$ 2,925,402	$ 2,887,291
City's Net Position Liability as a Percentage of the Covered-Employee Payroll	140.70%	101.13%	120.48%

Notes to Schedule:
Changes of benefit terms:
For Fiscal Year 2015, amounts reported as changes of benefit terms were resulted from:
3.00% times Credited Service earned prior to May 27, 2003, plus
2.00% times Credited Service earned between May 27, 2003 and September 30, 2009, plus
2.5% times Credited Service earned between October 1, 2009 and September 30, 2015, plus
3.00% times Credited Service earned on and after October 1, 2015.
* For Fiscal Years 2013 and 2014, Covered Employee Payroll figures were based on Pensionable Salary.
Source: City of Leesburg, Florida

See Note 12 to the audited basic financial statements of the City and Required Supplementing Information, each included in APPENDIX B hereto for a summary of the actuarial methods and assumptions and additional information on the GERP, MPRP and MFRP.

Other Post-Employment Benefits

The City also provides postretirement healthcare benefits ("OPEB") for retirees with at least 15 years of continuous service. Employees retiring before age fifty-five may remain in the City's OPEB plan and pay all premium costs. Employees who retire between the ages of fifty-five and fifty-eight and continue health coverage will become eligible for employer subsidized premiums at age fifty-eight. Employees retiring on or after attaining age fifty-eight with at least fifteen years of services remain in the plan with all employee premiums paid by the City up to a maximum of $400 per month with the retiree paying the cost of the premium over such amount. This

explicit subsidy is available only for retiree coverage and is not available in whole or in part as an explicit subsidy for spouse or dependent coverage.

The City is required by Section 112.0801, Florida Statutes to charge active and retired employees the same premium for OPEB. Because the true cost of health insurance provided to retired employees is generally significantly higher than that for active employees, the City, as required by Florida law, is providing an indirect subsidy to the retired employees.

Like most governments, the City historically funded the OPEB plan on a pay-as-you-go basis as a current operating expense, and reflects the expense on its financial statements in the Fiscal Year in which payments are made. However, effective for the Fiscal Year Ended September 30, 2010, the City implemented Statement No. 45, Accounting and Reporting for Post-Employment Benefits Other than Pensions ("GASB 45"). Under GASB 45, certain local governments who provide other post-employment benefits, which include retiree health insurance, are required to show all or a portion of the liabilities associated with their OPEB plans on their financial statements and whether, and to what extent, progress is being made in funding those liabilities. GASB 45 does not require that the annual required contribution as determined by the plans actuary, be paid or that the plan be fully or partially funded, only that the government account for its unfunded actuarial accrued liability and its compliance in paying its annual required contribution.

A portion of the OPEB plan liabilities are allocable to the Gas System, Water System, and Sewer System. The Unfunded Actuarial Accrued Liability of the OPEB plan attributable to the Gas System, Water System, and Sewer System as of September 30, 2015 is $498,272, $710,774 and $1,056,672 respectively.

The City has not established a separate trust fund through which benefits under the OPEB Plan are paid and has not currently accumulated or earmarked any funds for this purpose. All approved benefits are paid from the City's legally available funds when due. The historical Actuarial Accrued Liability, the funded ratio and the Unfunded Actuarial Accrued Liability ("UAAL") as a percentage of payroll are as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Payroll
10/1/2014	$ -	$27,749,667	$27,749,667	0.0%	$21,105,249	131.5%
10/1/2013	$ -	$22,309,715	$22,309,715	0.0%	$16,755,182	133.2%
10/1/2012	$ -	$21,719,437	$21,719,437	0.0%	$16,755,182	129.6%
10/1/2011	$ -	$26,411,922	$26,411,922	0.0%	$18,187,292	145.2%

Source: City of Leesburg, Florida

The following table shows the schedule of City contributions for the OPEB plan. The Annual OPEB Cost is the amount that was expensed for the fiscal year. Since the City's OPEB plan is currently unfunded, the offset to that expense comes from subsidies paid on behalf of the current retirees and their dependents for the current year. This offset is called the Employer Contribution, and equals the total age-adjusted premiums paid by the City for coverage for the retirees and their dependents for the year (net of the retiree's own payments for the year). The cumulative difference between the Annual OPEB Cost for the year and the Employer Contribution for the year is called the Net OPEB Obligation. The numbers shown below do not reflect a decision by the City to fund the OPEB plan. Therefore, the contributions made to the OPEB plan are assumed to be the benefits paid to retirees (both on an explicit and implicit basis) and administrative expenses.

Annual Required Contribution (ARC)	$2,578,652
Interest on Net OPEB Obligation (NOO)	489,807
Adjustment to ARC	(764,334)
Annual OPEB Cost	$2,304,125
Employer Contributions Made	(1,217,416)
Increase (Decrease) in NOO	$1,086,709
Net OPEB Obligation, Beginning of Year	12,245,168
Net OPEB Obligation, End of Year	$13,331,877

Source: City of Leesburg, Florida

See Note 14 to the audited basic financial statements of the City attached as APPENDIX B hereto for a summary of the actuarial methods and assumptions and other information related to the OPEB plan.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information on the City of Leesburg's pension and OPEB plan, including actuarial assumptions, can be found in Notes 12 and 14 in the notes to the City's audited financial statements, attached as APPENDIX B hereto.

TAX MATTERS

General

The Code establishes certain requirements which must be met subsequent to the issuance of the Series 2016 Bonds in order that interest on the Series 2016 Bonds be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the Series 2016 Bonds to be included in federal gross income retroactive to the date of issuance of the Series 2016 Bonds, regardless of the date on which such non-compliance occurs or is ascertained. These requirements include, but are not limited to, provisions which prescribe yield and other limits within which the proceeds of the Series 2016 Bonds and the other amounts are to be invested and require that certain investment earnings on the foregoing must be rebated on a periodic basis to the Treasury Department of the United States. The City has covenanted in the Bond Resolution with respect to the Series 2016 Bonds to comply with such requirements in order to maintain the exclusion from federal gross income of the interest on the Series 2016 Bonds.

In the opinion of Bond Counsel, assuming compliance with certain covenants and the accuracy of certain representations, under existing laws, regulations, judicial decisions and published rulings, interest on the Series 2016 Bonds is, under Section 103 of the Code excludable from gross income for purposes of federal income taxation. Interest on the Series 2016 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporations; however, interest on the Series 2016 Bonds will be included in adjusted current earnings when calculating the federal alternative minimum taxable income of a corporation.

Except as described above, Bond Counsel will express no opinion regarding other federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of Series 2016 Bonds.

As to questions of fact material to the opinion of Bond Counsel, Bond Counsel will rely upon representations and covenants made on behalf of the City, certificates of appropriate officers and certificates of public officials (including certifications as to the use of proceeds of the Series 2016 Bonds and of the property financed or refinanced thereby), without undertaking to verify the same by independent investigation.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2016 BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE BONDHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE BONDHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Other Tax Matters

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2016 Bonds. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Series 2016 Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Series 2016 Bonds and their market value. No assurance can be given that legislative proposals will not be enacted that would apply to, or have an adverse effect upon, the Series 2016 Bonds. For example, in connection with federal deficit reduction, job creation and tax law reform efforts, proposals have been and others are likely to be made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Series 2016 Bonds. There can be no assurance that any such legislation or proposal will be enacted, and if enacted, what form it may take. The introduction or enactment of any such legislative proposals may affect, perhaps significantly, the market price for, or marketability of, the Series 2016 Bonds.

Prospective purchasers of the Series 2016 Bonds should consult their own tax advisors as to the tax consequences of owning the Series 2016 Bonds in their particular state or local jurisdiction and regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Tax Treatment of Original Issue Discount

Under the Code, the difference between the maturity amount of the Series 2016 Bonds maturing on October 1, 20___ (collectively, the "Discount Bonds"), and the first price at which a substantial amount of such maturity is sold to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers, was sold is "original issue discount." Original issue discount will accrue daily over the term of the Discount Bonds at a constant interest rate compounded periodically. A purchaser who acquires the Discount Bonds in the initial offering at a price equal to the initial offering price thereof to the public will be treated as receiving an amount of interest excludable from gross income for federal income tax purposes equal to the original issue discount accruing during the period he or she holds the Discount Bonds, and will increase his or her adjusted basis in the Discount Bonds by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or disposition of the Discount Bonds. The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of the Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those above. Bondholders of the Discount Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, redemption or other disposition of the Discount Bonds and with respect to the state and local tax consequences of owning and disposing of the Discount Bonds.

Tax Treatment of Bond Premium

The difference between the principal amount of the Series 2016 Bonds maturing on October 1, 20___ (collectively, the "Premium Bonds"), and the purchase price was sold constitutes amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each of the Premium Bonds, which ends on the earlier of the maturity or call date for each of the Premium Bonds which minimizes the yield on such Premium Bonds to the purchaser. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various tax consequences of owning such Premium Bonds.

Bondholders of the Premium Bonds are advised that they should consult with their own tax advisors with respect to the state and local tax consequences of owning such Premium Bonds.

ADDITIONAL FINANCING

The City is currently planning to issue its Electric System Refunding Revenue Bonds, Series 2016 (the "Electric Bonds") to refinance certain outstanding bonds of the City's Electric System during calendar year 2016. The Electric Bonds do not have a lien on the Pledged Revenues.

FINANCIAL STATEMENTS

The financial statements of the City as of September 30, 2015 for the Fiscal Year then ended included as APPENDIX B to this Official Statement, have been audited by Moore Stephens Lovelace, P.A. (the "Independent Auditors"), independent auditors, as stated in their report appearing therein.

Such financial statements, including the auditor's report, have been included in this Official Statement as public documents and consent from the Independent Auditors was not requested. The Independent Auditors have not been engaged to perform and have not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Independent Auditors also have not performed any procedures relating to this Official Statement.

RATINGS

[The City has received ratings on the Series 2016 Bonds of "_____" and "_____" from Moody's Investors Services, Inc. ("Moody's") and Fitch Ratings ("Fitch"), respectively.]

Generally, the rating agencies base their ratings on information and material so furnished and on investigations, studies and assumptions made by them. The ratings reflect only the views of the rating agency and an explanation of the significance of such rating may be obtained from them. No assurance can be given that the rating will be maintained for any given period of time or that the rating may not be revised downward or withdrawn entirely by the rating agencies, if, in their judgment, circumstances warrant. Any such downward change in or withdrawal of the rating may have an adverse effect on the market price of the Series 2016 Bonds. Securities rating is not a recommendation to buy, sell or hold securities. The Underwriters and the City have undertaken no responsibility after issuance of the Series 2016 Bonds to assure the maintenance of the rating or to oppose any such revision or withdrawal.

UNDERWRITING

The Series 2016 Bonds are being purchased by RBC Capital Markets, LLC and Stifel, Nicolaus & Company, Incorporated (collectively, the "Underwriters") at an aggregate purchase price of $_____ (which represents the $_____ principal amount of the Series 2016 Bonds, less an Underwriters' discount of $_____ and plus/less net original issue premium/discount of $_____). The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all of the Series 2016 Bonds if any Series 2016 Bonds are purchased. The Series 2016 Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2016 Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the City. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the City.

CONTINUING DISCLOSURE

The City will agree, pursuant to a Disclosure Dissemination Agent Agreement, a proposed form of which is included as APPENDIX E hereto (the "Disclosure Agreement") in accordance with the provisions of Rule 15c2-12 (the "Rule"), as promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, in effect from time to time and applicable to the Series 2016 Bonds, to provide or cause to be provided, to the Electronic Municipal Market Access ("EMMA") system operated by the Municipal Securities Rule Making Board (a) on or before June 30 of each year for the Fiscal Year ending September 30 of the preceding calendar year, beginning June 30, 2017, certain financial information and operating data relating to the City and the System and to provide notices of the occurrence of certain enumerated events.

The specific nature of the financial information, operating data, and of the type of events which trigger a disclosure obligation, and other details of the undertaking are described in "APPENDIX E – FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT" attached hereto. The Disclosure Agreement shall be executed by the City in connection with the issuance of the Series 2016 Bonds. The covenants in the Disclosure Agreement have been made in order to assist the Underwriters in complying with the continuing disclosure requirements of the Rule.

The City will reserve the right to terminate its obligation to provide annual financial information and notices of certain events if and when the City no longer remains an obligated person with respect to the Series 2016 Bonds within the meaning of the Rule.

The City agrees that its undertaking pursuant to the Rule described in the Disclosure Agreement is intended to be for the benefit of the Holders and beneficial owners of the Series 2016 Bonds and shall be enforceable by such Holders and beneficial owners; provided that the right to enforce the provisions of this undertaking shall be limited to a right to seek mandamus or specific performance to cause the City to comply with its obligations. Any failure by the City to comply with the provisions of the undertaking shall not be an event of default with respect to the Series 2016 Bonds under the Bond Resolution. With respect to the Series 2016 Bonds, no party other than the City is obligated to provide, nor is expected to provide, any continuing disclosure information.

The undertakings described above may be amended or modified from time to time in accordance with the terms of the Disclosure Dissemination Agent Agreement. See "APPENDIX E — FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT."

The City has appointed Digital Assurance Certification, L.L.C. as initial Disclosure Dissemination Agent (the "Disclosure Dissemination Agent") under the Disclosure Agreement. The Disclosure Dissemination Agent has only the duties specifically set forth in the Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described in the Disclosure Agreement is limited to the extent the City has provided such information to the Disclosure Dissemination Agent as required by the Disclosure Agreement. The Disclosure Dissemination Agent has no duty with respect to the contents of any disclosures or notice made pursuant to the terms of the Disclosure Agreement. The Disclosure Dissemination Agent has no duty or obligation to review or verify any information in the Annual Report, Audited Financial Statements, notice of Notice Event, or Voluntary Report (as such terms are defined in the Disclosure Dissemination Agent Agreement) or any other information, disclosures, or notices provided to it by the City and shall not be deemed to be acting in any fiduciary capacity for the City, the Holders of the Series 2016 Bonds or any other party. The Disclosure Dissemination Agent has no responsibility for the City's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the City has complied with the Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the City at all times.

The City in the past five years, has not failed to comply in all material respects with its continuing disclosure undertakings.

LEGAL MATTERS

Certain legal matters incident to the validity of the Series 2016 Bonds including their authorization, issuance and sale by the City, are subject to the unqualified approving legal opinion of Akerman LLP, Orlando, Florida, in its capacity as Bond Counsel. Certain legal matters will be passed upon for the City by McLin &

Burnsed, P.A., Leesburg, Florida, in its capacity as City Counsel, and by Holland & Knight LLP, Lakeland, Florida, in its capacity as Disclosure Counsel and by Greenberg Traurig, P.A., in its capacity as counsel to the Underwriters. The form of Bond Counsel's opinion appears as APPENDIX D to this Official Statement.

Bond Counsel has not been engaged to, nor has it undertaken to, review the accuracy, completeness or sufficiency of the Official Statement or any other offering material relating to the Series 2016 Bonds; provided, however, that Bond Counsel will render an opinion to the City and the Underwriters (upon which only the City and the Underwriters may rely) relating to the accuracy of statements contained herein under the heading "TAX MATTERS" and certain summaries of the Bond Resolution and the Series 2016 Bonds contained herein. Except as expressly provided in such opinions, Bond Counsel will express no opinion as to the accuracy, completeness or fairness of any statements in this Official Statement, or in any other reports, financial information, offering or disclosure documents or other information pertaining to the City, the Utility System or the Series 2016 Bonds that may be prepared or made available by the City, the Underwriters or others to the holders of the Series 2016 Bonds or other parties.

The opinions delivered by counsel are based on existing law, which is subject to change. Such opinions are further based on factual representations made to such counsel as of the date thereof. Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances, including changes in law, that may thereafter occur or become effective.

The legal opinions to be delivered concurrently with the delivery of the Series 2016 Bonds express the professional judgment of the attorneys rendering the opinions regarding the legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

LITIGATION

In the view of City's Counsel, McLin & Burnsed, P.A., there is no pending or, to the knowledge of the City's Counsel, any threatened litigation against the City of any nature whatsoever which in any way questions or affects the validity of the Series 2016 Bonds or any proceedings or transactions relating to the issuance, sale, execution, or delivery of the Series 2016 Bonds, or the adoption of the Bond Resolution, or the pledge of the Pledged Revenues. Neither the creation, organization or existence, nor the title of the present members of the City Commission, or other officers of the City is being contested.

The City experiences routine litigation and claims incidental to the conduct of its affairs. The City carries insurance for most of these exposures, and many pending claims are defended by and, if necessary, are anticipated to be paid by the insurance carriers less the applicable insurance deductible amounts.

VERIFICATION OF ARITHMETICAL COMPUTATIONS

The accuracy of (a) the arithmetical computations of the adequacy of the maturing principal and interest earned on the investments in the Escrow Fund, together with initial cash balances, to pay when due or upon earlier redemption, the principal of and interest on the Refunded Bonds, and (b) the arithmetical computations supporting the conclusion that the Series 2016 Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, have been verified by the Verification Agent.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Florida law requires the City to make a full and fair disclosure of any bonds or other debt obligations which it has issued or guaranteed and which are or have been in default as to principal or interest at any time after December 31, 1975, as provided by rule of the Florida Department of Financial Services (the "Department of Financial Services"). Pursuant to Rule 69W-400.003, Florida Administrative Code, the Department of Financial Services has required that such disclosure include information concerning the dates, amounts and types of defaults, any legal proceedings resulting from such defaults, whether a trustee or receiver has been appointed over the assets of the City, and certain additional financial information, unless the City believes in good faith that such information would not be considered material by a reasonable investor. The City is not and has not, since December 31, 1975,

been in default as to principal of and interest on bonds or other debt obligations to which revenues of the City are pledged.

Although the City has is not aware of any payment defaults with respect to bonds or other debt obligations as to which it has served only as a conduit issuer, it has not undertaken an independent review or investigation of such bonds or other debt obligations for which it served only as a conduit issuer. To the extent any of such bonds or other debt obligations are in default as to principal and/or interest, the obligation of the City thereunder is limited solely to payment from funds received by the party on whose behalf such bonds or other debt obligations were issued, and the City is not obligated to pay the principal of or interest on such bonds or other debt obligations from any funds of the City. The City in good faith believes the disclosure of such defaults or investigations would not be considered material by a reasonable investor in the Series 2016 Bonds.

FORWARD LOOKING STATEMENTS

This Official Statement contains certain "forward-looking statements" concerning the City's operations, performance and financial condition, including its future economic performance, plans and objectives and the likelihood of success in developing and expanding. These statements are based upon a number of assumptions and estimates which are subject to significant uncertainties, many of which are beyond the control of the City. The words "may," "would," "could," "will," "expect," "anticipate," "believe," "intend," "plan," "estimate" and similar expressions are meant to identify these forward-looking statements. Actual results may differ materially from those expressed or implied by these forward-looking statements.

FINANCIAL ADVISOR

Public Financial Management, Inc., Orlando, Florida, serves as financial advisor (the "Financial Advisor") to the City and, in that capacity, has provided advice in connection with the planning, structuring and issuance of the Series 2016 Bonds. The Financial Advisor will not engage in any underwriting activities with regard to the issuance and sale of the Series 2016 Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement and is not obligated to review or ensure compliance with the undertaking by the City to provide continuing secondary market disclosure.

INVESTMENT POLICY

The City has adopted a written investment policy which satisfies Florida law. The City's investment policy applies to all the investment activity of the City except for pension funds and trust funds. The Bond Resolution governs the investment of moneys on deposit in the funds and accounts credited in the Bond Resolution. See "SOURCES OF AND SECURITY FOR PAYMENT OF THE SERIES 2016 BONDS – Investment of Funds" herein.

The City's current investment policy includes a list of authorized investments with maturity and portfolio limitations. The City's investment policy does not permit investment in any derivative or reverse repurchase agreements except with specific direction and oversight of a financial advisor authorized by the City Commission. The foremost objective of the City's investment policy is safety of principal with a second priority of liquidity and a third priority of attaining a market rate of return. The City's Finance Director or his designated representative is the City's investment officer responsible for investment decisions and activities.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Series 2016 Bonds upon an event of default under the Bond Resolution and any policy of insurance referred to herein are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the federal bankruptcy code, the remedies specified in the Bond Resolution, the Series 2016 Bonds and any policy of insurance referred to herein may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2016 Bonds (including Bond Counsel's approving opinion) will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery.

CONTINGENT FEES

The City has retained Bond Counsel, Disclosure Counsel and the Financial Advisor with respect to the authorization, sale, execution and delivery of the Series 2016 Bonds. Payment of all or a portion of the fees of such professionals relating to the issuance of the Series 2016 Bonds and a discount to the Underwriters (which includes the fees of Underwriters' Counsel) are each contingent upon the issuance of the Series 2016 Bonds.

ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT

The references, excerpts, and summaries of all documents, statutes, and information concerning the City and certain reports and statistical data referred to herein do not purport to be complete, comprehensive and definitive and each such summary and reference is qualified in its entirety by reference to each such document for full and complete statements of all matters of fact relating to the Series 2016 Bonds, the security for the payment of the Series 2016 Bonds and the rights and obligations of the owners thereof and to each such statute, report or instrument.

The information contained in this Official Statement has been compiled from official and other sources believed by the City to be reliable and, while not guaranteed as to completeness or accuracy, is believed to be correct as of this date.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Series 2016 Bonds. This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the City from the date hereof.

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

AUTHORIZATION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement has been duly authorized and approved by the City Commission. At the time of delivery of the Series 2016 Bonds, an official of the City will furnish a certificate to the effect that nothing has come to his or her attention which would lead that person to believe that the Official Statement (other than information herein related to the DTC or its book-entry only system of registration or the information provided by the Underwriters under the section captioned "UNDERWRITING" as to which no certification shall be expressed), as of its date and as of the date of delivery of the Series 2016 Bonds, contains an untrue statement of a material fact or omits to state a material fact which should be included therein for the purposes for which the Official Statement is intended to be used, or which is necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

CITY OF LEESBURG, FLORIDA

By:_____
Mayor

By:_____
City Manager

By:_____
Finance Director

APPENDIX A
GENERAL INFORMATION PERTAINING TO THE CITY OF LEESBURG

APPENDIX B
AUDITED FINANCIAL STATEMENTS OF THE CITY OF LEESBURG
FOR YEAR ENDED SEPTEMBER 30, 2015

APPENDIX C
COPY OF MASTER RESOLUTION
AND AMENDATORY RESOLUTIONS

APPENDIX D
FORM OF BOND COUNSEL OPINION

APPENDIX E
FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

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16268-___
Leesburg Utility OS

DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), dated as of _____, 2016, is executed and delivered by the City of Leesburg, Florida (the "Issuer") and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the "Disclosure Dissemination Agent" or "DAC") for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer through use of the DAC system and do not constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). DAC will not provide any advice or recommendation to the Issuer or anyone on the Issuer's behalf regarding the "issuance of municipal securities" or any "municipal financial product" as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

"Annual Filing Date" means the date, set in Sections 2(a) and 2(f), by which the Annual Report is to be filed with the MSRB.

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

"Annual Report" means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

"Audited Financial Statements" means the financial statements (if any) of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

"Bonds" means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

"Certification" means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is such item required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

"Disclosure Dissemination Agent" means Digital Assurance Certification, L.L.C., acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

"Disclosure Representative" means the Finance Director, the senior member of the Issuer or his or her designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

"Failure to File Event" means the Issuer's failure to file an Annual Report on or before the Annual Filing Date.

"Force Majeure Event" means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent's reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

"Holder" means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

"Information" means, collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or such other system as permitted under the Rule (the "EMMA System").

"Notice Event" means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

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

"Official Statement" means that Official Statement prepared by the Issuer in connection with the Bonds, as listed on Exhibit A.

"Voluntary Event Disclosure" means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

"Voluntary Financial Disclosure" means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, not later than two business days prior to the Annual Filing Date defined below. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the EMMA System not later than June 30 of each fiscal year of the Issuer, commencing June 30, 2017. Such date and each anniversary thereof is the "Annual Filing Date." The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Failure to File Event is expected to occur and on the Annual Filing Date to send a notice to the EMMA System in substantially the form attached as Exhibit B, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the EMMA System in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination

Agent, accompanied by a Certification, together with a copy for the Trustee, for filing with the EMMA System.

(e) The Disclosure Dissemination Agent shall:

(i) verify the filing specifications of the EMMA System each year prior to the Annual Filing Date;

(ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) with the EMMA System;

(iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the EMMA System;

(iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the EMMA System, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:

1. "Principal and interest payment delinquencies;"

2. "Non-Payment related defaults, if material;"

3. "Unscheduled draws on debt service reserves reflecting financial difficulties;"

4. "Unscheduled draws on credit enhancements reflecting financial difficulties;"

5. "Substitution of credit or liquidity providers, or their failure to perform;"

6. "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"

7. "Modifications to rights of securities holders, if material;"

8. "Bond calls, if material, and tender offers;"

9. "Defeasances;"

10. "Release, substitution, or sale of property securing repayment of the securities, if material;"

11. "Rating changes;"

12. "Bankruptcy, insolvency, receivership or similar event of the obligated person;"

13. The consummation of a "merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all

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

14. "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"

(v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the EMMA System, identifying the filing as "Failure to provide annual financial information as required" when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

(vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the EMMA System, identifying the Voluntary Event Disclosure as instructed by the Issuer pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. "amendment to continuing disclosure undertaking;"

2. "change in obligated person;"

3. "notice to investors pursuant to bond documents;"

4. "certain communications from the Internal Revenue Service;"

5. "secondary market purchases;"

6. "bid for auction rate or other securities;"

7. "capital or other financing plan;"

8. "litigation/enforcement action;"

9. "change of tender agent, remarketing agent, or other on-going party;"

10. "derivative or other similar transaction;" and

11. "other event-based disclosures;"

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the EMMA System, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. "additional financial information;"

2. "change in fiscal year/timing of annual disclosure;"

3. "change in accounting standard;"

4. "additional operating data;"

5. "budget;"

6. "investment/debt/financial policy;"

7. "information provided to rating agency, credit/liquidity provider or other third party;"

8. "consultant reports;" and

9. "other financial/operating data."

(viii) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the EMMA System, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the EMMA System pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the EMMA System no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the EMMA System if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including the information provided in the Official Statement under the headings: (i) "RATES" regarding existing rates and charges of the Water System, Sewer System and Gas System (which may be disclosed by attachment of the applicable rate ordinances and/or resolutions), (B) "RATES - Ten Largest Customers," and (C) "HISTORICAL OPERATING RESULTS AND DEBT SERVICE COVERAGE."

(b) Audited Financial Statements prepared in accordance with generally accepted accounting principles recommended from time to time by the Governmental Accounting Standards Board and in accordance with Florida law OR alternate accounting principles ("GAAP") as described in the Official Statement will be included in the Annual

Report. If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Issuer is an "obligated person" (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the EMMA System. These requirements may be met by filing a confirmed bond report or the Issuer's Comprehensive Annual Financial Report, provided, such report includes all of the required information and is available by the Annual Filing Date. If the document incorporated by reference is a final official statement, it must be available from the EMMA System. The Issuer will clearly identify each such document so incorporated by reference.

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

Any Annual Financial Information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of Bond holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the Bonds, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Issuer shall, in a timely manner not in excess of ten (10) business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the

Disclosure Representative will within two (2) business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Issuer determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with EMMA System in accordance with Section 2 (e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, Notice Event notices, Failure to File Event notices, Voluntary Event Disclosures and Voluntary Financial Disclosures, the Issuer shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates and all other identifying information as prescribed by the EMMA System.

SECTION 6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the EMMA System from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the EMMA

System in accordance with Section 2(e)(vi) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the EMMA System from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the EMMA System in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) THE PARTIES HERETO ACKNOWLEDGE THAT THE ISSUER IS NOT OBLIGATED PURSUANT TO THE TERMS OF THIS DISCLOSURE AGREEMENT TO FILE ANY VOLUNTARY EVENT DISCLOSURE PURSUANT TO SECTION 7(A) HEREOF OR ANY VOLUNTARY FINANCIAL DISCLOSURE PURSUANT TO SECTION 7(B) HEREOF.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon thirty days written notice to the Disclosure Dissemination Agent, replace or appoint a successor Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Issuer. Upon termination of DAC's services as Disclosure Dissemination Agent,

whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the EMMA System under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this

Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Issuer or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Obligated Persons. If any person other than the Issuer becomes an Obligated Person (as defined in the Rule) relating to the Series 2016 Bonds, the Issuer shall use its best efforts to require such Obligated Person to comply with all provisions of the Rule applicable to such Obligated Person.

SECTION 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Disclosure Dissemination Agent and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 15. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida (other than with respect to conflicts of laws).

SECTION 16. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

The Disclosure Dissemination Agent and the Issuer have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

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

By:_____
Name:_____
Title:_____

CITY OF LEESBURG, FLORIDA,
as Issuer

By:_____
Name:_____
Title:_____

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer	**City of Leesburg, Florida**
Obligated Person(s)	_____
Name of Bond Issue:	City of Leesburg, Florida Utility System Refunding Revenue Bonds, Series 2016
Date of Issuance:	_____
Date of Official Statement	_____

CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
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CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Issuer:	City of Leesburg, Florida
Obligated Person:	_____
Name(s) of Bond Issue(s):	City of Leesburg, Florida Utility System Refunding Revenue Bonds, Series 2016
Date(s) of Issuance:	_____
Date(s) of Disclosure Agreement:	_____
CUSIP Number:	_____

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

Dated: _____

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

_____

cc: City of Leesburg, Florida

EXHIBIT C-1
EVENT NOTICE COVER SHEET

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

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

City of Leesburg, Florida

Issuer's Six-Digit CUSIP Number:

_____

_____

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

_____

Number of pages attached: _____

____ Description of Notice Events (Check One):

1._____"Principal and interest payment delinquencies;"
2._____"Non-Payment related defaults, if material;"
3._____"Unscheduled draws on debt service reserves reflecting financial difficulties;"
4._____"Unscheduled draws on credit enhancements reflecting financial difficulties;"
5._____"Substitution of credit or liquidity providers, or their failure to perform;"
6._____"Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7._____"Modifications to rights of securities holders, if material;"
8._____"Bond calls, if material, and tender offers;"
9._____"Defeasances;"
10._____"Release, substitution, or sale of property securing repayment of the securities, if material;"
11._____"Rating changes;"
12._____"Bankruptcy, insolvency, receivership or similar event of the obligated person;"
13._____"Merger, consolidation, or acquisition of the obligated person, if material;" and
14._____"Appointment of a successor or additional trustee, or the change of name of a trustee, if material."

____ Failure to provide annual financial information as required.

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

Signature:

_____

Name: _____Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date: _____

EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary event disclosure" will be sent to the EMMA System, pursuant to the Disclosure Dissemination Agent Agreement dated as of _____ between the Issuer and DAC.

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

City of Leesburg, Florida

Issuer's Six-Digit CUSIP Number:

_____

_____

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

_____

Number of pages attached: _____

____ Description of Voluntary Event Disclosure (Check One):

1._____"amendment to continuing disclosure undertaking;"
2._____"change in obligated person;"
3._____"notice to investors pursuant to bond documents;"
4._____"certain communications from the Internal Revenue Service;"
5._____"secondary market purchases;"
6._____"bid for auction rate or other securities;"
7._____"capital or other financing plan;"
8._____"litigation/enforcement action;"
9._____"change of tender agent, remarketing agent, or other on-going party;"
10._____"derivative or other similar transaction;" and
11._____"other event-based disclosures."

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

Signature:

_____

Name: _____Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date: _____

EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary financial disclosure" will be sent to the EMMA System, pursuant to the Disclosure Dissemination Agent Agreement dated as of _____ between the Issuer and DAC.

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

City of Leesburg, Florida

Issuer's Six-Digit CUSIP Number:

_____

_____

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

_____

Number of pages attached: _____

____ Description of Voluntary Financial Disclosure (Check One):

1._____"additional financial information;"
2._____"change in fiscal year/timing of annual disclosure;"
3._____"change in accounting standard;"
4._____"additional operating data;"
5._____"budget;"
6._____"investment/debt/financial policy;"
7._____"information provided to rating agency, credit/liquidity provider or other third party;"
8._____"consultant reports;" and
9._____"other financial/operating data."

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

Signature:

_____

Name: _____Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date: _____

#39295481_v3

ESCROW DEPOSIT AGREEMENT

ESCROW DEPOSIT AGREEMENT, dated as of June ____, 2016, by and between **CITY OF LEESBURG, FLORIDA**, a duly constituted and existing municipal corporation of the State of Florida (the "City"), and **U.S. BANK NATIONAL ASSOCIATION** (the "Escrow Agent"), a national banking association organized and existing under the laws of the United States of America, as Escrow Agent hereunder.

WHEREAS, the City issued on August 15, 2007 its Utility System Revenue Bonds, Series 2007A (the "2007A Bonds") pursuant to City Resolution No. 7143 as amended and supplemented (collectively, the "Refunded Bonds Resolution"); and

WHEREAS, City Resolution No. 7143 provides that the 2007A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in such resolution upon compliance by the City with the provisions of Article XIV thereof, which provisions the City hereby represents have not been amended or supplemented; and

WHEREAS, the City has determined to issue, pursuant to City Resolution No. 7143 and City Resolutions No. ____ and No. _____ adopted by the City on May 9, 2016, its $_____ aggregate principal amount of Utility System Refunding Revenue Bonds, Series 2016 (the "2016 Bonds") for the principal purpose of defeasing all of the outstanding 2007A Bonds (the "Refunded Bonds"); and

WHEREAS, a portion of the proceeds of the 2016 Bonds will be used to buy Defeasance Obligations (as defined in Resolution No. 7143) in order to provide, together with the uninvested amounts in the Escrow Fund, payment for the Refunded Bonds and to discharge and satisfy the covenants, agreements and other obligations of the City under the Refunded Bonds Resolution in regard to such Refunded Bonds; and

WHEREAS, the issuance of the 2016 Bonds, the purchase by the Escrow Agent of the hereinafter defined Escrow Securities from the proceeds thereof, the deposit of such Escrow Securities and cash into the Escrow Fund to be held by the Escrow Agent and the discharge and satisfaction of the covenants, agreements and other obligations of the City under the Refunded Bonds Resolution in regard to the Refunded Bonds shall occur as a simultaneous transaction; and

WHEREAS, this Agreement is intended to effectuate such simultaneous transaction;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. The recitals stated above are true and correct and incorporated herein.

2. Receipt of true and correct copies of the above-mentioned Refunded Bonds Resolution is hereby acknowledged by the Escrow Agent. The applicable and necessary provisions of the Refunded Bonds Resolution, in particular Article XIV thereof are incorporated herein by reference. The Escrow Agent also acknowledges receipt of the verification report of _____ dated June ___, 2016 (the "Verification Report"). Reference herein to or citation herein of any provisions of the Refunded Bonds Resolution or the Verification Report shall be

deemed to incorporate the same as a part hereof in the same manner and with the same effect as if the same were fully set forth herein.

3. In accordance with the Refunded Bonds Resolution, the City by this agreement exercises the option to have the covenants, agreements and other obligations of the City to the holders of the Refunded Bonds discharged and satisfied.

4. There is hereby created and established with the Escrow Agent a special, segregated and irrevocable escrow fund designated the "The City of Leesburg Utility System 2007A Escrow Deposit Fund" (the "Escrow Fund"), which Escrow Fund is to be held in the custody of the Escrow Agent as a fund solely for the benefit of the holders of the Refunded Bonds as provided more specifically below, separate and apart from other funds of the City and the Escrow Agent. The Escrow Agent hereby accepts the Escrow Fund and acknowledges the receipt of and deposit therein of the sum of $_____ in immediately available funds received by the City from the sale and delivery of the 2016 Bonds and certain other legally available City moneys, which amounts the City directs the Escrow Agent to apply as provided herein (the "Escrow Proceeds").

5. The Escrow Agent represents and acknowledges that, concurrently with the deposit of the Escrow Proceeds, it has used $_____ of such Escrow Proceeds to purchase on behalf of and for the account of the City, the securities in the aggregate principal or par amount described in **Schedule "A"** hereto (the "Escrow Securities"), and the Escrow Agent will deposit such obligations to the Escrow Fund. The Escrow Agent has retained $____ of the Escrow Proceeds as uninvested cash to be applied to pay the difference between the principal amount and interest on maturing Escrow Securities and the debt service on the Refunded Bonds as reflected on **Schedule "B"**.

6. In reliance upon the Verification Report, the City represents and warrants that the principal amounts of the Escrow Securities together with the interest earnings thereon (without consideration of any reinvestment of such maturing principal and interest), are sufficient together with the uninvested cash available to the Escrow Agent in the Escrow Fund to pay the amounts of principal of, and interest due and to become due on the Refunded Bonds as described in **Schedule "B"** attached hereto. If the Escrow Securities shall be insufficient to make such payments, the City shall timely deposit in the Escrow Fund, solely from legally available funds of the City, such additional amounts as may be required to pay the Refunded Bonds as described in **Schedule "B"** hereto. Notice of any insufficiency shall be given by the Escrow Agent to the City as promptly as possible, but the Escrow Agent shall in no manner be responsible for the City's failure to make such deposits.

7. The deposit of the Escrow Securities and cash in the Escrow Fund shall constitute an irrevocable deposit of Defeasance Obligations (as defined in the Refunded Bonds Resolution) and cash in irrevocable trust with the Escrow Agent solely for the payment of the principal and interest on the Refunded Bonds at such time and in such amount as set forth in **Schedule "B"** hereto, and subject to the provisions of Section 9 hereof, the principal of and interest earnings on such Escrow Securities shall be used solely for such purposes.

8. The City hereby directs, and the Escrow Agent hereby agrees, that it will undertake the timely transfer of money to the Paying Agent for the Refunded Bonds or any successors or assigns thereto (collectively, the "Refunded Bonds Paying Agent") in accordance with **Schedule "B"** attached hereto, in order to effectuate this Agreement and to pay the Refunded Bonds in the amount and at the time provided in said **Schedule "B."** The liability of the Escrow Agent to make such transfer for the payment of the principal of and interest on the Refunded Bonds pursuant to this Agreement shall be limited to the application of the Escrow Securities and the interest earnings thereon and uninvested cash for such purposes.

9. Money deposited in the Escrow Fund shall be invested only in the Escrow Securities listed in **Schedule "A"** hereto, and, except as provided in this section, neither the City nor the Escrow Agent shall otherwise invest or reinvest any money in the Escrow Fund.

The Escrow Agent may not sell or otherwise dispose of any or all of the Escrow Securities in the Escrow Fund and reinvest the proceeds thereof in other securities nor may it substitute securities for any of the Escrow Securities, except upon written direction of the City (which direction may be in the form of a City Resolution or written instructions from an authorized officer of the City) and where, prior to any such reinvestment or substitution, the Escrow Agent has received from the City the following:

(a) a written opinion by an independent certified public accountant or firm of independent certified public accountants, of recognized standing, or other entity acceptable to the City and the Escrow Agent, to the effect that after such reinvestment or substitution the principal amount of Escrow Securities, together with the interest thereon together with any uninvested cash, will be sufficient to pay the Refunded Bonds as described in **Schedule "B"** hereto; and

(b) a written opinion of nationally recognized bond counsel to the effect that (i) such investment will not cause the Refunded Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder or otherwise cause the interest on the Refunded Bonds to be subject to federal income tax, and (ii) such investment does not violate the Bond Resolution or the Refunded Bonds Resolution or the provisions hereof.

In the event the above-referenced verification concludes that there are surplus moneys in the Escrow Fund, such surplus moneys shall be promptly released to the City. The Escrow Fund shall continue in effect until the date upon which the Escrow Agent makes the final payment to the Refunded Bonds Paying Agent in an amount sufficient to pay the Refunded Bonds as described in **Schedule "B"** hereto. Upon final payment of the Refunded Bonds, the Escrow Agent shall sell or redeem any Escrow Securities remaining in the Escrow Fund, and shall remit to the City the proceeds thereof, together with all other money, if any, then remaining in the Escrow Fund.

10. The City hereby irrevocably instructs the Escrow Agent to direct the Refunded Bonds Paying Agent as the registrar for the Refunded Bonds to give, at the appropriate times, the notice or notices required by the Refunded Bonds Resolution in connection with the redemption of the Refunded Bonds. All of the Refunded Bonds maturing on and after October 1, 2018 shall be redeemed on October 1, 2017 at 100% of the principal amount thereof plus accrued interest to

such redemption date. Attached hereto as **Schedule "C"** is a Notice of Defeasance of the Refunded Bonds. The City hereby instructs the Escrow Agent to direct the Refunded Bonds Paying Agent as the registrar for the Refunded Bonds to give the Notice of Defeasance of the Refunded Bonds to the owners of the Refunded Bonds as soon as practical after the date of execution of this Agreement, and in any event within two (2) business days of such execution.

11. Concurrently with the deposit of the Escrow Securities and cash set forth in Section 5 hereof, the Refunded Bonds are hereby deemed to have been paid within the meaning and with the effect expressed in the Refunded Bonds Resolution.

12. The Escrow Fund hereby created shall be irrevocable and the holders of the Refunded Bonds shall have an express lien on all Escrow Securities and cash deposited in the Escrow Fund pursuant to the terms hereof and the interest earnings thereon until paid out, used and applied in accordance with this Agreement. Neither the City nor the Escrow Agent shall cause or permit any other lien or interest to be imposed upon the amounts in the Escrow Fund.

13. This Agreement is made for the benefit of the City and the holders from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such holders and the written consent of the Escrow Agent provided, however, that the City and the Escrow Agent may, without the consent of, or notice to, such holders enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in this Agreement;

(b) to grant, or confer upon, the Escrow Agent for the benefit of the holders of the Refunded Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and

(c) to subject to this Agreement additional funds, securities or properties.

The Escrow Agent shall be entitled to rely exclusively upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section 13, including the extent, if any, to which any change, modification or addition affects the rights of the holders of the Refunded Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section 13.

14. In consideration of the services rendered by the Escrow Agent under this Agreement, the City is simultaneously paying to the Escrow Agent $750.00 as its fee and expenses provided, that such amount shall not include any expenses associated with the performance by the Escrow Agent at the request of the City of any extraordinary services hereunder, which are payable by the City upon presentation of an invoice therefor from the Escrow Agent. The Escrow Agent shall have no lien whatsoever upon any of the Escrow Securities or cash in the Escrow Fund for the payment of such proper fees and expenses.

15. The Escrow Agent shall not be liable in connection with the performance of its duties hereunder except for any loss or damage directly caused by its own negligence or willful

misconduct. The Escrow Agent shall not be liable for any loss resulting from any investments made pursuant to the terms of this Agreement. The Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of the principal amount of the Escrow Securities and the earnings thereon and uninvested cash to pay the Refunded Bonds. So long as the Escrow Agent applies amounts on deposit in the Escrow Fund to pay the Refunded Bonds as provided herein, and complies fully with the terms of this Agreement, the Escrow Agent shall not be liable for any deficiencies in the amounts necessary to pay the Refunded Bonds. Notwithstanding any provision herein to the contrary, in no event shall the Escrow Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

The duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement and no implied warranties or obligations shall be read into this Agreement against the Escrow Agent. The Escrow Agent may consult with nationally recognized bond counsel with respect to any matter as to which it has reasonable doubt as to its responsibilities under this Agreement, and be entitled to receive from the City reimbursement of the reasonable fees and expenses of such counsel. The Escrow Agent shall not be liable for any action it takes or omits to take in good faith reliance on such advice of counsel. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the City and the Escrow Agent may in good faith conclusively rely upon such certificate.

The Escrow Agent and any agents and attorneys therefor may conclusively rely upon and shall be fully protected in acting and relying upon any notice, order, requisition, request, consent, certificate, order, opinion (including an opinion of counsel), affidavit, letter, telegram or other paper or document in good faith deemed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any payment obligation of the Escrow Agent hereunder shall be paid from, and is limited to funds available, established and maintained hereunder; the Escrow Agent shall not be required to expend its own funds for the performance of its duties hereunder. The Escrow Agent shall not be responsible or liable for any failure or delay in the performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Escrow Agent shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

The City further agrees to indemnify and save the Escrow Agent harmless, to the extent allowed by law, against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence or willful misconduct. Such indemnification shall survive the termination of this Agreement and/or the sooner

resignation or removal of the Escrow Agent and shall inure to the benefit of the Escrow Agent's successors and assigns.

16. The Escrow Agent, at the time acting hereunder, may at any time resign and be discharged from the duties and obligations hereby created by giving not less than twenty (20) days written notice to the City and mailing notice thereof, specifying the date when such resignation will take effect, to the holders of all Refunded Bonds then outstanding, but no such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the holders of a majority in aggregate principal amount of the Refunded Bonds then outstanding or by the City as hereinafter provided and such successor Escrow Agent shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing, delivered to the Escrow Agent and to the City and signed by the holders of a majority in aggregate principal amount of the Refunded Bonds then outstanding.

In the event the Escrow Agent hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case the Escrow Agent shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the holders of a majority in aggregate principal amount of the Refunded Bonds then outstanding by an instrument or concurrent instruments in writing, signed by such holders, or by their attorneys in fact, duly authorized in writing; provided, nevertheless, that in any such event, the City shall appoint a temporary Escrow Agent to fill such vacancy until a successor Escrow Agent shall be appointed by the holders of a majority in aggregate principal amount of the Refunded Bonds then outstanding in the manner above provided, and any such temporary Escrow Agent so appointed by the City shall immediately and without further act be superseded by the Escrow Agent so appointed by such holders.

In the event that no appointment of a successor Escrow Agent or a temporary successor Escrow Agent shall have been made by such holders or the City pursuant to the foregoing provisions of this Section 16 within ten (10) days after written notice of resignation of the Escrow Agent has been given to the City, the holder of any of the Refunded Bonds or any retiring Escrow Agent may apply to any court of competent jurisdiction for the appointment of a successor Escrow Agent, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor Escrow Agent.

No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall be banking association with trust powers organized under the banking laws of the United States or any state thereof, and shall have at the time of appointment capital and surplus of not less than $75,000,000.

Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the City an instrument in writing accepting such appointment hereunder and thereupon such successor Escrow Agent, without any further act, deed or conveyance, shall become fully vested with all the rights, immunities, powers, trusts, duties and

obligations of its predecessor; but such predecessor shall nevertheless, on the written request of such successor Escrow Agent or the City execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, powers and trust of such predecessor hereunder; and every predecessor Escrow Agent shall deliver all securities and moneys held by it to its successor; provided, however, that before any such delivery is required to be made, all fees, advances and expenses of the retiring or removed Escrow Agent shall be paid in full. Should any transfer, assignment or instrument in writing from the City be required by any successor Escrow Agent for more fully and certainly vesting in such successor Escrow Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instruments in writing shall, on request, be executed, acknowledged and delivered by the City.

Any corporation into which the Escrow Agent, or any successor to it in the trusts created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or transfers all or substantially all of its corporate trust business to, or any corporation resulting from any merger, conversion, consolidation or tax-free reorganization to which the Escrow Agent or any successor to it shall be a party, if satisfactory to the City, shall be the successor Escrow Agent under this Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

17. This Agreement, except for Sections 14 and 15 hereof, shall terminate when all transfers and payments required to be made by the Escrow Agent under the provisions hereof shall have been made. Upon such termination, all amounts remaining in the Escrow Fund shall be released to the City.

18. This Agreement shall be governed by the applicable laws of the State of Florida without regard to conflict of law principles.

19. If any one or more of the covenants or agreements provided in this Agreement on the part of the City or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

20. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

21. The Issuer will not accelerate the maturity of any Refunded Bonds or exercise any option to redeem any Refunded Obligations except as set forth in Section 10 hereof.

22. The City acknowledges that to the extent the regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive individual confirmations of security transactions at no additional cost, as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Agent will

furnish the City periodic cash transaction statements that include detail for all investment transactions made by the Escrow Agent hereunder.

23. Any notice, authorization, request or demand required or permitted to be given in accordance with the terms of this Agreement shall be in writing and sent by registered or certified mail addressed to:

City of Leesburg, Florida	U.S. Bank National Association
501 West Meadow Street	225 East Robinson Street, Suite 250
Leesburg, Florida 34748	Orlando, FL 32801
Attention: Finance Director	Attention: James Audette

IN WITNESS WHEREOF, the parties hereto have each caused this Escrow Deposit Agreement to be executed by their duly authorized officers and appointed officials and their seals to be hereunder affixed and attested as of the date first above written.

CITY OF LEESBURG, FLORIDA

(SEAL)

By: _____
Mayor

ATTEST:

_____
City Clerk

Approved as to
Form and Correctness:

_____
City Attorney

(*Signature page of Escrow Deposit Agreement dated June ___, 2016*
re: City of Leesburg, Florida)

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

By: _____
Vice President

SCHEDULE A

Escrow Securities

Type	Par Amount	Maturity Date	Interest Rate
			%
			%
			%

SCHEDULE B

Refunded Bonds

Payment Date	Maturing Principal	Interest	Principal Redeemed	Total
October 1, 2016	$	$	$ ---	$
April 1, 2017	---		---	
October 1, 2017				

SCHEDULE C

NOTICE OF DEFEASANCE

CITY OF LEESBURG, FLORIDA
UTILITY SYSTEM REVENUE BONDS, SERIES 2007A

NOTICE IS HEREBY GIVEN to the holders of the outstanding Utility System Revenue Bonds, Series 2007A, of the City of Leesburg, Florida (the "Bonds") that there have been deposited with U.S. Bank National Association, as escrow agent, moneys consisting of refunding bond proceeds and other available moneys of the City which have been invested in obligations consisting of securities which are direct obligations of the United States of America which, together with certain amounts held uninvested will be sufficient to pay the principal of and interest on such Bonds to the redemption date of October 1, 2017.

The Bonds are deemed to have been paid within the meaning of Article XIV of the resolutions under which the Bonds were issued and secured. **This notice does not constitute a notice of redemption and no Bonds should be delivered to the City or its paying agents as a result of this publication**.

Dated this ____ day of _____, 2016.

U.S. BANK NATIONAL ASSOCIATION,
Escrow Agent

AGENDA MEMORANDUM

Item No: 6C.

Meeting Date: May 9, 2016

From: David Johnson, Fire Chief

Subject: Resolution of the City Commission of Leesburg authorizing ratification of the Collective Bargaining Agreement with the Professional Firefighters of Leesburg Local 2957, IAFF., AFL-CIO-CLC.

Staff Recommendation:
Staff recommends ratification of the Collective Bargaining Agreement.

Analysis:
After brief negotiations, agreements have been reached with the Professional Firefighters of Leesburg Local 2957, IAFF, AFL-CFO-CLC. The union membership has approved the agreement. The agreement will be effective as of October 1, 2016.

Options:
1. Ratify the Collective Bargaining Agreement with the Professional Firefighters of Leesburg Local 2957.
2. Such alternative action as the Commission may deem appropriate

Fiscal Impact:
The financial implications of the new CBA agreement will become effective October 1, 2016. The new CBA agreement has a FY increase of $64,234.

Submission Date and Time: 5/4/2016 4:04 PM

Department: _____ **Prepared by:** _____ **Attachments:** Yes____ No _____ **Advertised:**_____Not Required _____ **Dates:**_____ **Attorney Review :** Yes___ No ____ _____ **Revised 6/10/04**	**Reviewed by: Dept. Head** _____ **Finance Dept.** _____ **Deputy C.M.** _____ **Submitted by:** **City Manager** _____	**Account No.** _____ **Project No.** _____ **WF No.** _____ **Budget** _____ **Available** _____

RESOLUTION NO._____

RESOLUTION OF THE CITY COMMISSION OF THE CITY OF LEESBURG, FLORIDA AUTHORIZING RATIFICATION OF THE COLLECTIVE BARGAINING AGREEMENT WITH THE PROFESSIONAL FIREFIGHTERS OF LEESBURG LOCAL 2957, IAFF., AFL-CIO-CLC.; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF LEESBURG, FLORIDA:

THAT the Mayor and City Commission hereby authorize the City Manager to execute an amendment to the current collective bargaining agreement with the Professional Firefighters of Leesburg Local 2957.

THAT this resolution shall become effective immediately.

PASSED AND ADOPTED by the City Commission of the City of Leesburg, Florida, at a regular meeting held the 9th day of May 2016.

_____
Mayor

ATTEST:

_____
City Clerk

AMENDMENT TO THE COLLECETIVE BARGAINING AGREEMENT BETWEEN CITY OF LEESBURG, FLORIDA AND PROFESSIONAL FIREFIGHTERS OF LEESBURG

Local 2957, IAFF., AFL-CIO-CLC

PREAMBLE:

Pursuant to the Collective Bargaining Agreement (CBA) between the City of Leesburg, Florida and the Professional Firefighters of Leesburg Local 2957 bargaining unit, the parties have conducted reopener negotiations on contract issues. This document amends the CBA now in effect pertaining to article 6. In all other respects, the CBA will remain as written.

1. The City and the Members agree to modify Article 6 modifying paragraph 6.1, salary ranges.

Below are the agreed upon modifications:

Article 6

6.1 For Fiscal Year 2016-2017 all members shall receive a three percent (3%) cost of living adjustment (COLA), or top of scale, whichever is less. The below listed salary range shall become effective October 1, 2016. Future wage/salary increases during the term of this Agreement shall be negotiated by the Parties as approved in Section 6.3 of this Article.

Position	Hourly Min	Hourly Max	Annual Min	Annual Max	Accrual Max Rate
Firefighter 520	$12.46	$18.92	$36,283.52	$55,095.04	$16.98
Firefighter/Engineer 524	$14.46	$22.00	$42,107.52	$64,064.00	$19.75
Fire Lieutenant 529	$17.45	$26.64	$50,814.40	$77,575.68	$23.91

Executed: **CITY OF LEESBURG, FLORIDA**

_____

City Manager – Al Minner
(Chief Executive Officer)

WITNESS:

_____ May 9, 2016

David D. Johnson-Fire Chief

Executed: **FLORIDA PROFESSIONAL FIREFIGHTERS OF LEESBURG LOCAL 2957, IAFF., AFL-CIO-CLC**
ATTEST:

_____ May 9, 2016

Ryan Sapp, Union President

_____ May 9, 2016

James Shaffer, Union Vice President

_____ May 9, 2016

Kenneth Rinehart, Secretary/Treasurer

CITY OF LEESBURG, FLORIDA

By:_____
Jay Hurley
Mayor

ATTEST:

_____

J. Andi Purvis – City Clerk

Ratified this 9th day of May 2016

AGENDA MEMORANDUM

Item No: 6D.

Meeting Date: May 9, 2016

From: William Spinelli, CPA, Finance Director

Subject: Ordinance Incorporating New Parcels into the Boundaries of the CRA for the Caver Heights/Montclair Area CRA

Staff Recommendation:

Approve the Ordinance Incorporating New Parcels into the Boundaries of the CRA for the Caver Heights/Montclair Area CRA.

Analysis:

The City desires the tax increment revenues from the parcels newly added to the Caver Heights/Montclair Area CRA be determined with reference to the 2015 tax roll as the "base year" for such parcels, without however affecting the base year used to determine tax increment revenues from property which was already within the CRA area.

Options:

1. Approve Ordinance
2. Such alternative action as the Commission may deem appropriate

Fiscal Impact:

The additional parcels will increase the Tax Base for the Caver Heights/Montclair Area CRA.

Submission Date and Time:__5/4/2016 4:04 PM____

Department: _____ **Prepared by:** _____ **Attachments:** Yes____ No _____ **Advertised:**_____Not Required _____ **Dates:**_____ **Attorney Review :** Yes___ No ____ _____ **Revised 6/10/04**	**Reviewed by: Dept. Head** _____ **Finance Dept.** _____ **Deputy C.M.** _____ **Submitted by:** **City Manager** _____	**Account No.** _____ **Project No.** _____ **WF No.** _____ **Budget** _____ **Available** _____

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF LEESBURG, FLORIDA, INCORPORATING NEW PARCELS INTO THE BOUNDARIES OF THE COMMUNITY REDEVELOPMENT AGENCY FOR THE CARVER HEIGHTS / MONTCLAIR AREA ("CRA"); ESTABLISHING THE BASE YEAR FOR DETERMINATION OF TAXABLE VALUE OF THESE NEWLY ADDED PARCELS AS THE TAX ROLL ADOPTED FOR TAX YEAR 2015, WITHOUT AFFECTING THE BASE YEAR FOR DETERMINING TAXABLE VALUE OF PARCELS PREVIOUSLY INCLUDED IN THE AREA OF THE CRA; PROVIDING THAT TAX INCREMENT REVENUES DERIVED FROM THE INCLUSION OF THE NEWLY ADDED AREAS WITHIN THE CRA BE DEPOSITED INTO THE ALREADY EXISTING REDEVELOPMENT TRUST FUND INTO WHICH REVENUES FROM PARCELS ALREADY INCLUDED IN THE CRA HAVE BEEN AND ARE CONTINUING TO BE DEPOSITED; REPEALING CONFLICTING ORDINANCES; PROVIDING A SAVINGS CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Commission of the City of Leesburg, Florida, adopted Resolution No. 9630 adding property to the geographical boundaries of the existing Community Redevelopment Agency for the Carver Heights/Montclair Area (the "CRA"), and

WHEREAS, §163.387(1)(a)(2), Fla. Stat. (2015), specifies that the tax increment revenues derived from such property must be determined by the total assessed value shown on the most recent assessment roll promulgated by the Property Appraiser of Lake County, Florida, prior to the effective date of the ordinance providing for the funding of the Redevelopment Trust Fund (the "Trust Fund"), and

WHEREAS, the City desires the tax increment revenues from the parcels newly added to the CRA be determined with reference to the 2015 tax roll as the "base year" for such parcels, without however affecting the base year used to determine tax increment revenues from property which was already within the CRA area,

NOW THEREFORE, BE IT ENACTED BY THE PEOPLE OF THE CITY OF LEESBURG, FLORIDA:

SECTION I.

The parcels of real property added to the CRA by passage of Resolution No.9630, adopted by the City Commission on July 13, 2015, are hereby incorporated into the boundaries of the CRA for purposes of inclusion of revenues derived from such property in the Trust Fund, as created by Ordinance 02-56 adopted August 12, 2002. The base year for computation of tax increment revenues on this newly added real property shall be the tax roll adopted by the Property Appraiser of

Lake County, Florida, for tax year 2015. However, tax increment revenues from all property previously included in the boundaries of the CRA, prior to adoption of Resolution No. 9630 and this Ordinance, shall continue to be computed utilizing the same base year tax roll as has been used since creation of the Trust Fund in 2002.

SECTION II.

All revenues derived from the property added to the CRA by Resolution No. 9630 and this Ordinance shall be deposited into the same Trust Fund, created by Ordinance 02-56, into which revenues from property previously included within the boundaries of the CRA have been deposited since creation of the Trust Fund by Ordinance 02-56, and are continuing to be deposited.

SECTION III.

All ordinances or part of ordinances which are in conflict with this Ordinance are hereby repealed, to the extent necessary to alleviate the conflict, but shall continue in effect insofar as they are not in conflict herewith, unless repeal of the conflicting portion destroys the overall intent and effect of any of the conflicting ordinance, in which case those ordinances so affected shall be hereby repealed in their entirety.

SECTION IV.

If any portion of this Ordinance is declared invalid or unenforceable, and to the extent that it is possible to do so without destroying the overall intent and effect of this Ordinance, the portion deemed invalid or unenforceable shall be severed herefrom and the remainder of the ordinance shall continue in full force and effect as if it were enacted without including the portion found to be invalid or unenforceable.

SECTION V.

This Ordinance shall become effective upon its passage and adoption according to law.

PASSED AND ADOPTED at the regular meeting of the City Commission of the City of Leesburg, Florida, held on the _____ day of _____, 2016.

THE CITY OF LEESBURG, FLORIDA

BY: _____
JAY HURLEY, Mayor

Attest: _____
J. ANDI PURVIS, City Clerk

AGENDA MEMORANDUM

Item No: 6E.

Meeting Date: May 9, 2016

From: William Spinelli, CPA Finance Director

Subject: Ordinance Amending Ordinance No. 15-49, Pertaining to the Redevelopment Trust Fund of the CRA for the U.S. Highway 441 & 27 Area ("CRA"), to Specify the Base year for Computation of the Tax Increment Revenues on Parcels of Real Property Within the CRA

Staff Recommendation:
Approve the Ordinance Amending Ordinance No. 15-49, Pertaining to the Redevelopment Trust Fund of the CRA for the U.S. Highway 441 & 27 Area ("CRA"), to Specify the Base year for Computation of the Tax Increment Revenues on Parcels of Real Property Within the CRA.

Analysis:
The County is requiring the City to set the CRA Base Year to Fiscal Year 2015. The Original request for the Base Year was to use Fiscal Year 2014 as the Base Year. The Ordinance must be executed by the end of May in order for the City to use the FY 2015 Base Year.

Options:
1. Approve Ordinance
2. Such alternative action as the Commission may deem appropriate

Fiscal Impact:
The change from the original FY 2006 Base Year will allow the CRA to collect TIFF revenue in FY 2016.

Submission Date and Time: 5/4/2016 4:04 PM

Department: _____ **Prepared by:** _____ **Attachments:** Yes____ No _____ **Advertised:**_____**Not Required** _____ **Dates:**_____ **Attorney Review :** Yes___ No ____ _____ **Revised 6/10/04**	**Reviewed by: Dept. Head** _____ **Finance Dept.** _____ **Deputy C.M.** _____ **Submitted by:** **City Manager** _____	**Account No.** _____ **Project No.** _____ **WF No.** _____ **Budget** _____ **Available** _____

ORDINANCE NO. _____

AN ORDINANCE AMENDING ORDINANCE NO. 15-49, PERTAINING TO THE REDEVELOPMENT TRUST FUND OF THE COMMUNITY REDEVELOPMENT AGENCY FOR THE U.S. HIGHWAY 441 & 27 AREA ("CRA"), TO SPECIFY THE BASE YEAR FOR COMPUTATION OF THE TAX INCREMENT REVENUES ON PARCELS OF REAL PROPERTY WITHIN THE CRA SHALL BE THE TAX ROLL ADOPTED BY THE PROPERTY APPRAISER OF LAKE COUNTY, FLORIDA, FOR TAX YEAR 2015; PROVIDING ORDINANCE NO. 15-49 SHALL OTHERWISE CONTINUE IN EFFECT AS ADOPTED TO THE EXTENT NOT IN CONFLICT WITH THIS ORDINANCE; REPEALING CONFLICTING ORDINANCES; PROVIDING A SAVINGS CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Commission of the City of Leesburg, Florida, adopted Ordinance No. 15-49 on December 7, 2015, to alter the base year for computation of tax increment revenues within the CRA, and

WHEREAS, the base year specified for such computation in Ordinance No. 15-49 was the tax roll adopted by the Property Appraiser of Lake County, Florida, for tax year 2014; and

WHEREAS, §163.387(1)(a)(2), Fla. Stat. (2015), specifies the tax increment must be determined by reference to the most recent tax roll adopted prior to the effective date of the ordinance providing for the funding of the redevelopment trust fund, which for Ordinance 15-49 would have been the tax roll for tax year 2015, and

WHEREAS, the Property Appraiser of Lake County, Florida, has requested that Ordinance No. 15-49 be amended to modify the base year for computation of tax increment revenues from 2014 to 2015 as per §163.387(1)(a)(2), Fla. Stat. (2015),

NOW THEREFORE, BE IT ENACTED BY THE PEOPLE OF THE CITY OF LEESBURG, FLORIDA:

SECTION I.

Sections IV and VI of Ordinance No. 15-49 are hereby amended to specify that the base year for computation of tax increment revenues for the CRA shall be the tax roll adopted by the Property Appraiser of Lake County, Florida, for tax year 2015.

SECTION II.

All ordinances or part of ordinances which are in conflict with this Ordinance are hereby repealed, to the extent necessary to alleviate the conflict, but shall continue in effect insofar as they are not in conflict herewith, unless repeal of the conflicting portion destroys the overall intent and effect of

any of the conflicting ordinance, in which case those ordinances so affected shall be hereby repealed in their entirety.

SECTION III.

If any portion of this Ordinance is declared invalid or unenforceable, and to the extent that it is possible to do so without destroying the overall intent and effect of this Ordinance, the portion deemed invalid or unenforceable shall be severed herefrom and the remainder of the ordinance shall continue in full force and effect as if it were enacted without including the portion found to be invalid or unenforceable.

SECTION IV.

This Ordinance shall become effective upon its passage and adoption according to law.

PASSED AND ADOPTED at the regular meeting of the City Commission of the City of Leesburg, Florida, held on the _____ day of _____, 2016.

THE CITY OF LEESBURG, FLORIDA

BY: _____
JAY HURLEY, Mayor

Attest: _____
J. ANDI PURVIS, City Clerk