**RESOLUTION NO. 2015-148**

A RESOLUTION AUTHORIZING THE ISSUANCE OF NOT EXCEEDING AGGREGATE PRINCIPAL AMOUNT OF $50,000,000 IN PRINCIPAL AMOUNT OF CITY OF HIALEAH, FLORIDA TAXABLE SPECIAL OBLIGATION REVENUE BONDS, SERIES 2015A AND SPECIAL OBLIGATION REFUNDING REVENUE BONDS, SERIES 2015B; DELEGATING TO THE MAYOR THE AUTHORITY TO AWARD THE SALE OF THE SERIES 2015 BONDS; APPROVING THE FORM OF A PRELIMINARY OFFICIAL STATEMENT AND DELEGATING TO THE MAYOR THE AUTHORITY TO DEEM FINAL FOR CERTAIN PURPOSES AND APPROVE THE USE OF AND DISTRIBUTION OF THE PRELIMINARY OFFICIAL STATEMENT AND FINAL OFFICIAL STATEMENT WITH RESPECT TO THE SERIES 2015 BONDS; APPOINTING A REGISTRAR AND PAYING AGENT; PROVIDING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION WITH THE ISSUANCE THEREOF; PROVIDING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF HIALEAH, FLORIDA:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to Chapter 166, Part II, and Chapter 159, Part VII, Florida Statutes and other applicable provisions of law.

SECTION 2. DEFINITIONS. All capitalized undefined terms shall have the same meaning as set forth in the Original Ordinance, as hereinafter defined. In addition, the following terms shall have the following meanings herein, unless the text expressly requires otherwise. Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

"Bond Purchase Agreement" means the Bond Purchase Agreement between the Issuer and the Underwriters in connection with the sale of the Series 2015 Bonds, in substantially the form attached hereto as Exhibit A.

"Cede" means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Series 2015 Bonds pursuant to Section 7 hereof.

"Continuing Disclosure Agreement" shall mean that certain Continuing Disclosure Agreement executed by the Issuer and dated the date of issuance and delivery of the Series 2015 Bonds, as it may be amended from time to time in accordance with the terms thereof.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Financial Advisor" means Public Financial Management, Inc. or its successors and assigns.

"Issuer" shall mean the City of Hialeah, Florida, a municipal corporation.

"Interest Payment Date" means each June 1st and December 1st, commencing June 1, 2016.

"Mayor" shall mean the Mayor of the Issuer or the Mayor's designee.

"Original Ordinance" shall mean Ordinance No. _____ enacted on November 10, 2015, as may be amended and supplemented from time to time.

"Participants" means those broker-dealers, banks and other financial institutions from time to time for which DTC holds Series 2015 Bonds as securities depository.

"Paying Agent" means U.S. Bank National Association, Miami, Florida and its successors and assigns.

"Principal Payment Date" means each December 1, until payment in full of the Series 2015 Bonds.

"Reserve Requirement" means zero.

"Series 2015 Bonds" means collectively, the Series 2015A Bonds and Series 2015B Bonds.

"Series 2015A Bonds" means the Taxable Special Obligation Revenue Bonds, Series 2015A.

"Series 2015B Bonds" means the Special Obligation Refunding Revenue Bonds, Series 2015B.

"2015 Pension Obligations" means a portion of the Issuer's unfunded liability portion of the annual required contribution to its Pension Plan for the Fiscal Year ended September 30, 2015 and Fiscal Year ending September 30, 2016.

"Underwriters" means collectively Stifel, Nicolaus & Company, Incorporated, Senior Manager, together with Wells Fargo Bank, N.A., RBC Capital Markets, LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated.

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

A. The principal of and interest on the Series 2015 Bonds and all required reserve and other payments shall be payable solely from the revenues pledged for the payment thereof, as provided herein and in the Original Ordinance. The Issuer shall never be required to levy ad valorem taxes on any real or personal property within the City of Hialeah to pay the principal of and interest on the Series 2015 Bonds herein authorized or to make any other payments provided for herein. The Series 2015 Bonds shall not constitute a lien upon any properties owned by or located within the boundaries of the Issuer.

B. The revenues pledged for the payment of the Series 2015 Bonds are not now pledged or encumbered in any manner.

C. The estimated revenues pledged for the payment of the Series 2015 Bonds under the Original Ordinance will be sufficient to pay all principal of and interest on the Series 2015 Bonds to be issued hereunder, as the same become due, and to make all required reserve or other payments required by this Resolution and the Original Ordinance.

D. Due to the potential volatility of the market and the complexity of the transactions relating to such Series 2015 Bonds, it is in the best interest of the Issuer to sell the Series 2015 Bonds by a negotiated sale, allowing the Issuer to enter the market at the most advantageous time, rather than at a specified advertised date, thereby permitting the Issuer to obtain the best possible price and interest rate for the Series 2015 Bonds.

E. The Issuer now desires to sell its Series 2015 Bonds pursuant to a Bond Purchase Agreement and in furtherance thereof to approve the form of and authorize distribution of a final Official Statement in connection with the issuance of the Series 2015 Bonds.

F. The Issuer has been or will be provided all applicable disclosure information required by Section 218.385, Florida Statutes.

SECTION 4. THIS RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the acceptance of the Series 2015 Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders. The covenants and agreements herein set

forth to be performed by the Issuer shall be for the equal benefit, protection and security of the legal Bondholders of any and all of the Series 2015 Bonds, all of which shall be of equal rank and without preference, priority or distinction of any of the Series 2015 Bonds over any other thereof, except as expressly provided therein and herein.

SECTION 5 DESCRIPTION OF THE SERIES 2015 BONDS. Interest shall be payable on each Interest Payment Date and principal shall be paid on each Principal Payment Date. No subaccount for the Series 2015 Bonds shall be established in the Reserve Account and funds in the amount of the Reserve Requirement shall be deposited in the Reserve Account.

SECTION 6. PROVISIONS FOR REDEMPTION. Series 2015 Bonds shall be subject to redemption prior to their maturity, at the option of the Issuer, at such times and in such manner as shall be fixed by Section 9 herein.

In the case of an optional redemption, any notice of redemption may state that (1) it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Registrar, Paying Agent or a fiduciary institution acting as escrow agent no later than the redemption date or (2) the Issuer retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described in this section. Any such notice of Conditional Redemption shall be captioned "Conditional Notice of Redemption." Any Conditional Redemption may be rescinded at any time prior to the redemption date if the Finance Director delivers a written direction to the Registrar directing the Registrar to rescind the redemption notice. The Registrar shall give prompt notice of such rescission to the affected Bondholders. Any Series 2015 Bonds subject to Conditional Redemption where redemption has been rescinded shall remain outstanding, and neither the rescission nor the failure by the Issuer to make such funds available shall constitute an Event of Default under the Original Ordinance and this Resolution. The Registrar shall give immediate notice to the securities information repositories and the affected Bondholders that the redemption did not occur and that the Series 2015 Bonds called for redemption and not so paid remain outstanding.

SECTION 7. BOOK ENTRY SYSTEM. Notwithstanding any provision of this Resolution to the contrary, the Series 2015 Bonds shall be initially issued in the form of a separate single certificated fully registered Series 2015 Bond for each of the maturities of the Series 2015 Bonds. Upon initial issuance, the ownership of each such Series 2015 Bond shall be registered in the registration books kept by the Registrar in the name of Cede, as nominee of DTC.

A blanket issuer letter of representations (the "BLoR") was entered into by the Issuer with The Depository Trust Company ("DTC"). It is intended that the Series 2015 Bonds be registered so as to participate in a global book-entry system with DTC as set forth herein and in such BLoR. The terms and conditions of such BLoR shall govern the registration of the Series

2015 Bonds. The Series 2015 Bonds shall be initially issued in the form of a single fully registered Bond for each maturity of such Series. Upon initial issuance, the ownership of such Series 2015 Bonds shall be registered by the Registrar in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. So long as any Series 2015 Bond is registered in the name of DTC (or its nominee), the Issuer, the Registrar and the Paying Agent may treat DTC (or its nominee) as the sole and exclusive holder of such Series 2015 Bonds registered in its name, and all payments with respect to the principal or redemption price of, if any, and interest on such Series 2015 Bond ("Payments") and all notices with respect to such Series 2015 Bond ("Notices") shall be made or given, as the case may be, to DTC. Transfers of Payments and delivery of Notices to DTC Participants shall be the responsibility of DTC and not of the Issuer, subject to any statutory and regulatory requirements as may be in effect from time to time. Transfers of Payments and delivery of Notices to beneficial owners of the Series 2015 Bonds by DTC Participants shall be the responsibility of such participants, indirect participants and other nominees of such beneficial owners and not of the Issuer, subject to any statutory and regulatory requirements as may be in effect from time to time.

Upon (a) receipt by the Issuer of written notice from DTC (i) to the effect that a continuation of the requirement that all of the Outstanding Series 2015 Bonds be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, is not in the best interest of the beneficial owners of the Series 2015 Bonds or (ii) to the effect that DTC is unable or unwilling to discharge its responsibilities and no substitute depository willing to undertake the functions of DTC hereunder can be found which is willing and able to undertake such functions upon reasonable and customary terms, (b) termination, for any reason, of the agreement among the Issuer, the Registrar and Paying Agent and DTC evidenced by the BLoR, or (c) determination by the Issuer that such book-entry only system should be discontinued by the Issuer, and compliance with the requirements of any agreement between the Issuer and DTC with respect thereto, the Series 2015 Bonds shall no longer be restricted to being registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names Holders shall designate, in accordance with the provisions hereof. In such event, the Issuer shall issue and the Registrar shall authenticate, transfer and exchange Series 2015 Bonds consistent with the terms hereof, in denominations of $5,000 or any integral multiple thereof to the Bondholders thereof. The foregoing notwithstanding, until such time as participation in the book-entry only system is discontinued, the provisions set forth in the BLoR shall apply to the registration and transfer of the Series 2015 Bonds and to Payments and Notices with respect thereto.

SECTION 8. APPLICATION OF SERIES 2015 BOND PROCEEDS. A. The proceeds, including accrued interest and premium, if any, received from the sale of any or all of the Series 2015A Bonds shall be applied by the Issuer simultaneously with the delivery of such Series 2015A Bonds to the purchaser thereof, as follows:

(1) A sum in the amount designated in a certificate of the Finance Director shall be applied to pay the Issuer's 2015 Pension Obligations.

(2) To the extent not paid by the original purchasers of the Series 2015A Bonds, the Issuer shall pay all costs and expenses in connection with the issuance, sale and delivery of the Series 2015A Bonds.

B. The proceeds, including accrued interest and premium, if any, received from the sale of any or all of the Series 2015B Bonds shall be applied by the Issuer simultaneously with the delivery of such Series 2015B Bonds to the purchaser thereof, as follows:

(1) A sum in the amount designated in a certificate of the Finance Director shall be applied to pay the Refunded Bonds.

(2) To the extent not paid by the original purchasers of the Series 2015B Bonds, the Issuer shall pay all costs and expenses in connection with the issuance, sale and delivery of the Series 2015B Bonds.

SECTION 9. DELEGATION OF AWARD OF SERIES 2015 BONDS. Subject to full satisfaction of the conditions set forth in this section, the City Council of the Issuer hereby authorizes a delegated negotiated sale of the Series 2015 Bonds to the Underwriters in accordance with the terms of a Bond Purchase Agreement to be dated the date of sale and to be substantially in the form attached hereto as Exhibit A and incorporated herein by reference, with such changes, amendments, modifications, omissions and additions thereto as shall be approved by the Mayor in accordance with the provisions of this section (including, without limitation, making the final determination concerning the structuring and marketing of the Series 2015 Bonds to obtain the most favorable rating and interest rate on the Series 2015 Bonds), and the execution and delivery of the Bond Purchase Agreement by the Mayor and the City Clerk shall be deemed conclusive evidence of the approval of such changes and the full and complete satisfaction of the conditions set forth in this section.

Notwithstanding the foregoing, the Bond Purchase Agreement shall not be executed by the Mayor and the City Clerk until such time as all of the following conditions have been satisfied:

1. Receipt by the Finance Director of a written offer to purchase the Series 2015A Bonds by the Underwriters substantially in the form of the Bond Purchase Agreement, said offer to provide for, among other things, (i) the issuance of not exceeding $25,000,000 principal amount of Series 2015A Bonds, (ii) an underwriting discount (including management fee and all expenses) not in excess of $3.25 per bond with respect to the Series 2015A Bonds, (iii) a true interest cost of not more than 6.75% per annum with respect to the Series 2015A Bonds, and (iv) the maturities of the Series 2015A Bonds with the final maturity no later than December 1, 2040.

2. Receipt by the Finance Director of a written offer to purchase the Series 2015B Bonds by the Underwriters substantially in the form of the Bond Purchase Agreement, said offer to provide for, among other things, (i) the issuance of not exceeding $25,000,000 principal amount of Series 2015B Bonds, (ii) an underwriting discount (including management fee and all expenses) not in excess of $3.25 per bond with respect to the Series 2015B Bonds, (iii) a true interest cost of not more than 5.75% per annum with respect to the Series 2015B Bonds, (iv) the maturities of the Series 2015B Bonds with the final maturity no later than December 1, 2035 and (v) debt service savings of at least 3% of the Refunded Bonds.

3. The Series 2015 Bonds shall be subject to such optional and mandatory redemption provisions as provided in the Bond Purchase Agreement.

4. Receipt by the Finance Director from the Underwriters of a disclosure statement and truth-in-bonding information complying with Section 218.385, Florida Statutes and substantially in the form attached to the Bond Purchase Agreement.

Upon satisfaction of the conditions set forth in this Section, the Mayor and City Clerk are hereby authorized to execute and deliver the Series 2015 Bonds and any other documents, agreements or certificates relating to the Series 2015 Bonds, and are further authorized and directed to prepare and furnish to the purchasers of the Series 2015 Bonds, when the Series 2015 Bonds are issued, certified copies of all the proceedings and records of the Issuer relating to the Series 2015 Bonds, and such other affidavits and certificates as may be required to show the facts relating to the legality and marketability of the Series 2015 Bonds as such facts appear from the books and records in the officers' custody and control or as otherwise known to them; and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the Issuer as to the truth of all statements contained therein.

SECTION 10. PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL STATEMENT. The Finance Director, Bond Counsel to the Issuer, Disclosure Counsel to the Issuer and the Issuer's Financial Advisor are hereby authorized to prepare and to disseminate (or cause to be prepared and disseminated) copies of a "Preliminary Official Statement", in substantially the form attached hereto as Exhibit B, and are also authorized to prepare and disseminate a final official statement after execution and delivery of the Bond Purchase Agreement. At closing, the appropriate officers of the Issuer are authorized and directed to furnish a certificate to the effect that the Preliminary Official Statement did not as of its date and does not contain any untrue statement or omission of a material fact. The Mayor is authorized to deem final the Preliminary Official Statement prepared pursuant to this section for purposes of Rule 15c2-12 (the "Rule") of the Securities and Exchange Commission.

SECTION 11. CONTINUING DISCLOSURE. The Issuer hereby covenants and agrees that in order to provide for compliance by the Issuer with secondary market disclosure requirements of the Rule, that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement, in substantially the form attached hereto as Exhibit C, to be

executed by the Issuer and dated the date of the issuance and delivery of the Series 2015 Bonds, as it may be amended from time to time in accordance with the terms thereof. Notwithstanding any other provisions of this Resolution, failure of the Issuer to comply with such Continuing Disclosure Agreement shall not be considered an event of default; however, any Bondholder may take action as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Section.

SECTION 12. APPOINTMENT OF PAYING AGENT AND REGISTRAR. U.S. Bank National Association, Miami, Florida is hereby appointed as Registrar and Paying Agent for the Series 2015 Bonds. The Mayor and the Finance Director are hereby authorized to enter into any agreements with such Registrar and Paying Agent, which may be necessary to reflect the obligation of such Registrar and Paying Agent to accept and perform the respective duties imposed upon each and to effectuate the transactions contemplated, by this Resolution and the Original Ordinance.

SECTION 13. DELEGATION OF INSURANCE. In order to obtain the most favorable premiums on an insurance policy, the Finance Director is hereby authorized to solicit bids from interested municipal bond insurers and the Mayor is authorized to accept, execute and deliver the commitment of whichever municipal bond insurer provides the terms and provisions which, after consultation with the Issuer's Financial Advisor, is in the best interest of the Issuer. The Finance Director can designate all, some or none of the Series 2015 Bonds to be insured. The Mayor is hereby authorized to execute such agreements containing the provisions of an insurance policy. The Issuer further authorizes application of Series 2015 Bond proceeds to payment of the premium for the insurance policy. A statement of insurance is authorized to be printed on the Series 2015 Bonds for the benefit and information of the Bondholders.

SECTION 14. GENERAL AUTHORITY. The Mayor, the Finance Director, the City Attorney of the Issuer or any other appropriate officers of the Issuer are hereby authorized and directed to execute any and all certifications or other instruments or documents required by the Original Ordinance, the Bond Purchase Agreement, the Preliminary Official Statement, the Official Statement, this Resolution or any other document referred to above as a prerequisite or precondition to the issuance of the Series 2015 Bonds and any such representation made therein by officers or representatives of the Issuer shall be deemed to be made on behalf of the Issuer. All action taken to date by the officers of the Issuer in furtherance of the issuance of the Series 2015 Bonds is hereby approved, confirmed and ratified.

SECTION 15. CONFLICTS REPEALED. All resolutions in conflict or inconsistent with this Resolution are to the extent of such conflict or inconsistency hereby modified or repealed.

SECTION 16. EFFECTIVE DATE. This Resolution shall become effective when passed by the City Council and signed by the Mayor or at the next regularly scheduled City Council meeting, if the Mayor's signature is withheld or if the City Council overrides the Mayor's veto.

PASSED AND ADOPTED this 10 day of November, 2015.

Isis Garcia Martinez
Council President

Attest:

Marbelys Fatjo, City Clerk

Approved on this 10 day of November, 2015.

Mayor Carlos Hernandez

Approved as to form and legal sufficiency:

Lorena E. Bravo, City Attorney

Resolution was adopted by a (7-0) unanimous vote with Councilmembers, Caragol, Cue-Fuente, Garcia-Martinez, Hernandez, Gonzalez, Lozano and Casáls-Muñoz voting "Yes".

# EXHIBIT A

# FORM OF BOND PURCHASE AGREEMENT

Proposed Form
10-5-2015

**CITY OF HIALEAH, FLORIDA**

**$25,000,000***
**Taxable Special Obligation**
**Revenue Bonds**
**Series 2015A**
**(Pension Funding Project)**

**$25,000,000***
**Special Obligation**
**Refunding Revenue Bonds**
**Series 2015B**

# BOND PURCHASE AGREEMENT

November __, 2015

City of Hialeah
501 Palm Avenue
Hialeah, Florida 33010
City of Hialeah, Florida

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated (the "Representative") acting on behalf of itself, Bank of America (Merrill Lynch Pierce, Fenner & Smith, Incorporated), RBC Capital Markets, LLC and Wells Fargo Securities (collectively, the "Underwriters") offers to enter into this Bond Purchase Agreement (the "Purchase Agreement") with the City of Hialeah, Florida (the "Issuer"). This offer of the Representative shall, unless accepted by the Issuer, expire at _____ P.M. prevailing time within the jurisdiction of the Issuer on the date hereof. This offer is subject to withdrawal by the Underwriters by written notice delivered to the Issuer at any time prior to acceptance by the Issuer. This Purchase Agreement shall be binding upon the Issuer and the Representative upon execution and delivery by the Issuer. This Purchase Agreement is effective as of the date and time that it is executed and delivered to the Representative by the Issuer. Any capitalized word not defined herein shall have the meaning ascribed thereto in the Preliminary Official Statement (hereinafter defined). In conformance with Section 218.385, Florida Statutes, as amended, the Representative hereby delivers to the Issuer the Disclosure and Truth-In-Bonding Statements attached hereto as Exhibit A.

1. **Purchase and Sale**. Upon the terms and conditions and upon the basis of 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 its $25,000,000* City of Hialeah, Florida, Taxable Special Obligation Revenue Bonds Series 2015A (Pension Funding Project) (the "Series 2015A Bonds") and $25,000,000* City of Hialeah, Florida Special Obligation Refunding Revenue Bonds Series 2015B (the "Series 2015B Bonds" and, together with the Series 2015A Bonds, the "Series 2015 Bonds"). The Series 2015 Bonds shall be dated their date of delivery and shall mature on the dates, shall bear interest at the rates per annum, be sold to the public at the prices, and be subject to redemption prior to maturity, all as provided in Exhibit B attached hereto. The Series 2015 Bonds otherwise shall be as described in the Official Statement, and the Bond Ordinance (as defined in Section 2 below). The Underwriters' agreement to purchase the Series 2015 Bonds from the Issuer is made in reliance upon the Issuer's representations, covenants and warranties and on the terms and conditions set forth in this Purchase Agreement.

The purchase price for the Series 2015A Bonds shall be $_____ (representing the $_____ aggregate principal amount of the Series 2015A Bonds less [net original issue discount

of $_____ and] an underwriters' discount of $_____) and the purchase price for the Series 2015B Bonds shall be $_____ (representing the $_____ aggregate principal amount of the Series 2015B Bonds less [net original issue discount of $_____ and] an underwriters' discount of $_____) (such payment and delivery and the other actions contemplated hereby to take place at the time of such payment and delivery being hereinafter referred to as the "Closing").

2. **The Series 2015 Bonds**. The Series 2015 Bonds are to be issued by the Issuer, a municipality of the State of Florida, pursuant to the Constitution and laws of the State of Florida (the "State"), including particularly Chapter 166, Florida Statutes, Chapter 159, Part VII, Florida Statutes, the municipal charter of the City (the "City Charter") and other applicable provisions of law (the "Act") and pursuant to Ordinance No. _____ adopted by the Council on October 27, 2015, as amended or supplemented from time to time, and as particularly supplemented by Resolution No. _____ adopted by the Council on October 27, 2015 (collectively, the "Bond Ordinance").

The Series 2015A Bonds are being issued to provide funds to (i) finance all or a portion of the annual required contribution with respect to the contributory defined benefit retirement plan known as the Public Employee Retirement System sponsored and administered by the City that covers most permanent employees of the City as further defined in the Bond Ordinance; and (ii) pay a portion of the costs associated with the issuance of the Series 2015 Bonds [, including the municipal bond insurance premium].

The Series 2015B Bonds are being issued to provide funds to (i) finance the refunding, on a current basis, of all of that portion of the outstanding Florida Municipal Loan Council, Revenue Bonds Series 2005, attributable to the City and for which the City is the obligor (the "Refunded Bonds"); and (ii) pay a portion of the costs associated with the issuance of the Series 2015 Bonds [, including the municipal bond insurance premium].

3. **Public Offering**.

The Underwriters agree to make a bona fide public offering of all of the Series 2015 Bonds initially at the public offering prices (or yields) set forth in Exhibit B. Subsequent to the initial public offering, the Underwriters reserve the right to change the public offering prices (or yields) as they deem necessary in connection with the marketing of the Series 2015 Bonds, provided that the Underwriters shall not change the interest rates set forth in Exhibit B. The Series 2015 Bonds will be offered and sold to certain dealers at prices lower than such initial offering prices. The Underwriters also reserve the right to: (i) over-allot or effect transactions which stabilize or maintain the market price of the Series 2015 Bonds at levels above those that might otherwise prevail in the open market and (ii) discontinue such stabilizing, if commenced, at any time without prior notice.

The Underwriters agree to deliver at the Closing a certificate in substantially the form attached hereto as Exhibit ___ as to the initial offering prices and/or yields of the Series 2015 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 arms-length commercial transaction between the Issuer and the Underwriters and that the Underwriters have financial and other interests that differ from those of the Issuer, (ii) the Underwriters are acting solely as principals and are not acting as municipal advisors, financial advisors or fiduciaries 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 proceedings 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 Purchase Agreement, except as otherwise provided by applicable rules and regulations of the SEC or the rules of the Municipal Securities Rulemaking Board (the "MSRB"), and (iv) the Issuer has consulted its own financial and/or municipal legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate. The Issuer acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required disclosures of the Underwriters under Rule G-17 of the MSRB.

**4. Good Faith Deposit**

The Representative has delivered herewith to the Issuer a check for $_____ payable to the order of the Issuer. In the event that the Issuer does not accept this offer, such check shall be immediately returned to the Representative. If the offer made hereby is accepted, the Issuer agrees to hold this check uncashed until the Closing as security for the performance by the Underwriters of their obligation to accept and pay for the Series 2015 Bonds at the Closing, and, in the event of their compliance with such obligation, such check shall be returned to the Underwriters at the Closing. In the event the Issuer fails to deliver the Series 2015 Bonds at the Closing, or if the Issuer shall be unable to satisfy the conditions of Closing contained herein, or if the obligations of the Underwriters are terminated for any reason permitted by this Purchase Agreement, such check shall be immediately returned to the Representative and such return shall constitute a full release and discharge of all claims by the Underwriters arising out of the transactions contemplated hereby. In the event that the Underwriters fail (other than for a reason permitted hereunder) to accept and pay for the Series 2015 Bonds at the Closing, such check shall be retained by the Issuer as and for full liquidated damages for such failure and for any defaults hereunder on the part of the Underwriters and such retention shall constitute a full release and discharge of all claims by the Issuer against the Underwriters arising out of the transactions contemplated hereby.

**5. Official Statement.**

(a) The Issuer hereby consents to and ratifies the use and distribution by the Underwriters of the Preliminary Official Statement dated November ___, 2015 of the Issuer relating to the Series 2015 Bonds, which, together with the cover page, inside cover page and appendices thereto is herein called the "Preliminary Official Statement," in connection with the public offering of the Series 2015 Bonds by the Underwriters, and further confirms the authority of the Underwriters to use, and consents to the use of, the final Official Statement with respect to the Series 2015 Bonds in connection with the public offering and sale of the Series 2015 Bonds. The Issuer hereby represents and warrants that the Preliminary Official Statement delivered to the Underwriters was deemed final by the Issuer as of its date, except for certain permitted omissions (the "permitted omissions"), for purposes of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12").

(b) The Issuer shall provide at its cost, to the Representative within seven business days after the date of this Purchase Agreement (or within such shorter period as may be agreed by the Issuer and the Representative or required by applicable rule), the number of executed counterparts of the Official Statement and conformed copies of a final Official Statement required to permit the Underwriters to comply with Rule 15c2-12 and other applicable rules of the SEC and the MSRB.

(c) The Issuer authorizes the Representative to file, to the extent required by applicable SEC or MSRB rule, and the Representative agrees to file or cause to be filed, the Official Statement with (i) the MSRB or its designee (including submission to the MSRB's Electronic Municipal Market Access system ("EMMA")) or (ii) other repositories approved from time to time by the SEC (either in addition to or in lieu of the filings referred to above). If an amended Official Statement is prepared in accordance with Section 4(e) during the "primary offering disclosure period" (defined below), and if required by

applicable SEC or MSRB rule, the Representative also shall make the required submission of the amended Official Statement to EMMA.

(d) The Preliminary Official Statement and/or the Official Statement may be delivered in printed and/or electronic form to the extent permitted by applicable rules of the MSRB and as may be agreed by the Issuer and the Representative.

(e) During the period between the date of this Purchase Agreement and the earlier of (i) ninety (90) days from the end of the Underwriting Period (as defined below), or (ii) the time when the Official Statement is available to any person from the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system (but in no event less than twenty-five (25) days following the end of the Underwriting Period), the Issuer (i) shall not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without the prior written consent of the Representative and (ii) shall notify the Representative promptly if any event shall occur, or information comes to the attention of the Issuer, that is reasonably likely to cause the Official Statement (whether or not previously supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If, in the opinion of the Representative, such event requires the preparation and distribution of a supplement or amendment to the Official Statement, the Issuer shall prepare and furnish to the Representative, at the Issuer's expense, such number of copies of the supplement or amendment to the Official Statement, in form and substance mutually agreed upon by the Issuer and the Representative, as the Representative may reasonably request. If such notification shall be given subsequent to the Closing Date, the Issuer also shall furnish, or cause to be furnished, such additional legal opinions, certificates, instruments and other documents as the Representative may reasonably deem necessary to evidence the truth and accuracy of any such supplement or amendment to the Official Statement.

(f) For purposes of this Agreement:

(i) the "End of the Underwriting Period" is used as defined in Rule 15c2-12 and shall occur on the later of (A) the Closing Date or (B) when the Underwriters no longer retain an unsold balance of the Series 2015 Bonds; unless otherwise advised in writing by the Representative on or prior to the Closing Date, or otherwise agreed to by the Issuer and the Representative, the Issuer may assume that the End of the Underwriting Period is the Closing Date, and

(ii) the "primary offering disclosure period" is used as defined in MSRB Rule G-32 and shall end on the 25th day after the Closing.

**6. <u>Representations, Warranties and Agreements</u>**. The Issuer hereby represents, warrants to and covenants and agrees with the Underwriters as follows:

(a) The Issuer is duly created and existing under the constitution and laws of the State and has full legal right, power and authority under the constitution and laws of the State, including the Act, to adopt the Bond Ordinance, to execute and deliver this Purchase Agreement, the Continuing Disclosure Agreement, and the DTC Letter of Representations (together, the "Issuer Documents") and the Official Statement, to issue, sell and deliver the Series 2015 Bonds as provided herein, and to carry out and to consummate the transactions contemplated by the Bond Ordinance, the Issuer Documents and the Official Statement.

(b) At meetings of the Issuer that were duly called and noticed and at which a quorum was present and acting throughout, the Issuer duly adopted the Bond Ordinance, and the same is in full force

and effect and has not been supplemented, repealed, modified, amended, revoked or rescinded, except as set forth therein.

(c) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized and approved (i) the distribution of the Preliminary Official Statement and the execution, delivery and distribution of the Official Statement for use by the Underwriters in connection with the public offering of the Series 2015 Bonds, (ii) the issuance and sale of the Series 2015 Bonds upon the terms set forth herein and as contemplated by the Bond Ordinance, the Issuer Documents and the Official Statement and (iii) the execution and delivery of, and the performance by the Issuer of the obligations on its part contained in, the Series 2015 Bonds, the Bond Ordinance and the Issuer Documents.

(d) None of the Issuer's proceedings or authority for the issuance, sale, execution and delivery of the Series 2015 Bonds, or the execution and delivery of the Issuer Documents or the adoption of the Bond Ordinance, has been repealed, modified, amended, revoked or rescinded.

(e) The Series 2015 Bonds will be issued in conformity with and entitled to the benefit and security of the Bond Ordinance and the Issuer Documents, including the pledge or application thereunder of the Pledged Revenues.

(f) This Purchase Agreement constitutes a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms; the other Issuer Documents, when duly executed and delivered, will constitute the legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms; and the Series 2015 Bonds, when issued, authenticated and delivered in accordance with the Issuer Documents and sold to the Underwriters as provided herein, will be the legal, valid and binding obligations of the Issuer enforceable in accordance with their terms; in all cases, except as the enforceability of this Purchase Agreement, the other Issuer Documents and the Series 2015 Bonds may be limited by applicable bankruptcy, insolvency, and similar laws affecting creditors' rights and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(g) The Issuer is not in breach of or default in any material respect under its Charter or under any applicable constitutional provision, statute 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 material default or event of default by the Issuer under any of the foregoing.

(h) The adoption of the Bond Ordinance and the execution and delivery of the Series 2015 Bonds, and the Issuer Documents, 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, law, 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 or any of its property or assets are otherwise subject, and such adoption, execution, delivery or compliance will not result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature upon the Pledged Revenues or other property or assets, if any, of the Issuer to be pledged to secure the Series 2015 Bonds or under the terms of any such law, regulation or instrument, except as provided by the Series 2015 Bonds, the Bond Ordinance and the Issuer Documents.

(i) All approvals, consents, authorizations, elections and orders of, or filings or registrations with, any governmental authority, legislative body, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect: (i) the issuance and sale to the Underwriters of the Series 2015 Bonds; or (ii) the execution and delivery by the Issuer of, or the performance by it of its obligations under the Series 2015 Bonds, the Bond Ordinance, and the Issuer Documents, have been obtained and are in full force and effect; except that the Issuer is not responsible for such approvals, consents, orders or other action as may be required under the securities laws of any state in connection with the offering and sale of the Series 2015 Bonds.

(j) The Preliminary Official Statement as of its date did not, and the Official Statement as of its date does not and as of the Closing Date will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, the Issuer makes no statement as to the following sections of the Preliminary Official Statement or the Official Statement: _____.

(k) The Series 2015 Bonds, when issued, executed and delivered in accordance with the Bond Ordinance and when sold to the Underwriters as provided herein, will be validly issued and outstanding obligations of the Issuer, entitled to the benefits of the Bond Ordinance and upon such issuance, execution and delivery of the Series 2015 Bonds, the Bond Ordinance will provide, for the benefit of the holders from time to time of the Series 2015 Bonds, a legally valid and binding pledge of and first lien on the Pledged Revenues. On the Closing Date, all conditions precedent to the issuance of the Series 2015 Bonds set forth in the Bond Ordinance and this Purchase Agreement will have been complied with or fulfilled.

(l) The financial statements of the Issuer contained in the Preliminary Official Statement and the Official Statement fairly present the financial position and results of operations of the Issuer as of the dates and for the periods therein set forth in accordance with [_____] [generally accepted accounting principles] consistently applied, and, since the date thereof, there has been no material adverse change in the financial position or results of operations of the Issuer.

(m) There is no claim, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, agency, public board or body, pending or, to the knowledge of the Issuer, threatened against the Issuer: (i) affecting the existence of the Issuer or the titles of its officers to their respective offices, (ii) affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Series 2015 Bonds or the pledge or collection by the Issuer of the Pledged Revenues or the making of any other required deposits with respect to the Series 2015 Bonds, (iii) in any way contesting or affecting the validity or enforceability of, or the power or authority of the Issuer to issue, adopt or to enter into (as applicable), the Series 2015 Bonds, the Bond Ordinance or the Issuer Documents, (iv) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto, (v) except as disclosed in the Preliminary Official Statement and the Official Statement, wherein an unfavorable decision, ruling or finding would materially adversely affect the financial position or condition of the Issuer or would result in any material adverse change in the ability of the Issuer to pledge or apply the Pledged Revenues or to pay debt service on the Series 2015 Bonds, or (vi) contesting the status of the interest on the Series 2015B Bonds as excludable from gross income for federal income tax purposes or as exempt from any applicable state tax, in each case as described in the Preliminary Official Statement and the Official Statement.

(n) The Issuer has received all licenses, permits or other regulatory approvals required (if any) for the pledge, collection and/or application by the Issuer of the Pledged Revenues and the Issuer is not in

material default, and no event has occurred which would constitute or result in a material default, under any such licenses, permits or approvals.

(o) Except as disclosed in the Official Statement, the Issuer has not failed during the previous five years to comply in all material respects with any previous undertakings in a written continuing disclosure contract or agreement under Rule 15c2-12.

(p) The Bond Ordinance, the Issuer Documents and the Series 2015 Bonds conform to the description thereof contained in the Official Statement.

(q) The Issuer has the legal authority to apply proceeds of the Series 2015 Bonds for the purposes contemplated by the Bond Ordinance and the Issuer Documents, including for the payment or reimbursement of incidental expenses in connection with the marketing, issuance and delivery of the Series 2015 Bonds to the extent required by this Purchase Agreement and in compliance with applicable law.

(r) Any certificate signed by an authorized officer of the Issuer and delivered to the Representative shall be deemed a representation and warranty of the Issuer to the Underwriters as to the statements made therein.

(s) To the best of its knowledge, after due inquiry, no event has occurred which, with the lapse of time or the giving of notice, or both, would constitute an event of default (as therein defined) under the Bond Ordinance;

(t) The Issuer has not been notified of any listing or the proposed listing of the Issuer by the Internal Revenue Service as an issuer whose arbitrage certifications may not be relied upon;

(u) The Issuer has not and is not now in default in the payment of the principal of or the interest on any governmental security issued or guaranteed by it after December 31, 1975 which would require the disclosure pursuant to Section 517.051, Florida Statutes or Rule 3E- 400.003 of the Florida Department of Financial Services.

(v) [pledged revenues]

**7. <u>Covenants</u>**

The Issuer hereby covenants with the Underwriters that:

(a) Prior to the Closing Date, except as otherwise contemplated by the Official Statement, the Issuer shall not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the Pledged Revenues or other assets, properties, funds or interests that will be pledged as security or be available as a source of payment for the Series 2015 Bonds pursuant to the Bond Ordinance and the Issuer Documents.

(b) To the extent applicable, the Issuer will furnish such information, execute such instruments and take such other action in cooperation with the Representative as the Representative may reasonably request in order to: (i) qualify the Series 2015 Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate; and (ii) determine the eligibility of the Series 2015 Bonds for investment under the laws of such states and other jurisdictions, and the Issuer will use its best efforts to continue such qualifications in effect so long as required for the initial offering and distribution of the Series 2015

Bonds; provided, however, that the Issuer shall not be required to execute a general or special consent to service of process or to qualify to do business in connection with any such qualification or determination in any jurisdiction;

(c) The Issuer shall not knowingly take or omit to take any action that, under existing law, may adversely affect the exclusion from gross income for federal income tax purposes, or the exemption from any applicable state tax, of the interest on the Series 2015B Bonds.

(d) As of its date and at all times subsequent thereto, up to and including the Closing Date, the statements and information contained in the Preliminary Official Statement (other than omissions permitted under Rule 15c2-12) and in the Official Statement are and will be accurate in all material respects for the purposes for which their use is authorized and do not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; provided, however, that no representation is made concerning information contained in the Official Statement under the captions "Book-Entry Only System," "TAX MATTERS," and "UNDERWRITING."

(e) If the Official Statement is supplemented or amended pursuant to Section 4(e), 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 up to and including the Closing Date, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that no representation is made concerning information contained in the Official Statement under the captions "Book-Entry Only System," "TAX MATTERS," and "UNDERWRITING."

**8. Closing.,**

(a) At 12:00 PM prevailing time on November __, 2015 (the "Closing Date") or at such earlier or later time as may be mutually agreed upon by the Issuer and the Representative, the Issuer shall deliver or cause to be delivered the Series 2015 Bonds to DTC or Paying Agent on behalf of the Underwriters, as further described in subsection (b) below. The Series 2015 Bonds shall be delivered in definitive form, duly executed by the Issuer and authenticated in the manner set forth in the Bond Ordinance, together with the other documents required by this Purchase Agreement. Subject to satisfaction of the conditions contained in this Purchase Agreement, the Underwriters will accept delivery of the Series 2015 Bonds, as described above, and pay the Purchase Price, plus accrued interest (if any) on the Series 2015 Bonds from their dated date to, but not including, the Closing Date, in immediately available funds, payable to the order of the Issuer, as described above, or as otherwise directed by the Issuer. If the Underwriters are to be paid an underwriting commission, as set forth in this Purchase Agreement, the Issuer shall pay the underwriting commission to the Representative, on behalf of the Underwriters, in immediately available funds on the Closing Date.

(b) Delivery of the definitive Series 2015 Bonds shall be made through the facilities of DTC's book-entry-only system. The Series 2015 Bonds will be delivered as fully-registered bonds, bearing CUSIP numbers, with a single bond for each maturity of each series of the Series 2015 Bonds (or, if so provided in Exhibit B, for each separate interest rate within a maturity), and registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Series 2015 Bonds. Unless otherwise agreed by the Representative, the Series 2015 Bonds will be delivered under DTC's FAST delivery system. The original Series 2015 Bonds and shall be made available to the Representative at least one (1) business day before the Closing Date for purposes of inspection and packaging, unless otherwise agreed by the Issuer and the Representative.

9. **Closing Conditions**. The Underwriters have entered into this Purchase 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 on the Closing Date and upon the performance by the Issuer of its obligations hereunder and thereunder, both as of the date hereof and as of the Closing Date. Accordingly, the Underwriters' obligations under this Purchase Agreement to purchase, to accept delivery of and to pay for the Series 2015 Bonds are 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 Date, and are also subject to the following additional conditions precedent:

(a) At the time of the Closing, the representations and warranties of the Issuer contained in this Purchase Agreement shall be true, complete and correct in all material respects as if made on and as of the Closing Date; the Issuer shall have complied with all agreements and satisfied all the conditions on its part to be performed at or prior to the Closing; the Series 2015 Bonds shall have been duly executed and delivered and authenticated; the Official Statement shall have been executed and delivered by the Issuer at or prior to the Closing in sufficient time to permit the Underwriters to comply with their obligations under Rule 15c2-12; the Issuer Documents and all other financing or operative documents required in connection with the issuance of the Series 2015 Bonds shall have been duly executed and delivered by the appropriate parties thereto; the Bond Ordinance, the Issuer Documents and such other financing or operative documents shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Representative; if the Series 2015 Bonds are to be supported by a bond insurance policy or other credit facility (a "Support Facility"), the Support Facility shall have been duly executed, issued and delivered; the proceeds of the sale of the Series 2015 Bonds shall have been paid to the Issuer or its designee for deposit for use as described in the Official Statement, the Bond Ordinance and the Issuer Documents; and the Issuer shall have adopted and there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated by this Purchase Agreement and as described in the Official Statement.

(b) At the time of Closing, the Bond Ordinance shall have been duly adopted, and the Issuer Documents shall have been executed and delivered, and the Bond Ordinance and the Issuer Documents shall be in full force and effect, and shall not have been repealed, amended, modified or supplemented, except as may have been agreed to in writing by the Underwriters and there shall have been taken in connection therewith, with the issuance of the Series 2015 Bonds and with the transactions contemplated thereby and by this Purchase Agreement, all such actions as, in the opinion of Bond Counsel, shall be necessary and appropriate

(c) At or prior to the Closing Date, the Underwriters shall have received each of the following:

(1) The Official Statement and each supplement or amendment, if any, thereto, executed on behalf of the Issuer by the Mayor of the City of Hialeah;

(2) A copy of the Bond Ordinance certified by the City Clerk under seal as having been duly adopted by the Issuer and as being in full force and effect;

(3) Fully executed copies of each of the Issuer Documents, all in form and substance acceptable to the Representative and Underwriters' Counsel;

(4) The opinion, dated as of the Closing Date and addressed to the Issuer, of Bryant Miller Olive, Bond Counsel, in substantially the form included in the Preliminary Official Statement as Appendix D, together with a letter of such counsel, dated as of the Closing Date and addressed to the Underwriters, to the effect that the foregoing opinion addressed to the Issuer may be relied upon by the Underwriters to the same extent as if such opinion were addressed to them;

(5) The supplemental opinion, dated as of the Closing Date and addressed to the Issuer and the Underwriters, of Bryant Miller Olive, Bond Counsel, in the form annexed as Exhibit C hereto or in such other form acceptable to the Representative and Underwriters' Counsel;

(6) The opinion, dated as of the Closing Date and addressed to the Issuer and the Underwriters of the City Attorney of the City of Hialeah, counsel to the Issuer, in the form annexed as Exhibit D hereto or in such other form acceptable to the Representative and Underwriters' Counsel;

(7) The opinion, dated as of the Closing Date and addressed to the Underwriters, of counsel to the Underwriters, in form and substance acceptable to the Underwriters;

(8) A customary authorization and incumbency certificate, dated as of the Closing Date, signed by authorized officers of the Paying Agent;

(9) A certificate, dated as of the Closing Date, signed by the Mayor of the Issuer, setting forth that: (i) each of the representations of the Issuer contained herein was true and accurate in all material respects on the date when made, has been true and accurate in all material respects at all times since, and continues to be true and accurate in all material respects on the Closing Date as if made on such date; (ii) the Issuer has performed all obligations to be performed hereunder as of the Closing Date; (iii) the Issuer has never been in default as to principal or interest with respect to any obligation issued or guaranteed by the Issuer except as disclosed in the Preliminary Official Statement; and (iv) the Official Statement (other than the information under the captions "Book-Entry Only System," "TAX MATTERS," and "UNDERWRITING," as to which no view need be expressed) as of its date, and as of the date hereof, does not contain any untrue statement of a material fact or omit to state a material fact which should be included therein for the purposes for which the Official Statement is to be used, or which is necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading;

(10) A customary signature and no litigation certificate, dated as of the Closing Date, signed on behalf of the Issuer by the Mayor;

(11) A certificated signed by the Mayor that the Preliminary Official Statement, as of its date, was deemed "final" for purposes of Rule 15c2-12, except for "permitted omissions" as therein defined;

(12) Executed copies of the Issuer's certification as to arbitrage and other matters relative to the tax status of the Series 2015B Bonds under Section 148 of the Internal Revenue Code of 1986, as amended;

(13) Executed copy of Internal Revenue Service Form 8038-G relating to the Series 2015B Bonds;

(14) A certificate of the Issuer, dated as of the Closing Date, in form and substance acceptable to the Underwriters and Underwriters' Counsel;

(15) Such additional documents as may be required by the Bond Ordinance to be delivered as a condition precedent to the issuance of the Series 2015 Bonds;

(16) Evidence of compliance by the Issuer with the requirements of Section 215.84, Florida Statutes;

(17) An opinion dated the Closing Date and addressed to the Issuer and the Underwriters, of Bryant Miller Olive, Bond Counsel, as to the tax treatment of Original Issue Discount on the Series 2015 Bonds for federal income tax purposes

(18) A certificate of the Dissemination Agent (i) acknowledging its agreement to serve as the initial Dissemination Agent for the Issuer and undertake the obligations of the Dissemination Agent as set forth in the Continuing Disclosure Agreement and (ii) representing that the Dissemination Agent is aware of the continuing disclosure requirements set forth in the Continuing Disclosure Agreement and Rule 15c2-12, and that it has never failed to comply with its dissemination agent obligations set forth in any continuing disclosure agreement or certificate entered into for purposes of ensuring an underwriters' compliance with Rule 15c2-12;

(19) A certificate, satisfactory to the Underwriters and the Issuer, of a duly authorized representative of the Employees Retirement System ("ERS") to the effect that: (A) as of the Closing Date, except as disclosed in the Official Statement, there has been no material adverse change in the financial condition or financial affairs of ERS since [June 30, 2014 (the fiscal year end for ERS' most recent Comprehensive Annual Financial Report) and (B) the information regarding ERS contained in the Official Statement under the caption "EMPLOYEES RETIREMENT SYSTEM" in Appendix ___ thereto and in Appendix ___ thereto, is true in all material respects and does not contain an untrue statement of any material fact or omit to state a material fact required to be stated there in or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(20) consent from the auditor to ERS for inclusion of the report relating to the audit of the financial statements of ERS as of _____ in the Preliminary Official Statement and Official Statement;

(21) [a copy of the direction by ERS regarding the use of the proceeds from the sale of the Bonds to the unfunded accrued pension liability] ; and

(22) Such additional legal opinions, certificates, instruments and other documents as the Underwriters, Underwriters' Counsel, Bond Counsel or counsel to the Issuer may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the Issuer's representations and warranties contained herein and of the statements and information contained in the Preliminary Official Statement and in the Official Statement and the due performance or satisfaction by the

Issuer on or prior to the Closing of all the agreements then to be performed and conditions then to be satisfied.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase (unless waived by the Underwriters in their sole discretion), to accept delivery of and to pay for the Series 2015 Bonds contained in this Purchase Agreement, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Series 2015 Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase 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 Section 11 hereof shall continue in full force and effect.

**10. Termination.**

The Underwriters shall have the right to cancel their obligation to purchase the Series 2015 Bonds and to terminate this Purchase Agreement by written notice to the Issuer if, between the Effective Date to and including the Closing Date, in the Representative's sole and reasonable judgment any of the following events shall occur (each a "Termination Event"):

(a) the market price or marketability of the Series 2015 Bonds, or the ability of the Underwriters to enforce contracts for the sale of the Series 2015 Bonds, shall be materially adversely affected by any of the following events:

(i) legislation shall have been enacted by the Congress of the United States or the legislature of the State or shall have been favorably reported out of committee of either body or be pending in committee of either body, or shall have been recommended to the Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision shall have been rendered by a court of the United States or the State or the Tax Court of the United States, or a ruling, resolution, regulation or temporary regulation, release or announcement shall have been made or shall have been proposed to be made by the Treasury Department of the United States or the Internal Revenue Service, or other federal or state authority with appropriate jurisdiction, with respect to federal or state taxation upon interest received on obligations of the general character of the Series 2015B Bonds; or

(ii) there shall have occurred (1) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war, (2) any other calamity or crisis in the financial markets of the United States or elsewhere, (3) the sovereign debt rating of the United States is downgraded by any major credit rating agency or a payment default occurs on United States Treasury obligations, or (4) a default with respect to the debt obligations of, or the institution of proceedings under any federal bankruptcy laws by or against, any state of the United States or any city, county or other political subdivision located in the United States having a population of over 500,000; or

(iii) a general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction; or

(iv) legislation shall have been enacted by the Congress of the United States or shall have been favorably reported out of committee or be pending in committee, or shall have been recommended to the Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision by a court of the United States shall be rendered, or a ruling, regulation,

proposed regulation or statement by or on behalf of the SEC or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that any obligations of the general character of the Series 2015 Bonds, the Bond Ordinance or the Issuer Documents, or any comparable securities of the Issuer, are not exempt from the registration, qualification or other requirements of the Securities Act or the Trust Indenture Act or otherwise, or would be in violation of any provision of the federal securities laws; or

(v) except as disclosed in or contemplated by the Official Statement, any material adverse change in the affairs of the Issuer shall have occurred; or a reduction or withdrawal in the assigned ratings, or as of the date of Closing, the failure by any of the rating agencies to assign the ratings to the Series 2015 Bonds; or

(b) any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Official Statement (other than any statement provided by the Underwriters) or is not reflected in the Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the Issuer refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Series 2015 Bonds or the ability of the Underwriters to enforce contracts for the sale of the Series 2015 Bonds; or

(c) a general banking moratorium shall have been declared by federal, New York, or State authorities having jurisdiction and be in force; or

(d) a material disruption in securities settlement, payment or clearance services affecting the Series 2015 Bonds shall have occurred; or

(e) any new restriction on transactions in securities materially affecting the market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a charge to the net capital requirements of, underwriters shall have been established by the New York Stock Exchange, the SEC, any other federal or State agency or the Congress of the United States, or by Executive Order; or

(f) a decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Series 2015 Bonds, including the underlying obligations as contemplated by this Purchase Agreement or by the Official Statement, or any document relating to the issuance, offering or sale of the Series 2015 Bonds, is or would be in violation of any provision of the federal securities laws at the Closing Date, including the Securities Act, the Exchange Act and the Trust Indenture Act.

Upon the occurrence of a Termination Event and the termination of this Purchase Agreement by the Underwriters, all obligations of the Issuer and the Underwriters under this Agreement shall terminate, without further liability, except that: (i) the Issuer promptly shall return the Good Faith Deposit to the Representative, in accordance with Section 1 of this Purchase Agreement, and (ii) the Issuer and the Underwriters shall pay their respective expenses as set forth in Section 11.

**11. <u>Expenses.</u>**

(a) The Underwriters shall be under no obligation to pay, and the Issuer shall pay, any expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to:

(i) the cost of the preparation, printing and delivery of the Bond Ordinance, the Preliminary Official Statement and the Official Statement and any supplements thereto, (ii) the cost of the preparation, printing, and delivery of the Series 2015 Bonds, (iii) the fees and disbursements of Bond Counsel, Disclosure Counsel and the Financial Advisor to the Issuer, (iv) the fees and disbursements of the Consulting Engineers and any other experts or consultants retained by the Issuer and (v) the fees and disbursements of the Paying Agent, the Bond Registrar, the Escrow Agent and rating agency fees. The Issuer shall pay for expenses incurred on behalf of Issuer's employees, which are incidental to implementing this Purchase Agreement, including, but not limited to, meals, transportation and lodging of those employees. The Issuer's obligations under this Section 11 (a) shall survive any termination of the Purchase Agreement pursuant to either Section 9 or 10 hereof.

(b) The Underwriters shall pay: (i) all advertising expenses in connection with the public offering of the Series 2015 Bonds; (ii) the cost of preparing, printing and delivery of any agreement among the Underwriters; and (iii) all other expenses incurred by them or any of them in connection with the public offering of the Series 2015 Bonds, including the fees and disbursements of counsel retained by them, including the costs of all Blue Sky memoranda and related filing fees.

**12.** **Notices**. Any notice or other communication to be given to the Issuer under this Purchase Agreement may be given by delivering the same in writing to the _____ at City of Hialeah, 501 Palm Avenue, 4th Floor, Hialeah, FL 33010, and any notice or other communication to be given to the Underwriters under this Purchase Agreement may be given by delivering the same in writing to Stifel, Nicolaus & Company, Incorporated, 501 N. Broadway St., St. Louis, MO 63102, attention Director of Public Finance.

**13.** **Parties in Interest; Survival of Representations**. This Purchase Agreement is made solely for the benefit of the Issuer and the Underwriters (including the successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof. All of the Issuer's representations, warranties and agreements contained in this Purchase Agreement shall remain operative and in full force and effect, regardless of: (i) any investigations made by or on behalf of the Underwriters and (ii) delivery of and payment for the Series 2015 Bonds pursuant to this Purchase Agreement.

**14.** **Jury Trial Waiver.** Each of the parties hereto hereby irrevocably, knowingly and voluntarily waive any rights to trial by jury with respect to any action, proceeding or counterclaim brought by the other party hereto in respect to any matter arising out of or in connection with this Purchase Agreement.

**15.** **Effectiveness**. This Purchase Agreement shall become effective upon the execution by the appropriate officials of the Issuer and shall be valid and enforceable at the time of such acceptance. To the extent of any conflict between the provisions of this Purchase Agreement and any prior contract between the parties hereto, the provisions of this Purchase Agreement shall govern.

**16.** **Headings**. The headings of the sections of this Purchase Agreement are inserted for convenience only and shall not be deemed to be a part hereof.

**17.** **Amendment**. No modification, alteration or amendment to this Purchase Agreement shall be binding upon any party until such modification, alteration or amendment is reduced to writing and executed by all parties hereto.

**18.** **Governing Law.** This Purchase Agreement shall be governed and construed in accordance with the laws of the State of Florida.

**18.** **Counterparts; Facsimile**. This Purchase Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were signatures upon the same instrument. Facsimile and pdf signatures shall be deemed originals.

Very truly yours,

**STIFEL, NICOLAUS & COMPANY, INCORPORATED,** as Representative of the Underwriters

By:_____
Margaret Lezcano, Director

Accepted and agreed to this
___ day of November, 2015.

**CITY OF HIALEAH, FLORIDA**

By: _____
Honorable Carlos Hernandez, Mayor

**EXHIBIT A**

**DISCLOSURE AND TRUTH-IN-BONDING STATEMENT**

November __, 2015

City of Hialeah, Florida

Re: $25,000,000* City of Hialeah, Florida, Taxable Special Obligation Revenue Bonds Series 2015A (Pension Funding Project) (the "Series 2015A Bonds") and $25,000,000* City of Hialeah, Florida Special Obligation Refunding Revenue Bonds Series 2015B (the "Series 2015B Bonds" and, together with the Series 2015A Bonds, the "Series 2015 Bonds")

Dear Ladies and Gentlemen:

Pursuant to Chapter 218.385, Florida Statutes, and with respect to the issuance of the above-referenced Series 2015 Bonds, Stifel, Nicolaus & Company, Incorporated (the "Senior Manger"), Bank of America (Merrill Lynch Pierce, Fenner & Smith, Incorporated), RBC Capital Markets, LLC (RBC CM) and Wells Fargo Securities (together with the Senior Manager, the "Underwriters"), having purchased the Series 2015 Bonds pursuant to a Bond Purchase Agreement dated November ___, 2015 (the "Bond Purchase Agreement"), by and between the Representative and the City of Hialeah, Florida (the "City"), furnishes the following information in connection with the offering and sale of the Series 2015 Bonds:

The total underwriting discount paid to the Underwriters pursuant to the Bond Purchase Agreement for the Series 2015A Bonds is approximately $_____ per $1,000.00 or $_____. The total underwriting discount paid to the Underwriters pursuant to the Bond Purchase Agreement for the Series 2015B Bonds is approximately $_____ per $1,000.00 or $_____.

There are no "finders" as such term is used in Sections 218.385 and 218.386, Florida Statutes, in connection with the issuance of the Series 2015 Bonds.

The nature and estimated amounts of expenses to be incurred by the Underwriter in connection with the issuance of the Series 2015A Bonds and the Series 2015B Bonds are set forth in Schedule I attached hereto.

No other fee, bonus or other compensation is estimated to be paid by the Underwriters in connection with the issuance of the Series 2015 Bonds to any person not regularly employed or retained by the Underwriters, except as described in Schedule 1 attached hereto.

Pursuant to the provisions of Sections 218.385(2) and (3), Florida Statutes, as amended, the following truth-in-bonding statements are made with respect to the Series 2015A Bonds and the Series 2015B Bonds:

The Issuer is proposing to issue $_____ aggregate amount of the Series 2015A Bonds and $_____ aggregate amount of the Series 2015B Bonds.

The Series 2015A Bonds are being issued to provide funds to (i) finance all or a portion of the annual required contribution with respect to the contributory defined benefit retirement plan known as the Public Employee Retirement System sponsored and administered by the City that covers most permanent employees of the City; and (ii) pay a portion of the costs associated with the issuance of the Series 2015 Bonds[, including the municipal bond insurance premium].

The Series 2015B Bonds are being issued to provide funds to (i) finance the refunding, on a current basis, of all of that portion of the outstanding Florida Municipal Loan Council, Revenue Bonds Series 2005, attributable to the City and for which the City is the obligor; and (ii) pay a portion of the costs associated with the issuance of the Series 2015 Bonds[, including the municipal bond insurance premium].

The debt or obligation associated with the Series 2015A Bonds is expected to be repaid over a period of approximately _____ (__) years. At a net interest cost of approximately _____% for the Series 2015A Bonds, total interest paid over the life of the Series 2015A Bonds will be $_____. This debt or obligation associated with the Series 2015B Bonds is expected to be repaid over a period of approximately _____ (__) years. At a net interest cost of approximately _____% for the Series 2015B Bonds, total interest paid over the life of the Series 2015B Bonds will be $_____.

The source of repayment for the Series 2015 Bonds is the Pledged Revenues under the Bond Ordinance. Based solely upon the assumptions set forth in the paragraph above, the issuance of the Series 2015 Bonds will result in approximately $_____ of the Issuer's Pledged Revenues not being available to the Issuer on an annual basis to finance other services of the Issuer.

The addresses of the Underwriters are:

Stifel Nicolaus & Company, Incorporated
501 N. Broadway St.
St. Louis, MO 63102

Bank of America (Merrill Lynch Pierce, Fenner & Smith, Incorporated)

RBC Capital Markets, LLC

Wells Fargo Securities

Sincerely,

**STIFEL, NICOLAUS & COMPANY, INCORPORATED,** as Representative of the Underwriters

By:_____
Margaret Lezcano, Managing Director

## SCHEDULE I

**Expenses for Series 2015A Bonds:**

| | Amount | Price Per Bond |
|---|---|---|
| Underwriters' Counsel | | |
| Ipreo Expense | | |
| DTC Charges | | |
| Day Loan Expense | | |
| CUSIP | | |
| Blue Sky Memo | | |
| Travel/Miscellaneous | | |
| TOTAL | | |

**Expenses for Series 2015B Bonds:**

| | Amount | Price Per Bond |
|---|---|---|
| Underwriters' Counsel | | |
| Ipreo Expense | | |
| DTC Charges | | |
| Day Loan Expense | | |
| CUSIP | | |
| Blue Sky Memo | | |
| Travel/Miscellaneous | | |
| TOTAL | | |

**EXHIBIT B**

**MATURITIES, PRINCIPAL AMOUNTS,**
**INTEREST RATES AND PRICES OR YIELDS**

**$25,000,000***
**Taxable Special Obligation**
**Revenue Bonds**
**Series 2015A**
**(Pension Funding Project)**

| Maturity Date (October 1) | Principal Amount | Interest Rate | Yield | Maturity Date (October 1) | Principal Amount | Interest Rate | Yield |
|---|---|---|---|---|---|---|---|

**$25,000,000***
**Special Obligation**
**Refunding Revenue Bonds**
**Series 2015B**

| Maturity Date (October 1) | Principal Amount | Interest Rate | Yield | Maturity Date (October 1) | Principal Amount | Interest Rate | Yield |
|---|---|---|---|---|---|---|---|

[Balance of page intentionally left blank.]

## REDEMPTION PROVISIONS

### Redemption of 2015A Bonds

Optional Redemption. The Series 2015A Bonds maturing on or prior to October 1, 20____ shall not be subject to redemption at the option of the Issuer prior to their stated dates of maturity. The Series 2015A Bonds maturing on or after October 1, 20___, may be redeemed prior to their stated dates of maturity, at the option of the Issuer, from any moneys legally available therefor, in whole or in part at any time, on or after October 1, 20_____, and, if in part, in such maturities as the Issuer in its discretion shall select and by lot within a maturity if less than a full maturity, at par, plus accrued interest to the date of redemption, but without premium.

Mandatory Redemption. The Series 2015A 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 (October 1) | Amortization Installment |
|---|---|
| | $ |
| * | |

*Maturity

The Series 2015A 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 (October 1) | Amortization Installment |
|---|---|
| | $ |
| * | |

*Maturity

**Redemption of 2015B Bonds**

Optional Redemption. The Series 2015B Bonds maturing on or prior to October 1, 20____ shall not be subject to redemption at the option of the Issuer prior to their stated dates of maturity. The Series 2015B Bonds maturing on or after October 1, 20___, may be redeemed prior to their stated dates of maturity, at the option of the Issuer, from any moneys legally available therefor, in whole or in part at any time, on or after October 1, 20_____, and, if in part, in such maturities as the Issuer in its discretion shall select and by lot within a maturity if less than a full maturity, at par, plus accrued interest to the date of redemption, but without premium.

Mandatory Redemption. The Series 2015B 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 (October 1) | Amortization Installment $ |
|---|---|
| * | |

*Maturity

The Series 2015B 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 (October 1) | Amortization Installment $ |
|---|---|
| * | |

*Maturity

**EXHIBIT C**

**BOND COUNSEL'S SUPPLEMENTAL OPINION**

November ___, 2015

City of Hialeah, Florida

Stifel Nicolaus & Company, Incorporated
501 N. Broadway St.
St. Louis, MO 63102

Bank of America (Merrill Lynch Pierce, Fenner & Smith, Incorporated)

RBC Capital Markets, LLC

Wells Fargo Securities

Re: $25,000,000* City of Hialeah, Florida, Taxable Special Obligation Revenue Bonds Series 2015A (Pension Funding Project) (the "Series 2015A Bonds") and $25,000,000* City of Hialeah, Florida Special Obligation Refunding Revenue Bonds Series 2015B (the "Series 2015B Bonds" and, together with the Series 2015A Bonds, the "Series 2015 Bonds")

Ladies and Gentlemen:

[Customary introduction/qualifications]

1. It is not necessary in connection with the sale of the Series 2015 Bonds to register the Series 2015 Bonds under the Securities Act of 1933, as amended, or to qualify the Indenture under the.

2. The statements set forth in the respective Preliminary Official Statement and the Official Statement relating to the Series 2015 Bonds insofar as such information purports to describe or summarize certain provisions of the Bond Ordinance, the Series 2015 Bonds, the Constitution and laws of the State of Florida or the Internal Revenue Code of 1986, as amended, as of this date, are fair and accurate descriptions or summaries, as applicable, of such provisions.

3. The lien of the Refunded Bonds (as defined in the Bond Ordinance) on the Pledged Revenues and the funds and accounts pledged thereto has been defeased and discharged.

Very truly yours,

**EXHIBIT D**

**ISSUER'S COUNSEL'S OPINION**

November ___, 2015

City of Hialeah, Florida

Stifel Nicolaus & Company, Incorporated
501 N. Broadway St.
St. Louis, MO 63102

Bank of America (Merrill Lynch Pierce, Fenner & Smith, Incorporated)

RBC Capital Markets, LLC

Wells Fargo Securities

Re: $25,000,000* City of Hialeah, Florida, Taxable Special Obligation Revenue Bonds Series 2015A (Pension Funding Project) (the "Series 2015A Bonds") and $25,000,000* City of Hialeah, Florida Special Obligation Refunding Revenue Bonds Series 2015B (the "Series 2015B Bonds" and, together with the Series 2015A Bonds, the "Series 2015 Bonds")

Ladies and Gentlemen:

[Customary introduction/qualifications]

1. The Issuer has been duly created, established and validly exists as a municipality of the State of Florida.

2. The Issuer has duly adopted Ordinance No. _____ adopted by the Council on October 27, 2015, as amended or supplemented from time to time, and as particularly supplemented by Resolution No. _____ adopted by the Council on October 27, 2015 (collectively, the "Bond Ordinance"), and the Bond Ordinance remains in full force and effect and has not been amended, supplemented or modified.

3. The Issuer may lawfully enter into and perform its obligations pursuant to the Issuer Documents (defined herein) and issue the Series 2015 Bonds.

4. The Bond Purchase Agreement, the Continuing Disclosure Agreements, the Escrow Deposit Agreement and the DTC Letter of Representations (collectively, the "Issuer Documents") have been duly authorized, executed and delivered, and constitute legal, valid and binding agreements of the Issuer, enforceable in accordance with their respective terms, except to the extent that the enforceability of the rights and remedies set forth therein may be limited by bankruptcy, insolvency, and similar laws affecting creditors' rights generally and general principles of equity.

5. The Series 2015 Bonds, when issued, executed and delivered in accordance with the Bond Ordinance and when sold to the Underwriters as provided herein, will be validly issued and outstanding obligations of the Issuer, entitled to the benefits of the Bond Ordinance and upon such issuance, execution and delivery of the Series 2015 Bonds, the Bond Ordinance will provide, for the benefit of the holders from time to time of the Series 2015 Bonds, a legally valid and binding pledge of and first lien on the Pledged Revenues.

6. There is no litigation or other proceeding now pending, or to our best knowledge threatened: (a) contesting the existence or powers of the Issuer, or the titles of the respective officers of the Issuer or their respective offices; (b) affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Series 2015 Bonds or the application of the proceeds of the sale thereof for the purposes described in the Official Statement or the collection, the pledge of and lien on the Pledged Revenues pursuant to the Bond Ordinance; (c) contesting or affecting specifically as to the Issuer the validity or enforceability of the Act or the Bond Ordinance, any action of the Issuer relating to the authorization for the issuance of the Series 2015 Bonds, or the authorization of the Bond Ordinance, the Issuer Documents or the application of the proceeds of the Series 2015 Bonds for the purposes set forth in the Preliminary Official Statement and the Official Statement; (d) specifically contesting the federal or state tax status of the Series 2015B Bonds; or (e) contesting the completeness or accuracy of the Preliminary Official Statement and the Official Statement or any supplement or amendment thereto.

7. The Issuer has duly authorized, executed and delivered the Preliminary Official Statement and the Official Statement.

8. Based upon our limited participation in the preparation of the Preliminary Official Statement and the Official Statement, as counsel to the Issuer, we have no reason to believe that the statements and information contained therein are not true and accurate and as of their respective dates did not, and as of the date of Closing do not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements, in light of the circumstances under which they are made, not misleading. We have no reason to believe that the information under the heading "RISK FACTORS" is not complete.

9. To the best of our knowledge, the Issuer is not in breach of or default under any applicable provision of the Act or constitutional provision, statute, 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 material instrument to which the Issuer is a party or to which the Issuer or any of its property or assets is otherwise subject, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a material default or material event of default by the Issuer under any such instrument.

10. To the best of our knowledge, the execution and delivery of the Series 2015 Bonds, the Issuer Documents, and the adoption of the Bond Ordinance 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 applicable constitutional provision, law, 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 or any of its property or assets is 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 or under the terms of any such law, regulation or instrument, except as expressly provided by the Series 2015 Bonds and the Bond Ordinance. To the best of our knowledge, the Issuer has taken no action which, with the lapse of time or the giving of notice, or both, would constitute a material default or material event of default by the Issuer under the Series 2015 Bonds or the Issuer Documents.

11. All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matters which are required for the due authorization by, or which would constitute a condition precedent to, or the absence 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 obligation to issue the Series 2015 Bonds, the performance by the Issuer under the Series 2015 Bonds, and the Issuer Documents, have been duly obtained or effected, provided that no opinion is expressed as to the applicability of state Blue Sky laws. We have no reason to believe that the Issuer will be unable to obtain or effect any such additional authorization, consent, approval or review that may be required in the future for performance of any of such instruments by the Issuer; provided, however that no opinion is expressed as to the applicability of state Blue Sky law.

12. The Issuer has the right and authority under the Act and other state law to adopt the Bond Ordinance, and has duly adopted the Bond Ordinance.

13. All proceedings undertaken by the Issuer with respect to the Pledged Revenues securing the Series 2015 Bonds were undertaken in accordance with Florida law.

Very truly yours,

# EXHIBIT B

# FORM OF PRELIMINARY OFFICIAL STATEMENT

# EXHIBIT C

# FORM OF CONTINUING DISCLOSURE AGREEMENT

## Form of Continuing Disclosure Agreement

This CONTINUING DISCLOSURE AGREEMENT dated as of November ____, 2015 is executed and delivered by the CITY OF HIALEAH, FLORIDA (the "City"), a municipal corporation and public body corporate and politic, duly organized and existing under the Constitution and laws of the State of Florida in connection with the issuance of $_____ in aggregate principal amount of City of Hialeah, Florida Taxable Special Obligation Bonds, Series 2015A (Pension Funding Project), and of $_____ in aggregate Special Obligation Refunding Revenue Bonds, Series 2015B (together the "Series 2015 Bonds"). The Series 2015 Bonds are being issued pursuant to Ordinance No. _____ adopted by the Mayor and City Council of the City on November 10, 2015 and Resolution No. _____ adopted by the Mayor and City Council of the City on November 10, 2015 (collectively, the "Ordinance"). The City covenants and agrees as follows:

SECTION 1. Purpose of Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the United States Securities and Exchange Commission (the "SEC"). This Disclosure Agreement shall constitute the continuing disclosure agreement of the City in accordance with the requirements of the Rule for the benefit of the Beneficial Owners.

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinance, which apply to any capitalized term used in this Disclosure Agreement, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2015 Bonds (including persons holding Series 2015 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2015 Bonds for federal income tax purposes.

"Business Day" shall mean any day other than a Saturday, Sunday or a day when banks in the City of New York, New York, or in the City of Hialeah, Florida, or in the city in which the principal offices of the Bond Registrar are required or authorized by law to be closed or on which the New York Stock Exchange is closed.

"Dissemination Agent" shall mean any Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation. The City may act as Dissemination Agent.

"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 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 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 Dissemination Agent from the performance of its obligations under the Disclosure Agreement.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Participating Underwriter" shall mean any of the original underwriters of the Series 2015 Bonds required to comply with the Rule in connection with the offering of the Series 2015 Bonds.

"Repository" shall mean the Municipal Securities Rulemaking Board ("MSRB") approved by the SEC, or otherwise established by law or regulation, where information is required to be filed in accordance with the Rule.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the 180th day following the end of each Fiscal Year, commencing with the Fiscal Year ending September 30, 2015, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided, however, that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if the audited financial statements are not available by that date. If the City's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than ten (10) Business Days prior to the date the Annual Report is to be filed with the Repository, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If the City is unable to provide to the Repository an Annual Report by the date required in subsection (a) of this Section, or if the City shall fail to provide the Annual Report to the Dissemination Agent in time for the Dissemination Agent to deliver the Annual Report to the Repository by the date required in subsection (a) of this Section, the City or the Dissemination Agent, as applicable, shall send a notice to the Repository in substantially the form attached as Exhibit B to this Disclosure Agreement.

(c) In addition to filing the notice required by subsection (b) of this Section, as applicable, the Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of the Repository and verify the filing specifications of the Repository; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to the Disclosure Agreement, stating the date it was provided and listing the Repository to which it was provided.

SECTION 4. Content of Annual Reports. The City's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the City for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, which may be a part of the City's comprehensive audited financial report. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report may contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement for the Series 2015 Bonds dated November ____, 2015 (the "Official Statement"), if available, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent such information is not otherwise included as part of the Annual Report, updated information from that set forth in the Official Statement under the caption "SECURITY FOR THE SERIES 2015 BONDS".

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to the Repository or to the SEC. If the document included by reference is a final official statement, such final official statement must be available in electronic format from the MSRB. The City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2015 Bonds within ten (10) Business Days of the occurrence of the event:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on the debt service reserves reflecting financial difficulties;
4. unscheduled draws on the credit enhancements reflecting financial difficulties.
5. substitution of the 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 Series 2015 Bonds, or other material events affecting the tax status of the Series 2015 Bonds;

7. modifications to rights of Bondholders, if material;

8. bond calls, if material, and tender offers;

9. defeasances;

10. release, substitution or sale of property securing repayment of the Series 2015 Bonds, if material;

11. rating changes;

12. bankruptcy, insolvency, receivership or similar event of the City;

*Note: Ffor the purposes of the events identified in this subsection 5(a)(12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City 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 City, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.*

13. The consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, 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 Bond Registrar, Paying Agent or trustee or the change of name of a Bond Registrar, Paying Agent or trustee, if material.

(b) Notice of any Listed Event shall be in writing. Such notice shall (i) identify the Listed Event that has occurred; (ii) include the text of the disclosure that the City desires to make; (iii) contain the written authorization of the City for the Dissemination Agent to disseminate such information, and (iv) identify the date the City desires the Dissemination Agent to disseminate the information (provided that such date is not later than the tenth ($10^{th}$) Business Day after the occurrence of the Listed Event).

(c) The Dissemination Agent is not obligated to notify the City of an event that may constitute a Listed Event. In the event the Dissemination Agent so notifies the City, the City shall, within two (2) Business Days of receipt of such notice (but in any event not later than the tenth ($10^{th}$) Business Day after the occurrence of the Listed Event, if the City determines that a Listed Event has occurred), instruct the Dissemination Agent that a Listed Event either (i) has not occurred and no filing is to be made or (ii) has occurred and the Dissemination Agent shall be provided notice thereof in the manner provided in Section 5(b).

SECTION 6. Termination of Reporting Obligation. The obligations of the City under the Disclosure Agreement shall remain in effect only for such period that the Series 2015 Bonds are outstanding in accordance with their terms and the terms of the Ordinance and the City remains an obligated person with respect to the Series 2015 Bonds within the meaning of the Rule. The obligation of the City to provide the Annual Report and notices of Listed Events shall terminate if and when the City no longer remains such an obligated person. The Disclosure Agreement also shall terminate upon the termination of the continuing disclosure requirements of the Rule by legislative, judicial or administrative action.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of the Disclosure Agreement, the City may amend the Disclosure Agreement, and non-compliance with any provision of the Disclosure Agreement may be waived, provided the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a) hereof (unless the amendment or waiver is necessary or appropriate for the City to achieve compliance with any applicable federal law or rule, or to cure any ambiguity, inconsistency, formal defect or omission in the provisions of the Disclosure Agreement), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2015 Bonds, or the type of business conducted;

(b) The Disclosure Agreement, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2015 Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Beneficial Owners of the Series 2015 Bonds in the same manner as provided in the Ordinance for amendments to the Ordinance with the consent of the Beneficial Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Beneficial Owners.

In the event of any amendment or waiver of a provision of the Disclosure Agreement, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 8. Additional Information. Nothing in the Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set

forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by the Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by the Disclosure Agreement, the City shall have no obligation under the Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Remedy for Breach. The Disclosure Agreement shall be solely for the benefit of the Beneficial Owners from time to time of the Series 2015 Bonds. The exclusive remedy for any breach of the Disclosure Agreement by the City shall be limited, to the extent permitted by law, to a right of Beneficial Owners to institute and maintain, or to cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by the City of its obligations under the Disclosure Agreement. Any Beneficial Owner may exercise individually any such right to require the City to specifically perform its obligation to provide or cause to be provided a pertinent filing if such a filing is due and has not been made. Notwithstanding any other provisions of the Ordinance or the Disclosure Agreement, any failure by the City to comply with any provision of the Disclosure Agreement shall not constitute a default under the Series 2015 Bonds or under the Ordinance.

SECTION 10. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The services provided by the Dissemination Agent under or pursuant to the Disclosure Agreement shall solely relate to the execution of instructions received by the Dissemination Agent from the City and do not constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank"). The Dissemination Agent shall not provide any advice or recommendation to the City or anyone on the City's behalf regarding the "issuance of municipal securities" or any "municipal financial product," as such terms are defined in Dodd-Frank, and nothing in the Disclosure Agreement shall be interpreted to the contrary.

(b) For purposes of satisfying the reporting requirements of the Disclosure Agreement, the City has delegated to the Dissemination Agent the duties, functions and responsibilities of disclosing information undertaken by the City in the Disclosure Agreement. The City may, from time to time, appoint or engage an alternate or substitute Dissemination Agent to assist it in carrying out its obligations under the Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor, alternate or substitute Dissemination Agent. The Dissemination Agent (other than the City) shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to the Disclosure Agreement.

(c) Any information received by the Dissemination Agent before 5:00 p.m. Eastern time on any Business Day that it is required to file with the MSRB pursuant to the terms of the Disclosure Agreement will be filed by the Dissemination Agent with the MSRB no later than 5:00 p.m. Eastern time on the next Business Day; provided, however, the Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event,

provided that the Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

(d) The Dissemination Agent shall have only such duties as are specifically set forth in the Disclosure Agreement, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2015 Bonds.

SECTION 11. Extent of Covenants; No Personal Liability. All covenants, stipulations, obligations and agreements of the City contained in the Disclosure Agreement are and shall be deemed to be covenants, stipulations, obligations and agreements of the City to the full extent authorized by law. No covenant, stipulation, obligation or agreement of the City contained in the Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future officer, agent or employee of the City in other than that person's official capacity.

SECTION 12. Electronic Filing. Any filing under the Disclosure Agreement with the Repository shall be made in compliance with the formal rules, notices or releases for such filings, as established by the SEC or the MSRB and, until established otherwise by such rules, notices or releases, any filing under the Disclosure Agreement shall be made electronically at http://emma.msrb.org/ in accordance with the procedures of the MSRB for such filings.

SECTION 13. Beneficiaries. The Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the Beneficial Owners, and shall create no rights in any other person or entity.

SECTION 14. Severability. In case any section or provision of the Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reason held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 15. Headings. The headings preceding the text of the sections of this Disclosure Agreement are solely for convenience of reference and shall not affect the meaning, construction or effect of any of the provisions of the Disclosure Agreement.

IN WITNESS WHEREOF, the City has caused this Disclosure Agreement to be executed by its duly authorized officer and delivered to the Participating Underwriter in connection with the original issuance and delivery of the Series 2015 Bonds, all as of the date set forth above, and the Beneficial Owners and Holders of the Series 2015 Bonds from time to time shall be deemed to have accepted the Disclosure Agreement in accordance with the Rule.

CITY OF HIALEAH, FLORIDA

By: _____

Carlos Hernandez
Mayor

# EXHIBIT B

# FORM OF PRELIMINARY OFFICIAL STATEMENT

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER ____, 2015

NEW ISSUE – BOOK ENTRY ONLY

Ratings:

*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 2015B Bonds is excluded from gross income for federal income tax purposes of the holders thereof and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Series 2015B Bonds shall be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations. INTEREST ON THE SERIES 2015A BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. See 'TAX MATTERS" herein for a description of certain other tax consequences to holders of the Bonds.*

# CITY OF HIALEAH, FLORIDA

## $25,000,00*
## Taxable Special Obligation Revenue Bonds Series 2015A

## $25,000,000*
## Special Obligation Refunding Revenue Bonds Series 2015B

Dated: Date of Delivery

Due: December 1, as shown on inside cover

The City of Hialeah, Florida (the "City") is issuing its Taxable Special Obligation Revenue Bonds, Series 2015A (Pension Funding Project) (the "Series 2015A Bonds"), and its Special Obligation Refunding Revenue Bonds, Series 2015B (the "Series 2015B Bonds", and together with the Series 2015A Bonds, the "Series 2015 Bonds") as fully registered bonds, which initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Individual purchases will be made in book entry form only in denominations as described herein. Purchases of the Series 2015 Bonds (the "Beneficial Owners") will not receive physical delivery of the Series 2015 Bonds. Transfer of ownership in the Series 2015 Bonds will be effected by DTC's book-entry system as described herein. As long as Cede & Co. is the registered owner as nominee of DTC, principal and interest payments will be made directly to such registered owner which will in turn remit such payments to the Participants (as defined herein) for subsequent disbursement to the Beneficial Owners. Interest on the Series 2015 Bonds is payable semi-annually on June 1 and December 1 of each year until maturity or redemption, commencing on June 1, 2016. Principal of the Series 2015 Bonds is payable, when due, to the registered owners upon presentation and surrender at the designated corporate office of U.S. Bank National Association, Jacksonville, Florida, as Registrar and Paying Agent. All payments of principal of, redemption premium, if applicable and interest on the Series 2015 Bonds shall be made payable in lawful money of the United States of America. Certain of the Series 2015 Bonds are subject to mandatory redemption prior to their stated dates of maturity as provided herein.

The Series 2015 Bonds are being issued pursuant to the authority of and in full compliance with the Constitution and laws of the State of Florida, including particularly Chapter 166, Florida Statutes, Chapter 159, Part VII, Florida Statutes, the municipal charter of the City (the "City Charter") and other applicable provisions of law (the "Act") and pursuant to Ordinance No. ____ adopted by the City Council of the City (the "Council") on November 10, 2015, as amended and supplemented from time to time, and as particularly supplemented by Resolution No. _____ adopted by the City on November 10, 2015 (collectively, the "Bond Ordinance"). All terms used herein in capitalized form and not otherwise defined shall have the meanings ascribed thereto in the Bond Ordinance.

The 2015 Bonds are special limited obligations of the City payable exclusively from the Pledged Revenues, as described herein. Pledged Revenues are defined in the Bond Ordinance as the Franchise Fee Revenues and any funds on deposit in any bank or account created under the Bond Ordinance. To the extent that the Pledged Revenues are not adequate to pay the Bond Service Requirement, the City has covenanted to budget and appropriate and deposit Non-Ad Valorem Revenues in an amount which is equal to the deficiency into the Sinking Fund for the applicable Fiscal Year.

The Series 2015A Bonds are being issued to provide funds to (i) finance a portion of the annual required contribution for Fiscal Year 2015 and Fiscal Year 2016 with respect to the contributory defined benefit retirement plan known as the Employees' Retirement System sponsored and administered by the City that covers most permanent employees of the City; and (ii) pay a portion of the costs associated with the issuance of the Series 2015 Bonds[, including the municipal bond insurance premium].

The Series 2015B Bonds are being issued to provide funds to (i) finance the refunding, on a current basis, of all of that portion of the outstanding Florida Municipal Loan Council Revenue Bond, Series 2005A, attributable to the City and for which the City is the obligor; and (ii) pay a portion of the costs associated with the issuance of the Series 2015 Bonds, [including the municipal bond insurance premium].

THE SERIES 2015 BONDS SHALL NOT BE DEEMED TO CONSTITUTE GENERAL OBLIGATIONS OR A PLEDGE OF THE FAITH, CREDIT OR TAXING POWER OF THE CITY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL, LEGISLATIVE OR CHARTER PROVISION OR LIMITATION, 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 PROVIDED IN THE BOND ORDINANCE. NEITHER THE STATE OF FLORIDA NOR ANY POLITICAL SUBDIVISION THEREOF, NOR THE CITY SHALL BE OBLIGATED (1) TO EXERCISE ITS AD VALOREM TAXING POWER OR ANY OTHER TAXING POWER IN ANY FORM ON ANY REAL OR PERSONAL PROPERTY IN THE CITY TO PAY THE PRINCIPAL OF THE SERIES 2015 BONDS, THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO OR (2) TO PAY THE SAME FROM ANY OTHER FUNDS OF THE CITY, EXCEPT FROM THE PLEDGED REVENUES AND THE NON-AD VALOREM REVENUES IN THE MANNER PROVIDED HEREIN AND IN THE BOND ORDINANCE. IT IS FURTHER AGREED BETWEEN THE CITY AND THE REGISTERED OWNER OF THE SERIES 2015 BONDS THAT THE SERIES 2015 BONDS AND THE INDEBTEDNESS EVIDENCED THEREBY SHALL NOT CONSTITUTE A LIEN ON THE CITY'S PENSION PLAN OR ANY OTHER PROPERTY OF THE CITY BUT SHALL CONSTITUTE A LIEN ON THE PLEDGED REVENUES, IN THE MANNER PROVIDED IN THE BOND ORDINANCE.

The scheduled payment of principal of and interest on some or all of the Series 2015 Bonds when due may be guaranteed under a municipal bond insurance policy. The City will make the determination whether to purchase such policy for all or some of the Series 2015 Bonds, or alternatively not to insure any Series 2015 Bonds, at the time the Series 2015 Bonds are marketed. See "POTENTIAL MUNICIPAL BOND INSURANCE" herein.

SEE THE INSIDE COVER FOR THE MATURITY SCHEDULES FOR THE SERIES 2015 BONDS.

INVESTMENT IN THE SERIES 2015 BONDS POSES CERTAIN RISKS. SEE "CERTAIN INVESTMENT CONSIDERATIONS" herein.

This cover page contains certain information for quick reference only. It is not, and is not intended to be, a summary of this issue. Investors must read the entire Official Statement, including the appendices hereto, to obtain information essential to making an informed investment decision.

The Series 2015 Bonds are offered when, as, and if issued and received by the Underwriters, subject to the opinion on certain legal matters relating to their issuance by Bryant Miller Olive, Miami, Florida, Bond Counsel. Certain legal matters will be passed upon for the City by Lorena L. Bravo, Esq., Hialeah, Florida, City Attorney and Lewis, Longman & Walker, P.A., Jacksonville, Florida, Disclosure Counsel to the City. Llorente & Heckler, P.A., Miami Beach, Florida, is counsel to the Underwriters. Public Financial Management, Inc., Coral Gables, Florida is Financial Advisor to the City in regard to the issuance of the Series 2015 Bonds. It is expected that the Series 2015 Bonds in definitive form will be available for delivery to the Underwriters in New York, New York at the facilities of DTC on or about November ____, 2015.

**STIFEL**

**BofA Merrill Lynch** **RBC Capital Markets** **Wells Fargo Securities**

Dated: November ___, 2015

*Estimated, subject to change.

THIS PRELIMINARY OFFICIAL STATEMENT AND THE INFORMATION CONTAINED HEREIN ARE SUBJECT TO COMPLETION AND AMENDMENT. Under no circumstances shall there be any sale of the Series 2015 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of 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.

| | $25,000,000* CITY OF HIALEAH, Florida Taxable Special Obligation Revenue Bonds Series 2015A | | | | $25,000,000* CITY OF HIALEAH, Florida Special Obligation Refunding Revenue Bonds Series 2015B | | | |
|---|---|---|---|---|---|---|---|---|
| Maturity (Dec 1) | Principal Amount | Interest Rate | Yield | CUSIP Number** | Principal Amount | Interest Rate | Yield | CUSIP Number** |
| 2016 | | | | | | | | |
| 2017 | | | | | | | | |
| 2018 | | | | | | | | |
| 2019 | | | | | | | | |
| 2020 | | | | | | | | |
| 2021 | | | | | | | | |
| 2022 | | | | | | | | |
| 2023 | | | | | | | | |
| 2024 | | | | | | | | |
| 2025 | | | | | | | | |
| 2026 | | | | | | | | |
| 2027 | | | | | | | | |
| 2028 | | | | | | | | |
| 2029 | | | | | | | | |
| 2030 | | | | | | | | |
| 2031 | | | | | | | | |
| 2032 | | | | | | | | |
| 2033 | | | | | | | | |
| 2034 | | | | | | | | |
| 2035 | | | | | | | | |

* Estimated, subject to change.

** The City is not responsible for the use of CUSIP numbers, nor is any representation made as to their correctness. CUSIP numbers are included solely for the convenience of the readers of this Official Statement.

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NO DEALER, BROKER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED BY THE CITY OR THE UNDERWRITERS TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SERIES 2015 BONDS, OTHER THAN AS CONTAINED IN THIS OFFICIAL STATEMENT, 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 OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THE SERIES 2015 BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE CITY, [THE INSURER,] DTC AND OTHER SOURCES THAT ARE BELIEVED TO BE RELIABLE, BUT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY AND IS NOT TO BE CONSTRUED AS A REPRESENTATION BY THE UNDERWRITERS. THE UNDERWRITERS LISTED ON THE COVER PAGE HEREOF HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH AND AS 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. THE INFORMATION AND EXPRESSIONS OF OPINION STATED HEREIN ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL CREATE, UNDER ANY CIRCUMSTANCES, ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE MATTERS DESCRIBED HEREIN SINCE THE DATE HEREOF.

IN CONNECTION WITH THIS OFFERING OF THE SERIES 2015 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2015 BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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.

NO REGISTRATION STATEMENT RELATING TO THE SERIES 2015 BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "COMMISSION") OR WITH ANY STATE SECURITIES COMMISSION. IN MAKING ANY INVESTMENT

DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE CITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2015 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE COMMISSION OR ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT SHALL NOT CONSTITUTE A CONTRACT BETWEEN THE CITY OR THE UNDERWRITER AND ANY ONE OR MORE HOLDERS OF THE SERIES 2015 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 AND 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.

THE CITY HAS DEEMED THIS PRELIMINARY OFFICIAL STATEMENT "FINAL" AS OF ITS DATE WITHIN THE MEANING OF RULE 15(c)2-12 UNDER THE SECURITIES EXCHANGE ACT OF 1934, EXCEPT FOR PERMITTED OMISSIONS UNDER SUCH RULE.

ALL SUMMARIES HEREIN OF DOCUMENTS AND AGREEMENTS ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO SUCH DOCUMENTS AND AGREEMENTS, AND ALL SUMMARIES HEREIN OF THE SERIES 2015 BONDS ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE FORM THEREOF INCLUDED IN THE AFORESAID DOCUMENTS AND AGREEMENTS.

**CITY OF HIALEAH, FLORIDA**
501 Palm Avenue
Hialeah, Florida 33010

**MAYOR**
Carlos Hernandez

**MEMBERS OF THE CITY COUNCIL**
Isis Garcia-Martinez, Council President
Luis E. Gonzalez, Council Vice President
Vivian Casals-Munoz, Council Member
Jose F. Caragol, Council Member
Katharine Cue-Fuente, Council Member
Paul B. Hernandez, Council Member
Lourdes Lozano, Council Member

**CITY OFFICIALS**
Marbelys Fatjo, Clerk
Ines Beecher, Budget Director
Lorena Bravo, City Attorney
Javier Collazo, Finance Director*

**FINANCIAL ADVISOR**
Public Financial Management, Inc.
Coral Gables, Florida

**BOND COUNSEL**
Bryant, Miller and Olive, P.A.
Miami, Florida

**DISCLOSURE COUNSEL**
Lewis, Longman & Walker, P.A.
Jacksonville, Florida

**AUDITOR**
Alberni Caballero & Fierman, LLP
Coral Gables, Florida

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* Mr. Collazo has submitted his resignation effective January 15, 2016.

OFFICIAL STATEMENT
relating to

CITY OF HIALEAH, FLORIDA

**$25,000,000***
**Taxable Special Obligation**
**Revenue Bonds**
**Series 2015A**

**$25,000,000***
**Special Obligation**
**Refunding Revenue Bonds**
**Series 2015B**

# INTRODUCTION

## General

This Official Statement, including the cover page and the appendices hereto, is furnished with respect to the sale of $25,000,000* aggregate principal amount of Taxable Special Obligation Revenue Bonds, Series 2015A (the "Series 2015A Bonds") and $25,000,000* aggregate principal amount of Special Obligation Refunding Revenue Bonds, Series 2015B (the "Series 2015B Bonds," and together with the Series 2015A Bonds, the "Series 2015 Bonds") issued by the City of Hialeah, Florida (the "City").

This introduction is not, and is not intended to be, a summary of this Official Statement. It is only a brief description of, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Series 2015 Bonds is made only by means of this Official Statement and is subject in all respects to the information contained herein.

## The City

Hialeah is located in Miami-Dade County, Florida. As of 2010, the United States Census Bureau stated that the City had a population of 224,669. The Census Bureau's estimate for the City's 2014 population was 235,563. It is the sixth-largest city in the state and is a major municipality in greater Miami. It is the tenth-largest city in the United States among cities with a population density of more than 10,000 people per square mile. There are approximately 19.7 square miles of land included within the corporate boundaries of the City.

The City was incorporated on September 10, 1925 and has operated under a strong mayor form of government since its inception. Policy making and legislative authority are vested in a governing body consisting of a seven member Council. The Council is responsible for, among other things, passing ordinances and adopting the budget. The Mayor is responsible for carrying out the policies and ordinances of the Council, overseeing the day-to-day operation of the City, and appointing heads of the various departments. Both the Mayor and Council are elected by the

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* Estimated, subject to change

people of Hialeah and serve a four-year term. Elections are held every two years due to the fact that no more than four seats on the Council are subject to election at any one time. The City Clerk, the City Attorney, the Finance Director, and the Public Works Director are all subject to the supervision of the Mayor. In a strong Mayor form of government, there is no city manager. For additional information concerning the City, see "CITY OF HIALEAH, FLORIDA" herein and "APPENDIX A —General Information Concerning the City of Hialeah" attached hereto.

**Authority for and Purpose of Issuance**

The Series 2015 Bonds are being issued pursuant to the authority of and in full compliance with the Constitution and laws of the State of Florida, including particularly Chapter 166, Florida Statutes, Chapter 159, Part VII, Florida Statutes, the municipal charter of the City (the "City Charter") and other applicable provisions of law (the "Act") and pursuant to Ordinance No. _____ adopted by the Council on November 10, 2015, as amended or supplemented from time to time, and as particularly supplemented by Resolution No. _____ adopted by the Council on November 10, 2015 (collectively, the "Bond Ordinance"). All terms used herein in capitalized form and not otherwise defined shall have the meanings ascribed thereto in the Bond Ordinance.

The Series 2015A Bonds are being issued to provide funds to (i) finance a portion of the annual required contribution for Fiscal Year 2015 and Fiscal Year 2016 with respect to the contributory defined benefit retirement plan known as the Employees' Retirement System sponsored and administered by the City that covers most permanent employees of the City; and (ii) pay a portion of the costs associated with the issuance of the Series 2015 Bonds[, including the municipal bond insurance premium].

The Series 2015B Bonds are being issued to provide funds to (i) finance the refunding, on a current basis, of all of the outstanding Florida Municipal Loan Council, Revenue Bonds, Series 2005A, attributable to the City and for which the City is the obligor; and (ii) pay a portion of the costs associated with the issuance of the Series 2015 Bonds [including the municipal bond insurance premium].

**Security for the Series 2015 Bonds**

The Series 2015 Bonds are payable from and secured by a lien upon and pledge of the Pledged Revenues. Pledged Revenues are defined in the Bond Ordinance as the Franchise Fee Revenues and any funds on deposit in any fund or account created under the Bond Ordinance. To the extent that the Pledged Revenues are not adequate to pay the Bond Service Requirements on the Series 2015 Bonds, the City has covenanted in the Bond Ordinance to budget and appropriate Non-Ad Valorem Revenues equal to the deficiency in any applicable Fiscal Year. See "SECURITY FOR THE SERIES 2015 BONDS."

THE SERIES 2015 BONDS SHALL NOT BE DEEMED TO CONSTITUTE GENERAL OBLIGATIONS OR A PLEDGE OF THE FAITH, CREDIT OR TAXING POWER OF THE CITY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF

WITHIN THE MEANING OF ANY CONSTITUTIONAL, LEGISLATIVE OR CHARTER PROVISION OR LIMITATION, 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 PROVIDED IN THE BOND ORDINANCE. NEITHER THE STATE OF FLORIDA NOR ANY POLITICAL SUBDIVISION THEREOF, NOR THE CITY SHALL BE OBLIGATED (1) TO EXERCISE ITS AD VALOREM TAXING POWER OR ANY OTHER TAXING POWER IN ANY FORM ON ANY REAL OR PERSONAL PROPERTY IN THE CITY TO PAY THE PRINCIPAL OF THE SERIES 2015 BONDS, THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO OR (2) TO PAY THE SAME FROM ANY OTHER FUNDS OF THE CITY, EXCEPT FROM THE PLEDGED REVENUES AND THE NON-AD VALOREM REVENUES IN THE MANNER PROVIDED HEREIN AND IN THE BOND ORDINANCE. IT IS FURTHER AGREED BETWEEN THE CITY AND THE REGISTERED OWNER OF THE SERIES 2015 BONDS THAT THE SERIES 2015 BONDS AND THE INDEBTEDNESS EVIDENCED THEREBY SHALL NOT CONSTITUTE A LIEN ON THE CITY'S PENSION PLAN OR ANY OTHER PROPERTY OF THE CITY BUT SHALL CONSTITUTE A LIEN ON THE PLEDGED REVENUES, IN THE MANNER PROVIDED IN THE BOND ORDINANCE.

**Additional Bonds**

Pursuant to the Bond Ordinance, the City may issue Additional Bonds in the future on parity with the Series 2015 Bonds subject to the conditions in the Bond Ordinance. See "SECURITY FOR THE SERIES 2015 BONDS – Additional Bonds."

**Potential Municipal Bond Insurance**

The scheduled payment of principal of and interest on some or all of the Series 2015 Bonds when due may be guaranteed under a municipal bond insurance policy. The City will make the determination whether to purchase such policy for all or some of the Series 2015 Bonds, or alternatively not to insure any Series 2015 Bonds, at the time the Series 2015 Bonds are marketed. See "POTENTIAL MUNICIPAL BOND INSURANCE" herein.

**Description of the Series 2015 Bonds**

Denominations. The Series 2015 Bonds will be issued in denominations as described herein.

Redemption. Series 2015 Bonds are subject to optional and mandatory redemption prior to their stated dates of maturity as described herein.

Registration and Transfers. Transfer of ownership in the Series 2015 Bonds will be effected by The Depository Trust Company ("DTC") book-entry system as described herein. As long as Cede & Co. is the registered owner as nominee of DTC, principal and interest payments will be made directly to such registered owner which in turn is to remit such payments to the Participants (as hereinafter defined) for subsequent disbursement to the Beneficial Owners (as hereinafter defined).

See "DESCRIPTION OF THE SERIES 2015 BONDS" for additional information.

**Continuing Disclosure**

The City has agreed and undertaken, for the benefit of Series 2015 Bondholders, to provide certain financial information and operating data relating to the City, the Pledged Revenues, the Non-Ad Valorem Revenues and the Series 2015 Bonds to the Municipal Securities Rulemaking Board pursuant to Rule 15c2-12 of the Securities and Exchange Commission. See "CONTINUING DISCLOSURE" herein and "APPENDIX F - Form of Continuing Disclosure Agreement."

**Other Obligations Payable from Non-Ad Valorem Revenues**

The City has other debt obligations outstanding which are secured by and payable from specific non-ad valorem revenues, and debt obligations outstanding which are secured by a covenant to budget and appropriate from legally available Non-Ad Valorem Revenues. See "SECURITY FOR THE SERIES 2015 BONDS – Non-Ad Valorem Revenues" herein.

**Other Information**

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

The Bond Ordinance is attached as Appendix D. Copies of other documents and information are available, upon request and upon payment to the City of a charge for copying, mailing and handling, from the City Clerk, 501 Palm Avenue, 4th Floor, Hialeah, Florida 33010, telephone (305) 883-5820, or cityclerk@hialeahfl.gov.

For a complete description of the terms and conditions of the Series 2015 Bonds, reference is made to the Bond Ordinance, the form of which is included in "APPENDIX D -- The Bond Ordinance" attached hereto. The description of the Bond Ordinance, the Series 2015 Bonds and information from reports contained herein do not purport to be comprehensive or definitive.

## SOURCES AND USES OF FUNDS

The proceeds received from the sale of the Series 2015 Bonds, together with certain other moneys of the City, will be applied as follows:

| | 2015A Bonds | 2015B Bonds |
|---|---|---|
| SOURCES: | | |
| Par Amount | $ | $ |
| Net Original Issue Premium/(Discount) | | |
| Contribution from City available funds | | |
| **TOTAL SOURCES OF FUNDS** | | |
| USES: | | |
| Deposit to Pension Plan | $ | $ |
| Deposit to Escrow Account | | |
| Underwriters' Discount | | |
| Costs of Issuance* | | |
| **TOTAL USES OF FUNDS** | | |

* Includes counsel fees, registrar, paying agent and escrow holder fees, financial advisor fees, [bond insurance premium,]rating agency fees and printing costs

## DESCRIPTION OF THE SERIES 2015 BONDS

### General

The Series 2015 Bonds are being issued in the aggregate principal amount, will be dated the date of their delivery, bear interest at the rates per annum and mature on December 1 in the years and principal amounts set forth on the cover page of this Official Statement. Interest on the Series 2015 Bonds is payable semi-annually on June 1 and December 1 of each year (each an "Interest Payment Date"), commencing June 1, 2016. Principal of, premium, if any, and interest on the Series 2015 Bonds will be payable in the manner described below under "Book-Entry Only System" herein.

### Book-Entry Only System

THE FOLLOWING INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CITY BELIEVES TO BE RELIABLE, BUT NEITHER THE CITY NOR THE UNDERWRITER TAKES ANY RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS THEREOF.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2015 Bonds. The Series 2015 Bonds will be issued as fully-registered Series 2015 Bonds 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 Series 2015 Bond certificate will be issued for each maturity of Series 2015 Bonds, and will be deposited with DTC.

DTC, the world's largest 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 ("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 ("Indirect

Participants"). The Direct Participants and the Indirect Participants are collectively referred to herein as the "DTC Participants." DTC has a Standard and Poor's Ratings Services ("S&P") rating of AA+. The DTC Rules applicable to its DTC Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2015 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2015 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2015 Bond ("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 2015 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2015 Bonds, except in the event that use of the book-entry system for the Series 2015 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2015 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 Series 2015 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2015 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2015 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 2015 Bonds within a series or maturity of a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series or maturity, to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) wilt consent or vote with respect to Series 2015 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City (or the Paying Agent on behalf thereof) 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 Series 2015 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments as applicable on the Series 2015 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 Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by 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 Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

THE CITY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE BENEFICIAL OWNERS, DIRECT OR INDIRECT PARTICIPANTS OR THE PERSONS FOR WHOM DIRECT OR INDIRECT PARTICIPANTS ACT AS NOMINEES WITH RESPECT TO THE SERIES 2015 BONDS FOR THE ACCURACY OF RECORDS OF DTC, CEDE & CO. OR ANY DIRECT OR INDIRECT PARTICIPANT WITH RESPECT TO THE SERIES 2015 BONDS OR THE PROVIDING OF NOTICE OR PAYMENT OF PRINCIPAL, OR ANY PREMIUM ON THE SERIES 2015 BONDS TO DIRECT OR INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS, OR THE SELECTION OF SERIES 2015 BONDS FOR REDEMPTION.

The City can give no assurances that DTC, Direct Participants, Indirect Participants or others will distribute payments of principal of, premium, if any, and interest on the Series 2015 Bonds paid to DTC or its nominee, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis or that DTC will serve or act in a manner described in this Official Statement.

For every transfer and exchange of beneficial interests in the Series 2015 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other government charge that may be imposed in relation thereto.

**Discontinuance of Securities Depository**

DTC may discontinue providing its services with respect to the Series 2015 Bonds at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law, or the City may terminate its participation in the system of book-entry transfers through DTC at any time. In the event that the DTC book-entry only system is discontinued and it is not replaced with another book-entry system, the following provisions will apply: principal of the Series 2015 Bonds and redemption premium, if any, thereon will be payable in lawful money of the United States of America at the principal office of U.S. Bank National Association, Jacksonville, Florida as Paying Agent, (the "Paying Agent").

Interest on the Series 2015 Bonds will be payable on each June 1 and December 1 by check or draft mailed to the Registered Owners thereof at their addresses as they appear on the Bond Register at the close of business on the 15th day of the month (whether or not a business day) next preceding the Payment Date or in the case of a payment after default, a special record date, as provided in the Bond Ordinance or any ordinance or resolution supplemental thereto.

**Registration, Transfer and Exchange**

There shall be a Registrar for the Series 2015 Bonds, which may be the City or a designated bank or trust company located within or without the State of Florida. U.S. Bank National Association is the designated Registrar for the Series 2015 Bonds. The Registrar shall maintain the registration books of the City and be responsible for the transfer and exchange of the Series 2015 Bonds. The City shall, prior to the proposed date of delivery of the Series 2015 Bonds, by resolution designate the Registrar. The Registrar shall maintain the books for the registration of the transfer and exchange of the Series 2015 Bonds in compliance with the Florida Registered Public Obligations Act and the system of registration as established by the City pursuant thereto.

Each Series 2015 Bond shall be transferable only upon the Bond Register of the City, at the office of the Registrar, under such reasonable regulations as the City may prescribe, by the Registered Owner thereof in person or by such Registered Owner's attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed and guaranteed by the Registered Owner or such Registered Owner's duly authorized attorney. Upon the transfer of any such Series 2015 Bond, the City shall issue, and cause to be authenticated, in the name of the transferee a new Series 2015 Bond or Bonds of the same aggregate principal amount and maturity as the surrendered Series 2015 Bond. The City, the Registrar and any paying agent or fiduciary of the City may deem and treat the person in whose name any Series 2015 Bond shall be registered upon the books of the City as the absolute owner of such Series 2015 Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and interest on such Series 2015 Bond and for all other purposes, and all such payments so made to any such Registered Owner or upon such Registered Owner's order shall be valid and effectual to satisfy and discharge the liability upon such Series 2015 Bond to the extent of the sum or sums so paid and neither the City nor the Registrar nor any paying agent or other fiduciary of the City shall be affected by any notice to the contrary.

Upon surrender for transfer or exchange of any Series 2015 Bond, the City shall execute and the Registrar shall authenticate and deliver in the name of the Registered Owner or the transferee or transferees, as the case may be, a new fully registered Series 2015 Bond or Bonds of authorized denominations of the same maturity and interest rate for the aggregate principal amount which the Registered Owner is entitled to receive at the earliest practicable time in accordance with the provisions of the Bond Ordinance. The City or the Registrar may charge the owner of such Series 2015 Bond for every such transfer or exchange an amount sufficient to reimburse them for their reasonable fees and for any tax, fee, or other governmental charge required to be paid with

respect to such transfer, and may require that such charge be paid before any such new Series 2015 Bond shall be delivered.

All Series 2015 Bonds presented for transfer, exchange, redemption or payment (if so required by the Registrar), shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Registrar, duly executed by the registered holder or by his duly authorized attorney in fact or legal representative.

All Series 2015 Bonds delivered upon transfer or exchange shall bear interest from the preceding Payment Date so that neither gain nor loss in interest shall result from the transfer or exchange. New Series 2015 Bonds delivered upon any transfer or exchange shall be valid obligations of the City, evidencing the same debt as the Series 2015 Bond surrendered, shall be secured by the Bond Ordinance and shall be entitled to all of the security and the benefits to the same extent as the Series 2015 Bonds surrendered.

The City and the Registrar may treat the Registered Owner of any Series 2015 Bond as the absolute owner thereof for all purposes, whether or not such Series 2015 Bonds shall be overdue, and shall not be bound by any notice to the contrary.

Notwithstanding the foregoing provisions of this section, the city reserves the right, on or prior to the delivery of the Series 2015 Bonds to amend or modify the foregoing provisions relating to the registration of the Series 2015 Bonds by resolution or ordinance in order to comply with all applicable laws, rules, and regulations of the United States and/or the State of Florida relating thereto.

## REDEMPTION PROVISIONS

*Optional Redemption of Series 2015A Bonds.* [TO BE DETERMINED]

*Mandatory Redemption of Series 2015A Bonds.* The Series 2015A Bonds maturing on December 1, ____, are subject to mandatory sinking fund redemption, prior to maturity, in part, by lot, on December 1, ____ and on each December 1 thereafter, at a redemption price equal to the principal amount of such Series 2015A Bonds or portions thereof to be redeemed, plus interest accrued thereon to the date of redemption, on December 1 in the following years and in the following Amortization Installments:

| Year | Amortization Installments |
|---|---|
| | $ |
| | * |

* Final Maturity

*Optional Redemption of Series 2015B Bonds.* The Series 2015B Bonds maturing on or after December 1, 20__ are subject to redemption prior to maturity, at the option of the City, as a whole or in part at any time, on or after December 1, 20__, by lot within a maturity, at the redemption price of par without premium, with accrued interest to the date fixed for redemption.

*Mandatory Redemption of Series 2015B Bonds.* The Series 2015B Bonds maturing on December 1, ____, are subject to mandatory sinking fund redemption, prior to maturity, in part, by lot, on December 1, ____ and on each December 1 thereafter, at a redemption price equal to the principal amount of such Series 2015B Bonds or portions thereof to be redeemed, plus interest accrued thereon to the date of redemption, on December 1 in the following years and in the following Amortization Installments:

| Year | Amortization Installments |
|---|---|
| | $ |
| | * |

* Final Maturity

## Notice and Effect of Redemption

Notice of redemption, identifying the Series 2015 Bonds or portions thereof called for redemption (i) shall be filed with the Paying Agent and any Registrar; and (ii) shall be mailed by the Registrar, first-class mail, postage prepaid, to all registered owners of the Series 2015 Bonds to be redeemed not more than thirty (30) days and not less than fifteen (15) days prior to the date fixed for redemption at their addresses as they appear on the registration books to be maintained in accordance with the provisions of the Bond Ordinance. Failure to give such notice by mailing to any owner of the Series 2015 Bonds, or any defect therein, shall not affect the validity of any proceeding for the redemption of other Series 2015 Bonds.

If less than all of a Series of the Series 2015 Bonds of like maturity are called for redemption, the particular Series 2015 Bonds or portions thereof to be redeemed will be selected by lot by the Paying Agent and Registrar in such manner as the Paying Agent and Registrar deems fair and appropriate. The portion of any Series 2015 Bonds to be redeemed of a denomination of more than $5,000 will be redeemed in the principal amount of $5,000 or an integral multiple thereof, and, in selecting portions of such Series 2015 Bonds for redemption, the Paying Agent and Registrar will treat each such Series 2015 Bond as representing that number of Series 2015 Bonds in $5,000 denominations which is obtained by dividing the principal amount of such Series 2015 Bonds to be redeemed in part by $5,000.

Notice having been mailed and filed in the manner and under the conditions hereinabove provided, the Series 2015 Bonds or portions of the Series 2015 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 2015 Bonds or portions of the Series 2015 Bonds on such date. On the date so designated for redemption, notice having been mailed and filed and moneys for payment of the redemption price being held in separate accounts in trust for the holders of the Series 2015 Bonds or portions thereof to be redeemed, all as provided in the Bond Ordinance, interest on the Series 2015 Bonds or portions of the Series 2015 Bonds so called for redemption shall cease to accrue, such Series 2015 Bonds and portions of the Series 2015 Bonds shall cease to be entitled to any lien, benefit or security under the Bond Ordinance, and the registered owners of such Series 2015 Bonds or portions of the Series 2015 Bonds, shall have no rights in respect thereof except to receive payment of the redemption price thereof.

Upon surrender of any Series 2015 Bond for redemption in part only, the City shall issue and deliver to the holder thereof, the costs of which shall be paid by the holder, a new Series 2015 Bond or Series 2015 Bonds of authorized denominations in aggregate principal amount equal to the unredeemed portion surrendered.

In the case of an optional redemption, any notice of redemption may state that (1) it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Registrar, Paying Agent or a fiduciary institution acting as escrow agent no later than the redemption date or (2) the City retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the

notice is rescinded as described in this section. Any such notice of Conditional Redemption shall be captioned "Conditional Notice of Redemption." Any Conditional Redemption may be rescinded at any time prior to the redemption date if the Finance Director delivers a written direction to the Registrar directing the Registrar to rescind the redemption notice. The Registrar shall give prompt notice of such rescission to the affected Bondholders. Any Series 2015 Bonds subject to Conditional Redemption where redemption has been rescinded shall remain outstanding, and neither the rescission nor the failure by the City to make such funds available shall constitute an Event of Default under the Bond Ordinance. The Registrar shall give immediate notice to the securities information repositories and the affected Bondholders that the redemption did not occur and that the Series 2015 Bonds called for redemption and not so paid remain outstanding.

## THE PENSION OBLIGATIONS

The proceeds of the Series 2015A Bonds will be used by the City to finance a portion of the Fiscal Year 2015 and Fiscal Year 2016 annual required contribution with respect to the Pension Plan and pay certain costs of issuance. Such proceeds are expected to be expended on the date of issuance of the Series 2015A Bonds for such purposes.

## THE REFUNDING

A portion of the proceeds of the Series 2015B Bonds, together with certain moneys of the City, will be used, by the City to refund all of that portion of the outstanding Florida Municipal Loan Council Revenue Bonds, Series 2005A, attributable to the City and for which the City is the obligor (the "Refunded Bonds"). To provide for the payment of principal and interest on the Refunded Bonds, the City will enter into an Escrow Deposit Agreement (the "Escrow Agreement"), on or prior to the delivery of the Series 2015B Bonds, between and among the Florida Municipal Loan Council and U.S. Bank National Association, Jacksonville, Florida, as Escrow Holder (the "Escrow Holder"). Pursuant to the terms of the Escrow Deposit Agreement, the City will deposit a portion of the proceeds of the Series 2015B Bonds and certain moneys of the City with the Escrow Holder. Such moneys will be held in cash and to pay, when due, all principal of, premium and interest on the Refunded Bonds. The Refunded Bonds will be redeemed prior to their stated dates of maturity on or about December ____, 2015.

## DEBT SERVICE SCHEDULE

The following table sets forth the annual principal and interest requirements for the Series 2015 Bonds for each Fiscal Year ending September 30.

| Fiscal Year Ending September 30 | Series 2015A Bonds | | | Series 2015B Bonds | | | Aggregate Series 2015 Bonds Debt Service |
|---|---|---|---|---|---|---|---|
| | Principal | Interest | Total | Principal | Interest | Total | |
| 2016 | | | | | | | |
| 2017 | | | | | | | |
| 2018 | | | | | | | |
| 2019 | | | | | | | |
| 2020 | | | | | | | |
| 2021 | | | | | | | |
| 2022 | | | | | | | |
| 2023 | | | | | | | |
| 2024 | | | | | | | |
| 2025 | | | | | | | |
| 2026 | | | | | | | |
| 2027 | | | | | | | |
| 2028 | | | | | | | |
| 2029 | | | | | | | |
| 2030 | | | | | | | |
| 2031 | | | | | | | |
| 2032 | | | | | | | |
| 2033 | | | | | | | |
| 2034 | | | | | | | |
| 2035 | | | | | | | |
| **Total** | | | | | | | |

## SECURITY FOR THE SERIES 2015 BONDS

The Series 2015 Bonds are payable from and secured by a lien on and pledge of the Pledged Revenues. Pledged Revenues are defined in the Bond Ordinance to mean the Franchise Fee Revenues and any funds on deposit in any fund or account created under the Bond Ordinance. See "APPENDIX D – The Bond Ordinance".

To the extent that the Pledged Revenues are not adequate to pay the Bond Service Requirement, and all other payments required under the Bond Ordinance, the City covenants and agrees to budget and appropriate and deposit Non-Ad Valorem Revenues of the City in an amount which is equal to the deficiency in the Sinking Fund for the applicable Fiscal Year to the credit of the Sinking Fund. Such covenant and agreement on the part of the City to budget and appropriate sufficient amounts of Non-Ad Valorem Revenues shall be cumulative, and shall continue until such Non-Ad Valorem Revenues in amounts sufficient to make up all deficiencies with respect to the required payments as and when due, including any delinquent payments, shall have been budgeted, appropriated and actually paid into the Sinking Fund.

Until such monies are budgeted, appropriated and deposited as provided in the Bond Ordinance, such covenant to budget and appropriate does not create any lien upon or pledge of such Non-Ad Valorem Revenues (except the Pledged Revenues), nor does it preclude the City from pledging in the future its Non-Ad Valorem Revenues, nor does it require the City to levy and collect any particular Non-Ad Valorem Revenues (except the Pledged Revenues), nor does it give the Bondholders a prior claim on the Non-Ad Valorem Revenues as opposed to claims of general creditors of the City. Nothing in the Bond Ordinance shall be deemed a pledge of ad valorem revenues or to permit or constitute a mortgage or lien upon any assets or property owned by the City and no Bondholder or any other person, the Bond Insurer or the Paying Agent, may compel the levy of ad valorem taxes on real or personal property within the boundaries of the City. The obligations of the City under the Bond Ordinance do not constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision or limitation, and neither the Paying Agent, the Bond Insurer or the Bondholders or any other person shall have the right to compel the exercise of the ad valorem taxing power of the City or taxation of any real or personal property therein for the payment by the City of its obligations under the Bond Ordinance. Except to the extent expressly set forth in the Bond Ordinance, the Bond Ordinance and the obligations of the City shall not be construed as a limitation on the ability of the City to pledge or covenant to pledge said Non-Ad Valorem Revenues or any revenues or taxes of the City for other legally permissible purposes. Notwithstanding any provisions of the Bond Ordinance to the contrary, the City shall never be obligated to maintain or continue any of the activities of the City which generate user service charges, regulatory fees or any Non-Ad Valorem Revenues or the rates for such services or regulatory fees. Neither the Bond Ordinance nor the obligations of the City thereunder shall be construed as a pledge of or a lien on all or any legally available Non-Ad Valorem Revenues (except the Pledged Revenues), but shall be payable solely as provided in the Bond Ordinance and are subject in all respects to the provisions of Section 166.241, Florida Statutes, and are subject, further, to the payment of services and programs which are for essential public purposes affecting the health, welfare and safety of the

inhabitants of the City. The amounts available to be budgeted and appropriated from Non-Ad Valorem Revenues to make debt service payments hereunder are subject to the obligation of the City to provide essential services.

**Franchise Fee Revenues and Pro Forma Coverage**

Franchise Fee Revenues are defined in the Bond Ordinance to mean the franchise fees levied and collected by the City, pursuant to (i) Ordinance No. 07-55, enacted by the City Council on June 12, 2007 (the "Electric Franchise Ordinance"), granting to Florida Power & Light Company ("FPL") the franchise to supply electricity and other electric related services in the City.

The following is a record of the Franchise Fee Revenues collected by the City for the last five fiscal years:

Franchise Fee Revenues[1] [TO BE UPDATED]

| 2011 | 2012 | 2013 | 2014[2] | (unaudited) 2015 |
|---|---|---|---|---|
| $10,500,154 | $10,478,381 | $10,227,964 | $15,370,782 | $15,600,000 |

[1] Source: for FY2010-FY2014: City of Hialeah Comprehensive Annual Financial Reports. Unaudited for FY 2015.

**Florida Power and Light Franchise**

*Term of Electric Franchise*. The term of the Electric Franchise Ordinance is for the period of 30 years from the effective date of the Electric Franchise Ordinance and terminates on June 15, 2037. FPL is a subsidiary of NextEra Energy, Inc. which is based in Juno Beach, Florida. For more information regarding FPL go to www.fpl.com. Pursuant to such Electric Franchise Ordinance, the City has granted to FPL the nonexclusive right, privilege and franchise to construct, operate and maintain in, under, upon, along, over and across the present and future roads, streets, alleys, bridges, easements, rights-of-way and other public places (hereinafter called "public rights-of-way") throughout all of the incorporated areas, as such incorporated areas may be constituted from time to time, of the City in accordance with FPL's customary practice with respect to construction and maintenance, electric light and power facilities, including, without limitation, conduits, poles, wires, transmission and distribution lines, and all other facilities installed in conjunction with or ancillary to all of FPL's operations (hereinafter called "facilities"), for the purpose of supplying electricity and other electric-related services to the City and its successors, the inhabitants thereof, and persons beyond the limits thereof (the "FPL Franchise").

*FPL Franchise Fees*. As a consideration for the FPL Franchise, FPL is required to pay to the City, commencing 90 days after the effective date of the FPL Franchise, and each month thereafter for the remainder of the term of the FPL Franchise, an amount which added to the amount of all licenses, excises, fees, charges and other impositions of any kind whatsoever (except ad valorem property taxes and non-ad valorem tax assessments on property) levied or imposed by the City against FPL's property, business or operations and those of its

subsidiaries during FPL's monthly billing period ending 60 days prior to each such payment will equal 5.9 percent of FPL's billed revenues, less actual write-offs, from the sale of electrical energy to residential, commercial and industrial customers (as such customers are defined by FPL's tariff) within the incorporated areas of the City for the monthly billing period ending 60 days prior to each such payment, and in no event shall payment for the rights and privileges granted in the FPL Franchise exceed 5.9 percent of such revenues for any monthly billing period of FPL. The FPL Franchise provides that the City understands and agrees that such revenues as described in the preceding paragraph are limited, as in the prior franchise to FPL Hialeah, Fla., Ordinance. 81-41 (Apr. 28, 1981) (the "Prior FPL Franchise"), to the precise revenues described therein, and that such revenues do not include, by way of example and not limitation: (a) revenues from the sale of electrical energy for Public Street and Highway Lighting (service for lighting public ways and areas); (b) revenues from Other Sales to Public Authorities (service with eligibility restricted to governmental entities); (c) revenues from Sales to Railroads and Railways (service supplied for propulsion of electric transit vehicles); (d) revenues from Sales for Resale (service to other utilities for resale purposes); (e) franchise fees; (f) Late Payment Charges; (g) Field Collection Charges; (h) other service charges.

*Right of FPL to Terminate Franchise*. Pursuant to the Electric Franchise Ordinance, if the City grants a right, privilege or franchise to any other person or otherwise enables any other such person to construct, operate or maintain electric light and power facilities within any part of the incorporated areas of the City in which FPL may lawfully serve or compete on terms and conditions which FPL reasonably determines are more favorable than the terms and conditions contained in the Electric Franchise Ordinances, FPL may at any time thereafter terminate the FPL Franchise if such terms and conditions are not remedied within the time period provided hereafter. FPL shall give the City at least 60 days advance written notice of its intent to terminate. Such notice shall, without prejudice to any of the rights reserved for FPL in the Electric Franchise Ordinance, advise the City of such terms and conditions that it considers more favorable and the objective basis or bases of the competitive disadvantage. The City shall then have 60 days in which to correct or otherwise remedy the terms and conditions complained of by FPL. If FPL determines that such terms or conditions are not remedied by the City within said time period, FPL may terminate the FPL Franchise by delivering written notice to the City's Clerk and termination shall be effective on the date of delivery of such notice.

If as a direct or indirect consequence of any legislative, regulatory or other action by the United States of America or the State of Florida (or any department, agency, authority, instrumentality or political subdivision of either of them) any person is permitted to provide electric service within the incorporated areas of the City to a customer then being served by FPL, or to any new applicant for electric service within any part of the incorporated areas of the City in which FPL may lawfully serve, and FPL reasonably determines that its obligations under the FPL Franchise, or otherwise resulting from the FPL Franchise in respect to rates and service, place it at a competitive disadvantage with respect to such other person, FPL may, at any time after the taking of such action, terminate the FPL Franchise if

such competitive disadvantage is not remedied within the time period provided hereafter. FPL shall give the City at least 90 days advance written notice of its intent to terminate. Such notice shall, without prejudice to any of the rights reserved for FPL in the Electric Franchise Ordinance, advise the City of the consequences of such action which resulted in the competitive disadvantage and the objective basis or bases of the competitive disadvantage. The City shall then have 90 days in which to correct or otherwise remedy the competitive disadvantage. If such competitive disadvantage is not remedied by the City within said time period, FPL may terminate the FPL Franchise by delivering written notice to the City's Clerk and termination shall take effect on the date of delivery of such notice.

*Right of FPL to Withhold Payments*. Failure on the part of the City to comply in substantial respect with any of the provisions of the Electric Franchise Ordinance, including but not limited to: (a) denying FPL use of public rights-of-way for reasons other than unreasonable interference with motor vehicular traffic; (b) imposing conditions for use of public rights-of-way contrary to Florida law or the terms and conditions of the Electric Franchise Ordinance; (c) unreasonable delay making a determination issuing FPL a use permit, if any, to construct its facilities in public rights-of-way, shall constitute breach of the Electric Franchise Ordinance and entitle FPL to withhold all or part of the payments provided for in the Electric Franchise Ordinance until such time as a determination is made on the issuance of a use permit or a court of competent jurisdiction has reached a final determination in the matter. FPL shall not withhold all or part of the payments provided for in the Electric Franchise Ordinance for the denial by the City to grant a permit to FPL provided the City has not engaged in unreasonable delay in making its determination. The City recognizes and agrees that nothing in the Electric Franchise Ordinance constitutes or shall be deemed to constitute a waiver of FPL's delegated sovereign right of condemnation and that FPL, in its sole discretion, may exercise such right.

**Additional Bonds**

Additional Bonds, payable on a parity from the Pledged Revenues with the Series 2015 Bonds and any Additional Bonds then outstanding issued pursuant to the Bond Ordinance, shall be issued only upon the conditions as set forth below:

The City shall prepare prior to the issuance of such Additional Bonds and keep on file a certificate: (a) stating that the financial statements of the City have been audited by an independent certified public accountant; (b) setting forth the amount of Pledged Revenues received by the City for the most recent full Fiscal Year for which an audit has been prepared; (c) stating that the Franchise Fee Revenues for such Fiscal Year equal at least 2.00 times the Maximum Bond Service Requirement on (i) all outstanding Series 2015 Bonds and all Additional Bonds, if any, then outstanding and (ii) the Additional Bonds with respect to which such certificate is made.

Each ordinance or resolution authorizing the issuance of Additional Bonds must recite that all of the covenants contained in the Bond Ordinance will be applicable to such Additional Bonds.

The City must not be in default in performing any of the covenants and obligations contained in the Bond Ordinance, and all payments therein required to have been made into the accounts and funds, as provided in the Bond Ordinance, shall have been made to the full extent required.

**Non-Ad Valorem Revenues**

In addition to the Franchise Fee Revenues, the City collects other non-ad valorem revenues a number of which are described below. The term "Non-Ad Valorem Revenues" does not include all non-ad valorem revenues of the City, but instead includes only those revenues, other than revenues generated from ad valorem taxation on real or personal property, and which are legally available to make the payments required under the Bond Ordinance, which analysis is based upon the components of the Project and the capital projects financed with proceeds of the Refunded Bonds.

*Utility Tax*. The Utility Tax, also known as the Public Service Tax is levied and collected pursuant to Section 166.231, Florida Statutes, and Section _____, of the City's Code of Ordinances, as amended. The tax is levied, with certain exceptions, on each and every purchase of electricity and metered or bottled gas (natural, liquefied, petroleum gas or manufactured) and all other services competitive with those enumerated, within the corporate limits of the City, in the amount of 10% of each payment received by the seller for such utility, service or commodity, which tax shall be paid by the purchaser to the seller for the use of the City at the time of paying the charge therefor, but not less often than monthly. The tax is also levied on telecommunications services which include telephone service, intrastate toll telephone service, telegram or telegraph service, teletypewriter or computer exchange service and private communication service at a rate not to exceed 7% of the total charge for the service, excluding certain charges.

*Sales Tax*. Pursuant to Chapter 212, Florida Statutes, the State of Florida levies and collects a sales tax of 6% on, among other things, the sales price of each item or article of tangible personal property sold at retail in the State of Florida, subject to certain exceptions and dealer allowances. Chapter 218, Florida Statutes, was amended in 1982 to add part VI thereto entitled "Participation in Half-Cent Sales Tax Proceeds" (hereinafter referred to as the "Local Government Sales Tax Act"). Of the proceeds remitted by a sales tax dealer located within a county, 9.653% is required to be transferred into the Local Government Half-Cent Sales Tax Clearing Trust Fund in the State Treasury (the "Trust Fund") and earmarked for distribution to the governing body of that county which meets the eligibility requirements in Section 218.23, Florida Statutes, pursuant to a distribution formula described below. Such money is referred to in the Local Government Sales Tax. Act as the "Local government Half-Cent Sales Tax." Money in the Trust Fund is distributed on a monthly basis to participating cities and counties. Section 218.64, Florida Statutes, permits the cities and counties to pledge their share of the proceeds of the Local Government Half-Cent. Sales Tax for the payment of principal of and interest on the financing for any capital project.

The Local Government Half-Cent Sales Tax is collected within a county and distributed to each eligible city in accordance with the following formula as set forth in Section 218.62, Florida Statutes:

$$\text{County's share (percentage of total Local Government Half-cent Sales Tax earmarked for distribution within the County)} = \frac{\text{unincorporated area population} + \text{2/3 of the incorporated area population}}{\text{total county population} + \text{2/3 of the incorporated area population}}$$

$$\text{Municipality's share (percentage of total Local Government Half-cent Sales Tax earmarked for distribution within the County} = \frac{\text{population of municipality}}{\text{total county population} + \text{2/3 of the incorporated area population}}$$

The population figures are changed by the State Department of Revenue, effective retroactively to October 1 of each year based on revisions to population estimates prepared by the University of Florida Bureau of Economic and Business Research.

The City has complied with all of the requirements for participation in the Local Government Half-Cent Sales Tax proceeds as set forth in the Local Government Sales Tax Act, as well as the requirement for state revenue sharing incorporated therein, including the filing of a certificate of compliance with the State Department of Revenue, which is necessary in order for the City to receive its distribution of funds from the Trust Fund during the current fiscal year. Although the Local Government Sales Tax Act does not impose any limitation on the number of years during which the City can receive distributions of the Local Government Half-Cent Sales Tax from the Trust Fund, there may be future amendments to the Local Government Sales Tax Act in subsequent years imposing additional requirements of eligibility for cities and counties to receive distribution of the Local Government Half-Cent Sales Tax, or the distribution formula in Section 218.62, Florida Statutes, may be revised. To continue to be eligible to participate in the distribution of money from the Trust Fund in future years, the City must comply with the requirements of the Local Government Sales Tax Act. Otherwise, the City would lose its Trust Fund distributions for 12 months following a "determination of non-compliance" by the State Department of Revenue.

*Communication Service Tax*. The Florida Legislature, during the 2000 Regular Session passed the "Communication Service Tax", which created Chapter 202, Florida Statutes. This replaced the telecommunication and cable franchise taxes. The City adopted Ordinance No. _____ on _____, which established the rate for collection. The City's current rate is _____% for the local piece and _____% for the local option sales tax for both the telephone and cable. Collections for the Communication Service Tax are collected through the State of Florida – Department of Revenue and remitted to the various cities and counties monthly.

*State Revenue Sharing Funds*. Pursuant to Section 218.215(1), Florida Statutes, the State has created the Revenue Sharing Trust Fund for Municipalities. Each municipality receives a minimum entitlement from the Revenue Sharing Trust Fund for Municipalities. The "minimum entitlement" is the amount of revenue, certified by each municipality and determined by DOR, that must be shared with such municipality such that the municipality will receive the amount of revenue necessary to meet its obligations as a result of pledges or assignments or trusts entered into which obligated funds received from revenue sources or proceeds to be distributed out of the

Revenue Sharing Trust Fund for Municipalities pursuant to the Florida Revenue Sharing Act of 1972, Part II of Chapter 218, Florida Statutes, as amended.

After giving effect to the minimum entitlements for each city, moneys in the Revenue Sharing Trust Fund for Municipalities are apportioned among eligible counties based on an apportionment factor composed of three equally weighted portions: (i) each eligible city's percentage of the total population of all eligible cities in the State (with such population being weighted as required by applicable law); (ii) the proportion of sales tax collected within a given city to the total sales tax collected within all the eligible cities in the State (the sales tax collected within a given city is derived by allocating the amount of sales tax collections for the county in which the city is located to each city in the county on the basis of the proportion of each city's population to the total population of the county; and (iii) additional criteria relating to the relative ability of the given city to raise revenue, based upon the population of the given city and its assessed property values. These factors are also used to determine the amount of revenue sharing funds that will be shared with the cities in each State fiscal year.

In order to be eligible to receive moneys apportioned from the Revenue Sharing Trust Fund for Municipalities after giving effect to the minimum entitlement, each year the City must meet certain requirements set forth in Section 218.23, Florida Statutes, as amended. The City has never failed to comply with such requirements.

*Local Business Tax*. The City is authorized to levy and collect local business taxes (formerly called occupational license taxes) for the privilege of engaging in or managing any business, profession or occupation within the jurisdiction of the City pursuant to Section 205.042, Florida Statutes, under the provisions of Section ____ of the City's Code of Ordinances, as amended. Section 205.043, Florida Statutes, outlines the conditions for imposing a tax which include, but are not limited to, a tax based upon reasonable classifications, be uniform throughout any loss of business or occupation, be for one year to coincide with the City's fiscal year and may be transferable under certain conditions.

Each person engaged in a business, occupation or profession within the City is required to obtain an occupational license on an annual basis prior to September 30 of each year. After September 30, any unpaid license is delinquent and a delinquency penalty accrues, commencing October 1. The penalty is 10% of the applicable fee for any delinquent payment made in October and 5% per month thereafter, up to a maximum penalty of 25% of the initial fee.

*Fines and Forfeitures*. Section 316.660, Florida Statutes, generally provides that, except as otherwise might be provided in such Section, all fines and forfeitures received by any County Court from violations of the provisions of said Chapter, or from violation of any Ordinances, pertaining to matter covered by said Chapter, that are committed within a municipality, shall be paid monthly to that municipality. Furthermore, said Section goes on to state that it is the intent of the Legislature that such fines and forfeitures shall be paid monthly to that municipality in addition to any other fines and forfeitures received by a county court that are required to be paid to that municipality as may otherwise have been provided by law. Likewise, Section 318.21, Florida Statutes, relating to disposition of traffic infractions, requires that all civil penalties and

forfeitures received by a county court pursuant to provisions of said Chapter shall be distributed and paid monthly to the municipalities and counties, respectively, in the same manner upon the same basis, and upon the same terms and conditions that fines and forfeitures are distributed and paid to municipalities and counties under the provisions of Section 316.660.

*Mobile Home License Fees*. Section 320.081, Florida Statutes, requires that an annual license fee in lieu of ad valorem taxes be collected from the owner or operator of any mobile home not permanently affixed to real property within their respective cities and counties in the, State of Florida, and said license fees shall be remitted monthly to the State in accordance with said Section. Upon receipt of the License Taxes collected on mobile homes from the tax collectors of the several counties, the State is required to pay a sum of $1.50 on each such license issued into the State Treasury for deposit in the General Revenue Fund for the use of the State, and the balance of any remaining moneys is paid into the License Tax Collection Trust Fund, which is then redistributed to the respective counties and cities. The Department of Highway Safety and Motor Vehicles is required to keep records showing the total number of mobile home licenses issued; the total amount of license taxes collected in the city or county wherein each such mobile home is located; and furthermore, it shall, from month to month, certify to the Comptroller of the State the amount derived from mobile home licenses in each county and city. Such amounts, less the amount of $1.50 collected on each license, which is paid to the State Treasury for deposit in the General Revenue Fund, is required to be paid on a monthly basis to the counties and the city within the counties wherein the mobile homes are located as follows: One-half to the district school board and the remainder to the Board of County Commissioners, for the mobile homes which are located within the unincorporated area of the county, and to any city within such county, for the mobile homes which are located within its corporate limits.

*Alcoholic Beverages License Fees*. Pursuant to Section 561.342, Florida Statutes, the City receives 38% of the state license taxes imposed under Section 561.14(6), Florida Statutes (bottle clubs); Section 563.02, Florida Statutes (beer and malt beverages); Section 564.02, Florida Statutes (wine and fortified wine); Sections 565.02(1), (4) and (5), Florida Statutes (liquor), and Section 565.03, Florida Statutes (liquor manufacturers) and collected within the City.

*Licenses and Permits*. These are revenues derived from the issuance of local licenses and permits, including (i) professional and occupational licenses required for the privilege of engaging in certain trades, occupations and other activities; (ii) permits issued by the Building and Zoning Department for construction of new buildings and additions, construction, alterations, roofing, paving, etc. and (iii) non-business licenses and permits levied according to the benefits presumably conferred by the license or permit, i.e. fireworks permits, traffic permits and burglary alarm permits.

*Martin Outdoor Media, Inc. License Agreement*. The City and Martin Media first entered into a five year licensing agreement on November 23, 2004, which agreement was renewed for a five year term. In connection with consideration of a second five year renewal, the City and Martin Media negotiated a new five year agreement subject to two five year renewals.

Pursuant to Ordinance No. 2015-35 enacted by the City on June 23, 2015, the City authorized the execution of a new License Agreement between the City and Martin Outdoor Media, Inc., ("Martin Media") dated as of May __, 2015 (the "License Agreement") granting Martin Media a license to erect, install, replace, maintain and repair 389 bus passenger benches with advertising. The License Agreement term began June 1, 2015 and terminates May 31, 2020, unless terminated or renewed as set forth in the License Agreement. Martin Media has the option for two five year renewals of the License Agreement after the initial five year period. The date of termination of the License Agreement is prior to the maturity date of the Series 2015 Bonds.

Pursuant to the License Agreement, Martin Media is required to pay an annual guaranteed minimum fee or a percentage of yearly gross advertising revenue, whichever amount is greater (which fee is subject to increase for any benches in an amount over 375) beginning in year one of the License Agreement at $56,250 or 12% of yearly gross revenues and increasing to $81,000 or 20% of yearly gross revenues in year fifteen of the License Agreement.

The license fees are payable in advance in equal installments on a quarterly basis throughout the year. Within thirty (30) days after the end of each year, Martin Media is required to calculate the total gross revenue generated for the preceding year for all bus benches in the City and apply the yearly gross revenue percentage for that corresponding year. If the percentage of the total yearly gross revenue exceeds the annual guaranteed minimum fee paid during the year, Martin Media is required to pay the excess between those two amounts to the City as an additional payment.

*Water and Wastewater Payment in Lieu of Franchise Fee.* Pursuant to Ordinance No. 2013-82, as amended by Ordinance No. _____, the City adopted a water and wastewater payment in lieu of franchise fee applicable to all sales of water and wastewater service by the City equal to between 7.5 percent and 10 percent of the bi-monthly rates, fees, and charges (including base facility and consumption rates) from the sale of water and wastewater service to customers of the City's water and wastewater system. The City's water and wastewater utility is required to budget and transfer to the City's General Fund this payment in lieu of franchise fee on a monthly basis.

*Certain Fees and Charges.* Charges for various services provided by the City to residents, property owners, and grants received from other governments, including the following:

a) General Government: all money resulting from charges for current services, i.e., photographs, reports and ordinances.
b) Public Safety: fees for police services, fire protection services and emergency services.
c) Planning and Zoning: fees for inspections such as plumbing, electrical, elevator and mechanical inspections.
d) Recreational Department: fees for parks and recreation activities and events.
e) Other: fees for services not specifically mentioned above, i.e., traffic signal maintenance fees; site rental fees; median rental fees; and fuel tax refunds.

*Other Non-Ad Valorem Revenues*. This is a broad category that includes a wide variety of Non-Ad Valorem Revenues, including but not limited to licensing and regulatory fees, fees for services or publications, transfers from other governmental units, traffic and parking fines, interest earnings and other miscellaneous revenues.

[TABLE TO BE UPDATED]

City of Hialeah - Historical Non-Ad Valorem Revenues Breakdown

Fiscal Years 2010 through 2015

| Revenues | FY 2010 | FY 2011 | FY 2012 | FY 2013 | FY 2014 | Projected FY 2015 |
|---|---|---|---|---|---|---|
| Governmental Non-Ad Valorem | | | | | | |
| Taxes | | | | | | |
| Utility Taxes | $ 22,275,529 | $ 22,212,359 | $ 22,181,374 | $ 21,909,541 | $ 22,487,398 | $ 23,223,238 |
| Franchise Fees | 10,365,647 | 10,500,154 | 10,478,381 | 10,277,964 | 15,370,782 | 16,767,297 |
| Total Taxes | 32,641,176 | 32,712,513 | 32,659,755 | 32,187,505 | 37,858,180 | 39,990,535 |
| Licenses and Permits | | | | | | |
| Occupational Licenses | 4,328,580 | 4,446,579 | 4,400,029 | 3,976,835 | 4,492,832 | 4,291,111 |
| Building Permits | 1,968,809 | 2,467,725 | - | - | - | - |
| Planning and Zoning | 161,588 | 137,337 | 271,586 | 247,344 | 360,718 | 409,670 |
| Total Licenses and Permits | 6,458,977 | 7,051,641 | 4,671,615 | 4,224,179 | 4,853,550 | 4,700,781 |
| Intergovernmental | | | | | | |
| Half Cent Sales Tax | 12,530,978 | 14,057,818 | 14,614,902 | 15,582,457 | 16,355,645 | 16,800,000 |
| State Revenue Sharing | 6,962,763 | 7,295,957 | 6,968,429 | 7,907,098 | 8,527,350 | 9,392,611 |
| Other | 279,500 | 168,127 | 262,318 | 944,209 | 210,976 | 1,021,000 |
| Total Intergovernmental | 19,773,241 | 21,521,902 | 21,845,649 | 24,433,764 | 25,093,971 | 27,213,611 |
| Government Grant and Other Revenues | | | | | | |
| Fines and Forfeitures | 1,106,294 | 1,300,881 | 1,512,411 | 1,197,481 | 1,328,469 | 1,250,000 |
| Interest | 32,019 | 17,159 | 4,776 | 14,096 | 7,498 | 16,714 |
| Government Grant and Other Revenues | 7,614,846 | 9,136,210 | 12,136,027 | 14,282,319 | 10,516,737 | 10,750,000 |
| Total Government Grant and Other Revenues | 8,753,159 | 10,454,250 | 13,653,214 | 15,493,896 | 11,852,704 | 12,016,714 |
| Total Governmental Non-Ad Valorem | $ 67,626,553 | $ 71,740,306 | $ .72,830,233 | $ 76,339,344 | $ 79,658,405 | $ 83,921,641 |
| Other Governmental Funds Non-Ad Valorem | | | | | | |
| Taxes | | | | | | |
| Utility Taxes (1) | $ 3,589,564 | $ 3,697,364 | $ - | $ - | $ - | $ - |
| Licenses and Permits | | | | | | |
| Building Permits (2) | - | - | 2,988,101 | 3,311,856 | 4,463,323 | 4,769,441 |
| Intergovernmental | | | | | | |
| Local Option Gas Tax | 3,692,522 | 3,819,928 | 3,468,225 | 3,884,413 | 3,720,800 | 3,551,425 |
| Miami Dade County Half Sales Tax - Transit | 1,313,057 | 1,424,818 | 1,558,337 | 1,623,687 | 1,691,440 | 16,556,994 |
| Miami Dade County Half Sales Tax (3) | 5,252,228 | 5,704,274 | 6,198,347 | 6,494,745 | 6,765,759 | 6,934,509 |
| Other | 487,451 | 1,124,097 | 1,659,341 | 1,637,238 | 2,839,591 | 2,138,114 |
| Total Intergovernmental | 10,745,258 | 12,073,117 | 12,884,250 | 13,640,083 | 15,017,590 | 29,181,042 |
| Government Grant and Other Revenues | | | | | | |
| Fines and Forfeitures | 359,557 | 559,366 | 1,838,274 | 745,416 | 696,538 | 650,000 |
| Interest | 17,511 | 5,785 | 1,478 | 649 | 102 | 1,500 |
| Government Grant and Other Revenues | 39,254,611 | 31,512,080 | 38,165,366 | 36,150,492 | 21,688,206 | 27,327,188 |
| Total Government Grant and Other Revenues | 39,631,679 | 32,077,231 | 40,005,118 | 36,896,557 | 22,384,846 | 27,978,688 |
| Total Other Governmental Funds Non-Ad Valorem | $ 53,966,501 | $ 47,847,712 | $ 55,877,469 | $ 53,848,496 | $ 41,865,759 | $ 61,929,171 |

(1) The Stormwater Utility Fund was converted to an Enterprise Fund in fiscal-year 2012; consequently, in fiscal-years 2012 and 2013 it is not reflected under the category of Other Governmental Funds in the Comprehensive Annual Financial Reports for the respective years.

(2) The Building Department was converted to a Special Revenue Fund in fiscal-year 2012; consequently, in fiscal-years 2012 and 2013 it is not reflected under the category of the General Fund, instead it is reflected under the category of Other Governmental Funds in the Comprehensive Annual Financial Reports for the respective years.

(3) Revenues in Other Governmental Funds are restricted and typically are not available to pay debt service on the City's Non-Ad Valorem bonds; however, the Debt Service Fund is part of the City's Other Governmental Funds and consists of the City's share of the Miami-Dade County Half-Cent Sales Tax and amounts in the Debt Service Fund are available to pay and have been used to pay debt service on the City's Non-Ad Valorem bonds.

*Source: City of Hialeah Finance Department, derived from Comprehensive Annual Financial Report for Fiscal-Years 2010 through 2014 and 2015 end of year was projected as of October 8, 2015.*

## SELECTED FINANCIAL MATTERS RELATING TO THE CITY

### Certain Matters Relating to Annual Budget Process and General Fund Budget

The City follows the procedures set forth in Chapters 166 and 200 of the Florida Statutes in establishing its annual Budget. The Mayor submits to the Council of the City a proposed operating budget for the Fiscal Year commencing on October 1. The proposed operating budget includes proposed expenditures and revenues. The Mayor and Council are assisted by the City's budget oversight committee created by the City's Code of Ordinances. Public hearings are then conducted to obtain taxpayer comments on the proposed operating budget. The annual Budget is enacted through the passage of an ordinance by the Mayor and Council.

The City's Fiscal Year 2015-2016 annual Budget was adopted on September 24, 2015 in the amount of $273,881,743 with a General Fund budget of $128,000,000 (including transfers in). The operating millage rate decreased [increased] from _____ mills in Fiscal Year 2014-2015 to _____ mills in Fiscal Year 2015-2016. The Florida Constitution provides that no municipality may levy more than 10 mills, exclusive of voted millage.

### Selected Information Regarding the City's General Fund

The following tables reflect historical financial information for the City's General Fund (the City's main operating fund) for the past four Fiscal Years (2011 through 2014), as audited by an independent certified public accountant, and unaudited financial information for the Fiscal Year ended September 30, 2015. See "APPENDIX B – General Purpose Audited Financial Statements for the Fiscal Year Ended September 30, 2014."

**CITY OF HIALEAH, FLORIDA**

BALANCE SHEET

GENERAL FUND

SEPTEMBER 30, 2011 THROUGH 2014

| | 2011 | 2012 | 2013 | 2014 | Projected 2015 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and cash equivalents | $ 9,234,513 | $ 8,028,729 | $ 9,243,952 | $ 25,593,559 | $ 26,601,113 |
| Investments | - | - | 3,066,585 | 1,389,120 | 703,788 |
| Receivables | 10,555,075 | 9,180,396 | 14,316,975 | 10,879,757 | 10,712,229 |
| Due from other funds | 21,110,212 | 22,129,984 | 23,302,767 | 26,806,234 | 44,197,658 |
| Inventories | 1,167,186 | 1,335,708 | 1,457,058 | 1,456,224 | 1,877,170 |
| Prepaids | 262,000 | 343,000 | 718,000 | 718,000 | 718,000 |
| Notes receivable | 1,934,181 | 2,132,434 | 2,239,056 | 2,351,009 | 2,442,000 |
| Restricted cash | 429,809 | - | - | - | - |
| Total assets | $ 44,692,976 | $ 43,150,251 | $ 54,344,393 | $ 69,193,903 | $ 87,251,958 |
| **LIABILITIES** | | | | | |
| Vouchers payable and accrued liabilities | $ 6,014,721 | $ 6,032,729 | $ 5,683,834 | $ 24,356,019 | $ 24,163,517 |
| Short-term borrowing | - | 6,000,000 | 15,000,000 | - | - |
| Compensated absences payable | 752,990 | 984,771 | 1,493,521 | 2,006,811 | 1,897,511 |
| Self-insurance claims payable | 1,095,048 | 878,420 | 782,586 | 535,556 | 752,500 |
| Due to other funds | 16,817,164 | 10,777,928 | 14,035,226 | 19,979,343 | 36,206,315 |
| Unearned revenue | 5,205,970 | 4,242,763 | 4,338,586 | 2,367,199 | 3,387,652 |
| Other liabilities | 816,838 | 238,224 | 107,604 | 110,250 | 134,556 |
| Total liabilities | 30,702,731 | 29,154,835 | 41,441,357 | 49,355,178 | 66,542,052 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | |
| Business license tax | - | - | - | 2,273,176 | 2,622,869 |
| **FUND BALANCES** | | | | | |
| Nonspendable | 1,429,186 | 1,678,708 | 2,175,058 | 2,174,224 | 1,975,000 |
| Restricted | - | - | - | - | - |
| Committed | 192,686 | 82,338 | 105,440 | - | 220,320 |
| Unassigned | 12,368,373 | 12,234,370 | 10,622,538 | 15,391,325 | 15,891,718 |
| Total fund balances | 13,990,245 | 13,995,416 | 12,903,036 | 17,565,549 | 18,087,038 |
| Total liabilities, deferred inflows of resources, and fund balances | $ 44,692,976 | $ 43,150,251 | $ 54,344,393 | $ 69,193,903 | $ 87,251,958 |

**CITY OF HIALEAH, FLORIDA**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2011 THROUGH 2015

| | 2011 | 2012 | 2013 | 2014 | Projected 2015 |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| Ad valorem taxes | $ 48,550,595 | $ 44,867,987 | $ 41,687,822 | $ 41,424,199 | $ 43,321,666 |
| Utility taxes | 13,405,122 | 14,209,626 | 14,825,353 | 16,323,487 | 17,391,747 |
| Communication services tax | 8,807,237 | 7,971,748 | 7,084,188 | 6,163,911 | 5,831,491 |
| Franchise fees | 10,500,154 | 10,478,381 | 10,277,964 | 15,370,782 | 16,767,297 |
| Licenses and permits | 7,051,641 (2) | 4,641,451 | 4,924,571 | 4,853,204 | 4,700,781 |
| State and local shared revenues | 21,521,902 | 21,875,813 | 23,733,372 | 25,094,317 | 26,131,323 |
| Fines and forfeitures | 1,300,881 | 1,512,411 | 1,197,481 | 1,328,469 | 1,481,850 |
| Interest | 17,159 | 4,776 | 14,096 | 7,498 | 16,714 |
| Government grants and other revenues | 9,136,210 | 12,136,027 | 14,282,319 | 10,516,737 | 11,516,737 |
| Total revenues | 120,290,901 | 117,698,220 | 118,027,166 | 121,082,604 | 127,159,606 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 22,998,342 | 23,821,995 | 25,015,678 | 26,520,903 | 4,193,995 |
| Police | 41,568,007 | 39,659,198 | 38,292,740 | 39,772,491 | 49,379,730 |
| Fire | 31,677,255 | 29,530,754 | 28,794,425 | 30,648,389 | 36,783,120 |
| 911 communications | 3,057,095 | 2,877,722 | 2,842,064 | 3,432,867 | 3,637,775 |
| City Clerk's office | 813,123 | 1,074,523 | 676,279 | 992,671 | 967,782 |
| Office of Management and Budget | 576,663 | 551,784 | 494,087 | 461,476 | 510,884 |
| Office of the Mayor | 532,856 | 416,047 | 441,278 | 557,105 | 685,636 |
| Communications and special events | 747,618 | - | 47,427 | 221,436 | 267,171 |
| Employee retirement | 463,361 | 501,114 | 636,543 | 632,686 | 573,454 |
| Library | 1,364,642 | 1,158,859 | 1,124,518 | 1,241,652 | 1,556,638 |
| Code compliance | 447,585 | 310,669 | 392,052 | 447,571 | 593,935 |
| Finance | 879,174 | 932,222 | 880,172 | 1,032,730 | 1,283,054 |
| Business tax division | 286,569 | 248,847 | 392,421 | 429,010 | 629,152 |
| Information technology | 1,608,553 | 1,405,939 | 1,358,607 | 1,532,664 | 1,448,102 |
| Fleet maintenance | 1,966,394 | 1,984,209 | 2,052,285 | 2,286,994 | 3,043,553 |
| Construction and maintenance | 3,268,194 | 2,169,116 | 2,178,352 | 2,034,254 | 2,836,074 |
| Parks and recreation | 8,402,552 | 8,480,480 | 8,504,481 | 8,442,246 | 9,453,619 |
| Planning and zoning | 1,909,454 | 476,241 | 484,169 | 528,781 | 648,991 |
| Education and community services | 1,750,844 | 2,166,341 | 2,171,059 | 2,451,185 | 2,372,054 |
| Law | 730,159 | 805,255 | 768,888 | 1,231,716 | 1,247,784 |
| Risk management | 877,824 | 976,285 | 819,238 | 847,325 | 429,287 |
| Human resources | 752,723 | 572,277 | 513,118 | 731,129 | 705,715 |
| Debt service: | | | | | |
| Principal | 273,462 | 453,605 | 1,655,157 | 153,393 | 699,888 |
| Interest | 433,262 | 75,547 | 182,450 | 60,311 | 144,232 |
| Debt issuance costs | - | - | 12,000 | - | |
| Capital outlay | 806,885 | 506,160 | 196,364 | 958,573 | 546,495 |
| Total expenditures | 128,192,596 | 121,155,189 | 120,925,852 | 127,649,558 | 124,638,117 |
| (Deficiency) of revenues over expenditures before other financing sources (uses) | (7,901,695) | (3,456,969) | (2,898,686) | (6,566,954) | 2,521,489 |
| Other financing sources (uses): | | | | | |
| Proceeds from disposal of capital assets | - | - | 163,973 | 4,076,089 | - |
| Refunding debt issued | 1,036,465 | - | - | - | - |
| Issuance of debt | 212,560 | 323,659 | 1,620,000 | - | - |
| Transfers in | - | 3,198,400 | 26,895 | 15,033,705 | - |
| Transfers out | (41,258) | (59,919) | (4,562) | (4,747,653) | (2,000,000) |
| Total other financing sources (uses) | 1,207,767 | 3,462,140 | 1,806,306 | 14,362,141 | (2,000,000) |
| Net change in fund balances | (6,693,928) | 5,171 | (1,092,380) | 7,795,187 | 521,489 |
| Fund balances - beginning | 20,684,173 | 13,990,245 | 13,995,416 | 9,770,362 (1) | 17,565,549 |
| Fund balances - ending | $ 13,990,245 | $ 13,995,416 | $ 12,903,036 | $ 17,565,549 | $ 18,087,038 |

(1) In fiscal year 2014 it was determined that the October 1, 2013 beginning net position and liabilities for the government activities were to be restated to decrease beginning net position and increase liabilities in the government activities by $3,132,674 for the underfunded portion of the City's contribution to the pension plan as of September 30, 2013.

(2) The Building Department was converted to a Special Revenue Fund in fiscal-year 2012; consequently, in fiscal-years 2012 through 2015 it is not reflected under the category of the General Fund, instead it is reflected under the category of Other Governmental Funds in the Comprehensive Annual Financial Reports for the respective years.

*Source: City of Hialeah Finance Department, derived from Comprehensive Annual Financial Report for Fiscal-Years 2011 through 2014 and 2015 Annual Budget Report.*

## Budget Reform

Recognizing that the increasing costs of the Employees' Retirement System including the annual required contributions and the total Unfunded Actuarially Accrued Liability would continue for the foreseeable future, the City, beginning in 2012, enacted a series of budget reforms designed to decrease expenditures and increase revenues, including reductions in City staff to the minimum to maintain current service levels; not filling vacant positions; requiring payment from the proprietary departments of money due to the General Fund; repayment of money advanced by the General Fund to capital projects; implementing a plan to outsource solid waste collection in order to recoup approximately $7.4 million due to the General Fund from the Solid Waste Fund; implementation of departmental savings plans, and negotiating with the City's bargaining units to address the costs of retirement and find a solution to decreasing the costs.

In 2012, the City approved the closure of the Employee Retirement System (ERS) to management personnel and new City employees. The City expects a $95 million savings to the ERS. In addition, the City adopted a defined contribution plan with a 7% contribution from both the City and new employees. Also, in 2012, the City revised the employees' health insurance benefit from free health care on retirement to paying the full cost of the insurance premium. The City expects a $15.6 million savings to the OPEB system.

In 2013, the City approved a Water & Sewer Franchise Fee. This is expected to provide a new revenue source of approximately $4.5 million annually and this revenue will grow as the area to be annexed by the City continues development. In FY15, the projected year-end franchise fee revenue is expected to be $5 million. These revenues are not the Pledged Revenues.

In 2014, the City approved the closure of the Elected Officials Retirement System (EORS) to new employees. Also, non-vested employees are required to contribute 7% to the system.

Also in 2014, the City increased the retirees' dependent insurance premiums causing the retirees' insurance contribution to increase by $417,000 in FY14. At the same time, the number of retirees' dependents enrolled in the City of Hialeah Self-Funded Health Insurance Plan decreased by 20% in FY2014 and decreased an additional 10% in FY15.

In March, 2014, the City's union contracts contain first-time employee contributions to the ERS of 5% in FY14 and 4% in FY15 and FY16. Also, there were changes to ERS pension benefits for new public safety employees. The City expects a $102 million savings to the system.

Also, employees retiring on or after March 25, 2014, over the age of 55 with at least ten years of credited service who separate from city employment before attaining eligibility for normal retirement, shall pay the full cost of the health insurance premium for individual health insurance coverage creating a savings of $100,000.

In September, 2014, the City corrected the rate structure and tiers that employees and retirees contribute for health insurance with the HMO and the City of Hialeah Self-Funded Plan causing the renewal for the HMO to decrease from a 33% increase in calendar year 2015 to a 0% increase in calendar year 2016, and causing claims in the City of Hialeah Self-Funded Plan to decrease $4,000,000 from FY13 to FY15.

By increasing loss control, strengthening citywide safety program, and pro-actively managing claims, the City decreased the number of injuries from 384 a year in FY11 to 170 in FY15 and decreased the number of open workers compensation cases from 395 in FY10 to 290 in FY15. The City experienced a cost savings of $2,000,000 in workers' compensation claims from FY12 to FY14. There was also a decrease in open liability workers' compensation claims from 250 in FY13 to 190 in FY15.

The City has worked to overhaul the City's delivery of services for further cost savings in order to ensure payment of the full pension plan contribution (including a portion of the proceeds of the Series 2015A Bonds) for FY16. The City hired a budget consultant; and issued a report on deficit reduction plan. In addition, all General Fund Departments are required to cut 10% across-the-board saving $4.8 million and eliminating 90 positions. The city also reorganized its Parks & Recreation services and Education & Community Services; and increased business and zoning fees.

The City's general government insurances were reallocated to the various City departments. The City expects to save $500,000 to the General Fund as the Enterprise Funds pick-up their true insurance costs.

## FUNDS AND ACCOUNTS

The Bond Ordinance creates the Revenue Fund, the Sinking Fund and the accounts therein, the Bond Service Account, the Bond Amortization Account and the Reserve Account (a subaccount in the Reserve Account may be created for each Series of Bonds). No subaccount has been established in the Reserve Fund for the Series 2015 Bonds because the Reserve Requirement for the Series 2015 Bonds is zero.

The Sinking Fund and all accounts and subaccounts therein and any accounts created therein in the Bond Ordinance constitute trust funds for the purposes of the Bond Ordinance, shall be delivered to and held by the Finance Director (or an authorized depository designated by the Finance Director), in each case who shall act as trustee of such funds for the purposes of the

Bond Ordinance, and shall at all times be kept separate and distinct from all other funds of the City and used only as provided in the Bond Ordinance. Moneys held in the Sinking Fund and the accounts and subaccounts therein shall be subject to a lien and charge in favor of the holders and registered owners of the Bonds as provided in the Bond Ordinance.

The designation and establishment of the various funds and accounts in and by the Bond Ordinance shall not be construed to require the establishment of any completely independent, self-balancing funds as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenues and assets of the City for certain purposes and to establish certain priorities for application of such revenues and assets.

**Flow of Funds**

Until all principal of and interest on the Bonds shall have been paid or provided for, the City in the Bond Ordinance covenants with the Bondholders as follows:

A. REVENUE FUND. The Pledged Revenues shall, upon receipt thereof by the City, be deposited in the Revenue Fund together with any Non-Ad Valorem Revenues, if necessary. Such Revenue Fund shall constitute a trust fund for the purposes provided in the Bond Ordinance, and shall be kept separate and distinct from all other funds of the City and used only for the purposes and in the manner provided in the Bond Ordinance.

B. DISPOSITION OF REVENUES. All Revenues at any time on deposit in the Revenue Fund shall be disposed of on or before the twentieth day of each month, only in the following manner and in the following order of priority:

(1) Revenues shall be applied and allocated to the Bond Service Account in the Sinking Fund, in such sums as will be sufficient to pay (a) one-sixth (1/6) of all interest becoming due on the Bonds on the next semi-annual interest Payment Date; (b) one-twelfth (1/12) of all principal or Accreted Value maturing annually on the Serial Bonds on the next maturity date and (c) an amount sufficient to pay the fees and charges of the paying agents. Such deposits shall be increased or may be decreased as necessary to ensure that sufficient money will be on deposit on each interest and principal Payment Date to pay the then maturing interest on and principal of the Bonds and any applicable fees and charges. The money in the Bond Service Account shall be used solely to pay such interest, principal, any fees and charges as and when the same shall become due.

(2) There shall be applied and allocated to a Bond Amortization Account in the Sinking Fund during each Bond Year, on a parity with the payments required in paragraph (1) above, an amount equal to one-twelfth (1/12) of the Amortization Installment or Accreted Value on a Capital Appreciation Term Bond, if any, becoming due and payable on the next Payment Date, less any amount then on deposit in such Bond Amortization Account and available for such one-twelfth portion of the payment of the next ensuing Amortization Installment. Such payments shall be credited to a separate special account for each Series of Term Bonds outstanding, and if there shall be more than one stated maturity for Term Bonds of a Series then into a separate special account in the Bond Amortization Account for each such separate maturity of Term

Bonds. The funds and investments in each separate account shall be pledged solely to the payment of principal of the Term Bonds of the Series or maturity within a Series for which it is established and shall not be available for payment, purchase or redemption of Term Bonds of any other Series or within a Series, or for transfer to the Bond Service Account in the Sinking Fund to make up any deficiencies in required payments therein.

Upon the sale of any Series of Term Bonds, the City shall, by resolution or ordinance, establish the amounts and maturities of such Amortization Installments for each Series and if there shall be more than one maturity of Term Bonds within a Series, the Amortization Installments for the Term Bonds of each maturity. In the event the moneys deposited for retirement of a maturity of Term Bonds are required to be invested in the manner provided below, then the Amortization Installments may be stated in terms of either the principal amount of the investments to be purchased on, or the cumulative amounts of the principal amount of investments required to have been purchased by the payment date of such Amortization Installment.

Moneys in each of the separate special accounts in the Bond Amortization Account shall be used for the open market purchase or the redemption of Term Bonds of the Series or maturity of Term Bonds within a Series for which such separate special account is established or may remain in said separate special account and be invested until the stated date of maturity of the Term Bonds. The resolution or ordinance establishing the Amortization Installments for any Series or maturity of Term Bonds may limit the use of moneys to any one or more of the uses set forth in the preceding sentence.

(3) Revenues shall next be applied and allocated to the Reserve Account, created and established in the Sinking Fund, to maintain an amount equal to the Reserve Requirement.

Moneys in the Reserve Account shall be used only for the purpose of the payment of maturing principal of, Accreted Value or interest on the Bonds, or maturing Amortization Installments, when the other moneys allocated to the Sinking Fund are insufficient therefor, and for no other purpose. However, whenever the moneys applied and allocated to the Reserve Account exceed the principal, interest and redemption premium, if any, on all then outstanding Bonds becoming due in the current or any ensuing Fiscal Year, or exceed the amount required to be on deposit pursuant to the first paragraph of this subsection (3), such excess may be withdrawn and applied and allocated into the Revenue Fund or the Sinking Fund.

Notwithstanding anything in the Bond Ordinance to the contrary, the City may establish a separate subaccount in the Reserve Account for any Series of Bonds and provide a pledge of such subaccount to the payment of such Series of Bonds apart from the pledge provided herein. To the extent a Series of Bonds is secured separately by a subaccount of the Reserve Account, the Bondholders of such Bonds shall not be secured by any other moneys in the Reserve Account or any other subaccount therein. Moneys in a separate subaccount of the Reserve Account shall be maintained at the Reserve Requirement applicable to such Series of Bonds secured by the subaccount; provided the supplemental resolution authorizing such Series of Bonds may establish the Reserve Requirement relating to such separate subaccount of the Reserve Account

at such level as the City deems appropriate. Moneys shall be deposited in the separate subaccounts in the Reserve Account on a pro-rata basis.

(4) Upon the issuance of any Additional Bonds under the terms, limitations and conditions as provided herein, the applications and allocations into the Reserve Account and the Sinking Fund shall be increased in such amounts as are necessary to make the payments required above for the principal of and interest on such Additional Bonds, all on the same basis as provided in the Bond Ordinance.

The City shall not be required to make any further applications or allocations to the Sinking Fund or the Reserve Account when the aggregate sums applied and allocated thereto are and remain at least equal to the amounts required pursuant to subsections (1) - (5) above.

Notwithstanding the foregoing provisions, in lieu of the required deposits of Pledged Revenues into the respective subaccount in the Reserve Account for a Series of Bonds, the City may cause to be deposited into the respective subaccount in the Reserve Account a Reserve Product issued by a reputable and recognized Reserve Product Provider for the benefit of the Bondholders of such Series in an amount equal to the difference between the amount required and the sums then on deposit in the respective subaccount in the Reserve Account, if any, which Reserve Product shall be payable (upon the giving of notice as required thereunder) on any interest payment date on which a deficiency exists which cannot be cured by funds in any other account held pursuant to the Bond Ordinance and available for such purpose. If a disbursement is made from a Reserve Product, the City shall be obligated to either reinstate the maximum limits of such surety bond or insurance policy immediately following such disbursement or to apply and allocate into the Reserve Account funds in the amount of the disbursement made under such policy, or a combination of such alternatives.

(5) The balance of any moneys remaining in the Revenue Fund after the above required applications and allocations have been made may be used by the City for any other lawful purpose.

## EMPLOYEES' RETIREMENT PLANS

### Employees' Retirement System

The City is the administrator of a single-employer Employees' Retirement System (the "ERS") established to provide pension, annuity, death, and disability benefits through a defined benefit and a defined contribution pension plan that covers substantially all of the employees of the City. The City's ERS issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Hialeah Employees' Retirement System, 501 Palm Avenue, Hialeah, Florida, 33010.

In 2012, the City closed membership to the ERS for all general employees hired after April 1, 2012. New employees participate in a defined contribution plan created in April 2012 in accordance with the Internal Revenue Service Code Section 401(a) (the "Employees' Retirement Plan" or "ERP"). The City as a single-employer contributes to ERP which is available to all full-

time general employees hired after April 1, 2012. The City contributes 7% of the employees' salary and employees are required to contribute 7% of their salaries.

**Pension Funding**

Annual required contributions to the Employees' Retirement System have increased annually, have had a material effect upon the City's General Fund and are expected to continue to increase. The annual required contributions for the Fiscal Years 2012 through 2016, inclusive are set forth below.

| 2012[1] | 2013[1] | 2014[1] | 2015[2] | 2016[2] |
|---|---|---|---|---|
| $24,225,018 | $25,315,474 | | $25,659,862 | $26,015,586 |

Total Unfunded Actuarial Accrued Liability is expected to be high for the foreseeable future. The Total Unfunded Actuarial Accrued Liability projections through 2044 are set forth below:

| Year | Projected Unfunded Accrued Liability |
|---|---|
| 2014 | $233,445,124 |
| 2015 | 233,832,649 |
| 2016 | 233,611,096 |
| 2019 | 228,547,750 |
| 2029 | 188,866,933 |
| 2034 | 115,857,061 |
| 2044 | 0 |

[1] Source: City Finance Department

[2] Source: Actuarial Valuation as of October 1, 2014 Contributions Applicable to the Fiscal Year ended September 30, 2016 – See "APPENDIX C" hereto.

For more information regarding actions taken by the City to reduce the unfunded liability, see "SELECTED FINANCIAL MATTERS RELATING TO THE CITY – Budget Reform" herein.

## GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 27

### ANNUAL PENSION COSTS AND RELATED INFORMATION

| | |
|---|---|
| Contribution rates as of 9/30/14 | |
| City and Share | 42.1% |
| Plan Members to D13 Plan | 2.7% |
| Plan Members to Annuity Savings | Up to 7.0% |
| Annual Pension Cost | 27,103,738 |
| Contributions made | 26,231,130 |
| Actuarial valuation date | 10/1/2012 |
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level Percentage of Pay, Closed |
| Remaining amortization period | 30 Years (as of 10/1/12) |
| Asset valuation method | 4 Year Smooth |
| Actuarial assumptions: | |
| Investment rate of return | 8.00% |
| Projected salary increase* | 3.0% to 9.0% |
| *Includes inflation at | 3.0% |
| Post Retirement COLA | 2.0% (10 increases) |

### THREE YEAR TREND INFORMATION

| Year Ending | Annual Pension Cost (APC) | Percentage APC Contributed | Net Pension Obligation |
|---|---|---|---|
| 9/30/14 | 27,103,738 | 97%[1] | 40,151,921 |
| 9/30/13 | 24,585,273 | 103% | 39,279,313 |
| 9/30/12 | 23,016,028 | 105% | 40,009,514 |

Source: City's Actuarial Valuation as of October 1, 2014 – See "Appendix C", hereto.

[1] The full payment for Fiscal Year 2014 has been made prior to the date of this Official Statement.

## DROP Plan

The City established a deferred retirement option plan (DROP) for general employees on February 19, 2008, and for police and firefighters on March 1, 2007. An active participant of the City's retirement system may enter into the DROP, on the first day of the month following completion of 25 years of membership service credit, provided that the sum of the member's age and years of service is 70 points or more. Upon entry into the DROP, a member's monthly retirement benefits (basic plus service pension), based on final average earnings and service upon entering the DROP, which would have been payable had the member elected to cease employment and receive a normal retirement benefit, shall be paid into the member's DROP account. At the end of each fiscal year, interest will be credited to the DROP account at the same rate credited to the annuity savings account. Member contributions cease upon entering the DROP and the member shall be ineligible for disability benefits provided by the Plan. Upon termination of employment or death, the DROP account balance will be paid in a cash lump sum. The maximum duration for participation in the DROP shall not exceed thirty-six (36) months and members cannot buy service in order to be eligible for the DROP. General employees who are members of the retirement system are prohibited from entering the DROP on or after April 2, 2012.

## Elected Officials' Retirement System

The City of Hialeah Elected Officials' Retirement System (EORS) is a single employer defined benefit pension plan administered by the City. The EORS was established in 1998. The Plan is considered part of the City's financial reporting entity and is included in the City's financial statements as a pension trust fund. All qualified elected officials and city attorneys were eligible to participate in the plan. However, this System was closed to new entrants on January, 2014. The Plan does not issue a stand-alone financial report.

## Defined Contribution Plans

In addition to the ERP, the City has two other defined contribution plans; the City of Hialeah Police Pension Fund and the City of Hialeah Firemen's Relief and Pension Fund (together, the "Fund Plans"). The Fund Plans were created in 1984 and 1981, respectively. The purpose of the Fund Plans is to provide a means whereby police officers and firefighters of the City may receive benefits from funds provided for that purpose by contributions of the City through state contributions provided by Chapter 175/185 of the Florida Statutes. The participants do not contribute to the Fund Plans. These funds are a supplement to and in no way affect police officer and firefighter benefits under the City's Employees' Retirement System. The City no longer receives passed-through State contributions for the police officers or firefighters. The City under Chapter 185 of the Florida Statutes has provided authorization to the State for the direct contribution of benefits to the Police Pension Fund. The City's Employment Retirement System received passed-through contributions from the two defined contribution plans totaling $461,877 for the fiscal year ended September 30, 2014.

Both of the Fund Plans issue publicly available financial reports that include financial statements and required supplementary information. Those reports may be obtained by writing to Hialeah Employees' Retirement Department, 501 Palm Avenue, Hialeah, Florida, 33010.

**Other Post-Employment Benefits**

The City sponsors a defined benefit OPEB plan. Retirees who meet certain age and service requirements may elect coverage for themselves and dependents. Self-funded and fully insured options are available. The City currently charges no contribution for retirees with single coverage, and the single funding rate for double (employee plus spouse) coverage. Self-funded management retirees pay less for double coverage. Disabled contributions vary between plans. The OPEB obligation is funded on a pay-as-you-go basis.

## OUTSTANDING INDEBTEDNESS

The City is the obligor with respect to three issues of outstanding revenue bonds issued by the Florida Municipal Loan Council: Revenue Bonds, Series 2005A (which are being refunded by the Series 2015B Bonds); Revenue Bonds, Series 2011D (City of Hialeah Series) (the "2011D Bonds") and Refunding and Improvement Revenue Bonds, Series 2012A (City of Hialeah Series) (the "2012A Bonds"). The 2011D Bonds are outstanding in the aggregate principal amount of $_____ and are secured by a pledge of and lien upon the net revenues of the City's water and sewer system. The 2012A Bonds are outstanding in the aggregate principal amount of $_____ and are secured by an agreement of the City to appropriate in its annual budget by amendment, if required, and to pay when due amounts of Non-Ad Valorem Revenues of the City sufficient to pay the 2012A Bonds. For more detailed information regarding the outstanding indebtedness of the City, see "APPENDIX B – General Purpose Audited Financial Statements for Fiscal Year Ended September 30, 2014.

## POTENTIAL MUNICIPAL BOND INSURANCE

In the event that the City elects to purchase a municipal bond insurance policy (the "Policy") with respect to all or a portion of the Series 2015 Bonds (referred to herein as the "Insured Bonds") from a municipal bond insurer (the "Insurer"), disclosure regarding the Insurer and the Policy will be included in the final Official Statement at this location and a specimen bond insurance policy will be attached hereto as an appendix.

## MUNICIPAL 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 some becomes due, any owner of the Insured Bonds shall have a claim under the Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure

against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Insured Bonds by the City which is recovered by the City from the bond owner as a voidable preference under applicable bankruptcy law is covered by the Policy, however, such payments will be made by the Insurer at such time and in such amounts as would have been due absence such prepayment by the City unless the Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Insurer without appropriate consent. The Insurer may direct and must consent to any remedies and the Insurer's consent may be required in connection with amendments to the Bond Ordinance.

In the event the 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 moneys received pursuant to the Bond Ordinance. In the event the 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 Insurer and its claim paying ability. The 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 ratings of the Insurer and of the ratings on the Insured Bonds 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.

The obligations of the Insurer are contractual obligations and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

## CERTAIN INVESTMENT CONSIDERATIONS

PURCHASE AND OWNERSHIP OF THE SERIES 2015 BONDS IS SUBJECT TO A VARIETY OF RISKS. EACH PROSPECTIVE INVESTOR IN THE SERIES 2015 BONDS IS ENCOURAGED TO READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY. PARTICULAR ATTENTION SHOULD BE GIVEN TO THE INVESTMENT CONSIDERATIONS DESCRIBED BELOW WHICH, AMONG OTHER THINGS, COULD AFFECT THE FINANCIAL CONDITION OF THE CITY AND COULD ALSO AFFECT THE MARKETABILITY AND/OR MARKET PRICE OF THE SERIES 2015 BONDS AFTER THEY ARE ISSUED TO AN EXTENT THAT CANNOT BE DETERMINED AT PRESENT. THE CONSIDERATIONS DESCRIBED BELOW ARE NOT ALL OF THE INVESTMENT CONSIDERATIONS ASSOCIATED WITH THE PURCHASE AND OWNERSHIP OF THE SERIES 2015 BONDS. NEITHER THE INCLUSION OR OMISSION OF CONSIDERATIONS FROM THIS SECTION, NOR THE ORDER IN WHICH THEY ARE PRESENTED, NECESSARILY REFLECTS THE RELATIVE IMPORTANCE OF THE VARIOUS INVESTMENT CONSIDERATIONS.

## Appropriation

The City has covenanted to budget and appropriate Non-Ad Valorem Revenues in any Fiscal Year in which the Pledged Revenues are insufficient to pay the Bond Services Requirements and all the payments required to be made under the Bond Ordinance. No assurance can be given that the City has or will have in the future sufficient funds to appropriate Non-Ad Valorem Revenues, or that an appropriation will be made, for the purpose of paying Bond Service Requirements under the Bond Ordinance.

## Additional Indebtedness

The City has incurred, and may hereafter issue, indebtedness secured by or payable from the Pledged Revenues and the Non Ad-Valorem Revenues that may be budgeted and appropriated by the City which would otherwise be available to the City to make the Bond Service Requirements on the Series 2015 Bonds without the consent of the Owners of the Series 2015 Bonds; provided that, the conditions contained in the Bond Ordinance for the issuance of such debt have been satisfied. Such indebtedness may adversely affect the City's ability to make the Bond Service Requirements. See "SECURITY FOR THE SERIES 2015 BONDS – Non-Ad Valorem Revenues " herein.

## Legislative Initiatives and Economic Conditions

The amounts and availability of any of the City's Non-Ad Valorem Revenues are subject to change, including reduction or elimination by change of state law, City ordinances or resolutions or changes in the facts or circumstances according to which certain Non-Ad Valorem Revenues of the City are allocated. In addition, the amount of the Pledged Revenues and the Non-Ad Valorem Revenues collected by or distributed to the City is directly related to the general economy of the City and the state. Accordingly, adverse legislative changes or economic conditions could have a material adverse effect on the amount of Pledged Revenues and Non-Ad Valorem Revenues generally collected or received by the City in any Fiscal Year.

It is impossible to predict what new proposals may be presented regarding sources of Non-Ad Valorem Revenues or ad valorem tax reform during upcoming legislative sessions, whether such new proposals or any previous proposals regarding the same will be adopted by the Florida Senate and House of Representatives and signed by the Governor, and, if adopted, the form thereof. A reduction in the City's ad valorem tax revenues may increase the need for the City to apply Non-Ad Valorem Revenues to fund essential public services and functions of the City. In that case, the Non-Ad Valorem Revenues available to the City to pay the Bond Service Requirements on the Series 2015 Bonds could be reduced. In addition, no assurance can be given that, pursuant to action by the Florida Legislature in the future, (i) changes will not be made to the statutes that give rise to certain of the sources of Non-Ad Valorem Revenues, (ii) such changes, if any, will not have a material adverse impact on the collection of affected sources of Non-Ad Valorem Revenues, or (iii) a repeal of such statutes will not be attempted and, if attempted, will not be successful. In such event, the Non-Ad Valorem Revenues available to the

City to pay Bond Service Requirements on the Series 2015 Bonds in the event the Pledged Revenues are not sufficient therefore could be reduced.

## CITY OF HIALEAH, FLORIDA

### Background

The City is located in Miami-Dade County. The City has an area of approximately 19.7 square miles. According to the 2000 Census, the City's population was 224,669. The U.S. Census Bureau estimated that the 2014 population of the City was 235,563. It is the sixth largest city in the state and is the tenth largest city in the United States among cities with a population density of more than 10,000 people per square mile. The City was incorporated on September 10, 1925.

### Municipal Government

Under Florida law, municipalities have full home rule powers, i.e., the governmental, corporate and proprietary powers to enable them to conduct municipal government. The governing body of a Florida municipality may enact legislation on any subject matter upon which the State of Florida legislature may act, except as prohibited by the state constitution, a state statute, or, in certain circumstances, the charter of a municipality.

The charter of the City provides for a "strong mayor/council" form of government. The City Council is a legislative body, with the power to enact ordinances and adopt resolutions. There is no city manager. The Mayor is the chief administrative officer.

The City Council consists of seven Council members. The City Council is elected on a non-partisan basis. Council members and the Mayor are elected at large by the voters for four year staggered terms.

Listed below are the current Mayor and Council members and their respective term expiration dates.

| Mayor | Date Term Expires |
|---|---|
| Carlos Hernandez | November, 2017 |
| Council Members | |
| Isis Garcia-Martinez, Council President | November, 2019 |
| Luis E. Gonzalez, Council Vice President | November, 2017 |
| Vivian Casals-Munoz, Council Member | November, 2019 |
| Jose F. Caragol, Council Member | November, 2019 |
| Katharine Cue-Fuente, Council Member | November, 2017 |
| Paul B. Hernandez, Council Member | November, 2017 |
| Lourdes Lozano, Council Member | November, 2019 |

For administrative purposes, the City is divided into departments. Currently, there are seventeen (17) departments (treating the City Clerk as a separate department).

*Mayor.*

**Carlos Hernandez**, the Mayor of the City, was born on March 8, 1961 in Camaguey, Cuba. He grew up in Hialeah and he graduated from Saint Thomas University with a Bachelor's Degree in Organizational Leadership.

Before being elected to public office, Mayor Hernandez served the community as a police officer in the Hialeah Police Department for over twenty-two years. He has served the City as a Council Member since 2005. He was elected in 2007 to serve as Council Vice President and in 2009 to serve as Council President, a position he held until he was appointed Mayor of the City on May 23, 2011. On November 15, 2011, he was elected by the citizens of Hialeah to continue serving as their Mayor, and he was re-elected as Mayor of the City on November 5, 2013.

*Selected Administrative Staff.*

**Ines Beecher**, the Budget Director of the City, assumed her position in 2013. Prior to that, she served as Assistant Director for Administration in the City's Department of Public Works.

**Lorena L. Bravo**, the City Attorney of the City, assumed her position in April 2004 and was appointed City Attorney by the Mayor and Council in November 2014. She joined the City as an Assistant City Attorney in July 2005. She was admitted to the Florida Bar in September 2004 having graduated law school *cum laude* from the University of Miami school of Law in May 2004.

**Javier Collazo**, the Financial Director of the City, [to come]

**Marbelys Fatjo**, the City Clerk, assumed her position in September 2012. Prior to that, she served as an Assistant City Attorney in the Law Department. She is a Florida licensed attorney admitted to practice since April 2011. She obtained her law degree from Nova University Shepard Broad Law Center in June 2010.

### Description of Financial Practices and Financial Statements

The financial statements of the City are prepared in conformity with Generally Accepted Accounting Principles. The City uses funds and accounts groups to report on its financial position and the results of its operations. A summary of significant accounting policies of the City is contained in the notes to the City's financial statements, which are included in Appendix A hereto.

## INVESTMENT POLICY

The City's Investment Policy is set forth in Resolution No. 06-44, adopted on April 26, 2006, as amended by Resolution No. 12-127, adopted on November 15, 2012. With respect to objectives, the Policy provides that the City consider the safety of capital, liquidation of funds and investment income. It also states that the City shall follow the "prudent person" rule. The revision adopted in 2012 was for the purpose of providing for greater maturities and diversification of low-risk investments and wider range of investment grade securities to produce

a higher interest on yield of such investments. The City's stated objective is to, without sacrificing safety, to keep pace with inflation, to the extent of the limitations imposed by state law.

It is the policy of the City to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling. No more than 55% of the overall portfolio may be deposited in a single bank, except in the case of money center banks, for which the limit is 75%. No more than 55% of the overall portfolio may be invested in cooperative investment programs and no more than 25% of the overall portfolio may be invested in the securities of a single issuer, except the U.S. Treasury.

## LEGAL MATTERS

Certain legal matters in connection with the issuance of the Series 2015 Bonds are subject to an approving legal opinion of Bryant Miller Olive, P.A., Miami, Florida, Bond Counsel, whose approving opinion (a form of which is attached hereto as "APPENDIX E--Form of Bond Counsel Opinion") will be available at the time of delivery of the Series 2015 Bonds. The actual legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of the Official Statement or otherwise shall create no implication that subsequent to the date of the opinion Bond Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion.

Certain legal matters will be passed on for the City by Lorena L. Bravo., Esq., Hialeah, Florida, City Attorney and Lewis, Longman & Walker, P.A., Jacksonville, Florida, Disclosure Counsel. Llorente & Heckler, P.A., Miami Beach, Florida, is serving as counsel to the Underwriters.

## LITIGATION

Except as described below, there is no pending or, to the knowledge of the City, any threatened litigation against the City of any nature whatsoever which in any way questions or affects the validity of the Series 2015 Bonds, or any proceedings or transactions relating to their issuance, sale, execution, or delivery, or the adoption of the Bond Ordinance, or the pledge of the Pledged Revenues, or the use of the proceeds of the Series 2015A Bonds to fund the pension obligations or of the Series 2015B Bonds to refund the Refunded Bonds. Neither the creation, organization or existence, nor the title of the Mayor or the present members of the Council, or other officers of the City is being contested.

The City experiences routine litigation and claims incidental to the conduct of its affairs In the opinion of the City Attorney, to the best of her knowledge, there are no actions presently pending or threatened, the adverse outcome of which would have a material adverse effect on the availability of the Pledged Revenues or the ability of the City to pay the Series 2015 Bonds from the Pledged Revenues other than the actions stated below. From time to time, the City is party to other various legal proceedings which individually are not expected to have a material adverse

effect on the operations or financial condition of the City or the General Fund, but may, in the aggregate, have a material impact thereon.

[INSERT MATERIAL LITIGATION]

## DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Pursuant to Section 517.051, Florida Statutes, as amended, no person may directly or indirectly offer or sell securities of the City except by an offering circular containing full and fair disclosure of all defaults as to principal or interest on its obligations since December 31, 1975, as provided by rule of the Florida Department of Banking and Finance (the "Department"). Pursuant to Rule 3E-400.003, Florida Administrative Code, the Department has required the disclosure of the 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. To the best knowledge of City staff after review and inquiry, the City is not and has not been in default on any bonds issued since December 31, 1975 that would be considered material by a reasonable investor.

## TAX MATTERS

### Series 2015A Bonds

*General.* INTEREST ON THE SERIES 2015A BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. Except as described herein, Bond Counsel will express no opinion as to any other tax consequences regarding the Series 2015A Bonds. Holders of the Series 2015A Bonds should consult their tax advisors with respect to the inclusion of interest on Series 2015A Bonds in gross income for federal income tax purposes.

The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the Series 2015A Bonds by certain persons. The summary is based upon provisions of the Code, the regulations promulgated thereunder and rulings and court decisions now in effect, all of which are subject to change. This summary is intended as a general explanatory discussion of the consequences of holding the Series 2015A Bonds, limited to those persons who hold the Series 2015A Bonds as "capital assets" within the meaning of Section 1221 of the Code. This summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, persons holding the Series 2015A Bonds as a hedge against currency risks or as a position in a straddle for tax purposes, foreign investors or persons whose functional currency is not the U.S. dollar. This summary does not address alternative minimum tax issues or the indirect consequences to a holder of an equity interest in a holder of the Series 2015A Bonds. Potential purchasers of the Series 2015A Bonds should consult their own tax

advisors in determining the federal, state or local tax consequences to them of the purchase, ownership and disposition of the Series 2015A Bonds.

As stated above, interest on the Series 2015A Bonds is not excluded from gross income for federal income tax purposes. Purchasers other than those who purchase the Series 2015A Bonds in the initial offering at their principal amounts will be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such Series 2015A Bonds. Generally, interest paid on the Series 2015A Bonds and recovery of accrued original issue and market discount, if any, will be treated as ordinary income to the Bondholder, and, after adjustment for the foregoing, principal payments will be treated as a return of capital.

*Market Discount*. If a bondholder purchases the Series 2015A Bonds in the secondary market for an amount that is less than the adjusted issue price of the Series 2015A Bonds, and such difference is not considered to be de minimis, then such discount will represent market discount. Absent an election to accrue market discount currently, upon a sale, exchange or other disposition of the Series 2015A Bonds, a portion of any gain will be ordinary income to the extent it represents the amount of any such market discount that was accrued through the date of the sale. In addition, absent an election to accrue market discount currently, the portion of any interest expense intended to carry a market discount bond is limited. Such bondholders should consult their own tax advisors with respect to whether or not they should elect to accrue market discount currently, the determination and treatment of market discount for federal income tax purposes and the state and local tax consequences of owning such Series 2015A Bonds.

*Tax Treatment of Bond Premium for the Series 2015A Bonds*. If a bondholder purchases a Series 2015A Bond at a cost greater than its principal amount, the bondholder may elect to treat such excess as amortizable bond premium. As the tax accounting treatment of bond premium is complex, such bondholders should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

*Sale, Exchange or Redemption*. Upon a sale, exchange or redemption of the Series 2015A Bonds, bondholders will generally realize a capital gain or loss on the Series 2015A Bonds equal to the difference between the amount realized on the sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and the bondholder's adjusted tax basis on the Series 2015A Bonds. The bondholder's adjusted tax basis for the Series 2015A Bonds is the price such owner pays for the Series 2015A Bonds plus the amount of any original issue discount and market discount previously included in income, reduced on account of any payments received (other than qualified periodic interest payments) and any amortized bond premium. The legal defeasance of the Series 2015A Bonds may result in a deemed sale or exchange of such bonds under certain circumstances, in which event an owner of the Series 2015A Bonds will also recognize taxable gain or loss as described above. Owners of such Series 2015A Bonds should consult their tax advisors as to the federal income tax consequences of such an event.

*Information Reporting and Backup Withholding*. The Code subjects certain non-corporate owners of Series 2015A Bonds, under certain circumstances, to "backup withholding" at the rate specified in the Code with respect to payments on the Series 2015A Bonds and proceeds from the sale of Series 2015A Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Series 2015A Bonds. This withholding generally applies if the owner of Series 2015A Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Series 2015A Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

*Nonresidents*. Under the Code, interest and original issue discount income with respect to the Series 2015A Bonds held by nonresident alien individuals, foreign corporations and other non-United States persons ("Nonresidents") may not be subject to withholding. Payments on the Series 2015A Bonds to a Nonresident that has no connection with the United States other than holding the Series 2015A Bonds will generally be made free of withholding tax, as long as such holder has complied with certain tax identification and certification requirements. Nonresidents should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, ownership and disposition of the Series 2015A Bonds.

The above discussion was written to support the promotion and marketing of the Bonds and was not intended or written to be used, and cannot be used, by a taxpayer for purposes of avoiding United States federal income tax penalties that may be imposed. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

**Series 2015B Bonds**

*General*. The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met subsequent to the issuance of the Series 2015B Bonds in order that interest on the Series 2015B Bonds be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the Series 2015B Bonds to be included in federal gross income retroactive to the date of issuance of the Series 2015B 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 2015B 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 Ordinance to comply with such requirements in order to maintain the exclusion from federal gross income of the interest on the Series 2015B Bonds.

In the opinion of Bond Counsel, assuming compliance with certain covenants, under existing laws, regulations, judicial decisions and rulings, interest on the Series 2015B Bonds is excluded

from gross income for purposes of federal income taxation. Interest on the Series 2015B 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 2015B Bonds may be subject to the federal alternative minimum tax when any Series 2015B Bond is held by a corporation. The federal alternative minimum taxable income of a corporation must be increased by seventy-five percent (75%) of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (before this adjustment and the alternative tax net operating loss deduction). "Adjusted Current Earnings" will include interest on the Series 2015B Bonds.

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 2015B Bonds. Prospective purchasers of Series 2015B Bonds should be aware that the ownership of Series 2015B Bonds may result in collateral federal income tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry Series 2015B Bonds; (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by fifteen percent (15%) of certain items, including interest on the Series 2015B Bonds; (iii) the inclusion of interest on the Series 2015B Bonds in earnings of certain foreign corporations doing business in the United States for purposes of the branch profits tax; (iv) the inclusion of interest on the Series 2015B Bonds in passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year; and (v) the inclusion of interest on the Series 2015B Bonds in "modified adjusted gross income" by recipients of certain Social Security and Railroad Retirement benefits for the purposes of determining whether such benefits are included in gross income for federal income tax purposes.

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 in the Bond Ordinance, certificates of appropriate officers and certificates of public officials (including certifications as to the use of proceeds of the Series 2015B Bonds and of the property financed or refinanced thereby).

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2015B BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE HOLDERS OF THE SERIES 2015B BONDS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE HOLDERS OF THE SERIES 2015B BONDS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

*Information Reporting and Backup Withholding*. Interest paid on tax-exempt bonds such as the Series 2015B Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Series 2015B Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Series 2015B Bonds, under certain circumstances, to "backup withholding" at the rate specified in the Code with respect to payments on the Series

2015B Bonds and proceeds from the sale of Series 2015B Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Series 2015B Bonds. This withholding generally applies if the owner of Series 2015B Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Series 2015B Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

*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 2015B 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 2015B 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 2015B 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 2015B 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 2015B 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 2015B Bonds.

Prospective purchasers of the Series 2015B Bonds should consult their own tax advisors as to the tax consequences of owning the Series 2015B 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 2015B Bonds maturing on _____ (collectively, the "Discount Bonds"), and the initial offering price to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers, at which price a substantial amount of the Discount Bonds of the same maturity and, if applicable, interest rate, was sold is "original issue discount." Original issue discount will accrue 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 excluded 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 2015B Bonds maturing on _____ (collectively, the "Premium Bonds"), and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Premium Bonds of the same maturity and, if applicable, interest rate, was sold constitutes to an initial purchaser 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 other 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.

## RATINGS

Fitch Ratings ("Fitch") and Standard & Poor's Ratings Services ("S&P") are expected to assign ratings of _____ (____ outlook) and _____ (____ outlook), respectively. The ratings reflect only the views of said rating agencies and an explanation of the ratings may be obtained only from said rating agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be lowered or withdrawn entirely by the rating agencies, if in their judgment, circumstances so warrant. A downward change in or withdrawal of any of such ratings may have an adverse effect on the market price of the Series 2015 Bonds. An explanation of the significance of the ratings can be received from the rating agencies, at the following addresses: Fitch Ratings, One State Street Plaza, New York, New York 10004 and Standard & Poor's Ratings Services, 55 Water Street, New York, NY 10004.

## FINANCIAL ADVISOR

The City has retained Public Financial Management, Inc., Coral Gables, Florida, as Financial Advisor in connection with the City's financing plans and with respect to the authorization and issuance of the Series 2015 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.

Public Financial Management, Inc. is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

## AUDITED FINANCIAL STATEMENTS

The general purpose financial statements of the City as of September 30, 2014 and for the year then ended, attached hereto as "APPENDIX B - General Purpose Audited Financial Statements of the City," have been audited by Alberni Caballero & Fierman, LLP, Coral Gables, Florida, the City's independent auditors (the "Auditor"), as stated in their report appearing therein. The City's auditor consented to include in this Official Statement the aforementioned report.

The remedies available to the owners of the Series 2015 Bonds upon an event of default under the Bond Ordinance are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the federal bankruptcy code, the remedies specified by the Bond Ordinance, and the Series 2015 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2015 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 of after such delivery. See "APPENDIX D —The Bond Ordinance" attached hereto for a description of events of default and remedies thereunder.

## CONTINUING DISCLOSURE

The City failed to timely file annual reports of financial information and operating data with respect to (i) the outstanding Florida Municipal Loan Council Revenue Bonds, Series 2011D (City of Hialeah Series) for which the City is the obligor for the fiscal years 2011 through 2013, respectively, that were due on June 30, 2012, 2013 and 2014, respectively; and (ii) the outstanding Florida Municipal Loan Council Refunding and Improvement Revenue Bonds, Series 2012A (City of Hialeah Series) for which the City is the obligor for the fiscal years 2012 and 2013 that were due on June 30, 2013 and 2014, respectively. The City filed a notice of failure to file and an Annual Report of Financial Information and Operating Data containing the information and data with the Municipal Securities Rulemaking Board for the years in which the filings were not made. In addition, the City has adopted written policies and procedures with respect to continuing disclosure and has updated its website to include (i) the official statements for the Series 2011D Bonds and the Series 2012A Bonds; (ii) the continuing disclosure

agreements executed in connection with the issuance of the Series 2011D and Series 2012A Bonds; and (iii) the annual reports of financial information and operating data filed with the Municipal Securities Rulemaking Board with respect to the Series 2011D and Series 2012A Bonds. Also, the City filed its Comprehensive Annual Financial Reports late for Fiscal Years 2013 (3 days) and 2014 (5 days).

The City has covenanted for the benefit of the Series 2015 Bondholders to provide certain financial information and operating data relating to the City and the Series 2015 Bonds in each year, and to provide notices of the occurrence of certain enumerated material events and the City has also agreed to file its audited financial statements with the Municipal Securities Rulemaking Board ("MSRB") through its electronic municipal market access system ("EMMA").

The specific nature of the financial information, operating data, and of the type of events which trigger a disclosure obligation, and other details of the undertaking are described in "APPENDIX E — Form of Continuing Disclosure Agreement" attached hereto. The Continuing Disclosure Agreement will be executed by the City prior to the issuance of the Series 2015 Bonds. These covenants have been made in order to assist the Underwriters in complying with the continuing disclosure requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule").

With respect to the Series 2015 Bonds, no party other than the City is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the Rule.

## UNDERWRITING

The Series 2015A Bonds are being purchased by the Underwriters shown on the cover of the Official Statement (the "Underwriters") at an aggregate purchase price of $_____ (which includes Underwriters' discount of $_____). The Series 2015B Bonds are being purchased by the Underwriters at an aggregate purchase price of $_____ (which includes Underwriters' discount of $_____). The Underwriters' obligations are subject to certain conditions precedent described in a contract of purchase with the City, and they will be obligated to purchase all of the Series 2015 Bonds if any Series 2015 Bonds are purchased. The Series 2015 Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2015 Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the underwriters and their affiliates may have certain creditor and/or other rights against the issuer and its affiliates in connection with such activities. In the various course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial

instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the issuer. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association. Wells Fargo Bank, National Association ("WFBNA"), one of the underwriters of the Series 2015 Bonds, has entered into an agreement (the "Distribution Agreement") with its affiliate, Wells Fargo Advisors, LLC ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2015 Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2015 Bonds with WFA. WFBNA also utilizes the distribution capabilities of its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series 2015 Bonds. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

## 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 2015 Bonds. Payment of the fees of such professionals and an underwriting discount to the Underwriters (including the fees of their counsel) are each contingent upon the issuance of the Series 2015 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 2015 Bonds, the security for the payment of the Series 2015 Bonds and the rights and obligations of the owners thereof and to each such statute, report or instrument. Copies of such documents may be obtained from either the office of the Clerk of the City, 501 Palm Avenue, 3rd Floor, Hialeah, Florida 33010, telephone (305) 883-5820, cityclerk@hialeahfl.gov or the City's Financial Advisor, Public Financial Management, Inc., 255 Alhambra Circle, Suite 404, Coral Gables, Florida 33134, telephone (786) 671-7480.

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 2015 Bonds.

The appendices attached hereto are integral parts of this Official Statement and must be read in their entirety together with all foregoing statements.

## AUTHORIZATION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement has been duly authorized and approved by the City. At the time of delivery of the Series 2015 Bonds, the City will furnish a certificate to the effect that nothing has come to its attention which would lead it to believe that the Official Statement (other than information herein related to DTC, the book-entry only system of registration and the information contained under the caption "TAX MATTERS" as to which no opinion shall be expressed), as of its date and as of the date of delivery of the Series 2015 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 HIALEAH, FLORIDA

By: _____
Mayor

By: _____
Finance Director

# EXHIBIT C

# FORM OF CONTINUING DISCLOSURE AGREEMENT

## Form of Continuing Disclosure Agreement

This CONTINUING DISCLOSURE AGREEMENT dated as of November ____, 2015 is executed and delivered by the CITY OF HIALEAH, FLORIDA (the "City"), a municipal corporation and public body corporate and politic, duly organized and existing under the Constitution and laws of the State of Florida in connection with the issuance of $_____ in aggregate principal amount of City of Hialeah, Florida Taxable Special Obligation Bonds, Series 2015A (Pension Funding Project), and of $_____ in aggregate Special Obligation Refunding Revenue Bonds, Series 2015B (together the "Series 2015 Bonds"). The Series 2015 Bonds are being issued pursuant to Ordinance No. _____ adopted by the Mayor and City Council of the City on November 10, 2015 and Resolution No. _____ adopted by the Mayor and City Council of the City on November 10, 2015 (collectively, the "Ordinance"). The City covenants and agrees as follows:

SECTION 1. Purpose of Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the United States Securities and Exchange Commission (the "SEC"). This Disclosure Agreement shall constitute the continuing disclosure agreement of the City in accordance with the requirements of the Rule for the benefit of the Beneficial Owners.

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinance, which apply to any capitalized term used in this Disclosure Agreement, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2015 Bonds (including persons holding Series 2015 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2015 Bonds for federal income tax purposes.

"Business Day" shall mean any day other than a Saturday, Sunday or a day when banks in the City of New York, New York, or in the City of Hialeah, Florida, or in the city in which the principal offices of the Bond Registrar are required or authorized by law to be closed or on which the New York Stock Exchange is closed.

"Dissemination Agent" shall mean any Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation. The City may act as Dissemination Agent.

"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 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 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 Dissemination Agent from the performance of its obligations under the Disclosure Agreement.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Participating Underwriter" shall mean any of the original underwriters of the Series 2015 Bonds required to comply with the Rule in connection with the offering of the Series 2015 Bonds.

"Repository" shall mean the Municipal Securities Rulemaking Board ("MSRB") approved by the SEC, or otherwise established by law or regulation, where information is required to be filed in accordance with the Rule.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the 180th day following the end of each Fiscal Year, commencing with the Fiscal Year ending September 30, 2015, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided, however, that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if the audited financial statements are not available by that date. If the City's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than ten (10) Business Days prior to the date the Annual Report is to be filed with the Repository, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If the City is unable to provide to the Repository an Annual Report by the date required in subsection (a) of this Section, or if the City shall fail to provide the Annual Report to the Dissemination Agent in time for the Dissemination Agent to deliver the Annual Report to the Repository by the date required in subsection (a) of this Section, the City or the Dissemination Agent, as applicable, shall send a notice to the Repository in substantially the form attached as Exhibit B to this Disclosure Agreement.

(c) In addition to filing the notice required by subsection (b) of this Section, as applicable, the Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of the Repository and verify the filing specifications of the Repository; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to the Disclosure Agreement, stating the date it was provided and listing the Repository to which it was provided.

SECTION 4. Content of Annual Reports. The City's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the City for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, which may be a part of the City's comprehensive audited financial report. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report may contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement for the Series 2015 Bonds dated November ____, 2015 (the "Official Statement"), if available, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent such information is not otherwise included as part of the Annual Report, updated information from that set forth in the Official Statement under the caption "SECURITY FOR THE SERIES 2015 BONDS".

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to the Repository or to the SEC. If the document included by reference is a final official statement, such final official statement must be available in electronic format from the MSRB. The City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2015 Bonds within ten (10) Business Days of the occurrence of the event:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on the debt service reserves reflecting financial difficulties;
4. unscheduled draws on the credit enhancements reflecting financial difficulties.
5. substitution of the 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 Series 2015 Bonds, or other material events affecting the tax status of the Series 2015 Bonds;

7. modifications to rights of Bondholders, if material;

8. bond calls, if material, and tender offers;

9. defeasances;

10. release, substitution or sale of property securing repayment of the Series 2015 Bonds, if material;

11. rating changes;

12. bankruptcy, insolvency, receivership or similar event of the City;

*Note: Ffor the purposes of the events identified in this subsection 5(a)(12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City 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 City, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.*

13. The consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, 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 Bond Registrar, Paying Agent or trustee or the change of name of a Bond Registrar, Paying Agent or trustee, if material.

(b) Notice of any Listed Event shall be in writing. Such notice shall (i) identify the Listed Event that has occurred; (ii) include the text of the disclosure that the City desires to make; (iii) contain the written authorization of the City for the Dissemination Agent to disseminate such information, and (iv) identify the date the City desires the Dissemination Agent to disseminate the information (provided that such date is not later than the tenth ($10^{th}$) Business Day after the occurrence of the Listed Event).

(c) The Dissemination Agent is not obligated to notify the City of an event that may constitute a Listed Event. In the event the Dissemination Agent so notifies the City, the City shall, within two (2) Business Days of receipt of such notice (but in any event not later than the tenth ($10^{th}$) Business Day after the occurrence of the Listed Event, if the City determines that a Listed Event has occurred), instruct the Dissemination Agent that a Listed Event either (i) has not occurred and no filing is to be made or (ii) has occurred and the Dissemination Agent shall be provided notice thereof in the manner provided in Section 5(b).

SECTION 6. Termination of Reporting Obligation. The obligations of the City under the Disclosure Agreement shall remain in effect only for such period that the Series 2015 Bonds are outstanding in accordance with their terms and the terms of the Ordinance and the City remains an obligated person with respect to the Series 2015 Bonds within the meaning of the Rule. The obligation of the City to provide the Annual Report and notices of Listed Events shall terminate if and when the City no longer remains such an obligated person. The Disclosure Agreement also shall terminate upon the termination of the continuing disclosure requirements of the Rule by legislative, judicial or administrative action.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of the Disclosure Agreement, the City may amend the Disclosure Agreement, and non-compliance with any provision of the Disclosure Agreement may be waived, provided the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a) hereof (unless the amendment or waiver is necessary or appropriate for the City to achieve compliance with any applicable federal law or rule, or to cure any ambiguity, inconsistency, formal defect or omission in the provisions of the Disclosure Agreement), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2015 Bonds, or the type of business conducted;

(b) The Disclosure Agreement, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2015 Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Beneficial Owners of the Series 2015 Bonds in the same manner as provided in the Ordinance for amendments to the Ordinance with the consent of the Beneficial Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Beneficial Owners.

In the event of any amendment or waiver of a provision of the Disclosure Agreement, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 8. Additional Information. Nothing in the Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set

forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by the Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by the Disclosure Agreement, the City shall have no obligation under the Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Remedy for Breach. The Disclosure Agreement shall be solely for the benefit of the Beneficial Owners from time to time of the Series 2015 Bonds. The exclusive remedy for any breach of the Disclosure Agreement by the City shall be limited, to the extent permitted by law, to a right of Beneficial Owners to institute and maintain, or to cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by the City of its obligations under the Disclosure Agreement. Any Beneficial Owner may exercise individually any such right to require the City to specifically perform its obligation to provide or cause to be provided a pertinent filing if such a filing is due and has not been made. Notwithstanding any other provisions of the Ordinance or the Disclosure Agreement, any failure by the City to comply with any provision of the Disclosure Agreement shall not constitute a default under the Series 2015 Bonds or under the Ordinance.

SECTION 10. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The services provided by the Dissemination Agent under or pursuant to the Disclosure Agreement shall solely relate to the execution of instructions received by the Dissemination Agent from the City and do not constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank"). The Dissemination Agent shall not provide any advice or recommendation to the City or anyone on the City's behalf regarding the "issuance of municipal securities" or any "municipal financial product," as such terms are defined in Dodd-Frank, and nothing in the Disclosure Agreement shall be interpreted to the contrary.

(b) For purposes of satisfying the reporting requirements of the Disclosure Agreement, the City has delegated to the Dissemination Agent the duties, functions and responsibilities of disclosing information undertaken by the City in the Disclosure Agreement. The City may, from time to time, appoint or engage an alternate or substitute Dissemination Agent to assist it in carrying out its obligations under the Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor, alternate or substitute Dissemination Agent. The Dissemination Agent (other than the City) shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to the Disclosure Agreement.

(c) Any information received by the Dissemination Agent before 5:00 p.m. Eastern time on any Business Day that it is required to file with the MSRB pursuant to the terms of the Disclosure Agreement will be filed by the Dissemination Agent with the MSRB no later than 5:00 p.m. Eastern time on the next Business Day; provided, however, the Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event,

provided that the Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

(d) The Dissemination Agent shall have only such duties as are specifically set forth in the Disclosure Agreement, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2015 Bonds.

SECTION 11. Extent of Covenants; No Personal Liability. All covenants, stipulations, obligations and agreements of the City contained in the Disclosure Agreement are and shall be deemed to be covenants, stipulations, obligations and agreements of the City to the full extent authorized by law. No covenant, stipulation, obligation or agreement of the City contained in the Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future officer, agent or employee of the City in other than that person's official capacity.

SECTION 12. Electronic Filing. Any filing under the Disclosure Agreement with the Repository shall be made in compliance with the formal rules, notices or releases for such filings, as established by the SEC or the MSRB and, until established otherwise by such rules, notices or releases, any filing under the Disclosure Agreement shall be made electronically at http://emma.msrb.org/ in accordance with the procedures of the MSRB for such filings.

SECTION 13. Beneficiaries. The Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the Beneficial Owners, and shall create no rights in any other person or entity.

SECTION 14. Severability. In case any section or provision of the Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reason held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 15. Headings. The headings preceding the text of the sections of this Disclosure Agreement are solely for convenience of reference and shall not affect the meaning, construction or effect of any of the provisions of the Disclosure Agreement.

IN WITNESS WHEREOF, the City has caused this Disclosure Agreement to be executed by its duly authorized officer and delivered to the Participating Underwriter in connection with the original issuance and delivery of the Series 2015 Bonds, all as of the date set forth above, and the Beneficial Owners and Holders of the Series 2015 Bonds from time to time shall be deemed to have accepted the Disclosure Agreement in accordance with the Rule.

CITY OF HIALEAH, FLORIDA

By: _____

Carlos Hernandez
Mayor

PFM
The PFM Group
Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

255 Alhambra Circle
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Coral Gables, FL
33134

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305 448-7131 fax
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October 28, 2015

**Memorandum**

**To:** City of Hialeah, Florida

**From:** Public Financial Management

**Re:** Series 2015AB Bonds – Plan of Finance and Method of Sale

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Summary
The purpose of this memorandum is to summarize the planned issuance of the City's Special Obligation Bonds, Series 2015A (Pension Obligation) and Series 2015B (Refunding). The plan of finance for the Series 2015AB Bonds (the "Bonds") includes a 20-year new money series (Series A) from which the proceeds will be used to make the City's annually required contribution towards the pension plan. The City intends to issue 2015A Bonds in a sufficient amount to make an approximately $17M payment towards the FY 2015 pension payment, with the remaining approximately $8M being used towards a portion of the FY 2016 pension payment. In addition to the 2015A Bonds, the City intends to issue Series 2015B Refunding Bonds in an approximate amount of $25M in order to refund outstanding Series 2005A Bonds (originally issued through the Florida Municipal Loan Council, "FMLC") for annual debt service savings. The refunding bonds will not extend the original final maturity of the 2005A Bonds.

Security Structure
Based on discussions with members of the finance team (City, Bond Counsel, Financial Advisor) it has been determined that the City can pledge Franchise Fees as the primary security for the 2015 Bonds. Initially, the discussion contemplated securing the bonds with solely a covenant to budget and appropriate. However, recent headlines of major issuers not appropriating for debt service payments, followed by recent experiences with other pension bonds, suggests that investors have less appetite for securities (and specifically pension bonds) that do not have an explicit revenue pledge. As such, it was determined that the franchise fees would be an appropriate revenue to pledge to these bonds to make them more marketable to investors, with the goal of reducing the City's borrowing costs. From the City's perspective, Franchise Fees are one of the significant components of non-Ad Valorem revenues, so the City is effectively applying the same revenue source using this structure. In addition to the primary pledge, the Bonds will have a back-up pledge of the full basket of non-ad valorem revenues. It is our intent that this credit structure will provide the City with the best opportunity to have these bonds rated in the 'A' category. Upon subsequent discussions the City has determined that it would prefer to not include the water and wastewater component of the Franchise Fees in the Pledged Revenues. The remaining revenues should still be adequate to provide the benefits of increased credit metrics and marketability.

In Fiscal Year 2014, based on information provided by the City, the two components of the Franchise Fees resulted in $11,099,080 of revenue (page 20 of the 2014 CAFR, less water/wastewater). Based on preliminary maximum annual debt service estimates for the 2015 Bonds of approximately $3.9M, the bonds will have coverage of approximately 281% from the outset. Furthermore, in the draft Bond Ordinance the Additional Bonds Test has been drafted with a 200% requirement based on revenues in the prior Fiscal Year. That should result in a strong legal provision, while still providing the City with future flexibility to issue additional debt if

necessary. At this point in time, the City has indicated that it does not have any debt issuance plans in the foreseeable future.

Credit Considerations

As discussed previously in meetings with City decision-makers, we believe that the City is already facing considerable rating pressure from the agencies and the issuance of a bond for the purpose of paying a portion of the City's Annual Required Contribution (ARC) will only increase that pressure. In our view, one of the counter-measures the City has to prevent further negative rating action is to demonstrate a long-term financial plan that will ensure structurally-balanced budgets into the foreseeable future. While we cannot be certain that the plan itself will be sufficient, it will likely be viewed as a step in the right direction. PFM is currently working with the City on the financial forecast and structural budget initiatives. Long-term success, however, will largely depend on the City's ability and willingness to implement those initiatives.

If the City proceeds with a public offering of the 2015 Bonds, at least one credit rating will be required to effectively market the issue at lower yields than non-rated bonds. Absent a bond issuance however, because the City has outstanding debt and ratings from S&P and Fitch, it will at a minimum be required to respond to periodic surveillance requests from each agency. As the City is aware, Fitch currently rates the City's Covenant to Budget and Appropriate from non-Ad Valorem revenues ("CB&A") pledge as A- with a stable outlook. The Fitch rating was downgraded in October of 2013 (from A). Fitch cited "*continued revenue declines due to ongoing lower tax base values and management's unwillingness to raise taxes or fees...future expenditure growth is expected and there is uncertainty as to sufficient revenues to meet this growth.*" Similarly, S&P currently rates the CB&A pledge as A- with a stable outlook. Concerns cited by S&P include nonstandard cross-default language in the City's bank loans, weak economic indicators, and imbalanced budgets. Commenting specifically on the City's pension contributions, S&P stated that the City's "*combined contribution to its pension and OPEB plans equaled, in our view, a high 19% of governmental expenditures in fiscal 2013.*" Furthermore on October 1, 2015, Fitch released their credit surveillance report and lowered the rating outlook on the City's bonds to negative. Fitch is acutely aware of the rising pension cost and cited *the City's ability to achieve sustainable structural balance"* as a concern leading to the negative outlook. An outlook is defined by Fitch to *"reflect financial or other trends that have not yet reached the level that would trigger a rating action, but which may do so if such trends continue."*

In terms of this financing and our review of the City's credit metrics in light of the available rating agency publications, we do not believe that the issuance of additional debt itself would trigger any rating actions. Using the Moody's and S&P quantitative analytics, the City's credit rating should remain in the 'A' rating category. However, it should be noted that all of the agencies provide themselves with adequate leeway to make "qualitative adjustments," allowing them to notch ratings down (or up) further than the scoring methodology might suggest. That is very likely to be the case with the City, where financing operating expenses (ARC) will be viewed as a negative mark against the City. Again, it is plausible that the agencies will consider this as a near-term measure that is part of a broader plan to restore the City to structural balance.

Below we have provided the results of our analysis using the Moody's and S&P scorecard methodologies (Fitch at this point doesn't provide a transparent calculation tool). Please note that these scores are indicative of the calculated General Obligation score; and typically the rating agencies rate a CB&A security one notch below the general obligation score.

### *Moody's Local Government Rating Calculator*

| Category | Weight | Indicated Rating |
|---|---|---|
| Economy/Tax Base | 30% | 3.37 |
| Fund Balance | 15% | 3.05 |
| Cash Balance | 15% | 1.97 |
| Management | 20% | 3.09 |
| Direct Debt | 10% | 2.69 |
| Pension Liability | 10% | 3.29 |
| Indicated Rating Score | 100% | 2.98 |
| Indicated Rating | - | A2 |

### *S&P's Local Government Rating Calculator*

| Score Table | Indicative Score | Adjustment | Adjusted Score | Weight |
|---|---|---|---|---|
| Institution Framework Score: | 2 | | 2 | 10% |
| Economic Score: | 3.0 | | 3.0 | 30% |
| Management Score: | 3 | | 3 | 20% |
| Budgetary Flexibility Score: | 2 | | 2 | 10% |
| Budgetary Performance Score | 2 | | 2 | 10% |
| Liquidity Score: | 1 | | 1 | 10% |
| Debt and Contingent Liability: | 3 | -1 | 2 | 10% |
| Weighted Average Score: | | | 3.00 | |
| Rating Cap: | | | | |
| Indicative Rating: | | -1 notch(s) | A | |

In addition to the underlying rating, PFM will seek insurance quotes for the bonds that may help to reduce the borrowing costs. That determination will be made closer to pricing, after receipt of the underlying credit ratings and further feedback from the Senior Manager marketing the bonds.

Method of Sale

The City of Hialeah is not a frequent issuer in the capital markets and as such is not a well-known name by most municipal investors. In addition, the fact that the 2015A Bonds are being used to fund pension payments will make certain investors cautious about purchasing the bonds. This was additionally highlighted, and at times characterized as "financing current expenses" by several of the underwriter's that were interviewed during the RFP process for underwriting services. While it is typically an issuer's preference to issue bonds via competitive sale, we believe that the City's offering will be better served in terms of certainty of execution and lower cost, through a negotiated sale method. Through a competitive process, the City selected Sitfel, Nicolaus & Company to serve as the senior manager.

There are a number of considerations in establishing a method of sale for any bond issue. Factors supporting one sale methodology versus another are highlighted in the table found below. The issues shown in the table should be viewed as indicators of the most effective approach given the circumstances. Many issuers will find characteristics for a specific set of

circumstances that fall in both columns. The following traits are key considerations in our recommendation to move forward with a negotiated sale process:

- Municipal Market Conditions– At this time, municipal market conditions are still volatile, and changes in the global economic outlook could materially change US Treasury yields. Central bank policy in both the US and abroad has generally been the cause of this volatility. On September 17, Fed Chair Janet Yellen announced that the Federal Reserve would not change the interest rate due to inflation targets not being met, along with concern over developments occurring abroad. On October 28th the Fed again decided to leave the rate unchanged, however did provide signs of potential tightening in monetary policy, which is currently expected to occur before year-end. The markets will be anticipating the next Federal Reserve meeting on Dec 16 for any changes. Given this uncertainty, a negotiated sale should afford the City with greater flexibility in structuring the financing to meet investor interest. Support from a negotiated banker may also be important if market conditions create unsold balances.

- Market awareness / Frequency of Issuer– Given that the City is an infrequent issuer, the municipal markets are less familiar with the City and its credit than with other issuers who are in the market more frequently. Thus, investors typically would need to 'do their homework' on the City and the credit. Typically, one of the best sources of investor education comes from the Senior Underwriter and the Syndicate. The underwriters serve as the sales force for the bonds, and have the majority (if not all) of the communication with the investors. Therefore they are in the best position to provide investor education, through investor roadshows, conference calls, and sales force teach-ins. All of these tools would not be as available in a competitive sale, where banks are bidding on the bonds without having meaningful marketing discussions with investors.

- Credit Quality – Many investors look for credits that are backed by reliable securities and strong, investment grade ratings. As you slide down the ratings scale toward the lower A and BBB categories, the investor base will shrink, as many institutions simply cannot invest in lower-rated securities due to internal regulation. A negotiated sale facilitates the process of finding investors and in terms of who is eligible to purchase the credit, and the Senior Manager will be able to market the City's offering to likely investors in order to generate sufficient demand.

Conclusion

As described throughout this memorandum, the Series 2015AB Bonds will be a challenging credit for several reasons. First and foremost, the City should, and is in the process of, taking the steps necessary to create a structurally balanced budget into the future, and as a result protect its credit ratings. The 2015A Bonds should be viewed as an interim step to this objective, and not a means that can, or should, be accessed again in the future. Second, the market and investors have scrutinized the use of POB financing and the source of security on the bonds. In this case, the transaction is less a POB financing and more a financing for a particular ARC payment, which will be a challenging story to overcome during the credit agency review and investor outreach phase. We believe marketing the bonds will be best served with close coordination by the Senior Manager and Underwriting Syndicate. As such, we have recommended that the City utilize a negotiated method of sale as that will likely provide the most effective way to market the bonds to a broad base of investors.

**METHOD OF SALE CONSIDERATIONS**

| Attributes | Competitive Sale | Negotiated Sale |
|---|---|---|
| **Issuer** | | |
| *Type of Organization* | Broad-based, general-purpose government | Special-purpose enterprise, independent authority |
| *Frequency of Issuance* | Regular borrower in public market | New or infrequent issuer of debt |
| *Market Awareness* | Active secondary market with wide investor base | Little or no institutional base, but growing dealer interest |
| **Credit Quality** | | |
| *Rating* | Mid-"A" or better | Below mid-"A" |
| *Pledged Revenues* | General taxes | Project supported revenues |
| *Security Structure* | Conventional resolution and cash flow; rate covenant and coverage | Unusual or weak covenants; subordinated debt |
| *Trend* | Stable | Declining or under stress |
| **Market Conditions** | | |
| *Interest Rates* | Stable, predictable market | Volatile or declining market |
| *Demand* | Strong investor demand, good liquidity, light forward calendar | Oversold market, heavy supply; coupon, structure or maturity requirements not favored in current market |
| **Debt Structure** | | |
| *Tax Status* | Tax-exempt, no concerns | Taxable |
| *Debt Instrument* | Traditional serial and term, full-coupon bonds | Aggressive use of innovative bond structuring, derivative products, swaps, or variable-rate debt instruments |
| **Marketing** | | |
| *Use of Underwriters* | Broad market participation | Ability to select "best qualified" banker and direct business to local or regional firms |
| *Investors* | Process blind to ultimate investors | Sale can be managed to achieve wide distribution or targeted allotments; can give priority to retail/ local investors |
| *Pre-marketing* | Limited need for pre-marketing – commodity, market pricing | Specific pre-sale activity to generate demand |
| *Flexibility in Timing* | Less flexibility | Greater flexibility in timing |
| *Fine Tuning Structure* | Limited options given to bidders | Unlimited ability to fine tune |
| **Cost** | | |
| *Gross Spread* | Historically, spreads have been lower for competitive sales | Generally higher spreads than competitive sales |
| *Interest Rate* | Highest market price for commodity offered on day of sale | Best match of product with specific investor demand |
| **Preparation** | | |
| *Resolution/Structure* | Issuer determines own preference for managing | Professional banking support and more direct marketing input in balancing security for investor vs. flexibility for issuer |
| *Disclosure* | Issuer relies on own program disclosure | Underwriters' counsel assists in the preparation of official statement |