

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Clearwater, Florida (the "Issuer") in connection with the issuance of its \$[Par Amount] Water and Sewer Revenue Refunding Bonds, Series 2017 (the "Series 2017 Bonds"). The Series 2017 Bonds are being issued pursuant to Ordinance No. 3674-84 enacted by the Issuer on August 2, 1984, as amended and supplemented in Ordinance No. 6915-01, enacted November 15, 2001, as further amended and supplemented in Ordinance No. 8620-14, enacted December 4, 2014 (collectively, the "Ordinance") and as further supplemented by Resolution No. 17-02, adopted by the Issuer on January 19, 2017. The Issuer covenants and agrees as follows:

SECTION 1. PURPOSE OF DISCLOSURE CERTIFICATE. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Series 2017 Bondholders and in order to assist the original underwriters of the Series 2017 Bonds in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission ("SEC") pursuant to the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

SECTION 2. PROVISION OF ANNUAL INFORMATION. Except as otherwise provided herein, the Issuer shall provide to the Municipal Securities Rulemaking Board (the "MSRB"), in the manner described in Section 5 hereof, and to any state information depository that is established within the State of Florida and with which the Issuer is legally required to file the information set forth herein (the "SID"), it being understood that no such SID is currently established in the State of Florida, on or before April 30 of each year, commencing April 30, 2017 with the report for the 2016 Fiscal Year, the information set forth below in this Section 2. Notwithstanding the immediately preceding sentence, to the extent any such information does not become available to the Issuer before April 30 of any year, the Issuer shall provide such information when it becomes available, but no later than one year following the end of the Issuer's Fiscal Year. To the extent the Issuer has provided such information to a dissemination agent pursuant to any other undertaking executed by the Issuer in accordance with the Rule, the Issuer's obligations as set forth in this Section 2 shall be deemed to be satisfied.

(A) The Issuer's Comprehensive Annual Financial Report for the immediately preceding Fiscal Year (the "CAFR"), which shall include the audited financial statements of the Issuer for the immediately preceding Fiscal Year prepared in accordance with Generally Accepted Accounting Principles, as modified by applicable State of Florida requirements and the governmental accounting standards promulgated by the Government Accounting Standards Board; provided, however, if

the audited financial statements of the Issuer are not completed prior to April 30 of any year, the Issuer shall provide unaudited financial statements on such date and shall provide the audited financial statements as soon as practicable following their completion; and

(B) To the extent not set forth in the CAFR, additional financial information and operating data of the type included with respect to the Issuer in the final official statement prepared in connection with the sale and issuance of the Series 2017 Bonds (as amended, the "Official Statement"), as set forth below:

1. Updates of the historical financial information set forth in the Official Statement under the principal captions "THE WATER AND SEWER SYSTEM" for the then-immediately preceding five fiscal years and "APPENDIX G - SCHEDULE OF RATES, FEES AND CHARGES."

2. Description of any additional indebtedness payable in whole or in part from the Net Revenues (as defined in the Ordinance).

3. Any other financial information or operating data of the type included in the Official Statement which would be material to a holder or prospective holders of the Series 2017 Bonds.

For purposes of this Disclosure Certificate, "Fiscal Year" means the period commencing on October 1 and ending on September 30 of the next succeeding year, or such other period of time provided by applicable law.

The Issuer reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Issuer; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule.

SECTION 3. REPORTING SIGNIFICANT EVENTS. The Issuer shall provide to the MSRB and to the SID, if any, on a timely basis not in excess of 10 business days after the occurrence of the event, notice of any of the following events, if such event is material with respect to the Series 2017 Bonds or the Issuer's ability to satisfy its payment obligations with respect to the Series 2017 Bonds; provided, however, to the extent the Issuer has provided notice of any such event to a dissemination agent pursuant to any other undertaking executed by the Issuer in accordance with the Rule, the Issuer's obligations as set forth in this Section 3 shall be deemed to be satisfied:

(A) Principal and interest payment delinquencies;

- (B) Non-payment related defaults;
- (C) Unscheduled draws on the debt service reserve fund reflecting financial difficulties;
- (D) Unscheduled draws on credit enhancement reflecting financial difficulties;
- (E) Substitution of credit or liquidity providers, or their failure to perform;
- (F) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue or other material notices or determinations with respect to the tax status of the Series 2017 Bonds, or other material or events affecting the tax status of the Series 2017 Bonds;
- (G) Modifications to rights of Series 2017 Bondholders;
- (H) Calls on the Series 2017 Bonds (excluding mandatory sinking fund redemption);
- (I) Tender offers with respect to the Series 2017 Bonds;
- (J) Defeasance of the Series 2017 Bonds;
- (K) Release, substitution, or sale of property securing repayment of the Series 2017 Bonds;
- (L) Rating changes;
- (M) Bankruptcy, insolvency, receivership or similar event of the Issuer (this event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer 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 Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer);
- (N) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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;

(O) Appointment of a successor or additional trustee or the change of name of a trustee; and

The Issuer may from time to time, in its discretion, choose to provide notice of the occurrence of certain other events, in addition to those listed in this Section 3, if, in the judgment of the Issuer, such other events are material with respect to the Series 2017 Bonds, but the Issuer does not specifically undertake to commit to provide any such additional notice of the occurrence of any material event except those events listed above.

Whenever the Issuer obtains knowledge of the occurrence of a significant event described in this Section 3, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities law to holders of Series 2017 Bonds, provided, that any event under clauses (A), (C), (D), (E), (F), (I), (J), (L), or (M) above will always be deemed to be material.

SECTION 4. NOTICE OF FAILURE TO PROVIDE ANNUAL INFORMATION. The Issuer agrees to provide or cause to be provided to the MSRB, in a timely manner on or before April 30 of any year, notice of any failure on the part of the Issuer or any other Obligated Person (as defined in the Rule) to meet the requirements of Section 2 hereof.

SECTION 5. SUBMISSION OF INFORMATION TO THE MSRB. The information required to be disclosed pursuant to Sections 2, 3 and 4 of this Disclosure Certificate shall be submitted to the MSRB through its Electronic Municipal Market Access system ("EMMA"). Subject to future changes in submission rules and regulations, such submissions shall be provided to the MSRB, through EMMA, in portable document format ("PDF") files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. Such PDF files are required to be word-searchable (allowing the user to search for specific terms used within the document through a search or find function available in a software package).

Subject to future changes in submission rules and regulations, at the time that such information is submitted through EMMA, the Issuer, or any dissemination agent engaged by the Issuer pursuant to Section 8 hereof, shall also provide to the MSRB information necessary to accurately identify:

(A) the category of information being provided;

(B) the period covered by the CAFR and any additional financial information and operating data being provided;

(C) the issues or specific securities to which such submission is related or otherwise material (including CUSIP number, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate);

(D) the name of any Obligated Person other than the Issuer;

(E) the name and date of the document being submitted; and

(F) contact information for the submitter.

SECTION 6. NO EVENT OF DEFAULT. Notwithstanding any other provision in the Ordinance to the contrary, failure of the Issuer to comply with the provisions of this Disclosure Certificate shall not be considered an event of default under the Ordinance. To the extent permitted by law, the sole and exclusive remedy of any Series 2017 Bondholder for the enforcement of the provisions hereof shall be an action for mandamus or specific performance, as applicable, by court order, to cause the Issuer to comply with its obligations hereunder. For purposes of this Disclosure Certificate, "Series 2017 Bondholder" shall mean any person who (A) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2017 Bonds (including persons holding Series 2017 Bonds through nominees, depositories or other intermediaries), or (B) is treated as the owner of any Series 2017 Bond for federal income tax purposes.

SECTION 7. INCORPORATION BY REFERENCE. Any or all of the information required herein to be disclosed may be incorporated by reference from other documents, including official statements or debt issues of the Issuer or related public entities, which have been submitted to the MSRB or the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each document incorporated by reference.

SECTION 8. DISSEMINATION AGENTS. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

SECTION 9. TERMINATION. The Issuer's obligations under this Disclosure Certificate shall terminate upon (A) the legal defeasance, prior redemption or payment in full of all of the Series 2017 Bonds, or (B) the termination of the continuing disclosure requirements of the Rule by legislative, judicial or administrative action.

SECTION 10. AMENDMENTS. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision may be waived, if such amendment or waiver is supported by an opinion of counsel that is nationally recognized in the area of federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 11. ADDITIONAL INFORMATION. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in its annual information described in Section 2 hereof or notice of occurrence of a significant event described in Section 3 hereof, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in its annual information or notice of occurrence of a significant event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in its future annual information or notice of occurrence of a significant event.

SECTION 12. OBLIGATED PERSONS. If any person, other than the Issuer, becomes an Obligated Person (as defined in the Rule) relating to the Series 2017 Bonds, the Issuer shall use its best efforts to require such Obligated Person to comply with all provisions of the Rule applicable to such Obligated Person.

Dated as of this [___] day of February, 2017

ATTEST:

**CITY OF CLEARWATER,
FLORIDA**

By: _____
Issuer Clerk

By: _____
Mayor