

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$25,000,000 OF THE CITY OF MARGATE, FLORIDA GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016 FOR THE PURPOSE OF REFUNDING A PORTION OF THE ISSUER'S GENERAL OBLIGATION BONDS, SERIES 2007; PROVIDING THAT SUCH BONDS SHALL BE PAYABLE FROM AD VALOREM TAXATION; PROVIDING FOR THE LEVY OF NECESSARY AD VALOREM TAXES; PROVIDING A METHOD FOR DETERMINING THE ACTUAL PRINCIPAL AMOUNTS, INTEREST RATES, MATURITY SCHEDULE AND REDEMPTION PROVISIONS FOR SUCH SERIES 2016 BONDS; MAKING CERTAIN PROVISIONS AND DELEGATING CERTAIN RESPONSIBILITIES WITH RESPECT TO THE NOTICE, BIDDING AND SALE OF THE SERIES 2016 BONDS TO THE CITY MANAGER; APPROVING THE FORMS OF THE SUMMARY NOTICE OF SALE, OFFICIAL NOTICE OF SALE AND OFFICIAL BID FORM WITH RESPECT TO SUCH SERIES 2016 BONDS; AUTHORIZING THE PREPARATION AND USE OF A PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FINAL OFFICIAL STATEMENT; PROVIDING FOR OTHER COVENANTS WITH RESPECT TO THE BONDHOLDERS; PROVIDING FOR COMPLIANCE WITH CERTAIN CONTINUING DISCLOSURE REQUIREMENTS; PROVIDING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH; PROVIDING FOR THE SEVERABILITY OF PARTS HEREOF IF DECLARED INVALID; PROVIDING FOR READING BY TITLE ONLY; AND PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF MARGATE, FLORIDA:

SECTION 1. AUTHORITY FOR THIS BOND ORDINANCE. This Bond Ordinance is enacted pursuant to the Florida Constitution, Chapter 166, Florida Statutes, Sections 100.201-100.351 and Sections 132.33-132.47, Florida Statutes, and other applicable provisions of law (hereinafter collectively referred to as the "Act"), and a majority vote of the electors of the City of Margate, Florida (the "Issuer") on November 7, 2006.

SECTION 2. FINDINGS. It is hereby found and determined:

(A) The repavement, repair and installation of streets, sidewalks and bridges within the City of Margate (the "Project"), constitutes a capital project authorized by law for which bonds payable from municipal ad valorem taxes may be issued pursuant to Article VII, Section 12 of the Florida Constitution so long as such bonds are approved by a majority vote of the electors who are owners of freeholds therein not wholly exempt from taxation.

(B) Pursuant to Ordinance No. 2006-07 enacted by the City Commission on July 5, 2006, an election was held on November 7, 2006 to determine if the electors of the Issuer approved of the issuance of not exceeding \$35,000,000 of general obligation bonds of the Issuer for the purpose of financing the acquisition, construction and equipping of the Project, payable from ad valorem taxes on all the taxable property within the Issuer (the "Bond Referendum"). The Bond Referendum was duly held and conducted in all respects according to law, and a majority of electors casting a ballot voted in favor of the issuance of such bonds for such purpose.

(C) Article VII, Section 12 of the Florida Constitution provides that upon approval by a majority vote of the electors municipalities may issue bonds payable from ad valorem taxation to finance capital projects authorized by law.

(D) On July 31, 2007, the Issuer issued its General Obligation Bonds, Series 2007 (the "Series 2007 Bonds") to finance the costs of the Project in the principal amount of \$27,070,000.

(E) Based on a favorable interest rate environment, the Issuer now desires to refund all or a portion of the outstanding Series 2007 Bonds maturing on and after July 1, 2017 (the "Refunded Bonds") in order to achieve annual debt service savings and a corresponding reduction in ad valorem taxes to be levied to pay debt service.

(F) Municipalities may issue bonds payable from ad valorem taxation without approval by a vote of the electors to refund outstanding bonds and interest and redemption premiums thereon if such refunding bonds are issued at a lower net average interest cost rate than that which is calculated respecting the refunded bonds. Sections 132.33-132.47, Florida Statutes set forth certain requirements which must be met prior to the issuance of the City of Margate, Florida General Obligation Refunding Bonds, Series 2016 (the "Series 2016 Bonds") hereinafter authorized.

(G) The Issuer deems it a paramount public purpose and necessary, beneficial and in its best interest to provide for the refunding of the Refunded Bonds. The refunding program herein described will be advantageous to the Issuer by effecting an overall reduction in debt service applicable to bonded indebtedness issued to finance the cost of acquiring, constructing and equipping the Project.

(H) A portion of the proceeds from the Series 2016 Bonds, together with other legally available funds of the Issuer, if applicable, shall be deposited pursuant to an escrow deposit

agreement in an amount sufficient to make timely payment of all presently outstanding principal, interest and redemption premiums, if any, with respect to the Refunded Bonds as the same are redeemed prior to maturity as hereinafter provided.

(I) Ad valorem taxes levied by the Issuer in accordance with this Bond Ordinance should be sufficient to pay all principal of and interest and redemption premium, if any, on the Series 2016 Bonds to be issued hereunder, as the same become due, and to make all required deposits or payments required by this Bond Ordinance.

(J) The estimated sum required for such refunding will be derived from a portion of the proceeds from the sale of the Series 2016 Bonds and other legally available funds of the Issuer.

(K) The full faith, credit and unlimited taxing power and the ad valorem taxes of the Issuer are expected to be sufficient to pay principal of and interest on the Series 2016 Bonds.

(L) The Issuer has been advised by its Financial Advisor as to the market appropriateness of preparing for the competitive sale of the Series 2016 Bonds in light of the current market levels and conditions and as to the acceptance of the most favorable bid by delegating to the City Manager the authority to accept the most favorable bid for the purchase of the Series 2016 Bonds as provided herein.

(M) The Issuer desires to authorize the execution and publication of the Notices of Sale in connection with the competitive sale of the Series 2016 Bonds, the form of which is attached hereto as Exhibit "A".

(N) It is necessary and desirable to delegate to certain officials of the Issuer the authority to specify the amount, the date, the interest rates, maturity dates and redemption provisions for the Series 2016 Bonds.

(O) The issuance of the Series 2016 Bonds and their sale to the Underwriters will serve a public purpose and in all respects conform to the provisions and requirements of the Act.

SECTION 3. DEFINITIONS. As used in this Bond Ordinance:

"BOND COUNSEL" means Bryant Miller Olive P.A., or any other attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the exclusion from gross income for federal income tax purposes of interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

"BOND REFERENDUM" shall have the same meaning as set forth above in Section 2.

“BOND REGISTRAR AND PAYING AGENT” means initially, U.S. Bank National Association and its successors and assigns or any trust company or bank with trust powers appointed from time to time by supplemental resolution of the City Commission to serve under this Bond Ordinance.

“BOND ORDINANCE” means this Ordinance, as may be amended and supplemented from time to time.

“BOND SERVICE PAYMENT DATE” means the date in which any component of Debt Service Requirement becomes due.

“BOND YEAR” means each twelve-month period ending on July 1st of each year.

“CITY ATTORNEY” means the City Attorney of the Issuer.

“CITY MANAGER” means the City Manager of the Issuer, or his or her designee.

“CITY COMMISSION” means the City Commission of the Issuer.

“CLERK” means the City Clerk of the Issuer, any Deputy Clerk, or his or her designee.

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

“DEBT SERVICE FUND” means the “City of Margate, Florida General Obligation Refunding Bonds, Series 2016, Debt Service Fund” created pursuant to Section 17(A) hereof.

“DEBT SERVICE REQUIREMENT,” for any Bond Year, means the sum of the amount required to be deposited into the Debt Service Fund in such year.

“FEDERAL SECURITIES” means direct obligations of the United States of America and obligations the principal of and interest on which are fully guaranteed by the United States of America, none of which permit redemption prior to maturity at the option of the obligor, or “FEDERAL SECURITIES” shall have a meaning as set forth by supplemental ordinance of the City Commission.

“FINANCE DIRECTOR” means the Finance Director of the Issuer, any Assistant Finance Director, or his or her designee.

“FINANCIAL ADVISOR” shall mean Public Financial Management Inc. or such other persons or firms appointed by the Issuer.

“HOLDER” or “HOLDER OF BONDS” or “BONDHOLDER” or “SERIES 2016 BONDHOLDER” or any similar term means any person who shall be the registered owner of any outstanding Series 2016 Bonds.

“ISSUER” means the City of Margate, Florida.

“MAYOR” means the Mayor or Vice Mayor of the City of Margate, Florida.

“PERMITTED INVESTMENTS” means investments permitted by applicable law and the written investment policy of the Issuer.

“PROJECT” shall have the same meaning as set forth above in Section 2.

“REFUNDED BONDS” means all or a portion of the Series 2007 Bonds maturing on and after July 1, 2017 that are refunded in accordance with this Bond Ordinance.

“REFUNDED BONDS ORDINANCE” means Ordinance No. 2007-07 enacted by the City Commission of the Issuer on July 3, 2007.

“SERIES 2007 BONDS” means the outstanding \$27,070,000 City of Margate, Florida General Obligation Bonds, Series 2007.

“SERIES 2016 BONDS” means the City of Margate, Florida General Obligation Refunding Bonds, Series 2016, to be issued pursuant to this Bond Ordinance.

The terms “herein,” “hereunder,” “hereby,” “hereto,” “hereof” and any similar terms, shall refer to herein; the term heretofore shall mean before the date of enactment of this Bond Ordinance; and the term “hereafter” shall mean after the date of enactment of this Bond Ordinance. Words importing the masculine gender include every other gender. Words importing the singular number include the plural number, and vice versa.

SECTION 4. AUTHORIZATION OF SERIES 2016 BONDS AND REFUNDING. Subject and pursuant to the provisions hereof, there is hereby authorized to be issued and sold the City of Margate, Florida General Obligation Refunding Bonds, Series 2016, in the principal amount not to exceed \$25,000,000, the actual amount to be determined in the Series 2016 Bonds themselves, to refund the Refunded Bonds. Such refunding is hereby authorized. Prior to the issuance of the Series 2016 Bonds, the Finance Director shall execute a certificate, which sets forth the following (which certificate shall hereby be incorporated into this Bond Ordinance):

- (A) The principal amount of the Series 2016 Bonds to be issued hereunder;
- (B) A determination that such principal amount of Series 2016 Bonds does not exceed the limitation imposed by Section 132.35, Florida Statutes; and
- (C) The financial plan for the proposed refunding, showing the sources and amounts of all moneys required to accomplish such refunding, containing an estimate of the present value of the total debt service savings anticipated, computed in accordance with Section

132.35(2), Florida Statutes, and containing a statement that the Series 2016 Bonds will bear a lower net average interest cost rate than the Refunded Bonds.

SECTION 5. BOND ORDINANCE TO CONSTITUTE CONTRACT. In consideration of the acceptance of the Series 2016 Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Bond Ordinance shall be deemed to be and shall constitute a contract between the Issuer and such Holders. 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 Holders of any and all of such Series 2016 Bonds, all of which shall be of equal rank and without preference, priority or distinction of any of the Series 2016 Bonds over any other thereof, except as expressly provided therein and herein.

SECTION 6. DESCRIPTION OF SERIES 2016 BONDS. The Series 2016 Bonds shall be issued in fully registered form, shall be dated, shall be numbered consecutively from R-1 upward and shall be in the denomination of \$5,000 each, or integral multiples thereof, shall bear interest at a rate or rates not exceeding the maximum rate allowed by law, payable semiannually in each year on such dates, shall be serial bonds or term bonds, shall mature on such dates with a final maturity not later than the current maturity of the Refunded Bonds, and may be subject to redemption prior to maturity, all as shall be fixed by the Official Notice of Sale.

Each Series 2016 Bond shall bear interest from the Bond Service Payment Date next preceding the date on which it is authenticated, unless authenticated on a Bond Service Payment Date, in which case it shall bear interest from such Bond Service Payment Date, or, unless authenticated prior to the first Bond Service Payment Date, in which case it shall bear interest from its date; provided, however, that if at the time of authentication, interest is in default, such Series 2016 Bond shall bear interest from the date to which interest shall have been paid.

The principal of and the interest on the Series 2016 Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of the Series 2016 Bonds shall be payable only to the registered Holder or his legal representative at the principal corporate trust office of the Bond Registrar and Paying Agent, and payment of the interest on the Series 2016 Bonds shall be made by the Bond Registrar and Paying Agent on each Bond Service Payment Date to the person appearing on the registration books of the Issuer hereinafter provided for as the registered Holder thereof, by wire transfer or check mailed to such registered Holder at his address as it appears on such registration books maintained by the Bond Registrar on the 15th day of the calendar month (whether or not a business day) preceding the interest payment date. Payment of the principal of all Series 2016 Bonds shall be made upon the presentation and surrender of such Series 2016 Bonds as the same shall become due and payable. Interest on the Series 2016 Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months.

SECTION 7. EXECUTION. Said Series 2016 Bonds shall be signed by, or bear the facsimile signature of the Mayor, shall be attested and countersigned by or bear the facsimile signature of the Clerk, and shall be approved as to form and correctness by the City Attorney. A facsimile of the official seal of the Issuer shall be imprinted on each Series 2016 Bond.

SECTION 8. SIGNATURES; REGISTRATION. In the event that any officer whose signature, or a facsimile of whose signature, shall appear on any Series 2016 Bond shall cease to be such officer before the delivery of such Series 2016 Bonds, said signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until such delivery. Any Series 2016 Bond may bear the facsimile signature of, or may be signed by, such person who, at the actual time of the execution of such Series 2016 Bonds, shall be the proper officer to sign such Series 2016 Bonds although, at the date of said Series 2016 Bonds, such person may not have been such an officer.

Only such of the Series 2016 Bonds as shall have been endorsed thereon, a certificate of authentication substantially in the form hereinbelow set forth, duly executed by the Bond Registrar and Paying Agent, as authenticating agent, shall be entitled to any benefit or security under this Bond Ordinance. No Series 2016 Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly and manually executed by the Bond Registrar and Paying Agent, and such certificate of the Bond Registrar and Paying Agent upon any such Series 2016 Bond shall be conclusive evidence that such Series 2016 Bond has been duly authenticated and delivered under this Bond Ordinance. The certificate of authentication on any Series 2016 Bond shall be deemed to have been duly executed if signed by an authorized officer of the Bond Registrar and Paying Agent, but it shall not be necessary that the same officer sign the certificate of authentication of all of the Series 2016 Bonds that may be issued hereunder at any one time.

Any Series 2016 Bonds, upon surrender thereof at the principal corporate trust office of the Bond Registrar and Paying Agent, together with an assignment duly executed by the Series 2016 Bondholder or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar and Paying Agent, may, at the option of the Series 2016 Bondholder, be exchanged for an aggregate principal amount of Series 2016 Bonds equal to the designated amount of the Series 2016 Bond or Series 2016 Bonds so surrendered.

The Bond Registrar and Paying Agent shall make provision for the exchange of Series 2016 Bonds at the principal corporate trust office of the Bond Registrar and Paying Agent.

SECTION 9. NEGOTIABILITY, REGISTRATION AND TRANSFER OF SERIES 2016 BONDS. The Bond Registrar and Paying Agent shall keep books for the registration of transfers of Series 2016 Bonds as provided in this Bond Ordinance. The transfer of any Series 2016 Bonds may be registered only upon such books and only upon surrender thereof to the Bond Registrar and Paying Agent together with an assignment duly executed by the Series 2016 Bondholder or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar and Paying Agent. Upon any such registration of transfer, the Issuer shall execute, and the Bond

Registrar and Paying Agent shall authenticate and deliver in exchange for such Series 2016 Bond, a new Series 2016 Bond or Series 2016 Bonds registered in the name of the transferee, and in an aggregate principal amount equal to the principal amount of such Series 2016 Bond or Series 2016 Bonds so surrendered.

In all cases in which Series 2016 Bonds shall be exchanged, the Issuer shall execute, and the Bond Registrar and Paying Agent shall authenticate and deliver, at the earliest practicable time, Series 2016 Bonds in accordance with the provision of this Bond Ordinance. All Series 2016 Bonds surrendered in any such exchange or registration of transfer shall forthwith be canceled by the Bond Registrar and Paying Agent. The Issuer or the Bond Registrar and Paying Agent may make a charge for every such exchange or registration of transfer of Series 2016 Bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge shall be made to any Series 2016 Bondholder for the privilege of exchanging or registering the transfer of Series 2016 Bonds under the provisions of this Bond Ordinance. Neither the Issuer nor the Bond Registrar and Paying Agent shall be required to make any such exchange or registration of transfer of Series 2016 Bonds during fifteen (15) days immediately preceding any Bond Service Payment Date or, in the case of any proposed redemption of the Series 2016 Bonds then, for the Series 2016 Bonds called for redemption, during the fifteen (15) days preceding the date of the mailing of notice of such redemption and continuing until such redemption date.

The person in whose name any Series 2016 Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal or redemption price of any such Series 2016 Bond, and the interest on any such Series 2016 Bonds, shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2016 Bond including the premium, if any, and interest thereon to the extent of the sum or sums so paid.

SECTION 10. SERIES 2016 BONDS MUTILATED, DESTROYED, STOLEN OR LOST. In case any Series 2016 Bond shall become mutilated, or be destroyed, stolen or lost, the Issuer may, in its sole discretion, cause to be executed, and the Bond Registrar and Paying Agent shall authenticate and deliver, a new Series 2016 Bond of like date and tenor as the Series 2016 Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Series 2016 Bond upon surrender and cancellation of such mutilated Series 2016 Bond or in lieu of and substitution for the Series 2016 Bond destroyed, stolen or lost, and upon the Holder furnishing the Issuer and the Bond Registrar and Paying Agent proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer and the Bond Registrar and Paying Agent may prescribe and paying such expenses as the Issuer and the Bond Registrar and Paying Agent may incur. All Series 2016 Bonds so surrendered shall be canceled by the Issuer. If any of the Series 2016 Bonds shall have matured or be about to mature, instead of issuing a substitute Series 2016 Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Series 2016 Bond is lost, stolen or destroyed, without surrender thereof.

SECTION 11. REDEMPTION PROVISIONS. The terms of this Section 11 shall apply to redemption of the Series 2016 Bonds.

(A) Prior Redemption. The Series 2016 Bonds may be subject to redemption prior to their maturity as shall be fixed by the Official Notice of Sale.

(B) Selection of the Series 2016 Bonds to be Redeemed. The Series 2016 Bonds shall be redeemed only in the principal amount of \$5,000 each and integral multiples thereof. The Issuer shall, at least sixty (60) days prior to the redemption date (unless a shorter time period shall be satisfactory to the Bond Registrar) notify the Bond Registrar of such redemption date and of the principal amount of the Series 2016 Bonds to be redeemed. For purposes of any redemption of less than all of the outstanding Series 2016 Bonds of a single maturity, the particular Series 2016 Bonds or portions of the Series 2016 Bonds to be redeemed shall be selected not more than forty-five (45) days prior to the redemption date by the Bond Registrar from the outstanding Series 2016 Bonds of the maturity or maturities designated by the Issuer by such method as the Bond Registrar shall deem fair and appropriate and which may provide for the selection for redemption of the Series 2016 Bonds or portions of the Series 2016 Bonds in the principal amounts of \$5,000 and integral multiples thereof.

If less than all of the outstanding Series 2016 Bonds of a single maturity are to be redeemed, the Bond Registrar shall promptly notify the Issuer and Paying Agent (if the Bond Registrar is not the Paying Agent for such Series 2016 Bonds) in writing of the Series 2016 Bonds or portions of the Series 2016 Bonds selected for redemption and, in the case of any Series 2016 Bond selected for partial redemption, the principal amount thereof to be redeemed.

(C) Notice of Redemption. Notice of redemption shall be given by the deposit in the United States mail of a copy of the redemption notice, postage prepaid, at least thirty (30) and not more than sixty (60) days before the redemption date, to all registered owners of the Series 2016 Bonds or portions of the Series 2016 Bonds to be redeemed at their addresses as they appear on the registration books to be maintained in accordance with this Section 11. Failure to mail any such notice or any defect therein shall not affect the validity of the proceedings for redemption of any Series 2016 Bond or portion thereof with respect to which no failure or defect occurred. Any notice mailed as provided in this Section 11 shall be conclusively presumed to have been duly given, whether or not the owner of such Series 2016 Bond receives such notice.

Notwithstanding any other provision of this Bond Ordinance, if, on any day prior to the 5th business day preceding any date fixed for redemption of the Series 2016 Bonds pursuant to this Bond Ordinance, the Issuer notifies the Bond Registrar and Paying Agent in writing that the Issuer has elected to revoke its election to redeem such Series 2016 Bonds because it has determined that the source of money for such redemption specified in the notice given by the Issuer pursuant to this Section 11 is not available, the Series 2016 Bonds shall not be redeemed on such date and any notice of redemption mailed to the Series 2016 Bondholders pursuant to this Section 11 shall be null and void. In such event, within five business days after the date on

which the Issuer elects to revoke its election to redeem such Series 2016 Bonds, the Issuer shall cause a notice of such revocation to be mailed to all Series 2016 Bondholders owning such Series 2016 Bonds. The right of revocation of a notice of redemption shall not apply to any notice of redemption which contains an express statement of the Issuer to the effect that such notice is irrevocable and given in compliance with this Bond Ordinance.

So long as the Series 2016 Bonds are registered in the name of Cede & Co., as nominee of DTC (as defined in Section 24) (or in the name of any successor securities depository), notices of redemption and notices of revocation of redemption notices shall only be given on behalf of the Issuer to Cede & Co., or any such successor securities depository.

(D) Effect of Notice of Redemption; Payment. Notice having been given in the manner and under the conditions provided under this Section 11, subject to the right of revocation as heretofore described, the Series 2016 Bonds or portions of the Series 2016 Bonds so called for redemption shall, on the redemption date designated in such notice, become and be due and payable at the redemption price provided for redemption of such Series 2016 Bonds or portions of the Series 2016 Bonds on such date. On the date so designated for redemption, moneys for payment of the redemption price being held in separate accounts by the Paying Agent in trust for the registered owners of the Series 2016 Bonds or portions of the Series 2016 Bonds to be redeemed, interest on the Series 2016 Bonds or portions of the Series 2016 Bonds so called for redemption shall cease to accrue, such Series 2016 Bonds and portions of the Series 2016 Bonds shall cease to be entitled to any lien, benefit or security under this Bond Ordinance, and the registered owners of such Series 2016 Bonds or portions of the Series 2016 Bonds shall have no right in respect thereof except to receive payment of the redemption price thereof and to receive the Series 2016 Bonds for any unredeemed portions of such Series 2016 Bonds. All Series 2016 Bonds which have been redeemed shall be canceled by the Bond Registrar and shall not be reissued.

(E) Redemption of Portions of the Series 2016 Bonds. Any Series 2016 Bond which is to be redeemed only in part shall be surrendered at any place of payment specified in the notice of redemption (with due endorsement by, or written instrument of transfer in form satisfactory to, the Bond Registrar duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing) and the Issuer shall execute and the Bond Registrar shall authenticate and deliver to the Holder of such Series 2016 Bond, without service charge, a new Series 2016 Bond or Series 2016 Bonds, of the same interest rate and maturity, and of any authorized denomination as requested by the Holder, in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Series 2016 Bonds so surrendered.

SECTION 12. FORM OF SERIES 2016 BONDS. The Series 2016 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted in this Bond Ordinance or in any supplemental ordinance of the City Commission enacted prior to the issuance thereof:

[Remainder of page intentionally left blank]

[Form of Fully Registered Bond]

Unless this certificate is presented by an authorized representative of The Depository Trust Company to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

NO. R-_____ \$_____

CITY OF MARGATE, FLORIDA
GENERAL OBLIGATION REFUNDING BOND, SERIES 2016

<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Date</u>	<u>Date of</u> <u>Original Issue</u>	<u>CUSIP</u>
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REGISTERED HOLDER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The City of Margate, Florida (herein called the "Issuer"), a municipal corporation of the State of Florida (herein called the "State"), is justly indebted and for value received hereby promises to pay to the Registered Holder shown above or registered assigns or legal representative on the Maturity Date specified above (or earlier as hereinafter referred to), upon the presentation and surrender hereof, at the principal office of _____, in the City of _____, Florida (the "Bond Registrar" and "Paying Agent"), the Principal Amount shown above, and to pay to the Registered Holder hereof, by check or draft mailed to the Registered Holder at his address as it appears on the Bond registration books of the Issuer, or by wire transfer to the Registered Holder of at least \$1,000,000 aggregate Principal Amount of the Bonds (as hereinafter defined), interest on such Principal Amount from the date hereof or from the January 1 or the July 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is January 1 or July 1 to which interest shall have been paid, in which case from such date, such interest to the maturity hereof being payable on January 1 and July 1 in each year, commencing _____ 1, 201____, at the Interest Rate per annum specified above, until payment of such Principal Amount.

This Bond is one of an authorized issue of Bonds, in the aggregate principal amount of \$_____ of like date, tenor and effect, except as to number, interest rate and maturity,

issued to refund [all or a portion of] the outstanding General Obligation Bonds, Series 2007 maturing on and after July 1, 2017, under the authority of and in full compliance with the Constitution and laws of the State of Florida.

The Bonds are issued pursuant to the Constitution of the State of Florida, Chapter 166, Florida Statutes, Sections 100.201-100.351 and Sections 132.33-132.47, Florida Statutes, and other applicable provisions of law, a majority vote of the electors of the Issuer on November 7, 2006, and Ordinance No. _____ enacted by the City Commission of the Issuer on _____, 2016, as amended and supplemented from time to time (collectively, the "Bond Ordinance"), and are subject to all the terms and conditions of said Bond Ordinance.

The Bonds are payable from ad valorem taxes on all the taxable property within the Issuer, as provided in the Bond Ordinance and herein. The Bond Ordinance requires that in each year while any of the Bonds are outstanding, there shall be levied and collected an ad valorem tax, without limitation as to rate or amount, on all taxable property within the Issuer (excluding homestead exemptions and other exemptions as heretofore or hereafter provided by applicable law), in an amount which will be sufficient to pay the principal of and interest on the Bonds as they become due.

For the prompt payment of the principal of and interest on this Bond as the same shall become due, the full faith, credit and unlimited taxing power of the City of Margate, Florida is hereby irrevocably pledged.

It is hereby certified and recited that all acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this Bond, have happened, exist and have been performed in due time, form and manner as required by the Constitution and the laws of the State of Florida applicable thereto; that the total indebtedness of said Issuer, including the issue of Bonds of which this Bond is one, does not exceed any constitutional or statutory limitation; and that provision has been made for the levy and collection of a direct annual ad valorem tax without limitation as to rate or amount upon all taxable property within the Issuer, sufficient to pay, together with other moneys available, if any, the principal of and interest on the Bonds as the same shall become due, which tax shall be levied, assessed and collected at the same time, and in the same manner as other ad valorem taxes are levied, assessed and collected.

This Bond is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code - Investment Securities Law of the State of Florida.

[Insert Redemption Provisions]

Any such redemption, either in whole or in part, shall be made in the manner and upon the terms and conditions provided in the Bond Ordinance. Notice of such redemption shall be given in the manner provided in the Bond Ordinance.

This transfer of this Bond is registrable by the registered owner hereof or his duly authorized attorney or legal representative at the office of the Bond Registrar and Paying Agent, but only in the manner and subject to the conditions provided in the Bond Ordinance and upon surrender and cancellation of this Bond.

The Bond Registrar shall not be required to exchange or register any transfer of this Bond after this Bond has been selected for redemption.

IN WITNESS WHEREOF, said City of Margate, Florida, by Ordinance duly enacted by its City Commission, has caused this Bond to bear the facsimile signatures of its Mayor and its City Clerk, to be executed by the facsimile signature of its City Attorney to evidence his approval of this Bond as to form and correctness, and a facsimile of the official seal of the Issuer to be imprinted hereon, all as of the ____ day of _____, 2016.

CITY OF MARGATE, FLORIDA

(SEAL)

By: _____
Mayor

ATTEST:

APPROVED AS TO FORM AND
CORRECTNESS:

City Clerk

City Attorney

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds issued under the provisions of the within-mentioned Bond Ordinance.

Bond Registrar

By: _____

Date of authentication: _____, 2016

By: _____
Authorized Officer

ASSIGNMENT AND TRANSFER

For value received the undersigned hereby sells, assigns and transfers unto _____
_____(Please insert Social Security or other identifying number of transferee) _____
_____ the attached bond of the City of Margate, Florida, and does hereby constitute
and appoint, _____, attorney, to transfer the said Bond on the books kept for
registration thereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed by _____
[member firm of the New York Stock
Exchange or a commercial bank or a trust
company.]

By: _____
Authorized Officer

NOTICE: No transfer will be registered and
no new Bonds will be issued in the name of
the transferee, unless the signature to this
assignment corresponds with the name as it
appears upon the face of the within Bond in
every particular, without alteration or
enlargement or any change whatever and the
Social Security or Federal Employer
Identification Number of the transferee is
supplied.

[END OF FORM OF BOND]

SECTION 13. SUMMARY NOTICE OF SALE AND OFFICIAL NOTICE OF SALE;
DELEGATED AWARD.

(A) The Issuer hereby approves the forms of the Summary Notice of Sale and the Official Notice of Sale attached hereto as Exhibit "A", each made a part hereof as if set forth herein in their entirety, subject to such modifications, amendments, changes and filling of blanks therein as shall be approved by the City Manager. The Issuer hereby authorizes the newspaper publication of the Summary Notice of Sale pursuant to the requirements of law, and the distribution of the Official Notice of Sale based on the advice of the Financial Advisor.

(B) In addition to other items described herein, the Issuer hereby delegates to the City Manager of the Issuer the authority to determine the interest rates, the prices and yields and the delivery date for the Series 2016 Bonds, and all other details of the Series 2016 Bonds, and to take such further action as shall be required for carrying out the purposes of this Bond Ordinance, all with respect to the Series 2016 Bonds.

(C) Subject to full satisfaction of the conditions set forth in this Section 13(C), the Issuer hereby authorizes a delegated award of the Series 2016 Bonds to the successful bidder in accordance with the terms of the Official Notice of Sale and the bid of the successful bidder, with such changes, amendments, modifications, omissions and additions thereto as shall be approved by the City Manager in accordance with the provisions of the Official Notice of Sale.

The bid of the successful bidder to purchase the Series 2016 Bonds shall not be accepted by the Issuer until such time as the Issuer is in receipt of a properly delivered bid to purchase such Series 2016 Bonds by the successful bidder, as adjusted as permitted in the applicable Official Notice of Sale, said offer to provide for, among other things, (i) the issuance of not exceeding \$25,000,000 principal amount of Series 2016 Bonds, (ii) a true interest cost rate of not more than 4.25% (iii) a final maturity of the Series 2016 Bonds not being later than the current final maturity of the Series 2007 Bonds, (iv) a purchase price (defined to mean original principal amount of the Series 2016 Bonds plus any related original issue premium less any related original issue discount less related underwriting discount) in excess of 98% of the aggregate principal amount of the Series 2016 Bonds plus accrued interest, if any, (v) a completed truth-in-bonding statement in compliance with Section 218.385, Florida Statutes relating to the Series 2016 Bonds and (vi) a net present value debt service savings of equal to at least 5.0% of the principal amount of the Refunded Bonds being refunded with Series 2016 Bond proceeds. The award of the Series 2016 Bonds to the lowest bidder and establishment of the final pricing terms and conditions shall be evidenced by the delivery of a Certificate of the City Manager to the Clerk, the form of which is attached hereto as Exhibit "A."

SECTION 14. REDEMPTION OF REFUNDED BONDS.

(A) The Issuer hereby irrevocably elects, effective upon and only upon the issuance of the Series 2016 Bonds, that the Refunded Bonds shall be called for redemption in accordance with the Refunding Plan in the Preliminary Official Statement.

(B) The paying agent for the Refunded Bonds is hereby authorized to provide written notice of such redemption to the registered owners of such Refunded Bonds and to any bondholder whose name and address are on file with the paying agent.

SECTION 15. SECURITY FOR SERIES 2016 BONDS. The Series 2016 Bonds are general obligations of the Issuer. The principal of and interest on the Series 2016 Bonds shall be secured by a pledge of the full faith, credit and taxing power of the Issuer without limitation in the manner and to the extent described herein.

SECTION 16. LEVY OF AD VALOREM TAXES. For so long as the Series 2016 Bonds are outstanding, the City Commission shall, each year, levy an ad valorem tax, without limitation as to rate or amount, on all taxable property within the Issuer (excluding homestead exemptions and other exemptions as heretofore or hereafter provided by applicable law) at least equal to the Debt Service Requirement for the ensuing Bond Year. Such tax shall be levied, assessed and collected at the same time and in the same manner as ad valorem taxes for the operating expenses of the Issuer and shall be in addition to all other taxes authorized to be levied by the Issuer. The Issuer covenants that it will not accept payment of taxes levied for operating expenses of the Issuer unless there shall be paid at the same time the taxes required by this Bond Ordinance.

All taxes levied pursuant to this Bond Ordinance, as collected, shall immediately be deposited into the Debt Service Fund (hereinafter created) and held in trust for the payment of the principal of and interest on the Series 2016 Bonds as they severally become due and shall be expended for no other purpose.

SECTION 17. COVENANTS OF ISSUER. For so long as any of the principal of and interest on any of the Series 2016 Bonds shall be outstanding and unpaid or until there shall have been set apart in the Debt Service Fund, a sum sufficient to pay when due, the entire principal of the Series 2016 Bonds remaining unpaid, together with interest accrued or to accrue thereon, the Issuer covenants with the Holders of each and all of the Series 2016 Bonds as follows:

(A) Debt Service Fund. The Issuer covenants and agrees to establish a special fund to be designated "City of Margate, Florida General Obligation Refunding Bonds, Series 2016, Debt Service Fund."

From the Debt Service Fund shall be paid each installment of interest on and principal of the Series 2016 Bonds as they become due. No further payments shall be required to be made into the Debt Service Fund when the aggregate amount of moneys in the Debt Service Fund is at least equal to the aggregate principal amount of the Series 2016 Bonds then outstanding, plus the amount of interest then due or thereafter to become due on such Series 2016 Bonds then outstanding. At such time as the Series 2016 Bonds are no longer outstanding, any moneys remaining in the Debt Service Fund may be transferred to the "general fund" of the Issuer, and

shall be used for any lawful purpose. Moneys on deposit in the Debt Service Fund may be invested in Permitted Investments or held in cash.

(B) Special Funds. Each of the funds and accounts herein established and created shall constitute trust funds for the purposes provided herein for such funds and accounts, respectively. All such funds shall be continuously secured in the manner by which the deposit of Issuer funds are authorized to be secured by the laws of the State of Florida. Earnings on investments in funds and accounts created under this Bond Ordinance shall be retained in the funds and accounts from which such earnings derive.

The moneys required to be accounted for in each of the foregoing funds and accounts established herein may be deposited in a single bank account, and funds allocated to the various funds and accounts established herein may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the moneys on deposit therein and such investments for the various purposes of such funds and accounts as herein provided.

The designation and establishment of the various funds and accounts in and by this 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 for certain purposes and to establish certain priorities for application of such revenues as herein provided.

(C) Books and Records. Books and records of the Issuer shall be kept in which complete and correct entries shall be made, in accordance with generally accepted accounting principles.

At least once a year, on or before March 31 of the year following the close of each fiscal year, the books, records and accounts of the Issuer shall be properly audited by an independent firm of certified public accountants. The results of such audit shall be mailed, upon request, and made available, at all reasonable times, to any Holder or Holders of Series 2016 Bonds or anyone acting for and on behalf of the Holders of such Series 2016 Bonds; provided, however, that any such costs shall be borne by such Holder or Holders as the case may be.

SECTION 18. DEFEASANCE. If, at any time, the Issuer shall have paid, or shall have made provision for payment of, the principal, interest, and redemption premiums, if any, with respect to any Series 2016 Bonds, then, and in that event, the pledge of and lien on the funds pledged in favor of the Holders of such Series 2016 Bonds shall be no longer in effect. For purposes of the preceding sentence, deposit of sufficient cash and/or Federal Securities in irrevocable trust with a banking institution or trust company, for the sole benefit of the Series 2016 Bondholders in respect to which such Federal Securities, the principal and interest received will be sufficient to make timely payment of the principal, interest and redemption premiums, if any, on the outstanding Series 2016 Bonds, shall be considered "provision for payment."

Nothing herein shall be deemed to require the Issuer to call any of the outstanding Series 2016 Bonds for redemption prior to maturity pursuant to any applicable optional redemption provisions, if applicable, or to impair the discretion of the Issuer in determining whether to exercise any such option for early redemption, if applicable.

SECTION 19. DEFAULTS; EVENTS OF DEFAULT AND REMEDIES. Except as provided below, if any of the following events occur, it is hereby defined as and declared to be and to constitute an "Event of Default:"

(A) Default in the due and punctual payment of any interest on the Series 2016 Bonds;

(B) Default in the due and punctual payment of the principal of and premium, if any, on any Series 2016 Bond, at the stated maturity thereof, or upon proceedings for redemption thereof, if applicable;

(C) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Issuer contained in this Bond Ordinance or in the Series 2016 Bonds and the continuance thereof for a period of thirty (30) days after written notice to the Issuer given by the Holders of not less than twenty-five percent (25%) of aggregate principal amount of Series 2016 Bonds then outstanding (provided, however, that with respect to any obligation, covenant, agreement or condition which requires performance by a date certain, if the Issuer performs such obligation, covenant, agreement or condition within thirty (30) days of written notice as provided above, the default shall be deemed to be cured);

(D) Failure by the Issuer promptly to remove any execution, garnishment or attachment of such consequence as will materially impair its ability to carry out its obligations hereunder; or

(E) Any act of bankruptcy or the rearrangement, adjustment or readjustment of the obligations of the Issuer under the provisions of any bankruptcy or moratorium laws or similar laws relating to or affecting creditors' rights.

The term "default" shall mean default by the Issuer in the performance or observance of any of the covenants, agreements or conditions on its part contained in this Bond Ordinance, any supplemental ordinance or in the Series 2016 Bonds, exclusive of any period of grace required to constitute a default or an "Event of Default" as hereinabove provided.

Any Holder of Series 2016 Bonds issued under the provisions hereof or any trustee acting for the Holders of such Series 2016 Bonds may, either at law or in equity, by suit, action, mandamus or other proceedings in any court of competent jurisdiction, protect and enforce any and all rights, including the right to the appointment of a receiver, existing under state or federal law, or granted and contained herein, and may enforce and compel the performance of

all duties required herein or by any applicable law to be performed by the Issuer or by any officer thereof.

The foregoing notwithstanding:

(i) No remedy conferred upon or reserved to the Series 2016 Bondholders is intended to be exclusive of any other remedy, but each remedy shall be cumulative and shall be in addition to any other remedy given to the Series 2016 Bondholders hereunder.

(ii) No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised as often as may be deemed expedient.

(iii) No waiver of any default or Event of Default hereunder by the Series 2016 Bondholders shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

(iv) Acceleration of the payment of principal of and interest on the Series 2016 Bonds shall not be a remedy hereunder in the case of an Event of Default.

Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Series 2016 Bondholders under this Bond Ordinance, the Series 2016 Bondholders shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Issuer and the funds pending such proceedings, with such powers as the court making such appointment shall confer.

On the occurrence of an Event of Default, to the extent such rights may then lawfully be waived, neither the Issuer nor anyone claiming through or under it, shall set up, claim or seek to take advantage of any stay, extension or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement of this Bond Ordinance, and the Issuer, for itself and all who may claim through or under it, hereby waives, to the extent it may lawfully do so, the benefit of all such laws and all right of redemption to which it may be entitled.

SECTION 20. MODIFICATION OR AMENDMENT. No material modification or amendment of this Bond Ordinance or of any Bond Ordinance or Ordinance amendatory thereof or supplemental thereto may be made without the consent in writing of the Holders of fifty-one percent (51%) or more in principal amount of the Series 2016 Bonds then outstanding; provided, however, that no modification or amendment shall permit a change in the maturity of such Series 2016 Bonds or a reduction in the rate of interest thereon, or in the amount of the principal obligation, or affecting the unconditional promise of the Issuer to levy taxes, in the manner and to the extent provided herein, or to pay the principal of and interest on the Series 2016 Bonds, as the same shall become due, from the sources herein provided, or reduce such

percentage of Holders of such Series 2016 Bonds required above for such modifications or amendments without the consent of all the Holders of the Series 2016 Bonds to be affected.

SECTION 21. SEVERABILITY OF INVALID PROVISION. If any one or more of the covenants, agreements or provisions of this Bond Ordinance should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Bond Ordinance or of the Series 2016 Bonds issued hereunder.

SECTION 22. ARBITRAGE. No use will be made of the proceeds of the Series 2016 Bonds which will cause the same to be “arbitrage bonds” within the meaning of the Code. The Issuer, at all times while the Series 2016 Bonds and the interest thereon are outstanding, will comply with the requirements of Section 103(c) of the Code and applicable rules and regulations of the Internal Revenue Service.

SECTION 23. TAX COVENANT. With respect to any Series 2016 Bonds for which the Issuer intends on the date of issuance thereof for the interest thereon to be excluded from gross income for purposes of federal income taxation:

(A) The Issuer shall not use or permit the use of any proceeds of the Series 2016 Bonds or any other funds of the Issuer, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the Issuer with respect to the Series 2016 Bonds in any manner, and shall not take or permit to be taken any other action or actions, which would cause any such Series 2016 Bonds to be a “private activity bond” within the meaning of Section 141 or an “arbitrage bond” within the meaning of Section 148, or “federally guaranteed” within the meaning of Section 149(b), of the Code, or otherwise cause interest on such Series 2016 Bonds to become subject to federal income taxation.

(B) The Issuer shall, at all times, do and perform all acts and things permitted by law and this Bond Ordinance which are necessary or desirable in order to ensure that interest paid on such Series 2016 Bonds will be excluded from gross income for purposes of federal income taxes and shall take no action that would result in such interest not being so excluded.

(C) The Issuer shall pay or cause to be paid to the United States Government any amounts required by Section 148(f) of the Code and the regulations thereunder (the “Regulations”).

SECTION 24. BOOK-ENTRY ONLY SYSTEM. The person in whose name any Series 2016 Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal or redemption price, if applicable, of any such Series 2016 Bond, and the interest on any such Series 2016 Bonds shall be made only to or upon the order of the registered owner thereto or his legal representative. All such

payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2016 Bond including the premium, if any, and interest thereon to the extent of the sum or sums so paid.

It is intended that the Series 2016 Bonds be registered so as to participate in a global book-entry system with The Depository Trust Company ("DTC") as set forth herein and in a Blanket Issuer Letter of Representation dated June 15, 1995 on file with DTC (the "Letter of Representation"). The Series 2016 Bonds shall be initially issued in the form of a single fully registered Series 2016 Bond of each maturity. Upon initial issuance, the ownership of such Series 2016 Bonds shall be registered by the Bond Registrar and Paying Agent in the name of Cede & Co., as nominee for DTC. With respect to Series 2016 Bonds registered by the Bond Registrar and Paying Agent in the name of Cede & Co., as nominee of DTC, the Issuer and the Bond Registrar and Paying Agent shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which DTC holds Series 2016 Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a "Depository Participant") or to any person on behalf of whom such a Depository Participant holds an interest in the Series 2016 Bonds (each such person being herein referred to as an "Indirect Participant"). Without limiting the immediately preceding sentence, the Issuer and the Bond Registrar and Paying Agent shall have no responsibility or obligation with respect to (a) the accuracy of the records of DTC, Cede & Co., or any Depository Participant with respect to the ownership interest in the Series 2016 Bonds, (b) the delivery to any Depository Participant or any Indirect Participant or any other person, other than a registered owner of a Series 2016 Bond as shown in the Series 2016 Bond register, of any notice with respect to the Series 2016 Bonds, including any notice of redemption, if applicable, or (c) the payment to any Depository Participant or Indirect Participant or any other person, other than a registered owner of a Series 2016 Bond as shown in the Series 2016 Bond register, of any amount with respect to principal of, premium, if any, or interest on, the Series 2016 Bonds. No person other than a registered owner of a Series 2016 Bond as shown in the Series 2016 Bond register shall receive a Series 2016 Bond certificate with respect to any Series 2016 Bond. Upon delivery by DTC to the Bond Registrar and Paying Agent of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions hereof with respect to the payment of interest by the mailing of checks or drafts to the registered owners of Series 2016 Bonds appearing as registered owners in the registration books maintained by the Bond Registrar and Paying Agent at the close of business on a regular record date, the name "Cede & Co." in this Bond Ordinance shall refer to such new nominee of DTC.

In the event that (a) the Issuer determines that DTC is incapable of discharging its responsibilities described herein and in the Letter of Representation, (b) the agreement among the Issuer, the Bond Registrar and Paying Agent and DTC evidenced by the Letter of Representation shall be terminated for any reason or (c) the Issuer determines that it is in the best interests of the beneficial owners of the Series 2016 Bonds that they be able to obtain certificated Series 2016 Bonds, the Issuer shall notify DTC of the availability through DTC of Series 2016 Bond certificates and the Series 2016 Bonds shall no longer be restricted to being

registered in the Series 2016 Bond register in the name of Cede & Co., as nominee of DTC. At that time, the Issuer may determine that the Series 2016 Bonds shall be registered in the name of and deposited with a successor depository operating a universal book-entry system, as may be acceptable to the Issuer, or such depository's agent or designee, and if the Issuer does not select such alternate universal book-entry system, then the Series 2016 Bonds may be registered in whatever name or names registered owners of Series 2016 Bonds transferring or changing Series 2016 Bonds designate, in accordance with the provisions hereof. Notwithstanding any other provision of this Bond Ordinance to the contrary, so long as any Series 2016 Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Series 2016 Bond and all notices with respect to such Series 2016 Bond shall be made and given, respectively, in the manner provided in the Letter of Representation.

As long as any Series 2016 Bonds are outstanding in book-entry form, the provisions of this Bond Ordinance inconsistent with such system of book-entry registration shall not be applicable to such Series 2016 Bonds, and the Issuer covenants to cause adequate records to be kept with respect to the ownership of the Series 2016 Bonds issued in book-entry form or the beneficial ownership of Series 2016 Bonds issued in the name of a nominee.

SECTION 25. PRELIMINARY OFFICIAL STATEMENT. The preparation and distribution of a Preliminary Official Statement relating to the Series 2016 Bonds is hereby approved and authorized, as is the use thereof in connection with the sale of the Series 2016 Bonds. The Issuer hereby authorizes the Mayor and the City Manager to approve the final form of a Preliminary Official Statement for the Series 2016 Bonds, in substantially form attached hereto as Exhibit "B", and to "deem final" the Preliminary Official Statement for purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"), and upon such deeming, authorizes the utilization of the Preliminary Official Statement in connection with the offering of the Series 2016 Bonds. The Issuer hereby authorizes the preparation of a final Official Statement relating to the Series 2016 Bonds, which shall be in the form of the Preliminary Official Statement with such changes, alterations and corrections therein as may be approved by the officials of the Issuer executing the same, such approval to be conclusively established by such execution, and the Mayor and the City Manager are hereby authorized and directed for and in the name of the Issuer to execute and deliver the Official Statement, as hereby approved.

SECTION 26. CONTINUING DISCLOSURE. The Issuer hereby covenants and agrees that, in order to assist the original purchaser in complying with the continuing disclosure requirements of the Rule with respect to the Series 2016 Bonds, it will comply with and carry out all of the provisions of a continuing disclosure certificate to be executed by the Issuer prior to the time the Issuer delivers the Series 2016 Bonds to the underwriters, as it may be amended from time to time in accordance with the terms thereof (the "Continuing Disclosure Certificate"). The form of such agreement is attached hereto as Exhibit "C". Notwithstanding any other provision of this Bond Ordinance, failure of the Issuer to comply with such agreement shall not be considered an Event of Default hereunder. However, the agreement shall be enforceable by the Series 2016 Bondholders in the event that the Issuer fails to cure a breach

thereunder within a reasonable time after written notice from a Series 2016 Bondholder to the Issuer that a breach exists. Any rights of the Series 2016 Bondholders to enforce the provisions of the covenant shall be on behalf of all Series 2016 Bondholders and shall be limited to a right to obtain specific performance of the Issuer's obligations thereunder.

SECTION 26. APPOINTMENT OF BOND REGISTRAR AND PAYING AGENT. U.S. Bank National Association is hereby appointed as Bond Registrar and Paying Agent. The Mayor and City Manager are authorized and directed for and in the name of the Issuer to execute and deliver a Paying Agent and Registrar Agreement between the Issuer and U.S. Bank National Association, as Bond Registrar and Paying Agent, in such form as shall be approved by the Mayor and the City Manager consistent with this Bond Ordinance and the terms of the Act, such execution to constitute conclusive evidence of such approval.

SECTION 27. APPLICATION OF SERIES 2016 BOND PROCEEDS. The proceeds, including accrued interest and premium, if any, received from the sale of any or all of the Series 2016 Bonds shall be applied by the Issuer simultaneously with the delivery of such Series 2016 Bonds to the purchaser thereof, as follows:

(A) A sum as specified in a written certificate of the Finance Director shall be applied simultaneously with the delivery of the Series 2016 Bonds to pay the Refunded Bonds. The City Manager is hereby authorized to send a conditional notice of redemption to the paying agent for the Refunded Bonds calling the Refunded Bonds for redemption.

(B) To the extent not paid by the original purchaser of the Series 2016 Bonds, the Issuer shall pay all costs and expenses in connection with the issuance, sale and delivery of the Series 2016 Bonds.

SECTION 28. GENERAL AUTHORITY. The members of the City Commission of the Issuer and the Issuer's officers, attorneys and other agents and employees, including but not limited to the City Manager, the Finance Director, the City Clerk, and the City Attorney, are hereby authorized to perform all acts and things required of them by this Bond Ordinance or desirable or consistent with the requirements hereof for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Series 2016 Bonds and this Bond Ordinance, and they are hereby authorized to execute and deliver all documents which shall be required by Bond Counsel or the initial purchasers of the Series 2016 Bonds to effectuate the sale of the Series 2016 Bonds to said initial purchasers.

SECTION 29. NO THIRD PARTY BENEFICIARIES. Except as may be expressly described herein or in a supplemental ordinance of the City Commission, nothing in this Bond Ordinance, or in the Series 2016 Bonds, expressed or implied, is intended or shall be construed to confer upon anyone of another entity other than the Issuer and the Holders any right, remedy or claim, legal or equitable, under and by reason of this Bond Ordinance or any provision hereof, or of the Series 2016 Bonds, all provisions hereof and thereof being intended to be and being for the sole and exclusive benefit of the Issuer and the Holders from time to time.

SECTION 30. NO PERSONAL LIABILITY. Neither the members of the City Commission of the Issuer nor any person executing the Series 2016 Bonds shall be personally liable therefor or be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 31. REPEAL OF INCONSISTENT INSTRUMENTS. All Ordinances, or parts thereof, in conflict herewith are hereby repealed to the extent of such conflict.

[Remainder of page intentionally left blank]

SECTION 32. EFFECTIVE DATE. This Bond Ordinance shall take effect immediately upon enactment at its second reading.

PASSED ON FIRST READING THIS _____ DAY OF _____, 2016.

PASSED ON SECOND READING THIS _____ DAY OF _____, 2016.

By: _____
Mayor

ATTEST:

By: _____
City Clerk

RECORD OF VOTE – 1ST READING

Tommy Ruzzano _____

Joyce W. Bryan _____

Lesa Peerman _____

Joanne Simone _____

Frank B. Talerico _____

RECORD OF VOTE – 2ND READING

Tommy Ruzzano _____

Joyce W. Bryan _____

Lesa Peerman _____

Joanne Simone _____

Frank B. Talerico _____

EXHIBIT "A"

FORM OF NOTICE OF SALE AND BID CERTIFICATE

SUMMARY NOTICE OF SALE

\$ _____ *

**CITY OF MARGATE, FLORIDA
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016**

Bids for the above captioned bonds will be received by the City of Margate, Florida, (the "Issuer") via Parity until 11:00 A.M. (the "Submittal Deadline"), Eastern time, _____, 2016 or on such other date as may be established by the City Manager of the Issuer or his respective designee no less than ten (10) days after the date of publication of this notice and communicated by Thomson Municipal Market Monitor not less than twenty (20) hours prior to the time bids are received (the "Bid Date").

Such bids are to be opened in public as soon as practical after the Submittal Deadline on said day for the purchase of the City of Margate, Florida General Obligation Refunding Bonds, Series 2016 (the "Series 2016 Bonds"). The Series 2016 Bonds will mature as specified in the Official Notice of Bond Sale. Proceeds of the Series 2016 Bonds shall be used for the purpose (i) refunding all of the outstanding Series 2007 Bonds maturing on and after July 1, 2016 (the "Refunded Bonds") and (ii) paying certain costs and expenses relating to the issuance of the Bonds.

The approving opinion of Bryant Miller Olive P.A., Miami, Florida, Bond Counsel, will be furnished to the successful bidder at the expense of the Issuer.

Electronic copies of the Preliminary Official Statement and the Official Notice of Bond Sale relating to the Series 2016 Bonds may be obtained at the website address www.idealprospectus.com.

**CITY OF MARGATE, FLORIDA
Douglas Smith
City Manager**

Dated: _____, 2016.

*Preliminary, subject to change.

OFFICIAL NOTICE OF SALE

\$ _____ *

CITY OF MARGATE, FLORIDA GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016

The City of Margate, Florida General Obligation Refunding Bonds, Series 2016 (the "Series 2016 Bonds") are being offered for sale in accordance with this Official Notice of Sale. Notice is hereby given that bids will be received by the City of Margate, Florida (the "Issuer") for the purchase of the Series 2016 Bonds via the Parity Bid Submission System ("Parity") in the manner described below until 11:00 A.M., Eastern time, on ___, 2016, or on such other date and/or time as will be established by the City Manager of the Issuer or his respective designee and communicated by Thomson Municipal Market Monitor not less than 20 hours prior to the time the bids are to be received. To the extent any instructions or directions set forth on Parity conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about Parity, and to subscribe in advance of the bid, potential bidders may contact Parity at (212) 849-5021. The use of Parity shall be at the bidder's risk and expense, and the Issuer shall have no liability with respect thereto. Only bids submitted through Parity will be considered.

BOND DETAILS

The description of the Series 2016 Bonds, the purpose thereof and the security therefor, as set forth in this Official Notice of Sale, is subject in its entirety to the disclosures made in the Preliminary Official Statement. See "Disclosure Information" herein.

The Series 2016 Bonds will be issued as fully registered bonds, and when executed and delivered, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Series 2016 Bonds. Individual purchases of the Series 2016 Bonds may be made only in book-entry form in denominations of \$5,000 or integral multiples thereof. Purchasers of Series 2016 Bonds (the "Beneficial Owners") will not receive physical delivery of bond certificates. As long as Cede & Co. is the registered owner of the Series 2016 Bonds, as nominee for DTC, payments of principal and interest with respect to the Series 2016 Bonds will be made directly to such registered owner who will in turn remit such principal and interest payments to DTC participants for subsequent disbursement to the Beneficial Owners. The Issuer will not be responsible for payments to Beneficial Owners.

The Series 2016 Bonds will be dated their date of delivery (expected to be _____, 2016) or such other date as may be communicated by Thomson Municipal Market Monitor not less than 20 hours prior to the time bids are to be received, and shall bear interest from such date and shall be payable semiannually commencing on January 1, 2017, and on each July 1 and

*Preliminary, subject to change.

January 1 thereafter until maturity at the rate or rates specified in such proposals as may be accepted. The proposed schedule of maturities and amounts are as follows:

INITIAL MATURITY SCHEDULE FOR THE SERIES 2016 BONDS

Maturity (<u>July 1</u>)	Principal <u>Amount</u>*
-------------------------------------	-------------------------------------

* Preliminary, subject to change.

NOTE: The Issuer reserves the right to modify the maturity schedule shown above. Any such modification will be communicated through the Thomson Municipal Market Monitor (See, "ADJUSTMENT OF PRINCIPAL AMOUNTS" below.)

BOND REGISTRAR AND PAYING AGENT

The Bond Registrar and Paying Agent for the Series 2016 Bonds will be U.S. Bank National Association.

ADJUSTMENT OF PRINCIPAL AMOUNTS

The schedule of maturities set forth above (the "Initial Maturity Schedule") represents an estimate of the principal amount and maturities of the Series 2016 Bonds that will be sold. The Issuer reserves the right to change the Initial Maturity Schedule by announcing any such change not later than 3:00 p.m., Eastern time, on the day immediately preceding the date set for receipt of bids, through Thomson Municipal Market Monitor. If no such change is announced, the Initial Maturity Schedule will be deemed the schedule of maturities for submission of the bid.

Furthermore, if after final computation of the bids, the Issuer determines in its sole discretion that the funds necessary to accomplish the purpose of the Series 2016 Bonds is more or less than the proceeds of the sale of all of the Series 2016 Bonds, the Issuer reserves the right to increase or decrease the principal amount, by no more than 15% of the principal amount of the Series 2016 Bonds and for a given maturity by no more than the greater of (i) \$500,000 or (ii) 15% of the given maturity of the Series 2016 Bonds (to be rounded to the nearest \$5,000), or by such other amount as approved by the winning bidder.

In the event of any such adjustment, no rebidding or recalculation of the bids submitted will be required or permitted; and the Series 2016 Bonds of each maturity, as adjusted, will bear

interest at the same rate and must have the same initial reoffering yield as specified immediately after award of the Series 2016 Bonds of that maturity. However, the award will be made to the bidder whose bid produces the lowest true interest cost rate, calculated as specified herein, solely on the basis of the Series 2016 Bonds offered, without taking into account any adjustment in the amount of Series 2016 Bonds pursuant to this paragraph.

REDEMPTION PROVISIONS

The Series 2016 Bonds are subject to redemption prior to maturity as described below:

The Series 2016 Bonds maturing on or prior to July 1, 2026 are not redeemable prior to their respective dates of maturity. The Series 2016 Bonds maturing on and after July 1, 2027 are subject to redemption at the option of the City on or after July 1, 2026, in whole or in part at any time, in such manner as shall be determined by the Bond Registrar, at a redemption price equal to the par amount thereof plus accrued interest to the date fixed for redemption.

AUTHORITY AND PURPOSE

The Series 2016 Bonds are being issued under the authority of, and in full compliance with the Florida Constitution, Chapter 166, Florida Statutes, Sections 100.201 – 100.351 and Sections 132.33 - 132.47, Florida Statutes, and other applicable provisions of law (collectively referred to as the "Act"), and pursuant to the terms and conditions of Ordinance No. _____ enacted on _____, 2016 (the "Bond Ordinance").

The Series 2016 Bonds are being issued for the purpose of (i) refunding a portion of the outstanding Series 2007 Bonds maturing on and after July 1, 2017 (the "Refunded Bonds") and (ii) paying certain costs and expenses relating to the issuance of the Series 2016 Bonds.

SECURITY

The Series 2016 Bonds are general obligations of the Issuer. The principal of and interest on the Series 2016 Bonds shall be secured by a pledge of the full faith, credit and taxing power of the Issuer without limitation in the manner and to the extent described in the Bond Ordinance. For so long as the Series 2016 Bonds are outstanding, the City Commission shall, each year, levy an ad valorem tax, without limitation as to rate or amount, on all taxable property within the Issuer (excluding homestead exemptions and other exemptions as heretofore or hereafter provided by applicable law) at least equal to the Debt Service Requirement for the ensuing Bond Year. Such tax shall be levied, assessed and collected at the same time and in the same manner as ad valorem taxes for the operating expenses of the Issuer and shall be in addition to all other taxes authorized to be levied by the Issuer. The Issuer covenanted in the Bond Ordinance that it will not accept payment of taxes levied for operating expenses of the Issuer unless there shall be paid at the same time the taxes required by the Bond Ordinance.

All taxes levied pursuant to the Bond Ordinance, as collected shall immediately be deposited into the Debt Service Fund and held in trust for the payments of the principal of and interest on the Series 2016 Bonds as they severally become due and shall be expended for no other purpose. See APPENDIX C "Form of the Bond Ordinance" attached hereto.

UNDERLYING RATINGS

Standard & Poor's Ratings Services ("S&P") has assigned an underlying municipal bond rating of "AA" to the Series 2016 Bonds.

The rating report of such rating agency will be made available upon request to the Finance Director, City of Margate, Florida, 5790 Margate Boulevard, Margate, Florida 33063.

Such rating reflects the view of S&P and an explanation of the significance of such rating may be obtained only from the rating agencies. There is no assurance that such rating will be in effect for any given period of time or that they will not be revised downward or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal may have an adverse effect upon the market price of the Series 2016 Bonds.

TERMS OF BID AND BASIS OF AWARD

Proposals must be unconditional and for the purchase of all of the Series 2016 Bonds. The reoffering price for the Series 2016 Bonds may not be less than 98% of the principal amount of the Series 2016 Bonds for any single maturity thereof. In addition, for maturities occurring after the optional call date of July 1, 2026, the minimum coupon shall be 5.00%. The aggregate purchase price, inclusive of original issue discount ("OID"), original issue premium ("OIP") and underwriter's discount, may not be less than 98% of the principal amount of the Series 2016 Bonds.

The Series 2016 Bonds shall bear interest expressed in multiples of one-eighth (1/8) or one-twentieth (1/20) of one (1) per centum. The use of split or supplemental interest coupons will not be considered and a zero rate or blank rate will not be permitted. All Series 2016 Bonds maturing on the same date shall bear the same rate of interest.

The Series 2016 Bonds will be awarded to the bidder offering to purchase the Series 2016 Bonds at the lowest annual interest cost computed on a true interest costs ("TIC") basis. The annual TIC will be determined by doubling the semi-annual interest rate necessary to discount the semi-annual debt service payments on the Series 2016 Bonds back to the Net Bond Proceeds (defined as the par amount of the Series 2016 Bonds, plus any OIP, less any OID and underwriter's discount on the Series 2016 Bonds, calculated on a 360 day year to the Closing Date, as defined below). The TIC must be calculated to four (4) decimal places. **NO BID SHALL BE ACCEPTED WITH A TIC GREATER THAN 4.25%.**

ALL BIDS SHALL REMAIN FIRM UNTIL 2:00 P.M., EASTERN TIME, ON THE DATE OF RECEIPT OF BIDS. **Award is subject to the timely receipt of the Good Faith Deposit as mentioned below.**

EACH BIDDER MUST SPECIFY IN ITS BID THE INTEREST RATE FOR THE SERIES 2016 BONDS OF EACH MATURITY AND ALL SERIES 2016 BONDS MATURING ON THE SAME DATE MUST BEAR INTEREST AT THE SAME RATE. NO BIDS FOR LESS THAN ALL OF THE SERIES 2016 BONDS OFFERED WILL BE ENTERTAINED.

THE ISSUER RESERVES THE RIGHT TO REJECT ALL BIDS OR ANY BID NOT CONFORMING TO THIS OFFICIAL NOTICE OF SALE. THE ISSUER ALSO RESERVES THE RIGHT TO WAIVE, IF PERMITTED BY LAW, ANY IRREGULARITY OR INFORMALITY IN ANY PROPOSAL. THE ISSUER SHALL NOT REJECT ANY CONFORMING BID, UNLESS ALL CONFORMING BIDS ARE REJECTED.

BIDDING DETAILS

All bids must be unconditional and submitted electronically via Parity. **No telephone, facsimile, mail, courier delivery or personal delivery bids will be accepted.** To participate, bidders must be a contracted customer of Ipreo, parent company of i-Deal LLC ("i-Deal LLC"). If the prospective bidder does not have a contract with i-Deal LLC, call (212) 849-5021 to become a customer and to obtain a list of the bidding rules and procedures. To the extent any instructions or directions set forth on Parity conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control.

Bidders may change and submit bids as many times as they wish during the auction; provided, however, that each bid submitted subsequent to a bidder's initial bid must result in a lower true interest cost on the Series 2016 Bonds ("TIC"), when compared to the immediately preceding bid of such bidder. The last bid submitted by a bidder before the end of the auction will be compared to all other final bids submitted by others to determine the winning bidder or bidders.

Each bidder will be solely responsible for making the necessary arrangements to access Parity for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Sale. i-Deal LLC will not have any duty or obligation to provide or assure such access to any bidder, and neither the Issuer nor i-Deal LLC will be responsible for the proper operation of, or have any liability for, any delays or interruptions of, or any damages caused by, Parity. The Issuer is authorizing the use of Parity as a communications mechanism to conduct the electronic bidding for the Series 2016 Bonds; the owners of such service are not agents of the Issuer. The Issuer is not bound by any advice and determination of i-Deal LLC to the effect that any particular bid complies with the terms of this Official Notice of Sale and in particular the specifications set forth in this Official Notice of Sale, including under "TERMS OF BID AND BASIS OF AWARD" below. All costs and expenses

incurred by bidders in connection with their registration and submission of bids via Parity are the sole responsibility of such bidders.

GOOD FAITH DEPOSIT

If the Issuer selects a winning bid, then the successful bidder must submit a “Good Faith Deposit” (the “Deposit”) to the Issuer in the form of a wire transfer in the amount of \$200,000, representing approximately one percent (1%) of the estimated principal amount of the Series 2016 Bonds not later than 2:00 p.m., Eastern time on the business day following the award. The Deposit of the successful bidder will be collected and the proceeds thereof retained by the Issuer to be applied as partial payment for the Series 2016 Bonds and no interest will be allowed or paid upon the amount thereof, but in the event the successful bidder shall fail to comply with the terms of the bid, the proceeds thereof will be retained as and for full liquidated damages.

After receipt of bids is closed and prior to the award, the apparent successful bidder indicated on Parity must submit the Good Faith Deposit to the Issuer by wire transfer. The award to the apparent successful bidder is contingent upon receipt of the Good Faith Deposit and the Series 2016 Bonds will not be awarded by or on behalf of the Issuer to such bidder until the Issuer has confirmed receipt of the Good Faith Deposit. Wiring instructions for the Good Faith Deposit are as follows:

Bank: _____
ABA#: _____
Acct Name: _____
Acct #: _____
REF: _____
Attention: Mary Beazley

STANDARD FILINGS, CHARGES AND CLOSING DOCUMENTS

The winning bidder will be required to make the standard filings and maintain the appropriate records routinely required pursuant to MSRB Rules G-8, G-11 and G-36. The winning bidder will be required to pay the standard MSRB charge for the Series 2016 Bonds purchased. In addition, those who are members of SIFMA will be required to pay SIFMA’s standard charge per bond. The winning bidder will also be required to execute certain closing documents required by Florida law or required by Bond Counsel (as defined below) in connection with the delivery of its tax opinion. See “Disclosure; Amendments to Notice of Sale; Notification Obligations of Purchaser” herein.

CUSIP NUMBERS

It is anticipated that CUSIP identification numbers will be printed on the Series 2016 Bonds, but neither the failure to print such number on any Series 2016 Bonds nor any error with

respect thereto shall constitute cause for failure or refusal by the successful bidder to accept delivery of and pay for the Series 2016 Bonds in accordance with their agreement to purchase the Series 2016 Bonds. All expenses in relation to the printing of CUSIP numbers on the Series 2016 Bonds shall be paid for by the Issuer; provided, however, that it shall be the responsibility of the successful bidder to timely obtain and pay for the assignment of such CUSIP numbers.

DELIVERY OF THE SERIES 2016 BONDS

The Issuer will pay the cost of preparing the Series 2016 Bonds. The successful bidder is responsible for DTC eligibility and related DTC costs. Delivery of and payment for the Series 2016 Bonds will be via DTC Fast on or about _____, 2016 (the "Closing Date") in New York, New York, or such other time and place mutually acceptable to the successful bidder and the Issuer. Payment of the full purchase price, less the Deposit, shall be made to the Issuer not later than 12:00 P.M., Eastern time on the Closing Date, in Federal Reserve Funds of the United States of America, without cost to the Issuer.

The legal opinion of Bryant Miller Olive P.A. ("Bond Counsel") will be furnished without charge to the successful bidder at the time of delivery of the Series 2016 Bonds. For a further discussion of the content of that opinion and the proposed form of the approving opinion, see the Preliminary Official Statement for the Series 2016 Bonds.

There will also be furnished at the time of delivery of the Series 2016 Bonds, a certificate or certificates of the Issuer (which may be included in a consolidated closing certificate) relating to the accuracy and completeness of the Official Statement; and stating, among other things, that, except as disclosed in the Official Statement, there is no litigation or administrative action or proceeding pending or, to the knowledge of the Issuer, threatened, at the time of delivery of the Series 2016 Bonds, (a) to restrain or enjoin or seeking to restrain or enjoin the issuance and delivery of the Series 2016 Bonds or (b) affecting the validity of the Series 2016 Bonds, and that the Preliminary Official Statement has been deemed by the Issuer to be a "final official statement" for purposes of SEC Rule 15c2-12(b)(3) and (4).

The successful bidder will be responsible for the clearance or exemption with respect to the status of the Series 2016 Bonds for sale under the securities or "Blue Sky" laws of the several states and the preparation of any surveys or memoranda in connection with such sale.

DISCLOSURE; AMENDMENTS TO NOTICE OF SALE; NOTIFICATION OBLIGATIONS OF PURCHASER

This Official Notice of Sale is not intended as a disclosure document and bidders are required to obtain and carefully review the Preliminary Official Statement before submitting a bid.

This Official Notice of Sale may be amended from time to time after its initial publication by publication of amendments thereto not less than 20 hours prior to the bid date

and time by Thomson Municipal Market Monitor. Each bidder will be charged with the responsibility of obtaining any such amendments and complying with the terms thereof.

Prior to delivery of the Series 2016 Bonds to the successful bidder, the successful bidder shall file with the Issuer a statement as described in Section 218.38(1)(c)2, Florida Statutes, containing the underwriting spread (including management fee, if any), and the amount of any fee, bonus or gratuity paid in connection with the Series 2016 Bonds to any person not regularly employed by the successful bidder. This statement shall be filed with the Issuer even if no such management fee or underwriting spread has been charged by the successful bidder or no such fee, bonus or gratuity has been paid by the successful bidder, and such filing shall be a condition precedent to the delivery of the Series 2016 Bonds by the Issuer to the successful bidder.

The successful bidder, by submitting its bid, agrees to furnish to the Issuer and Bond Counsel, a certificate verifying information as to the bona fide initial offering prices or yields of the Series 2016 Bonds to the public and sales of the Series 2016 Bonds appropriate for determination of the issue price of, and the yield on, the Series 2016 Bonds under the Internal Revenue Code of 1986, as amended, and such other documentation as and at the time requested by Bond Counsel.

The successful bidder shall also verify its winning bid in writing to the Issuer by executing a printed copy of its winning bid as reported on Parity.

The winning bidder is required to provide a Truth in Bonding Statement pursuant to Section 218.385, Florida Statutes, and to disclose the payment of any “finder’s fee” pursuant to Section 218.386, Florida Statutes, prior to the award of the Series 2016 Bonds, as set forth in Exhibit A to this Official Notice of Sale.

PRELIMINARY OFFICIAL STATEMENT; OFFICIAL STATEMENT

The Issuer has authorized the distribution of the Preliminary Official Statement, which it deemed final (except for permitted omissions) for purposes of the Rule. The Preliminary Official Statement describes the Series 2016 Bonds and contains information with respect to the Issuer. The Preliminary Official Statement may be obtained electronically from www.munios.com or from the Issuer and the Issuer’s financial advisor as provided herein.

This Official Notice of Sale is not intended to be a disclosure document. All bidders must review the Preliminary Official Statement and will be required to certify that they have done so prior to participating in the bidding. In the event of any conflict between the statements contained in the Preliminary Official Statement and in this Official Notice of Sale, the statements contained in the Preliminary Official Statement shall prevail.

The Issuer shall furnish at its expense within seven (7) business days after the Series 2016 Bonds have been awarded to the successful bidder, or at least five (5) business days before

the Closing Date, whichever is earlier, up to 50 copies of the final Official Statement, which, in the judgment of the financial advisor to the Issuer will permit the successful bidder to comply with applicable SEC and MSRB rules. The successful bidder may arrange for additional copies of the final Official Statement at its expense.

CONTINUING DISCLOSURE

In the Bond Ordinance, the Issuer has authorized the execution and delivery of a Continuing Disclosure Certificate, under which the Issuer commits to provide certain annual information and notices of certain enumerated events, as required by Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission. In order to assist bidders in complying with the Rule, the Issuer will undertake to provide, or cause to be provided, certain financial information and operating data and to provide notices of certain events, if material. Such information will be filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access System (EMMA). Notices of material events will be filed with the Municipal Securities Rulemaking Board through EMMA. The form of such Continuing Disclosure Certificate is included as Appendix [E] to the Preliminary Official Statement and is described in the Preliminary Official Statement under the caption "CONTINUING DISCLOSURE."

DISCLOSURE INFORMATION

Copies of the Preliminary Official Statement "deemed final" (except for permitted omissions) by the Issuer in accordance with SEC Rule 15c2-12 must be obtained from the financial advisor to the Issuer, Public Financial Management, Inc., 255 Alhambra Circle, Suite 404, Coral Gables, FL 33134, 786-671-7480 before a bid is submitted. The Issuer's Preliminary Official Statement and Official Notice of Sale are also available for viewing in electronic format at www.munios.com.

CHOICE OF LAW

Any litigation or claim arising out of any bid submitted (regardless of the means of submission) pursuant to this Official Notice of Bond Sale shall be governed by and construed in accordance with the laws of the State of Florida. The venue situs for any such action shall be the state courts of the Seventeenth Judicial Circuit in and for Broward County, Florida.

NOTICE OF BIDDERS REGARDING PUBLIC ENTITY CRIMES

A person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a bid on a contract to provide any goods or services to a public entity, may not submit a bid on a contract with a public entity for the construction or repair of a public building or public work, may not submit bids on leases of real

property to a public entity, may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity, and may not transact business with any public entity in excess of the threshold amount provided in Section 287.017, for CATEGORY TWO for a period of 36 months from the date of being placed on the convicted vendor list.

CITY OF MARGATE, FLORIDA

By: /s/ Douglas Smith
City Manager

EXHIBIT A

TRUTH-IN-BONDING STATEMENT AND DISCLOSURE

In compliance with Section 218.385, Florida Statutes, as amended, the undersigned bidder submits the following Truth-In-Bonding Statement with respect to the City of Margate, Florida General Obligation Refunding Bonds, Series 2016 ("Series 2016 Bonds").

(NOTE: For information purposes only and not a part of the bid):

The Series 2016 Bonds are being issued primarily for the purpose of (i) refunding a portion of the outstanding Series 2007 Bonds maturing on and after July 1, 2017 (the "Refunded Bonds") and (ii) paying certain costs and expenses relating to the issuance of the Bonds. Unless earlier redeemed, the Series 2016 Bonds are expected to be repaid at the end of approximately _____ years. At a fixed interest rate of _____%, total interest paid over the life of the Series 2016 Bonds is \$_____ and issuance of the Series 2016 Bonds will result in a maximum of approximately \$_____ of annual revenues of the Issuer not being available to finance other services of the Issuer during the life of the Series 2016 Bonds.

In compliance with Section 218.386, Florida Statutes, the undersigned, on behalf of itself and all other members of the underwriting group, if any, hereby certifies that neither it nor any member of the underwriting group have paid any "finder's fees" as defined in Section 218.386, Florida Statutes, any bonus, fee or gratuity in connection with the sale of the Bonds, except as provided below:

Bidder's Name: _____

By: _____

Title: _____

Date: _____

CERTIFICATE WITH RESPECT TO "ISSUE PRICE"
[Subject to Tax Review]

_____, acting on behalf of itself and the syndicate selling group, if any, created by it as purchaser (the "Purchaser") of the \$_____ * City of Margate, Florida General Obligation Refunding Bonds, Series 2016 (the "Series 2016 Bonds"), in order to establish the initial offering price(s) of the Series 2016 Bonds for the purpose of determining the "issue price" of the Series 2016 Bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, DOES HEREBY CERTIFY, as follows:

1. As of this date, the terms under which the Purchaser agreed to purchase the Series 2016 Bonds from the City of Margate, Florida (the "Issuer") in a public bid on _____, 2016, have not been modified or amended in any material respect.

2. All of the Series 2016 Bonds have been the subject of a bona fide initial offering to the public excluding bondhouses, brokers or similar persons or organizations acting in the capacity of underwriters and wholesalers (the "Public"), made pursuant to the final Official Statement dated _____, 2016 (the "Official Statement"), of the Issuer relating to the Series 2016 Bonds.

3. As of this date, none of the Series 2016 Bonds have been sold in exchange for property (other than cash or other legal tender) and none of the Series 2016 Bonds remaining to be sold as of this date are expected to be exchanged for property.

4. All of the Series 2016 Bonds have been initially offered at yields no lower than the respective yields shown on the inside cover of the Official Statement (the "Official Statement Yields").

* Preliminary, subject to change.

5. To the best of our knowledge, based on our records and other information available to us which we believe to be correct after reasonable investigation, as of _____, 2016, the date of the sale of the Series 2016 Bonds to the Purchaser (the "Sale Date"), individual Series 2016 Bonds aggregating not less than ten percent (10%) of the total principal amount of each maturity of the Series 2016 Bonds were sold by the Purchaser to the Public at yields equal to the Official Statement Yields, and no Series 2016 Bonds had been sold to the Public at a yield less than the applicable Official Statement Yields. As of the Sale Date, based upon our assessment of the then prevailing market conditions, we had no reason to believe any of the Series 2016 Bonds would be initially sold to the public at yields different than the Official Statement Yields.

Dated: _____, 2016.

By: _____

Title: _____

EXHIBIT "B"

FORM OF PRELIMINARY OFFICIAL STATEMENT

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2016

NEW ISSUE

See "RATING" herein

FULL BOOK-ENTRY

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 Bonds will be excluded from gross income for federal income tax purposes of the holders thereof and will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Bonds shall be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations. See "TAX MATTERS" herein for a description of other tax consequences to holders of the Bonds.

\$ _____ *

**CITY OF MARGATE, FLORIDA
General Obligation Refunding Bonds,
Series 2016**

Dated: Date of Delivery

Due: July 1, as shown on inside cover page

The City of Margate, Florida (the "City") is issuing its \$ _____ * General Obligation Refunding Bonds, Series 2016 (the "Bonds"). The Bonds are being issued as fully registered bonds, in denominations of \$5,000 or integral multiples thereof. Interest on the Bonds is payable semiannually on January 1 and July 1, commencing on January 1, 2017, by check or draft of U.S. Bank National Association, as Bond Registrar and Paying Agent (or by wire transfer to registered Owners of at least \$1,000,000 principal amount of the Bonds requesting payment by such means), mailed to the person in whose name the Bonds are registered, at his or her address as it appears on the registration books maintained by the Bond Registrar and Paying Agent at the close of business on the 15th day of the month (whether or not a business day) next preceding the Bond Service Payment Date. The principal of and premium, if any, on the Bonds will be payable upon presentation and surrender thereof on the maturity date or the date fixed for redemption thereof at the designated corporate trust office of the Bond Registrar and Paying Agent.

Upon initial issuance, the Bonds will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company ("DTC"), an automated depository for securities and clearinghouse for securities transactions. So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of, premium, if any, and interest on the Bonds will be mailed directly to DTC or its nominee, Cede & Co., which is to remit such payments to the DTC Participants (as defined herein), which in turn are to remit such payments to the Beneficial Owners (as defined herein) of the Bonds. See "DESCRIPTION OF THE BONDS - Book-Entry Only System" herein.

Certain of the Bonds are subject to redemption prior to their stated maturity as set forth herein.

The Bonds are being issued pursuant to Ordinance No. 2016-__ enacted by the City on _____, 2016 (the "Ordinance") for the purpose of (i) refunding all or a portion of the City's General

Obligation Bonds, Series 2007 maturing after July 1, 2016 (the "Refunded Bonds"), and (ii) paying certain costs and expenses relating to the issuance of the Bonds.

The Bonds are general obligations of the City. The principal of and interest on the Bonds shall be secured by a pledge of the full faith, credit and taxing power of the City without limitation. For so long as the Bonds are outstanding, the City Commission shall, each year, levy an ad valorem tax, without limitation as to rate or amount, on all taxable property within the City (excluding homestead exemptions and other exemptions as heretofore or hereafter provided by applicable law) at least equal to the Debt Service Requirement (as defined in the Ordinance) for the ensuing Bond Year (as defined in the Ordinance). Such tax shall be levied, assessed and collected at the same time and in the same manner as ad valorem taxes for the operating expenses of the City and shall be in addition to all other taxes authorized to be levied by the City.

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

The Bonds are offered for delivery when, as and if issued and received by the Purchaser, subject to approval of legality by Bryant Miller Olive P.A., Miami, Florida, Bond Counsel. Certain other legal matters will be passed upon for the City by Douglas R. Gonzalez, Margate, Florida, City Attorney, and by Bryant Miller Olive P.A., Tampa, Florida, Disclosure Counsel. Public Financial Management, Inc., Coral Gables, Florida, is serving as Financial Advisor to the City in connection with the issuance of the Bonds. It is expected that settlement for the Bonds will occur through the facilities of DTC in New York, New York on or about _____, 2016.

Electronic bids for the Bonds will be received through the Parity Electronic Bid Submission System as described in the Official Notice of Sale.

Dated: _____, 2016

*Preliminary, subject to change.

\$ _____ *

CITY OF MARGATE, FLORIDA
General Obligation Refunding Bonds,
Series 2016

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

\$ _____ Serial Bonds

Maturity (July 1) *	<u>Amount</u> *	Interest <u>Rate</u>	<u>Price</u>	<u>Yield</u>	Initial CUSIP <u>Number</u> **
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\$ _____ * _____ % Term Bonds due July 1, 20____, Price _____, Yield _____ %,
Initial CUSIP No. _____ *

* Preliminary, subject to change.

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

RED HERRING LANGUAGE:

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption 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.

CITY OF MARGATE, FLORIDA

CITY COMMISSIONERS

Tommy Ruzzano, Mayor
Joyce Williams Bryan, Vice Mayor
Lesa Peerman, Commissioner
Joanne Simone, Commissioner
Frank B. Talerico, Commissioner

CITY MANAGER

Douglas E. Smith

CITY CLERK

Joseph J. Kavanagh, CMC

FINANCE DIRECTOR

Mary Beazley

CITY ATTORNEY

Douglas M. Gonzalez

BOND COUNSEL

Bryant Miller Olive P.A.
Miami, Florida

DISCLOSURE COUNSEL

Bryant Miller Olive P.A.
Tampa, Florida

FINANCIAL ADVISOR

Public Financial Management, Inc.
Coral Gables, Florida

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations in connection with the 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 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, DTC and other sources which are believed to be reliable. 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.

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 Bonds are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements.

NO REGISTRATION STATEMENT RELATING TO THE BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") 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 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC 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.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS OFFICIAL STATEMENT CONSTITUTE "FORWARD LOOKING STATEMENTS." SUCH STATEMENTS GENERALLY ARE IDENTIFIABLE BY THE TERMINOLOGY USED, SUCH AS "PLAN," "EXPECT," "ESTIMATE," "BUDGET" OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, SUBJECT TO ANY CONTRACTUAL OR LEGAL RESPONSIBILITIES TO THE CONTRARY.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE A CONTRACT BETWEEN THE CITY AND ANY ONE OR MORE OF THE OWNERS OF THE BONDS.

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OFFICIAL STATEMENT
relating to

\$ _____ *
CITY OF MARGATE, FLORIDA
General Obligation Refunding Bonds,
Series 2016

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and appendices attached hereto, is to furnish information with respect to the issuance and sale by the City of Margate, Florida (the "City") of \$ _____ * aggregate principal amount of its General Obligation Refunding Bonds, Series 2016 (the "Bonds").

The Bonds are being issued under the authority of, and in full compliance with the Florida Constitution, Chapter 166, Florida Statutes, Sections 100.201 – 100.351, Florida Statutes, Sections 132.33 - 132.47, Florida Statutes, and other applicable provisions of law (collectively referred to as the "Act"), and pursuant to the terms and conditions of Ordinance No. 2016-__ enacted by the City Commission (the "City Commission") on _____, 2016, as amended (the "Ordinance").

An election was held on November 7, 2006, whereby electors of the City approved the issuance of not exceeding \$35,000,000 of general obligation bonds of the City for the purpose of financing the acquisition, construction and equipping of street, sidewalk and bridge projects (the "2007 Project"), payable from ad valorem taxes on all of the taxable property within the City (the "Bond Referendum"). The Bond Referendum was duly held and conducted in all respects according to law, and a majority of electors casting a ballot voted in favor of the issuance of such bonds for such purpose. Pursuant to the Bond Referendum, the City issued its General Obligation Bonds, Series 2007 (the "Series 2007 Bonds") in an aggregate principal amount of \$27,070,000 to finance the costs of the 2007 Project.

The Bonds are being issued for the purpose of (i) refunding all or a portion of the outstanding Series 2007 Bonds maturing after July 1, 2016 (the "Refunded Bonds") and (ii) paying certain costs and expenses relating to the issuance of the Bonds.

The Bonds are general obligations of the City. The principal of and interest on the Bonds shall be secured by a pledge of the full faith, credit and taxing power of the City without limitation in the manner and to the extent described in the Ordinance. For so long as the Bonds are outstanding, the City Commission shall, each year, levy an ad valorem tax, without limitation as to rate or amount, on all taxable property within the City (excluding homestead exemptions and other exemptions as heretofore or hereafter provided by applicable law) at least equal to the Debt Service Requirement for the ensuing Bond Year. Such tax shall be levied, assessed and collected at the same time and in the same manner as ad valorem taxes for the operating expenses of the City and shall be in addition to all other taxes authorized to be levied by the City. See "SECURITY FOR THE BONDS" herein.

Capitalized terms used but not defined herein have the same meaning as when used in the Ordinance unless the context clearly indicates otherwise. The form of the Ordinance is included as

APPENDIX C attached hereto. The descriptions of the Bonds, the documents authorizing the same and securing the same, and the information from various reports and statements contained herein are not comprehensive or definitive. All references herein to such documents, reports and statements are qualified by the entire, actual content of such documents, reports and statements. Copies of such documents, reports and statements referred to herein that are not included in their entirety in this Official Statement may be obtained from the City at 5790 Margate Boulevard, Margate, Florida 33063, Attention: City Clerk. The attached Appendices are integral parts of the Official Statement and must be read together with all the statements contained herein.

THE CITY

The Town of Margate, Florida was created as a municipal corporation by Chapter 30962, Laws of Florida, Acts of 1955. In 1961, the Town of Margate was incorporated as a City. The City is located in southeastern Florida in Broward County (the "County"). It encompasses an area of approximately 9 (nine) square miles with a population of approximately 55,800.

For additional information concerning the City, see "APPENDIX A – City of Margate, Florida, General Information" attached hereto.

THE REFUNDING PLAN

The Bonds are being issued to provide funds, together with other available funds of the City, to refund the Refunded Bonds, which Refunded Bonds will be redeemed on the date of issuance of the Bonds.

DESCRIPTION OF THE BONDS

Terms and Form

The Bonds shall be dated as of their date of delivery, will bear interest at the rates per annum set forth on the inside cover page hereof, payable on January 1, 2017 and semiannually thereafter on January 1 and July 1 of each year (each, a "Bond Service Payment Date") to maturity by wire transfer or check of U.S. Bank National Association, with an office in Jacksonville, Florida, as Bond Registrar and Paying Agent (the "Bond Registrar and Paying Agent"), payable to the registered owners thereof, as shown on the registration books of the City on the 15th day of the calendar month (whether or not a business day) next preceding each Bond Service Payment Date. The Bonds will mature on July 1 in the years and in the principal amounts set forth on the inside cover page hereof. The Bonds will be issued in fully registered form in the denominations of \$5,000 each and integral multiples thereof. Principal of the Bonds and premium, if any, will be payable to the registered owners thereof upon presentation and surrender of such Bonds at the designated corporate trust office of the Bond Registrar and Paying Agent.

The Bonds will be issued initially as book-entry obligations and held by The Depository Trust Company ("DTC") as securities depository. The ownership of one fully registered Bond for each maturity as set forth on the inside cover page hereof, in the aggregate principal amount of such maturity, will be

registered in the name of Cede & Co., as nominee for DTC. For more information regarding DTC and DTC's Book-Entry System, see "Book-Entry Only System" below.

Each Bond shall bear interest from the Bond Service Payment Date next preceding the date on which it is authenticated, unless authenticated on a Bond Service Payment Date, in which case it shall bear interest from such Bond Service Payment Date, or, unless authenticated prior to the first Bond Service Payment Date, in which case it shall bear interest from its date; provided, however, that if at the time of authentication, interest is in default, such Bond shall bear interest from the date to which interest shall have been paid.

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 THE CITY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, CERTAIN REFERENCES IN THIS OFFICIAL STATEMENT TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS. THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORD KEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE BONDS, PAYMENT OF INTEREST AND PRINCIPAL ON THE BONDS TO DIRECT PARTICIPANTS (AS HEREINAFTER DEFINED) OR BENEFICIAL OWNERS OF THE BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE BONDS, AND OTHER RELATED TRANSACTIONS BY AND BETWEEN DTC, THE DIRECT PARTICIPANTS AND BENEFICIAL OWNERS OF THE BONDS IS BASED SOLELY ON INFORMATION FURNISHED BY DTC. ACCORDINGLY, THE CITY DOES NOT MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds as set forth in the inside cover of this Official Statement, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("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 & Poor's Ratings Services ("S&P") rating of AA+. The DTC Rules applicable to its DTC Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each 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 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 the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 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) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 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 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Bond Registrar and Paying Agent on the 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 nor its nominee, the City, or the Bond Registrar and Paying Agent, 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 and/or the Bond Registrar and 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.

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

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the Bond certificates will be printed and delivered to DTC.

Negotiability, Registration and Transfer of Bonds

So long as the Bonds are registered in the name of DTC or its nominee, the following paragraphs relating to registration, transfer and exchange of Bonds do not apply.

The Bond Registrar and Paying Agent shall keep books for the registration of and for the registration of transfers of the Bonds as provided in the Ordinance. The transfer of any Bonds may be registered only upon such books and only upon surrender thereof to the Bond Registrar and Paying Agent together with an assignment duly executed by the Bondholder or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar and Paying Agent. Upon any such registration of transfer, the City shall execute and the Bond Registrar and Paying Agent shall authenticate and deliver in exchange for such Bond, a new Bond or Bonds registered in the name of the transferee, and in an aggregate principal amount equal to the principal amount of such Bond or Bonds so surrendered.

In all cases in which Bonds shall be exchanged, the City shall execute and the Bond Registrar and Paying Agent shall authenticate and deliver, at the earliest practicable time, a new Bond or Bonds in accordance with the provisions of the Ordinance. All Bonds surrendered in any such exchange or registration of transfer shall forthwith be canceled by the Bond Registrar and Paying Agent. The City or the Bond Registrar and Paying Agent may make a charge for every such exchange or registration of transfer of Bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge shall be made to any Bondholder for the privilege of exchanging or registering the transfer of Bonds under the provisions of the Ordinance. Neither the City nor the Bond Registrar and Paying Agent shall be required to make any such exchange, registration or transfer of Bonds during fifteen (15) days immediately preceding any Bond Service Payment Date or, in the case of any proposed redemption of the Bonds, then, for any Bonds called for redemption, during the fifteen (15) days preceding the date of the mailing of notice of such redemption and continuing until the redemption date.

Redemption

Optional Redemption. The Bonds maturing prior to July 1, ____ will not be subject to optional redemption prior to maturity. The Bonds maturing on or after July 1, ____ shall be subject to redemption prior to their respective maturities, at the option of the City, on or after July 1, ____, as a whole or in part at any time, and if in part, by maturities to be selected by the City and by lot within a maturity if less than a full maturity, at a redemption price (plus accrued interest to the date fixed for redemption) equal to the principal amount thereof, without premium.

Mandatory Redemption. The Bonds maturing on July 1, ____ are subject to mandatory redemption prior to their maturity in part by lot, at a redemption price of par plus accrued interest to the respective dates of redemption, but without premium, on the following dates and in the following principal amounts, from amortization installments required to be paid on such dates and in such amounts:

<u>Dates of Redemption</u>	<u>Principal Amount</u>
July 1, ____	\$
July 1, ____ *	

*Final Maturity

Selection of Bonds to be Redeemed. The Bonds shall be redeemed only in the principal amount of \$5,000 each and integral multiples thereof. The City shall, at least sixty (60) days prior to the redemption date (unless a shorter time period shall be satisfactory to the Bond Registrar) notify the Bond Registrar of such redemption date and of the principal amount of the Bonds to be redeemed. For purposes of any redemption of less than all of the outstanding Bonds of a single maturity, the particular Bonds or portions of the Bonds to be redeemed shall be selected not more than forty-five (45) days prior to the redemption date by the Bond Registrar from the outstanding Bonds of the maturity or maturities designated by the City by such method as the Bond Registrar shall deem fair and appropriate and which may provide for the selection for redemption of the Bonds or portions of the Bonds in the principal amounts of \$5,000 and integral multiples thereof.

Redemption of Portions of the Bonds. Any Bond which is to be redeemed only in part shall be surrendered at any place of payment specified in the notice of redemption (with due endorsement by, or written instrument of transfer in form satisfactory to, the Bond Registrar duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing) and the City shall execute and the Bond Registrar shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds, of the same interest rate and maturity, and of any authorized denomination as requested by the Holder, in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bonds so surrendered.

Notice of Redemption. Notice of redemption shall be given by the deposit in the United States mail of a copy of the redemption notice, postage prepaid, at least thirty (30) and not more than sixty (60) days before the redemption date, to all registered owners of the Bonds or portions of the Bonds to be redeemed at their addresses as they appear on the registration books to be maintained in accordance with the Ordinance. Failure to mail any such notice or any defect therein shall not affect the validity of the proceedings for redemption of any Bond or portion thereof with respect to which no failure or defect occurred. Any notice mailed as provided in the Ordinance shall be conclusively presumed to have been duly given, whether or not the owner of such Bond receives such notice.

Notwithstanding any other provision of the Ordinance, if, on any day prior to the 5th business day preceding any date fixed for redemption of the Bonds pursuant to the Ordinance, the City notifies the Bond Registrar and Paying Agent in writing that the City has elected to revoke its election to redeem such Bonds because it has determined that the source of money for such redemption specified in the notice given by the City pursuant to the Ordinance is not available, the Bonds shall not be redeemed on such date and any notice of redemption mailed to the Bondholders pursuant to the Ordinance shall be null and void. In such event, within five business days after the date on which the City elects to revoke its election to redeem such Bonds, the City shall cause a notice of such revocation to be mailed to all Bondholders owning such Bonds. The right of revocation of a notice of redemption shall not apply to any notice of redemption which contains an express statement of the City to the effect that such notice is irrevocable and given in compliance with the Ordinance.

So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC (or in the name of any successor securities depository), notices of redemption and notices of revocation of redemption notices shall only be given on behalf of the City to Cede & Co., or any such successor securities depository.

Effect of Notice of Redemption; Payment. Notice having been given in the manner and under the conditions provided under the Ordinance, subject to the right of revocation as heretofore described, the Bonds or portions of the Bonds so called for redemption shall, on the redemption date designated in such notice, become due and payable at the redemption price provided for redemption of such Bonds or portions of the Bonds on such date. On the date so designated for redemption, moneys for payment of the redemption price being held in separate accounts by the Paying Agent in trust for the registered owners of the Bonds or portions of the Bonds to be redeemed, interest on the Bonds or portions of the Bonds so called for redemption shall cease to accrue, such Bonds and portions of the Bonds shall cease to be entitled to any lien, benefit or security under the Ordinance, and the registered owners of such Bonds or portions of the Bonds shall have no right in respect thereof except to receive payment of the redemption price thereof and to receive the Bonds for any unredeemed portions of such Bonds. All Bonds which have been redeemed shall be canceled by the Bond Registrar and shall not be reissued.

SECURITY FOR THE BONDS

General

The Bonds are general obligations of the City. The principal of and interest on the Bonds shall be secured by a pledge of the full faith, credit and taxing power of the City without limitation in the manner and to the extent described in the Ordinance. For so long as the Bonds are outstanding, the City Commission shall, each year, levy an ad valorem tax, without limitation as to rate or amount, on all taxable property within the City (excluding homestead exemptions and other exemptions as heretofore or hereafter provided by applicable law) at least equal to the Debt Service Requirement for the ensuing Bond Year. Such tax shall be levied, assessed and collected at the same time and in the same manner as ad valorem taxes for the operating expenses of the City and shall be in addition to all other taxes authorized to be levied by the City. The City covenanted in the Ordinance that it will not accept payment of taxes levied for operating expenses of the City unless there shall be paid at the same time the taxes required by the Ordinance.

All taxes levied pursuant to the Ordinance, as collected shall immediately be deposited into the Debt Service Fund and held in trust for the payments of the principal of and interest on the Bonds as they severally become due and shall be expended for no other purpose. See APPENDIX C "Form of the Ordinance" hereto.

For so long as any of the principal of and interest on any of the Bonds shall be outstanding and unpaid or until there shall have been set apart in the Debt Service Fund, a sum sufficient to pay when due, the entire principal of the Bonds remaining unpaid, together with interest accrued or to accrue thereon, the City has covenanted with the Holders of each and all of the Bonds as follows:

Debt Service Fund. The City has covenanted and agreed to establish a special fund to be designated the "Debt Service Fund." From the Debt Service Fund shall be paid each installment of interest on and principal of the Bonds as they become due. No further payments shall be required to be made into the Debt Service Fund when the aggregate amount of moneys in the Debt Service Fund is at least equal to the aggregate principal amount of the Bonds then outstanding plus the amount of interest then due or thereafter to become due on such Bonds then outstanding. At such time as the Bonds are no longer outstanding, any moneys remaining in the Debt Service Fund may be transferred to the "general fund" of the City, and shall be used for any lawful purpose. Moneys on deposit in the Debt Service Fund may be invested in Permitted Investments.

Books and Records. Books and records of the City shall be kept in which complete and correct entities shall be made, in accordance with generally accepted accounting principles. At least once a year, on or before March 31 of the year following the close of each fiscal year, the books, records and accounts of the City shall be properly audited by an independent firm of certified public accountants. The results of such audit shall be mailed, upon request, and made available, at all reasonable times, to any Holder or Holders of Bonds or anyone acting for and on behalf of the Holders of such Bonds; provided, however, that any such costs shall be borne by such Holder or Holders as the case may be.

No Reserve Funding

The City has not established a reserve fund or account under the Ordinance to secure the Bonds.

AD VALOREM TAXATION

Procedure for Property Assessment

General. State law requires that all real and personal property be assessed at its just or fair market value. No ad valorem taxes may be levied by the State upon real estate or tangible personal property. Such taxes may be levied only by counties, school districts, municipalities and certain special districts. Railroad properties are centrally assessed at the State level. Real property used for the following purposes is generally exempt from ad valorem taxation: religious, educational, charitable, scientific, literary, and governmental. Every person who has the legal title or beneficial title in equity to real property in the State and who resides thereon and in good faith makes the same his or her permanent residence or the permanent residence of others legally or naturally dependent upon such person is entitled to a "homestead exemption" from ad valorem taxation by counties up to the assessed valuation of \$25,000 on the residence and contiguous real property. In addition, there are special exemptions for certain widows, low-income seniors, permanently disabled veterans, hospitals, and homes for the aged and disabled

veterans. Agricultural land, non-commercial recreational land, inventory, and livestock are assessed at less than 100% of fair market value. See also, "*—Amendments Related to Ad Valorem Exemptions*" below.

Article VII, Section 4 of the State Constitution was amended to limit the increases in assessed just value of homestead property to the lesser of (1) three percent of the assessment for the prior year or (2) the percentage change in the Consumer Price Index for all urban consumers, U.S. City Average, all items 1967=100, or successor reports for the preceding calendar year as initially reported by the United States Department of Labor, Bureau of Labor Statistics. Further, Article VII, Section 4 provides that (1) no assessment shall exceed just value, (2) after any change of ownership of homestead property or upon termination of homestead status such property shall be reassessed at just value as of January 1 of the year following the year of sale or change of status, (3) new homestead property shall be assessed at just value as of January 1 of the year following the establishment of the homestead, and (4) changes, additions, reductions or improvements to homestead shall initially be assessed as provided for by general law, and thereafter as provided in the amendment. This amendment is known as the "Save Our Homes Amendment." The effective date of the amendment was January 5, 1993, and, pursuant to a ruling by the Supreme Court of the State of Florida, it began to affect homestead property valuations commencing January 1, 1995, with 1994 assessed values being the base year for determining compliance.

The Property Appraiser of the County (the "Property Appraiser") determines property valuation on real and tangible personal property in the County as of January 1 of each year. The Property Appraiser determines the valuation of all real and personal property by July 1 of each year and notifies the County, each municipality, and each other legally constituted special taxing district as to its just valuation, the legal adjustments and exemptions, and the taxable valuation. The taxable valuation is then used by each taxing body to calculate its ad valorem millage for the budget year. Each taxing body must advertise its budget, stating the proposed millage and hold public hearings on such budgets. Final budgets are determined by each taxing body, and the millage is certified to the Property Appraiser by October 1.

Concurrently, the Property Appraiser notifies each property owner of the proposed valuation and the proposed millage on such property. If the individual property owner believes that his or her property has not been appraised at fair market value, the owner may 1) request an informal conference with the Property Appraiser to resolve the issue, or 2) appeal to the Circuit Court within 60 days of the certification for collection of the tax roll or within 60 days of the issuance of a final decision by the value adjustment board (the "Adjustment Board"), or 3) file a petition with the Clerk of the Adjustment Board. A petition to the Adjustment Board must be signed by the taxpayer or be accompanied at the time of filing by the taxpayer's written authorization for representation by a qualified person. A taxpayer receives notice of the hearing at least 25 days before the scheduled hearing and is required to provide the Property Appraiser with a list of evidence, copies of documentation, and summaries of testimony at least 15 days prior to the hearing before the Adjustment Board. The Adjustment Board holds public hearings on such petitions and may make adjustments to the valuations made by the Property Appraiser, if such valuations were found not to be fair and at market value. The Adjustment Board must complete all required hearings and certify the assessment roll to the Property Appraiser by June 1 following the tax year in which the assessments were made. The June 1 requirement shall be extended until December 1 in each year in which the number of petitions filed increased by more than 10 percent over the previous year. The Adjustment Board must certify its decision with regard to all petitions and certify to the Property Appraiser the valuation to be used. These changes are then made to the final tax roll. Property owners appealing the assessed value or assigned classification of their property must make a required partial payment of taxes (generally equal to 75% of the ad valorem taxes due, less the applicable statutory discount, if any) with respect to the properties that will have a petition pending on or after the delinquency date (normally April 1). A property owner's failure to make the required partial payment

before the delinquency date will result in the denial of the property owner's petition. Certain of these provisions were amended by House Joint Resolution 499 during the Florida Legislature's 2016 Regular Session and are effective July 1, 2016.

The Property Appraiser applies the final certified millage of each taxing body to the assessed valuation on each item of real and tangible personal property, and prepares the final tax roll which he certifies to the County Tax Collector by October 1. This permits the printing of tax bills for delivery on November 1 of each year. The tax bills contain all of the overlapping and underlying millages set by the various taxing bodies, so that all ad valorem taxes are collected by the Tax Collector and distributed to the various taxing bodies.

Amendments Related to Ad Valorem Exemptions. On January 29, 2008, in a special election held in conjunction with the State's presidential primary, the requisite number of voters approved amendments to the State Constitution exempting certain portions of a property's assessed value from taxation. These amendments were effective for the 2008 tax year (fiscal year 2008-2009 for local governments). The following is a brief summary of certain important provisions contained in such amendments:

1. Provides for an additional exemption for homestead property with an assessed value of between \$50,000 and \$75,000, thus doubling the existing homestead exemption for property with an assessed value equal to or greater than \$75,000.

2. Permits owners of homestead property to transfer their Save Our Homes Amendment benefit (up to \$500,000) to a new homestead property purchased within two years of the sale of their previous homestead property to which such benefit applied if the just value of the new homestead is greater than or is equal to the just value of the prior homestead. If the just value of the new homestead is less than the just value of the prior homestead, then owners of homestead property may transfer a proportional amount of their Save Our Homes Amendment benefit, such proportional amount equaling the just value of the new homestead divided by the just value of the prior homestead multiplied by the assessed value of the prior homestead. As discussed above, the Save Our Homes Amendment generally limits annual increases in ad valorem tax assessments for those properties with homestead exemptions to the lesser of three percent (3%) or the annual rate of inflation.

3. Exempts from ad valorem taxation \$25,000 of the assessed value of property subject to tangible personal property tax.

4. Limits increases in the assessed value of non-homestead property to 10% per year, subject to certain adjustments. The cap on increases would be in effect for a 10-year period, subject to extension by an affirmative vote of electors.

In addition, the constitutionally mandated Florida Taxation and Budget Reform Commission (required to be convened every 20 years) (the "TBRC") completed its meetings on April 25, 2008 and placed several constitutional amendments on the November 4, 2008 General Election ballot. Three of such amendments were approved by the voters of Florida, which, among other things, do the following: (a) allow the Florida Legislature, by general law, to exempt from assessed value of residential homes, improvements made to protect property from wind damage and installation of a new renewable energy source device; (b) assess specified working waterfront properties based on current use rather than highest and best use; (c) provide a property tax exemption for real property that is perpetually used for conservation (began in 2010); and, (d) for land not perpetually encumbered, require the Florida

Legislature to provide classification and assessment of land use for conservation purposes solely on the basis of character or use.

In the November 2010 General Election voters approved a constitutional amendment which provides an additional homestead exemption for deployed military personnel. The exemption equals the percentage of days during the prior calendar year that the military homeowner was deployed outside of the United States in support of military operations designated by the State Legislature. This constitutional amendment took effect on January 1, 2011.

During the Florida Legislature's 2011 Regular Session, it passed Senate Joint Resolution 592 ("SJR 592"). SJR 592 allows totally or partially disabled veterans who were not Florida residents at the time of entering military service to qualify for the combat-related disabled veteran's ad valorem tax discount on homestead property. The amendment took effect on January 1, 2013. During the Florida Legislature's 2016 Regular Session, it passed House Joint Resolution 7099 ("HJR 7099"). HJR 7099 provides that a totally or partially disabled veteran who received the exemption but moves his or her homestead to another property after January 1 of the following year, may transfer the exemption to the new property if he or she completes certain requirements. HJR 7099 is effective July 1, 2016.

During the Florida Legislature's 2012 Regular Session, it passed House Joint Resolution 93 ("HJR 93"). HJR 93 allows the Florida Legislature to provide ad valorem tax relief to the surviving spouse of a veteran who died from service-connected causes while on active duty as a member of the United States Armed Forces and to the surviving spouse of a first responder who died in the line of duty. The amount of tax relief, to be defined by general law, can equal the total amount or a portion of the ad valorem tax otherwise owed on the homestead property. The amendment took effect on January 1, 2013. HJR 7099 allows the surviving spouse of a veteran who died from service-connected causes while on active duty to receive property tax relief in Florida, regardless of the veteran's state of residence on January 1 of the year in which the veteran died. Furthermore, HJR 7099 allows the qualified surviving spouse of a veteran who had a service related total and permanent disability at the time of death to receive property tax relief in Florida, if at the time of the veteran's death, the veteran or the veteran's spouse owned the veteran's homestead property in another state and such property would have qualified as a homestead in Florida if located in this state on January 1 of the year the veteran died.

Also during the Florida Legislature's 2012 Regular Session, it passed House Joint Resolution 169 ("HJR 169") allowing the Florida Legislature by general law to permit counties and municipalities, by ordinance, to grant an additional homestead tax exemption equal to the assessed value of homestead property to certain low income seniors. To be eligible for the additional homestead exemption the county or municipality must have granted the exemption by ordinance; the property must have a just value of less than \$250,000; the owner must have title to the property and maintained his or her permanent residence thereon for at least 25 years; the owner must be age 65 years or older; and the owner's annual household income must be less than \$27,300. The additional homestead tax exemption authorized by HJR 169 would not apply to school property taxes. To date, the City has not enacted an ordinance granting this additional homestead exemption.

Each of the proposals pursuant to SJR 592, HJR 93 and HJR 169 was approved as an amendment to the State Constitution by the voters on November 6, 2012.

During the Florida Legislature's 2013 Regular Session, it passed Senate Bill 1830 ("SB 1830"), which was signed into law by the Governor and creates a number of changes affecting ad valorem taxation and which became effective July 1, 2013. First, SB 1830 provides long-term lessees the ability to

retain their homestead exemption and related assessment limitations and exemptions in certain instances and extends the time for property owners to appeal value adjustment board decisions on transfers of assessment limitations to conform with general court filing timeframes. Second, SB 1830 inserts the term "algaculture" in the definition of "agricultural purpose" and inserts the terms "aquacultural crops" in the provision specifying the valuation of certain annual agricultural crops, nonbearing fruit trees and nursery stock. Third, SB 1830 allows for an automatic renewal for assessment reductions related to certain additions to homestead properties used as living quarters for a parent or grandparent and aligns related appeal and penalty provisions to those for other homestead exemptions. Fourth, SB 1830 deletes a statutory requirement that the owner of the property must reside upon the property to qualify for a homestead exemption. Fifth, SB 1830 clarifies the property tax exemptions counties and cities may provide for certain low income persons age 65 and older. Sixth, SB 1830 removes a residency requirement that a senior disabled veteran must have been a Florida resident at the time they entered the service to qualify for certain property tax exemptions. Seventh, SB 1830 repeals the ability for certain limited liability partnerships to qualify for the affordable housing property tax exemption. Eighth, SB 1830 exempts property used exclusively for educational purposes when the entities that own the property and the educational facility are owned by the same natural persons.

Also during the Florida Legislature's 2013 Regular Session, the Florida Legislature passed House Bill 277 ("HB 277"), which was signed into law by the Governor. HB 277 provides that certain renewable energy devices are exempt from being considered when calculating the assessed value of residential property. HB 277 only applies to devices installed on or after January 1, 2013. HB 277 took effect on July 1, 2013.

Also during the Florida Legislature's 2013 Regular Session, the Florida Legislature passed House Bill 1193 ("HB 1193"), which was signed into law by the Governor. HB 1193 eliminated three ways in which the property appraiser had authority to reclassify agricultural land as non-agricultural land. Additionally, HB 1193 relieves the value adjustment board of the authority to review the property appraisers. HB 1193 was effective January 1, 2013.

There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon, the City's finances.

Legislative Proposals Relating to Ad Valorem Taxation. During recent years, various other legislative proposals and constitutional amendments relating to ad valorem taxation have been introduced in the State legislature. Many of these proposals provide for new or increased exemptions to ad valorem taxation, limit increases in assessed valuation of certain types of property or otherwise restrict the ability of local governments in the State to levy ad valorem taxes at recent, historical levels. There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the current legislative session or in the future that would, or might apply to, or have a material adverse effect upon, the City's finances.

Setting the Millage

Article VII, Section 9 of the State Constitution provides that, exclusive of taxes levied for the payment of voter-approved general obligation bonds (such as the Bonds), cities may levy up to ten mills for municipal services. Pursuant to the State Constitution, there is no limit on the amount of ad valorem taxes a city may levy for the payment of debt service on voter-approved general obligation bonds.

Each respective millage rate, except as limited by law, is set on the basis of estimates of revenue needs and the total taxable property valuation within the taxing authority's respective jurisdiction. Ad valorem taxes are not levied in excess of actual budget requirements. By law, budget expenditures cannot exceed 95% of estimated revenues except for cash carry forward amounts.

Each year, the Property Appraiser is required to certify to each taxing authority the aggregate taxable value of all non-exempt property within the jurisdiction of the taxing authority, as well as the prior year's tax revenues, for use in connection with the determination of the forthcoming budget and millage levy. The form on which such certification is made by the Property Appraiser is required to include instructions to each taxing authority describing the proper method of computing a millage rate, which, exclusive of new construction, additions to structures, deletions and property added due to geographic boundary changes, will provide the same ad valorem tax revenues for each taxing authority as was levied during the prior fiscal year. Such millage rate is known as the "rolled-back rate."

In adopting an annual budget, the taxing authority must first adopt tentative millage rates within 35 days of receipt from the Property Appraiser of the preliminary certificate of taxable value. A notice of the impact of the tentative millage rates adopted by each taxing authority on the proposed tax statement for each taxpayer is then mailed to each individual taxpayer. Next, the taxing authority must hold a public hearing to adopt a tentative budget with the tentative millage rate. A second public hearing is held to adopt a final budget and millage rate.

Tax Collection

All real and tangible personal property taxes are based on assessed values at January 1 and are levied on November 1 of each year, as the assessment roll is certified and delivered to the County Tax Collector (the "Tax Collector"). The Tax Collector mails to each property owner on the tax roll for the taxes levied by the various taxing authorities in the County. Taxes may be paid upon receipt of such notice with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount. Accordingly, taxes collected will likely never be 100% of the tax levy. All tax collections for the City are delivered to the City by the County.

Delinquent Taxes

All unpaid taxes on real and tangible property become delinquent on April 1 of the year following the year in which taxes were levied. Delinquent real property taxes bear interest at the rate of eighteen percent (18%) per year from April 1 until paid or until payment is no longer required.

Delinquent real property taxes bear interest at the rate of 18% per year from April 1 until a tax certificate is sold at auction, from which time the interest rate shall be as bid by the buyer of the tax certificate. Delinquent tangible personal property taxes also bear interest at the rate of 18% per year from April 1 until paid. Delinquent personal property taxes must be advertised within 45 days after delinquency, and after May 1, the property is subject to warrant, levy, seizure and sale. On or before June 1 or the sixtieth day after the date of delinquency, whichever is later, the Tax Collector must advertise once each week for three weeks and must sell tax certificates on all real property with delinquent taxes. The tax certificates are sold to those bidding the lowest interest rate. Such certificates include the amount of delinquent taxes, the penalty interest accrued thereon and the cost of advertising. Delinquent tax

certificates not sold at auction become the property of the County. State law provides that real property tax liens are superior to all other liens, except prior Internal Revenue Service liens.

Tax Deeds

At any time after two years have elapsed since April 1 of the year of the issuance of the tax certificate and before the expiration of seven years, the holder of the tax certificate may apply for a tax deed with respect to any tax certificate it holds. Two years after such April 1, the County may make application for a tax deed with respect to any tax certificate it holds. Upon receipt of such applications, a public sale is advertised and held (unless the property is redeemed), and the highest bidder at such sale receives a tax deed for the property.

Redemption of Land by Owners

To redeem a tax certificate, the owner of the property must pay all delinquent taxes, the interest that accrued prior to the date of the sale of the tax certificate, charges incurred in connection with the sale of the tax certificate, omitted taxes, if any, and interest at the rate shown on the tax certificate (or interest at the rate of 5%, whichever is higher) from the date of the sale of the tax certificate to the date of redemption. If such tax certificates or liens are not redeemed by the property owner within two years, the holder of the tax certificates can cause the property to be sold to pay off the outstanding certificates and the interest thereon. Provisions are also made for the collection of delinquent tangible personal property taxes, but in a different manner which includes the possible seizure of the tangible personal property.

Section 197.016(2), Florida Statutes, requires the Tax Collector to distribute the taxes collected, to each governmental unit levying the tax. Such distribution is to be made four times during the first two months after the tax roll comes into its possession, and once per month thereafter.

Truth in Millage

The governing bodies of taxing authorities are required to set the millage rate and assess all property at one hundred percent (100%) of its just value. Section 200.071, Florida Statutes, and Section 200.091, Florida Statutes, prohibit the millage for taxing authorities from being set by referendum, except as provided in the State Constitution.

Disposition of Tax Collections

Upon receipt, the monies representing debt service are to be credited to the Debt Service Fund, a special accounting fund created and maintained pursuant to the Ordinance. Debt service millage over and above millage limitations fixed by the State Constitution is authorized only for the payment of general obligation bonds (such as the Bonds), and any diversion of such tax collections to a purpose other than payment of the voted general obligation bonds would violate the State Constitution. Consistent with the above, the Ordinance provides that the proceeds of all such taxes levied for the payment of the principal of and interest on the Bonds shall be deposited by the City in the Debt Service Fund and used solely for the payment of principal and interest on the Bonds.

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Assessed Value and Property Tax Levies and Collection

The following three tables show the historical Assessed Value and Estimated Actual Value of Taxable Property, Property Tax Levies and Collections, and the Direct and Overlapping Property Tax Rates for the City.

City of Margate, Florida
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended September 30,	Real Property					Total		
	Tax Year	Residential Property	Commercial Property	Industrial Property	Other ⁽¹⁾	Less: Tax- Exempt Property	Taxable Assessed Value	Total Direct Rate
2006	2005	\$2,189,203	\$392,374	\$93,542	\$159,266	\$523,705	\$2,310,680	6.9503
2007	2006	2,640,658	435,027	104,678	190,798	558,165	2,812,996	6.7214
2008	2007	2,911,471	506,115	112,827	236,264	591,765	3,174,912	5.6997
2009	2008	2,855,449	520,489	132,605	248,250	904,798	2,851,995	6.9076
2010	2009	2,350,548	606,720	128,210	249,626	870,700	2,464,404	7.9335
2011	2010	1,837,455	569,867	112,032	248,199	821,675	1,945,878	7.9788
2012	2011	1,793,921	508,834	94,923	258,868	797,049	1,859,497	7.9892
2013	2012	1,817,033	510,425	95,243	248,543	782,366	1,888,878	7.7365
2014	2013	1,894,929	503,368	100,647	264,324	785,633	1,977,635	7.5593
2015	2014	2,015,025	509,434	106,087	275,250	792,233	2,113,563	7.3093

(1) "Other" value includes Agriculture, Institutional, Government and Miscellaneous.

Source: City of Margate, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2015.

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City of Margate, Florida
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount*	Percentage		Amount	Percentage of Levy
2006	\$17,079	\$16,981	99.4%	--	\$16,981	99.4%
2007	19,866	19,830	99.8	--	19,830	99.8
2008	18,892	18,881	99.9	--	18,881	99.9
2009	20,687	20,472	99.0	\$147	20,619	99.7
2010	20,647	19,598	94.9	61	19,659	95.2
2011	16,585	15,721	94.8	34	15,755	95.0
2012	15,900	15,334	96.4	(81)	15,253	95.9
2013	15,550	14,949	96.1	(134)	14,815	95.3
2014	15,902	15,241	95.8	179	15,420	97.0
2015	16,355	15,667	95.8	--	15,667	95.8

*Amounts are exclusive of discounts, interest and penalties.

Source: City of Margate, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2015.

City of Margate, Florida
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

Fiscal Year Ended September 30,	City of Margate			Overlapping Rates ⁽¹⁾						
	Operating Millage	Debt Service Millage ⁽²⁾	Total Direct Rate	Broward County School District	Broward County	South Florida Water Management District	Children Services Council	North Broward Hospital District	Florida Inland Navigational District	Total Direct & Overlapping Rates
2006	6.7611	0.1892	6.9503	8.0623	6.7830	0.6970	0.4231	2.1746	0.0385	25.1288
2007	6.5611	0.1603	6.7214	7.8687	6.0661	0.6970	0.4073	1.8317	0.0385	23.6307
2008	5.5591	0.1406	5.6997	7.6484	5.2868	0.6240	0.3572	1.6255	0.0345	21.2761
2009	6.7500	0.1576	6.9076	7.4170	5.3145	0.6240	0.3754	1.7059	0.0345	22.3789
2010	7.7500	0.1835	7.9335	7.4310	5.3889	0.6240	0.4243	1.7059	0.0345	23.5421
2011	7.7500	0.2288	7.9788	7.6310	5.5530	0.6240	0.4696	1.8750	0.0345	24.1659
2012	7.7500	0.2392	7.9892	7.4180	5.5530	0.4363	0.4789	1.8750	0.0345	23.7849
2013	7.5000	0.2365	7.7365	7.4560	5.5530	0.4289	0.4902	1.8564	0.0345	23.5555
2014	7.3300	0.2293	7.5593	7.4800	5.7230	0.4110	0.4882	1.7554	0.0345	23.4514
2015	6.2761	1.0332	7.3093	7.4380	5.7230	0.3842	0.4882	1.5939	0.0345	22.9711

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Margate.

(2) The City's basic property tax rate may be increased only by vote of the City Commissioners. Rates for debt service are set based on each year's requirement.

Source: City of Margate, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2015.

Principal Taxpayers

The following table shows the principal taxpayers located within the City for fiscal year ended September 30, 2015.

City of Margate, Florida
Principal Property Taxpayers
Located Within the City

Taxpayer	Fiscal Year 2014-2015		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
IMT Capital II Pinebrook Pointe LLC	\$46,911,537	1	2.22%
Northwest Regional Hospital Inc.	39,541,090	2	1.87
Morguard Blue Isle LLC	35,435,314	3	1.68
Florida Power & Light Company	34,377,876	4	1.63
LSREF3 Peppertree LLC	27,984,280	5	1.32
MHC Coral Cay Plantation LLC	27,690,000	6	1.31
Behringer Harvard Margate LLC	23,278,127	7	1.10
JM Auto Inc.	21,559,590	8	1.02
Fairfield Fairways Carolina LLC	20,750,180	9	0.98
Lakewood Retail LLC	20,216,710	10	0.96
Total	\$297,744,704		14.09%

Source: City of Margate, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2015.

CERTAIN FINANCIAL MATTERS

Certain matters relating to the City's Investment Policy, Risk Management, Other Post Employment Benefit Plan, and participation on the Florida Retirement System pension plan can be found in "APPENDIX A – City of Margate, Florida, General Information" and in "APPENDIX B – Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2015" attached hereto.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds to be received from the sale of the Bonds, together with other legally available funds of the City, are expected to be applied as follows:

SOURCES:

Par Amount of the Bonds	\$
Plus Net Original Issue Premium/Discount	
Other Legally Available Funds	
	\$
TOTAL SOURCES	

USES:

Redemption of Refunded Bonds	\$
Costs of Issuance ⁽¹⁾	
	\$
TOTAL USES	

⁽¹⁾ Includes legal and financial advisory fees and expenses, Purchaser's discount and other costs associated with the issuance of the Bonds.

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DEBT SERVICE SCHEDULE

The following table sets forth the annual debt service schedule for the Bonds:

Bond Year Ending July 1	Principal	Interest	Total Debt Service
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
TOTAL			

LEGAL MATTERS

Certain legal matters in connection with the issuance of the Bonds are subject to the approval of Bryant Miller Olive P.A., Miami, Florida, Bond Counsel, whose approving opinion will be available at the time of delivery of the Bonds. Certain legal matters will be passed upon for the City by Douglas M. Gonzalez, City Attorney, and by Bryant Miller Olive P.A., Tampa, Florida, Disclosure Counsel.

The proposed form of the opinion of Bond Counsel is set forth as "APPENDIX D – Form of Opinion of Bond Counsel" attached hereto and reference is made to such form of opinion for the complete text thereof. 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 Bond Counsel has reviewed or expresses any opinion concerning any of the matters referenced in such opinion subsequent to its date.

TAX MATTERS

General

The Code establishes certain requirements which must be met subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the Bonds to be included in federal gross income retroactive to the date of issuance of the 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 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 Ordinance with respect to the Bonds to comply with such requirements in order to maintain the exclusion from federal gross income of the interest on the Bonds.

In the opinion of Bond Counsel, assuming compliance with certain covenants, under existing laws, regulations, judicial decisions and rulings, interest on the Bonds is excluded from gross income for purposes of federal income taxation. Interest on the 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 Bonds may be subject to the federal alternative minimum tax when any 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 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 Bonds. Prospective purchasers of Bonds should be aware that the ownership of 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 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 Bonds; (iii) the inclusion of interest on 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 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 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, certificates of appropriate officers and certificates of public officials (including certifications as to the use of proceeds of the Bonds and of the property financed or refinanced thereby), without undertaking to verify the same by independent investigation.

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

Information Reporting and Backup Withholding

Interest paid on tax-exempt bonds, such as the 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 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 Bonds, under certain circumstances, to "backup withholding" at the rate specified in the Code with respect to payments on the Bonds and proceeds from the sale of Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Bonds. This withholding generally applies if the owner of 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 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 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 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 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 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 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 Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors as to the tax consequences of owning the 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 Bonds maturing on July 1 in the years 20__ through and including 20__ (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 excludable from gross income for federal income tax purposes equal to the original issue discount accruing during the period he or she holds the Discount Bonds, and will increase his or her adjusted basis in the Discount Bonds by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or disposition of the Discount Bonds. The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of the Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those above. Holders 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 Bonds maturing on July 1 in the years 20__ through and including 20__ (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. Holders 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.

FINANCIAL ADVISOR

Public Financial Management, Inc. is employed as Financial Advisor to the City in connection with the issuance of the Bonds, is an SEC registered municipal advisor and is not engaged in the business of underwriting, marketing or trading of municipal securities or any other negotiable instruments. 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 in this Official Statement.

LITIGATION

There is no pending or, to the knowledge of the City, any threatened litigation against the City which in any way questions or affects the validity of the Bonds, or any proceedings or transactions relating to their issuance, sale or delivery, or the enactment of the Ordinance, or which may materially adversely affect the imposition, collection and pledge of ad valorem taxes of the City. Neither the creation, organization or existence, nor the title of the present members of the City Commission, or other officers of the City is being contested.

The City experiences routine litigation and claims incidental to the conduct of its affairs. In the opinion of the City Attorney, except as described above, there are no actions presently pending or to the knowledge of the City threatened, the adverse outcome of which would have a material adverse effect on the financial condition of the City. From time to time, the City is party to other various legal proceedings which individually are not expected to have a material impact thereon. However, in the opinion of the City Attorney, the City and/or its insurance carrier will either successfully defend such actions or otherwise resolve such matters without experiencing a material adverse effect on the financial condition of the City.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the Bondholders to provide certain financial information and operating data relating to the City and the Bonds in each year, and to provide notices of the occurrence of certain enumerated material events. The City has agreed to file annual financial information and operating data and the audited financial statements with each entity authorized and approved by the SEC to act as a repository (each a "Repository") for purposes of complying with Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934 (the "Rule") either itself or through its dissemination agent. Effective July 1, 2009, the sole Repository is the Municipal Securities Rulemaking Board. The City has agreed to file notices of certain enumerated events, when and if they occur, with the Repository either itself or through its dissemination agent.

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 Certificate" attached hereto. The Continuing Disclosure Certificate shall be executed by the City upon the issuance of the Bonds. These covenants have been made in order to assist the Underwriters in complying with the continuing disclosure requirements of the Rule.

With respect to the 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.

In 2013, the City inadvertently failed to file a rating change regarding the insured rating on the Series 2007 Bonds which are insured by Financial Security Assurance Inc., which failure has been cured. The City fully anticipates satisfying all future obligations required pursuant to the Rule.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Section 517.051, Florida Statutes, and the regulations promulgated thereunder, require that the City make full and fair disclosure of any bonds or other debt obligations of such entities that have been in default as to payment of principal or interest at any time after December 31, 1975. The City is not and has not, since December 31, 1975, been in default as to payment of principal and interest on its bonds or other debt obligations.

Although the City is not aware of any defaults with respect to bonds or other debt obligations as to which it has served only as a conduit issuer, it has not undertaken an independent review or investigation of such bonds or other obligations. The City does not believe that any information about any default would be considered material by a reasonable investor in the Bonds because the City was not liable to pay the principal of or interest on any such bonds except from payments made to it by the private companies on whose behalf such bonds were issued and no funds of the City were pledged to pay such bonds or the interest thereon.

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 Bonds. Payment of the fees of such professionals and an underwriting discount to the Purchaser (hereafter defined) are contingent upon the issuance of the Bonds.

RATING

Standard & Poor's Ratings Services ("S&P") has assigned a rating of "AA" to the Bonds. Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from S&P. There is no assurance that the rating will be in effect for any given period of time or that it will not be revised downward, suspended or withdrawn entirely by S&P if in its judgment, circumstances so warrant. Any such downward revision, suspension or withdrawal of the rating given the Bonds may have an adverse effect on the liquidity or market price of the Bonds. An

explanation of the significance of the rating can be received from S&P, at the following address: Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041.

COMPETITIVE SALE

The Bonds are being purchased at competitive sale by _____, (the "Purchaser") at a purchase price equal to \$_____ (taking into account net original issue premium on the Bonds of \$_____ and a Purchaser's discount/discount of \$_____). The Purchaser's obligations are subject to certain conditions precedent described in the Official Notice of Sale, and it will be obligated to purchase all of the Bonds if any Bonds are purchased. The yields shown on the inside cover page of this Official Statement were furnished by the Purchaser. All other information concerning the nature and terms of any re-offering should be obtained from the Purchaser and not the City.

FINANCIAL STATEMENTS

The financial statements included in the Comprehensive Annual Financial Report of the City, for the fiscal year ended September 30, 2015, included in this Official Statement as APPENDIX B, have been audited by GLSC & Company, PLLC, Miami, Florida, independent certified public accountants, auditors for the City (the "Auditor"). Such statements speak only as of September 30, 2015. The audited financial statements of the City have been included herein as a publicly available document. Consent of the Auditor was not requested, and the Auditor was not requested nor did it perform any procedures with respect to the preparation of the Official Statement or the information presented herein.

In its findings, the Auditor has noted that due to improper controls and monitoring by the City with respect to grant applicant files, certain grant expenditures were not properly recorded within their respective fund balances and/or may not have been applied in accordance with grant agreements. Such findings, and management's responses thereto, are included in Schedule of Findings & Questioned Costs – Federal Awards, Part C - Major Federal Awards Audit, included in "APPENDIX B – City of Margate, Florida Comprehensive Annual Financial Report for Fiscal Year ended September 30, 2015" attached hereto. A police investigation regarding the grants program is currently ongoing and a forensic audit regarding application of grant funding has commenced. At this time, the City cannot determine what, if any, financial obligation to the City will result from the investigation. However, the outcome will not adversely affect the ability of the City to pay debt service on the Bonds. See "SECURITY FOR THE BONDS" herein.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Bonds upon an Event of Default under the 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 Title 11 of the United States Code, the remedies specified by the Federal Bankruptcy Code, the Ordinance, the Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving opinion) will be

qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery.

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 Bonds, the security for the payment of the Bonds and the rights and obligations of the owners thereof and to each such statute, report or instrument.

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 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 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 such certification shall be made), as of its date and as of the date of delivery of the 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 MARGATE, FLORIDA

By: _____
Mayor

By: _____
City Manager

APPENDIX A

General Information Regarding the City of Margate, Florida

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY OF MARGATE, FLORIDA

General

The City was created as a municipal corporation by Chapter 30962, Laws of Florida, Acts of 1955, to be known as the Town of Margate. In 1961, the Town of Margate was incorporated as a City, and it is governed by its present charter which was adopted in 1979. The City is located on the southeast coast of Florida in the greater Fort Lauderdale metropolitan area of Broward County, Florida (the "County").

Government

The City is operated under the City Commission-City Manager form of government. Policy making and legislative authority are vested in the City Commission, which consists of a mayor, vice mayor and three commissioners. The City Commission is responsible for passing ordinances and resolutions, adopting the budget, appointing committees and hiring the City Manager, City Attorney and City Clerk. The City Commission is elected at large, by seat, on a nonpartisan basis. Commissioners are elected to four-year terms. Effective with terms beginning November, 2012, term limitations are three consecutive four-year terms. The mayor is elected annually by the members of the City Commission for a one-year term, not to exceed two years in succession.

Population

According to estimates of the U.S. Bureau of the Census, the City's population as of 2010 was 53,284 and exceeded over 55,000 in the year 2015.

City of Margate Demographic and Economic Statistics Last Ten Calendar Years

Calendar Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	School Enrollment	Broward County Unemployment Rate
2006	56,273	\$1,142,792	20,308	4,331	3.1%
2007	56,597	1,149,372	20,308	4,093	3.8
2008	53,053	1,077,400	20,308	4,023	6.1
2009	53,207	1,080,528	20,308	3,893	9.8
2010	53,369	1,083,818	20,308	3,922	10.6
2011	53,714	1,271,303	23,668	3,920	9.3
2012	55,116	1,304,485	23,668	4,048	7.5
2013	55,245	1,226,936	22,209	3,759	5.6
2014	55,417	1,197,783	21,614	3,957	5.2
2015	55,851	1,240,283	22,207	3,165	4.9

Source: Comprehensive Annual Financial Report of the City of Margate, Florida for Fiscal Year Ended September 30, 2015.

Principal Employers

The following table shows the principal taxpayers located within the City for fiscal year ended September 30, 2015.

City of Margate, Florida
Principal Employers
Located Within the City

Employer	Employees	Rank	Percentage of Total City Employment
Northwest Medical Center	954	1	3.14%
Global Response Corp	687	2	2.26
City of Margate, Florida	571	3	1.88
JM Lexus	450	4	1.48
Broward County Schools	412	5	1.36
Walmart	300	6	0.99
Nationwide Relocation Services	200	7	0.66
Penn Dutch	175	8	0.58
Autonation	148	9	0.49
Publix	<u>135</u>	10	<u>0.44</u>
Total	<u>4,032</u>		<u>13.28%</u>

Source: Comprehensive Annual Financial Report of the City of Margate, Florida for Fiscal Year Ended September 30, 2015.

FRS Pension Plan

The information relating to the Florida Retirement System ("FRS") contained herein has been obtained from the FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Reports available at www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports and the Florida Comprehensive Annual Financial Reports available at www.myfloridacfo.com/division/aa/Reports/. No representation is made by the City as to the accuracy or adequacy of such information or that there has not been any material adverse change in such information subsequent to the date of such information.

Membership. FRS membership is compulsory for all employees filling a regularly established position in a state agency, county agency, state university, state community college, or district school board. Participation by cities, municipalities, special districts, charter schools, and metropolitan planning organizations, although optional, is generally irrevocable after election to participate is made. Members hired into certain positions may be eligible to withdraw from the FRS altogether or elect to participate in the non-integrated optional retirement programs in lieu of the FRS except faculty of a medical college in a state university who must participate in the State University System Optional Retirement Program.

There are five general classes of membership, as follows:

- *Regular Class* - Members of the FRS who do not qualify for membership in the other classes.

- *Senior Management Service Class (SMSC)* - Members in senior management level positions in state and local governments as well as assistant state attorneys, assistant statewide prosecutors, assistant public defenders, assistant attorneys general, deputy court administrators, and assistant capital collateral representatives. Members of the Elected Officers' Class may elect to withdraw from the FRS Pension Plan or participate in the SMSC in lieu of the Elected Officers' Class.
- *Special Risk Class* - Members who are employed as law enforcement officers, firefighters, firefighter trainers, fire prevention officers, state fixed-wing pilots for aerial firefighting surveillance, correctional officers, emergency medical technicians, paramedics, community-based correctional probation officers, youth custody officers (from July 1, 2001 through June 30, 2014), certain health-care related positions within state forensic or correctional facilities, or specified forensic employees of a medical examiner's office or a law enforcement agency, and meet the criteria to qualify for this class.
- *Special Risk Administrative Support Class* - Former Special Risk Class members who are transferred or reassigned to nonspecial risk law enforcement, firefighting, emergency medical care, or correctional administrative support positions within an FRS Pension Plan special risk-employing agency.
- *Elected Officers' Class (EOC)* - Members who are elected state and county officers and the elected officers of cities and special districts that choose to place their elected officials in this class.

Beginning July 1, 2001, through June 30, 2011, the FRS Pension Plan provided for vesting of benefits after six years of creditable service for members initially enrolled during this period. Members not actively working in a position covered by the FRS Pension Plan on July 1, 2001, must return to covered employment for up to one work year to be eligible to vest with less service than was required under the law in effect before July 1, 2001. Members initially enrolled on or after July 1, 2001, through June 30, 2011, vest after six years of service. Members initially enrolled on or after July 1, 2011, vest after eight years of creditable service. Members are eligible for normal retirement when they have met the requirements listed below. Early retirement may be taken any time after vesting within 20 years of normal retirement age; however, there is a 5% benefit reduction for each year prior to the normal retirement age.

- *Regular Class, Senior Management Service Class, and Elected Officers' Class Members* – For members initially enrolled in the FRS Pension Plan before July 1, 2011, six or more years of creditable service and age 62, or the age after completing six years of creditable service if after age 62. Thirty years of creditable service regardless of age before age 62. For members initially enrolled in the FRS Pension Plan on or after July 1, 2011, eight or more years of creditable service and age 65, or the age after completing eight years of creditable service if after age 65. Thirty-three years of creditable service regardless of age before age 65.

- *Special Risk Class and Special Risk Administrative Support Class Members* – For members initially enrolled in the FRS Pension Plan before July 1, 2011, six or more years of Special Risk Class service and age 55, or the age after completing six years of Special Risk Class service if after age 55. Twenty-five years of special risk service regardless of age before age 55. A total of 25 years of service including special

risk service and up to four years of active duty wartime service and age 52. Without six years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class. For members initially enrolled in the FRS Pension Plan on or after July 1, 2011, eight or more years of Special Risk Class service and age 60, or the age after completing eight years of Special Risk Class service if after age 60. Thirty years of special risk service regardless of age before age 60. Without eight years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class.

Benefits. Benefits under the FRS Pension Plan are computed on the basis of age, average final compensation, creditable years of service, and accrual value by membership class. Members are also eligible for in-line-of-duty or regular disability and survivors' benefits. Pension benefits of retirees and annuitants are increased each July 1 by a cost-of-living adjustment. If the member is initially enrolled in the FRS Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

The Deferred Retirement Option Program (DROP) became effective July 1, 1998, subject to provisions of Section 121.091(13), Florida Statutes. FRS Pension Plan members who reach normal retirement are eligible to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a maximum of 60 months. Authorized instructional personnel may participate in the DROP for up to 36 additional months beyond their initial 60-month participation period. Monthly retirement benefits remain in the FRS Trust Fund during DROP participation and accrue interest. As of June 30, 2015, the FRS Trust Fund projected \$3,119,220,735 in accumulated benefits and interest for 34,829 current and prior participants in the DROP.

Administration. The Department of Management Services, Division of Retirement administers the FRS Pension Plan. The State Board of Administration (the "SBA") invests the assets of the FRS Pension Plan held in the FRS Trust Fund. Costs of administering the FRS Pension Plan are funded from earnings on investments of the FRS Trust Fund. Reporting of the FRS Pension Plan is on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the obligation is incurred.

Contributions. All participating employers must comply with statutory contribution requirements. Section 121.031(3), Florida Statutes, requires an annual actuarial valuation of the FRS Pension Plan, which is provided to the Legislature as guidance for funding decisions. Employer and employee contribution rates are established in Section 121.71, Florida Statutes. Employer contribution rates under the uniform rate structure (a blending of both the FRS Pension Plan and Investment Plan rates) are recommended by the actuary but set by the Legislature. Statutes require that any unfunded actuarial liability ("UAL") be amortized within 30 plan years. Pursuant to Section 121.031(3)(f), Florida Statutes, any surplus amounts available to offset total retirement system costs are to be amortized over a 10-year rolling period on a level-dollar basis. The balance of legally required reserves for all defined benefit pension plans at June 30, 2015, was \$148,454,393,902. These funds were reserved to provide for total current and future benefits, refunds, and administration of the FRS Pension Plan.

Effective July 1, 2011, both employees and employers required to make contributions to establish service credit for work performed in a regularly established position. Effective July 1, 2002, the Florida Legislature established a uniform contribution rate system for the FRS, covering both the FRS Pension Plan and the FRS Investment Plan. The uniform rates for State Fiscal Year 2014-15 are as follows:

Membership Class	Employee Contribution Rate	Employer Contribution Rate ⁽¹⁾	Total Contribution Rate
Regular	3.00%	6.07%	9.07%
Special Risk	3.00	18.52	21.52
Special Risk Administrative Support	3.00	40.77	43.77
Elected Officers – Judges	3.00	31.87	34.87
Elected Officers - Legislators/Attorneys/Cabinet	3.00	44.96	47.96
Elected Officers - County	3.00	41.94	44.94
Senior Management Service	3.00	19.84	22.84
Deferred Retirement Option Program	N/A	11.02	11.02

(1) These rates include the normal cost and unfunded actuarial liability contributions but do not include the 1.26% contribution for the HIS and the fee of 0.04% for administration of the FRS Investment Plan and provision of educational tools for both plans.

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2015.

Pension Amounts for the FRS Pension Plan.

Schedule of Changes in Net Pension Liability and Related Ratios⁽¹⁾
(in thousands)

Total Pension Liability	June 30, 2014	June 30, 2015
Service cost	\$2,256,738	\$2,114,047
Interest on total pension liability	11,489,921	11,721,563
Effect of plan changes	0	0
Effect of economic/demographic (gains) or losses	(448,818)	1,620,863
Effect of assumption changes or inputs	1,256,045	0
Benefit payments	(8,714,251)	(10,201,501)
Net change in total pension liability	5,839,635	5,254,972
 Total pension liability, beginning	 150,276,128	 156,115,763
Total pension liability, ending (a)	\$156,115,763	\$161,370,735
 Fiduciary Net Position		
Employer contributions	\$2,190,424	\$2,438,085
Member contributions	682,507	698,304
Investment income net of investment expenses	22,812,286	5,523,287
Benefit payments	(8,714,250)	(10,201,500)
Administrative expenses	(18,352)	(18,074)
Net change in plan fiduciary net position	16,952,615	(1,559,898)
 Fiduciary net position, beginning	 133,061,677	 150,014,292
Fiduciary net position, ending (b)	\$150,014,292	\$148,454,394
 Net pension liability, ending = (a) – (b)	 \$6,101,471	 \$12,916,341
 Fiduciary net position as a % of total pension liability	 96.09%	 92.00%
 Covered payroll ⁽²⁾	 \$24,723,565	 \$32,726,034
 Net pension liability as a % of covered payroll	 24.68%	 39.47%

⁽¹⁾ This schedule will fill in to a ten-year schedule as results for new fiscal years are calculated.

⁽²⁾ For June 30, 2014, covered payroll shown includes defined benefit plan actives and members in DROP, but excludes the payroll for FRS Invest Plan members and payroll on which only UAL rates are charged. For June 30, 2015, and later, covered payroll shown includes the payroll for FRS Investment Plan members and payroll on which only UAL rates are charged.

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2015.

Actuarial Methods and Assumptions for the FRS Pension Plan. The total pension liability was determined by an actuarial valuation as of the valuation date of July 1, 2015, calculated based on the discount rate and actuarial assumptions below:

	June 30, 2014	June 30, 2015
Discount rate	7.65%	7.65%
Long-term expected rate of return, net of investment expense	7.65%	7.65%
Bond Buyer General Obligation 20-Bond Municipal Bond Index	N/A	N/A

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2015.

The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees in the determining the projected depletion date. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

The actuarial assumptions used to determine the total pension liability as of June 30, 2015, were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013.

Valuation Date	July 1, 2015
Measurement Date	June 30, 2015
Asset Valuation Method	Fair Market Value
Inflation	2.60%
Salary increase including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Individual Entry Age Normal

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2015.

Sensitivity Analysis for the FRS Pension Plan. The following presents the net pension liability of the FRS, calculated using the discount rate of 7.65%, as well as what the FRS's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.65%) or one percentage point higher (8.65%) than the current rate.

	1% Decrease 6.65%	Current Discount Rate 7.65%	1% Increase 8.65%
Total pension liability	\$181,923,555,126	\$161,370,735,088	\$144,267,412,898
Fiduciary net position	148,454,393,902	148,454,393,902	148,454,393,902
Net pension liability	\$33,469,161,224	\$12,916,341,186	\$4,186,981,004)

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2015.

Retiree Health Insurance Subsidy

The Retiree Health Insurance Subsidy ("HIS") Program is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Department of Management Services. For the fiscal year ended June 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

The HIS Program is funded by required contributions from FRS participating employers as set by the Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2015, the contribution rate was 1.26% of payroll pursuant to Section 112.363, F.S. The state contributed 100% of its statutorily required contributions for the current and preceding two years. HIS contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, the legislature may reduce or cancel HIS payments.

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Pension Amounts for the HIS.

Schedule of Changes in Net Pension Liability and Related Ratios⁽¹⁾
(in thousands)

Total Pension Liability	June 30, 2014	June 30, 2015
Service cost	\$190,371	\$217,519
Interest on total pension liability	409,907	405,441
Effect of plan changes	0	0
Effect of economic/demographic (gains) or losses	0	0
Effect of assumption changes or inputs	386,383	607,698
Benefit payments	(407,276)	(425,086)
Net change in total pension liability	579,385	805,572
 Total pension liability, beginning	 8,864,244	 9,443,629
Total pension liability, ending (a)	\$9,443,629	\$10,249,201
 Fiduciary Net Position		
Employer contributions	\$342,566	\$382,454
Member contributions	0	0
Investment income net of investment expenses	219	208
Benefit payments	(407,275)	(425,085)
Administrative expenses	(54)	(188)
Net change in plan fiduciary net position	(64,544)	(42,611)
 Fiduciary net position, beginning	 157,929	 93,385
Fiduciary net position, ending (b)	93,385	50,774
 Net pension liability, ending = (a) – (b)	 \$9,350,244	 10,198,427
 Fiduciary net position as a % of total pension liability	 0.99%	 0.50%
 Covered payroll	 29,676,340	 30,340,449
 Net pension liability as a % of covered payroll	 31.51%	 33.61%

(1) This schedule will fill in to a ten-year schedule as results for new fiscal years are calculated.

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2015.

Actuarial Methods and Assumptions for the HIS. The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and then was projected to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 67. The same demographic and economic assumptions that were used in the Florida Retirement System Actuarial Valuation as of July 1, 2014 ("funding valuation") were used for the HIS program, unless otherwise noted. In a given membership

class and tier, the same assumptions for both FRS Investment Plan members and for FRS Pension Plan members were used.

	June 30, 2014	June 30, 2015
Discount rate	4.29%	3.80%
Long-term expected rate of return, net of investment expense	N/A	N/A
Bond Buyer General Obligation 20-Bond Municipal Bond Index	4.29%	3.80%

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2015.

In general, the discount rate for calculating the total pension liability under GASB 67 is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. In September 2014, the Actuarial Assumptions Conference adopted the Bond Buyer General Obligation 20-Bond Municipal Bond Index as the applicable municipal bond index. The discount rate used in the 2014 valuation was updated from 4.29% to 3.80%, reflecting the change in the Bond Buyer General Obligation 20- Bond Municipal Bond Index as of June 30, 2015.

The actuarial assumptions used to determine the total pension liability as of June 30, 2015, were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013.

Valuation Date	July 1, 2014
Measurement Date	June 30, 2015
Asset Valuation Method	Fair Market Value
Discount rate (municipal bond rate)	3.80%
Inflation	2.60%
Salary increase including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Individual Entry Age

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2015.

Sensitivity Analysis for the HIS. The following presents the net pension liability of the HIS, calculated using the discount rate of 3.80%, as well as what the HIS's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.80%) or one percentage point higher (4.80%) than the current rate.

	1% Decrease 2.80%	Current Discount Rate 3.80%	1% Increase 4.80%
Total pension liability	\$11,671,407,115	\$10,249,201,290	\$9,063,295,120
Fiduciary net position	50,774,315	50,774,315	50,774,315
Net pension liability	\$11,620,632,800	\$10,198,426,975	\$9,012,520,805

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2015.

City's Proportionate Share of Net Pension Liability

The City reported a liability of \$33,521,567 for its proportionate share of the net pension liability for the FRS Pension Plan and the HIS Program. The detail of proportion shares are as follows:

FRS Pension Plan:

Employer Contribution for Pension Plan Funding for Prior Period	Proportion at Prior Measurement Date	Employer Contribution for Pension Plan Funding for Current Period	Proportion at Current Measurement Date	Employer Proportionate Share of Net Pension Liability/Asset at Prior Measurement Date	Employer Proportionate Share of Net Pension Liability/Asset at Measurement Date
\$3,866,427	0.176514976%	\$4,186,317	0.171705136%	\$10,770,009	\$22,178,021

HIS Program:

Employer Contribution for Pension Plan Funding for Prior Period	Proportion at Prior Measurement Date	Employer Contribution for Pension Plan Funding for Current Period	Proportion at Current Measurement Date	Employer Proportionate Share of Net Pension Liability/Asset at Prior Measurement Date	Employer Proportionate Share of Net Pension Liability/Asset at Measurement Date
\$389,493	0.113698628%	\$425,184	0.111228388%	\$10,631,099	\$11,343,546

City's Contribution Requirements

Contributions to the FRS Pension Plan are made by the City as a percentage of covered payrolls. Effective July 1, 2012, State law instituted a requirement that employees in all classes make a contribution to the FRS of 3.00% of their covered payroll, in addition to the employer's contribution. The required contribution rates in effect at the end of Fiscal Year ended September 30, 2015 for the City were 7.26% for regular class employees, 21.43% for senior management service class employees, 22.04% for special risk class employees, and 42.27% for elected officers' class. Additionally, the City is required to contribute 12.88% for all DROP participants. These rates include the normal cost and unfunded actuarial liability contributions, the 1.26 percent contribution for the Retiree Health Insurance Subsidy and the fee of 0.04 percent for administration of the FRS Investment Plan and provision of educational tools for both plans.

The contribution requirements of covered payroll and actual contributions made by the City for Fiscal Years ended September 30, 2015, 2014 and 2013 were as follows:

	<u>FY 2015</u>	<u>FY 2014</u>	<u>FY 2013</u>
Contributions requirements	\$5,121,877	\$4,794,850	\$4,034,044
Employer	921,776	908,508	916,086
Employee	\$6,043,663	\$5,703,358	\$4,950,130
Contributions made (100%)	\$6,043,663	\$5,703,358	\$4,950,130
Total covered payroll	\$34,229,976	\$33,593,442	\$34,378,623
Percent of contributions to total covered payroll	17.66%	16.98%	14.40%

The pension expense recognized during Fiscal Year ended September 30, 2015 was \$5,905,647.

Other Post-employment Benefits

The City offers other post employment benefits (“OPEB”) to retiring employees, including a one-time opportunity to participate in the City’s employee group health and life insurance program pursuant to Section 112.081, Florida Statutes. This required participation of retirees and their eligible dependents in the health and life insurance program of the City is at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. A retiring member who rejects this initial opportunity to continue to participate in the health and life insurance program will not be entitled to another opportunity to renew participation at any time in the future. The coverage provided under this program is supplemental and/or secondary to coverage under any and all other health insurance plans or programs that are provided to or carried by the retiring member from any other source. As of September 30, 2015, there were 77 participants receiving these post-employment benefits. The City has no formal plan and it does not issue separate financial statements for its post-employment health and life insurance benefit program.

The City currently pays for post employment healthcare and life insurance benefits program on a pay-as-you go basis. As of September 30, 2015, the City has not established a trust fund to irrevocably segregate assets to fund the liability associated with the post employment benefits, which would require the reporting of a trust fund in accordance with GASB requirements. The contribution requirements are provided for in the collective bargaining agreements negotiated with various unions representing the employees. The monthly health insurance premium rate for retirees for fiscal year 2015 ranged from \$491 to \$618 for single coverage and from \$635 to \$650 for family coverage. Life insurance coverage for retiree and spouse is 100% retiree paid.

The City’s annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement Nos. 43 and 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability (or funding excess) over a period not to exceed thirty years. The City’s annual OPEB cost, the estimated amount contributed to the plan, and the changes in the City’s estimated net OPEB obligation for the year ended September 30, 2015 were as follows:

Annual required contribution	\$3,223,258
Interest on net OPEB obligation	462,229
Adjustment to annual required contribution	<u>(592,602)</u>
Annual OPEB cost	3,092,885
Estimated employer contribution	<u>(1,061,420)</u>
Change in net OPEB obligation	2,031,465
Estimated net OPEB obligation, beginning of year	<u>15,407,643</u>
Estimated net OPEB obligation, end of year	<u>\$17,439,108</u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net obligation for fiscal year ended September 30, 2015 and two preceding years are presented below:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	OPEB Cost Contributed	OPEB Obligation
2013	\$3,286,761	\$1,025,885	31%	\$13,051,657
2014	3,446,552	1,090,566	32%	15,407,643
2015	3,092,885	1,061,420	34%	17,439,108

Funded Status and Funding Progress

The schedule of funding progress, shown below, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Schedule of Funding Progress

Actual Valuation Date	Actuarial Value Of Assests (AVA)	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as % Of Covered Payroll
10/1/2010	--	\$34,674,392	\$34,674,392	0	N/A	N/A
10/1/2012	--	37,158,655	37,158,655	0	\$28,131,491	132.09%
10/1/2014	--	37,695,721	37,695,721	0	29,486,716	127.84

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funding status of benefits and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Following are the actuarial methods and significant actuarial assumptions used to determine the annual required contributions for the fiscal year ended September 30, 2015:

Measurement date:	October 1, 2014
Actuarial cost method:	Entry age
Amortization method:	Level percent, closed
Remaining amortization period:	26 years
Asset valuation method:	Unfunded
Investment rate of return:	3.0%
Projected salary increases:	4.5% - 8.73%
Payroll growth rate:	3%
Inflation rate:	2.25%
Healthcare cost trend rate:	7.1% first year; -6.4% second year; 6.5% third year; 4.66% ultimate per capita cost trend; 26 years until ultimate trend; trend rates expected to reach ultimate levels of 4.66% in 2040.

Investment Policy

The City's Investment Policy, adopted on December 17, 2014 (the "Investment Policy"), applies to all cash and investments held or controlled by the City with the exception of the City's funds related to the issuance of debt where there are other existing policies or indentures in effect for such funds. Additionally, this policy does not apply to funds not under investment control of the City, such as the pension funds in the Florida Retirement System.

The portfolios are to be managed in such a manner that funds are available to meet reasonably anticipated cash flow requirements in an orderly manner. The responsibility for providing oversight in regards to the management of the investment program resides with the Finance Director, under the

direction of the City Manager, and the Finance Director is responsible for the investment of operating funds, operating reserves funds, and bond proceeds.

The Finance Director or designee and/or the City's Investment Manager may only purchase securities from Qualified Financial Institutions and investment institutions that are designated as Primary Securities Dealers by the Federal Reserve Bank of New York.

Securities purchased by or on behalf of the City must have a final maturity of seven (7) years or less from the date of purchase. The overall weighted average duration of principal return for the entire portfolio may be less than three (3) years. The maturities of the underlying securities of a repurchase agreement are required to follow the requirements of the Master Repurchase Agreement.

The Finance Director or designee is required to determine the approximate amount of funds required to meet the day-to-day expenditure needs of the City. In order to have an available source of funds to meet unexpected cash requirements funds equating to 60 days of operating expenses for the City must be invested in highly liquid investments and/or readily marketable securities.

The following are the current investment requirements and allocation limits on security types, issuers, and maturities (for funds not derived from debt). Investments not listed in the Investment Policy are prohibited.

A. THE FLORIDA LOCAL GOVERNMENT SURPLUS FUNDS TRUST FUND ("FLORIDA PRIME")

1. Purchase Authorization
Florida Local Government Surplus Funds Trust Fund
2. Portfolio Composition
A maximum of 25% of available funds may be invested in Florida PRIME.

B. UNITED STATES GOVERNMENT SECURITIES

1. Purchase Authorization
Negotiable direct obligations, or obligations the principal and interest of which are unconditionally guaranteed by the United States Government. Such securities will include, but not be limited to the following:
 - Cash Management Bills
 - Treasury Securities – State and Local Government Series ("SLGS")
 - Treasury Bills
 - Treasury Notes
 - Treasury Bonds
 - Treasury Strips
2. Portfolio Composition
A maximum of 100% of available funds may be invested in the United States Government Securities with the exception of Treasury Strips which are limited to 10% of available funds.
3. Maturity Limitations

The maximum length to maturity of any direct investment in the United States Government Securities is seven (7) years from the date of purchase.

C. UNITED STATES GOVERNMENT AGENCIES

1. Purchase Authorization

Bonds, debentures, notes or callables issued or guaranteed by the United States Governments agencies, provided such obligations are backed by the full faith and credit of the United States Government. This includes adjustable and fixed rate mortgage-backed securities. The adjustable interest rate securities are to only adjust to the US treasury indices. Such securities will include, but not be limited to the following:

United States Export – Import Bank

-Direct obligations or fully guaranteed certificates of beneficial ownership

Farmer Home Administration

-Certificates of beneficial ownership

Federal Financing Bank

-Discount notes, notes and bonds

Federal Housing Administration Debentures

Government National Mortgage Association (GNMA)

-GNMA guaranteed mortgage-backed bonds

-GNMA guaranteed pass-through obligations

General Services Administration

United States Maritime Administration Guaranteed

-Title XI Financing

New Communities Debentures

-United States Government guaranteed debentures

United States Public Housing Notes and Bonds

-United States Government guaranteed public housing notes and bonds

United States Department of Housing and Urban Development

-Project notes and local authority bonds

2. Portfolio Composition

A maximum of 50% of available funds may be invested in United States Government agencies.

3. Limits on Individual Issuers

A maximum of 10% of available funds may be invested in individual United States Government agencies.

4. Maturity Limitations

The maximum length to maturity for an investment in any United States Government agency security is five (5) years from the date of purchase.

D. FEDERAL INSTRUMENTALITIES (UNITED STATES SPONSORED AGENCIES)

1. Purchase Authorization

Bonds, debentures, notes or callables issued or guaranteed by United States Government sponsored agencies (Federal Instrumentalities), which are non-full faith and credit agencies. This includes adjustable and fixed rate mortgage-backed securities. Sub-prime, Alt-A and other non-first lien mortgage securities are prohibited. Permitted adjustable interest rate securities are to only adjust to the US treasury indices. These are limited to the following:

Federal Farm Credit Bank (FFCB)
Federal Home Loan Bank or its City banks (FHLB)
Federal National Mortgage Association (FNMA)
Federal Home Loan Mortgage Corporation (Freddie-Macs) including
Federal Home Loan Mortgage Corporation participation certificates

2. Portfolio Composition

A maximum of 80% of available funds may be invested in Federal Instrumentalities.

3. Limits on Individual Issuers

A maximum of 25% of available funds may be invested in any one issuer.

4. Maturity Limitations

The maximum length to maturity for an investment in any Federal Instrumentality security is seven (7) years from the date of purchase. Mortgage backed securities will have average duration not greater than five (5) years.

E. INTEREST BEARING TIME DEPOSIT OR SAVING ACCOUNTS

1. Purchase Authorization

Non-negotiable interest bearing time certificates of deposit or savings accounts in banks organized under the laws of this state and/or in national banks organized under the laws of the United States and doing business and situated in the State of Florida, provided that any such deposits are secured by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes. Additionally, the bank shall not be listed with any recognized credit watch information service.

2. Portfolio Composition

A maximum of 10% of available funds may be invested in non-negotiable interest bearing time certificates of deposit.

3. Limits on Individual Issuers

A maximum of 10% of available funds may be deposited with any one issuer.

4. Limits on Maturities

The maximum maturity on any certificate shall be no greater than two (2) year from the date of purchase.

F. REPURCHASE AGREEMENTS

1. Purchase Authorization

- a. Repurchase agreements composed of only those investments authorized in Section XII. B, C, and D. All firms are required to sign the City's Master Repurchase Agreement prior to the execution of a repurchase agreement transaction.
- b. A third party custodian with whom the City has a current custodial agreement shall hold the collateral for all repurchase agreements with a term longer than one (1) business day. A clearly marked receipt that shows evidence of ownership must be supplied to the Finance Director or designee and retained.
- c. Securities authorized for collateral must have maturities under five (5) years and with market value for the principal and accrued interest of 102 percent of the value and for the term of the repurchase agreement. Immaterial short-term deviations from 102 percent requirement are permissible only upon the approval of the Finance Director or designee and/or the City's Investment Manager.
- d. The overnight sweep arrangement shall adhere to the agreement between the City and the City's depository bank.

2. Portfolio Composition

A maximum of 20% of available funds may be invested in repurchase agreements excluding one (1)-business day agreements and overnight sweep agreements.

3. Limits on Individual Issuers

A maximum of 5% of available funds may be invested with any one institution excluding one (1)-business day agreements and overnight sweep agreements.

4. Limits on Maturities

The maximum length to maturity of any repurchase agreement is 90 days from the date of purchase.

G. COMMERCIAL PAPER

1. Purchase Authorization

Commercial paper of any United States company that is rated, at the time of purchase, "Prime-1" by Moody's and "A-1" by Standard & Poor's (prime commercial paper). If the commercial paper is backed by a letter of credit ("LOC"), the long-term debt of the LOC provider must be rated "A" or better by at least two nationally recognized rating agencies.

2. Portfolio Composition

A maximum of 25% of available funds may be directly invested in prime commercial paper.

3. Limits on Individual Sectors

A maximum of 10% of available funds may be invested with any one sector.

4. Limits on Individual Issuers
A maximum of 2% of available funds may be invested with any one issuer.
5. Maturity Limitations
The maximum length to maturity for prime commercial paper shall be 270 days from the date of purchase.

H. CORPORATE NOTES

1. Purchase Authorization
Corporate notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States that have a long term debt rating, at the time of purchase, from at least two of the following rating agencies with minimum ratings as follows: Moody's – "A", Standard & Poor's – "A", or Fitch – "A".
2. Portfolio Composition
A maximum of 25% of available funds may be directly invested in corporate notes.
3. Limits on Individual Sectors
A maximum of 10% of available funds may be invested with any one sector.
4. Limits on Individual Issuers
A maximum of 2% of available funds may be invested with any one issuer.
5. Maturity Limitations
The maximum length to maturity for corporate notes shall be (5) five years from the date of purchase.

I. ASSET BACKED SECURITIES (ABS)

1. Purchase Authorization
Invest in Asset Backed Securities (ABS) issued by corporations organized and operating within the United States or by depository institutions licensed by the United States that have a long term debt rating, at the time of purchase, AAA or the equivalent by two NRSRO's.
2. Portfolio Composition
A maximum of 10% of available funds may be directly invested in ABS.
3. Limits on Individual Sectors
A maximum of 5% of available funds may be directly invested in ABS of any one industry sub-sector as defined by Bloomberg Industry Groups.
4. Limits on Individual Issuers
A maximum of 2% of available funds may be invested with any one issuer.
5. Maturity Limitations

The maximum length to maturity for ABS shall be (5) five years from the date of purchase.

J. BANKERS' ACCEPTANCES

1. Purchase Authorization

Bankers' acceptances issued by a domestic bank or a federally chartered domestic office of a foreign bank, which are eligible for purchase by the Federal Reserve System, at the time of purchase, the short-term paper is rated, at a minimum, "P-1" by Moody's Investors Services and "A-1" Standard & Poor's.

2. Portfolio Composition

A maximum of 15% of available funds may be directly invested in Bankers' acceptances

3. Limits on Individual Issuers

A maximum of 5% of available funds may be invested with any one issuer.

4. Maturity Limitations

The maximum length to maturity for Bankers' acceptances shall be 180 days from the date of purchase.

K. STATE AND/OR LOCAL GOVERNMENT TAXABLE AND/OR TAX-EXEMPT DEBT

1. Purchase Authorization

State and/or local government taxable and/or tax-exempt debt, general obligation and/or revenue bonds, rated at least "A" by Moody's and "A3" by Standard & Poor's for long-term debt, or rated at least "MIG-2" by Moody's and "SP-2" by Standard & Poor's for short-term debt.

2. Portfolio Composition

A maximum of 25% of available funds may be invested in taxable and tax-exempt General Obligation bonds.

A maximum of 10% of available funds may be invested in taxable and tax-exempt Revenue and Excise tax bonds of the various municipalities of the State of Florida, provided none of such securities have been in default within five (5) years prior to the date of purchase.

3. Maturity Limitations

A maximum length to maturity for an investment in any state or local government debt security is five (5) years from the date of purchase.

L. REGISTERED INVESTMENT COMPANIES (MONEY MARKET MUTUAL FUNDS)

1. Investment Authorization

Shares in open-end, no-load provided such funds are registered under the Federal Investment Company Act of 1940 and operate in accordance with 17 C.F.R. § 270.2a-7, which stipulates that money market funds must have an

average weighted maturity of 90 days or less. In addition, the share value of the money market funds must equal to \$1.00.

2. Portfolio Composition

A maximum of 35% of available funds may be invested in money market funds.

3. Limits of Individual Issuers

A maximum of 15% of available funds may be invested with any one money market fund.

4. Rating Requirements

The money market funds shall be rated “AAAm” or “AAAm-G” or better by Standard & Poor’s, or the equivalent by another rating agency.

5. Due Diligence Requirements

A thorough review of any money market fund is required prior to investing, and on a continual basis. There shall be a questionnaire developed by the Finance Director or designee and/or the City’s Investment Advisor/s that will contain a list of questions that covers the major aspects of any investment pool/fund.

M. INTERGOVERNMENTAL INVESTMENT POOL

1. Investment Authorization

Intergovernmental investment pools that are authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01, Florida Statutes and provided that said funds contain no derivatives.

2. Portfolio Composition

A maximum of 25% of available funds may be invested in intergovernmental investment pools.

3. Due Diligence Requirements

A thorough review of any investment pool/fund is required prior to investing, and on a continual basis. There shall be a questionnaire developed by the Finance Director or designee and/or the City’s Investment Manager that will contain a list of questions that covers the major aspects of any investment pool/fund.

The City may not invest in investment products that include the use of derivatives. A “derivative” is defined as a financial instrument the value of which depends on, or is derived from, the value of one or more underlying assets or indices or asset values. Reverse repurchase agreements are also not permitted by the Investment Policy.

Risk Management

The City is exposed to risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; illness of and injuries to employees; and natural disasters.

The self-insurance fund is accounted for as an internal service fund in which assets are set aside for claim settlements. All self-funded insurance program premiums are charged to the General Fund,

the Stormwater and Water/Wastewater Funds, as applicable. The total charge allocated to each fund is determined by trending actual claims experience. Funding for expenses incurred from unexpected and unusual claims are accounted for through a reserve established for such purposes.

The City has not had a significant reduction in insurance coverage. For each of the past three years, major categories of risk, and settled claims have not exceeded the City's retention and excess coverage in force.

APPENDIX B

Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2015

APPENDIX C

Form of the Ordinance

APPENDIX D

Form of Bond Counsel Opinion

APPENDIX E

Form of Continuing Disclosure Certificate

EXHIBIT "C"

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Margate, Florida (the "City") in connection with the issuance of its \$_____ General Obligation Refunding Bonds, Series 2016 (the "Bonds"). The Bonds are being issued pursuant to Ordinance No. 2016-__ enacted by the City Commission of the City (the "Commission") on _____, 2016, (the "Ordinance").

SECTION 1. PURPOSE OF THE DISCLOSURE CERTIFICATE. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and Beneficial Owners (defined below) of the Bonds and in order to assist the Participating Underwriters in complying with the continuing disclosure requirements of the Rule (defined below).

SECTION 2. DEFINITIONS. In addition to the definitions set forth in the Ordinance which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined herein, 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 Certificate.

"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 Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean the City, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access web portal of the MSRB, located at <http://www.emma.msrb.org>.

"Event of Bankruptcy" shall be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governing authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing 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 Obligated Person.

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Obligated Person" shall mean any person, including the City, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity or credit facilities).

"Participating Underwriters" shall mean the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each entity authorized and approved by the Securities and Exchange Commission from time to time to act as a repository for purposes of complying with the Rule. As of the date hereof, the Repository recognized by the Securities and Exchange Commission for such purpose is the MSRB, which currently accepts continuing disclosure submissions through EMMA.

"Rule" shall mean the continuing disclosure requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of Florida.

SECTION 3. PROVISION OF ANNUAL REPORTS.

(a) The City shall, or shall cause the Dissemination Agent to, by not later than April 30th following the end of the prior fiscal year, beginning with the fiscal year ending September 30, 2016 with respect to the report for the 2015-2016 fiscal year, provide to any Repository, in electronic format as prescribed by such Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. 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 Certificate; provided 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 they are not available by that date provided, further, in such event unaudited financial statements are required to be delivered as part of the Annual Report in accordance with Section 4(a) below and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. 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.

(b) If on the fifteenth (15th) day prior to the annual filing date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the City by telephone and in writing (which may be by e-mail) to remind the City of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the City shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Report no later than two (2) business days prior to the annual filing date, or (ii) instruct the Dissemination Agent in writing that the City will not be able to file the Annual Report within the time required under this Agreement, state the date by which the Annual Report for such year will be provided and instruct the Dissemination Agent that a failure to file has occurred and to immediately send a notice to the Repository in substantially the form attached as Exhibit A, accompanied by a cover sheet completed by the Dissemination Agent in the form set forth in Exhibit B.

(c) The Dissemination Agent shall:

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

(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 this Disclosure Certificate, stating the date it was provided and listing any Repository to which it was provided; and

(iii) if the Dissemination Agent has not received an Annual Report by 6:00 p.m. Eastern time on the annual filing date (or, if such annual filing date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a failure to file shall have occurred and the City irrevocably directs the Dissemination Agent to immediately send a notice to the Repository in substantially the form attached as Exhibit A without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Dissemination Agent in the form set forth in Exhibit B.

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. 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 shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement dated _____, 2016 (the "Official Statement"), and the audited financial statements shall be filed in the same manner as the Annual Report when they become available; and

(b) updates of the historical financial and operating data set forth in the Official Statement in tables under the captions:

- (i) Assessed Value and Estimated Actual Value of Taxable Property;
- (ii) Property Tax Levies and Collections;
- (iii) Property Tax Rates Direct and Overlapping Governments; and
- (iv) Principal Property Taxpayers.

The information provided under Section 4(b) may be included by specific reference to documents, including official statements of debt issues of the City or related public entities, which are available to the public on the Repository's Internet Web site or filed with the Securities and Exchange Commission.

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

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 Bonds. Such notice shall

be given in a timely manner not in excess of ten (10) business days after the occurrence of the event, with the exception of the event described in number 15 below, which notice shall be given in a timely manner:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. modifications to rights of the holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Bonds, if material;
11. rating changes;
12. an Event of Bankruptcy or similar event of an Obligated Person;
13. the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. appointment of a successor or additional trustee or the change of name of a trustee, if material; and
15. notice of any failure on the part of the City to meet the requirements of Section 3 hereof.

(b) The notice required to be given in paragraph 5(a) above shall be filed with any Repository, in electronic format as prescribed by such Repository.

SECTION 6. IDENTIFYING INFORMATION. In accordance with the Rule, all disclosure filings submitted in pursuant to this Disclosure Certificate to any Repository must be accompanied by

identifying information as prescribed by the Repository. Such information may include, but not be limited to:

- (a) the category of information being provided;
- (b) the period covered by any annual financial information, financial statement or other financial information or operation data;
- (c) the issues or specific securities to which such documents are related (including CUSIPs, City name, state, issue description/securities name, dated date, maturity date, and/or coupon rate);
- (d) the name of any Obligated Person other than the City;
- (e) the name and date of the document being submitted; and
- (f) contact information for the submitter.

SECTION 7. TERMINATION OF REPORTING OBLIGATION. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, so long as there is no remaining liability of the City, or if the Rule is repealed or no longer in effect. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 8. DISSEMINATION AGENT. The City 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 Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the City.

SECTION 9. AMENDMENT; WAIVER. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), 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 the City, or the type of business conducted;
- (b) The undertaking, 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 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment or waiver either (i) is approved by the holders or Beneficial Owners of the Bonds in the same manner as provided in the Ordinance for amendments to the Ordinance with the consent of holders or Beneficial Owners, or (ii) does not, in the opinion of

nationally recognized bond counsel, materially impair the interests of the holders or Beneficial Owners of the Bonds.

Notwithstanding the foregoing, the City shall have the right to adopt amendments to this Disclosure Certificate necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, 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, 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 10. ADDITIONAL INFORMATION. Nothing in this Disclosure Certificate shall be deemed to prevent the City 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 any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. 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 this Disclosure Certificate, the City shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. DEFAULT. The continuing disclosure obligations of the City set forth herein constitute a contract with the holders of the Bonds. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate; provided, however, the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with the provisions of this Disclosure Certificate shall be an action to compel performance. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Ordinance.

SECTION 12. DUTIES, IMMUNITIES AND LIABILITIES OF DISSEMINATION AGENT. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, 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 Bonds.

SECTION 13. BENEFICIARIES. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriters and holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated as of _____, 2016

CITY OF MARGATE, FLORIDA

By: _____
Douglas E. Smith
City Manager

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

City: City of Margate, Florida

Obligated Person: _____

Name(s) of Bond Issue(s): City of Margate, Florida General Obligation Refunding Bonds, Series 2016

Date(s) of Issuance: _____

Date(s) of Disclosure Agreement: _____

CUSIP Number: _____

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate of the City. [The City has notified the Dissemination Agent that it anticipates that the Annual Report will be filed by_____].

Dated:_____

Digital Assurance Certification, L.L.C., as Dissemination Agent, on behalf of the City

cc:

EXHIBIT B
EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

City's and/or Other Obligated Person's Name:

City's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

Number of pages attached: _____

____ Description of Notice Events (Check One):

1. _____ "Principal and interest payment delinquencies;"
2. _____ "Non-payment related defaults, if material;"
3. _____ "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. _____ "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. _____ "Substitution of credit or liquidity providers, or their failure to perform;"
6. _____ "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. _____ "Modifications to rights of holders of bonds, if material;"
8. _____ "Bond calls, if material;"
9. _____ "Defeasances;"
10. _____ "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. _____ "Rating changes;"
12. _____ "Tender offers;"
13. _____ "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14. _____ "Merger, consolidation, or acquisition of the obligated person, if material;" and
15. _____ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material."

____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the City or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date: