

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY OF MARGATE, FLORIDA SUPPLEMENTING ORDINANCE NO. 2018-9 ENACTED DECEMBER 12, 2018; MAKING CERTAIN PROVISIONS AND AUTHORIZING THE AWARD OF ITS NOT TO EXCEED \$10,000,000 PRINCIPAL AMOUNT OF CITY OF MARGATE, FLORIDA GENERAL OBLIGATION BONDS, SERIES 2019 UPON THE SATISFACTION OF CERTAIN PARAMETERS DESCRIBED HEREIN; AUTHORIZING A COMPETITIVE BID AND APPROVING THE FORM OF THE OFFICIAL NOTICE OF SALE AND SUMMARY NOTICE OF SALE PERTAINING TO SUCH BONDS; MAKING CERTAIN PROVISIONS AND AUTHORIZING CERTAIN RESPONSIBILITIES WITH RESPECT TO THE NOTICE, BIDDING AND SALE OF THE BONDS; AUTHORIZING THE ISSUER TO INSURE ALL, SOME OR NONE OF THE BONDS WITH FINANCIAL GUARANTY INSURANCE, WHICHEVER IS IN THE BEST FINANCIAL INTEREST OF THE ISSUER; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE CERTIFICATE; APPROVING THE FORM OF AND THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FINAL OFFICIAL STATEMENT PERTAINING TO SAID BONDS; APPOINTING A BOND REGISTRAR AND PAYING AGENT; MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; AUTHORIZING CERTAIN OFFICIALS OF THE ISSUER TO EXECUTE ANY DOCUMENT OR TO TAKE ANY ACTIONS REQUIRED IN CONNECTION WITH THE ISSUANCE OF SAID BONDS; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Margate, Florida (the "Issuer") has the power and authority under the Constitution and laws of the State of Florida, including the Act, to issue bonds, notes and other obligations, including those hereinafter described; and

WHEREAS, on December 12, 2018, the Issuer duly and validly enacted an authorizing ordinance (as amended and supplemented from time to time, the "Bond Ordinance") pursuant to which the Issuer has authorized a series of bonds of the Issuer to be designated as "City of Margate, Florida General Obligation Bonds, Series 2019" in a principal amount of not to exceed \$10,000,000 (the "Bonds"); and

WHEREAS, the Issuer has determined it to be in its best interests and to serve a public purpose of the Issuer to provide in the Bond Ordinance for the issuance of the Bonds for the purpose of financing of the costs of the Projects; and

WHEREAS, the Issuer has been advised by its Financial Advisor as to the market appropriateness of preparing for the competitive sale of the Bonds in light of the current market levels and conditions and as to the acceptance of the most favorable bid by authorizing the City Manager to accept the most favorable bid for the purchase of the Bonds as provided herein; and

WHEREAS, the Issuer desires to maintain the option to insure all, some or none of the Bonds with a policy of financial guaranty insurance, and to authorize the City Manager, based on the advice of the Financial Advisor, to take any actions and do all things necessary in order to accept such policy in connection with the issuance of the Bonds to the extent that it is in the best financial interest of the Issuer; and

WHEREAS, the Issuer desires to approve a Summary Notice of Sale and Official Notice of Sale in connection with the competitive sale of the Bonds, the forms of which are attached hereto as Exhibit A; and

WHEREAS, in connection with the offering and sale of the Bonds, the Issuer desires to approve the distribution of the Preliminary Official Statement, a form of which is attached hereto as Exhibit B, authorize certain of its officers to deem the Preliminary Official Statement “final” for purposes of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (the “Rule”), and authorize the execution and delivery of a final Official Statement with respect to the Bonds (the “Official Statement”); and

WHEREAS, the Issuer desires to approve the form of and authorize the execution and delivery of a Continuing Disclosure Certificate, a proposed form of which is attached hereto as Exhibit C (the “Continuing Disclosure Certificate”); and

WHEREAS, the Issuer finds it desirable to authorize the issuance and sale of the Bonds in the aggregate principal amount not to exceed the amount provided herein pursuant to the terms and conditions of the Bond Ordinance.

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

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to the Constitution of the State of Florida, Chapter 166, Florida Statutes, other applicable provisions of law, the Charter of the Issuer, Ordinance No. 2018-9 of the Issuer and a vote of the electors of the City of Margate, Florida on November 6, 2018.

SECTION 2. DEFINITIONS. All terms used herein in capitalized form, unless otherwise defined herein, shall have the same meanings as ascribed to them in the Bond Ordinance. As used herein, unless the context otherwise requires:

“AMORTIZATION INSTALLMENTS” means amounts designated as such by the Certificate of Award and established with respect to any Term Bonds.

“BOND ORDINANCE” means Ordinance No. 2018-9 enacted on December 12, 2018, as may be amended and supplemented from time to time.

“CERTIFICATE OF AWARD” means a Certificate of the City Manager evidencing the award of the Bonds to the lowest bidder and establishment of the final pricing terms and conditions.

“CITY MANAGER” means the City Manager of the Issuer and any interim City Manager.

“FINANCIAL ADVISOR” means PFM Financial Advisors LLC or such other persons or firms appointed by the Issuer.

“INTEREST PAYMENT DATE” means each January 1 and July 1, commencing January 1, 2020.

“PARITY SYSTEM” means the Parity electronic competitive bidding system.

“PROJECTS” means financing the cost of acquiring, constructing, equipping, renovating, replacing and improving parks and recreation projects, as provided in Resolution No. 18-056 adopted on May 16, 2018.

“REDEMPTION PRICE” means, with respect to any Bond or portion thereof, the principal amount or portion thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or this Resolution.

“SERIAL BONDS” means all of the Bonds other than the Term Bonds.

“TERM BONDS” means those Bonds which shall be designated as Term Bonds by the Certificate of Award and which are subject to mandatory redemption by Amortization Installments.

SECTION 3. FINDINGS RATIFIED. The findings and declarations of the Issuer contained in the WHEREAS clauses are hereby expressly approved, reaffirmed and ratified.

SECTION 4. AUTHORIZATION. The Issuer is authorized to issue the Bonds and use the proceeds thereof to finance the costs of the Projects. The Bonds will be issued under the Bond Ordinance.

SECTION 5. CONTRACTUAL OBLIGATIONS; COVENANTS IN BOND ORDINANCE APPLICABLE. Upon and in consideration of the acceptance of the Bonds by the registered owners thereof, the Bond Ordinance shall be deemed to be and shall constitute a contract between the Issuer and the Bondholders. The covenants and agreements set forth herein and in the Bond Ordinance to be performed by the Issuer shall be for the equal and proportionate benefit, protection and security of the Holders of the Bonds issued pursuant to the Bond Ordinance and this Resolution, without preference, priority or distinction over any other.

SECTION 6. BOND ORDINANCE. The Bonds shall be issued in the not to exceed original principal amount set forth herein in accordance with the terms and provisions of the Bond Ordinance, as supplemented hereby, for the purpose of paying the cost of the Projects and paying the costs of issuance of the Bonds.

SECTION 7. SUPPLEMENTAL TERMS OF BONDS.

(A) The Bonds shall be dated the date of their delivery, or such other date as shall be designated by the City Manager, shall bear interest from their dated date payable on the Interest Payment Date or such other date as set forth in the Bonds, at the interest rates, and shall mature annually on July 1 of each year substantially in accordance with the maturity schedule, in accordance with the hereinafter defined Certificate of Award. Interest on the Bonds shall be calculated based upon a 360-day year consisting of 12, 30-day months.

(B) The Bonds shall be subject to such optional and mandatory redemption provisions as are determined in accordance with the Certificate of Award.

(C) The Bonds may be issued as Serial Bonds and/or Term Bonds (with such Amortization Installments) to be determined in accordance with the Certificate of Award.

SECTION 8. AWARD OF SALE OF THE BONDS. In an effort to encourage a significant number of bidders for the Bonds to participate and in order to take advantage of technological developments in the electronic sale of bonds, the competitive sale of the Bonds shall be conducted via the Parity System or such other system of electronic bid submittal under the direction of the Financial Advisor. Because the Issuer desires to sell the Bonds at the most advantageous time,

the Issuer hereby authorizes the City Manager to establish a bid date, provide the Official Notice of Sale to interested bidders and to award the sale of the Bonds to the lowest conforming bidder in accordance with the Official Notice of Sale based upon the parameters set forth herein. It is hereby ascertained, determined and declared that it is in the best interest of the Issuer to provide for the sale by competitive bid of the Bonds, maturing and bearing interest, having such redemption features and such other terms as set forth herein and in the Official Notice of Sale, and the bid proposal of the lowest conforming bidder selected on a subsequent date pursuant to the terms hereof. The City Manager is hereby authorized to return any good faith checks presented by any unsuccessful bidders, and to cash and deposit into a special account, with right of investment with interest accruing to the benefit of the Issuer, the good faith check of the original purchaser, or in lieu of the delivery of such check, to receive such amount pursuant to wire transfer in accordance with the terms of the Official Notice of Sale.

SECTION 9. REDEMPTION PROVISIONS. The terms of this Section 9 shall apply to redemption of the Bonds.

(A) Selection of the Bonds to be Redeemed. The 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 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 Issuer 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.

If less than all of the outstanding 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 Bonds) in writing of the Bonds or portions of the Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

(B) 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 this Section 9. 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 this Section 9 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 this Resolution, if, on any day prior to the 5<sup>th</sup> business day preceding any date fixed for redemption of the Bonds pursuant to this Resolution, the Issuer notifies the Bond Registrar and Paying Agent in writing that the Issuer 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 Issuer pursuant to this Section 9 is not available, the Bonds shall not be redeemed on such date and any notice of redemption mailed to the Bondholders pursuant to this Section 9 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 Bonds, the Issuer 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 Issuer to the effect that such notice is irrevocable and given in compliance with this Resolution.

So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC (as defined in Section 11) (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.

(C) Effect of Notice of Redemption; Payment. Notice having been given in the manner and under the conditions provided under this Section 9, 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 and be 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 this Resolution and the Bond 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.

(D) 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 Issuer 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.

SECTION 10. SUMMARY NOTICE OF SALE AND OFFICIAL NOTICE OF SALE; AWARD.

(A) The Issuer hereby approves the forms of each 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 authorizes the City Manager of the Issuer to determine the interest rates, the prices and yields and the delivery date for the Bonds, and all other details of the Bonds, and to take such further action as shall be required for carrying out the purposes of the Bond Ordinance, all with respect to the Bonds.

(C) Subject to full satisfaction of the conditions set forth in this subparagraph (C) of this Section 10, the Issuer hereby authorizes an award of the 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 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 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 \$10,000,000 aggregate principal amount, (ii) a true interest cost rate of not more than 4.50%, (iii) a final maturity not being later than July 1, 2048, and (iv) a completed truth-in-bonding statement in compliance with Section 218.385, Florida Statutes. The award of the Bonds shall be evidenced by the delivery of a Certificate Award to the City Clerk, the form of which is attached hereto as Exhibit D. Notwithstanding anything to the contrary, and as provided in the Notice of Sale, the City Manager may reject all bids.

SECTION 11. BOOK-ENTRY ONLY SYSTEM. The person in whose name any 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 Bond, and the interest on any such 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 Bond including the premium, if any, and interest thereon to the extent of the sum or sums so paid.

It is intended that the 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 Bonds shall be initially issued in the form of a single fully registered Bond of each maturity. Upon initial issuance, the ownership of such Bonds shall be registered by the Bond Registrar and Paying Agent in the name of Cede & Co., as nominee for DTC. With respect to 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 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 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 Bonds, (b) the delivery to any Depository Participant or any Indirect Participant or any other person, other than a registered owner of a Bond as shown in the Bond register, of any notice with respect to the 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 Bond as shown in the Bond register, of any amount with respect to principal of, premium, if any, or interest on, the Bonds. No person other than a registered owner of a Bond as shown in the Bond register shall receive a Bond certificate with respect to any 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 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 Resolution 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 Bonds that they be able to obtain certificated Bonds, the Issuer shall notify DTC of the availability through DTC of Bond certificates and the Bonds shall no longer be restricted to being registered in the Bond register in the name of Cede & Co., as nominee of DTC. At that time, the Issuer may determine that the 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 Bonds may be registered in whatever name or names registered owners of Bonds transferring or changing Bonds designate, in accordance with the provisions hereof. Notwithstanding any other provision of this Resolution to the contrary, so long as any 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 Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Letter of Representation.

As long as any Bonds are outstanding in book-entry form, the provisions of this Resolution and the Bond Ordinance inconsistent with such system of book-entry registration shall not be applicable to such Bonds, and the Issuer covenants to cause adequate records to be kept



with respect to the ownership of the Bonds issued in book-entry form or the beneficial ownership of Bonds issued in the name of a nominee.

SECTION 12. PRELIMINARY OFFICIAL STATEMENT. The Issuer hereby approves the form and content of the draft Preliminary Official Statement attached hereto as Exhibit B, and authorizes the City Manager to make or approve such changes, modifications and revisions to the draft Preliminary Official Statement as he or she may deem necessary or desirable to effectuate the sale of the Bonds contemplated thereby; hereby authorizes the City Manager to deem "final" the Preliminary Official Statement, as so amended and approved by him or her, for purposes of the Rule; and approves the use of the Preliminary Official Statement in the marketing of the Bonds. The City Manager is hereby authorized to execute, on behalf of the Issuer, the final Official Statement relating to the Bonds with such changes from the Preliminary Official Statement as, in his sole discretion, may approve, such execution to be conclusive evidence of such approval, and such final Official Statement is hereby authorized to be used and distributed in connection with the marketing and sale of the Bonds.

SECTION 13. CONTINUING DISCLOSURE. The Issuer hereby covenants and agrees that, in order to assist the original purchasers in complying with the continuing disclosure requirements of the Rule with respect to the Bonds, it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate to be executed by the Issuer prior to the time the Issuer delivers the Bonds to the original purchasers, as it may be amended from time to time in accordance with the terms thereof. The form of the Continuing Disclosure Certificate attached hereto as Exhibit C is hereby approved, subject to such changes, insertions and omissions and such filling of blanks therein as may be approved and made in such Continuing Disclosure Certificate by the City Manager, in a manner consistent with the provisions of this Resolution, such execution to be conclusive evidence of such approval. Subject to satisfaction of the parameters in Section 10 hereof relating to the Bonds, the Mayor is hereby authorized and directed to execute and deliver, the City Clerk is hereby authorized to attest under seal, and the City Attorney is hereby authorized to approve the form and correctness of the Continuing Disclosure Certificate on behalf of the Issuer. Notwithstanding any other provision of the Bond Ordinance, failure of the Issuer to comply with such Continuing Disclosure Certificate shall not be considered an event of default thereunder. However, the Continuing Disclosure Certificate shall be enforceable by the Holders of the Bonds in the event that the Issuer fails to cure a breach thereunder within a reasonable time after written notice from a Holder of a Bond to the Issuer that a breach exists. Any rights of the Holders of the Bonds to enforce the provisions of the covenant shall be on behalf of all Holders of the Bonds and shall be limited to a right to obtain specific performance of the Issuer's obligations thereunder.

SECTION 14. APPOINTMENT OF BOND REGISTRAR AND PAYING AGENT. U.S. Bank National Association, Jacksonville, Florida is hereby appointed Bond Registrar and Paying Agent for the Bonds. Subject to satisfaction of the parameters in Section 10 hereof relating to the Bonds, the Mayor is hereby authorized and directed to execute and deliver, the City Clerk is hereby authorized to attest under seal, and the City Attorney is hereby authorized to approve as to form and correctness, a bond registrar and paying agent agreement on behalf of the Issuer, and

any other agreement which may be necessary to effect the appointment contemplated by this Section 14 and by the Bond Ordinance.

SECTION 15. OPTIONAL FINANCIAL GUARANTY INSURANCE. The Issuer is hereby authorized to insure all, some or none of the Bonds, whichever is in the best financial interests of the Issuer, based on the discretion of the bidder, with a policy of financial guaranty insurance, and further authorizes the City Manager to take any actions and do all things necessary in order to accept such policy in connection with the issuance of the Bonds.

SECTION 16. 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 Resolution or desirable or consistent with the requirements hereof for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Bonds and this Resolution, and they are hereby authorized to execute and deliver all documents which shall be required by Bond Counsel or the initial purchasers of the Bonds to effectuate the sale of the Bonds to said initial purchasers.

SECTION 17. SEVERABILITY. If any one or more of the covenants, agreements or provisions of this Resolution should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Resolution or of the Bonds issued hereunder.

SECTION 18. SUPPLEMENTARY. This Resolution supplements Ordinance No. 2018-9 and the provisions of Ordinance No. 2018-9 remain in full force and effect and all such provisions shall apply to this Resolution.

SECTION 19. EFFECTIVE DATE. This Resolution shall take effect immediately upon its adoption.

[Remainder of page intentionally left blank]

**ADOPTED** by the City Commission of the City of Margate, Florida, this 20<sup>th</sup> day of March, 2019.

By: \_\_\_\_\_  
Anthony N. Caggiano  
Mayor

ATTEST:

By: \_\_\_\_\_  
Joseph J. Kavanagh  
City Clerk

RECORD OF VOTE

Simone \_\_\_\_\_

Arserio \_\_\_\_\_

Schwartz \_\_\_\_\_

Ruzzano \_\_\_\_\_

Caggiano \_\_\_\_\_

**EXHIBIT "A"**

**FORM OF SUMMARY NOTICE OF SALE  
AND OFFICIAL NOTICE OF SALE**

**SUMMARY NOTICE OF SALE**

\$ \_\_\_\_\_ \*

**CITY OF MARGATE, FLORIDA  
GENERAL OBLIGATION BONDS, SERIES 2019**

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, April [11], 2019 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 Bonds, Series 2019 (the "Series 2019 Bonds"). The Series 2019 Bonds will mature as specified in the Official Notice of Bond Sale. Proceeds of the Series 2019 Bonds shall be used for the purpose of (i) financing the cost of acquiring, constructing, equipping, renovating, replacing and improving parks and recreation projects and (ii) paying certain costs and expenses relating to the issuance of the Series 2019 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 Sale relating to the Series 2019 Bonds may be obtained at the website address [www.munios.com](http://www.munios.com).

**CITY OF MARGATE, FLORIDA  
Samuel A. May  
City Manager**

Dated: April \_\_, 2019.

---

\*Preliminary, subject to change.

## OFFICIAL NOTICE OF SALE

\$ \_\_\_\_\_ \*

### CITY OF MARGATE, FLORIDA GENERAL OBLIGATION BONDS, SERIES 2019

The City of Margate, Florida General Obligation Bonds, Series 2019 (the “Series 2019 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 2019 Bonds via the Parity Bid Submission System (“Parity”) in the manner described below until 11:00 A.M., Eastern Time, on April [11], 2019, 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 TM3 News Service ([www.TM3.com](http://www.TM3.com)) 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 2019 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 2019 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 2019 Bonds. Individual purchases of the Series 2019 Bonds may be made only in book-entry form in denominations of \$5,000 or integral multiples thereof. Purchasers of Series 2019 Bonds (the “Beneficial Owners”) will not receive physical delivery of bond certificates. As long as Cede & Co. is the registered owner of the Series 2019 Bonds, as nominee for DTC, payments of principal and interest with respect to the Series 2019 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 2019 Bonds will be dated their date of delivery (expected to be [April 23], 2019) or such other date as may be communicated by TM3 News Service ([www.TM3.com](http://www.TM3.com)) 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, 2020, and on each January 1

---

\*Preliminary, subject to change.

and July 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 2019 BONDS**

| Maturity<br>(July 1) * | \$ | Amount* |
|------------------------|----|---------|
|------------------------|----|---------|

---

\* 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 TM3 News Service ([www.TM3.com](http://www.TM3.com)) (See, "ADJUSTMENT OF PRINCIPAL AMOUNTS" below.)

**BOND REGISTRAR AND PAYING AGENT**

The Bond Registrar and Paying Agent for the Series 2019 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 2019 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 TM3 News Service ([www.TM3.com](http://www.TM3.com)). 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 2019 Bonds is more or less than the proceeds of the sale of all of the Series 2019 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 2019 Bonds and for a given maturity by no more than the greater of (i) \$\_\_\_\_\_ or (ii) 15% of the given maturity of the Series 2019 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 2019 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 2019 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 2019 Bonds offered, without taking into account any adjustment in the amount of Series 2019 Bonds pursuant to this paragraph.

## **REDEMPTION PROVISIONS**

The Series 2019 Bonds are subject to redemption prior to maturity as described below:

The Series 2019 Bonds maturing on or prior to July 1, 2029 are not redeemable prior to their respective dates of maturity. The Series 2019 Bonds maturing on and after July 1, 2030 are subject to redemption at the option of the City on or after July 1, 2029, 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 principal amount thereof plus accrued interest to the date fixed for redemption, without premium.

## **AUTHORITY AND PURPOSE**

The Series 2019 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. 2018-9 enacted on December 12, 2018, as supplemented by Resolution No. \_\_\_\_\_ adopted on March 20, 2019 (collectively, the "Bond Ordinance").



The Series 2019 Bonds are being issued for the purpose of (i) financing the cost of acquiring, constructing, equipping, renovating, replacing and improving parks and recreation projects and (ii) paying certain costs and expenses relating to the issuance of the Series 2019 Bonds.

## **SECURITY**

The Series 2019 Bonds are general obligations of the Issuer. The principal of and interest on the Series 2019 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 2019 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 2019 Bonds as they severally become due and shall be expended for no other purpose. The form of the Bond Ordinance is included as Appendix C to the Preliminary Official Statement and is described in the Preliminary Official Statement under the caption "FORM OF THE BOND ORDINANCE."

## **UNDERLYING RATINGS**

\_\_\_\_\_ ("\_\_\_") has assigned an underlying municipal bond rating of "\_\_\_\_" to the Series 2019 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 \_\_\_ 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 \_\_\_ if, in the judgment of \_\_\_, circumstances so warrant. Any such downward revision or withdrawal may have an adverse effect upon the market price of the Series 2019 Bonds.

## TERMS OF BID AND BASIS OF AWARD

Proposals must be unconditional and for the purchase of all of the Series 2019 Bonds. The reoffering price for the Series 2019 Bonds may not be less than 98% of the principal amount of the Series 2019 Bonds for any single maturity thereof. In addition, for maturities occurring after the optional call date of July 1, 2029, 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 2019 Bonds.

The Series 2019 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 2019 Bonds maturing on the same date shall bear the same rate of interest.

The Series 2019 Bonds will be awarded to the bidder offering to purchase the Series 2019 Bonds at the lowest annual interest cost computed on a true interest cost ("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 2019 Bonds back to the Net Bond Proceeds (defined as the par amount of the Series 2019 Bonds, plus any OIP, less any OID and underwriter's discount on the Series 2019 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 4.50%.**

**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 2019 BONDS OF EACH MATURITY AND ALL SERIES 2019 BONDS MATURING ON THE SAME DATE MUST BEAR INTEREST AT THE SAME RATE. NO BIDS FOR LESS THAN ALL OF THE SERIES 2019 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 2019 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 2019 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" above. 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 \$\_\_\_\_\_, representing approximately one percent (1%) of the estimated principal amount of the Series 2019 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 2019 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 2019 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: Wells Fargo Bank  
ABA#: 121000248  
Acct Name: City of Margate, Florida  
Acct #: \_\_\_\_\_  
REF: Series 2019 Bonds  
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 the MSRB. The winning bidder will be required to pay the standard MSRB charge for the Series 2019 Bonds purchased. In addition, those who are members of Securities Industry and Financial Markets Association ("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 2019 Bonds, but neither the failure to print such number on any Series 2019 Bond 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 2019 Bonds in accordance with their agreement to purchase the Series 2019 Bonds. All expenses in relation to the printing of CUSIP numbers on the Series 2019 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 2019 BONDS**

The Issuer will pay the cost of preparing the Series 2019 Bonds. The successful bidder is responsible for DTC eligibility and related DTC costs. Delivery of and payment for the Series 2019 Bonds will be via DTC Fast on or about April [23], 2019 (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 2019 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 2019 Bonds.

There will also be furnished at the time of delivery of the Series 2019 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 2019 Bonds, (a) to restrain or enjoin or seeking to restrain or enjoin the issuance and delivery of the Series 2019 Bonds or (b) affecting the validity of the Series 2019 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 2019 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 TM3 News Service ([www.TM3.com](http://www.TM3.com)). 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 2019 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 2019 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 2019 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 2019 Bonds to the public and sales of the Series 2019 Bonds appropriate for determination of the issue price of, and the yield on, the Series 2019 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 2019 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 2019 Bonds and contains information with respect to the Issuer. The Preliminary Official Statement may be obtained electronically from [www.munios.com](http://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 2019 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 (the “MSRB”) 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, PFM Financial Advisors LLC, 2222 Ponce de Leon Boulevard, 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](http://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/ Samuel A. May  
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 Bonds, Series 2019 ("Series 2019 Bonds").

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

The Series 2019 Bonds are being issued primarily for the purpose of (i) financing the cost of acquiring, constructing, equipping, renovating, replacing and improving parks and recreation projects and (ii) paying certain costs and expenses relating to the issuance of the Series 2019 Bonds. Unless earlier redeemed, the Series 2019 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 2019 Bonds is \$\_\_\_\_\_ and issuance of the Series 2019 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 2019 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: \_\_\_\_\_



## ISSUE PRICE CERTIFICATE

\$ \_\_\_\_\_ \*

### CITY OF MARGATE, FLORIDA GENERAL OBLIGATION BONDS, SERIES 2019

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] ["([SHORT NAME OF UNDERWRITER])"] [(the "Representative")], on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the "Underwriting Group"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Series 2019 Bonds").

#### **[Alternative 1 - Competitive Sale Rule applies]**

##### **1. *[Reasonably Expected Initial Offering Price.]***

(a) As of the Sale Date, the reasonably expected initial offering prices of the Series 2019 Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Series 2019 Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Series 2019 Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Series 2019 Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Series 2019 Bonds.

**[Alternatives 2-4 are available choices if Alternative 1 does not apply] [Note that Alternative 3 [where two rules apply] involves portions of Sections 1, 2(a) and 2(b) and Alternative 4 involves portions of 2(a) and 2(b)]**

**[1. *Sale of the Bonds.* [Alternative 2 — All Maturities Use General Rule:** As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least [10%] of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.] **[Alternative 3 - Select Maturities Use General Rule: *Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least [10%] of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.]

\*Preliminary, subject to change.

2. ***[Initial Offering Price of the [Series 2019 Bonds] [Hold-the-Offering-Price Maturities]].***

(a) **[Alternative 4 — All Maturities Use Hold-the-Offering-Price Rule:** [SHORT NAME OF UNDERWRITER] [The Underwriting Group] offered the Series 2019 Bonds to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Series 2019 Bonds is attached to this certificate as Schedule B.] **[Alternative 3 — Select Maturities Use Hold-the-Offering-Price Rule:** [SHORT NAME OF UNDERWRITER] [The Underwriting Group] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.]

(b) **[Alternative 4 — All Maturities use Hold-the-Offering-Price Rule:** As set forth in the Official Notice of Sale and bid award, [SHORT NAME OF UNDERWRITER] [the members of the Underwriting Group] [has] [have] agreed in writing that, (i) for each Maturity of the Series 2019 Bonds, [it] [they] would neither offer nor sell any of the Series 2019 Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Series 2019 Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Series 2019 Bonds during the Holding Period.] **[Alternative 3 - Select Maturities Use Hold-the-Offering-Price Rule:** As set forth in the Official Notice of Bond Sale and bid award, [SHORT NAME OF UNDERWRITER] [the members of the Underwriting Group] [has] [have] agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it] [they] would neither offer nor sell any of the Series 2019 Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Series 2019 Bonds during the Holding Period.]

[2.][3.] ***Total Issue Price.*** The total of the issue prices of all the Maturities is \$\_\_\_\_\_.

[3.][4.] ***Defined Terms.***

[(a) *General Rule Maturities* means those Maturities of the Series 2019 Bonds listed in Schedule A hereto as the "General Rule Maturities."]

[(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Series 2019 Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."]

[(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which the [SHORT NAME OF UNDERWRITER] [the Underwriters] [has] [have] sold at least [10%] of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

(d) *Issuer* means the City of Margate, Florida.

(e) *Maturity* means the Series 2019 Bonds with the same credit and payment terms. The Series 2019 Bonds with different maturity dates, are treated as separate Maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.

The term "related party" for purposes of the Series 2019 Bonds generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) The *Sale Date* of the Series 2019 Bonds is \_\_\_\_\_, 2019.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2019 Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Series 2019 Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2019 Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER/REPRESENTATIVE]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Arbitrage and Tax Certificate of the Issuer and with respect to compliance with the federal income tax rules affecting the Series 2019 Bonds, and by Bryant Miller Olive P.A. as Bond Counsel, in connection with rendering its opinion that the interest on the Series 2019 Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue

Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Series 2019 Bonds.

[UNDERWRITER/REPRESENTATIVE]

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

Dated: \_\_\_\_\_, 2019

**SCHEDULE A**

**[EXPECTED OFFERING PRICES]**

**[SALE PRICES]**

*(Attached)*

**SCHEDULE B**

**[COPY OF UNDERWRITER'S BID]**

*(Attached)]*

[USE IF COMPETITIVE SALE RULE APPLIES]

\$ \_\_\_\_\_ \*

CITY OF MARGATE, FLORIDA  
GENERAL OBLIGATION BONDS, SERIES 2019

CERTIFICATE OF  
MUNICIPAL ADVISOR

The undersigned, on behalf of PFM Financial Advisors LLC (the "Municipal Advisor"), as the municipal advisor to City of Margate, Florida (the "Issuer") in connection with the issuance of the above-captioned obligations (the "Series 2019 Bonds"), has assisted the Issuer in soliciting and receiving bids from potential underwriters in connection with the sale of the Series 2019 Bonds in a competitive bidding process in which bids were requested for the purchase of the Series 2019 Bonds at specified written terms, and hereby certifies as set forth below with respect to the bidding process and award of the Series 2019 Bonds.

(a) The Series 2019 Bonds were offered for sale at specified written terms more particularly described in the Official Notice of Sale, which was distributed to potential bidders, a copy of which is attached to this certificate as Attachment 1.

(b) The Official Notice of Sale was disseminated electronically through Parity/BiDCOMP Competitive Bidding System and a summary of the Official Notice of Bond Sale was published in The Bond Buyer® newspaper on \_\_\_\_\_, 2019. These methods of distribution of the Official Notice of Bond Sale are regularly used for purposes of disseminating notices of sale of new issuances of municipal bonds, and notices disseminated in such manner are widely available to potential bidders.

(c) To the knowledge of the Municipal Advisor, all bidders were offered an equal opportunity to bid to purchase the Series 2019 Bonds so that, for example, if the bidding process afforded any opportunity for bidders to review other bids before providing a bid, no bidder was given an opportunity to review other bids that was not equally given to all other bidders (that is, no exclusive "last-look").

(d) The Issuer received bids from at least three bidders who represented that they have established industry reputations for underwriting new issuances of municipal bonds. Copies of the bids received for the Series 2019 Bonds are attached to this certificate as Attachment 2.

(e) The winning bidder for the Series 2019 Bonds was [NAME OF UNDERWRITER] (the "Underwriter"), whose bid was determined to be the best conforming bid in accordance with the terms set forth in the Official Notice of Bond Sale, as shown in the bid comparison

\* Preliminary, subject to change.

attached as Attachment 3 to this certificate. The Issuer awarded the Series 2019 Bonds to the Underwriter.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Municipal Advisor's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Arbitrage and Tax Certificate of the Issuer and with respect to compliance with the federal income tax rules affecting the Series 2019 Bonds, and by Bryant Miller Olive P.A. in connection with rendering its opinion that the interest on the Series 2019 Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Series 2019 Bonds. No other persons may rely on the representations set forth in this certificate without the prior written consent of the Municipal Advisor.

PFM FINANCIAL ADVISORS LLC

By: \_\_\_\_\_

Name:

Title:

Dated: \_\_\_\_\_, 2019



**ATTACHMENT 1**  
**OFFICIAL NOTICE OF SALE**

*(Attached)*

**ATTACHMENT 2**

**BIDS RECEIVED**

*(Attached)*

**ATTACHMENT 3**  
**BID COMPARISON**

*(Attached)*

**EXHIBIT "B"**

**FORM OF PRELIMINARY OFFICIAL STATEMENT**

**PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2019**

**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. See "TAX MATTERS" herein for a description of other tax consequences to holders of the Bonds.*

\$ \_\_\_\_\_ \*

**CITY OF MARGATE, FLORIDA**  
**General Obligation Bonds,**  
**Series 2019**

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 Bonds, Series 2019 (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, 2020, 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 15<sup>th</sup> 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, New York, New York ("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. 2018-9 enacted by the City on December 12, 2018, as supplemented by Resolution No. \_\_\_\_ adopted on March 20, 2019 (collectively, the "Ordinance") for the purpose of (i) financing the cost of acquiring, constructing, equipping, renovating,

\_\_\_\_\_  
\* Preliminary, subject to change.

replacing and improving parks and recreation projects, 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.

The Bonds have been validated by a Final Judgment of the Circuit Court of the 17<sup>th</sup> Judicial Circuit in and for Broward County, Florida. See "VALIDATION" herein.

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 Goren, Cherof, Doody & Ezrol, P.A., Fort Lauderdale, Florida, City Attorney, and by Bryant Miller Olive P.A., Miami, Florida, Disclosure Counsel. PFM Financial Advisors LLC, 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 \_\_\_\_\_, 2019.*

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

Dated: \_\_\_\_\_, 2019

---

\* Preliminary, subject to change.

\$ \_\_\_\_\_ \*

**CITY OF MARGATE, FLORIDA**  
**General Obligation Bonds,**  
**Series 2019**

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

\$ \_\_\_\_\_ \* **Serial Bonds**

| Maturity*<br><u>(July 1)</u> | <u>Amount</u> * | Interest<br><u>Rate</u> | <u>Price</u> | <u>Yield</u> | Initial<br>CUSIP<br><u>Number</u> ** |
|------------------------------|-----------------|-------------------------|--------------|--------------|--------------------------------------|
|------------------------------|-----------------|-------------------------|--------------|--------------|--------------------------------------|

---

\* 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**

Anthony N. Caggiano, Mayor  
Tommy Ruzzano, Vice Mayor  
Antonio V. Arserio, Commissioner  
Arlene R. Schwartz, Commissioner  
Joanne Simone, Commissioner

**CITY MANAGER**

Samuel A. May

**CITY CLERK**

Joseph J. Kavanagh, MMC

**FINANCE DIRECTOR**

Mary Beazley

**CITY ATTORNEY**

Goren, Cherof, Doody & Ezrol, P.A.

**BOND COUNSEL**

Bryant Miller Olive P.A.  
Miami, Florida

**DISCLOSURE COUNSEL**

Bryant Miller Olive P.A.  
Miami, Florida

**FINANCIAL ADVISOR**

PFM Financial Advisors LLC  
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.

## TABLE OF CONTENTS

|   | Page |
|---|------|
| INTRODUCTION .....  | 1    |
| THE CITY.....   | 2    |
| THE PROJECT.....  | 2    |
| DESCRIPTION OF THE BONDS.....   | 2    |
| Terms and Form .....  | 2    |
| Book-Entry Only System .....  | 3    |
| Negotiability, Registration and Transfer of Bonds .....   | 5    |
| Redemption.....   | 6    |
| SECURITY FOR THE BONDS .....  | 7    |
| General.....  | 7    |
| No Reserve Funding .....  | 8    |
| AD VALOREM TAXATION .....   | 8    |
| Procedure for Property Assessment .....   | 8    |
| Millage Set by Local Governing Body .....   | 10   |
| Tax Collection and Distribution by County Tax Collector .....                                   | 11   |
| Exemptions from Ad Valorem Taxation .....   | 12   |
| Legislation Relating to Ad Valorem Taxation.....  | 15   |
| Assessed Value and Property Tax Levies and Collection.....                                      | 16   |
| Principal Taxpayers .....   | 18   |
| CERTAIN FINANCIAL MATTERS .....   | 18   |
| CLIMATE CHANGE AND NATURAL DISASTERS .....  | 18   |
| ESTIMATED SOURCES AND USES OF FUNDS .....   | 20   |
| DEBT SERVICE SCHEDULE .....   | 21   |
| LEGAL MATTERS.....  | 22   |
| TAX MATTERS .....   | 22   |
| General.....  | 22   |
| Information Reporting and Backup Withholding .....  | 23   |
| Other Tax Matters .....   | 23   |
| Tax Treatment of Original Issue Discount.....   | 24   |
| Tax Treatment of Bond Premium.....  | 24   |
| FINANCIAL ADVISOR.....  | 24   |
| LITIGATION .....  | 25   |
| CONTINUING DISCLOSURE.....  | 25   |
| DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS .....                                       | 26   |
| CONTINGENT FEES .....   | 26   |
| RATING .....  | 26   |
| VALIDATION .....  | 26   |
| COMPETITIVE SALE.....   | 27   |
| FINANCIAL STATEMENTS.....   | 27   |
| ENFORCEABILITY OF REMEDIES.....   | 28   |
| ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT.....  | 28   |
| AUTHORIZATION OF OFFICIAL STATEMENT .....   | 29   |
| APPENDIX A - General Information Regarding the City of Margate, Florida                         |      |
| APPENDIX B - Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2018 |      |
| APPENDIX C - Form of the Ordinance  |      |
| APPENDIX D - Form of Bond Counsel Opinion   |      |
| APPENDIX E - Form of Continuing Disclosure Certificate  |      |

**OFFICIAL STATEMENT**  
**relating to**  
**\$ \_\_\_\_\_ \***  
**CITY OF MARGATE, FLORIDA**  
**General Obligation Bonds,**  
**Series 2019**

**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 Bonds, Series 2019 (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. 2018-9 enacted by the City Commission (the "City Commission") on December 12, 2018, as supplemented by Resolution No. \_\_\_\_ adopted on March 20, 2019 (collectively, the "Ordinance").

An election was called pursuant to Resolution No. 18-056, adopted on May 16, 2018 (the "Bond Referendum Resolution") and an election was held on November 6, 2018, whereby electors of the City approved the issuance of not exceeding \$10,000,000 of general obligation bonds of the City for the purpose of financing the cost of acquiring, constructing, equipping, renovating, replacing and improving parks and recreation projects, as provided in the Bond Referendum Resolution (the "Project"), payable from ad valorem taxes on all of the taxable property (excluding homestead exemptions and other exemptions as heretofore or hereafter provided by applicable law) 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.

The Bonds are being issued for the purpose of financing the cost of the Project and 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.

---

\* Preliminary, subject to change.

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 – Form of the Ordinance" 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 58,300.

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

## **THE PROJECT**

The "Project," will consist of financing the cost of acquiring, constructing, equipping, renovating, replacing and improving parks and recreation projects, as provided in the Bond Referendum Resolution and the Bond Referendum.

## **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, 2020 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 an S&P Global Inc. ("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](http://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 the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 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 on or prior to July 1, 2029 will not be subject to optional redemption prior to maturity. The Bonds maturing on and after July 1, 2030 shall be subject to redemption prior to their respective maturities, at the option of the City, on or after July 1, 2029, 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 principal amount thereof, plus accrued interest to the date fixed for redemption, without premium.

*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 5<sup>th</sup> 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 as per the City's Investment Policy.

*Construction Fund.* The City has covenanted and agreed to establish a special fund to be designated "Construction Fund". The City is required to deposit the remaining funds from the proceeds of the sale of the Bonds into the Construction Fund to pay the costs of the Project. Upon completion of the Project any monies remaining in the Construction Fund are required to be used to pay debt service on the Bonds.

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

*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.* Ad valorem taxes may be levied only by counties, school districts, municipalities and certain special districts (railroad properties are centrally assessed at the State level). No State ad valorem taxes are levied upon real estate or tangible personal property. State law requires that all ad valorem taxation be assessed at a uniform rate within each taxing unit and, with certain exceptions, that real and personal property subject to ad valorem taxation be assessed at 100% of its just value. See "- *Limitation on Increase in Assessed Value of Property*" below. The following property is generally subject to taxation in the manner provided by law: (1) all real and personal property in the State and all personal property belonging to persons residing in the State; and (2) all leasehold interests in property of the United States, of the State, or any political subdivision, municipality, agency, authority, or other public body corporate of the State. Pursuant to the State Constitution and State law, certain of such property may be exempt from ad valorem taxation. See "- *Exemptions from Ad Valorem Taxation*" below.

The City is located in southeastern Florida in Broward County (the "County"). Taxpayers pay ad valorem taxes to the county. Ad valorem taxes are collected by the County and then distributed to the City. See "- Tax Collection and Distribution by County Tax Collector" below.

*Determination of Property Valuation.* The Property Appraiser of the County (the "Property Appraiser") determines property valuation on real and tangible personal property subject to ad valorem taxation as of January 1 of each year. By July 1 of each year, the Property Appraiser 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. See "- Millage Set by Local Governing Body" and "- Limitation on Increase in Assessed Value of Property" below for limitations on increases in assessed value of property.

*Limitation on Increase in Assessed Value of Property.* The State Constitution limits the increases in assessed just value of homestead property to the lower 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. The accumulated difference between the assessed value and the just value is known as the "Save Our Homes Benefit." Further, 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; new homestead property shall be assessed at just value as of January 1 of the year following the establishment of the homestead; and changes, additions, reductions or improvements to the homestead shall initially be assessed as provided for by general law.

Owners of homestead property may transfer up to \$500,000 of their Save Our Homes Benefit 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 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.

For all levies other than school district levies, assessment increases for specified nonhomestead real property may not exceed ten percent (10%) of the assessment for the prior year. See "Legislation Relating to Ad Valorem Taxation - Recent Amendments Relating to Ad Valorem Taxation" below.

*Preparation of Tax Roll.* 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 is certified to the County Tax Collector (the "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. All ad valorem taxes are collected by the Tax Collector and distributed to the various taxing bodies. See "- Tax Collection and Distribution by County Tax Collector" below.

*Appealing Property Valuation.* Concurrently with notification to the various taxing bodies, the Property Appraiser notifies each property owner of the proposed valuation and the proposed millage on his or her property. If the individual property owner believes that his or her property has not been appraised at just value, the owner may (1) request an informal conference with the Property Appraiser to

resolve the issue, or (2) file a petition with the clerk of the County value adjustment board (the "Adjustment Board"), or (3) 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 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 and is required to provide the Property Appraiser with a list of evidence, copies of documentation, and summaries of testimony 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 are found not to be fair and at market value. The Adjustment Board must complete all required hearings and certify its decision with regard to all petitions and certify to the Property Appraiser the valuation to be used 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 with the Adjustment Board increased by more than 10 percent over the previous year. 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.

### **Millage Set by Local Governing Body**

*General.* The State Constitution provides that ad valorem taxes, exclusive of taxes levied for the payment of voter-approved general obligation bonds (such as the Bonds), shall not be levied in excess of the following millages upon the assessed value of real estate and tangible personal property: for all county purposes, ten mills; for all municipal purposes, ten mills; for all school purposes, ten mills; for water management purposes for the northwest portion of the state lying west of the line between ranges two and three east, 0.05 mill; for water management purposes for the remaining portions of the state, 1.0 mill; and for all other special districts a millage authorized by law approved by voters. There is no limit under the Florida Constitution or statutory law on the amount of ad valorem taxes a local government may levy for the payment of debt service on voter-approved general obligation bonds (such as the Bonds).

As described above, 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. See "*Millage Rollback Legislation*" below.

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. 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.

*Millage Rollback Legislation.* In 2007, the State Legislature adopted a property tax plan which significantly impacted ad valorem tax collections for State local governments (the "Millage Rollback Legislation"). One component of the Millage Rollback Legislation required counties, cities and special districts to rollback their millage rates for the 2007-2008 fiscal year to a level that, with certain adjustments and exceptions, would generate the same level of ad valorem tax revenue as in fiscal year 2006-2007; provided, however, depending upon the relative growth of each local government's own ad valorem tax revenues from 2001 to 2006, such rolled back millage rates were determined after first reducing 2006-2007 ad valorem tax revenues by zero to nine percent (0% to 9%). In addition, the Rollback Legislation also limited how much the aggregate amount of ad valorem tax revenues may increase in future fiscal years. A local government may override certain portions of these requirements by a supermajority, and for certain requirements, a unanimous vote of its governing body.

*Truth in Millage.* The governing bodies of taxing authorities are required to fix 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.

### **Tax Collection and Distribution by County Tax Collector**

*General.* All real and tangible personal property taxes are based on assessed values as certified and delivered to the Tax Collector by the Property Appraiser as described above. The Tax Collector mails to each property owner on the tax roll a tax bill 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. Because several taxpayers pay taxes in the months where a discount is applicable, taxes collected will likely never be 100% of the tax levy.

The Tax Collector is required 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.

*Delinquent Taxes.* 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.

*Tax Certificates and Tax Deeds.* 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 that is the subject of 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 and certain other governmental charges and assessments liens are superior to all other liens, except prior Internal Revenue Service liens.

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.

At any time after two years have elapsed since April 1 of the year of the issuance of a 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. 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.

*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 the 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.

*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 Resolution. 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 Resolution 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.

### **Exemptions from Ad Valorem Taxation**

*General.* State law provides for numerous exemptions and limitations on ad valorem taxation of real property and tangible personal property. Real property used for the following purposes is generally exempt from ad valorem taxation: religious, educational, literary, charitable, scientific, and governmental uses. Certain additional exemptions and limitations are described below. This description does not

purport to describe all exemptions available to property owners in the State, and reference is made to the State Constitution and Chapter 196, Florida Statutes, for a full description of such exemptions. In addition, State law allows for, but does not mandate, the imposition of some exemptions by local governments by ordinance. Where applicable, it is noted where the City has imposed such optional exemptions or limitations. Certain recent amendments to existing provisions relating to ad valorem tax exemptions are described under "Legislation Regarding Ad Valorem Taxes - *Recent Amendments Relating to Ad Valorem Taxation*" below.

#### *Constitutional Exemptions.*

Exempt Entities/Exempt Purposes. The State Constitution provides that all property owned by a municipality and used exclusively by it for municipal or public purposes shall be exempt from taxation. A municipality, owning property outside the municipality, may be required by general law to make payment to the taxing unit in which the property is located. Such portions of property as are used predominantly for educational, literary, scientific, religious or charitable purposes (exempt purposes) may be exempted by general law from taxation. State law provides that all property owned by an exempt entity, including educational institutions, and used exclusively for exempt purposes shall be totally exempt from ad valorem taxation and all property owned by an exempt entity, including educational institutions, and used predominantly for exempt purposes (at least 50%) shall be exempted from ad valorem taxation to the extent of the ratio that such predominant use bears to the nonexempt use.

Household Goods and Personal Effects. The State Constitution provides that there shall be exempt from taxation, cumulatively, to every head of a family residing in the State, household goods and personal effects to the value fixed by general law, not less than one thousand dollars and to every widow or widower or person who is blind or totally and permanently disabled, property not less than five hundred dollars. State law exempts from taxation to every person residing and making his or her permanent home in the State, all household goods and personal effects and exempt property up to the value of \$500 of every widow, widower, blind person, or totally and permanently disabled person who is a resident of the State.

Economic Development. The State Constitution provides that any county or municipality may, for the purpose of its respective tax levy and subject to the State Constitution and general law, grant community and economic development ad valorem tax exemptions to new businesses and expansions of existing businesses, as defined by general law. Such an exemption may be granted only by ordinance of the county or municipality, and only after the electors of the county or municipality voting on such question in a referendum authorize the county or municipality to adopt such ordinance. An exemption so granted shall apply to improvements to real property made by or for the use of a new business and improvements to real property related to the expansion of an existing business and shall also apply to tangible personal property of such new business and tangible personal property related to the expansion of an existing business. The amount or limits of the amount of such exemption shall be specified by general law (up to 100% in certain circumstances) and the period of time for which such exemption may be granted to a new business or expansion of an existing business shall be determined by general law. State law provides that the authority to grant such exemption shall expire ten years from the date of approval by the electors of the county or municipality, and may be renewable by referendum as provided by general law and that exemptions may be granted for up to 10 or 20 years depending on the use of the applicable facility. This exemption does not apply to the levy of taxes for the payment of bonds (such as the Bonds). The City has not enacted an ordinance granting the exemption described in this paragraph.



Historic Preservation. The State Constitution provides that any county or municipality may, for the purpose of its respective tax levy and subject to the provisions of the State Constitution and general law, grant historic preservation ad valorem tax exemptions to owners of historic properties. This exemption may be granted only by ordinance of the county or municipality. The amount or limits of the amount of this exemption and the requirements for eligible properties must be specified by general law. State law provides that such exemption may be for an amount up to 50% of the assessed value of the property. The period of time for which this exemption may be granted may continue until the ordinance is repealed or the property no longer qualifies for the exemption. This exemption does not apply to the levy of taxes for the payment of bonds (such as the Bonds). The City has not enacted an ordinance granting the exemption described in this paragraph.

Tangible Personal Property and Solar Devices. The State Constitution provides that by general law and subject to conditions specified therein, \$25,000 of the assessed value of property subject to tangible personal property tax shall be exempt from ad valorem taxation. Effective January 1, 2018 through December 31, 2037, the assessed value of solar devices or renewable energy source devices subject to tangible personal property tax may be exempt from ad valorem taxation, subject to limitations provided by general law.

Property Dedicated In Perpetuity for Conservation. The State Constitution provides that there shall be granted an ad valorem tax exemption for certain real property dedicated in perpetuity for conservation purposes, including real property encumbered by perpetual conservation easements or by other perpetual conservation protections, as defined by general law.

Homestead Exemption. In addition to the exemptions described above, the State Constitution also provides for a homestead exemption. 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 eligible to receive a homestead exemption of up to \$50,000. The first \$25,000 applies to all property taxes, including school district taxes. The additional exemption, up to \$25,000, applicable to the assessed value of the property between \$50,000 and \$75,000, applies to all levies other than school district levies. A person who is receiving or claiming the benefit of an ad valorem tax exemption or a tax credit in another state where permanent residency, or residency of another legally or naturally dependent upon the owner, is required as a basis for the granting of that ad valorem tax exemption or tax credit is not entitled to the homestead exemption. In addition to the general homestead exemption described in this paragraph, the following additional homestead exemptions are authorized by State law:

Certain Persons 65 or Older. A board of county commissioners or the governing authority of any municipality may adopt an ordinance to allow an additional homestead exemption equal to (i) of up to \$50,000 for persons age 65 or older with household income that does not exceed the statutory income limitation of \$20,000 (as increased by the percentage increase in the average cost of living index each year since 2001) or (ii) the assessed value of the property with a just value less than \$250,000, as determined the first tax year that the owner applies and is approved, for any person 65 or older who has maintained the residence as his or her permanent residence for not less than 25 years and whose household income does not exceed the statutory income. The City enacted Ordinance No. 2018-7 on November 7, 2018, granting the exemption described in this paragraph. In addition, veterans 65 or older who are partially or totally permanently disabled may receive a discount from tax on homestead property if the disability was combat related and the veteran was honorably discharged upon separation from military service. The discount is a percentage equal to the percentage of the veteran's permanent, service-connected disability as determined by the United States Department of Veteran's Affairs.

Deployed Military Personnel. The State Constitution provides that by general law and subject to certain conditions specified therein, each person who receives a homestead exemption; who was a member of the United States military or military reserves, the United States Coast Guard or its reserves, or the Florida National Guard; and who was deployed during the preceding calendar year on active duty outside the continental United States, Alaska, or Hawaii in support of military operations designated by the legislature shall receive an additional exemption equal to a percentage of the taxable value of his or her homestead property. The applicable percentage shall be calculated as the number of days during the preceding calendar year the person was deployed on active duty outside the continental United States, Alaska, or Hawaii in support of military operations designated by the legislature divided by the number of days in that year. During the 2018 legislative session, the statutory list of military operations eligible for the exemption was updated to remove certain operations.

Certain Active Duty Military and Veterans. A military veteran who was honorably discharged, is a resident of the State, and who is disabled to a degree of 10% or more because of misfortune or while serving during wartime may be entitled to a \$5,000 reduction in the assessed value of his or her property. This exemption is not limited to homestead property. A military veteran who was honorably discharged with a service-related total and permanent disability may be eligible for a total exemption from taxes on homestead property. A similar exemption is available to disabled veterans confined to wheelchairs. Under certain circumstances, the veteran's surviving spouse may be entitled to carry over these exemptions. During the 2018 legislative session, the five-year limitation on the veteran's surviving spouse's eligibility to receive the tax exemption was removed.

Certain Totally and Permanently Disabled Persons. Real estate used and owned as a homestead by a quadriplegic, less any portion used for commercial purposes, is exempt from all ad valorem taxation. Real estate used and owned as a homestead by a paraplegic, hemiplegic, or other totally and permanently disabled person, who must use a wheelchair for mobility or who is legally blind, is exempt from taxation if the gross household income is below statutory limits.

Survivors of First Responders. Any real estate that is owned and used as a homestead by the surviving spouse of a first responder (law enforcement officer, correctional officer, firefighter, emergency medical technician or paramedic), who died in the line of duty may be granted a total exemption on homestead property if the first responder and his or her surviving spouse were permanent residents of the State on January 1 of the year in which the first responder died.

*Other Exemptions.* Other exemptions include, but are not limited to, nonprofit homes for the aged (subject to income limits for residents), proprietary continuing care facilities, not for profit sewer water/wastewater systems, certain hospital facilities and nursing homes for special services, charter schools, certain historic property used for commercial purposes and certain tangible personal property.

## **Legislation Relating to Ad Valorem Taxation**

*Recent Amendments Relating to Ad Valorem Taxation.* In the 2016 legislative session, several amendments were passed affecting ad valorem taxation, including classification of agricultural lands during periods of eradication or quarantine, deleting requirements that conservation easements be renewed annually, providing that just value of real property shall be determined in the first tax year for income restricted persons age 65 or older who have maintained such property as the permanent residence for at least 25 years, authorizing a first responder who is totally and permanently disabled as a result of injuries sustained in the line of duty to receive relief from ad valorem taxes assessed on homestead

property, revising procedures with respect to assessments, hearings and notifications by the value adjustment board, and revising the interest rate on unpaid ad valorem taxes.

*Future Amendments Relating to Ad Valorem Taxation.* Historically, various legislative proposals and constitutional amendments relating to ad valorem taxation have been introduced in each session of the State legislature. Many of these proposals have provided for new or increased exemptions to ad valorem taxation and limited increases in assessed valuation of certain types of property or otherwise restricted the ability of local governments in the State to levy ad valorem taxes at current levels. There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would have a material adverse effect upon the collection of ad valorem taxes by the City, the City's finances in general or the City's ad valorem taxing power.

## 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 Property Tax Rates - Direct and Overlapping Governments.

### City of Margate, Florida

#### Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years (in thousands of dollars)

| Fiscal Year | Tax Year | Real Property        |                     |                     |            | Less: Tax-Exempt Property | Total Taxable Assessed Value | Total Direct Tax Rate | Total Estimated Actual Market Value | Total Assessed Value as a Percentage of Estimated Market Value |
|-------------|----------|----------------------|---------------------|---------------------|------------|---------------------------|------------------------------|-----------------------|-------------------------------------|--|
|             |          | Residential Property | Commercial Property | Industrial Property | Other (1)  |                           |                              |                       |                                     |  |
| 2009        | 2008     | \$ 2,855,449         | \$ 520,489          | \$ 132,605          | \$ 248,250 | \$ 904,798                | \$ 2,851,995                 | 6.9076                | \$ 4,710,762                        | 60.54%   |
| 2010        | 2009     | 2,350,548            | 606,720             | 128,210             | 249,626    | 870,700                   | 2,464,404                    | 7.9335                | 3,723,456                           | 66.19%   |
| 2011        | 2010     | 1,837,455            | 569,867             | 112,032             | 248,199    | 821,675                   | 1,945,878                    | 7.9788                | 2,849,840                           | 68.28%   |
| 2012        | 2011     | 1,793,921            | 508,834             | 94,923              | 258,868    | 797,049                   | 1,859,497                    | 7.9892                | 2,775,866                           | 66.99%   |
| 2013        | 2012     | 1,817,033            | 510,425             | 95,243              | 248,543    | 782,366                   | 1,888,878                    | 7.7365                | 2,831,583                           | 66.71%   |
| 2014        | 2013     | 1,894,929            | 503,368             | 100,647             | 264,324    | 785,633                   | 1,977,635                    | 7.5593                | 2,984,185                           | 66.27%   |
| 2015        | 2014     | 2,015,025            | 509,434             | 106,087             | 275,250    | 792,233                   | 2,113,563                    | 7.3093                | 3,389,842                           | 62.35%   |
| 2016        | 2015     | 2,160,635            | 507,459             | 110,480             | 273,271    | 785,590                   | 2,266,255                    | 7.3093                | 3,718,806                           | 60.94%   |
| 2017        | 2016     | 2,300,737            | 556,026             | 116,066             | 275,405    | 803,051                   | 2,445,183                    | 7.0593                | 4,061,741                           | 60.20%   |
| 2018        | 2017     | 2,528,342            | 610,033             | 132,996             | 278,283    | 831,748                   | 2,717,906                    | 7.0593                | 4,476,856                           | 60.71%   |

Source: Broward County Property Appraiser.

Note: Tax rates are per \$1,000 of assessed value.

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

Source: Comprehensive Annual Financial Report of the City of Margate, Florida for the Fiscal Year Ended September 30, 2018.

**City of Margate, Florida**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years (in thousands of dollars)**

| Fiscal Year | Tax Year | Taxes Levied for the Fiscal Year | Collected Within the Fiscal Year of the Levy |                    | Collections in Subsequent Years | Total Collections to Date |                    |
|-------------|----------|----------------------------------|--|--------------------|---------------------------------|---------------------------|--------------------|
|             |          |                                  | Amount*                                      | Percentage of Levy |                                 | Amount                    | Percentage of Levy |
| 2009        | 2008     | \$ 20,687                        | \$ 20,472                                    | 99.0%              | \$ 148                          | \$ 20,620                 | 99.7%              |
| 2010        | 2009     | 20,647                           | 19,598                                       | 94.9%              | 61                              | 19,659                    | 95.2%              |
| 2011        | 2010     | 16,585                           | 15,721                                       | 94.8%              | 34                              | 15,755                    | 95.0%              |
| 2012        | 2011     | 15,900                           | 15,334                                       | 96.4%              | (81)                            | 15,253                    | 95.9%              |
| 2013        | 2012     | 15,550                           | 14,949                                       | 96.1%              | (133)                           | 14,816                    | 95.3%              |
| 2014        | 2013     | 15,902                           | 15,241                                       | 95.8%              | 182                             | 15,423                    | 97.0%              |
| 2015        | 2014     | 16,355                           | 15,667                                       | 95.8%              | 371                             | 16,038                    | 98.1%              |
| 2016        | 2015     | 17,490                           | 16,758                                       | 95.8%              | 5                               | 16,763                    | 95.8%              |
| 2017        | 2016     | 18,225                           | 17,533                                       | 96.2%              | 7                               | 17,540                    | 96.2%              |
| 2018        | 2017     | 20,232                           | 19,382                                       | 95.8%              | -                               | 19,382                    | 95.8%              |

Source: Broward County Revenue Collector (included discounts allowed).

Note: Fiscal year 2009 data is incomplete and only reflects monies received from fiscal year 2010 and later for subsequent collections.

\* Amounts are exclusive of discounts, interest, and penalties.

Source: Comprehensive Annual Financial Report of the City of Margate, Florida for the Fiscal Year Ended September 30, 2018.

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

| Fiscal Year | City of Margate   |                      |                   | Overlapping Rates*             |                |   |                           |                                 |                                    | Total Direct and Overlapping Rates |
|-------------|-------------------|----------------------|-------------------|--------------------------------|----------------|---|---------------------------|---------------------------------|------------------------------------|------------------------------------|
|             | Operating Millage | Debt Service Millage | Total Direct Rate | Broward County School District | Broward County | South Florida Water Management District | Children Services Council | North Broward Hospital District | Florida Inland Navigation District |                                    |
| 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                            |
| 2016        | 6.3402            | 0.9691               | 7.3093            | 7.2740                         | 5.7230         | 0.3551                                  | 0.4882                    | 1.4425                          | 0.0320                             | 22.6241                            |
| 2017        | 6.4554            | 0.6039               | 7.0593            | 6.9063                         | 5.6690         | 0.3307                                  | 0.4882                    | 1.3462                          | 0.0320                             | 21.8317                            |
| 2018        | 6.5183            | 0.5410               | 7.0593            | 6.5394                         | 5.6690         | 0.3100                                  | 0.4882                    | 1.2483                          | 0.0320                             | 21.3462                            |

Source: Broward County Property Appraiser's Office.

Notes: The City's basic property tax rate may be increased only by majority vote of the City's Commissioners. Rates for debt service are set based on each year's requirements.

\* Overlapping rates are those of local and county governments that apply to property owners within the City of Margate.

Source: Comprehensive Annual Financial Report of the City of Margate, Florida for the Fiscal Year Ended September 30, 2018.

## Principal Taxpayers

The following table shows the principal property taxpayers located within the City for fiscal year ended September 30, 2018 and nine years ago.

**City of Margate, Florida**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**

|                                   | 2018                   |      |                                    | 2009                   |      |                                    |
|-----------------------------------|------------------------|------|------------------------------------|------------------------|------|------------------------------------|
|                                   | Taxable Assessed Value | Rank | Percentage of Total Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Assessed Value |
| BPP Alphabet MF Pinebrook PTE LLC | \$ 57,249,230          | 1    | 2.11%                              | \$ -                   | -    | -                                  |
| Toscana Park Villas LLC           | 42,645,630             | 2    | 1.57%                              | -                      | -    | -                                  |
| Morguard Blue Isle LLC            | 40,055,590             | 3    | 1.47%                              | -                      | -    | -                                  |
| LSREF3 Peppertree LLC             | 35,606,080             | 4    | 1.31%                              | -                      | -    | -                                  |
| Northwest Regional Hospital Inc.  | 34,779,060             | 5    | 1.28%                              | 35,938,430             | 2    | 1.20%                              |
| Behringer Harvard Margate LLC     | 30,611,270             | 6    | 1.13%                              | -                      | -    | -                                  |
| MHC Coral Cay Plantation LLC      | 29,005,490             | 7    | 1.07%                              | -                      | -    | -                                  |
| WE Fairways Carolina LLC          | 27,393,030             | 8    | 1.01%                              | -                      | -    | -                                  |
| Celebration Pointe North LLC      | 26,570,860             | 9    | 0.98%                              | -                      | -    | -                                  |
| JM Auto Inc.                      | 24,916,920             | 10   | 0.92%                              | 30,779,960             | 4    | 1.03%                              |
| Prisa Acquisition LLC             | -                      | -    | -                                  | 50,320,280             | 1    | 1.69%                              |
| Kimco Realty Corporation          | -                      | -    | -                                  | 31,216,020             | 3    | 1.05%                              |
| Florida Power & Light Company     | -                      | -    | -                                  | 29,112,464             | 5    | 0.98%                              |
| Snowbirdland Vistas Inc.          | -                      | -    | -                                  | 27,654,600             | 6    | 0.93%                              |
| Blue Isle Apartments              | -                      | -    | -                                  | 25,840,000             | 7    | 0.87%                              |
| AT & T Mobility LLC               | -                      | -    | -                                  | 23,064,753             | 8    | 0.77%                              |
| WRI-TC Palm Lakes Plaza LLC       | -                      | -    | -                                  | 22,357,460             | 9    | 0.75%                              |
| Uniprop Manufacturing Housing     | -                      | -    | -                                  | 21,281,890             | 10   | 0.71%                              |
| Total                             | <u>\$ 348,833,160</u>  |      | <u>12.85%</u>                      | <u>\$ 297,565,857</u>  |      | <u>9.98%</u>                       |

Source: Broward County Revenue Collector.

Source: Comprehensive Annual Financial Report of the City of Margate, Florida for the Fiscal Year Ended September 30, 2018.

## 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 – General Information Regarding the City of Margate, Florida" and in "APPENDIX B – Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2018" attached hereto.

## CLIMATE CHANGE AND NATURAL DISASTERS

The State is naturally susceptible to the effects of extreme weather events and natural disasters including floods, droughts, and hurricanes, which could result in negative economic impacts on communities including the City. Such effects can be exacerbated by a longer term shift in the climate over several decades (commonly referred to as climate change), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local infrastructure that

provides essential services to the City. The economic impacts resulting from such extreme weather events could include a loss of revenue, interruption of service, and escalated recovery costs.

In 2017, Hurricane IRMA struck the State causing damage to City property requiring substantial debris cleanup. As of September 30, 2018, the City incurred approximately \$3 million in hurricane related expenditures, including emergency and protective services costs. The City expects a portion of these expenses to be reimbursed by FEMA and the State of Florida. However, the City cannot predict the timing or amount of such reimbursements.

## 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][Less] Net Original Issue [Premium][Discount] |           |
| Other Legally Available Funds                       |           |
| TOTAL SOURCES                                       | <u>\$</u> |

### USES:

|                                  |           |
|----------------------------------|-----------|
| Deposit to Construction Fund     |           |
| Costs of Issuance <sup>(1)</sup> |           |
| TOTAL USES                       | <u>\$</u> |

---

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

## DEBT SERVICE SCHEDULE

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

| Bond Year<br>Ending<br>July 1 | Principal | Interest | Total<br>Debt Service |
|-------------------------------|-----------|----------|-----------------------|
|                               | \$        | \$       | \$                    |
| 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 Goren, Cherof, Doody & Ezrol, P.A., City Attorney, and by Bryant Miller Olive P.A., Miami, Florida, Disclosure Counsel.

The proposed form of the opinion of Bond Counsel is set forth as "APPENDIX D – Form of Bond Counsel Opinion" 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.

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.

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 \_\_\_\_\_ (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. Bondholders of the Discount Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, redemption or other disposition of the Discount Bonds and with respect to the state and local tax consequences of owning and disposing of the Discount Bonds.

### **Tax Treatment of Bond Premium**

The difference between the principal amount of the Bonds maturing on \_\_\_\_\_ (collectively, the "Premium Bonds"), and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Premium Bonds of the same maturity and, if applicable, interest rate, was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each of the Premium Bonds, which ends on the earlier of the maturity or call date for each of the Premium Bonds which minimizes the yield on such Premium Bonds to the purchaser. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. Bondholders of the Premium Bonds are advised that they should consult with their own tax advisors with respect to the state and local tax consequences of owning such Premium Bonds.

## **FINANCIAL ADVISOR**

PFM Financial Advisors LLC 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 Purchaser 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.

## **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**

\_\_\_\_\_ ("\_\_\_\_") has assigned a rating of "\_\_\_" 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 \_\_\_\_\_. 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 \_\_\_\_\_ 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 \_\_\_\_\_, at the following address: 55 Water Street, New York, New York 10041.

## **VALIDATION**

The Bonds were validated by judgment of the Circuit Court of the 17<sup>th</sup> judicial Circuit of the State of Florida, Case No. 19-000021, in and for Broward County, Florida rendered on February 26, 2019. The period for filing an appeal to such judgment has expired and no appeal has been filed.

## 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/discount on the Bonds of \$\_\_\_\_\_ and a Purchaser's premium/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 for the Fiscal Year Ended September 30, 2018, included in this Official Statement as APPENDIX B, have been audited by Keefe McCullough, Fort Lauderdale, Florida, independent certified public accountants, auditors for the City (the "Auditor"). Such statements speak only as of September 30, 2018. 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 Fiscal Year 2015, City management noticed inconsistencies in supporting documentation for grant (housing related) awards, notified auditors and funding agencies, and provided information and supporting documentation for review. The grants program became the subject of an active police investigation and a forensic audit. As a result of these actions, the former grants manager pled guilty at arraignment and was sentenced to prison time in August, 2017. In connection with this same issue, the U.S. Department of Housing and Urban Development Office of Inspector General performed an audit of the City's Neighborhood Stabilization Program (NSP) grants. An audit report detailing findings and recommendations was issued in May, 2018. The report indicated that \$811,751 was spent on ineligible costs and that the Miami Office of Community Planning and Development should require the City to repay the \$811,751 to the program from non-Federal funds. To date, that request from the Miami Office of Community Planning and Development has not been made to the City.

An audit was also conducted by the Florida Housing Finance Corporation in October/November 2018 for the State Housing Initiatives Partnership (SHIP) program with a report issued in December 2018. The report concluded that SHIP funds were improperly expended and that the City will be required to repay those funds back to the program. Subsequent to this, the City and the Florida Housing Finance Corporation were in discussions over the amount. A resolution requiring repayment of \$110,858, pending commission approval, was finalized in February 2019. Once approved, the final amount will be transferred to Broward County for administration provided for in an interlocal agreement between the City and County.

Audits may be forthcoming for other grant programs. The financial statements for Fiscal Year 2018 include only an adjustment for \$811,571 from NSP and do not include any other adjustments that might result from the outcome of this uncertainty. The City does not anticipate the outcome of any audits discussed above or any forthcoming audits related to other grant programs to adversely affect its ability to pay debt service on the Bonds.

## **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, Assistant City Manager, City Attorney, City Clerk, Fire Chief and Police Chief. The City Commission is elected at large, by seat, on a nonpartisan basis. Commissioners are elected to four-year terms. 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 53,369 and exceeded over 58,300 in the year 2018.

**City of Margate, Florida**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**

| <u>Year</u> | <u>Population (1)</u> | <u>Personal Income<br/>(thousands<br/>of dollars)</u> | <u>Per Capita<br/>Personal<br/>Income (2)</u> | <u>School<br/>Enrollment (3)</u> | <u>Broward<br/>County<br/>Unemployment<br/>Rate (4)</u> |
|-------------|-----------------------|---|---|----------------------------------|---|
| 2009        | 53,207                | \$ 1,080,528  | \$ 20,308                                     | 4,109                            | 9.80%   |
| 2010        | 53,369                | 1,083,818   | 20,308  | 6,097                            | 10.60%  |
| 2011        | 53,714                | 1,271,303   | 23,668  | 7,142                            | 9.30%   |
| 2012        | 55,116                | 1,304,485   | 23,668  | 7,140                            | 7.50%   |
| 2013        | 55,245                | 1,226,936   | 22,209  | 7,118                            | 5.60%   |
| 2014        | 55,417                | 1,197,783   | 21,614  | 7,172                            | 5.20%   |
| 2015        | 55,851                | 1,240,283   | 22,207  | 7,297                            | 4.90%   |
| 2016        | 57,226                | 1,309,045   | 22,875  | 7,446                            | 4.60%   |
| 2017        | 57,961                | 1,362,547   | 23,508  | 7,447                            | 3.30%   |
| 2018        | 58,329                | 1,453,617   | 24,921  | 7,408                            | 2.80%   |

Sources:

(1) University of Florida Bureau of Economic and Business Research

(2) U.S. Census Bureau

(3) School Board of Broward County, Florida

Note: School enrollment represents students who reside in Margate that are enrolled in public/charter schools in Broward County.

(4) U.S. Department of Labor, Bureau of Labor Statistics

Source: Comprehensive Annual Financial Report of the City of Margate, Florida for the Fiscal Year Ended September 30, 2018.

## Principal Employers

The following table shows the principal employers located within the City for fiscal year ended September 30, 2018 and nine years ago.

**City of Margate, Florida**  
**Principal Employers**  
**Current Year and Nine Years Ago**

|                               | 2018      |      |                                     | 2009      |      |                                     |
|-------------------------------|-----------|------|-------------------------------------|-----------|------|-------------------------------------|
|                               | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Global Response Corporation * | 1,800     | 1    | 5.96%                               | 500       | 3    | 3.02%                               |
| Northwest Medical Center      | 1,120     | 2    | 3.71%                               | 900       | 1    | 5.44%                               |
| City of Margate, Florida      | 581       | 3    | 1.93%                               | 561       | 2    | 3.39%                               |
| Broward County Schools        | 422       | 4    | 1.40%                               | 401       | 5    | 2.42%                               |
| JM Lexus                      | 372       | 5    | 1.23%                               | 320       | 7    | 1.93%                               |
| Walmart                       | 263       | 6    | 0.87%                               | 355       | 6    | 2.15%                               |
| Penn Dutch                    | 165       | 7    | 0.55%                               | 195       | 8    | 1.18%                               |
| Winn Dixie                    | 141       | 8    | 0.47%                               | -         | -    | -                                   |
| AutoNation Ford Margate       | 136       | 9    | 0.45%                               | -         | -    | -                                   |
| Publix                        | 136       | 10   | 0.45%                               | -         | -    | -                                   |
| Wyndham Vacation Resort       | -         | -    | -                                   | 405       | 4    | 2.45%                               |
| United States Postal Service  | -         | -    | -                                   | 144       | 9    | 0.87%                               |
| Maroone Ford                  | -         | -    | -                                   | 135       | 10   | 0.82%                               |
| Total                         | 5,136     |      | 17.02%                              | 3,916     |      | 23.67%                              |

Sources: Broward Planning Services Division, City-wide data.com, U.S. Bureau of Labor Statistics, Finance Department survey, and the Florida Department of Economic Opportunity.

\* Per Global Response Corporation, number of employees is based on persons employed during peak seasonal times (24 hours, 7 days a week operation).

Source: Comprehensive Annual Financial Report of the City of Margate, Florida for the Fiscal Year Ended September 30, 2018.

## FRS Pension Plan

*The information relating to the Florida Retirement System ("FRS") contained herein has been obtained from the FRS Annual Reports available at [www.dms.myflorida.com](http://www.dms.myflorida.com) and the Florida Comprehensive Annual Financial Reports available at [www.myfloridacfo.com/aadir/statewide\\_financial\\_reporting](http://www.myfloridacfo.com/aadir/statewide_financial_reporting). 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 employees filling a regularly established position in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Section 121.053 or Section 121.122, Florida Statutes, or allowed to participate in a non-integrated defined contribution plan in lieu of FRS membership. 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 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, assistant capital collateral representatives and judges of compensation claims. Members of the Elected Officers' Class ("EOC") may elect to withdraw from the FRS or participate in the SMSC in lieu of the EOC.
- *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 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 working on or after July 1, 2001, and initially enrolled before July 1, 2011. 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, 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, SMSC, and EOC 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, 2018, the FRS Trust Fund held \$2,432,971,600 in accumulated benefits for 36,001 DROP participants. Of these 36,001 DROP participants, 34,173 were active in the DROP with balances totaling \$2,185,360,679. The remaining participants were no longer active in the DROP and had balances totaling \$247,610,920 to be processed after June 30, 2018.

Administration. The FRS is a cost-sharing multiple employer public employee retirement system with two primary plans and approximately 1,000 participating employers. 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 through 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. 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. All participating employers must comply with statutory contribution requirements. Employer contribution rates under the uniform rate structure (a blending of both the FRS Pension Plan and FRS 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, 2018, was \$161,196,880,609. 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 of the FRS are required to contribute 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 Fiscal Year 2017-18 are as follows:

| <u>Membership Class</u>   | <u>Employee<br/>Contribution Rate</u> | <u>Employer<br/>Contribution Rate<sup>(1)</sup></u> | <u>Total<br/>Contribution Rate</u> |
|---|---------------------------------------|---|------------------------------------|
| Regular   | 3.00%                                 | 6.20%   | 9.20%                              |
| Special Risk  | 3.00                                  | 21.55   | 24.55                              |
| Special Risk Administrative Support   | 3.00                                  | 32.91   | 35.91                              |
| Elected Officers – Judges   | 3.00                                  | 37.92   | 40.92                              |
| Elected Officers – Governor, Lt. Governor,<br>Cabinet, Legislators, State Attorneys and Public<br>Defenders | 3.00                                  | 49.14   | 52.14                              |
| Elected Officers – County, City, Special Districts  | 3.00                                  | 43.78   | 46.78                              |
| Senior Management Service   | 3.00                                  | 20.99   | 23.99                              |
| Deferred Retirement Option Program  | N/A                                   | 11.60   | 11.60                              |

<sup>(1)</sup> These rates include the normal cost and unfunded actuarial liability contributions but do not include the 1.66% contribution for the Retiree Health Insurance Subsidy ("HIS") and the fee of 0.06% 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 Fiscal Year Ended June 30, 2018.

The contributions of the City are established and may be amended by the State Legislature. The City's contributions to the FRS Pension Plan totaled \$5,217,664 for the Fiscal Year ended September 30, 2018.

Pension Amounts for the FRS Pension Plan.

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

| <b>Total Pension Liability</b>                           | <u>June 30, 2016</u> | <u>June 30, 2017</u>               | <u>June 30, 2018</u> |
|--|----------------------|------------------------------------|----------------------|
| Service cost   | \$2,132,906          | \$2,073,754                        | \$2,423,987          |
| Interest on total pension liability                      | 12,109,114           | 12,484,167                         | 12,847,930           |
| Effect of plan changes                                   | 32,310               | 92,185                             | -                    |
| Effect of economic/demographic (gains) or losses         | 980,192              | 1,412,462                          | 554,811              |
| Effect of assumption changes or inputs                   | 1,030,667            | 10,398,344                         | 2,235,654            |
| Benefit payments   | <u>(10,624,925)</u>  | <u>(9,859,319)</u>                 | <u>(10,377,575)</u>  |
| Net change in total pension liability                    | 5,660,264            | 16,601,593                         | 7,684,807            |
| Total pension liability, beginning                       | <u>161,370,735</u>   | <u>167,030,999</u>                 | <u>183,632,592</u>   |
| Total pension liability, ending (a)                      | <u>\$167,030,999</u> | <u>\$183,632,592</u>               | <u>\$191,317,399</u> |
| <b>Fiduciary Net Position</b>                            |                      |                                    |                      |
| Employer contributions                                   | \$2,438,659          | \$2,603,246                        | \$2,849,920          |
| Member contributions                                     | 710,717              | 744,839                            | 746,370              |
| Investment income net of investment expenses             | 820,583              | 18,801,917                         | 13,955,233           |
| Benefit payments   | (10,624,925)         | (9,859,319)                        | (10,377,575)         |
| Administrative expenses                                  | <u>(18,507)</u>      | <u>(18,340)</u>                    | <u>(20,178)</u>      |
| Net change in plan fiduciary net position                | (6,673,473)          | 12,272,342                         | 7,153,770            |
| Fiduciary net position, beginning                        | <u>148,454,394</u>   | <u>141,780,921</u>                 | <u>154,043,111</u>   |
| Fiduciary net position, ending (b)                       | <u>\$141,780,921</u> | <u>\$154,053,263<sup>(1)</sup></u> | <u>\$161,196,881</u> |
| Net pension liability, ending = (a) – (b)                | \$25,250,078         | \$29,579,329                       | \$30,120,518         |
| Fiduciary net position as a % of total pension liability | 84.88%               | 83.89%                             | 84.26%               |
| Covered payroll <sup>(2)</sup>                           | \$33,214,217         | \$33,775,800                       | \$34,675,000         |
| Net pension liability as a % of covered payroll          | 76.02%               | 87.58%                             | 86.87%               |

<sup>(1)</sup> Reflects restatement of beginning net position at July 1, 2017, due to implementation of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

<sup>(2)</sup> 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 Fiscal Year Ended June 30, 2018.

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, 2018, calculated based on the discount rate and actuarial assumptions below:

|  | <u>June 30, 2017</u> | <u>June 30, 2018</u> |
|--|----------------------|----------------------|
| Discount rate  | 7.10%                | 7.00%                |
| Long-term expected rate of return, net of investment expense | 7.10%                | 7.00%                |
| 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 Fiscal Year Ended June 30, 2018.

The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees if future experience follows assumptions and the Actuarially Determined Contribution (ADC) is contributed in full each year. 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, 2017, were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013.

|                                     |   |   |
|-------------------------------------|---|---|
| Valuation Date                      | July 1, 2017  | July 1, 2018  |
| Measurement Date                    | June 30, 2017   | June 30, 2018   |
| Asset Valuation Method              | Fair Market Value   | Fair Market Value   |
| Inflation                           | 2.60%   | 2.60%   |
| Salary increase including inflation | 3.25%   | 3.25%   |
| Mortality                           | Generational RP-2000 with<br>Projection Scale BB <sup>(1)</sup> | Generational RP-2000 with<br>Projection Scale BB <sup>(2)</sup> |
| Actuarial cost method               | Individual Entry Age  | Individual Entry Age  |

(1) See July 1, 2017, Actuarial Valuation Report for details.

(2) See July 1, 2018, Actuarial Valuation Report for details.

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2018.

Sensitivity Analysis for the FRS Pension Plan. The following presents the net pension liability of the FRS, calculated using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate.

|                         | <u>1% Decrease<br/>6.00%</u> | <u>Current Discount Rate<br/>7.00%</u> | <u>1% Increase<br/>8.00%</u> |
|-------------------------|------------------------------|--|------------------------------|
| Total pension liability | \$216,168,090,000            | \$191,317,399,000                      | \$170,677,431,000            |
| Fiduciary net position  | <u>161,196,880,609</u>       | <u>161,196,880,609</u>                 | <u>161,196,880,609</u>       |
| Net pension liability   | <u>\$54,971,209,391</u>      | <u>\$30,120,518,391</u>                | <u>\$9,480,550,391</u>       |

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2018.

### **Retiree Health Insurance Subsidy Program**

The HIS Program is a non-qualified, cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes. The Florida Legislature establishes and amends the



contribution requirements and benefit terms of the HIS Program. The benefit is a monthly payment to assist eligible retirees and surviving beneficiaries of state-administered retirement systems in paying their health insurance costs. The Department of Management Services, Division of Retirement administers the HIS program. For the fiscal year ended June 30, 2018, 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, 2018, the contribution rate was 1.66% 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 legislation may reduce or cancel HIS payments.

### **City's Proportionate Share of Net Pension Liability**

The City reported a liability of \$58,734,239 for its proportionate share of the FRS Pension Plan's net pension liability and \$12,754,681 for the HIS Plan's net pension liability for a total pension liability of \$71,488,920.

### **City's Contribution Requirements**

Contributions to the FRS Pension Plan are made by the City as a percentage of covered payrolls. Effective July 1, 2011, 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 by job class for the periods from October 1, 2017 through June 30, 2018 and from July 1, 2018 through September 30, 2018, respectively, were as follows: Regular – 7.92% and 8.26%; Special Risk Administrative Support – 34.63% and 34.98% Special Risk – 23.27% and 24.50%; Senior Management Service – 22.71% and 24.06%; Elected Officers' – 45.50% and 48.70%; and DROP Participants – 13.26% and 14.03%. These employer contribution rates include 1.66% HIS Plan subsidy for the period October 1, 2017 through September 30, 2018.

The pension expense recognized during Fiscal Year ended September 30, 2018 was \$9,642,347 for the FRS Pension Plan and \$942,372 for the HIS Plan for a total pension expense of \$10,584,719.

See Note 9 to the City's Financial Statements included in "Appendix B – Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2018" hereto for more detailed information regarding the City's obligations with regard to the FRS Pension Plan, including the HIS Program.

### **Other Post-employment Benefits**

The City offers other post employment benefits ("OPEB") to retiring employees, a one-time opportunity to participate in the City's employee group health and life insurance program pursuant to Section 112.081, Florida Statutes (the "Plan"). The Plan is a single-employer defined benefit OPEB plan administered by Cigna Corporation. The post-employment benefits are extended to retirees and continued at the discretion of the City Commission, which reserves the right (subject to State Statute and any collective bargaining agreements) to change or terminate benefits and to change contributions required from retirees in the future as circumstances change. The participation of retirees and their

eligible dependents in the Plan is at a premium cost to the retiree that is no more than the premium cost applicable to active employees. A retiring member who rejects this initial opportunity to continue to participate in the Plan will not be entitled to another opportunity to renew participation at any time in the future. The coverage provided under this Plan 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.

The following table provides a summary of the number of participants in the Plan as of October 1, 2016:

|   |            |
|---|------------|
| Inactive Plan members or beneficiaries currently receiving benefits | 84         |
| Inactive Plan members entitled to but not yet receiving benefits    | -          |
| Active Plan members   | <u>456</u> |
| Total Plan members  | <u>540</u> |

Currently, the City's OPEB benefits are unfunded. This plan is not accounted for in a trust fund. To date, the City has followed a pay as you go funding policy, therefore, only those amounts necessary to provide for the City's reporting of current year benefit costs and expenses have been contributed from the General Fund. State law prohibits the City from separately rating retirees and active employees for medical plan benefits. Therefore, the City assigns to both groups a blended rate and makes available to both groups the same plan options. Contribution rates are provided for in collective bargaining agreements negotiated with various unions representing employees. Effective January 1, 2018, retirees that are not Medicare eligible are responsible for 35% of premium costs with the City contributing 65%. Retirees eligible for Medicare are responsible for the full premium. Life insurance coverage for retiree and spouse is 100% retiree paid. The Plan does not issue a stand-alone financial report and it is not included in the report of a public employee retirement system or a report of another entity.

### **Actuarial Methods and Assumptions**

The actuarial valuation of the calculation of OPEB involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and plan members) and include the types of benefits in force at the valuation date and the historical pattern of sharing benefit costs between the City and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The total OPEB liability at September 30, 2018 was based on an actuarial valuation dated October 1, 2016 with a measurement date of September 30, 2017, using the following actuarial assumptions:

|                             |   |
|-----------------------------|---|
| Actuarial Cost Method       | Entry Age Normal  |
| Inflation                   | 2.50%   |
| Discount Rate               | 3.50%   |
| Salary Increases            | Salary increase rates used for Regular Class and Special Risk Class members in the July 1, 2016 actuarial valuation of the Florida Retirement System; 3.7% - 7.8%, including inflation.   |
| Retirement Age              | Retirement rates used for Regular Class and Special Risk Class members in the July 1, 2016 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013. |
| Mortality                   | Mortality tables used for Regular Class and Special Risk Class members in the July 1, 2016 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013. |
| Healthcare Cost Trend Rates | Based on the Getzen Model, with a trend of 20.30% for 2017, 15.7% for 2018, 6.75% for 2019, and gradually trending to an ultimate trend rate of 4.24% plus 0.62% increase for excise tax.   |
| Aging Factor                | Based on the 2013 SOA Study "Health Care Costs- From Birth to Death."   |

Changes in assumptions and other inputs include the change in the discount rate from 3.06% as of the beginning of the measurement period to 3.50% as of September 30, 2017. Change in benefit terms reflect a change in the City subsidy structure, effective January 1, 2018, as follows: under age 65, the City pays 65% and retiree pays 35% of the premium rate, and for 65 and older, the retiree pays 100% of the premium rate. These changes are reflected in the Schedule of Changes in Total OPEB Liability.

### Discount Rate

The discount rate used to measure the total OPEB liability at September 30, 2017 was 3.50%. Because the City's OPEB costs are funded on a pay-as-you-go funding structure, a tax-exempt municipal bond rate based on an index of 20 year general obligation bonds with an average AA credit rating as of the measurement date was used to determine the total OPEB liability. The discount rate was 3.06% as of the beginning of the measurement year.

### Total OPEB Liability of the City

The components of the City's net OPEB liability at September 30, 2018, are as follows:

|  |                     |
|--|---------------------|
| Total OPEB liability   | \$15,237,100        |
| OPEB Plan fiduciary net position   | _____ -             |
| City's net OPEB Liability  | <u>\$15,237,100</u> |
| OPEB Plan fiduciary net position as a percentage of total OPEB Liability | 0.00%               |

## Changes in Total OPEB Liability

Measurement year ended September 30, 2017

|                                    |                     |
|------------------------------------|---------------------|
| Total OPEB liability               |                     |
| Service cost                       | \$2,407,457         |
| Interest on total OPEB Liability   | 1,428,239           |
| Change of benefit terms            | (29,563,238)        |
| Change of assumptions              | (2,874,119)         |
| Benefit payments                   | <u>(856,527)</u>    |
| Net change in total OPEB Liability | (29,458,188)        |
| Total OPEB Liability, beginning    | <u>44,695,288</u>   |
| Total OPEB Liability, ending       | <u>\$15,237,100</u> |

## Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following table presents the total OPEB liability, calculated using the discount rate of 3.50%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

|                      | 1% Decrease<br>(2.50%) | Current Discount Rate<br>(3.50%) | 1% Increase<br>(4.50%) |
|----------------------|------------------------|----------------------------------|------------------------|
| Total OPEB liability | <u>\$16,280,836</u>    | <u>\$15,237,100</u>              | <u>\$14,272,908</u>    |

## Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage-point lower or one percentage-point higher than the current trend rate:

|                      | 1% Trend Decrease<br>(19.3% to 3.87%) | Trend Rate Assumption<br>(20.3% to 4.87%) | 1% Trend Increase<br>(21.3% to 5.87%) |
|----------------------|---------------------------------------|---|---------------------------------------|
| Total OPEB liability | <u>\$13,488,563</u>                   | <u>\$15,237,100</u>                       | <u>\$17,250,086</u>                   |

## OPEB Income and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018 the City recognized OPEB income of \$26,012,108. At September 30, 2018, the City has deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | Deferred Outflows of<br>Resources | Deferred Inflows of<br>Resources |
|--|-----------------------------------|----------------------------------|
| Changes in assumptions                       | -                                 | \$2,589,553                      |
| Benefits paid subsequent to measurement date | <u>\$543,786</u>                  | <u>-</u>                         |
| Total  | <u>\$543,786</u>                  | <u>\$2,589,553</u>               |

\$543,786 reported as deferred outflows of resources related to OPEB resulting from City benefits paid subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Fiscal Year Ending<br>September 30, | Deferred Inflows of<br>Resources |
|-------------------------------------|----------------------------------|
| 2019                                | \$(284,566)                      |
| 2020                                | (284,566)                        |
| 2021                                | (284,566)                        |
| 2022                                | (284,566)                        |
| 2023                                | (284,566)                        |
| Thereafter                          | <u>(1,166,723)</u>               |
|                                     | <u><u>\$ (2,589,553)</u></u>     |

## 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 S&P Global Inc. (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", S&P Global Inc. – "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" S&P Global Inc. .
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 S&P Global Inc. for long-term debt, or rated at least "MIG-2" by Moody's and "SP-2" by S&P Global Inc. 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 S&P Global Inc., 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, 2018**

## **APPENDIX C**

### **Form of the Ordinance**

**[Exhibits Intentionally Omitted]**

## **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 Bonds, Series 2019 (the "Bonds"). The Bonds are being issued pursuant to Ordinance No. 2018-9 enacted by the City Commission of the City (the "Commission") on December 12, 2018, as supplemented by Resolution No. \_\_\_\_\_, adopted on March 20, 2019 (collectively, 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 Underwriter 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 Underwriter" 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 30<sup>th</sup> following the end of the prior fiscal year, beginning with the fiscal year ending September 30, 2019 with respect to the report for the fiscal year ending September 30, 2019, 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 3(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 \_\_\_\_\_, 2019 (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 website 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 17 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;
15. incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material;
16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties; and
17. 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 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 Underwriter 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 \_\_\_\_\_, 2019

CITY OF MARGATE, FLORIDA

By: \_\_\_\_\_  
Samuel A. May  
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 Bonds, Series 2019

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:\_\_\_\_\_

**CITY OF MARGATE, FLORIDA**

\_\_\_\_\_

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. \_\_\_\_\_ "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
13. \_\_\_\_\_ "Merger, consolidation, or acquisition of the obligated person, if material;"
14. \_\_\_\_\_ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"
15. \_\_\_\_\_ "Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material;"
16. \_\_\_\_\_ "Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties;" and
17. \_\_\_\_\_ "Notice of any failure on the part of the City to meet the requirements of Section 3 hereof."

\_\_\_\_ 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: \_\_\_\_\_

Date:

**EXHIBIT "D"**

**FORM OF CERTIFICATE OF AWARD**

## CERTIFICATE OF AWARD

I, the undersigned, as City Manager for the City of Margate, Florida (the "Issuer"),  
HEREBY CERTIFY as follows:

1. As authorized by Ordinance No. 2018-9 enacted by the City Commission on December 12, 2018, and as particularly supplemented by Resolution No. \_\_\_\_ adopted on March 20, 2019 (collectively, the "Bond Ordinance"), bids for the purchase of the City of Margate, Florida General Obligation Bonds, Series 2019 (the "Bonds") were solicited pursuant to the related Official Notice of Sale (the "Notice of Sale"), a true and correct copy of which is attached hereto as Exhibit "A." Capitalized undefined terms shall have the meaning ascribed thereto in the Bond Ordinance.

2. Bids were electronically received for the Bonds via **PARITY** on April [11,] 2019. \_\_\_\_\_ (the "Original Purchaser") submitted the lowest qualifying bid (a copy of which is attached hereto as Exhibit "B").

3. PFM Financial Advisors LLC, as Financial Advisor to the Issuer (the "Financial Advisor"), has submitted to us a financial analysis reflecting that the bid of the Original Purchaser provides a true interest cost relating to the Bonds calculated in accordance with the Notice of Sale ("TIC") of \_\_\_\_\_% which is less than the TIC of the other bidders. A summary of the TIC for each bid received calculated by the Financial Advisor is attached hereto as Exhibit "C."

4. Pursuant to the procedures described in the Notice of Sale, the Financial Advisor adjusted the aggregate principal amount of the Bonds and certain maturity amounts for the Bonds. The final numbers relating to the Bonds are attached hereto as Exhibit "D." Such financial analysis demonstrates that (i) the aggregate principal amount of the Bonds does not exceed \$10,000,000, (ii) the true interest cost rate of the Bonds does not exceed 4.50%, (iii) the final maturity date for the Bonds is not later than July 1, 2048, and (iv) a completed truth-in-bonding statement in compliance with Section 218.385, Florida Statutes has been received.

5. Pursuant to the Bond Ordinance and subject to the terms and conditions of the Notice of Sale, on this day, the sale of the Bonds in the aggregate principal amount of \$\_\_\_\_\_ is hereby awarded to the Original Purchaser in accordance with its bid and the final numbers attached hereto as Exhibit "D."

6. Certain of the Bonds are subject to optional redemption in the manner described in the Notice of Sale.

DATED as of this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

**CITY OF MARGATE, FLORIDA**

By: \_\_\_\_\_

Name: Samuel May

Title: City Manager

[Signature Page to Certificate of Award]

**EXHIBIT A**

**NOTICE OF SALE**

**EXHIBIT B**

**LOWEST QUALIFYING BID**

**EXHIBIT C**

**SUMMARY OF BIDS IN TERMS OF TRUE  
INTEREST COST**



**EXHIBIT D**

**FINAL NUMBERS**