M E M O R A N D U M

Date: December 1, 2015

TO: Town Commission

FROM: Dave Bullock, Town Manager

SUBJECT: Resolution 2016-01, Special Assessment Revenue Bonds (Gulf of Mexico Drive Undergrounding Project)

On November 3, 2015, the Town's electors voted to authorize the Town's borrowing of up to $25,250,000 for the undergrounding of utilities along Gulf of Mexico Drive (the "Project").

Attached is a copy of the Master Bond Resolution for the Project as prepared by our Bond Counsel and reviewed by the Finance Director, Town auditors, Town Attorney and Town Clerk.

A representative of our Bond Counsel will be present at the December 14, 2015 Regular Workshop Meeting to explain the Resolution and answer questions you may have.

This item was considered at the December 14, 2015 Regular Workshop Meeting and forwarded for Commission consideration and formal action at the December 14, 2015 Special Meeting.

In the meantime, please contact me if you have any questions.

RESOLUTION 2016-01

TOWN OF LONGBOAT KEY, FLORIDA

SPECIAL ASSESSMENT REVENUE BONDS
(GULF OF MEXICO DRIVE UNDERGROUNDING PROJECT)
RESOLUTION

ADOPTED JANUARY 4, 2016

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RESOLUTION 2016-01

A RESOLUTION OF THE TOWN OF LONGBOAT KEY, FLORIDA AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $25,250,000 IN AGGREGATE PRINCIPAL AMOUNT OF TOWN OF LONGBOAT KEY, FLORIDA SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2016 (GULF OF MEXICO DRIVE UNDERGROUNDING PROJECT) FOR THE PURPOSE OF FINANCING THE COSTS OF UNDERGROUNDING ELECTRICAL, COMMUNICATIONS, FIBER OPTICS AND OTHER UTILITIES AND INSTALLATION OF STREET LIGHTING RELATING TO GULF OF MEXICO DRIVE; PROVIDING THAT SUCH BONDS SHALL BE LIMITED OBLIGATIONS OF THE TOWN PAYABLE SOLELY FROM NON-AD VALOREM SPECIAL ASSESSMENTS IMPOSED AGAINST REAL PROPERTY THROUGHOUT THE TOWN AND A BACKUP COVENANT TO BUDGET AND APPROPRIATE LEGALLY AVAILABLE NON-AD VALOREM REVENUES OF THE TOWN; PROVIDING FOR THE RIGHTS, SECURITIES AND REMEDIES FOR THE OWNER OF SUCH BONDS; MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; AUTHORIZING A BOND VALIDATION; AUTHORIZING CERTAIN OFFICIALS AND EMPLOYEES OF THE TOWN TO TAKE ALL ACTIONS REQUIRED IN CONNECTION WITH THE SALE, ISSUANCE AND DELIVERY OF SUCH BONDS; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE TOWN COMMISSION OF THE TOWN OF LONGBOAT KEY, FLORIDA, THAT:

ARTICLE I
GENERAL

SECTION 1.01 <u>Definitions.</u>

When used in this Resolution, the following terms shall have the following meanings, unless the context clearly otherwise requires:

"**Act**" shall mean the Constitution of the State of Florida, Chapter 166, Florida Statutes, the Town of Longboat Key Charter, the Referendum Ordinance, the Assessment Ordinance, and other applicable provisions of law.

"**Additional Bonds**" shall mean the obligations issued at any time under the provisions of Section 5.02 hereof on a parity with the Series 2016 Bonds.

"**Amortization Installment**" shall mean an amount designated as such by Supplemental Resolution of the Issuer and established with respect to any Term Bonds.

"**Annual Debt Service**" shall mean, with respect to any Bond Year, the aggregate amount of (1) all interest required to be paid on the Outstanding Bonds during such Bond Year, except to the extent that such interest is to be paid from deposits in the Interest Account made from Bond proceeds, (2) all principal of Outstanding Serial Bonds maturing in such Bond Year, and (3) all Amortization Installments herein designated with respect to such Bond Year. Annual Debt Service on (i) debt that constitutes Balloon Indebtedness bearing interest at a fixed interest rate or (ii) Variable Rate Bonds that constitutes Balloon Indebtedness, shall be determined assuming it is amortized over 20 years on an approximately level annual debt service basis.

"**Assessments**" shall mean the special assessments (sometimes characterized as non-ad valorem assessments) imposed by the Issuer against Assessed Property to fund all or a portion of the costs associated with the Project and related expenses, computed in the manner described in the Assessment Resolution.

"**Assessment Ordinance**" shall mean Ordinance 2015-30 enacted by the Town Commission of the Issuer on December 7, 2015, as may be amended from time to time.

"**Assessed Property**" shall have the meaning ascribed thereto in the Assessment Resolution.

"**Assessment Resolution**" shall mean, collectively, Resolution 2015-30 adopted by the Town Commission of the Issuer on December 7, 2015, and a related resolution adopted by the Town Commission of the Issuer on January 4, 2016.

"**Balloon Indebtedness**" shall mean debt 25% or more of the original principal amount of which matures during any one Fiscal Year.

"**Bond Amortization Account**" shall mean the separate account in the Debt Service Fund established pursuant to Section 4.04 hereof.

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

"**Bond Year**" shall mean the period commencing on August 2 and ending twelve months later on August 1, or such other dates as may be determined by the Issuer by Supplemental Resolution of the Issuer adopted prior to the issuance of the Series 2016 Bonds.

"**Bondholder**" or "**Holder**" or "**holder**" or any similar term, when used with reference to a Bond or Bonds, shall mean any person who shall be the registered owner of any Outstanding Bond or Bonds as provided in the registration books of the Issuer.

"**Bonds**" shall mean the Series 2016 Bonds, together with any Additional Bonds issued pursuant to this Resolution.

"**Capital Project Fund**" shall mean the "Capital Project Fund" of the Issuer which relates to the Gulf of Mexico Drive Undergrounding Project.

"**Clerk**" shall mean the Town Clerk or assistant or deputy Town Clerk of the Issuer, or such other person as may be duly authorized by the Town Commission of the Issuer to act on his or her behalf.

"**Code**" shall mean the Internal Revenue Code of 1986, as amended, and the regulations and rules thereunder in effect or proposed.

"**Collection Costs**" shall have the meaning ascribed thereto in the Assessment Resolution.

"**Construction Account**" shall mean the separate account in the Capital Project Fund established pursuant to Section 4.04 hereof.

"**Cost**" when used in connection with the Project, shall mean (1) the Issuer's cost of design, demolition, physical construction, and/or other pre-construction costs including without limitation geotechnical testing, value engineering, surveying and permitting; (2) costs of acquisition by or for the Issuer of such Project; (3) costs of land and interests therein and the cost of the Issuer incidental to such acquisition; (4) the cost of any indemnity and surety bonds and premiums for insurance during construction; (5) all interest due to be paid on the Bonds and other obligations relating to the Project during, and if deemed advisable by the Issuer for up to one year after the end of, the construction period of such Project and for a reasonable period thereafter, if permitted by the Code; (6) architectural, design, engineering, legal and other consultant fees and expenses; (7) costs and expenses incidental to the issuance of the Bonds for up to one year, including the fees and expenses of any attorneys, financial advisors, auditors, engineers, Paying Agent, Registrar or depository; (8) payments, when due (whether at the maturity of principal or the due date of interest or upon redemption) on any indebtedness of the Issuer (other than the Bonds) incurred for such Project; (9) costs of machinery or equipment required by the Issuer for the commencement of operation of such Project; or (10) any other capitalizeable costs properly attributable to such activities including without limitation professional fees and expenses, as determined by generally accepted accounting principles and shall include reimbursement to the Issuer for any such items of Cost heretofore paid by the Issuer. Any Supplemental Resolution may provide for additional items to be included in the aforesaid Costs.

"**Debt Service Fund**" shall mean the Town of Longboat Key, Florida, Special Assessment Revenue Bonds (Gulf of Mexico Drive Undergrounding Project) Debt Service Fund established pursuant to Section 4.04 hereof.

"**Federal Securities**" shall mean (1) cash, and/or (2) non-callable direct obligations of the United States of America.

"**Financial Advisor**" shall mean Public Financial Management, Inc., or such other financial advisor as may be duly appointed by the Issuer.

"**Finance Director**" shall mean the Finance Director of the Issuer or any assistant or deputy thereof.

"**Fiscal Year**" shall mean the period commencing on October 1 of each year and continuing through the next succeeding September 30, or such other period as may be prescribed by law.

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

"**Insurer**" shall mean any issuer or issuers of any Insurance Policy or any successor corporation that assumes the obligations of the issuer of such Insurance Policy. All references in this Resolution to the Insurer and/or an Insurance Policy shall be of no force and effect to a particular Series of Bonds if such Bonds are not insured, and/or at such time as there are no Bonds Outstanding with respect to which an Insurer has issued an Insurance Policy.

"**Interest Account**" shall mean the separate account in the Debt Service Fund established pursuant to Section 4.04 hereof.

"**Interest Date**" shall be February 1 and August 1 of each year, or such other dates as may be determined by the Issuer by Supplemental Resolution of the Issuer adopted prior to the issuance of the Series 2016 Bonds.

"**Issuer**" shall mean the Town of Longboat Key, Florida, a municipal corporation of the State of Florida.

"**Maximum Annual Debt Service**" shall mean the largest amount of Annual Debt Service for any Bond Year in which Bonds shall be Outstanding, excluding all Bond Years which shall have ended prior to the Bond Year in which Maximum Annual Debt Service shall be computed.

"**Maximum Interest Rate**" shall mean, with respect to any particular Variable Rate Bonds, the maximum rate of interest such Bonds may at any time bear in the future in accordance with the terms of the Supplemental Resolution of the Issuer delineating the details of such Bonds.

"**Mayor**" shall mean the Mayor of the Issuer, or his or her designee.

"**Non-Ad Valorem Revenues**" shall mean all revenues of the Issuer other than ad valorem taxes, which are lawfully available to be used to pay debt service on the Series 2016 Bonds.

"**Outstanding**" when used with reference to Bonds and as of any particular date, shall describe all Bonds theretofore and thereupon being authenticated, if applicable, and delivered except, (1) any Bond in lieu of which another Bond or other Bonds have been issued under an agreement to replace lost, mutilated or destroyed Bonds, (2) any Bond surrendered by the Holder thereof in exchange for another Bond or other Bonds under Sections 2.06 and 2.08 hereof, and (3) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity.

"**Paying Agent**" shall mean any paying agent for Bonds appointed by or pursuant to a Supplemental Resolution and its successors or assigns, and any other Person which may at any time be substituted in its place pursuant to this Resolution.

"**Permitted Investments**" shall mean any investments authorized pursuant to the laws of the State and the Issuer's written investment policy, if any.

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

"**Pledged Funds**" shall mean the Pledged Revenues and until applied in accordance with the provisions of this Resolution, all moneys, including investments thereof, in the funds and accounts established hereunder; provided, however, amounts on deposit in the Capital Project Fund, other than amounts on deposit in the Construction Account, are expressly excluded from this definition.

"**Pledged Revenues**" shall mean the Assessments and any Non-Ad Valorem Revenues budgeted, appropriated and deposited as provided herein.

"**Prepayments**" shall mean any Assessments, or portions thereof, which shall be paid to the Issuer prior to the time such amounts become due. Prepayments shall not include any interest paid on such Assessments.

"**Prepayments Account**" shall mean the separate account in the Debt Service Fund established pursuant to Section 4.04 hereof.

"**Principal Account**" shall mean the separate account in the Debt Service Fund established pursuant to Section 4.04 hereof.

"**Project**" shall mean undergrounding electrical, communications, fiber optics and other utilities and installation of street lighting relating to Gulf of Mexico Drive.

"**Redemption Price**" shall mean, 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.

"**Referendum Ordinance**" shall mean Ordinance 2015-21 enacted by the Town Commission of the Issuer on June 29, 2015.

"**Registrar**" shall mean any registrar for the Bonds appointed by or pursuant to a Supplemental Resolution and its successors and assigns, and any other Person which may at any time be substituted in its place pursuant to Supplemental Resolution.

"**Reserve Account**" shall mean the separate account in the Debt Service Fund established pursuant to Section 4.04 hereof.

"**Reserve Account Requirement**" shall mean (a) with respect to the Reserve Account (but not any subaccount therein) the lesser of (i) the Maximum Annual Debt Service for all Outstanding Bonds secured by the Reserve Account, (ii) 125% of the average annual debt service with respect to Outstanding Bonds secured by the Reserve Account, or (iii) the largest amount as shall not adversely affect the exclusion of interest on the Outstanding Bonds (other than Taxable Bonds) from gross income for Federal income tax purposes, with respect to Bonds secured by the Reserve Account, and (b) with respect to any subaccount created in the Reserve Account, the amount that the Town Manager or Finance Director shall establish in writing, for each subaccount of the Reserve Account which secures a Series of Bonds pursuant to Section 4.05(A)4. of this Resolution, the determination of such amount to be in the best economic interests of the Issuer.

"**Residual Account**" shall mean the separate account in the Debt Service Fund established pursuant to Section 4.04 hereof.

"**Resolution**" shall mean this Resolution, as the same may from time to time be amended, modified or supplemented by Supplemental Resolution.

"**Revenue Fund**" shall mean the Town of Longboat Key, Florida Special Assessment Revenue Bonds (Gulf of Mexico Drive Undergrounding Project) Revenue Fund established pursuant to Section 4.04 hereof.

"**Serial Bonds**" shall mean all of the Bonds other than Term Bonds and Variable Rate Bonds.

"**Series**" shall mean all the Bonds delivered on original issuance in a simultaneous transaction and identified pursuant to Sections 2.01 and 2.02 hereof or a Supplemental Resolution authorizing the issuance by the Issuer of such Bonds as a separate Series, regardless of variations in maturity, interest rate, Amortization Installments or other provisions.

"**Series 2016 Bonds**" shall mean the Issuer's Special Assessment Revenue Bonds, Series 2016 (Gulf of Mexico Drive Undergrounding Project) authorized pursuant to Section 2.02 hereof, or such other name or names as shall be designated pursuant to the authorization in Section 2.02 hereof; provided, that the authorized aggregate principal amount of $25,250,000 herein is not exceeded. The Series 2016 Bonds may be issued as bonds or notes and may be issued in more than one Series, as may be determined by Supplemental Resolution.

"**State**" shall mean the State of Florida.

"**Subordinated Indebtedness**" shall mean that indebtedness of the Issuer, subordinate and junior to the Bonds, issued in accordance with the provisions of Section 5.01 hereof.

"**Supplemental Resolution**" shall mean any resolution of the Issuer amending or supplementing this Resolution adopted and becoming effective in accordance with the terms of Sections 7.01, 7.02 and 7.03 hereof.

"**Taxable Bond**" shall mean any Bond which states, in the body thereof, that the interest income thereon is includable in the gross income of the Holder thereof for federal income tax purposes or that such interest is subject to federal income taxation.

"**Term Bonds**" shall mean those Bonds which shall be designated as Term Bonds hereby or by Supplemental Resolution of the Issuer and which are subject to mandatory redemption by Amortization Installments.

"**Town**" shall mean the Town of Longboat Key, Florida.

"**Town Attorney**" shall mean the Town Attorney or his or her designee.

"**Town Manager**" shall mean the Town Manager of the Issuer or any assistant or deputy thereof.

"**Variable Rate Bonds**" shall mean Bonds issued with a variable, adjustable, convertible or other similar rate which is not fixed in percentage for the entire term thereof at the date of issue.

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

Words importing the masculine gender include every other gender.

Words importing the singular number include the plural number, and vice versa.

SECTION 1.02 <u>Authority for Resolution.</u>

This Resolution is adopted pursuant to the Act and the Bond Referendum.

SECTION 1.03 <u>Resolution to Constitute Contract.</u>

In consideration of the purchase and acceptance of any or all of the Bonds by those who shall hold the same from time to time, the provisions of this Resolution shall be a part of the contract of the Issuer with the Holders of the Bonds and shall be deemed to be and shall constitute a contract between the Issuer and the Holders from time to time of the Bonds. The pledge made in this Resolution and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be for the equal benefit, protection and security of the Holders of any and all of said Bonds and the Insurers. All of the Bonds, regardless of the time or times of their issuance or maturity, shall be of equal rank without

preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or pursuant to this Resolution.

SECTION 1.04 **Findings.** It is hereby ascertained, determined and declared as follows:

(A) Section 5(b) of the Charter of the Issuer provides that no revenue bonds and/or notes shall be issued by the Town or any public entity controlled by the Town without approval at a referendum held in the manner prescribed by law.

(B) In accordance with the Referendum Ordinance, the Town called a referendum to determined if the electors of the Issuer approved of the issuance of not exceeding $25,250,000 of the Series 2016 Bonds for the purpose of financing the Cost of the Project to be payable solely from non-ad valorem special assessments imposed against real property throughout the Town and a backup covenant to budget and appropriate Non-ad Valorem Revenues. The Bond Referendum was duly held on November 3, 2015, and conducted in all respects according to law, and the executed canvassing certificate for the Manatee County portion of the election dated November 3, 2015, the executed certificate of election results for the Sarasota County portion of the election dated November 3, 2015, and the certified results of the election by the Town Commission of the Issuer evidenced in the minutes of the regular meeting on December 7, 2015 (collectively, the "Election Certification") show that a majority of electors casting a ballot voted in favor of the issuance of the Series 2016 Bonds to be secured in such manner and for such purpose. The referendum election and the Election Certification are herein referred to as the "Bond Referendum".

(C) The Issuer deems it necessary, desirable and in the best interests of the Issuer and its citizens, visitors, property owners and workers, and to serve a public purpose, that the Project be financed and completed.

(D) The Issuer is authorized, pursuant to the provisions of the Act and the Bond Referendum, to issue the Series 2016 Bonds to finance the Costs of the Project to be to be secured in such manner.

(E) The Assessments are estimated to be sufficient to pay the Annual Debt Service on the Bonds and to make all other payments required by the provisions of this Resolution.

(F) The Issuer shall never be required to levy ad valorem taxes to pay debt service on the Series 2016 Bonds or to make any other payments to be made hereunder or to maintain or continue any of the activities of the Issuer which generate user service charges, regulatory fees or any other Non-Ad Valorem Revenues. The Bonds shall not constitute a lien on any property owned by or situated within the limits of the Issuer. It is estimated that the Assessments and, if required, any Non-Ad Valorem Revenues, will be available after satisfying funding requirements for obligations having an express lien on or pledge thereof and after satisfying funding requirements for essential governmental services of the Issuer, in amounts sufficient to provide for the payment of the principal of and interest on the Bonds and all other payment obligations hereunder.

SECTION 1.05 **Authorization of the Project.** The Issuer does hereby authorize the completion of the Project.

ARTICLE II
AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

SECTION 2.01 <u>Authorization of Bonds.</u>

This Resolution creates an issue of Bonds of the Issuer to be designated as "Town of Longboat Key, Florida, Special Assessment Revenue Bonds (Gulf of Mexico Drive Undergrounding Project)" which may be issued in one or more Series as hereinafter provided. The aggregate principal amount of the Bonds which may be executed and delivered under this Resolution is not limited except as is or may hereafter be provided in this Resolution or as limited by the Act, the Bond Referendum or by law.

The Bonds may, if and when authorized by the Issuer pursuant to this Resolution, be issued in one or more Series, with such further appropriate particular designations added to or incorporated in such title for the Bonds of any particular Series as the Issuer may determine and as may be necessary to distinguish such Bonds from the Bonds of any other Series. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

The Bonds shall be issued for such purpose or purposes; shall bear interest at such rate or rates not exceeding the maximum rate permitted by law; and shall be payable in lawful money of the United States of America on such dates; all as determined by Supplemental Resolution of the Issuer.

Unless otherwise determined by Supplemental Resolution, the Bonds shall be issued in denominations of $5,000 or integral multiples thereof, in such form, whether coupon or registered; shall be dated such date; shall bear such numbers; shall be payable at such place or places; shall contain such redemption provisions; shall have such Paying Agents and Registrars; shall mature in such years and amounts; shall provide that the proceeds thereof be used in such manner; may be Serial Bonds, Term Bonds or Variable Rate Bonds (provided, however, that the issuance of Variable Rate Bonds which are Additional Bonds is subject to the provisions of Section 5.02(D) hereof); all as determined by Supplemental Resolution of the Issuer.

SECTION 2.02 <u>Authorization and Description of Bonds.</u>

A Series of Bonds entitled to the benefit, protection and security of this Resolution is hereby authorized in an aggregate principal amount of not to exceed $25,250,000 for the principal purposes of financing all or a portion of the Costs of the Project, funding as subaccount to be created in the Reserve Account, if required, and paying certain costs of issuance incurred with respect to such Series. Such Series shall be designated as, and shall be distinguished from the Bonds of all other Series by the title "Town of Longboat Key, Florida, Special Assessment Revenue Bonds, Series 2016 (Gulf of Mexico Drive Undergrounding Project)," provided the Issuer may change such designation in the event that the total authorized amount of Series 2016 Bonds are not issued as a single Series and/or are not issued in calendar year 2016.

The Series 2016 Bonds shall be dated as of the date of delivery of the Series 2016 Bonds to the purchaser or purchasers thereof or such other date as may be set forth by Supplemental Resolution of the Issuer; shall be issued as fully registered Series 2016 Bonds; shall be numbered consecutively from one upward in order of maturity preceded by the letter "R"; shall be in such denominations and shall bear interest at a rate or rates not exceeding the maximum rate permitted by law, payable in such manner and on such dates; shall consist of such amounts of Serial Bonds and/or Term Bonds; maturing in such amounts or Amortization Installments and in such years not exceeding thirty (30) years from their date; shall be payable in such place or places; shall have such Paying Agent and Registrar; and shall contain such redemption provisions; all as the Issuer shall provide hereafter by Supplemental Resolution.

The principal of or Redemption Price, if applicable, on the Series 2016 Bonds are payable upon presentation and surrender of the Series 2016 Bonds at the designated office of the Paying Agent. Interest payable on any Series 2016 Bond on any Interest Date will be paid by check or draft of the Paying Agent to the Holder in whose name such Series 2016 Bond shall be registered at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such Interest Date, or, unless otherwise provided by Supplemental Resolution, at the option of the Paying Agent, and at the request and expense of such Holder, by bank wire transfer for the account of such Holder. In the event the interest payable on any Series 2016 Bond is not punctually paid or duly provided for by the Issuer on such Interest Date, such defaulted interest will be paid to the Holder in whose name such Series 2016 Bond shall be registered at the close of business on a special record date for the payment of such defaulted interest as established by notice to such Holder, not less than ten days preceding such special record date. All payments of principal of or Redemption Price, if applicable, and interest on the Series 2016 Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

SECTION 2.03 Application of Series 2016 Bond Proceeds.

Application of Series 2016 Bond proceeds shall be determined in a Supplemental Resolution adopted prior to the issuance of the Series 2016 Bonds.

SECTION 2.04 Execution of Bonds.

The Bonds shall be executed in the name of the Issuer with the manual or facsimile signature of the Mayor and the official seal of the Issuer shall be imprinted thereon, attested and countersigned with the manual or facsimile signature of the Clerk and approved as to form and legal correctness by the Town Attorney. In case any one or more of the officers who shall have signed or sealed any of the Bonds, or whose facsimile signature shall appear thereon shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person who at the actual time of the execution of such Bond shall hold the proper office of the Issuer, although, at the date of such Bond, such person may not have held such office or may not have been so authorized. The Issuer may adopt and use for such purposes the facsimile signatures of any such persons who shall have held such offices at any time after the date of the adoption of this Resolution, notwithstanding that either or both shall have ceased to hold such office at the time the Bonds shall be actually sold and delivered.

SECTION 2.05 Authentication.

Unless otherwise determined by Supplemental Resolution, no Bond of any Series shall be secured hereunder or be entitled to the benefit hereof or shall be valid or obligatory for any purpose unless there shall be manually endorsed on such Bond a certificate of authentication by the Registrar or such other entity as may be approved by the Issuer for such purpose. If applicable, such certificate on any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Resolution. If applicable, the form of such certificate shall be substantially in the form provided in Section 2.10 hereof.

SECTION 2.06 Temporary Bonds.

Until the definitive Bonds of any Series are prepared, the Issuer may execute, in the same manner as is provided in Section 2.04 hereof, and deliver, upon authentication by the Registrar pursuant to Section 2.05 hereof, if applicable, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, except as to the denominations thereof, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in denominations authorized by the Issuer by Supplemental Resolution, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Issuer, at its own expense, shall prepare and execute definitive Bonds, which, if applicable, shall be authenticated by the Registrar. Upon the surrender of such temporary Bonds for exchange, the Registrar, without charge to the Holder thereof, shall deliver in exchange therefor definitive Bonds, of the same aggregate principal

amount and Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds issued pursuant to this Resolution. All temporary Bonds surrendered in exchange for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith canceled by the Registrar.

SECTION 2.07 <u>Bonds Mutilated, Destroyed, Stolen or Lost.</u>

In case any Bond shall become mutilated, or be destroyed, stolen or lost, the Issuer may, in its discretion, issue and deliver, and, if applicable, the Registrar shall authenticate, a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost (e.g., Serial Bonds will be exchanged for Serial Bonds), in exchange and substitution for such mutilated Bond upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder furnishing the Issuer and the Registrar proof of such Holder's ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer and the Registrar may incur. All Bonds so surrendered or otherwise substituted shall be canceled by the Registrar. If any of the Bonds shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same or cause the Bond to be paid, upon being indemnified as aforesaid, and if such Bonds be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Bonds issued pursuant to this Section 2.07 shall constitute original, additional contractual obligations on the part of the Issuer whether or not the lost, stolen or destroyed Bond be at any time found by anyone, and such duplicate Bond shall be entitled to equal and proportionate benefits and rights as to lien on the Pledged Funds to the same extent as all other Bonds issued hereunder.

SECTION 2.08 <u>Transfer.</u>

Bonds, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder thereof or such Holder's attorney duly authorized in writing, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of registered Bonds of the same Series, maturity of any other authorized denominations and type (e.g., Serial Bonds will be exchanged for Serial Bonds).

The Bonds issued under this Resolution shall be and have all the qualities and incidents of negotiable instruments under the law merchant and the Uniform Commercial Code of the State, subject to the provisions for registration and transfer contained in this Resolution and in the Bonds. So long as any of the Bonds shall remain Outstanding, the Issuer shall maintain and keep, at the office of the Registrar, books for the registration and transfer of the Bonds.

Each Bond shall be transferable only upon the books of the Issuer, at the office of the Registrar, under such reasonable regulations as the Issuer may prescribe, by the Holder thereof in person or by such Holder's attorney duly authorized in writing upon surrender thereof

together with a written instrument of transfer satisfactory to the Registrar duly executed and guaranteed by the Holder or such Holder's duly authorized attorney. Upon the transfer of any such Bond, the Issuer shall issue, and, if applicable, cause to be authenticated, in the name of the transferee a new Bond or Bonds of the same aggregate principal amount and Series and maturity as the surrendered Bond. The Issuer, the Registrar and any Paying Agent or fiduciary of the Issuer may deem and treat the Person in whose name any Outstanding Bond shall be registered upon the books of the Issuer as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if applicable, and interest on such Bond and for all other purposes, and all such payments so made to any such Holder or upon such Holder's order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid and neither the Issuer nor the Registrar nor any Paying Agent or other fiduciary of the Issuer shall be affected by any notice to the contrary.

The Registrar, in any case where it is not also the Paying Agent in respect to any Series of Bonds, forthwith (A) following the fifteenth day prior to an Interest Date for such Series; (B) following the fifteenth day next preceding the date of first mailing of notice of redemption of any Bonds of such Series; and (C) at any other time as reasonably requested by the Paying Agent of such Series, shall certify and furnish to such Paying Agent the names, addresses and holdings of Bondholders and any other relevant information reflected in the registration books. Any Paying Agent of any fully registered Bond shall effect payment of interest on such Bonds by mailing a check or draft to the Holder entitled thereto or may, in lieu thereof, upon the request and at the expense of such Holder, transmit such payment by bank wire transfer for the account of such Holder.

In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Issuer shall execute and, if applicable, the Registrar shall authenticate and deliver such Bonds in accordance with the provisions of this Resolution. Execution of Bonds pursuant to Section 2.04 hereof for purposes of exchanging, replacing or transferring Bonds may occur at the time of the original delivery of the Series of which such Bonds are a part. All Bonds surrendered in any such exchanges or transfers shall be held by the Registrar in safekeeping until directed by the Issuer to be canceled by the Registrar. For every such exchange or transfer of Bonds, the Issuer or the Registrar may make a charge sufficient to reimburse it for any tax, fee, expense or other governmental charge required to be paid with respect to such exchange or transfer. The Issuer and the Registrar shall not be obligated to make any such exchange or transfer of Bonds of any Series during the fifteen days next preceding an Interest Date on the Bonds of such Series (other than Variable Rate Bonds), or, in the case of any proposed redemption of Bonds of such Series, then during the fifteen days next preceding the date of the first mailing of notice of such redemption and continuing until such redemption date.

SECTION 2.09 <u>Coupon Bonds; Variable Rate Bonds.</u>

The Issuer, at its discretion, may by Supplemental Resolution authorize the issuance of coupon Bonds, registrable as to principal only or as to both principal and interest or Variable Rate Bonds. Such Supplemental Resolution shall provide for the negotiability, transfer, interchangeability, denominations and form of such Bonds and, if applicable, coupons

appertaining thereto. Coupon Bonds (other than Taxable Bonds) shall only be issued if an opinion of Bond Counsel is received to the effect that issuance of such coupon Bonds will not adversely affect the exclusion from gross income of interest earned on such Bonds for federal income tax purposes.

SECTION 2.10 Form of Bonds.

The text of the Bonds, except as otherwise provided herein (the form of which shall be provided by Supplemental Resolution of the Issuer) shall be in substantially the following form with such non-material omissions, insertions and variations as may be necessary and/or desirable and approved by the Mayor prior to the issuance thereof (which necessity and/or desirability and approval shall be presumed by the Issuer's delivery of the Bonds to the purchaser or purchasers thereof):

[Remainder of page intentionally left blank]

No. R-____ $_____

TOWN OF LONGBOAT KEY, FLORIDA
SPECIAL ASSESSMENT REVENUE BOND, SERIES _____
(GULF OF MEXICO DRIVE UNDERGROUNDING PROJECT)

Interest Rate	Maturity Date	Date of Original Issue	CUSIP
%	August 1, ____	_____ __, ____	_____

Registered Holder: _____

Principal Amount: _____

KNOW ALL MEN BY THESE PRESENTS, that the Town of Longboat Key, Florida, a municipality created and existing under and by virtue of the laws of the State of Florida (the "Issuer"), for value received, hereby promises to pay, solely from the Pledged Funds hereinafter described, to the Registered Holder identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and interest on such Principal Amount from the Date of Original Issue identified above or from the most recent interest payment date to which interest has been paid at the Interest Rate per annum identified above on February 1 and August 1 of each year commencing _____ 1, ____, until such Principal Amount shall have been paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be or become applicable hereto. Interest on this bond shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

Such Principal Amount and interest and the redemption premium, if any, on this bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts. Such Principal Amount and the redemption premium, if any, on this bond, are payable, upon presentation and surrender hereof, at the designated corporate trust office of _____, _____, as Paying Agent. Payment of each installment of interest shall be made to the person in whose name this bond shall be registered on the registration books of the Issuer maintained by _____, _____, as Registrar, at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding each interest payment date and shall be paid by a check or draft of such Paying Agent mailed to such Registered Holder at the address appearing on such registration books or, at the option of such Paying Agent, and at the request and expense of such Registered Holder, by bank wire transfer for the account of such Holder. In the event interest payable on this bond is not punctually paid or duly provided for by the Issuer on such interest payment date, payment of each installment of such defaulted interest shall be made to the person in whose name this bond shall be registered at the close of business

on a special record date for the payment of such defaulted interest as established by notice to such Registered Holder, not less than ten days preceding such special record date.

This bond is one of an authorized issue of bonds in the aggregate principal amount of $_____ (the "Bonds") of like date, tenor and effect, except as to maturity date, interest rate, denomination and number, issued to finance, refinance and/or reimburse the Cost of _____, under the authority of and in full compliance with the Constitution of the State of Florida, Chapter 166, Florida Statutes, the Town of Longboat Key Charter, Ordinance 2015-21 enacted by the Town Commission of the Issuer on June 29, 2015, Ordinance 2015-30 enacted by the Town Commission of the Issuer on December 7, 2015, as may be amended from time to time, and other applicable provisions of law (collectively, the "Act"), and Resolution 2016-01 adopted by the Town Commission of the Issuer on January 4, 2016, as may be amended and supplemented from time to time, and as particularly supplemented by Resolution 2016-__ adopted by the Town Commission of the Issuer on _____, 2016 (collectively, the "Resolution"), and is subject to the terms and conditions of the Resolution. Capitalized undefined terms used herein shall have the meaning ascribed thereto in the Resolution.

The Bonds and the interest thereon are payable solely from and secured by a lien upon and a pledge of Pledged Revenues, and until applied in accordance with the provisions of the Resolution, all moneys, including investments thereof, in certain of the funds and accounts established by the Resolution, all in the manner and to the extent described in the Resolution (collectively, the "Pledged Funds"). In addition, the Bonds are secured by a backup covenant to budget and appropriate Non-Ad Valorem Revenues in the manner and to the extent described in the Resolution.

IT IS EXPRESSLY AGREED BY THE REGISTERED HOLDER OF THIS BOND THAT THE FULL FAITH AND CREDIT OF THE ISSUER, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION THEREOF, ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THIS BOND AND THAT SUCH HOLDER SHALL NEVER HAVE THE RIGHT TO REQUIRE OR COMPEL THE EXERCISE OF ANY TAXING POWER OF THE ISSUER, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION THEREOF, TO THE PAYMENT OF SUCH PRINCIPAL, REDEMPTION PREMIUM, IF ANY, OR INTEREST. THIS BOND AND THE OBLIGATION EVIDENCED HEREBY SHALL NOT CONSTITUTE A LIEN UPON ANY PROPERTY OF THE ISSUER OTHER THAN THE PLEDGED FUNDS, AND SHALL CONSTITUTE A LIEN ONLY ON, AND SHALL BE PAYABLE SOLELY FROM THE PLEDGED FUNDS AND A BACKUP COVENANT TO BUDGET AND APPROPRIATE NON-AD VALOREM REVENUES IN THE MANNER AND TO THE EXTENT DESCRIBED IN THE RESOLUTION, ALL IN THE MANNER AND TO THE EXTENT DESCRIBED IN THE RESOLUTION. THE BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE ISSUER AS "BONDS" WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION.

Neither the members of the Town Commission of the Issuer nor any person executing this bond shall be liable personally hereon or be subject to any personal liability or accountability by reason of the issuance hereof.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE SIDE HEREOF AND SUCH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH IN THIS PLACE.

[This bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Registrar.]

IN WITNESS WHEREOF, the Town of Longboat Key, Florida has issued this bond and has caused the same to be executed by the manual signature of the Mayor, attested and countersigned by the manual signature of its Town Clerk, approved as to form and legal correctness by the manual signature of the Town Attorney, and its official seal or a facsimile thereof to be affixed or reproduced hereon, all as of the ____ day of _____ __, 20__.

TOWN OF LONGBOAT KEY, FLORIDA

(SEAL)

_____

Mayor

ATTESTED AND COUNTERSIGNED:

_____

Town Clerk

APPROVED AS TO FORM AND
LEGAL CORRECTNESS

_____

Town Attorney, or his or her designee

CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds of the issue described in the within-mentioned Resolution.

DATE OF AUTHENTICATION:

_____

_____
Registrar

By:_____
Authorized Officer]

[Provisions on Reverse Side of Bond]

This bond is transferable in accordance with the terms of the Resolution only upon the books of the Issuer kept for that purpose at the designated corporate trust office of the Registrar by the Registered Holder hereof in person or by such Holder's attorney duly authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Holder or such Holder's attorney duly authorized in writing, and thereupon a new bond in the same aggregate principal amount shall be issued to the transferee in exchange therefor, and upon the payment of the charges, if any, therein prescribed. The Bonds are issuable in the form of fully registered bonds in the denominations of [$5,000 and integral multiples thereof], not exceeding the aggregate principal amount of the Bonds maturing on the same date. The Issuer, the Registrar and any Paying Agent may treat the Registered Holder of this bond as the absolute owner hereof for all purposes, whether or not this bond shall be overdue, and shall not be affected by any notice to the contrary. The Issuer and the Registrar shall not be obligated to make any exchange or transfer of the Bonds during the fifteen days next preceding an interest payment date, or in the case of any proposed redemption of the Bonds, then, during the fifteen days next preceding the date of the first mailing of notice of such redemption.

[INSERT REDEMPTION PROVISIONS]

Notice of redemption, unless waived, is to be given by the Registrar by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Holders of the Bonds to be redeemed at such Holders' addresses shown on the registration books maintained by the Registrar or at such other addresses as shall be furnished in writing by such Registered Holders to the Registrar. Provided, however, that no defect in any such notice to any Registered Holder

of Bonds to be redeemed nor failure to give such notice to any such Registered Holder nor failure of any such Registered Holder to receive such notice shall in any manner defeat the effectiveness of a call for redemption as to all other Registered Holders of Bonds to be redeemed. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price), such Bonds or portions of Bonds shall cease to bear interest.

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

VALIDATION CERTIFICATE

This bond is one of a Series of Bonds validated and confirmed by judgment of the Circuit Court of the Twelfth Judicial Circuit, in and for Sarasota and Manatee Counties, Florida, rendered on _____, ____.

_____

Mayor

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

_____.

[Insert Name, Address, Social Security or Other Identifying Number of Assignee]

the within bond and does hereby irrevocably constitute and appoint _____ as attorneys to register the transfer of the said bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

_____

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

NOTICE: The signature to this assignment must correspond with the name of the Registered Holder as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever and the Social Security or other identifying number of such assignee must be supplied.

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

TEN COM -- as tenants in common

TEN ENT -- as tenants by the entireties

JT TEN-- as joint tenants with right of survivorship and not as tenants in common

UNIF TRANS MIN ACT -- _____
(Cust.)

Custodian for _____

under Uniform Transfer to Minors Act of _____
(State)

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

STATEMENT OF INSURANCE

[IF APPLICABLE, INSERT INSURER LANGUAGE]

ARTICLE III
REDEMPTION OF BONDS

SECTION 3.01 Privilege of Redemption.

The terms of this Article III shall apply to redemption of Bonds other than Variable Rate Bonds. The terms and provisions relating to redemption of Variable Rate Bonds shall be provided by Supplemental Resolution.

SECTION 3.02 Selection of Bonds to be Redeemed.

Unless otherwise set forth in a Supplemental Resolution, the Bonds shall be redeemed only in the principal amount of $5,000 each and integral multiples thereof. The Issuer shall, at least thirty days prior to the redemption date (unless a shorter time period shall be satisfactory to the Registrar) notify the Registrar of such redemption date and of the principal amount of 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 Bonds to be redeemed shall be selected not more than thirty days prior to the redemption date by the Registrar from the Outstanding Bonds of the maturity or maturities designated by the Issuer by such method as the Registrar shall deem fair and appropriate and which may provide for the selection for redemption of Bonds or portions of Bonds in 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 Registrar shall promptly notify the Issuer and Paying Agent (if the Registrar is not the Paying Agent for such Bonds) in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

SECTION 3.03 Notice of Redemption.

Unless waived by any Holder of Bonds to be redeemed, notice of any redemption made pursuant to this section shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least thirty days and not more than sixty days prior to the date fixed for redemption to each Holder of Bonds to be redeemed at the address of such Holder shown on the registration books maintained by the Registrar or at such other address as shall be furnished in writing by such Holder to the Registrar; provided, however, that no defect in any notice given pursuant to this Section to any Holder of Bonds to be redeemed nor failure to give such notice shall in any manner defeat the effectiveness of a call for redemption as to all other Holders of Bonds to be redeemed.

Every official notice of redemption shall be dated and shall state:

1. the redemption date,

2. the Redemption Price,

3. if less than all Outstanding Bonds are to be redeemed, the number (and, in the case of a partial redemption of any Bond, the principal amount) of each Bond to be redeemed,

4. that, on the redemption date, the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and

5. that such Bonds to be redeemed, whether as a whole or in part, are to be surrendered for payment of the Redemption Price at the designated office of the Registrar.

Prior to any redemption date, the Issuer shall deposit with the Registrar an amount of money sufficient to pay the Redemption Price of all the Bonds or portions of Bonds which are to be redeemed on that date.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the Holder a new Bond or Bonds of the same maturity in the amount of the unpaid principal of such partially redeemed Bond. All Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

Notwithstanding the foregoing or any other provision hereof, notice of optional redemption pursuant to this Section 3.03 may be conditioned upon the occurrence or non-occurrence of such event or events as shall be specified in such notice of optional redemption and may also be subject to rescission by the Issuer if expressly set forth in such notice.

SECTION 3.04 <u>Redemption of Portions of Bonds.</u>

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 Registrar duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing) and the Issuer shall execute and, if applicable, the 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 such Holder, in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bonds so surrendered.

SECTION 3.05 Payment of Redeemed Bonds.

Notice of redemption having been given substantially as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar and/or Paying Agent at the appropriate Redemption Price, plus accrued interest. All Bonds which have been redeemed shall be canceled by the Registrar and shall not be reissued.

ARTICLE IV
SECURITY, SPECIAL FUNDS AND APPLICATION THEREOF

SECTION 4.01 Bonds not to be Indebtedness of Issuer.

THE FULL FAITH AND CREDIT OF THE ISSUER, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION THEREOF, ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS AND THAT HOLDERS SHALL NEVER HAVE THE RIGHT TO REQUIRE OR COMPEL THE EXERCISE OF ANY TAXING POWER OF THE ISSUER, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION THEREOF, TO THE PAYMENT OF SUCH PRINCIPAL, REDEMPTION PREMIUM, IF ANY, OR INTEREST. THE BONDS AND THE OBLIGATIONS EVIDENCED THEREBY SHALL NOT CONSTITUTE A LIEN UPON ANY PROPERTY OF THE ISSUER OTHER THAN THE PLEDGED FUNDS, AND SHALL CONSTITUTE A LIEN ONLY ON, AND SHALL BE PAYABLE SOLELY FROM THE PLEDGED FUNDS AND A BACKUP COVENANT TO BUDGET AND APPROPRIATE NON-AD VALOREM REVENUES, ALL IN THE MANNER AND TO THE EXTENT DESCRIBED IN THE RESOLUTION. THE BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE ISSUER AS "BONDS" WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION.

The Pledged Funds shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Issuer.

SECTION 4.02 Security for Bonds; Backup Covenant to Budget and Appropriate.

(A) The payment of the principal of, Redemption Price, if applicable, and interest on the Bonds shall be secured forthwith equally and ratably by a pledge of and lien upon the Pledged Funds. The Issuer does hereby irrevocably pledge the Pledged Funds to the payment of the principal of or Redemption Price, if applicable, and interest on the Bonds in accordance with the provisions hereof.

(B) Subject to the next paragraph, as additional security for the Bonds, and only to the extent Assessments are insufficient to make payments required pursuant to this Resolution, the Issuer covenants and agrees and has a positive and affirmative duty to appropriate in its annual budget, by amendment, if necessary, from Non-Ad Valorem Revenues, amounts sufficient to pay principal of and interest on the Bonds and all other payments due under this Resolution not being paid from Assessments or other amounts as the same shall become due. Such covenant and agreement on the part of the Issuer to budget and appropriate such amounts of Non-Ad Valorem Revenues shall be cumulative to the extent not paid, and shall continue until such Non-Ad Valorem Revenues or other legally available funds in amounts sufficient to make all such required payments shall have been budgeted, appropriated and actually paid. No lien upon or pledge of such budgeted Non-Ad Valorem Revenues shall be in effect until such monies are budgeted and appropriated as provided herein. The Issuer further acknowledges and agrees that the obligations of the Issuer to include the amount of such amendments in each of its annual budgets and to pay such amounts from Non-Ad Valorem Revenues may be enforced in a court of competent jurisdiction in accordance with the remedies set forth in this Resolution.

Until such monies are budgeted and appropriated as provided herein, such covenant to budget and appropriate does not create any lien upon or pledge of such Non-Ad Valorem Revenues, nor does it preclude the Issuer from pledging in the future its Non-Ad Valorem Revenues, nor does it require the Issuer to levy and collect any particular Non-Ad Valorem Revenues, nor does it give the Holder of the Bonds a prior claim on the Non-Ad Valorem Revenues as opposed to claims of general creditors of the Issuer. Such covenant to budget and appropriate Non-Ad Valorem Revenues is subject in all respects to the prior payment of obligations secured by a pledge of such Non-Ad Valorem Revenues heretofore or hereafter entered into (including the payment of debt service on bonds and other debt instruments). Anything in this Resolution to the contrary notwithstanding, it is understood and agreed that all obligations of the Issuer hereunder shall be payable from the portion of Non-Ad Valorem Revenues budgeted and appropriated as provided for herein and nothing herein shall be deemed to pledge ad valorem tax power or ad valorem taxes or to permit or constitute a mortgage or lien upon any assets owned by the Issuer and no Holder of the Bonds nor any other person, may compel the levy of ad valorem taxes on real or personal property within the boundaries of the Issuer or the use or application of ad valorem tax revenues in order to satisfy any payment obligations hereunder or to maintain or continue any of the activities of the Issuer which generate user service charges, regulatory fees, or any other Non-Ad Valorem Revenues. The obligation of the Issuer to budget, appropriate and make payments hereunder from its Non-Ad Valorem Revenues is subject to the availability of Non-Ad Valorem Revenues after the satisfaction of the funding requirements for obligations having an express lien on or pledge of such revenues. Notwithstanding any provisions of this Resolution or the Bonds to the contrary, the Issuer shall never be obligated to maintain or continue any of the activities of the Issuer which generate user service charges, regulatory fees or any Non-Ad Valorem Revenues. Until such monies are budgeted and appropriated as provided herein, neither this Resolution nor the obligations of the Issuer hereunder shall be construed as a pledge of or a lien on all or any Non-

Ad Valorem Revenues of the Issuer other than Pledged Revenues, but shall be payable solely as provided herein and is further subject to the payment of services and programs which are for essential public purposes affecting the heath, welfare and safety of the inhabitants of the Issuer and is further subject to the provisions of Section 166.241, Florida Statutes, insofar as there are not sufficient Non-Ad Valorem Revenues to comply with such covenant after satisfaction of the funding requirements for obligations having an express lien or pledge of such revenues and the funding requirements for essential governmental services of the Issuer.

SECTION 4.03 <u>Construction Account.</u>

The Construction Account created pursuant to Section 4.04 hereof shall be used only for payment of the Cost of the Project. Moneys in the Construction Account, until applied in payment of any item of the Cost of the Project, in the manner hereinafter provided, shall be held in trust by the Issuer and shall be subject to a lien and charge in favor of the Holders of the Bonds and for the further security of such Holders. Notwithstanding anything herein to the contrary, amounts on deposit in the Capital Project Fund, other than amounts on deposit in the Construction Account, are not pledged hereunder and shall not be subject to a lien and charge in favor of the Holders.

Capitalized interest, if any, deposited in the Construction Account and any income therefrom shall be transferred to the extent necessary, to the Interest Account to pay interest on the related Series of Bonds. Any moneys on deposit in the Construction Account to pay capitalized interest not needed to pay interest pursuant to the preceding sentence or deposited to pay costs of issuance and not necessary for such purpose may be used in the same manner as other funds on deposit in the Construction Account.

Any funds on deposit in the Construction Account that, in the opinion of the Issuer, are not immediately necessary for expenditure, as herein provided, may be invested and reinvested in Permitted Investments which shall mature or be redeemable at face value not later than the dates on which such funds are needed. All income derived from investment of funds in the Construction Account shall be used to pay Costs of the Project.

Any payments for any damages of whatever kind received by the Issuer as a result of the negligence or breach of contract or warranty by any contractor, subcontractor, supplier or design professional working on or supplying goods or services for the Project, and all insurance proceeds received with respect to damages to such Project during construction, shall be deposited into the Construction Account to ensure proper completion of such Project in accordance with the design.

The Issuer covenants to commence the acquisition and construction of the Project promptly upon delivery of the Series of Bonds related thereto and to thereafter work with due diligence to complete the Project. Upon completion of the Project, any amounts then remaining in the Construction Account and not reserved by the Issuer for the payment of any remaining part of the cost of the construction and acquisition thereof, shall be used to purchase or redeem

Bonds in the manner that Bonds are to be redeemed under the terms of this Resolution, or to pay principal or interest on the Bonds.

Upon the occurrence of a default hereunder, to the extent there are no other funds available under this Resolution, the moneys in an account in the Construction Account related to a Series of Bonds shall be applied to the payment of such related Series of Bonds.

SECTION 4.04 <u>Funds and Accounts.</u>

The Issuer covenants and agrees to establish a separate fund to be known as the "Town of Longboat Key, Florida Special Assessment Revenue Bonds (Gulf of Mexico Drive Undergrounding Project) Revenue Fund" (the "Revenue Fund"). The Issuer also covenants and agrees to establish the "Town of Longboat Key, Florida Special Assessment Revenue Bonds (Gulf of Mexico Drive Undergrounding Project) Debt Service Fund" (the "Debt Service Fund"). The Issuer shall maintain in the Debt Service Fund six accounts: the "Reserve-Interest Account" (herein referred to as the “Interest Account”), the "Reserve-Principal Account" (herein referred to as the “Principal Account”), the "Reserve-Bond Amortization Account" (herein referred to as the “Bond Amortization Account”), the "Reserve-Debt Service Reserve Account" (herein referred to as the “Reserve Account”), the "Reserve-Residual Account" (herein referred to as the “Residual Account”), and the “Reserve-Prepayments Account” (herein referred to as the “Prepayments Account”). The Issuer shall maintain in the Capital Project Fund one account: the “Reserve-Construction Account" (herein referred to as the “Construction Account”). Moneys in the aforementioned funds and accounts until applied in accordance with the provisions hereof, shall be subject to a lien and charge in favor of the Holders and for the further security of the Holders. Notwithstanding anything herein to the contrary, amounts on deposit in the Capital Project Fund, other than amounts on deposit in the Construction Account, are not pledged hereunder and shall not be subject to a lien and charge in favor of the Holders. The Revenue Fund, the Construction Account and the Debt Service Fund shall constitute trust funds for state law purposes to secure the Bondholders, and shall at all times be kept separate and distinct from all other funds and accounts of the Issuer and used only as herein provided. Notwithstanding anything herein to the contrary, amounts on deposit in the Capital Project Fund, other than amounts on deposit in the Construction Account, shall not constitute trust funds hereunder.

The Issuer shall at any time and from time to time appoint one or more qualified depositories to hold, for the benefit of the Bondholders, any one or more of the funds and accounts established hereby. Such depository or depositories shall perform at the direction of the Issuer the duties of the Issuer in depositing, transferring and disbursing moneys to and from each of such funds and accounts as herein set forth, and all records of such depositary in performing such duties shall be open at all reasonable times to inspection by the Issuer and its agents and employees.

SECTION 4.05 <u>Flow of Funds.</u>

(A) Beginning on the date the Series 2016 Bonds are issued, the Issuer shall deposit all Assessments (other than Prepayments) as soon they are received to the Revenue Fund, and shall deposit all Prepayments as soon as they are received into the Prepayments Account and shall be used in accordance with Section 4.06 hereof. The moneys in the Revenue Fund shall be deposited or credited on or before the 21st day of each month, commencing with the month in which delivery of the Series 2016 Bonds shall be made to the purchaser or purchasers thereof, or such later date as hereinafter provided, in the following manner and in the following order of priority:

1. First, by payment or reimbursement of the Paying Agent's fees and expenses and the payment of Collection Costs and other reasonable expenses relating to the Bonds or the Assessments.

2. Next, the Issuer shall deposit into or credit to the Interest Account the sum which, together with the balance in said Account, shall equal the interest coming due on all Bonds on the next two Interest Dates on all Bonds. Moneys in the Interest Account shall be used to pay interest on the Bonds as and when the same become due, whether by redemption or otherwise, and for no other purpose.

3. Next, the Issuer shall deposit into or credit to the Principal Account the sum which, together with the balance in said Account, shall equal the principal coming due on all Bonds on the next annual payment date. Moneys in the Principal Account shall be used to pay the principal of the Bonds as and when the same shall mature, and for no other purpose.

4. Next, commencing in the month which is one year prior to any Amortization Installment due date, the Issuer shall deposit into or credit to the Bond Amortization Account the sum which, together with the balance in said Account, shall equal the Amortization Installments coming due on all Bonds on the next annual payment date and all expenses in connection with the purchase or redemption of Term Bonds. Moneys in the Bond Amortization Account shall be used to purchase or redeem Term Bonds in the manner herein provided, and for no other purpose. Payments to the Bond Amortization Account shall be on a parity with payments to the Principal Account.

Amounts accumulated in the Bond Amortization Account with respect to any Amortization Installment (together with amounts accumulated in the Interest Account with respect to interest, if any, on the Term Bonds for which such Amortization Installment was established) may be applied by the Issuer, on or prior to the sixtieth day preceding the due date of such Amortization Installment (a) to the purchase of Term Bonds of the Series and maturity for which such Amortization Installment was established, at a price not greater than the Redemption Price at which such Term Bonds

may be redeemed on the first date thereafter on which such Term Bonds shall be subject to redemption, or (b) to the redemption at the applicable Redemption Price of such Term Bonds, if then redeemable by their terms. The applicable Redemption Price (or principal amount of maturing Term Bonds) of any Term Bonds so purchased or redeemed shall be deemed to constitute part of the Bond Amortization Account until such Amortization Installment date, for the purposes of calculating the amount of such Account. As soon as practicable after the sixtieth day preceding the due date of any such Amortization Installment, the Issuer shall proceed to call for redemption on such due date, by causing notice to be given as provided in Section 3.03 hereof, Term Bonds of the Series and maturity for which such Amortization Installment was established (except in the case of Term Bonds maturing on an Amortization Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Amortization Installment. The Issuer shall pay out of the Bond Amortization Account and the Interest Account to the appropriate Paying Agents, on or before the day preceding such redemption date (or maturity date), the amount required for the redemption (or for the payment of such Term Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment). All expenses in connection with the purchase or redemption of Term Bonds shall be paid by the Issuer from the Revenue Fund.

5. Next, the Issuer shall deposit into or credit to the Reserve Account and/or any subaccount hereafter created therein a sum sufficient to maintain therein an amount equal to the applicable Reserve Account Requirement. Moneys in the Reserve Account (or any subaccount therein) shall be used only for the purpose of the payment of maturing principal, interest or Amortization Installments on the Bonds which are secured thereby when the other moneys in the Debt Service Fund are insufficient therefor, and for no other purpose. However, whenever the moneys on deposit in the Reserve Account (or any subaccount therein) exceed the applicable Reserve Account Requirement, such excess shall be withdrawn and deposited into the Interest Account.

Upon the issuance of any Additional Bonds under the terms, limitations and conditions as herein provided, the Issuer may, on the date of delivery of such Additional Bonds, create and establish a separate subaccount in the Reserve Account to secure such Series of Bonds, and may also establish an applicable Reserve Account Requirement. Such required sum may be paid in full or in part from the proceeds of such Additional Bonds.

Notwithstanding the foregoing provisions, in lieu of the required cash deposits into the Reserve Account (or any subaccounts therein), the Issuer may, at any time, cause to be deposited into the Reserve Account (or any subaccounts therein) a surety bond, irrevocable letter of credit, guaranty or an insurance policy for the benefit of the applicable Bondholders in an amount equal to the difference between the applicable Reserve Account Requirement and the sums then on deposit in the Reserve Account and/or subaccount therein. Such surety bond, irrevocable letter of credit, guaranty or

insurance policy shall be payable to the Paying Agent (upon the giving of notice as required thereunder) on any Interest Date on which a deficiency exists which cannot be cured by funds in any other fund or account held pursuant to this Resolution and available for such purpose. Repayment of draws made from a surety bond, irrevocable letter of credit, guaranty or an insurance policy provided pursuant to this paragraph, shall be made in accordance with a Supplemental Resolution.

Whenever the amount in the Reserve Account or any subaccount therein, together with the other amounts in the Debt Service Fund, are sufficient to fully pay all applicable Outstanding Bonds in accordance with their terms (including principal or applicable Redemption Price and interest thereon), the funds on deposit in the Reserve Account (or any subaccounts therein) may be transferred to the other accounts of the Debt Service Fund for the payment of such Bonds.

6. Last, the balance of any moneys after the deposits required by Sections 4.05(A)(1) through 4.05(A)(5) hereof shall be transferred to the Residual Account to be used to pay Costs of the Project or to purchase or redeem Bonds in the manner that Bonds are to be redeemed under the terms of this Resolution, or to pay principal or interest on the Bonds.

(B) The Issuer, in its discretion, may use moneys in the Principal Account and the Interest Account to purchase or redeem Bonds coming due on the next principal payment date, provided such purchase or redemption does not adversely affect the Issuer's ability to pay the principal or interest coming due on such principal payment date on the Bonds not so purchased or redeemed.

(C) At least one business day prior to the date established for payment of any principal of or Redemption Price, if applicable, or interest on the Bonds, the Issuer shall withdraw from the appropriate account of the Debt Service Fund sufficient moneys to pay such principal or Redemption Price, if applicable, or interest and deposit such moneys with the Paying Agent for the Bonds to be paid.

SECTION 4.06 <u>Extraordinary Mandatory Redemption of Bonds from Prepayments.</u>

The Bonds shall be subject to extraordinary mandatory redemption at the redemption price of par, plus accrued interest to the date of redemption, and without premium, but only from Prepayments on deposit in the Prepayments Account, and shall be applied to the retirement of Bonds as follows:

(1) The Issuer shall call for extraordinary mandatory redemption, such amount of Bonds in multiples of authorized denominations thereof that will as nearly as practicable exhaust the remainder of such moneys. The Bonds to be so redeemed shall be selected in the Issuer's sole discretion.

(2) The Issuer shall pay from the Interest Account the interest accrued on such redeemed Bonds to the date of redemption thereof.

(3) The foregoing procedures for retirement of Bonds shall apply, notwithstanding any other provisions of this Resolution to the contrary when the amount on deposit in the Prepayments Account equals or exceeds $100,000.

(4) Any redemption of Bonds from amounts in the Prepayments Account shall be without premium notwithstanding anything to the contrary herein. Pending application thereof to any redemption contemplated hereby, amounts in the Prepayments Account shall be invested in Permitted Investments that mature prior to the date such amounts are needed to pay the redemption price of Bonds, as the case may be.

SECTION 4.07 <u>Investments.</u>

The Revenue Fund, the Construction Account and the Debt Service Fund shall be continuously secured in the manner by which the deposit of public funds is authorized to be secured by the laws of the State and the investment policy of the Issuer. Moneys on deposit in the Revenue Fund, the Construction Account and the Debt Service Fund may be invested and reinvested in Permitted Investments maturing no later than the date on which the moneys therein will be needed. Any and all income received by the Issuer from the investment of moneys in the Revenue Fund, the Construction Account, the Prepayments Account, the Interest Account, the Principal Account, the Bond Amortization Account, the Reserve Account or any subaccounts therein (but only to the extent that the amount therein is less than the applicable Reserve Account Requirement) and the Residual Account shall be retained in such respective Fund or Account unless otherwise required by applicable law. To the extent that the amount in the Reserve Account or any subaccounts therein is equal to or greater than the applicable Reserve Account Requirement, any and all income received by the Issuer from the investment of moneys therein shall be transferred, upon receipt, and deposited into the Interest Account.

Nothing contained in this Resolution shall prevent any Permitted Investments acquired as investments of or security for funds held under this Resolution from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

SECTION 4.08 <u>Separate Accounts.</u>

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

The designation and establishment of the various funds and accounts in and by this Resolution shall not be construed to require the establishment of any completely independent, self-balancing funds as such term is commonly defined and used in governmental accounting,

but rather is intended solely to constitute an earmarking of certain revenues for certain purposes and to establish certain priorities for application of such revenues as herein provided.

ARTICLE V
SUBORDINATED INDEBTEDNESS, ADDITIONAL BONDS, AND COVENANTS OF ISSUER

SECTION 5.01 Subordinated Indebtedness.

The Issuer will not issue any other obligations, except under the conditions and in the manner provided herein, payable from the Pledged Funds or voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge having priority to or being on a parity with the lien thereon in favor of the Bonds and the interest thereon. The Issuer may at any time or from time to time issue evidences of indebtedness payable in whole or in part out of the Pledged Funds and which may be secured by a pledge of the Pledged Funds; provided, however, that such pledge shall be, and shall be expressed to be, subordinated in all respects to the pledge of the Pledged Funds created by this Resolution. The Issuer shall have the right to covenant with the holders from time to time of any Subordinated Indebtedness to add to the conditions, limitations and restrictions under which any Additional Bonds may be issued pursuant to Section 5.02 hereof. The Issuer agrees to pay promptly any Subordinated Indebtedness as the same shall become due.

SECTION 5.02 Issuance of Additional Bonds.

This Section 5.02 does not apply to the issuance of the Series 2016 Bonds in any aggregate principal amount of $25,250,000 to be issued in one or more Series, notwithstanding anything herein to the contrary.

No Additional Bonds, payable on a parity with the Bonds then Outstanding pursuant to this Resolution, shall be issued except upon the conditions and in the manner herein provided. The Issuer may issue one or more Series of Additional Bonds to refund Bonds only if the issuance of such Additional Bonds shall not result in an increase in the aggregate amount of Annual Debt Service on the Outstanding Bonds becoming due in the current Bond Year or in any subsequent Bond Years.

Additional Bonds shall be deemed to have been issued pursuant to this Resolution the same as the Outstanding Bonds, and all of the other covenants and other provisions of this Resolution (except as to details of such Additional Bonds inconsistent therewith) shall be for the equal benefit, protection and security of the Holders of all Bonds issued pursuant to this Resolution. All Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Pledged Funds and their sources and security for payment therefrom without preference of any Bond over any other.

SECTION 5.03 Bond Anticipation Notes.

Subject to Sections 5.01 or 5.02 hereof, the Issuer may issue notes in anticipation of the issuance of Bonds which shall have such terms and details and be secured in such manner, not inconsistent with this Resolution, as shall be provided by Resolution of the Issuer.

SECTION 5.04 Books and Records.

The Issuer will keep books and records of the receipt of the Assessments in accordance with generally accepted accounting principles, and any Holder or Holders of Bonds shall have the right at all reasonable times to inspect the records, accounts and data of the Issuer relating thereto.

SECTION 5.05 Annual Audit.

The Issuer shall, within a reasonable amount of time after the close of each Fiscal Year, cause the financial statements of the Issuer to be properly audited by a recognized independent certified public accountant or recognized independent firm of certified public accountants, and shall require such accountants to complete their report on the annual financial statements in accordance with applicable law. Such annual financial statements shall contain, but not be limited to, a balance sheet, a statement of revenues, expenditures and changes in fund balance, and any other statements as required by law or accounting convention. The annual financial statements shall be prepared in conformity with generally accepted accounting principles. A copy of the audited financial statements for each Fiscal Year shall be furnished to any Holder of a Bond who shall have furnished such Holder's address to the Clerk and requested in writing that the same be furnished to such Holder. The Issuer shall be permitted to make a reasonable charge for furnishing such audited financial statements.

SECTION 5.06 No Impairment.

As long as there is Bonds Outstanding hereunder, the pledging of the Pledged Funds in the manner provided herein shall not be subject to repeal, modification or impairment by any subsequent ordinance, resolution or other proceedings of the Town Commission of the Issuer.

SECTION 5.07 Collection of Assessments; Enforcement of Collections; Reassessments.

The Issuer covenants to do all things necessary on its part to continue the receipt of the Assessments in compliance with the Act and any successor provision of law governing the same, and the Bond Referendum. The Issuer will proceed diligently to perform legally and effectively all steps required on its part to receive the Assessments and shall exercise all legally available remedies to enforce such collections now or hereafter available under State law.

The Issuer will diligently enforce its right to impose the Assessments and to receive the Assessments. The Issuer will not take any action which will materially impair or materially

adversely affect the Assessments, as herein pledged, or materially impair or materially adversely affect in any manner the pledge of the Pledged Funds made herein or the rights of the Bondholders hereunder. The Issuer shall be unconditionally and irrevocably obligated, so long as any of the Bonds are Outstanding and unpaid, to take all lawful action necessary or required to continue to entitle the Issuer to receive the Assessments in sufficient, together with any Non-Ad Valorem Revenues budgeted, appropriated and deposited as herein provided, to pay the principal of and interest on the Bonds and to make the other payments provided for herein. The Assessments will be levied by the Issuer to the full extent permitted by law and the Act and the Bond Referendum.

If any Assessments shall be either in whole or in part annulled, vacated or set aside by the judgment of any court, or if the Issuer shall be satisfied that any such Assessments is so irregular or defective that the same cannot be enforced or collected, or if the Issuer shall have omitted to make such Assessments when it might have done so, the Issuer shall take all necessary steps to cause a new non-ad valorem special assessment to be made against any property against which may lawfully be imposed such Assessments.

As required by the Assessment Resolution, the Issuer covenants and agrees to adopt an Annual Assessment Resolution (as such term is defined in the Assessment Ordinance) imposing the Assessment for each Fiscal Year until no Bonds remain Outstanding hereunder.

SECTION 5.08 <u>Federal Income Tax Covenants; Taxable Bonds.</u>

(A) The Issuer covenants with the Holders of each Series of Bonds (other than Taxable Bonds) that it shall not use the proceeds of such Series of Bonds in any manner which would cause the interest on such Series of Bonds to be or become includable in the gross income of the Holder thereof for federal income tax purposes.

(B) The Issuer covenants with the Holders of each Series of Bonds (other than Taxable Bonds) that neither the Issuer nor any Person under its control or direction will make any use of the proceeds of such Series of Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause such Series of Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and neither the Issuer nor any other Person shall do any act or fail to do any act which would cause the interest on such Series of Bonds to become includable in the gross income of the Holder thereof for federal income tax purposes.

(C) The Issuer hereby covenants with the Holders of each Series of Bonds (other than Taxable Bonds) that it will comply with all provisions of the Code necessary to maintain the exclusion of interest on the such Bonds from the gross income of the Holder thereof for federal income tax purposes, including, in particular, the payment of any amount required to be rebated to the U.S. Treasury pursuant to the Code.

(D) The Issuer may, if it so elects, issue one or more Series of Taxable Bonds the interest on which is (or may be) includable in the gross income of the Holder thereof for federal income tax purposes, so long as each Bond of such Series states in the body thereof that interest

payable thereon is (or may be) subject to federal income taxation and provided that the issuance thereof will not cause the interest on any other Bonds theretofore issued hereunder to be or become includable in the gross income of the Holder thereof for federal income tax purposes. The covenants set forth in paragraphs (A), (B) and (C) above shall not apply to any Taxable Bonds.

ARTICLE VI
DEFAULTS AND REMEDIES

SECTION 6.01 **Events of Default.**

The following events shall each constitute an "Event of Default:"

(A) The Issuer shall fail to make a payment of the principal of, Amortization Installment, redemption premium or interest on any Bond when such payment becomes due.

(B) There shall occur the dissolution or liquidation of the Issuer, or the filing by the Issuer of a voluntary petition in bankruptcy, or the commission by the Issuer of any act of bankruptcy, or adjudication of the Issuer as a bankrupt, or assignment by the Issuer for the benefit of its creditors, or appointment of a receiver for the Issuer, or the entry by the Issuer into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Issuer in any proceeding for its reorganization instituted under the provisions of the Federal Bankruptcy Act, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter enacted.

(C) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Resolution on the part of the Issuer to be performed, and such default shall continue for a period of thirty days after written notice of such default shall have been received from the Holders of not less than twenty-five percent (25%) of the aggregate principal amount of Bonds Outstanding or the Insurer of such amount of Bonds. Notwithstanding the foregoing, the Issuer shall not be deemed in default hereunder if such default can be cured within a reasonable period of time and if the Issuer in good faith institutes curative action and diligently pursues such action until the default has been corrected.

SECTION 6.02 Remedies.Any Holder of Bonds issued under the provisions of this Resolution or any trustee or receiver acting for such Bondholders may either at law or in equity, by suit, action, mandamus or other proceedings in any court of competent jurisdiction, protect and enforce any and all rights under the laws of the State, or granted and contained in this Resolution, and may enforce and compel the performance of all duties required by this Resolution or by any applicable statutes to be performed by the Issuer or by any officer thereof.

The Holder or Holders of Bonds in an aggregate principal amount of not less than twenty-five percent (25%) of the Bonds then Outstanding may by a duly executed certificate in writing appoint a trustee for Holders of Bonds issued pursuant to this Resolution with authority

to represent such Bondholders in any legal proceedings for the enforcement and protection of the rights of such Bondholders and such certificate shall be executed by such Bondholders or their duly authorized attorneys or representatives, and shall be filed in the office of the Clerk. Notice of such appointment, together with evidence of the requisite signatures of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds Outstanding and the trust instrument under which the trustee shall have agreed to serve shall be filed with the Issuer and the trustee and notice of appointment shall be given to all Holders of Bonds in the same manner as notices of redemption are given hereunder. After the appointment of the first trust hereunder, no further trustees may be appointed; however, the Holders of a majority in aggregate principal amount of all the Bonds then Outstanding may remove the trustee initially appointed and appoint a successor and subsequent successors at any time.

Acceleration is not a remedy in the Event of Default.

SECTION 6.03 Directions to Trustee as to Remedial Proceedings.The Holders of a majority in principal amount of the Bonds then Outstanding (or any Insurer insuring any then Outstanding Bonds who is not in default in the performance of any of its obligations under its Insurance Policy) have the right, by an instrument or concurrent instruments in writing executed and delivered to the trustee, to direct the method and place of conducting all remedial proceedings to be taken by the trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions hereof, and that the trustee shall have the right to decline to follow any such direction which in the opinion of the trustee would be unjustly prejudicial to Holders of Bonds not parties to such direction.

SECTION 6.04 Remedies Cumulative.

No remedy herein conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

SECTION 6.05 Waiver of Default.No delay or omission of any Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by Section 6.02 of this Resolution to the Bondholders may be exercised from time to time, and as often as may be deemed expedient.

SECTION 6.06 Application of Moneys After Default.If an Event of Default shall happen and shall not have been remedied, the Issuer or a trustee or receiver appointed for the purpose shall apply all Pledged Funds as follows and in the following order:

(A) To the payment of the reasonable and proper charges, expenses and liabilities of the trustee or receiver, Registrar and Paying Agent hereunder; and

(B) To the payment of the interest and principal or Redemption Price, if applicable, then due on the Bonds, as follows:

FIRST: to the payment to the Persons entitled thereto of all installments of interest then due, in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or preference;

SECOND: to the payment to the Persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due at maturity or as Amortization Installments upon mandatory redemption prior to maturity (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of Section 8.01 of this Resolution), in the order of their due dates, with interest upon such Bonds from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the Persons entitled thereto without any discrimination or preference; and

THIRD: to the payment of the Redemption Price of any Bonds called for optional redemption pursuant to the provisions of this Resolution.

ARTICLE VII
SUPPLEMENTAL RESOLUTIONS

SECTION 7.01 Supplemental Resolutions without Bondholders' Consent**.**

The Issuer, from time to time and at any time, may adopt such Supplemental Resolutions without the consent of the Bondholders (which Supplemental Resolutions shall thereafter form a part hereof) for any of the following purposes:

(A) To cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in this Resolution or to clarify any matters or questions arising hereunder.

(B) To grant to or confer upon the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders.

(C) To add to the conditions, limitations and restrictions on the issuance of Bonds under the provisions of this Resolution other conditions, limitations and restrictions thereafter to be observed.

(D) To add to the covenants and agreements of the Issuer in this Resolution other covenants and agreements thereafter to be observed by the Issuer or to surrender any right or power herein reserved to or conferred upon the Issuer.

(E) To specify and determine the matters and things referred to in Sections 2.01, 2.02 or 2.09 hereof, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with this Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first delivery of such Bonds.

(F) To change or modify the description of the Project.

(G) To specify and determine matters necessary or desirable for the issuance of Variable Rate Bonds.

(H) To make any other change that, in the reasonable opinion of the Issuer, would not materially adversely affect the security for the Bonds.

SECTION 7.02 Supplemental Resolutions with Bondholders' Consent.Subject to the terms and provisions contained in this Section 7.02 and Sections 7.01 and 7.03 hereof, the Holder or Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in this Resolution to the contrary notwithstanding, to consent to and approve the adoption of such Supplemental Resolutions hereto as shall be deemed necessary or desirable by the Issuer for the purpose of supplementing, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Resolution; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series or maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section 7.02. No Supplemental Resolution may be approved or adopted which shall permit or require (A) an extension of the maturity of the principal of or the payment of the interest on any Bond issued hereunder, (B) reduction in the principal amount of any Bond or the Redemption Price or the rate of interest thereon, (C) the creation of a lien upon or a pledge of other than the lien and pledge created by this Resolution which adversely affects any Bondholders, (D) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (E) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Resolution. Nothing herein contained,

however, shall be construed as making necessary the approval by Bondholders of the adoption of any Supplemental Resolution as authorized in Section 7.01 hereof.

If, at any time the Issuer shall determine that it is necessary or desirable to adopt any Supplemental Resolution pursuant to this Section 7.02, the Clerk shall cause the Registrar to give notice of the proposed adoption of such Supplemental Resolution and the form of consent to such adoption to be mailed, postage prepaid, to all Bondholders at their addresses as they appear on the registration books. Such notice shall briefly set forth the nature of the proposed Supplemental Resolution and shall state that copies thereof are on file at the offices of the Clerk and the Registrar for inspection by all Bondholders. The Issuer shall not, however, be subject to any liability to any Bondholder by reason of its failure to cause the notice required by this Section 7.02 to be mailed and any such failure shall not affect the validity of such Supplemental Resolution when consented to and approved as provided in this Section 7.02.

Whenever the Issuer shall deliver to the Clerk an instrument or instruments in writing purporting to be executed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed Supplemental Resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Issuer may adopt such Supplemental Resolution in substantially such form, without liability or responsibility to any Holder of any Bond, whether or not such Holder shall have consented thereto.

If the Holders of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the adoption of such Supplemental Resolution shall have consented to and approved the adoption thereof as herein provided, no Holder of any Bond shall have any right to object to the adoption of such Supplemental Resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Issuer from adopting the same or from taking any action pursuant to the provisions thereof.

Upon the adoption of any Supplemental Resolution pursuant to the provisions of this Section 7.02, this Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Resolution of the Issuer and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of this Resolution as so modified and amended.

SECTION 7.03 Supplemental Resolutions with Insurer's Consent in lieu of Bondholders' Consent.Notwithstanding any provisions of Section 7.02 above to the contrary, if the Insurer of a particular Series of Bonds is not then in default in the performance of any of its obligations under its Insurance Policy, the approvals, consents and notifications required by Section 7.02 above to be given by or to the Holders of the Bonds, as the case may be, subject to such Insurance Policy shall be given solely by or to the Insurer, as the case may be, and the instrument contemplated by Section 7.02 above shall be executed solely by the Insurer and the

Holders of the Bonds subject to such Insurance Policy shall have no right to receive such notification or give such approvals and consents or to execute such certificate except that the adoption of Supplemental Resolutions that would have any of the effects described in (A) through (E) in Section 7.02 above shall require the approval and consent of all Holders of Bonds then Outstanding and the Insurer.

ARTICLE VIII
MISCELLANEOUS

SECTION 8.01 Defeasance.If the Issuer shall pay or cause to be paid, or there shall otherwise be paid to the Holders of all Bonds, the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then the pledge of the Pledged Funds, and all covenants, agreements and other obligations of the Issuer to the Bondholders, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Paying Agents shall pay over or deliver to the Issuer all money or securities held by them pursuant to this Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Any Bonds or interest installments appertaining thereto, whether at or prior to the maturity or redemption date of such Bonds, shall be deemed to have been paid within the meaning of this Section 8.01 if (A) in case any such Bonds are to be redeemed prior to the maturity thereof, there shall have been taken all action necessary to call such Bonds for redemption and notice of such redemption shall have been duly given or provision shall have been made for the giving of such notice, and (B) there shall have been deposited in irrevocable trust with a banking institution or trust company by or on behalf of the Issuer either moneys in an amount which shall be sufficient, or Federal Securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with such bank or trust company at the same time shall be sufficient, to pay the principal of or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be. Except as hereafter provided, neither the Federal Securities nor any moneys so deposited with such bank or trust company nor any moneys received by such bank or trust company on account of principal of or Redemption Price, if applicable, or interest on said Federal Securities shall be withdrawn or used for any purpose other than, and all such moneys shall be held in trust for and be applied to, the payment, when due, of the principal of or Redemption Price, if applicable, of the Bonds for the payment or redemption of which they were deposited and the interest accruing thereon to the date of maturity or redemption; provided, however, the Issuer may substitute new Federal Securities and moneys for the deposited Federal Securities and moneys if the new Federal Securities and moneys are sufficient to pay the principal of or Redemption Price, if applicable, and interest on the refunded Bonds.

For purposes of determining whether Variable Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of

moneys, or specified Federal Securities and moneys, if any, in accordance with this Section 8.01, the interest to come due on such Variable Rate Bonds on or prior to the maturity or redemption date thereof, as the case may be, shall be calculated at the Maximum Interest Rate; provided, however, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than the Maximum Interest Rate for any period, the total amount of moneys and specified Federal Securities on deposit for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited on such date in respect of such Variable Rate Bonds in order to satisfy this Section 9.01, such excess shall be paid to the Issuer free and clear of any trust, lien, pledge or assignment securing the Bonds or otherwise existing under this Resolution.

In the event the Bonds for which moneys are to be deposited for the payment thereof in accordance with this Section 8.01 are not by their terms subject to redemption within the next succeeding sixty (60) days, the Issuer shall cause the Registrar to mail a notice to the Holders of such Bonds that the deposit required by this Section 8.01 of moneys or Federal Securities has been made and said Bonds are deemed to be paid in accordance with the provisions of this Section 8.01 and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of or Redemption Price, if applicable, and interest on said Bonds.

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

SECTION 8.02 Sale of Bonds. The Bonds shall be issued and sold at public or private sale at one time or in installments from time to time and at such price or prices as shall be consistent with the provisions of the Act and the Bond Referendum, the requirements of this Resolution and other applicable provisions of law and as shall be approved by Supplemental Resolution of the Issuer.

SECTION 8.03 Preliminary Official Statement.The Issuer hereby authorizes the distribution of a Preliminary Official Statement for the purpose of marketing the Series 2016 Bonds and delegates to the Town Manager the authority to deem such Preliminary Official Statement "final" except for "permitted omissions" within the contemplation of Rule 15c2-12 of the Securities and Exchange Commission. The form of such Preliminary Official Statement shall be approved by Supplemental Resolution.

SECTION 8.04 Validation Authorized. The Town Attorney and Bryant Miller Olive P.A., Bond Counsel, are hereby authorized to pursue validation of the Series 2016 Bonds

pursuant to the provisions of Chapter 75, Florida Statutes, if deemed advisable by the Town Attorney.

SECTION 8.05 General Authority.The members of the Town Commission of the Issuer and the Issuer's officers, attorneys and other agents and employees 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 8.06 No Third Party Beneficiaries.Except such other Persons as may be expressly described herein or in the Bonds, nothing in this Resolution or in the Bonds, expressed or implied, is intended or shall be construed to confer upon any Person, other than the Issuer and the Holders, any right, remedy or claim, legal or equitable, under and by reason of this Resolution or any provision hereof, or of the Bonds, all provisions hereof and thereof being intended to be and being for the sole and exclusive benefit of the Issuer and the Persons who shall from time to time be the Holders.

SECTION 8.07 No Personal Liability.Neither the members of the Town Commission of the Issuer, any employees of the Issuer, nor any Person executing the Bonds shall be personally liable therefor or be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 8.08 Severability of Invalid Provisions.If any one or more of the covenants, agreements or provisions of this Resolution shall 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 separable from the remaining covenants, agreements and provisions of this Resolution and shall in no way affect the validity of any of the other covenants, agreements or provisions hereof or of the Bonds issued hereunder.

SECTION 8.09 Superseding of Inconsistent Resolutions.This Resolution supersedes all prior actions of the Town Commission inconsistent herewith. All prior resolutions or parts thereof in conflict herewith are hereby superseded by this Resolution to the extent of such conflict.

SECTION 8.10 Effective Date.This Resolution shall take effect immediately upon its adoption on January 4, 2016 by the Town Commission of the Town of Longboat Key, Florida.

Passed by the Town Commission of the Town of Longboat Key, Florida this 4th day of January, 2016.

(SEAL) **TOWN OF LONGBOAT KEY, FLORIDA**

_____

Jack Duncan, Mayor

ATTEST:

_____

Trish Granger, Town Clerk

End of Agenda Item